

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

FINANCIAL STATEMENTS

MARCH 31, 2016

RZN, LLP

CHARTERED PROFESSIONAL ACCOUNTANTS & LICENSED PUBLIC ACCOUNTANTS

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

FINANCIAL STATEMENTS

MARCH 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Directors of:

Institute for Citizen-Centred Service/
L'Institut des Services Axes sur les Citoyens

We have audited the accompanying financial statements of Institute for Citizen-Centred Service/L'Institut des Services Axes sur les Citoyens, which comprise the Statement of Financial Position as at March 31, 2016 and the Statements of Changes in Net Assets, Operations and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian Generally Accepted Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

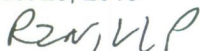
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Institute for Citizen-Centred Service/L'Institut des Services Axes sur les Citoyens as at March 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Toronto, Ontario
August 23, 2016



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, 2016

ASSETS			
		<u>2016</u>	<u>2015</u>
CURRENT			
Cash		\$711,473	\$123,882
Accounts receivable		49,555	299,747
Prepaid expenses		<u>3,613</u>	<u>2,093</u>
		764,641	425,722
LONG-TERM			
Learning and Certification Program (Note 3)		<u>84,865</u>	<u>169,729</u>
		<u>\$849,506</u>	<u>\$595,451</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		\$ 84,027	\$187,982
Government remittances payable		5,117	5,139
Deferred revenue (Note 4)		<u>323,153</u>	<u>98,111</u>
		412,297	291,232
NET ASSETS			
Per statement		<u>437,209</u>	<u>304,219</u>
		<u>\$849,506</u>	<u>\$595,451</u>
Commitment (Note 5)			

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


Executive Director

DIRECTOR

DIRECTOR


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, 2016

	<u>2016</u>	<u>2015</u>
NET ASSETS, BEGINNING OF YEAR	\$304,219	\$ 13,132
Excess of revenue over expenses	<u>132,990</u>	<u>291,087</u>
NET ASSETS, END OF YEAR	<u>\$437,209</u>	<u>\$304,219</u>

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, 2016

	<u>2016</u>	<u>2015</u>
PROGRAM REVENUES		
Sales - services	\$ 265,983	\$ 287,878
Sales - products	383,410	572,486
Registration fees	85,045	148,769
Contributions	365,500	365,500
Contributions in kind	-	152,230
Other program revenue	<u>1,915</u>	<u>(1,862)</u>
	<u>1,101,853</u>	<u>1,525,001</u>
PROGRAM EXPENSES		
Amortization of Learning and Certification Program	84,866	84,866
Conferences and meetings	79,578	68,840
Consulting services	190,131	359,652
Miscellaneous	291	3,184
Other direct services	12,426	32,775
Salaries and employees' benefits	269,617	234,308
Subcontractor labour	124,624	325,853
Travel	<u>55,479</u>	<u>63,270</u>
	<u>817,012</u>	<u>1,172,748</u>
PROGRAM SURPLUS	<u>284,841</u>	<u>352,253</u>
OTHER REVENUE	<u>727</u>	<u>1,813</u>
EXPENSES		
Awards	1,084	735
Bank charges	2,948	1,800
Conference and hospitality	14,906	777
Dues and fees	1,010	1,240
Data processing, Web and computer	23,219	9,291
General and office (recovery)	31,279	(32,063)
Insurance	3,099	1,553
Occupancy cost	30,518	31,038
Professional fees	33,909	38,427
Travel	<u>10,606</u>	<u>10,181</u>
	<u>152,578</u>	<u>62,979</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	<u>\$ 132,990</u>	<u>\$ 291,087</u>

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, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$132,990	\$291,087
Add: Amortization of Learning and Certification Program	<u>84,866</u>	<u>84,866</u>
	217,856	375,953
Accounts receivable	250,192	(44,578)
Government remittances payable	(24)	17,745
Prepaid expenses	(1,520)	5,081
Accounts payable and accrued liabilities	(103,955)	65,631
Deferred revenue	<u>225,042</u>	<u>(224,489)</u>
Cash flows provided by (used in) operating activities	<u>587,591</u>	<u>195,343</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings (repayments) under bank indebtedness - net	<u>-</u>	<u>(71,461)</u>
Cash flows provided by (used in) financing activities	<u>-</u>	<u>(71,461)</u>
INCREASE (DECREASE) IN CASH	587,591	123,882
CASH, BEGINNING OF YEAR	<u>123,882</u>	<u>-</u>
CASH, END OF YEAR	<u>\$711,473</u>	<u>\$123,882</u>

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

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

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

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.

**INSTITUTE FOR CITIZEN-CENTRED SERVICE/
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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

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.

Pre-operating expenditures

Commencing in its 2009 fiscal year with planning and assessment studies, the Organization began investing in a new and separate deliverable, the Learning and Certification Program ("the Program"). When completed, the Program was expected to and has since met the criteria to be deemed a business under EIC-124, Definition of a Business.

Beginning in the Organization's 2012 fiscal year, the Program entered a stage of development and had generated sufficient interest from government stakeholders such that certain of the expenditures incurred met the criteria for deferral during the pre-operating period according to the recommendations of EIC-27, Revenues and Expenditures During the Pre-operating Period. Costs deferred in the 2012 fiscal year related directly to placing the new Program into service, were incremental in nature, and management believed it was probable that the expenditures would be recoverable from the future operations of the new business.

The Program completed the development stage and commenced operations beginning in the 2013 fiscal year. The amortization period is determined by the Board of Directors to be 60 months beginning April 1, 2012.

(While the CICA removed from its Handbook all EICs upon adoption of Accounting Standards for Private Enterprises for all entities with fiscal years beginning on or after January 1, 2011, and, more specifically, ANSPO for Not-for-Profit organizations with fiscal years beginning or after January 1, 2012, management believed at those times and continues to believe that the guidance provided by EIC-124 and EIC-27 to be authoritative in the circumstances.)

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.

INSTITUTE FOR CITIZEN-CENTRED SERVICE/
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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 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.

Comparative figures

Certain comparative figures have been reclassified to confirm with the current year's basis of presentation.

3. LEARNING AND CERTIFICATION PROGRAM

Intangible assets relate to the expenditures incurred in prior years regarding the Learning and Certification Program as follows:

	<u>2016</u>	<u>2015</u>
Learning and Certification Program, balance beginning of year	\$169,729	\$254,595
Amortization	<u>(84,864)</u>	<u>(84,866)</u>
Learning and Certification Program, balance end of year	<u>\$ 84,865</u>	<u>\$169,729</u>

**INSTITUTE FOR CITIZEN-CENTRED SERVICE/
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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

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:

	<u>2016</u>	<u>2015</u>
Deferred revenue balance, beginning of year	\$ 98,111	\$322,600
Funding and payments received in advance in the year	915,284	667,405
Revenue recognized in year (before costs)	<u>(690,242)</u>	<u>(891,894)</u>
Deferred revenue balance, end of year	<u>\$323,153</u>	<u>\$ 98,111</u>

5. 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 \$30,968.

6. 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.

Currency Risk

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

**INSTITUTE FOR CITIZEN-CENTRED SERVICE/
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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Continued)*

Interest Rate and Investment Risk

The Organization is exposed to interest rate risk arising from fluctuations in interest rates on its short-term investments, if any, 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.

As at March 31, 2016, the Organization did not have any short-term 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, 2016, the Organization had accounts payable and accrued liabilities arising in the normal course of operations of \$84,027 due within 12 months.

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.