

Huron-Perth Children's Aid Society
Financial Statements

Year ended March 31, 2022

Huron-Perth Children's Aid Society
Notes to the Financial Statements
For the year ended March 31, 2022

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

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, 2022, the statements of operations and changes in fund balances, 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 Society as at March 31, 2022, and the results of its operations, changes in its net debt 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.

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.

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 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
June 7, 2022

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

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

As at March 31, 2022

| | Operating fund | | Capital fund | | Restricted funds | | Total March 31, 2022 | Total March 31, 2021 |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------------|----------------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 | | |
| Assets | | | | | | | | |
| Current | | | | | | | | |
| Cash | \$ 1,374,566 | \$ 1,056,147 | \$ - | \$ - | \$ 586,518 | \$ 684,852 | \$ 1,961,084 | \$ 1,740,999 |
| Restricted cash (Note 4) | - | - | - | - | 644,175 | 661,552 | 644,175 | 661,552 |
| Investments (Note 5) | - | - | - | - | 60,144 | 60,081 | 60,144 | 60,081 |
| Accounts receivable | 80,016 | 43,525 | - | - | - | 74,162 | 80,016 | 117,687 |
| Government remittances receivable | 106,717 | 102,296 | - | - | 594 | 193 | 107,311 | 102,489 |
| Prepaid expenses | 46,692 | 85,747 | - | - | - | - | 46,692 | 85,747 |
| Interfund balances | (107,067) | (190,760) | - | - | 107,067 | 190,760 | - | - |
| | 1,500,924 | 1,096,955 | - | - | 1,398,498 | 1,671,600 | 2,899,422 | 2,768,555 |
| Long term | | | | | | | | |
| Tangible capital assets (Note 6) | - | - | 4,277,165 | 4,416,745 | - | - | 4,277,165 | 4,416,745 |
| | 1,500,924 | 1,096,955 | 4,277,165 | 4,416,745 | 1,398,498 | 1,671,600 | 7,176,587 | 7,185,300 |

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

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

As at March 31, 2022

| | Operating fund | | Capital fund | | Restricted funds | | Total March 31, 2022 | Total March 31, 2021 |
|---|---------------------|----------------|---------------------|----------------|---------------------|----------------|----------------------|----------------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 | | |
| Liabilities | | | | | | | | |
| Current | | | | | | | | |
| Accounts payable and accrued liabilities | 1,902,544 | 1,794,703 | - | - | - | 1,499 | 1,902,544 | 1,796,202 |
| OCBe Funds in trust (Note 4) | - | - | - | - | 364,567 | 367,810 | 364,567 | 367,810 |
| RESP Funds in trust (Note 4) | - | - | - | - | 214,992 | 227,391 | 214,992 | 227,391 |
| Due to children in care - CPP Survivor Benefit (Note 4) | - | - | - | - | 27,081 | 27,081 | 27,081 | 27,081 |
| Ontario Autism Program deferred funding (Note 4) | - | - | - | - | 19,268 | 25,000 | 19,268 | 25,000 |
| Funds in Trust Insurance (Note 4) | - | - | - | - | 14,270 | 14,270 | 14,270 | 14,270 |
| Youth in Care/Independence (Note 4) | - | - | - | - | 3,997 | - | 3,997 | - |
| Deferred contributions (Note 8) | - | - | - | - | - | 74,162 | - | 74,162 |
| Due to Ministry of Children and Youth Services | 251,527 | 188,448 | - | - | - | - | 251,527 | 188,448 |
| Current portion of long-term debt (Note 9) | - | - | 416,347 | 93,244 | - | - | 416,347 | 93,244 |
| | 2,154,071 | 1,983,151 | 416,347 | 93,244 | 644,175 | 737,213 | 3,214,593 | 2,813,608 |
| Long term | | | | | | | | |
| Long-term debt (Note 9) | - | - | - | 411,441 | - | - | - | 411,441 |
| | 2,154,071 | 1,983,151 | 416,347 | 504,685 | 644,175 | 737,213 | 3,214,593 | 3,225,049 |
| Contingent liabilities (Note 16) | | | | | | | | |
| Significant event (Note 18) | | | | | | | | |
| Fund balances | | | | | | | | |
| Accumulated surplus | (653,147) | (886,196) | - | - | - | - | (653,147) | (886,196) |
| Invested in tangible capital assets | - | - | 3,860,818 | 3,912,060 | - | - | 3,860,818 | 3,912,060 |
| Externally restricted | - | - | - | - | 754,323 | 934,387 | 754,323 | 934,387 |
| | (653,147) | (886,196) | 3,860,818 | 3,912,060 | 754,323 | 934,387 | 3,961,994 | 3,960,251 |
| | \$ 1,500,924 | \$ 1,096,955 | \$ 4,277,165 | \$ 4,416,745 | \$ 1,398,498 | \$ 1,671,600 | \$ 7,176,587 | \$ 7,185,300 |

