

**FAMILY AND CHILDREN'S SERVICES
OF ST. THOMAS AND ELGIN**

Financial Statements

March 31, 2023

**FAMILY AND CHILDREN'S SERVICES
OF ST. THOMAS AND ELGIN**

Financial Statements

For The Year Ended March 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements are the responsibility of the management of Family and Children's Services of St. Thomas and Elgin and have been prepared in accordance with Canadian public sector accounting standards.

These financial statements include:

- Independent Auditors' Report
- Statement of Financial Position
- Statement of Operations and Accumulated Surplus
- Statement of Change in Net Financial Debt
- Statement of Cash Flows
- Notes to the Financial Statements
- Schedule of Segment Disclosure

The Executive Director and the Manager of Finance are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing the financial statements before they are submitted to the Board for approval.

The integrity and reliability of Family and Children's Services of St. Thomas and Elgin reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The financial statements have been audited on behalf of the Members of Family and Children's Services of St. Thomas and Elgin by Graham Scott Enns LLP in accordance with Canadian generally accepted auditing standards.



Mr. Brian Flint
Executive Director



Mr. Barry Westman
Manager of Finance

St. Thomas, Ontario
June 7, 2023



GRAHAM SCOTT ENNS LLP
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INDEPENDENT AUDITORS' REPORT

To the Members of **Family and Children's Services of St. Thomas and Elgin** :

Opinion

We have audited the financial statements of **Family and Children's Services of St. Thomas and Elgin**, which comprise the statement of financial position as at March 31, 2023, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the organization's financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2023, and the results of its 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 report. We are independent of the organization 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 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.

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 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.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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.

St. Thomas, Ontario

June 7, 2023

Graham Scott Enns LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

**Statement of Financial Position
As At March 31, 2023**

	2023	2022
	<u>\$</u>	<u>\$</u>
FINANCIAL ASSETS		
Cash (Note 8)	1,215,633	1,382,534
Accounts receivable (Note 4)	1,065,479	469,344
Government remittances recoverable	158,225	70,512
Asset held for resale (Note 6)	<u>311,611</u>	<u>311,611</u>
TOTAL FINANCIAL ASSETS	<u>2,750,948</u>	<u>2,234,001</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	816,392	758,250
Deferred revenue (Note 9)	191,298	220,556
Building loan (Note 12)	<u>2,507,567</u>	<u>2,654,907</u>
TOTAL FINANCIAL LIABILITIES	<u>3,515,257</u>	<u>3,633,713</u>
NET FINANCIAL DEBT	<u>(764,309)</u>	<u>(1,399,712)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	3,413,243	3,545,151
Prepaid expenses	<u>20,449</u>	<u>18,663</u>
	<u>3,433,692</u>	<u>3,563,814</u>
ACCUMULATED SURPLUS (NOTE 10)	<u>2,669,383</u>	<u>2,164,102</u>

On behalf of the Board:



Director



Director

See accompanying notes to the financial statements.

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

**Statement of Change in Net Financial Debt
For The Year Ended March 31, 2023**

	(Note 11) Budget 2023 \$	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS	508,248	505,281	692,431
Amortization of tangible capital assets	131,908	131,908	142,719
Change in prepaid expenses	-	(1,786)	520
CHANGE IN NET FINANCIAL DEBT	640,156	635,403	835,670
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(1,399,712)</u>	<u>(1,399,712)</u>	<u>(2,235,382)</u>
NET FINANCIAL DEBT, END OF YEAR	<u>(759,556)</u>	<u>(764,309)</u>	<u>(1,399,712)</u>

See accompanying notes to the financial statements.

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

Statement of Operations and Accumulated Surplus For The Year Ended March 31, 2023

	(Note 11) Budget 2023 <u>\$</u>	Actual 2023 <u>\$</u>	Actual 2022 <u>\$</u>
REVENUES			
Ministry - Children, Community and Social Services	12,157,821	11,697,884	11,624,356
Maintenance	226,647	245,693	328,339
Children's special allowances	147,698	160,110	179,835
Rental	-	-	44,625
Maintenance agreements	655	710	8,425
	<u>12,532,821</u>	<u>12,104,397</u>	<u>12,185,580</u>
EXPENDITURES			
Salaries and wages	6,008,005	5,862,077	6,083,457
Boarding rate payments	1,940,000	1,699,416	1,740,160
Employee benefits	1,612,000	1,592,100	1,563,010
Clients' personal needs	850,000	869,537	748,329
Building occupancy	452,660	398,068	302,844
Technology	270,000	290,547	293,211
Office administration	175,000	168,801	154,893
Amortization of capital assets	131,908	131,908	142,719
Transportation	175,000	167,232	138,901
Liability insurance and dues	160,000	162,627	125,900
Health and related costs	80,000	73,229	74,160
Staff training and recruitment	80,000	81,077	63,966
Purchased services - non-client related	60,000	66,047	47,131
Purchased service - client related	25,000	29,743	12,143
Promotion and publicity	5,000	6,707	2,325
	<u>12,024,573</u>	<u>11,599,116</u>	<u>11,493,149</u>
ANNUAL SURPLUS	508,248	505,281	692,431
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>2,164,102</u>	<u>2,164,102</u>	<u>1,471,671</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>2,672,350</u>	<u>2,669,383</u>	<u>2,164,102</u>

