

Financial Statements of

**CHILDREN'S AID SOCIETY
OF TORONTO**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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INDEPENDENT AUDITORS' REPORT

To the Members of the Children's Aid Society of Toronto

Opinion

We have audited the financial statements of Children's Aid Society of Toronto (the Society), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of 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 Society as at March 31, 2022, and its results of operations 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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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 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.



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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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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

Vaughan, Canada

June 9, 2022

CHILDREN'S AID SOCIETY OF TORONTO

Statement of Financial Position
(In thousands of dollars)

March 31, 2022, with comparative information for 2021

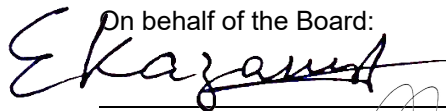
	2022	2021
Assets		
Current assets:		
Cash	\$ 14,270	\$ 12,118
Short-term investments	9,555	14,250
Funding receivable	2,473	57
Accounts receivable	2,423	2,413
Prepaid expenses	17,944	16,577
Receivable from Children's Aid Foundation of Canada (note 8)	10,797	11,047
	<u>57,462</u>	<u>56,462</u>
Capital assets (note 2)	33,848	32,520
	<u>\$ 91,310</u>	<u>\$ 88,982</u>

Liabilities, Deferred Contributions and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 19,341	\$ 20,009
Current portion of mortgages payable (note 5)	675	656
	<u>20,016</u>	<u>20,665</u>
Deferred contributions (note 6):		
Expenses of future years	6,625	6,131
Capital assets	12,224	12,736
	<u>18,849</u>	<u>18,867</u>
Mortgages payable (note 5)	3,970	4,646
Employee future benefits (note 7)	2,802	3,076
	<u>45,637</u>	<u>47,254</u>
Fund balances:		
Operating	21,593	16,952
Internally Restricted	7,000	7,000
Special Purposes	17,080	17,776
	<u>45,673</u>	<u>41,728</u>
Commitments (note 9)		
Contingencies (note 10)		
	<u>\$ 91,310</u>	<u>\$ 88,982</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

CHILDREN'S AID SOCIETY OF TORONTO

Statement of Operations
(In thousands of dollars)

Year ended March 31, 2022, with comparative information for 2021

	Operating		Special Purposes	
	2022	2021	2022	2021
Revenue (expenses):				
Government:				
Ontario (note 13)	\$ 160,686	\$ 160,497	\$ 470	\$ 313
Child Welfare Program Balanced Budget Fund (note 13)	2,185	(788)	–	–
Canada	2,533	3,212	–	–
City of Toronto	57	61	–	–
Grants from Children's Aid				
Foundation of Canada (note 8)	571	592	3,379	3,184
Investments	209	278	1	7
Program services	369	195	86	118
Amortization of deferred contributions relating to capital assets (note 6(b))	75	64	437	437
Other	330	436	57	276
	167,015	164,547	4,430	4,335
Expenses:				
Salaries and benefits	86,489	87,175	1,109	1,138
Board rate payments	44,097	47,029	–	38
Client-related	13,021	11,214	2,780	1,741
Occupancy and office	9,014	7,477	154	150
Travel	1,790	1,302	21	10
Amortization of capital assets	3,050	3,101	821	821
Purchased services	2,865	1,366	129	161
Training and recruitment	344	258	46	82
Other	1,704	2,021	66	52
	162,374	160,943	5,126	4,193
Excess (deficiency) of revenue over expenses	\$ 4,641	\$ 3,604	\$ (696)	\$ 142

See accompanying notes to financial statements.

CHILDREN'S AID SOCIETY OF TORONTO

Statement of Changes in Fund Balances
(In thousands of dollars)

Year ended March 31, 2022, with comparative information for 2021

2022	Operating	Internally Restricted	Special Purposes	Total
Fund balances, beginning of year	\$ 16,952	\$ 7,000	\$ 17,776	\$ 41,728
Excess (deficiency) of revenue over expenses	4,641	–	(696)	3,945
Fund balances, end of year	\$ 21,593	\$ 7,000	\$ 17,080	\$ 45,673

2021	Operating	Internally Restricted	Special Purposes	Total
Fund balances, beginning of year	\$ 13,348	\$ 7,000	\$ 17,634	\$ 37,982
Excess of revenue over expenses	3,604	–	142	3,746
Fund balances, end of year	\$ 16,952	\$ 7,000	\$ 17,776	\$ 41,728

See accompanying notes to financial statements.

