

**Huron-Perth Children's Aid Society**  
**Financial Statements**  
*Year ended March 31, 2020*

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# Independent Auditors' Report

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To the Board of Directors of Huron-Perth Children's Aid Society:

## Report on Financial Statements

### Opinion

We have audited the financial statements of Huron-Perth Children's Aid Society (the "Society"), which comprise the statement of financial position as at March 31, 2020, the statements of operations and changes in fund balances, 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 Society as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### 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 Society 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.

### Comparative Information

Without modifying our opinion, we draw attention to Note 3 to the financial statements which describes that the Society adopted Canadian public sector accounting standards on April 1, 2019 with a transition date of April 1, 2018. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position sheet as at March 31, 2019 and at April 1, 2018, and the statements of operations and changes in fund balances, cash flows for the year ended March 31, 2019 and related disclosures.

### Other Matter

The financial statements for the year ended March 31, 2019 were audited by another accountant who expressed an unmodified opinion on those financial statements on May 30, 2019.

### 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 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 the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

### Auditors' 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 Society'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 Society'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 Society 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.

London, Ontario

REPORT DATE

Chartered Professional Accountants

Licensed Public Accountants

# Huron-Perth Children's Aid Society Statement of Financial Position

	As at March 31, 2020												
	Operating fund					Capital fund					Restricted funds		
	March 31, 2020	March 31, 2019	April 1, 2018	March 31, 2020	March 31, 2019	April 1, 2018	March 31, 2020	March 31, 2019	April 1, 2018	Total March 31, 2020	Total March 31, 2019	Restated 2018 (Note 3)	Total April 1, 2018 Restated (Note 3)
<b>Assets</b>													
<b>Current</b>													
Cash	\$ 826,957	\$ 884,748	\$ 906,350	\$ -	\$ -	\$ -	\$ 564,703	\$ 574,855	\$ 562,766	\$ 1,191,661	\$ 1,439,602	\$ -	\$ 1,491,116
Restricted cash (Note 5)	-	-	-	-	-	-	675,024	817,224	573,881	675,024	617,224	-	573,881
Investments (Note 6)	-	-	-	-	-	-	59,956	59,209	58,470	59,956	59,209	-	58,470
Accounts receivable	99,201	11,774	102,291	-	-	-	-	-	-	99,201	11,774	-	102,291
Government remittances receivable	131,243	126,882	144,490	-	-	-	-	119	2,662	131,243	127,000	-	147,152
Prepaid expenses	74,969	55,994	45,757	-	-	-	-	-	-	74,969	55,994	-	45,757
Interfund balances	(287,820)	(253,128)	(243,599)	-	-	-	287,920	253,128	243,598	-	-	-	-
<b>Long term</b>													
Tangible capital assets (Note 7)	644,451	806,270	957,300	-	4,692,728	4,787,135	1,687,603	1,504,535	1,461,367	2,232,063	2,310,804	-	2,418,668
	644,451	806,270	957,300	4,692,728	4,787,135	4,920,811	1,687,603	1,504,535	1,461,367	6,624,781	7,097,939	-	7,339,479
<b>Liabilities</b>													
<b>Current</b>													
Accounts payable and accrued liabilities	1,682,612	1,799,381	1,795,733	-	-	-	-	1,500	317	1,692,612	1,800,881	-	1,796,051
OCBe Funds in trust (Note 5)	-	-	-	-	-	-	384,528	347,548	311,880	384,528	347,548	-	311,880
RESP Funds in trust (Note 5)	-	-	-	-	-	-	224,532	187,771	186,951	224,532	187,771	-	186,951
Due to children in care - CPP Survivor Benefit (Note 5)	-	-	-	-	-	-	46,964	81,905	75,050	46,964	81,905	-	75,050
Ontario Autism Program deferred funding (Note 5)	-	-	-	-	-	-	20,000	-	-	20,000	-	-	-
Deferred contributions (Note 9)	29,848	41,498	-	-	-	-	100,882	103,999	100,699	130,730	145,497	-	100,699
Due to Ministry of Children and Youth Services	-	5,523	5,523	-	-	-	-	-	-	-	5,523	-	5,523
Current portion of long-term debt (Note 10)	-	-	-	262,196	304,002	294,239	-	-	-	262,196	304,002	-	294,239
<b>Long term</b>													
Long-term debt (Note 10)	1,712,360	1,846,402	1,801,256	282,196	304,002	294,239	776,906	722,723	674,897	2,740,461	2,873,127	-	2,770,393
	1,712,360	1,846,402	1,801,256	282,196	304,002	1,255,815	776,906	722,723	674,897	2,740,461	2,873,127	-	2,770,393
Contingent liabilities (Note 17)													
Commitments (Note 18)													
	(1,067,909)	(1,040,132)	(843,956)	-	-	-	-	-	-	(1,067,909)	(1,040,132)	-	(843,956)
<b>Fund balances</b>													
Accumulated surplus	-	-	-	3,640,816	3,531,220	3,370,657	-	-	-	3,640,816	3,531,220	-	3,370,657
Invested in tangible capital assets	-	-	-	-	-	-	811,697	781,813	786,470	811,697	781,813	-	786,470
Externally restricted	(1,067,909)	(1,040,132)	(843,956)	3,640,816	3,531,220	3,370,657	811,697	781,813	786,470	3,364,603	3,272,900	-	3,313,171
	\$ 644,451	\$ 806,270	\$ 957,300	\$ 4,920,811	\$ 4,920,811	\$ 4,920,811	\$ 1,587,603	\$ 1,504,535	\$ 1,461,367	\$ 6,624,781	\$ 7,097,939	\$ -	\$ 7,339,479

