Financial Statements of

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

And Independent Auditor's Report thereon

Year ended March 31, 2024

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of The Children's Aid Society of the Region of Peel (the Entity), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations and changes in fund balances for the year then ended
- the statement of 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 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, 2024, 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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 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 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.

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 the 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 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 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 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

May 30, 2024

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Statement of Financial Position

March 31, 2024, with comparative information for 2023

		2024		2023
Assets				
Current assets:				
Cash (note 11)	$	9,277,758	$	9,891,919
Short-term investments (note 3)		3,076,999		5,023,263
Accounts receivable from the Ministry (note 16)		349,914		113,486
Accounts receivable		821,426		953,984
Prepaid expenses and other assets (note 4)		2,163,181		2,853,367
		15,689,278		18,836,019
Derivative asset (note 12)		3,296,991		1,806,532
Capital assets (note 5)		47,842,009		48,885,190
	$	66,828,278	$	69,527,741
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable and accrued liabilities (notes 11 and 15)	$	7,318,216	$	8,018,104
Accounts payable to the Ministry (note 16)		210,421		2,242,353
Deferred revenue (notes 10 and 11)		398,483		655,307
Current portion of term loan (note 17)		1,224,539		1,173,043
		9,151,659		12,088,807
Deferred capital contributions (note 6)		5,433,592		5,652,000
Term loan (note 17)		40,794,375		42,018,914
Employee future benefits (note 9)		242,217		85,626
		55,621,843		59,845,347
Fund balances:				
Invested in capital assets		8,304,889		7,956,619
Internally restricted		1,223,190		1,161,972
Unrestricted (note 7)		(1,618,635)		(1,242,729)
		7,909,444		7,875,862
Remeasurement gains		3,296,991		1,806,532
		11,206,435		9,682,394
Contingencies (note 13)				
Commitments (note 14)				
	$	66,828,278	$	69,527,741

See accompanying notes to financial statements.

On behalf of the Board:

_______________________ Director _______________________ Director

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Government:		
Child welfare funding	$ 76,436,170	$ 72,994,966
Other Ontario grants	1,070,771	974,611
Canada	267,180	152,181
Amortization of deferred contributions relating to capital assets (note 6)	633,436	631,160
Others	585,203	509,815
Investment	237,482	23,263
	79,230,242	75,285,996
Expenditures:		
Salaries and wages	43,514,319	40,624,817
Boarding rates	12,800,056	11,851,442
Employee benefits	10,838,795	10,193,489
Building occupancy	3,455,009	3,414,671
Clients' personal needs	1,638,621	1,479,111
Purchased services - client	1,637,665	1,659,553
Amortization, net	1,458,209	1,527,410
Technology	1,072,696	838,137
Purchased services - non-client	1,049,707	1,258,557
Adoption costs	955,147	957,471
Travel	870,388	804,136
Health and related costs	499,703	455,745
Other program costs	394,747	307,479
Training and recruitment	376,726	341,710
Office administration	327,686	269,671
Miscellaneous	245,777	243,875
Promotional and publicity	102,089	187,124
	81,237,340	76,414,398
Expenditure recoveries	2,040,680	1,451,889
	79,196,660	74,962,509
Surplus of revenue over expenditures for the year	33,582	323,487
Fund balance, beginning of year	7,875,862	7,552,375
Fund balances, end of year	$ 7,909,444	$ 7,875,862

See accompanying notes to financial statements.

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Statement of Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

2024	Unrestricted	Invested in capital assets	Internally restricted	Total
Fund balances, beginning of year	$ (1,242,729)	$ 7,956,619	$ 1,161,972	$ 7,875,862
Surplus (deficiency) of revenue over expenses	(375,906)	348,270	61,218	33,582
Fund balances, end of year	$ (1,618,635)	$ 8,304,889	$ 1,223,190	$ 7,909,444

2023	Unrestricted	Invested in capital assets	Internally restricted	Total
Fund balances, beginning of year	$ (1,283,904)	$ 7,713,473	$ 1,122,806	$ 7,552,375
Surplus of revenue over expenses	41,175	243,146	39,166	323,487
Fund balances, end of year	$ (1,242,729)	$ 7,956,619	$ 1,161,972	$ 7,875,862

See accompanying notes to financial statements.