See Note 13 for Ministry of Children, Community and Social Services Reconciliation Purposes

See accompanying notes to the financial statements.

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

**Statement of Remeasurement Gains and Losses
For The Year Ended March 31, 2023**

	2023	2022
	<u>\$</u>	<u>\$</u>
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF YEAR	-	-
Change in accumulated remeasurement gains	<u>-</u>	<u>-</u>
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	<u>-</u>	<u>-</u>

See accompanying notes to the financial statements.

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

Statement of Cash Flows For The Year Ended March 31, 2023

	2023	2022
	<u>\$</u>	<u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	505,281	692,431
Adjustments for non-cash items:		
Amortization of tangible capital assets	<u>131,908</u>	<u>142,719</u>
	<u>637,189</u>	<u>835,150</u>
Changes in non-cash working capital:		
Accounts receivable	(596,135)	(218,617)
Prepaid expenses	(1,786)	520
Accounts payable and accrued liabilities	58,142	(441,268)
Government remittances recoverable	(87,713)	73,101
Deferred revenue	<u>(29,258)</u>	<u>106,034</u>
	<u>(656,750)</u>	<u>(480,230)</u>
	<u>(19,561)</u>	<u>354,920</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Building loan repayments	<u>(147,340)</u>	<u>(267,340)</u>
NET CHANGE IN CASH	(166,901)	87,580
CASH, BEGINNING OF YEAR	<u>1,382,534</u>	<u>1,294,954</u>
CASH, END OF YEAR	<u>1,215,633</u>	<u>1,382,534</u>

See accompanying notes to the financial statements.

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

Notes to the Financial Statements For The Year Ended March 31, 2023

NATURE OF THE ORGANIZATION

Family and Children's Services of St. Thomas and Elgin (the "organization") is incorporated in the Province of Ontario, without share capital and without the purpose of gain for its members. Services provided by the agency include protecting children from abuse and neglect, counselling for families and children, providing foster and group home care for children and the placement and supervision of children with adoptive parents. The organization is classified as a registered charity under the Income Tax Act and is exempt from tax.

1. CHANGE IN ACCOUNTING FRAMEWORK

On April 1, 2022 the organization changed its accounting framework from Canadian accounting standards for government not-for-profit organizations to Canadian public sector accounting standards. Although there are similarities in these frameworks the change resulted in the organization adopting the following Public Sector Accounting Standards:

- PS 1201 - Financial Statement Presentation - resulting in the presentation of the statement of change in net financial assets, reporting revenues by type and expenses by major function or object, presentation of financial assets and liabilities and non-financial assets on the statement of financial position resulting in the restatement of the opening accumulated surplus for the land held for resale.
- PS 1300 - Government Reporting Entity - reporting only assets and liabilities related to the reporting entity resulting in the removal of the RESP trust assets and liabilities.
- 3260 - Liability for Contaminated Sites - required disclosures of potential contaminated sites (if any).
- PS 3280 - Asset Retirement Obligations - required reporting of any asset retirement obligations as tangible assets and liabilities and associated policies (if any).
- PS 3400 - Revenue - reporting revenue by exchange and non-exchange transactions (if any).
- PS 3450 - Financial Instruments - reporting new disclosures regarding financial instrument risks and a new statement of remeasurement gains and losses.

