

Huron-Perth Children's Aid Society
Financial Statements

Year ended March 31, 2023

Huron-Perth Children’s Aid Society
Notes to the Financial Statements
For the year ended March 31, 2023

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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, 2023, 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, 2023, and the results of its operations, changes in its net financial 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 6, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

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

As at March 31, 2023

	Operating fund		Capital fund		Restricted funds		Total March 31,	Total March 31,
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	2023	2022
Assets								
Current								
Cash	\$ 502,362	\$ 1,374,566	\$ -	\$ -	\$ 662,627	\$ 586,518	\$ 1,164,989	\$ 1,961,084
Restricted cash (Note 5)	-	-	-	-	609,599	644,175	609,599	644,175
Investments (Note 6)	-	-	-	-	61,883	60,144	61,883	60,144
Accounts receivable	62,690	67,090	-	-	-	-	62,690	67,090
Due from MCCSS	75,989	-	-	-	-	-	75,989	-
Government remittances receivable	149,321	106,717	-	-	412	594	149,732	107,311
Prepaid expenses	363,990	46,692	-	-	-	-	363,990	46,692
Interfund balances	25,967	(107,067)	-	-	(25,967)	107,067	-	-
	1,180,319	1,487,998	-	-	1,308,554	1,398,498	2,488,873	2,886,496
Long term								
Tangible capital assets (Note 7)	-	-	4,191,461	4,277,165	-	-	4,191,461	4,277,165
	1,180,319	1,487,998	4,191,461	4,277,165	1,308,554	1,398,498	6,680,334	7,163,661

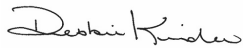
The accompanying notes are an integral part of these financial statements.

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

As at March 31, 2023

	Operating fund		Capital fund		Restricted funds		Total March 31,	Total March 31,
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	2023	2022
Liabilities								
Current								
Accounts payable and accrued liabilities	1,867,782	1,902,544	-	-	-	-	1,867,782	1,902,544
OCBe Funds in trust (Note 5)	-	-	-	-	333,388	364,567	333,388	364,567
RESP Funds in trust (Note 5)	-	-	-	-	212,977	214,992	212,977	214,992
Due to children in care - CPP survivor benefit (Note 5)	-	-	-	-	25,698	27,081	25,698	27,081
Ontario Autism Program (Note 5)	-	-	-	-	19,268	19,268	19,268	19,268
Funds in trust - insurance (Note 5)	-	-	-	-	14,270	14,270	14,270	14,270
Youth in Care/Independence (Note 5)	-	-	-	-	3,997	3,997	3,997	3,997
Deferred contributions (Note 9)	-	-	-	-	120,140	-	120,140	-
Due to MCCSS	-	238,601	-	-	-	-	-	238,601
Current portion of long-term debt (Note 10)	-	-	-	416,347	-	-	-	416,347
	1,867,782	2,141,145	-	416,347	729,739	644,175	2,597,521	3,201,667
Contingent liabilities (Note 17)								
Fund balances								
Accumulated surplus	(687,463)	(653,147)	-	-	-	-	(687,463)	(653,147)
Invested in tangible capital assets	-	-	4,191,461	3,860,818	-	-	4,191,461	3,860,818
Externally restricted	-	-	-	-	578,815	754,323	578,815	754,323
	(687,463)	(653,147)	4,191,461	3,860,818	578,815	754,323	4,082,813	3,961,994
	\$ 1,180,319	\$ 1,487,998	\$ 4,191,461	\$ 4,277,165	\$ 1,308,554	\$ 1,398,498	\$ 6,680,334	\$ 7,163,661