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Statement of Remeasurement Gains and Losses

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Remeasurement gains (losses), beginning of year	$ 1,806,532	$ (642,547)
Unrealized gains attributable to the interest rate derivative	1,490,459	2,449,079
Remeasurement gains, end of year	$ 3,296,991	$ 1,806,532

See accompanying notes to financial statements.

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Surplus of revenue over expenditures	$ 33,582	$ 323,487
Items not involving cash:		
Amortization of capital assets	1,458,209	1,527,410
Amortization of deferred capital contributions (note 6)	(633,436)	(631,160)
Gain on sale of capital assets	–	(16,015)
	858,355	1,203,722
Changes in non-cash working capital balances:		
Accounts receivable	132,558	(283,842)
Prepaid expenses	690,186	9,425
Accounts payable and accrued liabilities	(699,887)	661,266
Accounts receivable/accounts payable from/to Ministry	(2,268,360)	405,422
Deferred revenue	(256,824)	(70,225)
Employee future benefits	156,591	85,626
	(1,387,381)	2,011,394
Financing activities:		
Payments of term loan payable (note 17)	(1,173,044)	(1,216,043)
Capital contributions received	415,028	496,809
	(758,016)	(719,234)
Investing activities:		
Acquisition of capital assets	(415,028)	(496,809)
Redemption (investment) in guaranteed income certificate	1,946,264	(5,023,263)
Proceeds on sale of capital assets	–	17,500
	1,531,236	(5,502,572)
Decrease in cash	(614,161)	(4,210,412)
Cash, beginning of year	9,891,919	14,102,331
Cash, end of year	$ 9,277,758	$ 9,891,919
Interest paid	$ 1,723,915	$ 1,781,942

See accompanying notes to financial statements.

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. Significant accounting policies:

(a) 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.

(b) Revenue recognition:

The Organization follows the deferral method of accounting for contributions.

Revenue from transactions with performance obligations is recognized when (or as) the organization satisfies a performance obligation by providing the promised goods or services to a payor.

Externally restricted contributions recognized to the extent the conditions imposed on it have been fulfilled.

2. Significant accounting policies (continued):

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Revenue related to income from services rendered and interest income is recorded as it is earned.

Revenue from transactions with no performance obligations is recognized when the organization:

(i) has the authority to claim or retain an inflow of economic resources; and

(ii) identifies a past transaction or event that gives rise to an asset.

Unrestricted contributions are recognized as revenue of the appropriate fund when monies are receivable.

Proceeds from insurance claims and other reimbursements are recorded as expenditure recoveries.

These financial statements reflect arrangements (including the setting up of a Balanced Budget Fund ("BBF") as described in note 16) approved by the Ministry with respect to the year ended March 31, 2024.

(c) Unrestricted fund:

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

(d) Invested in capital fund:

The invested in 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.

2. Significant accounting policies (continued):

(e) Internally restricted:

The internally restricted 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").

(f) 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.

(g) Financial instruments:

The Organization's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, term loan and derivative asset.

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 asset, which is measured at fair value. Unrealized changes in fair value pertaining to the derivative asset 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.

2. Significant accounting policies (continued):

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

(h) 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.

(i) 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

2. Significant accounting policies (continued):

(j) 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.

(k) 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 year. 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 year in which they become known.

(l) Newly adopted accounting standards:

These standards and amendments were adopted for the year ended March 31, 2024.

(i) PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions". Revenue from transactions with performance obligations should be recognized when (or as) the Society satisfies a performance obligation by providing the promised goods or services to a payor. Revenue from transactions with no performance obligations should be recognized when the Society:

(a) has the authority to claim or retain an inflow of economic resources; and

(b) identifies a past transaction or event that gives rise to an asset.

