

The Children's Aid Society of the Region of Peel

Financial Statements
March 31, 2022



Independent auditor's report

To the Board of Directors and Members of The Children's Aid Society of the Region of Peel

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Children's Aid Society of the Region of Peel (the Organization) as at March 31, 2022 and the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at March 31, 2022;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of remeasurement gains and losses for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, included in the annual report.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June 17, 2022

The Children's Aid Society of the Region of Peel

Statement of Financial Position

As at March 31, 2022

	Operating Fund		Capital Fund		Ministry and Other Restricted Funds		Special Purpose Fund		Total	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
Assets										
Current assets										
Cash (notes 8 and 9)	5,836,116	5,475,263	6,736,308	6,691,687	407,101	457,357	1,122,806	1,114,996	14,102,331	13,739,303
Accounts receivable from the Ministry	1,394,307	253,435	-	-	-	-	-	-	1,394,307	253,435
Accounts receivable	670,142	1,005,613	-	-	-	-	-	-	670,142	1,005,613
Accounts receivable from operating fund	-	-	1,254,240	1,284,363	363,662	434,926	-	-	1,617,902	1,719,289
Prepaid expenses	2,862,792	1,193,922	-	-	-	-	-	-	2,862,792	1,193,922
	10,763,357	7,928,233	7,990,548	7,976,050	770,763	892,283	1,122,806	1,114,996	20,647,474	17,911,562
Capital assets (note 3)	-	-	49,917,275	51,145,359	-	-	-	-	49,917,275	51,145,359
	10,763,357	7,928,233	57,907,823	59,121,409	770,763	892,283	1,122,806	1,114,996	70,564,749	69,056,921
Liabilities and Fund Balances										
Current liabilities										
Accounts payable and accrued liabilities (notes 9 and 13)	6,949,737	6,405,914	-	193,229	407,101	457,357	-	-	7,356,838	7,056,500
Accounts payable to the Ministry (note 14)	3,117,234	838,910	-	-	518	3,105	-	-	3,117,752	842,015
Deferred revenue (notes 8 and 9)	-	-	-	-	725,532	794,209	-	-	725,532	794,209
Accounts payable to capital fund	1,254,240	1,284,363	-	-	-	-	-	-	1,254,240	1,284,363
Accounts Payable to restricted fund	363,662	434,926	-	-	-	-	-	-	363,662	434,926
Loan payable (note 15)	-	-	1,216,043	1,165,663	-	-	-	-	1,216,043	1,165,663
	11,684,873	8,964,113	1,216,043	1,358,892	1,133,151	1,254,671	-	-	14,034,067	11,577,676
Deferred capital contributions	-	-	5,786,350	5,952,503	-	-	-	-	5,786,350	5,952,503
Loan payable (note 15)	-	-	43,191,957	44,315,337	-	-	-	-	43,191,957	44,315,337
Derivative liability (note 10)	642,547	3,941,592	-	-	-	-	-	-	642,547	3,941,592
	11,684,873	8,964,113	50,194,350	51,626,732	1,133,151	1,254,671	-	-	63,654,921	65,787,108
Fund Balances										
Invested in capital assets	-	-	7,713,473	7,494,677	-	-	-	-	7,713,473	7,494,677
Externally restricted	-	-	-	-	(362,388)	(362,388)	-	-	(362,388)	(362,388)
Internally restricted	-	-	-	-	-	-	1,122,806	1,114,996	1,122,806	1,114,996
Unrestricted (note 5)	(921,516)	(1,035,880)	-	-	-	-	-	-	(921,516)	(1,035,880)
Remeasurement losses	(642,547)	(3,941,592)	-	-	-	-	-	-	(642,547)	(3,941,592)
	(921,516)	(1,035,880)	7,713,473	7,494,677	(362,388)	(362,388)	1,122,806	1,114,996	6,909,828	3,269,813
	10,763,357	7,928,233	57,907,823	59,121,409	770,763	892,283	1,122,806	1,114,996	70,564,749	69,056,921
Contingencies (note 11)										
Commitments (note 12)										

