INSTITUTE FOR CITIZEN-CENTRED SERVICE/
L'INSTITUT DES SERVICES AXES SUR LES CITOYENS

FINANCIAL STATEMENTS

MARCH 31, 2019

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L'INSTITUT DES SERVICES AXES SUR LES CITOYENS

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INDEPENDENT AUDITOR'S REPORT

To the Directors of:
Institute for Citizen-Centered Service/
L'Institut des Services Axes sur les Citoyens

Opinion

We have audited the accompanying financial statements of Institute for Citizen-Centered Service/, L'Institut des Services Axes sur les Citoyens which comprise the statement of financial position as at March 31, 2019, and the statements of operations, 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, 2019, 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 Information

Management is responsible for the other information. The other information comprises the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained the 2017/2018 Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other infromation, we are required to report that fact. We have nothing to report in this regard.

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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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Toronto, Canada
September 11, 2019

RZN, LLP

Chartered Professional Accountants & Licensed Public Accountants

INSTITUTE FOR CITIZEN-CENTRED SERVICE/
L'INSTITUT DES SERVICES AXES SUR LES CITOYENS

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2019

ASSETS

	2019 $	2018 $
CURRENT		
Cash	403,076	661,266
Short-term investments (Note 3)	308,000	100,000
Accounts receivable	170,313	365,863
Government remittances recoverable	26,023	8,670
Prepaid expenses	5,267	3,722
	912,679	1,139,521
PROPERTY AND EQUIPMENT (net of accumulated amortization of $2,000)	10,697	-
	923,376	1,139,521

LIABILITIES

	2019 $	2018 $
CURRENT		
Accounts payable and accrued liabilities	39,239	194,596
Deferred revenue (Note 4)	79,250	186,220
	118,489	380,816

NET ASSETS

	2019 $	2018 $
Operating fund	654,892	758,705
Strategic innovation fund	149,995	-
	804,887	758,705
	923,376	1,139,521

COMMITMENT (Note 6)

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

THESE FINANCIAL STATEMENTS ARE APPROVED BY AND ON BEHALF OF THE BOARD OF DIRECTORS

DIRECTOR

Karla Hale

PRESIDENT

INSTITUTE FOR CITIZEN-CENTRED SERVICE/
L'INSTITUT DES SERVICES AXES SUR LES CITOYENS

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2019

	2019			2018
	Operating Fund	Strategic Innovation Fund	Total	Operating Fund
	$	$	$	$
NET ASSETS, BEGINNING OF YEAR	758,705	-	758,705	513,210
Interfund transfer (Note 5)	(150,000)	150,000	-	-
Excess of revenue over expenses (expenses over revenue)	46,187	(5)	46,182	245,495
NET ASSETS, END OF YEAR	654,892	149,995	804,887	758,705

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

INSTITUTE FOR CITIZEN-CENTRED SERVICE/
L'INSTITUT DES SERVICES AXES SUR LES CITOYENS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2019

	2019			2018
	Operating Fund	Strategic Innovation Fund	Total	Operating Fund
	$	$	$	$
PROGRAM REVENUES				
Sales - services	288,238	-	288,238	172,064
Sales - products	443,290	-	443,290	690,647
Contributions	383,580	-	383,580	393,130
Registration fees	73,992	-	73,992	77,755
Other program revenue	-	-	-	2,088
	1,189,100	-	1,189,100	1,335,684
PROGRAM EXPENSES				
Conferences and meetings	69,740	-	69,740	70,050
Consulting services	296,220	-	296,220	380,341
Executive	175,141	-	175,141	120,000
Miscellaneous	993	-	993	987
Other direct services	5,200	-	5,200	320
Salaries and employees' benefits	367,461	-	367,461	322,988
Travel	76,355	-	76,355	44,871
	991,110	-	991,110	939,557
PROGRAM SURPLUS	197,990	-	197,990	396,127
EXPENSES				
Amortization	2,000	-	2,000	-
Awards	237	-	237	1,185
Bank charges	5,524	5	5,529	5,549
Conference and hospitality	-	-	-	113
Dues and fees	5,592	-	5,592	4,193
Data processing, web and computer	46,371	-	46,371	55,716
General and office	37,654	-	37,654	18,443
Insurance	3,219	-	3,219	3,334
Occupancy cost	30,921	-	30,921	31,094
Professional fees	28,285	-	28,285	31,005
	159,803	5	159,808	150,632
Interest earned	(8,000)	-	(8,000)	-
	151,803	5	151,808	150,632
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	46,187	(5)	46,182	245,495

