



Centralized Supply Chain Ontario

(o/a Supply Ontario)

Financial Statements

March 31, 2022

Management's responsibility for financial reporting

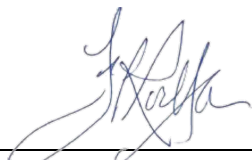
The accompanying financial statements of Centralized Supply Chain Ontario (operating as Supply Ontario) have been prepared in accordance with Canadian public sector accounting standards, and, where appropriate, include amounts based on management's best estimates and judgments.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The board of directors oversees management's responsibilities for financial reporting and internal controls.

The financial statements have been audited by the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Auditor's Report, which appears on the following pages, outlines the scope of the Auditor's examination and opinion.

On behalf of management:



Frank Rochon
Chief Executive Officer



Anthony DiCaita
Chief Administrative Officer



INDEPENDENT AUDITOR'S REPORT

To Centralized Supply Chain Ontario

Opinion

I have audited the financial statements of Centralized Supply Chain Ontario (operating as Supply Ontario), which comprise the statements of financial position as at March 31, 2022 and 2021, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Supply Ontario as at March 31, 2022 and 2021, and the results of its operations, changes in its net financial assets and its cash flows for the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021 in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audits in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Supply Ontario in accordance with the ethical requirements that are relevant to my audits of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 Supply Ontario'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 Supply Ontario either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Supply Ontario's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements


My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Supply Ontario'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 Supply Ontario's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Supply Ontario 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.

I 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 I identify during my audits.

Toronto, Ontario
June 30, 2022


Bonnie Lysyk, MBA, FCPA, FCA, LPA
Auditor General

Statements of Financial Position

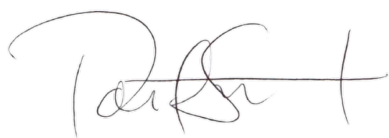
As at March 31, 2022 and March 31, 2021

(in thousands of dollars)

| | Note | March 31, 2022 | March 31, 2021 |
|--|------|-----------------|----------------|
| Financial Assets | | | |
| Cash | | \$ 8,696 | \$ 77 |
| Accounts receivable | 3 | 852 | 3 |
| | | 9,548 | 80 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 5 | 2,458 | 67 |
| Due to Province | 7 | 439 | - |
| Net financial assets | | 6,651 | 13 |
| Non-Financial Assets | | | |
| Prepaid expenses | 4 | 23 | - |
| Accumulated Surplus | | \$ 6,674 | \$ 13 |

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

Approved by the board of directors



Paul G. Smith
Chair, Board of Directors



George Szewchuk
Vice Chair, Board of Directors

Statements of Operations and Accumulated Surplus

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

| | | April 1 to March 31, 2022 Budget | April 1 to March 31, 2022 Actual | November 5, 2020 to March 31, 2021 Actual |
|---|------|---|---|---|
| | Note | | | |
| Revenues: | | | | |
| Province of Ontario | 1, 7 | \$ 16,887 | \$ 16,887 | \$ 357 |
| Other income | 2 | | 27 | - |
| | | 16,887 | 16,914 | 357 |
| Expenses | | | | |
| Salaries, wages and benefits | 6, 7 | 11,016 | 5,102 | 318 |
| Transportation and communication | | 4 | 7 | - |
| Services | | 5,602 | 5,141 | 26 |
| Supplies and equipment | | 265 | 3 | - |
| | | 16,887 | 10,253 | 344 |
| Annual Operating surplus | | - | 6,661 | 13 |
| Accumulated surplus, beginning of period | | - | 13 | - |
| Accumulated surplus, end of period | | \$ - | \$ 6,674 | \$ 13 |

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

Statements of Changes in Net Financial Assets

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

| | | April 1 to March 31, 2022 Budget | April 1 to March 31, 2022 Actual | November 5, 2020 to March 31, 2021 Actual |
|---|------|---|---|---|
| | Note | | | |
| Annual Operating surplus | | \$ - | \$ 6,661 | \$ 13 |
| Change in non-financial assets: | | | | |
| Prepaid expenses | 4 | - | (23) | - |
| Increase in Net financial asset | | - | 6,638 | 13 |
| Net financial asset, beginning of period | | 13 | 13 | - |
| Net financial asset, end of Period | | \$ 13 | \$ 6,651 | \$ 13 |

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

Statements of Cash Flows

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

| | | April 1 to March 31, 2022 | November 5, 2020 to March 31, 2021 |
|--|---|------------------------------|--|
| Operating activities | | | |
| Annual Operating Surplus | | \$ 6,661 | \$ 13 |
| Changes in working capital items: | | | |
| Accounts Receivable | 3 | (849) | (3) |
| Prepaid Expenses | 4 | (23) | - |
| Accounts payable and accrued liabilities | 5 | 2,391 | 67 |
| Due to Province | | 439 | - |
| Cash from operating activities | | 1,958 | 64 |
| Net increase/(decrease) in cash | | 8,619 | 77 |
| Cash, beginning of year | | 77 | - |
| Cash, end of year | | \$ 8,696 | \$ 77 |

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

Notes to the Financial Statements

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

1. Nature of the Agency

Centralized Supply Chain Ontario (Supply Ontario) is a Crown agency reporting to the Ministry of Government and Consumer Services. Supply Ontario was established on November 5, 2020 under O. Regulation 612/20 made under the Supply Chain Management Act (Government, Broader Public Sector and Health Sector Entities), 2019. The period ending March 31, 2021 is the inaugural year of operations.

