

Financial Statements of

**THE CHILDREN'S AID SOCIETY  
OF THE UNITED COUNTIES OF  
STORMONT, DUNDAS AND  
GLENGARRY**

Year ended March 31, 2020

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

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Year ended March 31, 2020

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Children's Aid Society of the United Counties of Stormont, Dundas and Glengarry

### ***Opinion***

We have audited the financial statements of The Children's Aid Society of the United Counties of Stormont, Dundas and Glengarry ("the Entity"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of operations, its remeasurement gains and losses 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 auditors' 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.



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- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 17, 2020

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## Statement of Financial Position

March 31, 2020, with comparative information for 2019

	Operating Fund	Program Funds	Trusts	2020 Total	2019 Total
	(Schedule A)				
<b>Assets</b>					
<b>Current assets:</b>					
Cash	\$ 198,231	\$ 38,070	\$ –	\$ 236,301	\$ 754,928
Restricted cash (notes 6 and 7)	54,471	–	777,998	832,469	811,325
Accounts receivable (note 2)	582,951	–	–	582,951	414,004
Prepaid expenses	219,762	–	–	219,762	209,663
	1,055,415	38,070	777,998	1,871,483	2,189,920
Capital assets (note 3)	3,183,310	–	–	3,183,310	3,327,126
	\$ 4,238,725	\$ 38,070	\$ 777,998	\$ 5,054,793	\$ 5,517,046

## Liabilities and Fund Balances

### Current liabilities:

Accounts payable and accrued liabilities (note 4)	\$ 1,708,869	\$ –	\$ –	\$ 1,708,869	\$ 2,081,870
Agency obligations (note 7(a))	54,471	–	403,957	458,428	450,654
Agency funds held in trust (note 7(b))	–	–	49,113	49,113	36,390
Deferred revenue (note 6)	–	–	324,928	324,928	320,359
	1,763,340	–	777,998	2,541,338	2,889,273
Deferred contributions (note 9)	1,466,401	–	–	1,466,401	1,548,574
<b>Fund balances:</b>					
Invested in capital assets (note 8)	1,716,909	–	–	1,716,909	1,778,552
Internally restricted	8,385	38,070	–	46,455	78,600
Unrestricted deficiency	(716,310)	–	–	(716,310)	(777,953)
	1,008,984	38,070	–	1,047,054	1,079,199

Economic dependence (note 10)

Contingent liability (note 13)

Impact of COVID-19 (note 15)

	\$ 4,238,725	\$ 38,070	\$ 777,998	\$ 5,054,793	\$ 5,517,046
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See accompanying notes to financial statements.

Approved by the Board:

*Elizabeth MacLennan*

Director

*Ian Murphy*

Director

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## Statement of Operations and Changes in Fund Balances

Year ended March 31, 2020, with comparative information for 2019

	Operating Fund	General Fund	Program Funds (Schedule B)	2020 Total	2019 Total
Revenue:					
Operating grants	\$ 20,324,678	–	\$ 173,929	\$ 20,498,607	\$ 21,171,116
Recovery of surplus	(213,680)	–	–	(213,680)	(519,372)
Child welfare recoveries	339,014	–	–	339,014	283,611
Interest income	23,859	–	–	23,859	21,641
Amortization of deferred contributions	82,174	–	–	82,174	66,586
Other income	933,554	–	–	933,554	657,294
Minor capital	–	–	–	–	–
Fundraising	–	–	–	–	5,380
	21,489,599	–	173,929	21,663,528	21,686,256
Expenses (Schedule C)	21,481,214	78,600	135,859	21,695,673	21,710,258
Excess (deficiency) of revenue over expenses from current year operations	8,385	(78,600)	38,070	(32,145)	(24,002)
Prior year settlements	–	–	–	–	81,689
MCYS recovery	–	–	–	–	(4,469)
Excess (deficiency) of revenue over expenses	8,385	(78,600)	38,070	(32,145)	53,218
Fund balances, beginning of year	1,000,599	78,600	–	1,079,199	1,025,981
Fund balances, end of year	\$ 1,008,984	\$ –	\$ 38,070	\$ 1,047,054	\$ 1,079,199

See accompanying notes to financial statements.

