Service Coordination for Persons with Special Needs

Financial Statements

March 31, 2024

Contents

For the year ended March 31, 2024

Management's Responsibility

To the Board of Directors of Service Coordination for Persons with Special Needs:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Finance Committee are composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Finance Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

June 18, 2024

Executive Director

Director of Finance, HR and Administration/CFO

Independent Auditor's Report

To the Board of Directors of Service Coordination for Persons with Special Needs:

Opinion

We have audited the financial statements of Service Coordination for Persons with Special Needs (the "Organization"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statement for the year ended March 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on June 27, 2023.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Ottawa, Ontario

Chartered Professional Accountants

June 18, 2024

Licensed Public Accountants

Service Coordination for Persons with Special Needs
Statement of Financial Position
As at March 31, 2024

	2024	2023
Assets		
Current		
Cash	**5,093,256**	4,708,477
Accounts receivable *(Note 3)*	**1,484,148**	1,299,046
Prepaid expenses	**74,201**	73,885
	6,651,605	6,081,408
Tangible capital assets *(Note 4)*	**460,523**	542,349
Intangible assets *(Note 5)*	**51,192**	121,609
	7,163,320	6,745,366
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 6)*	**6,864,903**	6,273,706
Deferred lease inducement	**270,560**	302,391
	7,135,463	6,576,097
Commitment *(Note 7)*		
Contingencies *(Note 8)*		
Net Assets		
Unrestricted	**27,857**	169,269
	7,163,320	6,745,366

Approved on behalf of the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements

Service Coordination for Persons with Special Needs
Statement of Operations and Changes in Net Assets
For the year ended March 31, 2024

	2024	*2023*
Revenue		
Ministry of Children, Community and Social Services (MCCSS)		
Contributions	**59,289,093**	53,670,889
COVID-19 related funding	**391,266**	1,028,403
Family Services Toronto - Passport Program	**2,034,614**	1,991,223
Other client revenue	**31,831**	22,538
	61,746,804	56,713,053
Expenses		
Client expenditures	**51,490,892**	46,212,741
Salaries	**5,592,582**	4,768,845
Passport program	**2,034,614**	1,991,223
Benefits	**1,219,421**	1,124,660
COVID-19 Residential Relief Fund (CRRF)	**391,266**	1,028,403
Building accomodation	**274,663**	342,784
Purchased services	**236,536**	422,342
Office	**233,489**	285,571
Amortization of tangible capital assets	**140,800**	111,582
Staff training and recruitment	**136,507**	127,971
Amortization of intangible assets	**87,095**	106,201
Staff transportation	**33,705**	20,394
Corporate governance	**16,646**	11,802
	61,888,216	56,554,519
(Deficiency) excess of revenue over expenses before other item	**(141,412)**	158,534
Other item		
Prior year's adjustment to revenue *(Note 8)*	**-**	(100,533)
(Deficiency) excess of revenue over expenses	**(141,412)**	58,001
Net assets, beginning of year	**169,269**	111,268
Net assets, end of year	**27,857**	169,269

The accompanying notes are an integral part of these financial statements

Service Coordination for Persons with Special Needs
Statement of Cash Flows
For the year ended March 31, 2024

	2024	*2023*
Cash provided by (used for) the following activities		
Operating activities		
(Deficiency) excess of revenue over expenses	**(141,412)**	58,001
Amortization of tangible capital assets	**140,800**	111,582
Amortization of intangible assets	**87,095**	106,201
Amortization of deferred lease inducement	**(31,831)**	(15,915)
	54,652	259,869
Changes in working capital items		
Accounts receivable	**(185,102)**	977,007
Prepaid expenses	**(316)**	(63,471)
Accounts payable and accrued liabilities	**591,197**	(97,756)
	460,431	1,075,649
Financing activities		
Deferred lease inducements	**-**	318,306
Investing activities		
Purchase of tangible capital assets	**(58,974)**	(539,751)
Purchase of intangible assets	**(16,678)**	-
	(75,652)	(539,751)
Increase in cash resources	**384,779**	854,204
Cash resources, beginning of year	**4,708,477**	3,854,273
Cash resources, end of year	**5,093,256**	4,708,477

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Service Coordination for Persons with Special Needs (the “Organization”) was incorporated without share capital under the *Canada Not-for-profit Corporations Act*. As a not-for-profit organization under the *Income Tax Act*, the Organization is exempt from income taxes, provided certain requirements of the act are met.