Approved on behalf of the Board

Director \_\_\_\_\_

Director \_\_\_\_\_

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

# Huron-Perth Children's Aid Society

## Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2020

	Operating fund		Capital fund		Restricted funds		Total 2019 Restated (Note 3)
	2020	2019	2020	2019	2020	2019	
<b>Revenue</b>							
Government grants (Note 14)	\$ 15,704,510	\$ 15,854,397	\$ -	\$ -	\$ 88,300	\$ 85,000	\$ 15,792,810
Children's Special Allowance	421,854	444,503	-	-	-	-	421,654
Donations	-	-	-	-	161,935	134,998	161,935
Maintenance - other society wards	128,370	130,674	-	-	-	-	128,370
Ontario Child Benefit Equivalent	-	-	-	-	53,336	86,344	53,336
Interest	36,378	37,139	-	-	13,195	12,092	50,073
Other	34,108	10,156	-	-	-	-	34,108
	<b>16,325,519</b>	<b>16,476,868</b>	<b>-</b>	<b>-</b>	<b>316,766</b>	<b>318,434</b>	<b>16,642,286</b>
<b>Expenses</b>							
Net expenses - operating fund (Schedule 1)	15,963,263	16,205,258	-	-	-	-	15,963,263
Amortization	-	-	245,214	262,328	-	-	245,214
Interest on long-term debt	-	-	35,223	44,895	-	-	35,223
Donation expenses	-	-	-	-	162,857	158,656	162,857
Grant expenses	-	-	-	-	70,690	78,091	70,690
Ontario Child Benefit Equivalent	-	-	-	-	53,336	86,344	53,336
	<b>15,963,263</b>	<b>16,205,258</b>	<b>280,437</b>	<b>307,224</b>	<b>286,882</b>	<b>323,092</b>	<b>16,530,583</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>362,256</b>	<b>271,610</b>	<b>(280,437)</b>	<b>(307,224)</b>	<b>29,884</b>	<b>(4,658)</b>	<b>111,703</b>
<b>Fund balances, beginning of year</b>	<b>(1,040,132)</b>	<b>(843,956)</b>	<b>3,531,220</b>	<b>3,370,657</b>	<b>781,813</b>	<b>786,470</b>	<b>3,272,900</b>
<b>Interfund transfers (Note 15)</b>	<b>(390,033)</b>	<b>(467,786)</b>	<b>390,033</b>	<b>467,786</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ (1,067,909)</b>	<b>\$ (1,040,132)</b>	<b>\$ 3,640,816</b>	<b>\$ 3,531,220</b>	<b>\$ 811,697</b>	<b>\$ 781,813</b>	<b>\$ 3,384,603</b>
							<b>\$ 3,272,900</b>