CHILDREN'S AID SOCIETY OF TORONTO

Statement of Cash Flows
(In thousands of dollars)

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses:		
Operating Fund and Special Purposes Fund	\$ 3,945	\$ 3,746
Items not involving cash:		
Amortization of capital assets	3,871	3,922
Amortization of deferred contributions relating to capital assets	(512)	(501)
Net change in deferred contributions received	494	631
Net change in employee future benefits	(274)	(151)
Change in non-cash operating working capital	(4,211)	(4,136)
	3,313	3,511
Financing activities:		
Repayment of mortgages payable	(657)	(613)
Investing activities:		
Purchase of capital assets	(5,199)	(2,213)
Net decrease (increase) in short-term investments	4,695	(4,750)
	(504)	(6,963)
Increase (decrease) in cash	2,152	(4,065)
Cash, beginning of year	12,118	16,183
Cash, end of year	\$ 14,270	\$ 12,118

See accompanying notes to financial statements.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2022

The Children's Aid Society of Toronto (the "Society") was originally established in 1891 and is incorporated, without share capital, under the Corporations Act (Ontario). The Society is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

The Society provides a range of protection and prevention services, as mandated by the Ontario Child, Youth and Family Services Act ("CYFSA"). Funding for these services is principally provided by the Province of Ontario. The Society is dependent upon this funding for its continued operations.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

(a) Funds:

The Society operates the following funds:

(i) Operating Fund:

The Operating Fund records the general operations of the Society and is primarily funded from government sources.

(ii) Special Purposes Fund:

The Special Purposes Fund reflects grants received from the Children's Aid Foundation of Canada ("CAFC") and donations and funding from other private sources and government for specified preventive programs and research-oriented child welfare projects.

The Society's Board of Directors restricted the use of the funds from the sales of the land on the Charles Street site to future real estate-related uses of the Society. The uncommitted amount in this Real Estate Fund, which is included in the Special Purposes Fund at March 31, 2022, was \$7,856 (2021 - \$7,472).

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(iii) Internally Restricted Fund:

The Society's Board of Directors has internally restricted \$7,000 (2021 - \$7,000) for operating purposes.

(b) Revenue recognition:

The Society follows the deferral method of accounting for contributions.

The Society is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Children, Community and Social Services ("MCCSS"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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

Externally restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

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 user fees, income from services rendered and investment income is recorded as it is earned.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and 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 carry any such financial instruments at fair value.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2022

1. Significant accounting policies (continued):

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

Short-term investments and long-term debt are recorded at cost.

There are no items to be reported on the statement of remeasurement gains and losses, and as a result, this statement has not been presented.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. 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.

Capital assets are amortized annually on a straight-line basis over their estimated useful lives as follows:

Buildings	40 years
Leasehold improvements	15 years
Furniture and equipment	5 years
Vehicles	3 years
Computer hardware and software	3 years

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(e) Employee future benefits:

The Society provides sick leave benefits to its employees that accumulate but do not vest. The Society accrues this obligation based on future expectation of utilization of the benefit.

The costs of multi-employer defined benefit plan, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contribution to the plan in the period.

The Society provides its employees with a benefits plan (including health, dental and other benefits) through an Administrative Services Only plan. The plan is funded by the Society based on experience and contribution factors, as determined with the plan provider. Amounts in excess of current requirements are considered surpluses and are refundable by the plan provider to the Society.

(f) Donated goods and services:

The Society benefits from donated goods and services in the form of volunteer time. Since these donated goods and services are not purchased, they are not recorded in these financial statements.

(g) Use of estimates:

The preparation of 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 dates 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 useful lives of capital assets and obligations related to employee future benefits. Actual results could differ from those estimates.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2022

2. Capital assets:

2022	Cost	Accumulated amortization	Net book value
Land	\$ 217	\$ –	\$ 217
Buildings	41,113	14,995	26,118
Leasehold improvements	1,354	725	629
Furniture and equipment	13,241	9,835	3,406
Vehicles	433	433	–
Computer hardware and software	12,966	9,488	3,478
	<u>\$ 69,324</u>	<u>\$ 35,476</u>	<u>\$ 33,848</u>

2021	Cost	Accumulated amortization	Net book value
Land	\$ 217	\$ –	\$ 217
Buildings	40,722	13,974	26,748
Leasehold improvements	1,336	635	701
Furniture and equipment	12,198	8,717	3,481
Vehicles	433	427	6
Computer hardware and software	11,558	10,191	1,367
	<u>\$ 66,464</u>	<u>\$ 33,944</u>	<u>\$ 32,520</u>

3. Credit facilities:

The Society has a \$14,000 line of credit available which is due on demand. This credit facility is secured by a general security agreement, which allocates the Society's properties on a pro-rata basis between both lenders. No amount was outstanding under this facility at March 31, 2022 and 2021.