Approved by the Board of Directors

Director

Director

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

The Children's Aid Society of the Region of Peel

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2022

	Operating Fund		Capital Fund		Ministry and Other Restricted Funds		Special Purpose Fund		Total	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
Revenue										
Ministry funding	68,759,997	69,097,620	1,760,075	1,116,333	1,720,771	1,593,246	-	-	72,240,843	71,807,199
Income from other sources	-	-	179,959	159,294	29,344	69,477	7,810	8,498	217,113	237,269
Gain on sale of assets	-	-	-	1,047,602	-	-	-	-	-	1,047,602
	<u>68,759,997</u>	<u>69,097,620</u>	<u>1,940,034</u>	<u>2,323,229</u>	<u>1,750,115</u>	<u>1,662,723</u>	<u>7,810</u>	<u>8,498</u>	<u>72,457,956</u>	<u>73,092,070</u>
Expenditures										
Adoption costs	728,585	697,456	-	-	150,592	152,145	-	-	879,177	849,601
Boarding rates	10,820,933	11,103,008	-	-	-	271,297	-	-	10,820,933	11,374,305
Building occupancy	4,937,120	3,914,183	-	-	16,802	-	-	-	4,953,922	3,914,183
Clients' personal needs	78,783	1,990,241	-	-	801,652	579,916	-	-	880,435	2,570,157
Employee benefits	9,882,026	9,374,957	-	-	40,295	48,528	-	-	9,922,321	9,423,485
Health and related costs	538,022	345,728	-	-	-	-	-	-	538,022	345,728
Miscellaneous	235,725	495,416	-	-	-	-	-	-	235,725	495,416
Office administration	274,626	305,255	-	-	-	-	-	-	274,626	305,255
Other program costs	269,672	151,001	-	-	-	-	-	-	269,672	151,001
Promotional and publicity	65,065	129,811	-	-	-	-	-	-	65,065	129,811
Purchased services – client	927,878	735,546	-	-	533,642	389,597	-	-	1,461,520	1,125,143
Purchased services – non-client	634,012	574,890	-	-	-	-	-	-	634,012	574,890
Salaries and wages	39,051,762	40,895,661	-	-	207,132	221,160	-	-	39,258,894	41,116,821
Technology	835,342	631,988	-	-	-	-	-	-	835,342	631,988
Training and recruitment	207,410	223,219	-	-	-	80	-	-	207,410	223,299
Travel	614,554	398,790	-	-	-	-	-	-	614,554	398,790
Amortization – net	-	-	1,644,438	1,383,445	-	-	-	-	1,644,438	1,383,445
	<u>70,101,515</u>	<u>71,967,150</u>	<u>1,644,438</u>	<u>1,383,445</u>	<u>1,750,115</u>	<u>1,662,723</u>	<u>-</u>	<u>-</u>	<u>73,496,068</u>	<u>75,013,318</u>
Expenditure recoveries	1,379,082	1,842,194	-	-	-	-	-	-	1,379,082	1,842,194
	<u>68,722,433</u>	<u>70,124,956</u>	<u>1,644,438</u>	<u>1,383,445</u>	<u>1,750,115</u>	<u>1,662,723</u>	<u>-</u>	<u>-</u>	<u>72,116,986</u>	<u>73,171,124</u>
Surplus (deficiency) of revenue over expenditures for the year	37,564	(1,027,336)	295,596	939,784	-	-	7,810	8,498	340,970	(79,054)
Fund balances – Beginning of year	(1,035,880)	(107,144)	7,494,677	6,653,493	(362,388)	(362,388)	1,114,996	1,106,498	7,211,405	7,290,459
Transfer to operating fund from capital fund	76,800	98,600	(76,800)	(98,600)	-	-	-	-	-	-
Fund balances – End of year	<u>(921,516)</u>	<u>(1,035,880)</u>	<u>7,713,473</u>	<u>7,494,677</u>	<u>(362,388)</u>	<u>(362,388)</u>	<u>1,122,806</u>	<u>1,114,996</u>	<u>7,552,375</u>	<u>7,211,405</u>

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

The Children's Aid Society of the Region of Peel

Statement of Remeasurement Gains and Losses

For the year ended March 31, 2022

	2022 \$	2021 \$ (Restated – note 17)
Remeasurement losses – Beginning of year	(3,941,592)	(6,319,057)
Realized losses reclassified to the statement of operations attributable to the interest rate swap	1,154,142	684,138
Change in unrealized losses attributable to the interest rate swap	2,144,903	1,693,327
Remeasurement losses – End of year (note 10)	<u>(642,547)</u>	<u>(3,941,592)</u>