The accompanying notes are an integral part of these financial statements

## Huron-Perth Children's Aid Society Statement of Cash Flows

*For the year ended March 31, 2020*

	2020	2019 <i>Restated (Note 3)</i>
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	\$ 111,703	\$ (40,271)
Less items not affecting cash		
Amortization	245,214	262,328
Change in non-cash working capital balances		
Restricted cash	(57,800)	(43,343)
Accounts receivable	(87,426)	90,517
Government remittances receivable	(4,242)	20,152
Prepaid expenses	(18,975)	(10,237)
Accounts payable and accrued liabilities	(118,370)	4,830
Ontario Child Benefit Equivalent payable	36,980	35,668
Due to Ministry of Children and Youth Services	(5,523)	-
Deferred contributions	(14,766)	44,798
Canada Child Benefit - RESP for children in care	36,761	820
Due to children in care - CPP Survivor Benefit	(35,941)	6,855
Autism for children in care	20,000	-
	<b>107,614</b>	<b>372,116</b>
<b>Investing activities</b>		
Increase in investments	(746)	(739)
Acquisition of tangible capital assets	(50,808)	(128,652)
	<b>56,060</b>	<b>242,725</b>
<b>Financing activities</b>		
Repayment of long-term debt	(304,002)	(294,239)
<b>Increase (decrease) in cash</b>	<b>(247,942)</b>	<b>(51,514)</b>
<b>Cash, beginning of year</b>	<b>1,439,602</b>	<b>1,491,116</b>
<b>Cash, end of year</b>	<b>\$ 1,191,660</b>	<b>\$ 1,439,602</b>

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

**Huron-Perth Children's Aid Society**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2020*

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**1. Purpose of the Society**

Funded by the Ministry of Children, Community and Social Services, The Huron-Perth Children's Aid Society (the "Society") provides child welfare services mandated by the Child, Youth and Family Services Act. Services include child protection, investigations, ongoing protection and support services to families in the community as well as child and youth in care services (including foster, group and adoption placements).

The Society is exempt from income taxes under section 149(1)(d) of the Canadian Income Tax Act.

**2. Summary of significant accounting policies**

The financial statements have been prepared by management of the Society in accordance with Canadian public sector accounting standards and reflect the following significant accounting policies:

*Fund accounting*

In order to ensure observance of limitations placed on the use of resources available to the Society, the accounts of the Society are maintained in accordance with the principles of "fund accounting". Under these principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified.

The operating fund accounts for the Society's operating activities.

The capital fund accounts for the Society's real estate activities and capital equipment. The balance in this fund represents the net investment in capital assets.

The restricted fund accounts for grants and other charitable activities which are distinct from the operating activities of the Society.

*Revenue recognition*

The Society follows the deferral method of accounting for contributions.

The Society is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Children, Community and Social Services. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Children's Special Allowance, Ontario Child Benefit Equivalent and donations are recognized as revenue when received.

Maintenance – other society awards is recognized as revenue when the service is provided.

Interest and other income are recognized as they are earned

*Restricted cash*

Restricted cash consists of externally restricted funding by the Ministry of Children, Community and Social Services (the "Ministry") for directives such as the Registered Education Savings Plan (RESPs), Ontario Child Benefit equivalent (OCBe) programs and the Ontario Autism Program. Restricted cash also consists of internally restricted cash related to the CPP survivor benefit.

The Society, in compliance with a Ministry of Children, Community and Social Services policy directive, has separately maintained the Universal Child Care Benefit funding received for children in care. The intended use of these funds is to create a Registered Education Savings Plan (RESP) for each child that is receiving this payment. The RESP will provide an incentive and the financial resources for children to purchase a broad range of post-secondary education and training opportunities.

**2. Summary of significant accounting policies (continued from previous page)**

The OCBe program funding is to be used for recreational, educational, cultural and social opportunities for children in care and informal customary care to support their achievement of higher educational outcomes, higher degrees of resiliency, social skills and relationship building and a smoother transition to adulthood.

In 2010, the Society implemented a policy that Canada Pension Plan (CPP) survivor benefits received by the agency on behalf of all children and with a crown ward status shall be retained in a fund separate to child welfare operations and made available to the child upon her/his eighteenth birthday. These funds shall accrue interest as appropriate and are available to the agency's operating account.

*Pension plan*

The Society offers a pension plan for its full-time employees through the Ontario Municipal Employee Retirement System ("OMERS"). OMERS is a multi-employer, contributory, public sector pension fund established for employees of municipal governments, school boards libraries, police and fire departments, Children's Aid Societies and other local agencies throughout Ontario. OMERS is a multi-employer plan and any pension plan surpluses or deficits are a joint responsibility of member organizations and their employees. The member organizations are unable to identify their share of the underlying assets and liabilities. As a result, the Society does not recognize any share of OMERS pension surplus or deficit. Participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The Society accounts for its participation in OMERS as a defined benefit plan and recognizes the expense related to this plan as contributions are made.