The Society holds an additional credit facility, with a different lender, that provides for a \$1,000 revolving lease line of credit. The \$1,000 revolving lease line of credit is due on demand. This credit facility is secured by a general security agreement, which allocates the Society's properties on a pro-rata basis between its lenders, and a collateral mortgage in the amount of \$15,000 on land and improvements owned by the Society. No amounts were outstanding under the revolving lease line of credit at March 31, 2022 and 2021.

The Society is required to comply with certain non-financial covenants in accordance with the terms of the credit facilities. As at March 31, 2022, the Society was in compliance with these covenants.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2022

4. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities comprise:

	2022	2021
Accounts payable and other accruals	\$ 7,644	\$ 7,592
Salaries and benefits	11,697	12,417
	<u>\$ 19,341</u>	<u>\$ 20,009</u>

Included in salaries and benefits is \$1,013 (2021 - \$1,126) for accumulated authorized absence days. Employees earn six days of authorized absence per year of service of which four days may be carried over from year to year, provided the total days accrued does not exceed 10 days. Employees are not entitled to a cash payment on termination or retirement. The accrual is calculated based on the historic usage of this benefit.

5. Mortgages payable:

	Interest rate	Maturity date	2022	2021
RBC loan, monthly principal payments plus interest	Bankers' acceptance + 0.90%	August 31, 2026	\$ 1,647	\$ 1,803
RBC loan, monthly principal payments plus interest	Bankers' acceptance + 0.90%	August 31, 2026	1,429	1,621
RBC loan, monthly principal payments plus interest	Bankers' acceptance + 0.90%	August 31, 2026	1,569	1,878
			<u>4,645</u>	<u>5,302</u>
Less current portion			675	656
			<u>\$ 3,970</u>	<u>\$ 4,646</u>

Interest expense on the mortgages amounted to \$153 (2021 - \$145) and is included in occupancy and office expense.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2022

5. Mortgages payable (continued):

Minimum principal repayments due within each of the next five years are as follows:

2023	\$	675
2024		690
2025		710
2026		730
2027		1,840
	\$	4,645

6. Deferred contributions:

(a) Expenses of future years:

Deferred contributions related to expenses of future years represent unspent amounts received for specific purposes.

	2022	2021
Balance, beginning of year	\$ 6,131	\$ 5,500
Funding received plus interest	5,012	4,129
After Hours Pilot billings in advance	–	149
Amount recognized as revenue	(4,248)	(3,347)
Ontario Child Benefit Equivalency savings accrued	(270)	(300)
Balance, end of year	\$ 6,625	\$ 6,131

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2022

6. Deferred contributions (continued):

(b) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount of restricted contributions received for the purchase of capital assets. The amortization of these capital contributions is recorded as revenue in the statement of operations.

	2022	2021
Balance, beginning of year	\$ 12,736	\$ 13,237
Amount recognized as revenue	(512)	(501)
Balance, end of year	\$ 12,224	\$ 12,736

7. Employee future benefits:

(a) Sick leave liability:

The employee future benefit liability includes \$2,698 for accumulated sick leave benefits (2021 - \$2,977). Under the accumulated sick leave benefit plan, employees earn 18 days per year of service and are allowed to accumulate unused sick day credits up to a maximum of 100 days. Employees are not entitled to a cash payment on termination or retirement. The accrual is calculated based on historic usage of this benefit.

(b) Multi-employer defined benefit plan:

All regular full-time and part-time employees of the Society are eligible to be members of OMERS (the "Plan"), which is a multi-employer defined benefit plan. Employer contributions made to the Plan during 2022 by the Society for current and past service amounted to \$6,868 (2021 - \$7,127) and \$149 (2021 - \$91), respectively.

Since the Plan is a multi-employer plan, the Society's contributions are accounted for as if the Plan were a defined contribution plan with the Society's contributions being expensed in the period they come due.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2022

7. Employee future benefits (continued):

Any pension surplus or deficit is a joint responsibility of members and employers and may affect future contribution rates related to members. The Society does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the Society's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at December 31, 2021 indicated an actuarial deficit of \$3,131,000.

8. Children's Aid Foundation of Canada:

The CAFC raises money from the public and corporate sectors and provides grants to the Society for preventive programs, as well as research-oriented child welfare projects for which regular government funding is not available.