Approved on behalf of the Board of Directors



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, 2023

	Operating fund		Capital fund		Restricted funds		Total 2023	Total 2022
	2023	2022	2023	2022	2023	2022		
Revenue								
Government grants (Note 14)	\$ 16,761,423	\$ 15,747,757	\$ -	\$ -	\$ 100,000	\$ 74,162	\$ 16,861,423	\$ 15,821,919
Children's Special Allowance	228,416	267,232	-	-	-	-	228,416	267,232
Donations	-	-	-	-	10,760	259,094	10,760	259,094
Maintenance - other Society extended care	202,056	216,176	-	-	-	-	202,056	216,176
Ontario Child Benefit Equivalent (OCBe)	-	-	-	-	59,529	50,032	59,529	50,032
Interest	48,877	16,424	-	-	17,612	6,204	66,490	22,628
Other	19,705	11,914	-	-	-	-	19,705	11,914
	17,260,477	16,259,503	-	-	187,901	389,492	17,448,379	16,648,995
Expenses								
Net expenses - operating fund (Schedule 1)	16,715,484	15,831,417	-	-	-	-	16,715,484	15,831,417
Amortization	-	-	248,023	228,382	-	-	248,023	228,382
Interest on debt	-	-	644	17,897	-	-	644	17,897
Donation expenses	-	-	-	-	41,927	394,542	41,927	394,542
Grant expenses	-	-	-	-	261,954	123,263	261,954	123,263
Other	-	-	-	-	-	1,677	-	1,677
Ontario Child Benefit Equivalent (OCBe)	-	-	-	-	59,529	50,074	59,529	50,074
	16,715,484	15,831,417	248,667	246,279	363,410	569,556	17,327,560	16,647,252
Excess (deficiency) of revenue over expenses	544,994	428,086	(248,667)	(246,279)	(175,508)	(180,064)	120,819	1,743
Fund balances, beginning of year	(653,147)	(886,196)	3,860,818	3,912,060	754,323	934,387	3,961,994	3,960,251
Interfund transfers (Note 15)	(579,310)	(195,037)	579,310	195,037	-	-	-	-
Fund balances, end of year	\$ (687,463)	\$ (653,147)	\$ 4,191,461	\$ 3,860,818	\$ 578,815	\$ 754,323	\$ 4,082,813	\$ 3,961,994

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, 2023

	2023	2022
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 120,818	\$ 1,743
Less items not affecting cash		
Amortization	248,023	228,382
Change in non-cash working capital balances		
Accounts receivable	4,400	37,671
Due (from) to MCCSS	(314,590)	63,079
Government remittances receivable	(42,421)	(4,822)
Prepaid expenses	(317,298)	39,055
Accounts payable and accrued liabilities	(34,762)	106,345
OCBe Funds in trust	(31,179)	(3,243)
RESP Funds in trust	(2,014)	(12,399)
Due to children in care - CPP survivor benefit	(1,383)	-
Ontario Autism Program	-	(5,732)
Youth in Care / Independence	-	3,997
Deferred contributions	120,140	(74,162)
	(250,266)	379,914
Investing activities		
Increase in investments	(1,739)	(63)
Acquisition of tangible capital assets	(162,318)	(88,802)
	(414,324)	291,049
Financing activities		
Repayment of long-term debt	(416,347)	(88,341)
	(830,671)	202,708
Increase (decrease) in cash	(830,671)	202,708
Cash, beginning of year	2,605,259	2,402,551
Cash, end of year	\$ 1,774,588	\$ 2,605,259
Cash consists of:		
Cash	1,164,989	1,961,084
Restricted Cash	609,599	644,175
	1,774,588	2,605,259

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, 2023

1. Purpose of the Society

Funded by the Ministry of Children, Community and Social Services ("MCCSS"), 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 MCCSS. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Children's Special Allowance and donations are recognized as revenue when received.

Maintenance – other Society extended care and Ontario Child Benefit Equivalent (OCBe) is recognized as revenue when the service is provided.

Interest and other income are recognized as they are earned.

Cash

Cash includes cash on hand and balances with banks.

Restricted cash

Restricted cash consists of externally restricted funding by MCCSS for directives such as the Registered Education Savings Plan (RESPs), OCBe programs, and the Ontario Autism Program. Restricted cash also consists of internally restricted cash related to the CPP survivor benefit, insurance settlements, and Youth in Care / Independence program.