Supply Ontario's objects and duties include:

- provide and support supply chain management on behalf of government entities, broader public sector entities and health sector entities;
- collect supply chain management and vendor performance data from government entities, broader public sector entities and health sector entities;
- provide and support supply chain management in respect of personal protective equipment on behalf of entities other than government entities, broader public sector entities and health sector entities.

During the periods of November 5, 2020 to March 31, 2021 and April 1 to March 31, 2022, Supply Ontario was engaged in set-up activities and as such have not commenced providing procurement on behalf of government entities, broader public sector entities or health sector entities.

Supply Ontario is primarily funded by the Province of Ontario through the Ministry of Government and Consumer Services. As a Crown Corporation of the Province of Ontario, Supply Ontario is exempt from federal and provincial income taxes under the Income Tax Act (Canada).

2. Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards as established by the Public Sector Accounting Board (PSAB) of The Chartered Professional Accountants of Canada (CPA Canada).

Notes to the Financial Statements

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

b) Revenue Recognition:

(i) Province of Ontario

The Province of Ontario (Province) contributes funds to provide funding in connection with Supply Ontario's objectives. Transfers from the Province, through Ministry of Government and Consumer Services, are referred to as government transfers and are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that conditions give rise to an obligation that meets the definition of a liability. Funds received from the Province are recognized as deferred revenue when these conditions give rise to a liability. Funds received from the Province are recognized in the Statements of Operations and Accumulated Surplus as the liabilities are settled.

(ii) Other Income

Interest income is recorded on an accrual basis and recognized as earned.

c) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expenses.

d) Cash

Cash includes cash on hand, balances with banks and short-term deposits with maturities of less than three months.

e) Financial Instruments

Supply Ontario's financial assets and liabilities are accounted for as follows:

- Cash is subject to an insignificant risk of change in value so carrying value approximates fair value; and
- Accounts receivable, accounts payable, accrued liabilities and due to province are recorded at cost.

Notes to the Financial Statements

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

f) Related Party Transactions:

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by related parties.

g) Employee Pension Benefits

Supply Ontario's full-time employees participate in the Public Service Pension Plan (PSPP), which is a defined benefit pension plan for employees of the province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPP, determines Supply Ontario's annual payments to the Plan. Since Supply Ontario is not a sponsor of the pension plan, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of Supply Ontario, as the sponsor is responsible for ensuring that the pension plan is financially viable. Supply Ontario's contributions are accounted for as if the PSPP was a defined contribution plan with contributions being expensed in the period they come due.

h) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards 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 revenue and expenses during the reported year. Items subject to such estimates and assumptions include accruals. Actual results could differ from those estimates.

3. Accounts Receivable

| ('000s) | | 2022 | | 2021 |
|-----------------|----|------|----|------|
| Recoverable HST | \$ | 852 | \$ | 3 |
| TOTAL | \$ | 852 | \$ | 3 |

Notes to the Financial Statements

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

4. Prepaid Expenses

| ('000s) | 2022 | | 2021 | |
|------------------------|------|----|------|---|
| Insurance | \$ | 20 | \$ | - |
| Other Prepaid Expenses | \$ | 3 | \$ | - |
| TOTAL | \$ | 23 | \$ | - |

5. Accounts Payable and Accrued Liabilities

Accounts payable relate to normal business transactions with third-party vendors. Accrued liabilities relate to accruals for salaries, wages and benefits and other expenses.

| ('000s) | 2022 | | 2021 | |
|---------------------|------|-------|------|----|
| Accounts payables | \$ | 2,242 | \$ | - |
| Accrued liabilities | \$ | 216 | \$ | 67 |
| TOTAL | \$ | 2,458 | \$ | 67 |

6. Employee Pension Benefits

Supply Ontario provides pension benefits to substantially all of its permanent employees. Supply Ontario's contribution, and the amount expensed in Salaries, wages and benefits, to this plan for the year ended Mar 31, 2022 was \$90 (2021 - \$0).

7. Related Party transactions

Supply Ontario is a Crown Agency of the Province of Ontario and is therefore a related party to other organizations that are controlled by or subject to significant influence by the Province. There transactions are as follows:

- Ministry of Government and Consumer Services provided: i) staff support of \$764 expensed in Salaries, Wages and Benefits (2021 - \$106) and, ii) services of \$78 (2021 - \$26) and iii) included in Due to Province is \$119 (2021 - \$0)

Notes to the Financial Statements

For the year ended March 31, 2022 and for the period from November 5, 2020 to March 31, 2021

(in thousands of dollars)

7. Related party transactions

- Ministry of the Attorney General provided staff support of \$990 expensed in Salaries, Wages and Benefits (2021 - \$145) and included in Due to Province is \$251 (2021 - \$0)
- Ministry of Children, Community and Social Services provided staff support of \$130 expensed in Salaries, Wages and Benefits (2021- \$0) and included in Due to Province is \$29 (2021 - \$0)
- Treasury Board Secretariat provided staff support of \$71 expensed in Salaries, Wages and Benefits (2021- \$0) and included in Due to Province is \$35 (2021 - \$0)
- Infrastructure Ontario provided services of \$5 (2021- \$0) and included in Due to Province is \$5 (2021 - \$0)

8. Financial Instruments

Liquidity risk

Liquidity risk is the risk that the Supply Ontario will not be able to meet its cash flow obligations as they fall due. Supply Ontario's exposure to liquidity risk is minimal as all funding is sourced primarily from the Province of Ontario.