
Financial statements of
Community Addiction Services of
Niagara

March 31, 2021

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Independent Auditor's Report

To the Directors of
Community Addiction Services of Niagara

Qualified Opinion

We have audited the accompanying financial statements of Community Addiction Services of Niagara (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and accumulated (deficit) surplus, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies prescribed by the Ministry of Health and Long-Term Care (the "Financial Reporting Framework").

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to recorded contributions, the excess of income over expenses, and cash flows from operations for the years ended March 31, 2021 and 2020, assets as at March 31, 2021 and 2020, and net assets as at April 1 and March 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 3 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Organization to meet the financial reporting provisions prescribed by the Ministry of Health and Long-Term Care. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Matters

The statement of financial position at March 31, 2020 and the statements of operations and accumulated (deficit) surplus, and cash flows for the year then ended were audited by another firm of auditors who expressed a modified opinion on June 25, 2020.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the Financial Reporting Framework, 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.

The Board of Directors 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 GAAS 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 GAAS, 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 the Board of Directors 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

Chartered Professional Accountants
Licensed Public Accountants
June 24, 2021

Community Addiction Services of Niagara

Statement of operations and accumulated deficit – Ministry of Health and Long-Term Care

Year ended March 31, 2021

	Schedules	2021 \$	2020 \$
Income			
Grant – Ministry of Health and Long-Term Care (Substance Abuse)		1,878,547	1,676,970
Grant – Ministry of Health and Long-Term Care (Addictions Supportive Housing)		449,500	435,408
Grant – Ministry of Health and Long-Term Care (Gambling)		239,731	239,731
Grant – Ministry of Health and Long-Term Care (Concurrent Addictions Supportive Housing)		42,891	42,888
Grant – Ministry of Health and Long-Term Care (Early Intervention)		81,649	81,648
		2,692,318	2,476,645
Expenses			
Substance abuse	1	1,860,352	1,676,968
Addictions supportive housing	3	434,310	438,077
Gambling	2	202,602	239,732
Concurrent addictions supportive housing	4	38,566	40,219
Early intervention	5	82,298	81,649
		2,618,128	2,476,645
Excess of income over expenses before funding repayable to the Ministry		74,190	—
Surplus repayable to the Ministry		(74,190)	—
Excess of income over expenses		—	—
Accumulated deficit, beginning of year		(29,451)	(29,451)
Accumulated deficit, end of year		(29,451)	(29,451)

The accompanying notes are an integral part of the financial statements.

Community Addiction Services of Niagara

Statement of operations and accumulated surplus – Remedial Measures Program

Year ended March 31, 2021

	2021	2020
	\$	\$
Income		
Centre for Addiction and Mental Health	84,416	81,155
Interest	18,072	3,216
	102,488	84,371
Expenses		
Salaries and benefits	54,200	49,266
Office supplies	—	5,129
Computer supplies	187	1,606
Insurance	2,440	2,027
Telephone	—	954
Professional fees	3,028	1,514
Bank charges	312	178
Rent	13,677	629
Miscellaneous	209	39,081
	74,053	100,384
Excess (deficiency) of income over expenses	28,435	(16,013)
Accumulated surplus, beginning of year	312,727	328,740
Accumulated surplus, end of year	341,162	312,727

The accompanying notes are an integral part of the financial statements.

Community Addiction Services of Niagara**Statement of operations and accumulated surplus – Donation Fund**Year ended March 31, 2021

	2021	2020
	\$	\$
Income		
Donations	17,003	19,184
Expense		
Salaries and benefits	3,019	—
Miscellaneous	656	7,600
	3,675	7,600
Excess of income over expense	13,328	11,584
Accumulated surplus, beginning of year	41,815	30,231
Accumulated surplus, end of year	55,143	41,815

The accompanying notes are an integral part of the financial statements.

Community Addiction Services of Niagara

Statement of operations and accumulated surplus – Ontario Works

Year ended March 31, 2021

	2021	2020
	\$	\$
Income		
Ontario Works	150,602	150,602
Expenses		
Salaries and benefits	126,341	128,975
Travel	214	4,528
Computer maintenance and supplies	3,716	2,537
Insurance	976	811
Office supplies	125	243
Professional fees	1,244	311
Telephone	313	—
	132,929	137,405
Excess of income over expenses	17,673	13,197
Accumulated surplus, beginning of year	125,257	112,060
Accumulated surplus, end of year	142,930	125,257

The accompanying notes are an integral part of the financial statements.