2. Significant accounting policies (continued):

(ii) Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023.

(iii) PS 3160, Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3s arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s.

Adoption of the above standard and amendments had no material effect on the Society's statement of financial position or statement of operations and changes in fund balances.

(m) Future accounting pronouncement:

This standard was not effective for the year ended March 31, 2024, and, therefore, has not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standard update on the future financial statements.

The standard applicable for fiscal years beginning on or after April 1, 2024:

PS 1202, Financial Statement Presentation was approved in March 2023. This standard supersedes PS 1201, Financial Statement Presentation, and covers a new conceptual framework and reporting model. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information. This standard is effective for fiscal years beginning on or after April 1, 2026.

3. Short-term investments:

In 2024, short-term investments consist of term deposits that are redeemable and have a renewable frequency of less than 12 months, bearing interest between 5.39% to 5.67% annually and maturing between April 29, 2024 to August 26, 2024.

4. Prepaid expenses and other assets:

Included in prepaid expense is $369,759 (2023- $358,207) net receivable on a bankers' acceptance issued on February 29, 2024, bearing interest of 5.3225% annually and maturing on May 31, 2024.

5. Capital assets:

2024	Cost	Accumulated amortization	Net book value
Land	$ 11,504,119	$ –	$ 11,504,119
Buildings	36,996,063	2,901,692	34,094,371
Computer and equipment	3,289,128	2,478,332	810,796
Vehicles	216,323	103,242	113,081
Furniture and equipment	2,559,554	1,417,746	1,141,808
Leasehold improvements	2,778,914	2,601,080	177,834
	$ 57,344,101	$ 9,502,092	$ 47,842,009

2023	Cost	Accumulated amortization	Net book value
Land	$ 11,504,119	$ –	$ 11,504,119
Buildings	36,996,063	2,205,888	34,790,175
Computer and equipment	2,946,446	2,075,528	870,918
Vehicles	143,977	85,785	58,192
Furniture and equipment	2,559,554	1,132,294	1,427,260
Leasehold improvements	2,778,914	2,544,388	234,526
	$ 56,929,073	$ 8,043,883	$ 48,885,190

6. Deferred capital contributions:

In fiscal year 2024, the Society received contributions in the amount of $415,028 (2023 - $496,809) related to the buildings, furniture and equipment, computers and equipment and vehicles and recognized $633,436 (2023 - $631,160) as revenue. As at March 31, 2024, the deferred capital contributions amount was $5,433,592 (2023 - $5,652,000).

7. 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 unrestricted fund deficit comprises:

	2024	2023
Accrued vacation and other accrued compensation	$ 2,204,478	$ 1,828,572
Transfer from the externally restricted fund to the unrestricted fund	362,388	362,388
Accumulated unrestricted fund surplus	(948,231)	(948,231)
	$ 1,618,635	$ 1,242,729

$362,388 (2023 - $362,388) is transferred from externally restricted to the unrestricted fund for prior year deficit related to Ministry and other restricted funds.

8. Bank indebtedness:

The Society has a revolving demand loan facility of $2,000,000, with interest charged at the bank's prime rate and secured by the personal property of the Society. As at March 31, 2024 and 2023, no amounts were drawn under this facility.

9. Employee future benefits:

The employee future benefit of $242,217 includes short-term leave and maternity top up (2023 - $85,626).

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 $8,435,070 (2023 - $7,967,085) to the plan.

10. 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 enrols 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 RESPs to the child's or youth's caregiver.