The Organization provides information, support and guidance to people with developmental needs living in the former Eastern Region of the Ministry of Children, Community and Social Services. The Organization provides leadership and coordination within the service system.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

Revenue recognition

The Organization follows the deferral method of accounting for grants and contributions. Restricted grants and contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants and contributions are recognized as revenue when received.

The Organization receives funding from the Ministry of Children, Community and Social Services as well as from Family Services Toronto. The final amount of revenue recorded cannot be determined until the funders have reviewed the Organization's financial returns for the year. Any adjustments arising from the funder reviews are recorded in the year in with the adjustment is made.

Tangible capital assets

Purchased tangible capital assets are recorded at cost.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives using the following annual rates:

Computer equipment	33 %
Furniture and equipment	20 %
Leasehold improvements	Lease term

Intangible asset

Intangible assets are recorded at cost.

Amortization is provided using the straight-line method at a rate intended to amortize the cost of intangible assets over their estimated useful life using the following annual rate:

Software - cost	33 %

Long-lived assets

Long-lived assets consist of tangible capital assets and intangible assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization’s ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset’s fair value.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated or issued in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures all arm's length financial assets and liabilities at amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital and intangible assets. The amount of certain accrued liabilities is estimated based on expected costs.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

3. Accounts receivable

	2024	2023
Passport receivable	**1,155,961**	977,271
Harmonized sales tax receivable	**304,461**	238,624
Other	**23,726**	83,151
	1,484,148	1,299,046

4. Capital assets

	Cost	*Accumulated amortization*	***2024* Net book value**	*2023 Net book value*
Computer equipment	**297,249**	**204,323**	**92,926**	117,651
Furniture and equipment	**78,342**	**21,809**	**56,533**	62,890
Leasehold improvements	**395,431**	**84,367**	**311,064**	361,808
	771,022	**310,499**	**460,523**	542,349

5. Intangible asset

	2024	2023
Software - cost	**449,118**	432,441
Software - accumulated amortization	**(397,926)**	(310,832)
	51,192	121,609

6. Accounts payable and accrued liabilities

	2024	2023
Trade payables	**5,198,484**	5,069,258
Accrued liabilities	**773,474**	638,792
Ministry of Children, Community and Social Services	**704,855**	418,823
Accrued salaries and benefits	**188,090**	146,833
	6,864,903	6,273,706

7. Commitment

The Organization occupies leased premises under a lease agreement expiring September 2032 for basic rent plus additional costs for operating expenses. The estimated minimum annual lease payments are as follows:

2025	111,422
2026	115,199
2027	118,976
2028	122,753
2029	126,530
2029 and thereafter, to 2032	468,349
	1,063,229

8. Contingencies

In the normal course of operations, the Organization receives funds from the Ministry of Children, Community and Social Services. The Ministry can execute an audit of the financial records of the Organization to ensure compliance with the requirements of this funding. In the event that amounts are identified as requiring reimbursement to the sponsor, the necessary adjustments will be recognized in the year they are identified.

In the prior year, the Ministry of Children, Community and Social Services reconciled its funding for the year ended March 31, 2022, which resulted in a funding adjustment (reduction) of $100,533 of pandemic related funding.

9. Economic dependence

The Organization's primary source of revenue is grants from the Ministry of Children, Community and Social Services. The grant funding can be cancelled if the Organization does not observe certain established guidelines. The Organization's ability to continue viable operations is dependent upon maintaining its compliance with the criteria within the agreed upon Service Contract. As at the date of these financial statements the Organization believes that it is in compliance with the Service Contract.

10. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivable. The Organization establishes allowances for doubtful accounts while keeping in mind the credit risk of specific accounts, their historic tendencies and economic situation. The Organization considers that it is not subject to any significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization’s exposure to liquidity risk is dependent on monitoring its cash flows from operations and anticipating cash flow needs to ensure that there is a sufficient amount of cash available throughout the year.