The Society, in compliance with an MCCSS 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 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 youth with Extended Society Care 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 Society'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.

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

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.

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. Change in accounting policy

Effective April 1, 2022 the Society adopted Section 3280 Asset Retirement Obligations (ARO) which establishes standards on how to account for and report a liability for asset retirement obligations related to tangible capital assets.

There was no impact on the financial statements as a result of this change in accounting policy.

Huron-Perth Children's Aid Society

Notes to the Financial Statements

For the year ended March 31, 2023

4. Contracts with MCCSS

The Society has service contracts with MCCSS. 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, 2023. The surplus (deficit) in a TPAR report will differ due to specific instructions for TPAR preparation.

In 2014, MCCSS announced the creation of a "Balanced Budget Fund" to support Children's Aid Societies in meeting the balanced budget requirements outlined in Regulation 70. Beginning in 2020/21, MCCSS introduced a revised concept to the Balanced Budget Fund. Any accumulated surplus of a Society is split with 50% going to a "Ministry Managed Balanced Budget Fund" and 50% going to a Balanced Budget Fund specific to each Society. Contributions to the Balanced Budget Fund expire after three years. To be eligible to access these funds, the Society must meet two conditions:

- 1) The Society must have generated a prior year surplus recovered in or after 2013-14; and
- 2) The Society 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.

5. Restricted cash

Restricted cash consists of the following:

	<u>2023</u>	<u>2022</u>
OCBe Funds in trust	\$ 333,388	\$ 364,567
RESP Funds in trust	212,977	214,992
Due to children in care - CPP survivor benefit	25,698	27,081
Ontario Autism Program	19,268	19,268
Funds in trust - insurance	14,270	14,270
Youth in Care / Independence	3,997	3,997
	<u>\$ 609,599</u>	<u>\$ 644,175</u>

OCBe savings program

A portion of the OCBe relating to children and youth aged 15-17 is being held as savings per a 2008 Ministry of Children and Youth Services directive. MCCSS updated the directive in 2018. At March 31, 2023 \$69,385 (2022 - \$69,141) of OCBe unspent funds have been allocated to eligible youth in care.

OCBe activities program

Not all OCBe funds are required to be held in trust for the children and youth and can be spent on children in the Society's care as long as they are younger than 18 years of age. At March 31, 2023 \$264,003 (2022 - \$295,426) of OCBe funds have not yet been spent on eligible children and youth.

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 represents funding not yet contributed to an RESP. At March 31, 2023, \$212,977 (2022 - \$214,992) of funds are held in trust as the recipients of these funds are not yet eligible to set up an RESP account. At March 31, 2023 there were 160 children (2022 - 166) with RESP accounts, with \$32,020 (2022 - \$52,580) of funding contributed to these RESP accounts during the year. These funds are held in trust in the name of the child and are not included in the Society's assets.

Huron-Perth Children's Aid Society
Notes to the Financial Statements
For the year ended March 31, 2023

5. Restricted cash (continued from previous page)

Due to children in care – CPP survivor benefit:

Consists of the following changes:

	2023	2022
Opening balance	\$ 27,081	\$ 27,081
Funding received	-	-
Expenditures made	(1,383)	-
Closing Balance	\$ 25,698	\$ 27,081

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.

6. Investments

Investments consist of the following:

	2023	2022
Family Assistance Fund - Money Market Mutual Fund	\$ 61,883	\$ 60,144

7. Tangible capital assets

	Cost	Accumulated amortization	2023 Net book Value	2022 Net book Value
Land	\$ 467,100	\$ -	\$ 467,100	\$ 467,100
Parking lot	114,031	41,060	72,971	76,011
Buildings	7,086,659	3,674,683	3,411,976	3,536,074
Office furniture and equipment	610,165	542,607	67,558	84,447
Computer equipment	812,396	640,540	171,856	113,533
	\$ 9,090,351	\$ 4,898,890	\$ 4,191,461	\$ 4,277,165

Huron-Perth Children's Aid Society
Notes to the Financial Statements
For the year ended March 31, 2023

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, 2023 the Society has drawn \$NIL on its credit facility (2022 - \$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.