(a) Grants from CAFC - Special Purposes Fund:

	2022	2021
Balance, beginning of year	\$ 5,090	\$ 4,934
Funding received from CAFC	4,044	3,340
Amount recognized as revenue	(3,379)	(3,184)
Balance, end of year	\$ 5,755	\$ 5,090

The unspent balance at year end is included in deferred contributions (note 6(a)).

(b) Grants from CAFC - Operating Fund:

Properties are leased from CAFC for rent of \$128 (2021 - \$156). CAFC donated \$128 (2021 - \$156) to the Society in connection with this rent. The leases are for a one-year term, renewable annually. In addition, \$443 (2021 - \$436) was donated for other programs. Total donations to the Operating Fund are \$571 (2021 - \$592).

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2022

8. Children's Aid Foundation of Canada (continued):

Certain administration functions are performed by the Society for CAFC for \$12 (2021 - \$10) per year.

Included in receivable from CAFC is \$10,000 (2021 - \$10,000) held by CAFC for the Real Estate Fund under an agreement between the two parties.

9. Commitments:

- (a) The Society has entered into operating leases up to 2027 for premises other than those leased from CAFC (note 8(b)).

Future minimum lease payments under operating leases are as follows:

2023	\$ 1,951
2024	1,990
2025	2,030
2026	2,070
2027	2,112
	<hr/>
	\$ 10,153

- (b) The Society has entered into agreements with certain adoptive parents to provide financial assistance for the care of adopted children. The estimated average commitment for each of the next five years is \$4,963 (2021 - \$4,860).

10. Contingencies:

The Society is party to legal actions arising in the ordinary course of operations. While it is not feasible to predict the outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the operations of the Society. The Society maintains a level of insurance coverage.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2022

11. Custodial assets:

The Society maintains cash and investments on behalf of children in the amount of \$232 (2021 - \$191). These amounts are not included in these financial statements.

The Society, as the subscriber, held registered education savings plans on behalf of children, as the beneficiary, in the amount of \$5,538 as at March 31, 2022 (2021 - \$5,501). These amounts are not included in these financial statements.

12. Indemnification of officers and directors:

The Society's by-law states that the Society will indemnify its directors, officers and other persons undertaking any liability on behalf of the Society from any costs, charges and expenses whatsoever which such person sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against him or her or in respect of any act, deed, matter, or thing whatsoever made, done or permitted by him or her in or about the execution of duties of his or her office, except such costs, charges or expenses as are occasioned by his or her own wilful neglect or default.

The Society's basic errors and omissions insurance policy covers directors, officers and other persons for up to \$15,000 annually in the aggregate, with respect to liability for damages imposed by a court of law in connection with the execution of their duties on behalf of the Society. In addition, the Society's insurance provides up to \$10,000 annual aggregate coverage for directors and officers with respect to claims made against them in the discharge of their duties for the Society where no protection exists under the Society's basic errors and omissions policy.

In the unlikely event that a director or officer, in the execution of his or her duties, becomes liable for costs in excess of the Society's insurance coverage, the Society by-law described above obligates the Society to indemnify the individual for such costs. The nature of this indemnity prevents the Society from reasonably estimating the maximum exposure. Historically, the Society has not made significant payments nor does it expect to make any significant payments under such indemnity. While this may be a potential liability, in the Society's view, it is highly unlikely to occur.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2022

13. Additional information:

The Society has service contracts and CYFSA approvals with the MCCSS. The following is a reconciliation report which summarizes by service, on a modified cash basis, all revenue and expenses and identifies any resulting surplus or deficit that relates to the service contracts and CYFSA approvals.

The following services were in a balanced position as at March 31, 2022.

MCCSS Child Welfare Program:

Revenue:	
MCCSS funding	\$ 156,053
Deficit funded by Balanced Budget Fund	2,185
	<hr/> 158,238
Non-MCCSS funding	3,421
	<hr/> 161,659
Expenses:	
Salaries and benefits	85,007
Board rate payments	42,270
Client-related	13,174
Occupancy and office	14,513
Travel	1,780
Purchased services	2,221
Training and recruitment	401
Other	2,293
	<hr/> 161,659
Excess of revenue over expenses	<hr/> \$ —

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2022

13. Additional information (continued):

Reconciliation of statement of operations to funding report provided to MCCSS:

Total Operating Fund revenue	\$ 167,015
Less:	
MCCSS non-Child Welfare Program funding	4,633
Non-MCCSS revenue for Child Welfare Program	3,421
Non-MCCSS revenue for non-Child Welfare Program	619
Amortization of deferred contributions	75
Other	29
	<hr/>
	8,777
<hr/>	
Total Child Welfare Program funding	\$ 158,238
	<hr/>
Total Operating Fund expenses	\$ 162,374
Add:	
Purchase of capital assets	5,199
Changes in certain prepaid expenses	1,681
Other Child Welfare Program expenses not in the Operating Fund	760
Boarding rate charges related to Child Welfare Program	271
	<hr/>
	7,911
Less:	
MCCSS Non-Child Welfare Programs expenses	5,523
Amortization of capital assets	3,009
Change in certain accrued liabilities	94
	<hr/>
	8,626
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Total Child Welfare Program expenses	\$ 161,659
	<hr/>

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2022

13. Additional information (continued):

During 2014, MCCSS announced the creation of the "Balanced Budget Fund" to support Children's Aid Societies in meeting the balanced budget requirements. The Balanced Budget Fund process was initially developed individually for each Children's Aid Society to reflect the accumulated surplus that was returned to MCCSS each year. To be eligible to access these funds, the Society must meet two conditions:

- (a) the Society must have generated a prior year surplus recovered in or after 2013/14; and
- (b) the Society must require additional funding in a future year for child welfare operations in order that they will not incur a deficit. The required amount cannot exceed the total accumulated Balanced Budget Fund surplus.

Effective for the year ended March 31, 2021, MCCSS will retain 50% of certain surpluses generated by individual Children's Aid Societies in a separate Ministry Balanced Budget Fund whereby such funds will be used at the discretion of MCCSS. The following represents the Society's Balanced Budget Fund balance:

	2022	2021
Balance, beginning of year	\$ 4,984	\$ 4,590
Surplus generated	–	788
Surplus allocated to MCCSS Balanced Budget Fund	–	(394)
Deficit funded by Balanced Budget Fund	(2,185)	–
Balance, end of year	\$ 2,799	\$ 4,984

The Society's ability to access and use Balanced Budget Funds will expire as follows:

March 31, 2023	\$ 2,405
March 31, 2024	394
	\$ 2,799

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2022

13. Additional information (continued):

MCCSS Non-Child Welfare Programs:

MCCSS Components	MCCSS Multi-Year Programs						MCCSS Other Programs					Grand Total
	Children's Community Accommodation	Children's Development Services	Community Support Services	Community and Prevention Supports	Broader Public Sector Other Children's Services	Provincial Initiatives	Multi-Year Programs -MCCSS Total	Pandemic Wage Enhancement	Building Resource Capacity in the Black Community	Prototyping Deliver Services Differently & Better	Other Programs -MCCSS Total	
Revenue:												
MCCSS funding	\$ 2,087	\$ 66	\$ 1,348	\$ 11	\$ 788	\$ 4,300	\$ 58	\$ 75	\$ 200	\$ 333	\$ 4,633	
Boarding rate charges	-	-	271	-	-	271	-	-	-	-	271	
Non-MCCSS revenue	-	-	619	-	-	619	-	-	-	-	619	
Total revenue	2,087	66	2,238	11	788	5,190	58	75	200	333	5,523	
Expenses:												
Salaries and benefits	99	63	1,717	11	592	2,482	58	75	-	133	2,615	
Board rate payments	1,985	-	-	-	-	1,985	-	-	-	-	1,985	
Client-related	-	2	284	-	178	464	-	-	200	200	664	
Occupancy and office	-	-	15	-	4	19	-	-	-	-	19	
Travel	3	1	1	-	14	19	-	-	-	-	19	
Purchased services	-	-	221	-	-	221	-	-	-	-	221	
Total expense	2,087	66	2,238	11	788	5,190	58	75	200	333	5,523	
Excess of revenue over expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2022

14. Financial risks:

(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.

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

The contractual maturities of mortgages payable are disclosed in note 5.

(b) Interest rate risk:

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 Society's mortgages payable have a variable interest rate based on banker's acceptance rates plus a margin. As a result, the Society is exposed to interest rate risk due to fluctuations in the bankers' acceptance rate. The Society's short-term investments consist of GICs with interest rates ranging from 0.30% to 1.51% (2021 - 0.45% to 1.15%) 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 Society is exposed to credit risk with respect to the funding receivable, accounts receivable and receivable from CAFC.

The Society 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 Society at March 31, 2022 is the carrying value of these assets. Currently there is no allowance for doubtful accounts.

There have been no significant changes to the risk exposures from 2021, inclusive of the impact of the COVID-19 pandemic.