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

The Children's Aid Society of the Region of Peel

Statement of Cash Flows

For the year ended March 31, 2022

	2022 \$	2021 \$
Cash provided by (used in)		
Operating activities		
Surplus (deficiency) of revenue over expenditures for the year	340,970	(79,054)
Items not affecting cash		
Amortization of capital assets	1,644,438	1,410,014
Amortization of deferred lease inducement (note 4)	-	(26,569)
Amortization of deferred capital contributions (note 4)	(652,950)	(646,181)
Gain on sale of capital asset	-	(1,047,602)
	<u>1,332,458</u>	<u>(389,392)</u>
Changes in non-cash working capital balances related to operations		
Accounts receivable	335,471	560,883
Accounts receivable/accounts payable from/to Ministry – net	1,134,865	2,408,132
Prepaid expenses	(1,668,870)	307,892
Accounts payable and accrued liabilities	300,338	(2,063,240)
Deferred revenue	(68,677)	35,925
	<u>1,365,585</u>	<u>860,200</u>
Capital activities		
Acquisition of capital assets	(416,354)	(5,056,704)
Proceeds on sale of capital asset	-	1,236,123
	<u>(416,354)</u>	<u>(3,820,581)</u>
Financing activities		
Payments of loan payable (note 15)	(1,073,000)	(6,414,000)
Peel Foundation capital contributions	11,875	1,105,500
Proceeds from loan payable (note 15)	-	13,699,288
Capital contributions received	474,922	1,100,378
	<u>(586,203)</u>	<u>9,491,166</u>
Change in cash during the year	363,028	6,530,785
Cash – Beginning of year	13,739,303	7,208,518
Cash – End of year	14,102,331	13,739,303
Interest paid	1,843,546	1,338,842

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

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2022

1 Nature and purpose of organization

The Children's Aid Society of the Region of Peel (the Organization or the Society) is a not-for-profit organization incorporated without share capital under the laws of the Province of Ontario. The Organization is a registered charity (registration number 10694294 RR0001) and as such is exempt from income taxes and may issue income tax receipts to donors.

The Organization's mission is to ensure the safety and well-being of children and to strengthen families through partnership. The primary service is to protect children from abuse and neglect and help parents and caregivers build healthy families. The Organization works with families who may be facing challenges such as poverty, unemployment, ill health, domestic violence, mental health issues or caring for a child who has serious physical, emotional or developmental difficulties.

The Organization is funded by the Province of Ontario in accordance with budget arrangements by the Ministry of Children, Community and Social Services (MCCSS or the Ministry).

2 Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards that apply to government not-for-profit organizations (PSAS). A summary of the significant accounting policies is as follows.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions, including operating funding, is recognized as revenue in the period to which they relate. Deferred capital contributions relate to funds received for the acquisition of capital assets. These deferred capital contributions are recognized as revenue over the same period as the amortization of the related capital asset.

These financial statements reflect arrangements (including the setting up of a Balanced Budget Fund as described in note 14) approved by the Ministry with respect to the year ended March 31, 2022.

Operating Fund

The Operating Fund accounts for the Organization's operating and administration activities. This fund reports the unrestricted resources and operating grants.

Capital Fund

The Capital Fund reflects the extent to which the Organization's resources are not available for other purposes because they are invested in capital assets. All amortization and gains or losses on the disposal of capital assets are charged directly to this fund.

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2022

Ministry and Other Restricted Funds

Ministry and Other Restricted Funds report restricted resources for specified purposes outside of the operating funding received from the Ministry and other funders. These funds report the revenue and expenses of various projects, as approved by the Ministry and other funders during the year, and receipts for the Universal Child Care Benefit to be allocated to a Registered Education Savings Plan (note 8).

The Ontario Child Benefit Equivalent Fund represents the Ontario Child Benefit Equivalent credit received for children in care. This fund is restricted for a savings program set up as restricted cash and an activities program included in the statement of operations and changes in fund balances.

Special Purpose Fund

The Special Purpose Fund is a reserve fund established for the purpose of future special projects at the discretion of the Board of Directors. This fund was established with \$200,000 of donated funds raised during the years prior to the creation of the Peel Children's Aid Foundation (the Foundation).

Contributed services

Volunteers contribute a large number of hours per week to assist the Society in carrying out its activities. Despite the fact that without these volunteer hours certain activities would have to be cut back or possibly cancelled, and these services would not otherwise be purchased, the value of contributed services has not been recognized in these financial statements.

Financial instruments

The Organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, loan payable and derivative liability.

Financial assets and liabilities are recognized when the Organization becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights and obligations to receive or repay cash flows from the assets and liabilities have expired or have been transferred and the Organization has transferred substantially all the risks and rewards of ownership.