9. Deferred contributions

The deferred contributions balance consists of the following:

	Balance, beginning of year	Funds received	Transfer to operations	Balance, end of year
Community Programs	\$ -	\$ 161,955	\$ (41,815)	\$ 120,140

10. Long-term debt

	2023	2022
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
	-	416,347
Current portion of long-term debt	-	416,347
	\$ -	\$ -

11. Pension agreements

The Society makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 110 (2022 – 108) 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 2023 was \$704,467 (2022 - \$716,377). The contribution rate for 2023 was 9.0% to 14.6% depending on age and income level (2022 – 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, 2022. At that time the plan reported a \$6.68 billion actuarial deficit (2021 - \$3.13 billion actuarial deficit), based on actuarial liabilities of \$128.79 billion (2021 - \$119.34 billion) and actuarial assets of \$124.21 billion (2021 - \$120.73 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.

Huron-Perth Children's Aid Society

Notes to the Financial Statements

For the year ended March 31, 2023

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

	2023	2022
Insurance	\$ 358,229	\$ 284,407
O.A.C.A.S Membership Fee	47,158	45,180
Other	53,549	33,440
	\$ 458,936	\$ 363,027

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:

	2023	2022
Operating fund - Child Welfare Program - Province of Ontario (detail below)	\$ 16,761,423	\$ 15,747,757
Restricted fund - City of Stratford	100,000	74,162
Total government grants	\$ 16,861,423	\$ 15,821,919

	2023	2022
MCCSS Child Welfare Funding		
Allocation	\$ 16,326,520	\$ 15,881,227
Policy priority funding:		
Targeted adoption and legal custody subsidies	181,384	176,985
Administrative efficiency constraint	(219,148)	(219,148)
Supporting Youth Aged 21+ (Ready, Set, Go Program)	90,950	20,400
BPS Proxy	12,440	12,440
Education Liaison funding	89,469	50,629
Kinship service funding	42,801	-
Balanced budget funding withdrawal: deficit repayment	26,339	-
Reconciliation of prior year surplus (TPAR)	35,893	-
In-year deficit (surplus)	174,776	(174,776)
	\$ 16,761,423	\$ 15,747,757

15. Interfund transfers

The board of directors approved a transfer of \$579,310 (2022 - \$195,037) from the operating fund to the capital fund to finance the acquisition of tangible capital assets and 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. The ongoing operations of the Organization are reliant on funding from the Ministry of Children, Community and Social Services.

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.

During the fiscal year, Bill 124 was struck down by the Ontario Superior Court and the government subsequently filed a notice of appeal. At the audit report date, the Court of Appeal's decision had not been concluded. As a result, the Society is uncertain the impact this matter will have on its operations.

18. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

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

For the year ended March 31, 2023

	2023	2022
Expenses		
Salaries and employee benefits	\$ 9,349,101	\$ 9,547,534
Boarding rate payments	3,583,994	3,114,932
Client personal needs	1,223,499	1,141,148
Staff and volunteer travel	536,431	393,692
Building occupancy	586,878	410,208
Miscellaneous (Note 13)	458,936	363,027
Technology	269,446	229,387
Staff training and recruitment	161,556	121,409
Medical and related services	141,446	186,755
Office administration	137,311	145,292
Professional services - non-client	133,955	126,859
Professional services - client related	122,900	45,891
Promotion and publicity	10,028	5,282
	\$ 16,715,484	\$ 15,831,417

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, 2023

	2023	2022
Revenue	\$ 89,265	\$ 52,271
Expenses	89,265	52,271
	\$ -	\$ -

The accompanying notes are an integral part of these financial statements