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

**INSTITUTE FOR CITIZEN-CENTRED SERVICE/
L'INSTITUT DES SERVICES AXES SUR LES CITOYENS**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	46,182	245,495
Add: Items not requiring an outlay of cash:		
Amortization	2,000	-
	48,182	245,495
Accounts receivable	195,550	(41,429)
Government remittances recoverable	(17,353)	(25,474)
Prepaid expenses	(1,545)	(1,663)
Accounts payable and accrued liabilities	(155,357)	152,208
Deferred revenue	(106,970)	(197,208)
Cash flows provided by (used in) operating activities	(37,493)	131,929
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of short-term investments - net	(208,000)	(100,000)
Purchase of property and equipment	(12,697)	-
Cash flows provided by (used in) investing activities	(220,697)	(100,000)
INCREASE (DECREASE) IN CASH	(258,190)	31,929
CASH, BEGINNING OF YEAR	661,266	629,337
CASH, END OF YEAR	403,076	661,266

As at March 31, 2019, cash comprises $253,081 held in the Operating Fund, and $149,995 held in the Strategic Innovation Fund.

The accompanying notes and schedules are an integral part of these financial statements.

1. PURPOSE OF THE ORGANIZATION

Institute for Citizen-Centred Service/L'Institut des Services Axes sur les Citoyens ("the Organization") was incorporated on August 2, 2005, under the Canada Corporations Act as a corporation without share capital to promote high levels of citizen satisfaction with public sector service delivery. As a not-for-profit organization, while registered, the Organization is exempt from income tax under the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared by management in accordance with Accounting Standards for Not-for-Profit Organization ("ASNPO").

Use of estimates

The preparation of financial statements in accordance with ASNPO 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 statement of financial position and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial statement items subject to significant management judgement include revenue recognition, the completeness of accounts payable and accrued liabilities and the valuation of intangible assets.

Revenue recognition

The Organization derives its revenues from the sale of its publications and from the provision of consulting and related services, from fees earned for joint council meetings, educational courses and seminars, marketing memberships and outreach subscriptions, and from contributions to the Organization's research projects, occupancy and secretarial support and subcontractor labour services. Revenues are recognized under the accrual basis of accounting, except for contributions which are externally restricted and payments received in advance of the rendering of services which are accounted for under the deferral method as noted below.

Payments received in advance of the rendering of services are recorded as a component of deferred revenue on the accompanying statement of financial position when received and are recognized as revenue over the term of the corresponding project.

Sales and registration fee revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured and the corresponding service has been provided or the goods have been sold with a corresponding transfer of the risks and rewards of ownership. Included in registration fees are membership and subscription revenues which are recognized evenly over the period to which the contract applies. The unearned portion of these revenues is recorded as a component of deferred revenue on the accompanying statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fund accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance or in accordance with directives issued by the Board of Directors ("the Board"). Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded in the statement of changes in net assets in the accompanying financial statements.

For financial reporting purposes, the accounts have been classified into the following funds:

Revenue and expenses and assets and liabilities related to the Organization's program delivery and operations, as well as its administrative activities, are reported in the "Operating Fund".

The "Strategic Innovation Fund" reports assets, liabilities, revenues and expenses related to the Strategic Innovation Fund.

During the 2019 fiscal year, the Board established the Strategic Innovation Fund. This fund is intended to support the strategic goals of the Organization and enhance or expand the work of the Organization. From time to time, the Board will authorize the transfer of additional funds from the Operating Fund to the Strategic Innovation Fund.