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses from current year operations	\$ (32,145)	\$ (24,002)
Prior year settlements and recoveries by the ministry	-	77,220
Items not involving cash:		
Amortization of deferred contributions	(82,173)	(66,586)
Amortization of capital assets	143,816	156,091
Changes in non-cash operating working capital:		
Accounts receivable	(168,947)	(3,115)
Prepaid expenses	(10,097)	31,405
Accounts payable and accrued liabilities	(373,003)	796,171
Agency obligations	(46,697)	(104,105)
Agency funds held in trust	67,194	(14,396)
Deferred revenue	4,569	(128,266)
Increase (decrease) in cash	(497,483)	720,417
Cash, beginning of year	1,566,253	845,836
Cash, end of year	\$ 1,068,770	\$ 1,566,253
Cash comprised of:		
Cash	\$ 236,301	\$ 754,928
Restricted cash	832,469	811,325
	\$ 1,068,770	\$ 1,566,253

See accompanying notes to financial statements.



# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

Notes to Financial Statements

Year ended March 31, 2020

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The Children's Aid Society of the United Counties of Stormont, Dundas and Glengarry ("the Society") is incorporated without share capital under the laws of Ontario and its operations are governed by the Child and Family Services Act (R.S.O. 2006). The Society is a registered charity under the Income Tax Act and as such, is exempt from income tax.

## 1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. A statement of re-measurement gains and losses has not been included as there are no matters to report therein.

### (a) Fund accounting:

The Society follows the restricted fund method of accounting for contributions.

The financial statements separately disclose the activities of the following funds maintained by the Society:

The Operating Fund reflects the activities associated with the Society's mandate under the Child and Family Services Act (R.S.O. 2006).

The General Fund reflects the activities relating to the Society's land, building and equipment financed by sources other than operating grant revenue. It also reflects the Society's revenue and expenses from volunteer activities. The Board of Directors approves the transfers of the excess of revenue over expenses of these funds.

The Ministry of Children, Community and Social Services Funds, designated in these financial statements under the heading Program Funds, reflect activities relating to the Society's ACL Group Living Supports program, C & FI Independence Preparation program and Partner Facility Renewal program financed by sources other than operating grant revenue. These funds are restricted for specific uses and must be reported individually.

### (b) Ministry of Children, Community and Social Services Funding:

The total funding to the Society is not finalized until the Ministry of Children, Community and Social Services (MCCSS) has reviewed the financial returns for the year. Any adjustments to the funding which may result from negotiations with the MCCSS are reflected in the accounts when negotiations have been concluded. The adjustments are reported on the statement of operations and changes in fund balances as prior year settlements.

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 1. Significant accounting policies (continued):

### (c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to its residual value.

Amortization is provided using the following methods and annual rates:

	Basis	Rate
Buildings and shed	Declining balance	4%
Furniture, fixtures and equipment	Declining balance	20% and 30%
Computer equipment	Declining balance	30%
Computer software	Straight-line	25%

### (d) Revenue recognition:

Grant revenue, which is 100% provincially funded, is recognized on the basis of the lower of:

- (i) actual expenses eligible for operating grant; and
- (ii) approval of fiscal allocation by the area office of the Ministry of Children, Community and Social Services, Province of Ontario.

The Society follows the deferral method of accounting for contributions, which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, such as trust funds, are recognized as revenue in the year in which related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a declining basis, at a rate corresponding with the amortization rate for the related capital assets.

### (e) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 1. Significant accounting policies (continued):

### (f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to subsequently carry any such financial instruments at fair value.

Financial instruments are adjusted by transaction cost incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (g) Employee future benefits:

The Society makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer, defined benefit pension plan. The Society has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

### (h) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 2. Accounts receivable:

	2020	2019
Due from other Societies	\$ –	\$ 66,648
HST rebates recoverable	96,163	146,512
General	486,788	200,844
	<u>\$ 582,951</u>	<u>\$ 414,004</u>

## 3. Capital assets:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Shed	\$ 147,787	\$ 45,440	\$ 102,347	\$ 106,612
Land	225,000	–	225,000	225,000
Buildings	4,768,360	1,996,982	2,771,378	2,886,836
Generator	315,695	268,027	47,668	59,585
Tractor	27,752	26,272	1,480	2,114
Furniture, fixtures and equipment	383,424	363,012	20,412	25,515
Computer equipment	522,756	507,731	15,025	21,464
Computer software	154,790	154,790	–	–
	<u>\$ 6,545,564</u>	<u>\$ 3,362,254</u>	<u>\$ 3,183,310</u>	<u>\$ 3,327,126</u>

Cost and accumulated amortization at March 31, 2019 amounted to \$6,545,564 and \$3,062,348, respectively.

Amortization for the year amounted to \$143,816 (2019 - \$156,091).