Community Addiction Services of Niagara

Statement of operations and accumulated surplus – General Operations

Year ended March 31, 2021

	2021	2020
	\$	\$
Income		
Purchase of services	220,306	167,647
Rent subsidy	351,643	348,403
	571,949	516,050
Expenses		
Rent subsidy	333,439	348,402
Salaries and benefits	200,106	155,510
Miscellaneous	1,737	1,938
Mileage and parking	595	4,997
	535,877	510,847
Excess of income over expenses	36,072	5,203
Accumulated surplus, beginning of year	83,218	78,015
Accumulated surplus, end of year	119,290	83,218

The accompanying notes are an integral part of the financial statements.

Community Addiction Services of Niagara

Statement of financial position

As at March 31, 2021

	2021	2020
	\$	\$
Assets		
Current assets		
Cash	517,452	424,651
Short-term term deposits and marketable securities (cost - \$213,185, \$187,515 in 2020)	232,625	196,787
Accounts receivable	35,193	29,214
Harmonized Sales Tax recoverable	39,320	21,538
Prepaid expenses	28,796	21,211
	853,386	693,401
Term deposits and marketable securities (cost - \$207,358, \$107,573 in 2020)	210,902	109,514
	1,064,288	802,915
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	220,115	132,292
Surplus repayable to the Ministry	94,690	20,500
Deferred revenue	14,626	10,774
Rent subsidy advances	105,783	105,783
	435,214	269,349
Net assets		
Accumulated deficit - Ministry of Health and Long-Term Care	(29,451)	(29,451)
Accumulated surplus - Remedial Measures Program	341,162	312,727
Accumulated surplus - Donation Fund	55,143	41,815
Accumulated surplus - Ontario Works	142,930	125,257
Accumulated surplus - General Operations	119,290	83,218
	629,074	533,566
	1,064,288	802,915

The accompanying notes are an integral part of the financial statements.

Approved by the Board

_____, Director

_____, Director

Community Addiction Services of Niagara

Statement of cash flows

Year ended March 31, 2021

	2021	2020
	\$	\$
Operating activities		
Excess (deficiency) of income over expenses		
Ministry of Health and Long-Term Care	74,190	—
Remedial Measures Program	28,435	(16,013)
Donation Fund	13,328	11,584
Ontario Works	17,673	13,197
General Operations	36,072	5,203
Changes in non-cash working capital items		
Accounts receivable	(5,979)	(5,005)
Harmonized Sales Tax recoverable	(17,782)	(2,922)
Prepaid expenses	(7,585)	(1,976)
Accounts payable and accrued liabilities	87,823	19,270
Rent subsidy advances	—	37,541
Deferred revenue	3,852	1,233
	230,027	62,112
Investing activity		
Term deposits and marketable securities - net	(137,226)	(2,505)
Net change in cash	92,801	59,607
Cash, beginning of year	424,651	365,044
Cash, end of year	517,452	424,651

The accompanying notes are an integral part of the financial statements.

Community Addiction Services of Niagara

Notes to the financial statements

March 31, 2021

1. Description of Organization

Community Addiction Services of Niagara (the "Organization" or "CASON") is an incorporated registered, non-profit organization. The Organization provides counseling services to residents and their families in the Niagara Region. The Organization is registered as a charitable entity and is exempt from income tax on its income under paragraph 149(1)(f) of the Income Tax Act.

2. Description of funds

Ministry of Health and Long-Term Care

The Ministry of Health and Long-Term Care ("MOHLTC") /Hamilton Niagara Haldimand Brant Local Health Integration Network ("LHIN") funds the following programs:

- Substance Abuse and Gambling Program - The Organization provides assessment, referral and outpatient counseling for Niagara Region for residents and their families with substance abuse and gambling problems. These programs provide comprehensive assessment, referral services, structured day treatment and offer ongoing counseling support.
- Addictions Supportive Housing and Concurrent Addictions Supportive Housing - The Organization provides supportive housing units and support services for individuals with problematic substance use and/or mental health issues who are homeless or at a risk of homelessness.
- Mental Health Early Intervention Services - The Organization provides services early in life (ages 12 years and older) or early in the course of mental illness or addiction as a way of reducing the risk of escalation.