*Tangible capital assets*

Purchased capital assets are recorded at cost. Contributed assets are recorded at fair value at the date of the contribution. Amortization is provided using the straight-line method over the estimated useful lives of the assets, at the following annual rates using the half-year rule during the year of acquisition.

Parking lot	25 years
Buildings	25 years
Office furniture and equipment	5 years
Computer equipment	3 years

*Contributed services*

The work of the Society is dependent on the voluntary services of members of the community. Contributed services are not recognized in these financial statements due to the difficulty in determining their fair value.

*Financial instruments*

*i) Measurement of financial instruments*

The Society initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Society subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial assets measured at fair market value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

2. **Summary of significant accounting policies (continued from previous page)**

*ii) Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the Statement of Operations and Changes in Fund Balances. The write-down reflects the difference between the carrying amount and the higher of:

- a) the present value of the cash flows expected to be generated by the asset or group of assets; b) the amount that could be realized by selling the assets or group of assets;
- c) the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the event occurring after the impairment confirms that a reversal is necessary, the reversal is recognized in the Statement of Operations and Changes in Fund Balances up to the amount of the previously recognized impairment.

*Long-lived assets*

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair market value.

*Use of estimates*

The preparation of financial statements in conformity 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 revenues and expenses during the period. Estimates are used with accounting for such items as the useful life of tangible capital assets. Actual amounts may differ from estimates.

**Huron-Perth Children's Aid Society**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2020*

**3. Impact of the change in the basis of accounting**

Effective April 1, 2019, the Society adopted the new accounting framework: Public Sector Accounting Standards (hereafter referred to as "PSAS"), in accordance with requirements of the Chartered Professional Accountants (CPA) Canada Handbook.

These financial statements are the first financial statements for which the entity has applied the PSAS. The financial statements for the year ended March 31, 2020 were prepared in accordance with the provisions set out in First-time adoption, Section 2125, of the CPA Handbook.

The impact of adopting these standards was accounted for in fund balances at April 1, 2018.

The following adjustments were required to restate figures in accordance with PSAS:

**(a) Opening statement of financial position at April 1, 2018**

	<i>As previously reported</i>	<i>Effects of transition</i>	<i>As restated</i>
<b>Assets</b>			
<b>Current</b>			
Cash	\$ 2,064,997	\$ (573,881)	\$ 1,491,116
Restricted cash	-	573,881	573,881
Investments	58,470	-	58,470
Accounts receivable	102,291	-	102,291
Government remittances receivable	147,152	-	147,152
Prepaid expenses	-	45,757	45,757
Interfund balances	-	-	-
	<u>2,372,910</u>	<u>45,757</u>	<u>2,418,668</u>
<b>Long term</b>			
Tangible capital assets	4,920,811	-	4,920,811
	<u>7,293,721</u>	<u>45,757</u>	<u>7,339,479</u>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	1,750,293	45,757	1,796,051
OCBe Funds in trust	311,880	-	311,880
RESP Funds in trust	186,951	-	186,951
Due to children in care - CPP Survivor Benefit	75,050	-	75,050
Ontario Autism Program deferred funding	-	-	-
Deferred contributions	262,132	(161,433)	100,699
Due to Ministry of Children and Youth Services	5,523	-	5,523
Current portion of long-term debt	294,239	-	294,239
	<u>2,886,068</u>	<u>(115,676)</u>	<u>2,770,393</u>
<b>Long term</b>			
Long-term debt	1,255,915	-	1,255,915
	<u>4,141,983</u>	<u>(115,676)</u>	<u>4,026,308</u>
<b>Fund balances</b>			
Accumulated surplus (deficit)	(843,956)	-	(843,956)
Invested in tangible capital assets	3,370,657	-	3,370,657
Externally restricted	625,037	161,433	786,470
	<u>3,151,738</u>	<u>161,433</u>	<u>3,313,171</u>
	<u>\$ 7,293,721</u>	<u>\$ 45,757</u>	<u>\$ 7,339,479</u>

**Huron-Perth Children's Aid Society**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2020*

**3. Impact of the change in the basis of accounting (continued from previous page)**

The following adjustments have been made to the statement of financial position as at April 1, 2018 as a result of the transition to Public Sector Accounting Standards:

- Present restricted cash previously shown as cash.
- Present prepaid expenses previously shown as accounts payable.
- Present deferred contributions previously shown as fund balances.