## 4. Accounts payable and accrued liabilities:

	2020	2019
Trade payables and accrued liabilities	\$ 1,692,608	\$ 1,899,232
Province of Ontario	–	165,903
Government remittances payable	16,261	8,344
Program funds	–	4,469
Deferred trusts	–	3,922
	<u>\$ 1,708,869</u>	<u>\$ 2,081,870</u>

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 5. Bank credit facility:

The bank loans are secured by a general security agreement and specific charge on equipment, land and buildings. The interest rate on the operating line of credit is prime less .25%. The authorized limit of the line of credit is \$1,250,000. The line of credit was undrawn as at March 31, 2020 (2019 - \$Nil).

## 6. Deferred revenue:

This reserve consists of donations and other receipts received by the Society from individuals and other organizations for special activities. The receipts and disbursements in this account are summarized as follows:

	2020	2019
Balance, beginning of year	\$ 320,359	\$ 448,625
Revenue:		
Donations	156,623	72,759
Interest earned	3,827	817
	160,450	73,576
Expenses - special activities	155,881	201,842
Excess of revenue over expenses (expenses over revenue)	4,569	(128,266)
Balance, end of year	\$ 324,928	\$ 320,359

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 7. Agency obligations:

- (a) The Society acts as an agent, which holds resources and makes disbursements on behalf of various unrelated individuals or groups. The Society has no discretion over such agency transactions.

Resources received in connection with such agency transactions are reported as liabilities not revenue and subsequent distributions are reported as decreases to this liability.

At March 31, 2020, these obligations consisted of:

	2020	2019
Registered educational savings program (RESP):		
Balance, beginning of year	\$ 25,641	\$ 82,161
Universal child care benefit funds received	113,731	82,535
Transfer to individual RESP account	(23,350)	(127,609)
Contributions made to individual RDSP accounts	–	(11,446)
Bank fees	552	–
Balance, end of year	116,574	25,641
Ontario child tax benefit equivalent (OCBE):		
Balance, beginning of year	397,594	428,576
Grants received	65,364	53,229
Interest	–	3,886
Disbursements	(175,575)	(88,097)
Balance, end of year	287,383	397,594
	\$ 403,957	\$ 423,235
Accounts payable	\$ –	\$ 3,922
Agency obligations	403,957	419,313
	\$ 403,957	\$ 423,235

Once accounts are open, RESP's are removed from the Society's "Statement of Financial Position" and are no longer reflected in the Society's assets and liabilities. The value of individual RESP's accounts opened is as follows and does not include associated grant and bonds:

	2020	2019
Total contributions in open RESP's held with Royal Bank, end of year	\$ 282,829	\$ 342,303

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 7. Agency obligations (continued):

- (b) The Society holds resources and makes disbursements at its discretion for the registered disability savings program. The Society also establishes a separate ledger account to hold and pool all OCBE activity fund payments as per the ministry policy directive.

Resources received in connection with such agency transactions are reported as liabilities, not revenue, and subsequent distributions are reported as decreases to this liability.

As per ministry Policy Directive; CW 001-14, the OCBE activities fund is to provide all children and youth in care and in formal Customary Care, ages 0 to 17 with access to recreational, educational, cultural and social opportunities that support their achievement of higher educational outcomes, a higher degree of resiliency, social skills and relationship development, and a smoother transition to adulthood (Activities Program).

Each CAS shall establish a separate general ledger account to hold and pool all OCBE payments.

The Society sets aside amounts received on behalf of the youth for the Child Disability Benefit from Revenue Canada. These funds are then set up into a Registered Disability Savings Plan.

At March 31, these obligations consisted of:

	2020	2019
Registered disability savings program (RDSP):		
Balance, beginning of year	\$ 4,157	\$ 9,546
Universal child care benefit funds received	30,558	35,003
Contributions made to individual RDSP accounts	(7,542)	(40,392)
<b>Balance, end of year</b>	<b>\$ 27,173</b>	<b>\$ 4,157</b>

	2020	2019
Ontario child tax benefit equivalent (OCBE):		
Balance, beginning of year	\$ 23,262	\$ 34,476
Grants received	63,319	43,502
Disbursement in year	(59,283)	(54,716)
<b>Balance, end of year</b>	<b>\$ 27,298</b>	<b>\$ 23,262</b>
	<b>\$ 54,471</b>	<b>\$ 27,419</b>

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 7. Agency obligations (continued):

### (c) Agency funds held in trust:

The Society acts as a host agency, which receives funds in trust and makes disbursements on behalf of the following programs.

Wendy's Wonderful Kids is a dynamic evidence-based program that funds child-focused adoption recruiters at local agencies to move children from foster care into permanent, adoptive homes. The grant received from the Dave Thomas Foundation for Adoption will host 3 full-time Wendy's Wonderful Kids recruiters throughout the Eastern Zone at Catholic CAS of Stormont, Dundas and Glengarry to serve children waiting for an adoptive home.