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, 2022

| | Operating fund | | Capital fund | | Restricted funds | | Total 2022 | Total 2021 |
|---|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | | |
| Revenue | | | | | | | | |
| Government grants (Note 13) | \$ 15,747,757 | \$ 15,669,981 | \$ - | \$ - | \$ 74,162 | \$ 101,082 | \$ 15,821,919 | \$ 15,771,063 |
| Children's Special Allowance | 267,232 | 371,023 | - | - | - | - | 267,232 | 371,023 |
| Donations | - | - | - | - | 259,094 | 280,196 | 259,094 | 280,196 |
| Maintenance - other society wards | 216,176 | 138,616 | - | - | - | - | 216,176 | 138,616 |
| Ontario Child Benefit Equivalent | - | - | - | - | 50,032 | 86,028 | 50,032 | 86,028 |
| Interest | 16,424 | 16,182 | - | - | 6,204 | 4,268 | 22,628 | 20,450 |
| Other | 11,914 | 4,401 | - | - | - | 9,906 | 11,914 | 14,307 |
| | 16,259,503 | 16,200,203 | - | - | 389,492 | 481,480 | 16,648,995 | 16,681,683 |
| Expenses | | | | | | | | |
| Net expenses - operating fund (Schedule 1) | 15,831,417 | 15,488,050 | - | - | - | - | 15,831,417 | 15,488,050 |
| Amortization | - | - | 228,382 | 230,897 | - | - | 228,382 | 230,897 |
| Interest on long-term debt | - | - | 17,897 | 28,299 | - | - | 17,897 | 28,299 |
| Donation expenses (Note 17) | - | - | - | - | 394,542 | 188,599 | 394,542 | 188,599 |
| Grant expenses | - | - | - | - | 123,263 | 76,080 | 123,263 | 76,080 |
| Other | - | - | - | - | 1,677 | 8,083 | 1,677 | 8,083 |
| Ontario Child Benefit Equivalent | - | - | - | - | 50,074 | 86,028 | 50,074 | 86,028 |
| | 15,831,417 | 15,488,050 | 246,279 | 259,196 | 569,556 | 358,790 | 16,647,252 | 16,106,036 |
| Excess (deficiency) of revenue over expenses | 428,086 | 712,153 | (246,279) | (259,196) | (180,064) | 122,690 | 1,743 | 575,647 |
| Fund balances, beginning of year | (886,196) | (1,067,909) | 3,912,060 | 3,640,816 | 934,387 | 811,697 | 3,960,251 | 3,384,603 |
| Interfund transfers (Note 14) | (195,037) | (530,440) | 195,037 | 530,440 | - | - | - | - |
| Fund balances, end of year | \$ (653,147) | \$ (886,196) | \$ 3,860,818 | \$ 3,912,060 | \$ 754,323 | \$ 934,387 | \$ 3,961,994 | \$ 3,960,251 |

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, 2022

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Operating activities | | |
| Excess of revenue over expenses | \$ 1,743 | \$ 575,647 |
| Less items not affecting cash | | |
| Amortization | 228,382 | 230,897 |
| Change in non-cash working capital balances | | |
| Accounts receivable | 37,671 | (18,486) |
| Government remittances receivable | (4,822) | 28,754 |
| Prepaid expenses | 39,055 | (10,778) |
| Accounts payable and accrued liabilities | 106,345 | 113,692 |
| Ontario Child Benefit Equivalent payable | (3,243) | (16,718) |
| Due to Ministry of Children and Youth Services | 63,079 | 158,600 |
| Deferred contributions | (74,162) | (26,720) |
| Canada Child Benefit - RESP for children in care | (12,399) | 2,859 |
| Due to children in care - CPP Survivor Benefit | - | (18,883) |
| Funds in Trust Insurance | - | 14,270 |
| Youth in Care/Independence | 3,997 | - |
| Autism for children in care | (5,732) | 5,000 |
| | 379,914 | 1,038,134 |
| Investing activities | | |
| Increase in investments | (63) | (125) |
| Acquisition of tangible capital assets | (88,802) | (54,914) |
| | 291,049 | 983,095 |
| Financing activities | | |
| Repayment of long-term debt | (88,341) | (447,228) |
| | 202,708 | 535,867 |
| Increase in cash | 202,708 | 535,867 |
| Cash, beginning of year | 2,402,551 | 1,866,684 |
| Cash, end of year | \$ 2,605,259 | \$ 2,402,551 |
| Cash consists of: | | |
| Cash | 1,961,084 | 1,740,999 |
| Restricted Cash | 644,175 | 661,552 |
| | 2,605,259 | 2,402,551 |