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

Notes to the Financial Statements For The Year Ended March 31, 2023

1. CHANGE IN ACCOUNTING FRAMEWORK (CONTINUED)

There were no changes in previous financial statement amounts presented, other than the removal of the RESP assets and liabilities (note 7). The opening balance sheet as at April 1, 2021 is as follows:

FINANCIAL ASSETS	
Cash	1,294,954
Accounts receivable	250,727
Government remittances recoverable	<u>143,613</u>
TOTAL FINANCIAL ASSETS	<u>1,689,294</u>
FINANCIAL LIABILITIES	
Accounts payable and accrued liabilities	1,199,518
Deferred revenue	114,522
Building loan	<u>2,922,247</u>
TOTAL FINANCIAL LIABILITIES	<u>4,236,287</u>
NET FINANCIAL DEBT	<u>(2,546,993)</u>
NON-FINANCIAL ASSETS	
Tangible capital assets	3,999,481
Prepaid expenses	<u>19,183</u>
	<u>4,018,664</u>
ACCUMULATED SURPLUS	<u>1,471,671</u>

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

Notes to the Financial Statements For The Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Accounting Estimates

The preparation of these financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

In particular, the organization uses significant estimates when accounting for certain items, including:

- Useful lives of tangible assets
- Accrued liabilities
- Revenues and deferred revenue

Revenue Recognition

The organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Funding and donations which have been specifically contributed for the purpose of offsetting current expenses incurred in the course of the care of individuals are recognized as current operating revenue. Investment income includes interest and is recognized when earned.

Deferred Revenue

The organization administers other non-child welfare programs funded by the Province of Ontario and other sources. Note 9 provides a summary of these other programs. Any unexpended funding for these non-child welfare programs as at March 31st is reported as deferred revenue on the Statement of Financial Position.

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

Notes to the Financial Statements For The Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible Capital Assets

Tangible capital assets consist of land, buildings and equipment and are recorded at cost. When an asset is sold or otherwise disposed of, the original cost and related accumulated amortization are removed from the accounts, and any gain or loss is recognized in earnings. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

• Buildings	Straight-line over 40 years
• Roof	Straight-line over 20 years
• Furniture and equipment	Straight-line over 10 years
• Computer equipment	Straight-line over 3 years

Amortization begins the first month the asset is placed in service. Assets under construction are not amortized until the asset is available for productive use.

Financial instruments

The organization's financial instruments are measured as follows:

- i. Cash at fair value
- ii. Portfolio investments at fair value (if any)
- iii. Accounts receivable at amortized cost
- iv. Accounts payable and accrued liabilities at amortized cost
- v. Debt at amortized cost

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expenses. Transaction costs are a component of cost for financial instruments measured using cost or amortized costs. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of cash equivalents and portfolio investments are accounted for using trade-date accounting. The organization does not use foreign currency contracts or any other type of derivative financial instruments of trading or speculative purposes.

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

Notes to the Financial Statements For The Year Ended March 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Environmental Provisions and Contaminated Sites

The organization may be exposed to litigation or other costs of remediation due to contaminated properties in its jurisdiction. A liability for remediation is recognized in the financial statements when an environmental standard exists, contamination exceeds the standard, the government is responsible for the remediation and a reasonable estimate of the liability can be made. As at March 31, 2023 there were no properties that the organization was responsible to remedy and as such no liability has been accrued.

3. FINANCIAL INSTRUMENT RISKS

Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the balance sheet date.

i] Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed rate long-term debt. As the interest rates are fixed the organization doesn't believe that interest rate risk is a significant risk.

ii] Liquidity Risk

Liquidity risk is the risk that a organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk in respect of its accounts payable and accrued liabilities and long-term debt. The organization doesn't believe that liquidity risk is a significant risk as no financial liabilities of the organization were in default during the period and the organization was in compliance with its building loan debt covenants during the year.

iii] Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable. The organization manages this risk by monitoring active receivable balances.

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

**Notes to the Financial Statements
For The Year Ended March 31, 2023**

4. ACCOUNTS RECEIVABLE

	2023	2022
	<u>\$</u>	<u>\$</u>
Targeted subsidy and other ministry funding (Note 14)	1,038,016	423,794
Trade receivable - OSW	22,775	32,988
Other receivables	<u>4,688</u>	<u>12,562</u>
	<u>1,065,479</u>	<u>469,344</u>

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
	<u>\$</u>	<u>\$</u>	2023	2022
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Land - 99 Edward Street	78,000	-	78,000	78,000
Building - 99 Edward Street	3,895,568	718,898	3,176,670	3,274,059
Roof - 99 Edward Street	222,335	88,936	133,399	144,516
Furniture and equipment	215,411	190,237	25,174	37,763
Computer equipment	<u>64,873</u>	<u>64,873</u>	<u>-</u>	<u>10,813</u>
	<u>4,476,187</u>	<u>1,062,944</u>	<u>3,413,243</u>	<u>3,545,151</u>

6. ASSET HELD FOR RESALE

The organization determined that the land and building at 410 Sunset Drive was no longer required to service operations, is no longer using the land and building in operations, and has listed the property for sale. As such the organization has classified this property, with carrying value of \$311,611, as an asset held for resale.