For the current fiscal year, the Society received UCCB and equivalent to UCCB for 575 cumulative eligible children and youth, and the Society holds 262 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:

	2024	2023
Undistributed UCCB and equivalent to UCCB funding included in the Society's deferred revenue, beginning of year	$ 470,589	$ 457,323
Receipt of equivalent to UCCB funds	148,300	154,840
Contributions to RESPs	(267,180)	(152,181)
RESP redemption to be paid to CICs	1,164	10,607
Undistributed UCCB and equivalent to UCCB funding included in the Society's deferred revenue, end of year	$ 352,873	$ 470,589

10. Registered Education Savings Plan (continued):

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

	2024	2023
Total value of all RESPs, beginning of year	$ 1,876,546	$ 1,775,112
Changes during the year:		
Contributions to RESPs	267,180	152,181
Canada Education Savings grants received	16,611	18,259
Canada Learning Bonds received (paid)	400	(1,100)
Transferred in from other CAS	18,864	–
Transfer to caregivers	(107,240)	(28,559)
Redemption of RESPs	(25,743)	(22,961)
RESPs closed	(2,040)	(12,786)
Increase (decrease) in investments	84,702	(3,600)
Total value of all RESPs, end of year	$ 2,129,280	$ 1,876,546

11. 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, 2024, $45,610 (2023 - $165,918) 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, 2024, $447,099 (2023 - $404,252) is included in accounts payable and accrued liabilities with respect to this savings program.

12. Derivative asset:

The Organization entered into an interest rate swap in order to reduce the impact of fluctuating interest rates on its term loan payable for the new building development. The swap effectively locked in the interest rate applicable on the term loan payable, over the term of the term loan 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, 2024 is $42,018,913 (2023 - $43,191,957).

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, 2024 of the interest rate swap is $3,296,991 (2023 - $1,806,532) and is reported as an asset on the statement of financial position.

13. 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.

14. Commitments:

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

2025	$ 113,418
2026	115,081
2027	117,608
2028	120,135
2029	120,135
Thereafter	225,600
	$ 811,977

15. 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, 2024, government remittances to the federal and provincial governments included in accounts payable and accrued liabilities amounted to $135,897 (2022 - $108,759). These amounts are not in arrears.

16. Balanced Budget Fund:

In fiscal 2014, the Ministry announced the creation of BBF 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 BBF 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:

(a) the Organization must have generated a prior year surplus recovered in or after fiscal 2014; and

(b) in a subsequent year, the Organization requires additional funding in an amount up to its total accumulated prior year surplus to balance its budget.

In fiscal 2021, the Ministry revised the BBF criteria to support sector sustainability while continuing to support societies in managing their approved budget allocations. Eligible contributions into the BBF 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.

16. Balanced Budget Fund (continued):

The unaccessed BBF as at March 31, 2024 for the Organization is as follows:

(a) 50% of the fiscal 2022 surplus as calculated per Ministry guidelines amounting to $1,507,419 that will expire in fiscal 2025; and

(b) 50% of the fiscal 2023 surplus as calculated per Ministry guidelines amounting to $131,068 that will expire in fiscal 2026.

In fiscal year 2023-2024, the Organization incurred a deficit as calculated per Ministry guidelines of $221,647. The Ministry has approved the utilization of the BBF of $345,239 to offset the deficit.

The BBF is with the Ministry and is not recorded in these financial statements.

17. Term loan:

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 term loan. As at March 31, 2024, $1,224,539 (2023 - $1,173,043) has been reflected as a current liability based on the repayment terms of the 25-year term loan $40,794,375 (2023 - $42,018,914) as a long-term term loan payable. Interest paid on the term loan during fiscal 2024, including payments with respect to the interest rate swap, was $1,723,915 (2023 - $1,781,942) and is recorded in building occupancy expenses in the statement of operations and changes in fund balances.

	2024	2023
Term loan	$ 42,018,914	$ 43,191,957
Less current portion	1,224,539	1,173,043
	$ 40,794,375	$ 42,018,914

17. Term loan (continued):

The following table summarizes the term loan principal payments for the next five years and thereafter:

2025	$ 1,224,539
2026	1,281,363
2027	1,333,724
2028	1,387,244
2029	1,452,391
Thereafter	35,339,653
	$ 42,018,914

18. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

The contractual maturities of term loan payable are disclosed in note 17.