The Organization initially recognizes all its financial assets and liabilities at fair value and subsequently at amortized cost except for the derivative liability, which is measured at fair value. Unrealized changes in fair value pertaining to the derivative liability are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations and changes in fund balances.

Financial assets, at amortized cost, are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2022

Fair value measurement

The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – market based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

Derivatives are measured as Level 2 fair value instruments.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a declining balance basis at the following annual rates:

Buildings	2%
Computer and equipment	45%
Vehicles	30%
Furniture and equipment	20%
Leasehold improvements	straight-line over the term of the lease

Assets under construction are not amortized until the asset is substantially complete and available for use.

Impairment of long-lived assets

An impairment charge is recognized for long-lived assets when an event or change in circumstances causes an asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment charge is calculated as the difference between the fair value of the asset and its carrying value.

Use of estimates

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates are reviewed periodically and as adjustments become necessary, they are reported in the statement of operations and changes in fund balances in the period in which they become known.

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2022

3 Capital assets

	2022		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Land	11,504,119	-	11,504,119
Buildings	36,996,063	1,495,885	35,500,178
Computers and equipment	2,449,637	1,696,568	753,069
Vehicles	165,177	80,562	84,615
Furniture and equipment	2,559,554	775,479	1,784,075
Leasehold improvements	2,778,914	2,487,695	291,219
	<u>56,453,464</u>	<u>6,536,189</u>	<u>49,917,275</u>
			2021
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Land	11,504,119	-	11,504,119
Buildings	37,054,631	771,391	36,283,240
Computers and equipment	2,066,712	1,302,270	764,442
Vehicles	165,177	44,299	120,878
Furniture and equipment	2,467,557	342,788	2,124,769
Leasehold improvements	2,778,914	2,431,003	347,911
	<u>56,037,110</u>	<u>4,891,751</u>	<u>51,145,359</u>

4 Deferred capital contributions

In fiscal year 2022, the Society received contributions in the amount of \$486,797 (2021 – \$2,205,878) related to the buildings, furniture and equipment, computers and equipment and vehicles and recognized \$652,950 (2021 – \$646,181) as revenue. As at March 31, 2022, the deferred capital contributions amount was \$5,786,350 (2021 – \$5,952,503).

5 Unrestricted fund deficit

The Ministry does not provide advance funding for vacation salaries and benefits accrued but does provide funding for these obligations as payments are made.

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2022

The unrestricted fund deficit comprises:

	2022 \$	2021 \$
Accrued vacation and other accrued compensation	1,869,747	1,907,311
Accumulated unrestricted fund surplus	(948,231)	(871,431)
	<u>921,516</u>	<u>1,035,880</u>

6 Bank indebtedness

The Society has a revolving demand loan facility of \$2,000,000, with interest charged at the bank's prime rate. As at March 31, 2022 and 2021, \$nil amounts were drawn under this facility.

7 Employee future benefits

Substantially all of the employees of the Society are members of the Ontario Municipal Employees Retirement Fund (the plan), which is a multi-employer defined benefit pension plan. The plan specifies the amount of retirement benefit to be received by the employee based on the length of service and rates of pay. The plan is accounted for as a defined contribution pension plan. During the year, the Society remitted \$7,682,823 (2021 – \$7,799,757) to the plan.

8 Registered Education Savings Plan

As required by Policy Directive CW004-18 of the Ministry, the Society uses the funds equivalent to the June 2016 federal Universal Child Care Benefit (UCCB) payment received from the federal government to establish Registered Education Savings Plans (RESPs) for eligible children in care, as defined by said policy directive. The Society is required to hold RESPs on behalf of a child or youth until the child or youth enrolls in a qualifying post-secondary education or training program, reaches 25 years of age or has left care, and the Society shall transfer the funds in the RESP to the child's or youth's caregiver.

For the current fiscal year, the Society received UCCB and equivalent to UCCB for 533 cumulative eligible children and youth, and the Society holds 287 RESPs on behalf of children and youth in care.