The Crown Ward Education Championship Teams (CWECT) in partnerships with children's aid societies, school boards, colleges, universities, and employment services, helps Crown wards complete high school and pursue postsecondary education, training and employment. CWECT's are expected to work towards the strategic goal of enabling better education, training and employment opportunities for all youth with Crown wardship status through funds provided by the Ministry of Colleges and Universities. The program recently changed its name to Ontario Education Championship Team (OECT).

Each of these programs represent provincial and federal activities that are not specific to this Society or its municipal boundaries. The Society has no recourse to the funds or obligation to settle any debts incurred by these programs. As a result, program revenue and expenses are not reported on the "Statement of Operations" of the Society. Net unspent (unfunded) funds at year end are reported as assets or liabilities on the "Statement of Financial Position".

	2020	2019
<b>Wendy's Wonderful Kids</b>		
Funds held in trust as cash, beginning of year	\$ 7,464	\$ -
Funds received during the year	127,500	350,128
Funds disbursed during the year	(98,699)	(342,664)
Balance at end of year	36,265	7,464
<b>CWECT</b>		
Funds held in trust as cash, beginning of year	28,926	50,786
Funds received during the year	64,676	-
Funds disbursed during the year	(80,754)	(21,860)
Balance at end of year	12,848	28,926
<b>Funds held in trust as cash, end of year</b>	<b>\$ 49,113</b>	<b>\$ 36,390</b>



# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 8. Investment in capital assets:

Investment in capital assets is calculated as follows:

	2020	2019
Capital assets	\$ 3,183,310	\$ 3,327,126
Amounts financed by:		
Deferred contributions - capital	(1,466,401)	(1,548,574)
	\$ 1,716,909	\$ 1,778,552

Change in net assets invested in capital assets is calculated as follows:

	2020	2019
Amortization of capital assets	\$ (143,816)	\$ (156,091)
Amortization of deferred contributions	82,173	66,586
	\$ (61,643)	\$ (89,505)

## 9. Deferred contributions:

The balance of unamortized capital contributions, in the form of grants and donations, related to capital assets consists of the following:

	2020	2019
Balance, beginning of year	\$ 1,548,574	\$ 1,615,160
Add: amounts received related to future periods		-
Less: amounts recognized as revenue	(82,173)	(66,586)
Balance, end of year	\$ 1,466,401	\$ 1,548,574

## 10. Economic dependence:

The Society is economically dependent on the Ministry of Children, Community and Social Services to provide sufficient funds to continue operations, replace essential equipment and complete its capital projects.

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 11. Partner facility renewal fund:

Infrastructure funding supports directly-operated facilities and transfer payment agencies for the acquisition, construction, renovation and renewal of capital assets to support the effective delivery of ministry programs.

Amounts received and invested in capital assets are recorded as deferred contributions and the expenditures are set up as capitals assets. These amounts are then written down based on the approved amortization rates.

The following is a breakdown of the specific amounts pertaining to the Partner Facility Renewal (PFR) Program.

	2020	2019
Partner facility renewal funds - capital grants received	\$ —	\$ —
Capital expenditures in year	—	—
Expensed through child welfare	—	6,215
	—	6,215
Less: amount recovered by Ministry	—	(10,209)
	—	(3,994)
PFR balance, beginning of year	—	3,994
PFR balance, end of year	\$ —	\$ —

## 12. Pension plan:

The Society makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its employees. The plan is a defined benefit pension 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. The OMERS Board of Trustees representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 1,000 employers and 450,000 plan members.

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 12. Pension plan (continued):

Each year an independent actuary determines the funding status of the OMERS pension plan (the Plan) by comparing the actuarial value of the invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2019. The results of this valuation reported an actuarial deficit of \$3.4 billion (2018 - \$4.2 billion actuarial deficit). Because OMERS is a multi- employer plan, any pension plan surpluses or deficits are a joint responsibility of employers and plan members participating in the Plan. The Society has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. As a result, the Society does not recognize any share of the OMERS pension deficit.

The amount contributed to OMERS by the Society was \$1,167,454 (2019 - \$1,075,099), for current service and is included as an employee benefits expense in the operating fund, on the "Statement of Operations and Changes in Fund Balances".

## 13. Contingent liability:

The nature of the Society's activities is such that there may be litigation pending or in prospect at any time. With the respect to claims at March 31, 2020, management believes that the Society has valid defenses and appropriate insurance coverage in place. In the event any claims are unsuccessful, management believes that such claims are not expected to have a material effect on the Society's financial position.