All assets are externally restricted by the MOHLTC and LHIN and are to be used in accordance with the purposes of this fund as described above. Surpluses are required to be repaid, excluding non-Ministry funded activities.

Remedial Measures Program

Community Addiction Services of Niagara maintains a contract with the Centre for Addiction and Mental Health under a fee for service arrangement to provide clinical services to Ontario residents convicted of impaired driving. The official name is "Back on Track" Remedial Measures Program. Community Addiction Services of Niagara clinicians and the administrative assistant are contracted by Centre for Addiction and Mental Health to provide service to program clients after hours and on the weekends. The MOHLTC is aware that many addiction agencies in the province operate under the same contractual agreement and has agreed that programs can retain and use generated funds at their discretion.

Donation Fund

Donations from individuals are accumulated in this fund as a charitable contribution and include contributions as a court ordered directive as part of reconciliation of an offence. Donations, other than court ordered amounts, are received and receipted by Community Addiction Services of Niagara.

Community Addiction Services of Niagara

Notes to the financial statements

March 31, 2021

2. Description of funds (continued)

Ontario Works

A fee for service agreement was entered into with the Regional Municipality of Niagara (the "Region") in December 2006 to provide clinical services to Ontario Works recipients identified with substance abuse problems that can contribute to barriers in obtaining and maintaining employment and achieving self-sufficiency. The Region has provided annual funding through 2020/2021 and is reviewed on an annual basis.

General Operations

Pope Francis Centre (formerly Fresh Start Program)

Community Addiction Services of Niagara has entered into a collective partnership with Niagara Catholic District School Board ("NCDSB") to provide addiction counseling services to the students. The Pope Francis program runs 7 hours per week. The purpose of this program is to increase students' awareness of addiction issues, present options to students regarding substance abuse and gambling issues, to involve the family in treatment planning and to reduce suspension rates for students due to addiction issues. This agreement is for the school year 2020/2021 and is reviewed on an annual basis.

Volunteer Fund

The purpose of this fund is to provide support to those in treatment using donations from the community.

This may include food and client basic needs.

Rent Subsidy Fund

The Canadian Mental Health Association receives subsidies which it subsequently disburses to Community Addictions Services of Niagara on a monthly basis. The funds received are used to assist in rental costs for clients who live in the assisted housing program provided by Community Addiction Services of Niagara.

Niagara Prosperity Initiative (NPI)

CASON provides addictions coaching onsite at the YWCA shelter and various other locations in Niagara as part of the Mental Health and Addictions Coach Project, in partnership with the lead agency Canadian Mental Health Association Niagara. This program was in full operation during the 2020/2021 fiscal year.

Brock University

CASON provides addiction counseling for students on-site at Brock University two days a week. This contract was in full operation during the 2020/2021 fiscal year.

Home for Good

CASON has entered into a collective partnership with the Region to provide addiction counseling support to clients of the Home for Good program throughout Niagara. The original agreement effective the 1st day of December 2017 was amended to extend the term of the original agreement to March 31, 2023.

Community Addiction Services of Niagara

Notes to the financial statements

March 31, 2021

3. Accounting policies

General

These financial statements have been prepared to comply with the financial reporting provisions of the agreement between Community Addiction Services of Niagara and the Ministry of Health and Long-Term Care. The basis of accounting used in these financial statements is in accordance with Canadian accounting standards for not-for-profit organizations, except for:

- (a) approved capital expenditures are charged against operations in the year of acquisition in accordance with the recommendations of the funding source or upon recommendation of management.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for investments quoted in an active market, which are recorded at fair value at the year-end date.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in net income an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing of the amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net income in the period the reversal occurs.

Contributed services

The Organization does not record the value of donated services in the financial statements.

Revenue

Investment income

The Organization recognizes investment income, such as interest, as earned.

Grant income

Grant income is recognized in the funding period for which it is approved and received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Funding advances relating to future periods are deferred and recognized as income in the period to which the funding relates.

Other income

Other income is recognized as received.

Use of estimates

The preparation of financial statements requires the Board of Directors and management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates. Significant estimates include the collectability of accounts receivable and accrued liabilities.

Community Addiction Services of Niagara

Notes to the financial statements

March 31, 2021

4. Income taxes

As the Organization is a non-profit organization, it is exempt from Federal and Provincial corporate income taxes.