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

Notes to the Financial Statements For The Year Ended March 31, 2023

7. REGISTERED EDUCATION SAVINGS PLAN HELD IN TRUST

The organization has received funds of \$666,126 (2022 - \$671,855) as part of the federal government Canada Child Tax Benefit (CCTB) program to be used to establish a Registered Education Savings Plan (RESP) for qualifying children under the age of six years old in the care of the organization.

These funds have been invested in accordance with the directions from the Ministry of Children, Community and Social Services. When a RESP is opened, additional federal funding in the form of The Canada Education Savings Grant and a one-time Canada Learning Bond are deposited directly to the individual RESP. The CCTB and additional federal funding plus any income earned in the RESP are not reported in the Statement of Operations.

8. CREDIT FACILITY AGREEMENT

The organization maintains an operating line of credit with the Canadian Imperial Bank of Commerce to a maximum of \$500,000. The line of credit facility bears interest at prime rate plus 0.25%. As at March 31, 2023, the organization had no amounts drawn on this operating line of credit.

9. DEFERRED REVENUE

	Revenues	Expenditures	Excess (Deficiency)	Balance at March 31,	
	\$	\$	\$	2023	2022
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Province of Ontario:					
Broader public service	7,120	7,120	-	-	-
Partner Facility - Minor Capital	-	31,856	(31,856)	-	31,856
Child & family intervention	16,223	16,223	-	-	-
High risk infant protocol	-	-	-	5,820	5,820
Ontario Child Benefit equivalent	40,901	31,740	9,161	97,614	88,453
Transitional Aged Youth Education Liaison Program	10,314	14,998	(4,684)	(7,010)	(2,326)
	<u>87,186</u>	<u>87,186</u>	-	-	-
	<u>161,744</u>	<u>189,123</u>	<u>(27,379)</u>	<u>96,424</u>	<u>123,803</u>
Elgin Children's' Foundation:					
Grants- special needs	-	1,879	(1,879)	-	1,879
Permanency funding	-	-	-	94,874	94,874
	-	-	-	<u>94,874</u>	<u>96,753</u>
Total	<u>161,744</u>	<u>191,002</u>	<u>(29,258)</u>	<u>191,298</u>	<u>220,556</u>

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

**Notes to the Financial Statements
For The Year Ended March 31, 2023**

10. ACCUMULATED SURPLUS

The accumulated surplus consists of individual fund surplus and reserves as follows:

	2023	2022
	<u>\$</u>	<u>\$</u>
SURPLUS		
General	1,763,707	1,273,858
Invested in tangible capital assets	<u>3,413,243</u>	<u>3,545,151</u>
	5,176,950	4,819,009
AMOUNTS TO BE RECOVERED		
Net long-term debt	<u>(2,507,567)</u>	<u>(2,654,907)</u>
ACCUMULATED SURPLUS	<u><u>2,669,383</u></u>	<u><u>2,164,102</u></u>

11. BUDGET

Public Sector Accounting Standards require a comparison of the results of the period with those originally planned on the same bases as that was used for actual results. The budgets in the statement of operations has been adjusted to be presented on consistent bases as actual results. Below is the reconciliation of the figures from the approved budget to the financial statements.

Ministry revenues	12,157,821
Other revenues	375,000
Budgeted expenditures	<u>(12,040,005)</u>
 Budgeted Surplus	 492,816
 Principal repayments (building occupancy)	 147,340
Amortization	<u>(131,908)</u>
 Budgeted Surplus - PSAB	 <u><u>508,248</u></u>

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

**Notes to the Financial Statements
For The Year Ended March 31, 2023**

12. BUILDING LOAN

	2023	2022
	<u>\$</u>	<u>\$</u>
Demand instalment loan, bearing interest at prime plus 0.25% (Effective interest rate - March 31, 2023 - 6.7%, March 31, 2022 - 2.70%), with monthly principal payments of \$12,278, amortized until March 2040, secured by land and buildings.	<u>2,507,567</u>	<u>2,654,907</u>

The entire loan is considered a demand instalment loan and as such is classified as a current liability. Management expects the building loan to be renewed as required and doesn't expect any conditions to exist that would cause the loan to be demanded. The total interest expensed on this loan during the year was \$130,794 (2022 - \$77,085). The aggregate amount of principal payments required in each of the next five years to meet retirement provisions, based on current terms, is as follows:

	<u>\$</u>
2024	147,336
2025	147,336
2026	147,336
2027	147,336
2028	147,336
Thereafter	<u>1,770,887</u>
	<u>2,507,567</u>

13. RECONCILIATION FOR MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES

	2023	2022
	<u>\$</u>	<u>\$</u>
Excess of Revenues over Expenditures (Statement of Operations)	505,281	692,431
Reconciling items:		
Principal payment on long-term debt	(147,340)	(267,340)
Current year balanced budget funded repaid in year	489,850	567,810
Amortization of tangible capital assets	<u>131,908</u>	<u>142,719</u>
Excess of Revenues over Expenditures for Ministry of Children, Community and Social Services Reconciliation Purposes	<u>979,699</u>	<u>1,135,620</u>

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

Notes to the Financial Statements For The Year Ended March 31, 2023

14. BALANCED BUDGET FUND AND FUTURE ACCESS TO SURPLUSES

In 2013-14 the Ministry of Children, Community and Social Services (the "Ministry") announced the creation of the Balanced Budget Fund ("BBF") to support Children's Aid Societies ("CASs") in meeting the balanced budget requirement set out in Regulation 70. In 2021, the BBF funding model was updated in that 50% of the any surpluses generated, over the CASs existing deficit, are returned to the Ministry BBF to assist in funding other deficit CASs. The other 50% of the surplus is retained by the organization in it's own BBF and must be used within three years or they expire and would need to be repaid.

In order to be eligible to access these funds in a future year, the agency must meet two conditions: (1) the agency must have generated a prior year's surplus recovered in or after 2013-14; and (2) the agency requires additional funding to meet eligible expenditures.

The requirement to submit a balanced budget is set out in Section 12 of Ontario Regulation 156/18 of the Child, Youth and Family Services Act, 2017 and the organization has the flexibility to manage all eligible expenditures in the approved budget allocation.

As at the year end, the balance in the organization's balanced budget fund is reported in accounts receivable, is reported in the accumulated surplus and is as follows:

\$	
318,769	- expires March 2024
567,810	- expires March 2025
<u>489,850</u>	- expires March 2026
<u>1,376,429</u>	

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

Notes to the Financial Statements For The Year Ended March 31, 2023

15. POST EMPLOYMENT BENEFITS

The organization makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits the members have earned to date. The most recent actuarial valuation of the Plan was conducted December 31, 2022, and the results of this valuation disclosed actuarial liabilities of \$128.8 billion in respect of benefits accrued for service with actuarial assets at that date of \$122.1 billion leaving an actuarial deficit of \$6.7 billion.

Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the organization does not recognize any share of the OMERS Pension surplus or deficit in these consolidated financial statements.

Total contributions to the plan during the fiscal year for current service of approximately \$604,000 (2022 - \$618,000) and are included in "Employee benefits" on the Statement of Operations.

16. ECONOMIC DEPENDENCE

The organization has an accountability agreement for funding with the Ministry of Children, Community and Social Services that expired March 31, 2016. This agreement is to remain in effect until it is replaced with a new agreement. Under the agreement the organization was in compliance with section 7.0 of the agreement which requires the organization to submit a plan for spending that shall not exceed the approved budget allocation. During the year, the Ministry has provided the organization with planning allocation funding for 2023-2024 of \$11,925,209.

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

Notes to the Financial Statements For The Year Ended March 31, 2023

17. THE ELGIN CHILDREN'S FOUNDATION

The Elgin Children's Foundation is incorporated under the Corporations Act (Ontario) without share capital and is a registered charity under the Income Tax Act. The objectives of the Foundation are to receive and maintain a fund to support children and youth needs of the organization that do not receive government funding, or when funding is insufficient. The organization has an economic interest in the Foundation as both organizations have common and complimentary objectives.

The operations and financial position of the Foundation have not been consolidated in these financial statements. Financial summaries of this unconsolidated entity as at December 31, 2022, the Foundation's fiscal year end, are as follows:

	2022	2021
	<u>\$</u>	<u>\$</u>
Statement of Financial Position		
Total assets	<u>926,861</u>	<u>1,061,818</u>
Total liabilities	63	1,564
Total net assets	<u>926,798</u>	<u>1,060,254</u>
	<u>926,861</u>	<u>1,061,818</u>
Statement of Operations		
Total revenues	(79,307)	682,871
Total expenditures	<u>54,149</u>	<u>148,318</u>
Excess of revenues over expenditures	<u>(133,456)</u>	<u>534,553</u>