18. Financial risks (continued):

(b) Interest rate risk:

All financial instruments must be classified in accordance with the significance of the inputs used in making fair value measurements. The fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

- Level 1 - when valuation can be based on quoted prices in active markets for identical assets and liabilities;
- Level 2 - when they are valued using quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or models using inputs that are observable; and
- Level 3 - when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

2024	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash	$ 9,277,758	$ –	$ –	$ 9,277,758
Short-term investments	3,076,999	–	–	3,076,999
Accounts receivable from the Ministry	349,914	–	–	349,914
Accounts receivable	821,426	–	–	821,426
Prepaid expenses and other assets	2,163,181	–	–	2,163,181
Derivative asset	–	3,296,991	–	3,296,991
Financial Liabilities				
Accounts payable and accrued liabilities	7,318,217	–	–	7,318,217
Accounts Payable to the Ministry	210,421	–	–	210,421
Term loan	42,018,913	–	–	42,018,913

18. Financial risks (continued):

Interest rate risk is the potential for loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Organization's term loan payable has a variable interest rate based on bankers' acceptance rates plus a margin. As a result, the Organization is exposed to interest rate risk due to fluctuations in the bankers' acceptance rate. The Organization entered into an interest swap in order to reduce the impact of fluctuating interest rates.

The Organization's short-term investments consist of guaranteed investment certificates with interest rates ranging from 5.39% to 5.67% maturing within a year.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable from the Ministry and other accounts receivable.

The Organization assesses, on a continuous basis, amounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Organization at March 31, 2024 is the carrying value of these assets. Currently there is no allowance for doubtful accounts.

19. Economic dependence:

The Organization is funded primarily by the Province of Ontario in accordance with funding policies established by the Ministry. Any excess of revenue received from the Ministry or via assets funded by the Ministry (i.e. rental income) over expenses earned during a fiscal year are non-retainable and are subject to the BBF mechanism (note 16). There is currently no commitment by the Ministry to fund deficits incurred by the Organization.

Therefore, to the extent that deficits are incurred and are not funded or covered via the BBF, future operations may be affected. The Ministry provides operating funding including base funding which is expected to be received on an annual basis, and special funding, which is non-recurring in nature, and consequently is unconfirmed for future years.

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

Year ended March 31, 2024, with comparative information for 2023

	Community Capacity Building	OCBE fundiing	UCCB funding	Targeted subsidy for adoption	Education Liaison	CW Immigration of Excellence	Youth Wellness Hub Ontario	Partners Facility Renewal	2024 Total	2023 Total
Revenue:										
Ministry funding	$ 209,900	$ 261,375	$ –	$ 157,838	$ 122,168	$ 200,000	$ 92,654	$ 26,836	$ 1,070,771	$ 974,611
Income from other sources	–	–	267,180	–	–	–	–	–	267,180	152,181
	209,900	261,375	267,180	157,838	122,168	200,000	92,654	26,836	1,337,951	1,126,792
Expenditures:										
Adoption costs	–	–	–	157,838	–	–	–	–	157,838	143,089
Building occupancy	–	–	–	–	–	–	18,184	26,836	45,020	–
Clients' personal needs	–	261,375	267,180	–	–	–	–	–	528,555	451,635
Employee benefits	–	–	–	–	17,518	31,712	–	–	49,230	47,847
Office administration	–	–	–	–	–	–	51,984	–	51,984	–
Purchased services - client	209,900	–	–	–	18,164	5,015	–	–	233,079	234,678
Technology	–	–	–	–	–	–	12,486	–	12,486	–
Salaries and wages	–	–	–	–	86,486	163,273	–	–	249,759	249,543
Training and recruitment	–	–	–	–	–	–	10,000	–	10,000	–
	209,900	261,375	267,180	157,838	122,168	200,000	92,654	26,836	1,337,951	1,126,792
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.

These amounts are a subsection of the revenue and expense captions reported in the statement of operations.