**(b) Statement of financial position at March 31, 2019**

	<i>As previously reported</i>	<i>Effects of transition</i>	<i>As restated</i>
<b>Assets</b>			
<b>Current</b>			
Cash	\$ 2,056,826	\$ (617,224)	\$ 1,439,602
Restricted cash	-	617,224	617,224
Investments	59,209	-	59,209
Accounts receivable	11,774	-	11,774
Government remittances receivable	127,001	-	127,000
Prepaid expenses	-	55,994	55,994
Interfund balances	-	-	-
	<b>2,254,810</b>	<b>55,994</b>	<b>2,310,804</b>
<b>Long term</b>			
Tangible capital assets	4,787,134	-	4,787,135
	<b>7,041,944</b>	<b>55,994</b>	<b>7,097,939</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	1,741,834	59,048	1,800,881
OCBe Funds in trust	347,548	-	347,548
RESP Funds in trust	187,771	-	187,771
Due to children in care - CPP Survivor Benefit	81,905	-	81,905
Ontario Autism Program deferred funding	-	-	-
Deferred contributions	313,839	(168,342)	145,497
Due to Ministry of Children and Youth Services	5,523	-	5,523
Current portion of long-term debt	304,002	-	304,002
	<b>2,982,422</b>	<b>(109,294)</b>	<b>2,873,127</b>
<b>Long term</b>			
Long-term debt	951,913	-	951,913
	<b>3,934,335</b>	<b>(109,294)</b>	<b>3,825,040</b>
<b>Fund balances</b>			
Accumulated surplus (deficit)	(1,037,081)	(3,051)	(1,040,132)
Invested in tangible capital assets	3,531,219	-	3,531,220
Externally restricted	613,471	168,342	781,813
	<b>3,107,609</b>	<b>165,291</b>	<b>3,272,900</b>
	<b>\$ 7,041,944</b>	<b>\$ 55,994</b>	<b>\$ 7,097,939</b>

**Huron-Perth Children's Aid Society**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2020*

**3. Impact of the change in the basis of accounting (continued from previous page)**

The following adjustments have been made to the statement of financial position as at March 31, 2019 as a result of the transition to Public Sector Accounting Standards:

- Present restricted cash previously shown as cash.
- Present prepaid expenses previously shown as accounts payable.
- Present deferred contributions previously shown as fund balances.

**(c) Statement of Operations and Changes in Fund Balances for the year ended March 31, 2019**

	<i>As previously reported</i>	<i>Effects of transition</i>	<i>As restated</i>
Revenue	\$ 16,767,284	\$ 28,018	\$ 16,795,302
Expenses	16,811,413	24,160	16,835,573
Deficiency of revenue over expenses	(44,129)	3,858	(40,271)
Fund balances, beginning of year	3,151,738	161,434	3,313,171
Fund balances, end of year	\$ 3,107,609	\$ 165,292	\$ 3,272,900

The following adjustments have been made to the statement of operations and changes in fund balances for the year ended March 31, 2019 as a result of the transition to Public Sector Accounting Standards:

- Present revenue and expenses previously not recorded in the financial statements.
- Present deferred contributions previously shown as fund balances

**Huron-Perth Children's Aid Society**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2020*

3. **Impact of the change in the basis of accounting (continued from previous page)**

(d) **Statement of Cash Flows for the year ended March 31, 2019**

	<i>As previously reported</i>	<i>Effects of transition</i>	<i>As restated</i>
<b>Operating activities</b>			
Deficiency of revenue over expenses	\$ (44,129)	\$ 3,858	\$ (40,271)
Less items not affecting cash			
Amortization	262,328	-	262,328
Changes in non-cash working capital balances			
Restricted cash	-	(43,343)	(43,343)
Accounts receivable	90,517	-	90,517
Government remittances receivable	20,151	-	20,151
Prepaid expenses	-	(10,237)	(10,237)
Accounts payable and accrued liabilities	(8,458)	13,288	4,830
Ontario Child Benefit Equivalent payable	35,668	-	35,668
Deferred contributions	51,707	(6,909)	44,798
Canada Child Benefit - RESP for children in care	820	-	820
Due to children in care - CPP Survivor Benefit	6,855	-	6,855
	415,459	(43,344)	372,116
<b>Investing activities</b>			
Increase in investments	(739)	-	(739)
Acquisition of tangible capital assets	(128,652)	-	(128,652)
	286,068	(43,344)	242,725
<b>Financing activities</b>			
Repayment of long-term debt	(294,239)	-	(294,239)
<b>Decrease in cash</b>	<b>(8,171)</b>	<b>(43,344)</b>	<b>(51,514)</b>
<b>Cash, beginning of year</b>	<b>1,491,116</b>	<b>-</b>	<b>1,491,116</b>
<b>Cash, end of year</b>	<b>\$ 1,482,945</b>	<b>\$ (43,344)</b>	<b>\$ 1,439,602</b>

The adjustments made to the statement of cash flows for the year ended March 31, 2019 are a result of the previously disclosed changes to the statement of financial position as at March 31, 2019 and the statement of operations and changes in fund balances for the year ended March 31, 2019.