Property and equipment

Property and equipment comprise computer hardware and are recorded at cost less accumulated amortization. Amortization is based on the declining balance method at rates sufficient to substantially amortize the cost of the assets over their useful lives, as follows:

Computer equipment	-	30% per annum

In the year of acquisition, property and equipment additions are amortized at one-half of the above-noted rates.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contributed assets and services

The work of the Organization is partly dependent upon the services provided by certain staff members from other organizations under secondment arrangements. In addition, the Organization's tangible capital assets are provided by other organizations at no cost. Since these assets and certain of the services are not normally purchased by the Organization and because of the difficulty of determining their fair value, contributed assets and certain services are not recognized in the accompanying financial statements.

Leases

Lease obligations are classified as either capital or operating leases. Leases that transfer ownership upon conclusion of the lease or substantially all of the benefits and inherent risks of ownership of property and equipment to the Organization are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

Financial instruments

Financial assets and financial liabilities are recognized when the Organization becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expire. At initial recognition, the Organization classifies its financial instruments depending on the purpose for which the instruments were acquired. Trade-date accounting is used.

The Organization measures cash and short-term investments at fair value with changes in fair value recognized in excess of revenue over expenses (expenses over revenue.)

Accounts receivable are classified as loans and receivables, which are measured at amortized cost.

Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

3. SHORT-TERM INVESTMENTS

The Organization's short-term investments comprise one guaranteed investment certificate and two income funds, bearing interest from 1.3% to 1.5% per annum, and maturing during the Organization's 2020 fiscal year.

4. DEFERRED REVENUE

Deferred revenue comprises operating funding and payments received in advance of rendering services received in the current year to be recognized in the subsequent year. Changes in the deferred revenue balance are as follows:

	2019 $	2018 $
Deferred revenue balance, beginning of year	186,220	383,428
Funding and payments received in during the year	847,465	1,042,974
Revenue recognized in year (before costs)	(975,435)	(1,240,182)
Deferred revenue balance, end of year	58,250	186,220

5. INTERFUND TRANSFERS

During the 2019 fiscal year, the Board authorized the transfer of $150,000 from the Operating Fund to the Strategic Innovation Fund to fund future projects of that fund.

6. COMMITMENT

The Organization leases its office from the Legislative Assembly of Ontario under an operating lease with no expiry date. The minimum annual rental payments, exclusive of certain operating costs, are $30,820.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of the Organization's financial instruments approximates book value due to the short-term maturity of these instruments, unless otherwise noted.

The Organization's risk management policies are established to identify and analyse the risks faced by the Organization, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Organization's activities. There have been no changes to the Organization's exposure to risks in respect of its financial instruments, and there have been no changes in respect of management's objectives, policies and processes in the management of its financial instruments from that of the prior reporting period.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continue)

Currency Risk

The Organization is not exposed to currency risks in that none of the Organization's financial instruments are denominated in foreign currencies.

Interest Rate and Investment Risk

The Organization is exposed to interest rate risk arising from fluctuations in interest rates on its short-term investments from time to time to the extent that changes in market conditions will affect the available returns that the Organization can earn on these investments as they mature and are reinvested. All of the Organization's other financial instruments are non-interest bearing.

The Board of Directors of the Organization regularly reviews both the compliance and performance of its short-term investments where applicable. The Organization does not consider there to be a significant credit risk for its investments based on investment grade ratings and performance criteria used in selecting these investments.

Liquidity Risk

The Organization is exposed to liquidity risk to the extent that it must meet its financial obligations as these fall due. The Organization's approach to managing liquidity risk is to ensure that it has sufficient cash and other financial assets, with varying maturities, to meet its obligations when and as due. Management forecasts cash flows to identify financing requirements. These requirements are then addressed through a combination of cash and investment management. As at March 31, 2019, the Organization had current financial instrument liabilities of $39,239, pertaining to its Operating Fund.

Credit Risk

Management believes that the Organization is not exposed to material credit risks in that most of its clients are either governments or are also not-for-profit entities that receive government funding and do not withhold overdue payments.