The accompanying notes are an integral part of these financial statements

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 and Youth in Care/Independence programs.

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.

Huron-Perth Children's Aid Society

Notes to the Financial Statements

For the year ended March 31, 2022

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.

Funds received through the Ontario Autism Program are to assist with specific children in care that have been diagnosed with Autism.

The Youth in Care Independence are funds the Society received through a donation to assist youth in care over eighteen and youth that entered through a Voluntary Youth Service Agreement that choose to live independently.

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 declining balance 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.

3. 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, 2022. 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, 2022

4. Restricted cash

Restricted cash consist of the following:

| | <u>2022</u> | <u>2021</u> |
|--|--------------------------|-------------------|
| OCBe Funds in trust | \$ 364,567 | \$ 367,810 |
| RESP Funds in trust | 214,992 | 227,391 |
| Due to children in care - CPP Survivor Benefit | 27,081 | 27,081 |
| Ontario Autism Program deferred funding | 19,268 | 25,000 |
| Insurance Funds in Trust | 14,270 | 14,270 |
| Youth in Care/Independence | 3,997 | - |
| | <u>\$ 644,175</u> | <u>\$ 661,552</u> |

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, 2022 \$69,141 (\$67,732 in 2021) 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, 2022 \$295,426 (\$300,078 in 2021) 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, 2022, \$221,391 (\$227,391 in 2021) of funds are held in trust as the recipients of these funds are not eligible to set up an RESP account. At March 31, 2022 there were 166 children (152 in 2021) with RESP accounts, with \$52,580 (\$74,520 in 2021) 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:

| | <u>2022</u> | <u>2021</u> |
|-------------------|-------------------------|------------------|
| Opening balance | \$ 27,081 | \$ 45,964 |
| Funding received | - | 2,396 |
| Expenditures made | - | (21,279) |
| Closing Balance | <u>\$ 27,081</u> | <u>\$ 27,081</u> |

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.

Insurance Funds

An insurance settlement for children in care held as restricted cash until it is spent on its intended purpose.

Youth in Care Independence

Donations for youth in care held as restricted 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, 2022

5. Investments

Investments consist of the following:

| | 2022 | 2021 |
|-------------------------------|------------------|------------------|
| Family Assistance Fund | | |
| Money Market Mutual Fund | \$ 60,144 | \$ 60,081 |

6. Tangible capital assets

| | Cost | Accumulated amortization | 2022 Net book value | 2021 Net book value |
|--------------------------------|---------------------|-----------------------------|---------------------------|---------------------------|
| Land | \$ 467,100 | \$ - | \$ 467,100 | \$ 467,100 |
| Parking lot | 114,031 | 38,020 | 76,011 | 79,178 |
| Buildings | 7,068,592 | 3,532,518 | 3,536,074 | 3,683,411 |
| Office furniture and equipment | 610,164 | 525,717 | 84,447 | 77,625 |
| Computer equipment | 668,145 | 554,612 | 113,533 | 109,432 |
| | \$ 8,928,032 | \$ 4,650,867 | \$ 4,277,165 | \$ 4,416,745 |

7. 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, 2022 the Society has drawn \$NIL on its credit facility (2021 - \$NIL).

The revolving credit facility and term loans listed in Note 9 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.