A summary of the contributions made to the RESPs and the remaining amount in the Society's accounts is as follows:

	\$
Undistributed UCCB and equivalent to UCCB funding included in the Society's deferred revenue as at March 31, 2021	482,443
Receipt of equivalent to UCCB funds	168,840
Contributions to RESPs	(189,720)
RESP redemption to be paid to CICs	<u>(4,240)</u>
Undistributed UCCB and equivalent to UCCB funding included in the Society's deferred revenue as at March 31, 2022	<u>457,323</u>

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2022

A summary of amounts held in trust in RESPs that are not recorded in these financial statements is as follows:

	\$
Total value of all RESPs as at March 31, 2021	1,495,536
Changes during the year	
Contributions to RESPs	189,720
Canada Education Savings Grants received	42,873
Canada Learning Bonds received	300
Transfer to caregivers	(18,099)
Redemption of RESPs	(16,225)
Increase in investment	81,007
	<hr/>
Total value of all RESPs as at March 31, 2022	<u>1,775,112</u>

9 Ontario Child Benefit Equivalent funding

In adherence to Policy Directive CW002-18 of the Ministry, the Society will use the Ontario Child Benefit Equivalent (OCBE) pooled funds from the provincial government to provide all children and youth under care, ages zero to 17, with access to recreational, educational, cultural and social opportunities. As at March 31, 2022, \$268,210 (2021 – \$311,766) is included in deferred revenue with respect to these activities.

In addition, youth in care from ages 15 to 17 will also participate in a savings program that saves OCBE funds to assist them in transitional planning and to support them to transition successfully to independent living. As at March 31, 2022, \$407,101 (2021 – \$457,357) is included in accounts payable and accrued liabilities with respect to this savings program.

10 Derivative liability

The Organization entered into an interest rate swap in order to reduce the impact of fluctuating interest rates on its long-term debt for the new building development. The swap effectively locked in the interest rate applicable on the long-term debt, over the term of the mortgage arrangement. The swap agreement requires periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. Notional amount represents the contract amount to which interest rates are applied to calculate the cash flows to be exchanged. The total notional amount of the Organization's interest rate swap as at March 31, 2022 is \$44,408,000 (2021 – \$45,481,000).

Fair value of the interest rate swaps are calculated based on the present value of the estimated future cash flows using observable Canadian dollar interest rate swap yield curves obtained from dealer quotes. Fair value as at March 31, 2022 of the interest rate swap is \$642,547 (2021 – \$3,941,592) and is reported as a liability on the statement of financial position.

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2022

11 Contingencies

In the normal course of business, the Organization receives statements of claim; however, the outcomes of these claims are uncertain and, as a result, no amounts have been accrued in these financial statements. The Organization will record the loss, if any, when the outcome and settlement amount is reasonably determinable, net of any insurance coverage.

12 Commitments

The Organization has operating leases for premises under various terms. The minimum annual payments for the next six years and thereafter are as follows:

	\$
2023	113,418
2024	113,418
2025	113,418
2026	115,081
2027	117,608
2028 and thereafter	<u>390,670</u>
	<u>963,613</u>

13 Government remittances

Government remittances consist of amounts (such as payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts come due. As at March 31, 2022, government remittances to the federal and provincial governments included in accounts payable and accrued liabilities amounted to \$101,475 (2021 – \$102,539). These amounts are not in arrears.

14 Balanced Budget Fund

In fiscal 2014, the Ministry announced the creation of a Balanced Budget Fund to support Children's Aid Societies (CASs) in meeting the newly announced balanced budget requirement set out in Regulation 70 and in proactively managing the risks associated with a multi-year budget planning process. The Balanced Budget Fund was developed on an individual basis for each CAS, of an amount up to each CAS's accumulated surplus that has been returned to the Ministry following the implementation of the new funding model in fiscal 2014.

In order to be eligible to access these funds in a future year, the Organization must meet two conditions:

- the Organization must have generated a prior year surplus recovered in or after fiscal 2014; and
- in a subsequent year, the Organization requires additional funding in an amount up to its total accumulated prior year surplus to balance its budget.

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2022

In fiscal 2021, the Ministry revised the Balanced Budget Fund criteria to support sector sustainability while continuing to support societies in managing their approved budget allocations. Eligible contributions into the Balanced Budget Fund for each CAS will comprise 50% of the operating surpluses generated in a CAS's fiscal 2021 year (and future years years) plus 100% of eligible contributions the surplus generated in fiscal 2019 and 2020 years that were not accessed in prior years. The unaccessed Balanced Budget Fund as at March 31, 2022 for the Organization is as follows:

- 50% of the fiscal 2021 surplus of \$419,955 and an additional \$142,072 coming from in-year adjustments pertaining to fiscal 2021. Therefore, the total surplus for fiscal 2021 is \$562,027 that will expire in 2024; and
- 50% of the fiscal 2022 surplus amounting to \$1,507,419 that will expire in fiscal 2025.

The Balanced Budget Fund is with the Ministry and is not recorded in these financial statements.