4. **Contracts with Ministry of Children, Community and Social Services**

The Society has service contracts with the Ministry of Children, Community and Social Services. One requirement of the contracts is the production by management of a Transfer Payment Annual Reconciliation (TPAR) which shows a summary by service of all revenues and expenditures and any resulting surplus or deficit that relates to the contract.

The Fund Balance shows the surplus (deficit) position under these contracts as at March 31, 2020. The surplus (deficit) in a TPAR report will generally differ due to specific instructions for TPAR preparation.

In 2014, the Ministry of Children, Community and Social Services announced the creation of a "Balanced Budget Fund" to support Children's Aid Societies in meeting the balanced budget requirements outlined in Regulation 70. The Balanced Budget Fund is specific to each Agency and reflects the accumulated surplus that was returned to the Ministry each year. Contributions to the Balanced Budget Fund expire after three years. To be eligible to access these funds, the Agency must meet two conditions:

- 1) The Agency must have generated a prior year surplus recovered in or after 2013-14; and
- 2) The Agency must require additional funding in a future year for child welfare operations to not incur a deficit. The required amount cannot exceed the total accumulated balanced budget fund and withdrawals from the fund must be approved by the Ministry.

**Huron-Perth Children's Aid Society**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2020*

**5. Restricted cash**

Restricted cash consist of the following:

	<b>2020</b>		<b>2019</b> Restated (Note 3)
OCBe Funds in trust	\$ 384,528	\$	347,548
RESP funds in trust	224,532		187,771
Due to children in care - CPP Survivor Benefit	45,964		81,905
Ontario Autism Program deferred funding	20,000		-
	<b>\$ 675,024</b>	<b>\$</b>	<b>617,224</b>

*OCBe savings program*

A portion of the OCBe relating to children aged 15-17 is being held as savings per a 2008 Ministry of Children and Youth Services directive. The Ministry updated the directive in 2018. At March 31, 2020 \$66,206 (\$67,193 in 2019) of OCBe unspent funds have been allocated to eligible children in care.

*OCBe activities program*

Not all OCBe funds are required to be held in trust for the children and can be spent on children in the Organization's care as long as they are younger than 18 years of age. At March 31, 2020 \$318,322 (\$280,355 in 2019) of OCBe funds have not been spent on eligible children.

Pursuant to Ministry Policy Directive CW005-16, the Organization sets aside a portion of Children's Special Allowance Funds, equivalent to the former federal UCCB payment, to establish Registered Education Savings Plans (RESPs) for eligible children in care. Restricted cash related to RESPs held in trust represent such funding not yet contributed to an RESP. At March 31, 2020, \$224,532 (\$187,771 in 2019) of funds are held in trust as the recipients of these funds are not eligible to set up an RESP account. At March 31, 2020 there were 153 children (139 in 2019) with RESP accounts, with \$71,720 (\$104,856 in 2019) of funding contributed to these RESP accounts in the current year. These funds are held in trust in the children's names and are not included in the Organization's assets.

Due to children in care – CPP Survivor benefit consist of the following changes:

	<b>2020</b>		<b>2019</b>
Opening balance	\$ 81,905	\$	75,050
Funding received	3,513		10,553
Expenditures made	(39,454)		(3,698)
Closing Balance	<b>\$ 45,964</b>	<b>\$</b>	<b>81,905</b>

*Ontario Autism – for children in care program*

The Ministry requires funding related to Autism for children in care to be held as restricted cash until it is spent on its intended purpose.

**Huron-Perth Children's Aid Society**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2020*

**6. Investments**

Investments consist of the following:

	2020	2019
<b>Family Assistance Fund</b>		
Money Market Mutual Fund	<b>\$ 59,956</b>	<b>\$ 59,209</b>

**7. Tangible capital assets**

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 467,100	\$ -	\$ 467,100	\$ 467,100
Parking lot	114,031	31,553	82,477	85,914
Buildings	7,061,975	3,231,706	3,830,270	3,989,864
Office furniture and equipment	582,229	485,199	97,030	116,999
Computer equipment	739,216	623,365	115,851	127,258
	<b>\$ 8,964,551</b>	<b>\$ 4,371,824</b>	<b>\$ 4,592,728</b>	<b>\$ 4,787,135</b>

**8. Banking facility**

The Society has available to it a revolving credit facility in the amount of \$1,000,000. The facility bears interest at the bank's prime lending rate.