## 14. Financial risk and concentration of risk:

### (a) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2019.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not considered collectible in an allowance for doubtful accounts. The Society's allowance for doubtful accounts as at March 31, 2020 is \$Nil (2019 - \$Nil). There has been no change to the risk exposure from 2019.

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 15. Impact of COVID-19:

In March, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the entity has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic.

- Increased support to ongoing cases, security of PPE, and reduced travel
- Experienced temporary declines in the number of investigations and assessments
- Closure of facilities to the public
- Mandatory working from home requirements for those able to do so

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed as at year end. Management has assessed the financial impacts summarized below at this time. As these effects are quantifiable and confirm conditions known as at March 31, 2020, the adjustments have been reflected in these financial statements:

Per ministry directive, the Society should use any underspending in 2019/20 to address any COVID-19 related pressures that the Society is facing as a result of the current environment (see related expenditures set out below).

- Materials required to manage COVID-19 related issues,
- Backfilling for positions of people who are required to self-isolate or self-quarantine,
- Increased staffing needs for residential services if required,
- Supporting the purchase of equipment, cleaning or sanitizing supplies, and/or to meet the increased need for expanded mobile services, i.e. cell phones and cellular data plans to support virtual service delivery, and
- The use of hotels or other measures as temporary/alternate accommodation for clients if required to support isolation/social distancing.

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

Schedule A

Statement of Financial Position - Program Funds

March 31, 2020, with comparative information for 2019

	C & FI Independence Preparation	Education Liaison	2020 Total	2019 Total
<b>Assets</b>				
Current assets:				
Cash	\$ 1	\$ 38,069	\$ 38,070	\$ 4,469
<b>Fund Balances</b>				
Internally restricted	\$ 1	\$ 38,069	\$ 38,070	\$ 4,469

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

Schedule B

Statement of Operations and Changes in Program Fund Balances

Year ended March 31, 2020, with comparative information for 2019

	C & FI Independence Preparation	Education Liaison	2020 Total	2019 Total
Revenue:				
Operating grants	\$ 107,761	\$ 66,168	\$ 173,929	\$ 175,074
Expenses:				
Building occupancy	75,660	–	75,660	3,768
Clients' personal needs	16,644	–	16,644	62,848
Capital expenditures (note 11)	4,116	–	4,116	–
Employee benefits	3,768	–	3,768	16,644
Office administration	–	28,099	28,099	7,572
Reallocation to child welfare	7,572	–	7,572	–
Salaries	–	–	–	75,660
Travel	–	–	–	4,116
	107,760	28,099	135,859	170,608
Excess of revenue over expenses before the undernoted	1	38,069	38,070	4,466
Prior year settlements	–	–	–	(8,463)
Excess (deficiency) of revenue over expenses	1	38,069	38,070	(3,997)
Fund balances, beginning of year	–	–	–	3,997
Fund balances, end of year	\$ 1	\$ 38,069	\$ 38,070	\$ –

# THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## Schedule C Expenses

Year ended March 31, 2020, with comparative information for 2019

	Operating Fund	Program Funds	General Fund	2020 Total	2019 Total
	(Schedule B)				
Adoption subsidies	\$ 13,184	\$ —	\$ —	\$ 13,184	\$ 29,238
Boarding rate payments	2,960,189	—	—	2,960,189	3,026,400
Building occupancy	403,813	3,768	—	407,581	693,710
Client personal needs	562,106	28,099	—	590,205	879,278
Employee benefits	3,434,006	16,644	—	3,450,650	2,891,181
Health and related - client	198,428	—	—	198,428	219,140
Internal/external legal costs	42,442	—	—	42,442	42,735
Miscellaneous	243,930	—	78,600	322,530	267,929
Office administration	231,431	7,572	—	239,003	292,796
Permanency assistance	293,186	—	—	293,186	159,120
Professional services - client	278,266	—	—	278,266	334,998
Professional services - non-client	54,470	—	—	54,470	155,408
Program costs	—	—	—	—	3,186
Promotion and publicity	94,741	—	—	94,741	178,066
Salaries	11,187,662	75,660	—	11,263,322	10,544,555
Special programs	30,398	—	—	30,398	37,489
Targeted adoption subsidies	541,454	—	—	541,454	550,620
Technology	281,429	—	—	281,429	472,075
Training and recruitment	75,490	—	—	75,490	257,938
Travel	554,589	4,116	—	558,705	674,396
	\$ 21,481,214	\$ 135,859	\$ 78,600	\$ 21,695,673	\$ 21,710,258