5. Commitments

Community Addiction Services of Niagara leases office facilities in St. Catharines, Ontario, and is committed to payments of \$143,746 in the next fiscal year. The St. Catharines lease expires December 31, 2024. Annual payments are as follows:

	<u>\$</u>
2022	143,746
2023	145,916
2024	148,086
2025	<u>112,285</u>
	<u>550,033</u>

6. Pension

The Organization has a defined contribution pension plan covering all employees. The plan is a contributory plan with funding of benefits based on the related employee's earnings. Contributions vest after two years of service to the Organization. Once the contributions vest, employees will receive benefits upon retirement or termination of their employment. The Organization recognized an expense during the year relating to its portion of the contributions totaling \$42,649 (\$39,507 in 2020).

7. Financial instruments

Unless otherwise noted, it is the Directors' opinion that the Organization is not exposed to significant interest rate or credit risks arising from its financial instruments.

Liquidity risk

The Organization's objective is to have sufficient liquidity to meet its liabilities when due. The Organization monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2021 the most significant financial liabilities are accounts payable and accrued liabilities.

8. Pandemic response

On March 11, 2020, The World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put into place to combat the spread of the virus. The duration and impact of the COVID-19 pandemic is unknown at this time and it is not possible to reliably estimate the impact that the severity and length of the pandemic will have on the financial results and condition of the Organization in future periods.

Community Addiction Services of Niagara**Schedule of substance abuse expenses – Schedule 1**

Year ended March 31, 2021

	2021	2020
	\$	\$
Substance abuse expenses		
Salaries and benefits	1,503,670	1,418,317
Rent	120,019	107,115
Office supplies and postage	77,253	43,059
Professional fees	10,669	15,120
Travel	11,114	26,553
Staff education	22,453	18,149
Computer maintenance and supplies	94,995	27,266
Telephone	13,412	15,169
Advertising and promotion	1,065	2,405
Insurance	2,846	1,655
Bank charges	1,823	1,127
Membership dues	1,033	1,033
	1,860,352	1,676,968

Community Addiction Services of Niagara
Schedule of gambling expenses – Schedule 2
Year ended March 31, 2021

	2021	2020
	\$	\$
Gambling expenses		
Salaries and benefits	165,273	181,979
Rent	21,321	27,155
Travel	272	6,238
Professional fees	2,915	2,493
Office supplies and postage	2,138	3,612
Staff education	2,112	2,939
Computer maintenance and supplies	4,091	10,156
Telephone	2,878	3,061
Advertising and promotion	224	741
Insurance	1,063	811
Membership dues	282	282
Bank charges	33	265
	202,602	239,732

Community Addiction Services of Niagara**Schedule of addictions supportive housing expenses – Schedule 3**Year ended March 31, 2021

	2021	2020
	\$	\$
Addictions supportive housing expenses		
Salaries and benefits	365,310	385,704
Computer maintenance and supplies	6,261	7,183
Professional fees	16,470	7,317
Rent	12,449	9,289
Travel	3,607	5,138
Office supplies and postage	1,448	8,392
Staff education	4,199	3,973
Program supplies	18,611	3,603
Telephone	2,789	4,044
Insurance	2,613	2,027
Advertising and promotion	—	471
Membership dues	470	469
Bank charges	83	467
	434,310	438,077

Community Addiction Services of Niagara**Schedule of concurrent addictions supportive housing expenses – Schedule 4**Year ended March 31, 2021

	2021	2020
	\$	\$
Concurrent addictions supportive housing expenses		
Salaries and benefits	35,390	37,642
Computer maintenance and supplies	1,652	1,403
Travel	361	527
Staff Education	633	141
Telephone	235	323
Program supplies	295	183
	38,566	40,219

Community Addiction Services of Niagara
Schedule of early intervention expenses – Schedule 5
Year ended March 31, 2021

	2021	2020
	\$	\$
Early intervention expenses		
Salaries and benefits	72,951	71,954
Travel	922	3,031
Rent	1,616	1,497
Staff education	1,577	880
Professional fees	728	1,012
Telephone	1,312	934
Computer maintenance and supplies	1,676	1,446
Insurance	531	405
Office supplies and postage	874	262
Membership dues	94	94
Bank charges	17	93
Advertising and promotion	—	41
	82,298	81,649