At March 31, 2020 the Society has drawn \$NIL on its credit facility (2019 - \$NIL).

The revolving credit facility and term loans listed in Note 10 are secured by the following:

- First position Collateral Mortgage over 413 MacEwan St. Goderich ON in the amount of \$5,800,000.
- First position Collateral Mortgage over 639 Lorne Ave. Stratford ON in the amount of \$5,800,000.
- First position General Security Agreement over all fixed and floating assets of the business, including accounts receivables, inventory and machinery and equipment.

**Huron-Perth Children's Aid Society**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2020*

**9. Deferred contributions**

The deferred contributions balance consists of the following:

	Balance, beginning of year Restated (Note 3)	Funds received	Transfer to operations	Balance, end of year
Special Programs	\$ 88,300	\$ 100,881	\$ (88,300)	\$ 100,881
Education Liaison	41,498	29,849	(41,498)	29,849
Donations - Family Assistance Fund	15,699	-	(15,699)	-
<b>Total deferred revenue</b>	<b>\$ 145,497</b>	<b>\$ 130,730</b>	<b>\$ (145,497)</b>	<b>\$ 130,730</b>

**10. Long-term debt**

	2020	2019
Term loan due October 2025 bearing interest at prime plus 2.70% per annum; monthly blended payments of \$16,015, secured by land and building with a carrying value of \$4,297,370 (2019 - \$4,456,964)	\$ 129,777	\$ 315,032
Term loan due April 2024 bearing interest at prime plus 3.2% per annum; monthly blended payments of \$9,008, secured by land and building with a carrying value of \$4,297,370 (2019 - \$4,456,964)	596,861	684,526
Term loan due August 2021 bearing interest at prime plus 3.25% per annum; monthly blended payments of \$3,246, secured by land and building with a carrying value of \$4,297,370 (2019 - \$4,456,964)	225,275	256,357
	<b>951,913</b>	<b>1,255,915</b>
Current portion of long-term debt	252,196	304,002
	<b>\$ 699,717</b>	<b>\$ 951,913</b>

Assuming that the same terms and conditions exist on renewal, the approximate principal payments due are as follows:

	Principal Payments
2021	\$ 252,196
2022	126,412
2023	130,533
2024	134,789
2025	139,185
Subsequent	168,799
	<b>\$ 951,913</b>

**Huron-Perth Children's Aid Society**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2020*

**11. Pension agreements**

The Society makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 100 (2019 – 99) of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2020 was \$746,727 (2019 - \$715,042). The contribution rate for 2020 was 9.0% to 14.6% depending on age and income level (2019 – 9.0% to 14.6%).

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit.

The last available report for the OMERS plan was December 31, 2019. At that time the plan reported a \$3.40 billion actuarial deficit (2018 - \$4.19 billion actuarial deficit), based on actuarial liabilities of \$106.44 billion (2018 - \$99.06 billion) and actuarial assets of \$109.22 billion (2018 - \$97.29 billion). Ongoing adequacy of the current contribution rates will need to be monitored as declines in the financial markets may lead to increased future funding requirements.

**12. Ministry services contracts**

During the year, funds are provided by the Province of Ontario under the terms of the various service contracts and the amounts expended by the Organization during the year. As these funds do not directly relate to the operations of the Organization, the funds received and distributed are excluded from the statement of revenues and expenses, with the exception of the 8936 contract. The revenue related to capital funding was recognized in the statement of revenues and expenses since the item was set up as a capital asset. For all contracts, if all funds were not spent by year-end, the funds are payable back to the Province of Ontario and are presented in accounts payable. The funds received and distributed for the programs are disclosed in Schedule 2.