15 Long-term debt

On April 18, 2018, the Organization entered into a purchase sale contract to purchase land and a design build contract with a contractor to design and construct a building with an expected occupancy date of July 2020.

In August 2020, the Organization completed the financing for the land and building totalling \$46,000,000 with a financial institution. The financing was initially in the form of a line of credit at the financial institution's prime rate. Upon completion of the building in September 2020, the financing was converted into a 25-year mortgage. As at March 31, 2022, \$1,216,043 has been reflected as a current liability based on the repayment terms of the 25-year mortgage and \$43,191,957 as a long-term loan payable. Interest paid on the mortgage and loan during fiscal 2022, including payments with respect to the interest rate swap, was \$1,843,546 (2021 – \$1,338,842) and is recorded in building occupancy expenses in the statement of operations and changes in fund balances.

The following table summarizes the mortgage principal and estimated interest payments for the next six years and thereafter:

	\$
2023	2,915,336
2024	2,920,518
2025	2,919,655
2026	2,927,057
2027	2,926,491
2028 and thereafter	<u>54,603,722</u>
	<u>69,212,779</u>

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2022

16 Related party transaction

During the year ended March 31, 2022, the Organization received \$11,875 (2021 – \$1,105,500) in donations for the Peel Capital funding project from the Peel Children's Aid Foundation.

17 Prior year adjustment

During the year, management identified that the derivative financial instrument for an interest rate swap (note 10) that was not accounted correctly in the previously issued financial statements for the year ended March 31, 2021. As a result, management recorded an adjustment in the amount of \$10,381,590 to adjust the fair value of the derivative in its previously issued financial statements. Consequently, the derivative liability and total liabilities in the statement of financial position as at March 31, 2021, originally reported as \$14,323,182 and \$76,168,698, respectively, were adjusted to \$3,941,592 and \$65,787,108, respectively, to reflect the adjustment of the fair value of the derivative liability. A corresponding adjustment was reflected in the statement of remeasurement gains and losses for the year ended March 31, 2021. The opening accumulated remeasurement losses as at April 1, 2020, originally reported as \$10,381,590, were adjusted to \$6,319,057, and the change in unrealized losses attributable to the interest rate swap for the year ended March 31, 2021, originally reported as (\$3,941,592), was adjusted to \$1,693,327 along with the inclusion of realized losses reclassified to the statement of operations attributable to the interest rate swap of \$684,138. There is no impact to the statements of operations and changes in fund balances and cash flows for the year ended March 31, 2021.

The Children's Aid Society of the Region of Peel

Schedule of Ministry and Other Restricted Funds – Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2022

	Community and prevention supports \$	OCBE funding \$	UCCB funding \$	Targeted subsidy for adoption \$	Education liaison \$	COVID-19 Residential Relief Funds \$	CW Immigration of Excellence \$	Akoma/SAATH Prototype \$	Partner's facility renewal \$	Total \$
Revenue										
Government grants	209,900	206,388	290,360	150,593	122,168	274,560	200,000	250,000	16,802	1,720,771
Income from other sources	-	-	-	-	-	29,344	-	-	-	29,344
	<u>209,900</u>	<u>206,388</u>	<u>290,360</u>	<u>150,593</u>	<u>122,168</u>	<u>303,904</u>	<u>200,000</u>	<u>250,000</u>	<u>16,802</u>	<u>1,750,115</u>
Expenditures										
Adoption costs	-	-	-	150,593	-	-	-	-	-	150,593
Building occupancy	-	-	-	-	-	-	-	-	16,802	16,802
Clients' personal needs	-	206,388	290,360	-	1,000	303,904	-	-	-	801,652
Employee benefits	-	-	-	-	9,229	-	31,066	-	-	40,295
Promotional and publicity	-	-	-	-	-	-	-	-	-	-
Purchased services – client	209,900	-	-	-	35,199	-	5,193	250,000	-	500,292
Salaries and wages	-	-	-	-	76,740	-	163,741	-	-	240,481
Training and recruitment	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
	<u>209,900</u>	<u>206,388</u>	<u>290,360</u>	<u>150,593</u>	<u>122,168</u>	<u>303,904</u>	<u>200,000</u>	<u>250,000</u>	<u>16,802</u>	<u>1,750,115</u>
Excess of expenditures over revenue – representing fund balances – End of year	-	-	-	-	-	-	-	-	-	-

The Society has a service contract / Children and Family Services Act (CFSA) approval with the Ministry. A reconciliation report summarizes, by service, all revenue and expenditures and identifies any resulting surplus or deficit that relates to the service contract / CFSA approval.