8. Deferred contributions

The deferred contributions balance consists of the following:

| | Balance, beginning of year | Funds received | Transfer to operations | Balance, end of year |
|------------------|-------------------------------|-------------------|---------------------------|-------------------------|
| Special Programs | \$ 74,162 | \$ - | \$ (74,162) | \$ - |

Huron-Perth Children's Aid Society
Notes to the Financial Statements
For the year ended March 31, 2022

9. Long-term debt

| | 2022 | 2021 |
|---|----------------|-------------------|
| 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 \$4,003,174 (2021 - \$4,150,511), paid in full in April 2022 | 416,347 | 504,685 |
| | 416,347 | 504,685 |
| Current portion of long-term debt | 416,347 | 93,244 |
| | \$ - | \$ 411,441 |

10. Pension agreements

The Society makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 108 (2021 – 98) 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 2022 was \$716,377 (2021 - \$729,695). The contribution rate for 2022 was 9.0% to 14.6% depending on age and income level (2021 – 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, 2021. At that time the plan reported a \$3.13 billion actuarial deficit (2020 - \$3.20 billion actuarial deficit), based on actuarial liabilities of \$119.34 billion (2020 - \$111.82 billion) and actuarial assets of \$120.73 billion (2020 - \$105.40 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.

11. 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.

Huron-Perth Children's Aid Society
Notes to the Financial Statements
For the year ended March 31, 2022

12. Miscellaneous expenditures

| | 2022 | 2021 |
|------------------------------|------------|------------|
| Insurance | \$ 284,407 | \$ 244,330 |
| O.A.C.A.S dues and fees | 45,180 | 102,326 |
| Other agency dues and fees | 7,904 | 11,802 |
| Group and community programs | 7,219 | 4,152 |
| Staff/Board relations | 18,317 | 23,885 |
| Program supplies | - | 317 |
| | \$ 363,027 | \$ 386,812 |

13. 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:

| | 2022 | 2021 |
|---|---------------|---------------|
| Operating fund - Child Welfare Program - Province of Ontario (detail below) | \$ 15,747,757 | \$ 15,669,981 |
| Restricted fund - City of Stratford | 74,162 | 101,082 |
| Total government grants | \$ 15,821,919 | \$ 15,771,063 |

| | 2022 | 2021 |
|---|---------------|---------------|
| E720 funding | | |
| Socio-economic allocation | \$ 4,866,342 | \$ 4,845,934 |
| Volume-base allocation | 7,608,796 | 7,290,316 |
| Pre-formula allocation | 3,406,089 | 3,444,752 |
| Policy priority | | |
| Targeted subsidies | 176,985 | 111,780 |
| Administrative Efficiency Constraint | (219,148) | (175,560) |
| Supporting Youth Turned 21 | 20,400 | |
| Pandemic | - | 88,908 |
| BPS Proxy | 12,440 | 12,440 |
| Education Liaison | 50,629 | 27,016 |
| Mental Health and Addictions | - | 47,800 |
| Prior year transfer payment allocation reconciliation | - | 23,581 |
| Balanced budget funding withdrawal: deficit | - | 101,352 |
| In-year surplus | (174,776) | (148,338) |
| | \$ 15,747,757 | \$ 15,669,981 |

14. Interfund transfers

The board of directors approved a transfer of \$195,037 (2021 - \$530,440) 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.

15. 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.

16. 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

17. Memorandum of Understanding

The Society entered into an agreement for transfer of the Christmas Bureau program in Huron County to Rural Response for Healthy Children. Rural Response for Healthy Children operates a family support program to the families in Huron County. The Society transferred \$225,000 to Rural Response for Healthy Children on March 31, 2022 in support of the Christmas Bureau.

18. Significant events

In 2020, 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, 2022

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Expenses | | |
| Salaries and employees' benefits | \$ 9,547,534 | \$ 9,631,473 |
| Boarding rate payments | 3,114,932 | 3,111,064 |
| Client's personal needs | 1,141,148 | 922,106 |
| Building occupancy | 410,208 | 378,990 |
| Staff and volunteer travel | 393,334 | 280,624 |
| Miscellaneous (Note 12) | 363,027 | 386,812 |
| Technology | 229,387 | 206,929 |
| Medical and related services | 186,755 | 139,964 |
| Office administration | 145,292 | 160,654 |
| Professional services - non-client related | 126,859 | 105,888 |
| Staff training and recruitment | 121,766 | 110,742 |
| Professional services - client related | 45,891 | 48,113 |
| Promotion and publicity | 5,282 | 4,691 |
| | \$ 15,831,417 | \$ 15,488,050 |

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, 2022

| | 2022 | 2021 |
|-----------------|-------------|-------------|
| Revenue | \$ 52,271 | \$ 78,811 |
| Expenses | 52,271 | 78,811 |
| | \$ - | \$ - |

The accompanying notes are an integral part of these financial statements