**13. Miscellaneous expenditures**

	<b>2020</b>		<b>2019</b> <b>Restated</b> <b>(Note 3)</b>
Insurance	<b>\$ 203,240</b>	<b>\$</b>	205,703
O.A.C.A.S dues and fees	<b>107,379</b>		43,271
Other agency dues and fees	<b>13,753</b>		44,765
Group and community programs	<b>5,599</b>		5,933
Staff/Board relations	<b>4,191</b>		15,317
Program supplies	<b>104</b>		-
	<b>\$ 334,265</b>	<b>\$</b>	<b>314,989</b>

**Huron-Perth Children's Aid Society**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2020*

**14. Government grants**

The Society receives substantially all operating revenue from The Ministry of Children and Youth Services and its continued viability is dependent on this funding. Government funding consists of the following:

	2020	2019 Restated (Note 3)
Operating fund - Child Welfare Program - Province of Ontario (detail below)	\$ 15,704,510	\$ 15,854,397
Restricted fund - City of Stratford	88,300	85,000
<b>Total government grants</b>	<b>\$ 15,792,810</b>	<b>\$ 15,939,397</b>

	2020	2019 Restated (Note 3)
<b>E720 funding</b>		
Socio-economic allocation	\$ 4,819,904	\$ 4,830,714
Volume-base allocation	7,250,393	7,229,053
Pre-formula allocation	3,444,752	3,444,752
Policy priority		
Targeted subsidies	111,780	69,345
Bill-89 (Age of Protection)	-	109,300
Administrative Efficiency Constraint	(206,738)	(139,961)
One time Administrative Efficiency rebate (50%)	69,981	69,981
CPIN revenue	-	242,000
BPS Proxy	12,440	12,440
Education Liaison	34,706	23,802
Prior year transfer payment allocation reconciliation	13,973	(110,431)
Balanced budget funding withdrawal: deficit	153,318	73,402
	<b>\$ 15,704,510</b>	<b>\$ 15,854,397</b>

**15. Interfund transfers**

The board of directors approved a transfer of \$390,033 (2019 - \$467,786) from the operating fund to the capital fund to finance the acquisition of tangible capital assets and to fund scheduled principal and interest payments on long-term debt.

**16. Financial instruments**

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant risks arising from these financial instruments.

There have been no changes in risk assessment from the prior year's financial statements.

*Interest rate risk*

The Society is exposed to interest rate risk through its long-term debt. Changes in the bank's prime lending rate can cause fluctuations in interest payments and cash flows. The Society does not use derivative financial instruments to mitigate this risk.

*Credit risk*

The Society is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Society does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

*Liquidity risk*

Liquidity risk is the risk of being unable to meet a demand for cash or fund obligations as they come due. The Society manages its liquidity risk through its budgeting process to help determine the funds required to support the Society's normal operating requirements on an ongoing basis.

**17. Contingent liabilities**

The Society is party to legal actions arising in the ordinary course of operations. While it is not feasible to predict the outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the operations of the Society. The Society maintains an adequate level of insurance coverage.

**18. Commitments**

The Society is entered into an agreement for safety implementation services. Future payments are for an aggregate amount of \$104,100 and include the following amounts payable over the next two years:

2021	\$ 83,280
2022	<u>20,820</u>
	<u>\$ 104,100</u>

**19. Significant events**

During the year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Society as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause an increase in cases as families struggle with the pandemic. The Society is still providing service to the community but working remotely and responding to cases while following Public Health Guidelines. The Ministry has indicated that there will be no changes to the funding formula for the coming year.

**Huron-Perth Children's Aid Society**  
**Schedule 1 - Statement of Net Expenses - Operating Fund**

*For the year ended March 31, 2020*

	2020	2019
<b>Expenses</b>		
Salaries and employees' benefits	\$ 9,689,712	\$ 9,992,018
Boarding rate payments	3,535,745	3,456,470
Client's personal needs	703,404	578,490
Staff and volunteer travel	631,572	720,959
Building occupancy	359,341	333,741
Miscellaneous (Note 13)	334,265	314,989
Technology	182,907	212,259
Office administration	148,884	143,237
Professional services - non-client related	133,100	108,686
Professional services - client related	101,619	89,592
Staff training and recruitment	80,365	67,515
Medical and related services	56,374	179,955
Promotion and publicity	5,976	7,347
	<b>\$ 15,963,263</b>	<b>\$ 16,205,258</b>

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

**Huron-Perth Children's Aid Society**  
**Schedule 2 - Statement of Financial Activity - 8847 Adult Community Living**  
**Transitional Aged Youth Program**

*For the year ended March 31, 2020*

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	2020	2019
<b>Revenue</b>	<b>\$ 48,051</b>	<b>\$ 56,981</b>
<b>Expenses</b>	<b>48,051</b>	<b>56,981</b>
	<b>\$ -</b>	<b>\$ -</b>

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