

Financial Statements of

**FAMILY AND CHILDREN'S  
SERVICES OF RENFREW  
COUNTY**

And Independent Auditor's Report thereon

Year ended March 31, 2024



**KPMG LLP**

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**INDEPENDENT AUDITOR'S REPORT**

To the Members of Family and Children's Services of Renfrew County

***Opinion***

We have audited the financial statements of Family and Children's Services of Renfrew County (the Agency) which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations for the year then ended
- the statement of changes in net assets 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 Agency as at March 31, 2024, and its results of operations, its changes in net assets 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 Agency 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 Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency'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 Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Agency'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 Agency 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*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 20, 2024

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

## Statement of Financial Position

March 31, 2024, with comparative information for 2023

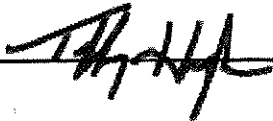
	2024	2023
<b>Assets</b>		
Current assets:		
Cash	\$ 1,792,616	\$ 1,211,746
Restricted cash	423,100	489,222
Accounts receivable (note 3)	428,992	416,744
Prepaid expenses	109,295	96,965
	<u>2,754,003</u>	<u>2,214,677</u>
Capital assets (note 5)	2,665,292	2,699,257
	<u>\$ 5,419,295</u>	<u>\$ 4,913,934</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accruals (note 7)	\$ 2,133,174	\$ 3,103,781
Due to the Province of Ontario (note 4)	721,657	40,057
Deferred revenue	137,498	—
Current portion of long-term debt (note 8)	86,664	86,664
	<u>3,078,993</u>	<u>3,230,502</u>
Funds held in trust (note 9)	220,047	290,141
Deferred capital contributions (note 10)	384,830	—
Long-term debt (note 8)	556,114	642,781
	<u>4,239,984</u>	<u>4,163,424</u>
Net assets	1,179,311	750,510
Economic dependence (note 14)		
Contingencies (note 17)		
	<u>\$ 5,419,295</u>	<u>\$ 4,913,934</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
 \_\_\_\_\_ Director  
 \_\_\_\_\_ Director

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

## Statement of Operations

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

	2024	2023
<b>Revenue:</b>		
Government funding - Ministry of Children, Community and Social Services (note 11)	\$ 25,195,539	\$ 24,648,248
Renfrew County	356,514	380,473
Amortization of deferred capital contributions (note 10)	11,304	-
Ministry of Attorney General	-	172,293
	25,563,357	25,201,014
Rental	517,611	506,849
Children's special allowance	245,996	278,122
Interest	148,314	65,190
Other	142,832	412,689
Fees collected	107,033	80,440
	1,161,786	1,343,290
	26,725,143	26,544,304
<b>Expenses:</b>		
Salaries and benefits	10,268,831	11,110,319
Program costs	7,427,535	7,361,305
Employee benefits	3,124,022	2,966,733
Board rate	2,167,425	2,353,337
Building occupancy	923,957	890,570
Health related and financial assistance	676,243	707,139
Travel	491,303	452,392
Purchased professional services	280,255	213,973
Amortization of capital assets	170,417	202,582
Clients' personal needs	125,604	159,111
Technology	141,239	133,770
Insurance	132,383	112,359
Office administration and promotion	148,557	128,515
Training and recruitment	64,865	56,269
Membership fees	59,720	65,643
Interest on long-term debt	49,334	35,418
Purchased services, case related	44,652	69,354
	26,296,342	27,018,789
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 428,801</b>	<b>\$ (474,485)</b>

See accompanying notes to financial statements.

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

## Statement of Changes in Net Assets

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

	2024	2023
Net assets, beginning of year	\$ 750,510	\$ 1,224,995
Excess (deficiency) of revenue over expenses	428,801	(474,485)
<b>Net assets, end of year</b>	<b>\$ 1,179,311</b>	<b>\$ 750,510</b>

See accompanying notes to financial statements.

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

## Statement of Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 428,801	\$ (474,485)
Amortization of capital assets	170,417	202,582
Amortization of deferred capital contributions	(11,304)	—
Change in non-cash operating working capital:		
Accounts receivable	(12,248)	59,386
Due to the Province of Ontario	681,600	253,662
Prepaid expenses	(12,330)	(7,381)
Accounts payable and accruals	(970,607)	624,959
Funds held in trust	(70,094)	(17,049)
Deferred revenue	137,498	—
	341,733	641,674
Financing activities:		
Repayment of long-term debt	(86,667)	(123,038)
Investing activities:		
Purchase of capital assets	(136,452)	(93,195)
Capital contributions received during the year	396,134	—
	259,682	(93,195)
Increase in cash	514,748	425,441
Cash, beginning of year	1,700,968	1,275,527
<b>Cash, end of year</b>	<b>\$ 2,215,716</b>	<b>\$ 1,700,968</b>
Cash is composed of:		
Cash	\$ 1,792,616	\$ 1,211,746
Restricted cash	423,100	489,222
	<b>\$ 2,215,716</b>	<b>\$ 1,700,968</b>

See accompanying notes to financial statements.



# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements

Year ended March 31, 2024

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Family and Children's Services of Renfrew County (the "Agency") is a multi-service organization serving children, adults and families of Renfrew County.

The Agency's mission is "Helping families and communities in Renfrew County protect and support the development and well being of children, youth and adults through integrated services, prevention and social inclusion." The Agency receives funding from the Ministry of Children, Community and Social Services, Ministry of the Attorney General, as well as grants, donations and other revenue sources. Services include Child Welfare under the Child and Family Services Act, Developmental Services, Family Visitation and Exchange, and Ontario Early Years, among others.

**1. Significant accounting policies:**

(a) Basis of accounting:

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The Agency uses the accrual basis of accounting.

(b) Revenue recognition:

The Agency uses the deferral method of accounting for contributions.

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

Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Contributions restricted to capital expenditures are deferred and amortized on a basis and rate corresponding with the amortization rate of the related capital assets.

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

Fees collected are recognized when the good or service is provided. Rental revenue is recognized as revenue over the term of the lease agreement.

Revenue from transactions with no performance obligations is recognized when the Agency.

(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 when they are received or become receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized as revenue when earned.

### (c) Restricted cash:

All cash held within the Trust Fund is restricted for specified purposes. These restricted funds include unspent trust funds and funds held in trust as described in note 9.

### (d) Financial instruments:

The Agency recognizes its financial instruments when the Agency becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

The Agency subsequently measures its financial assets and financial liabilities at amortized cost (including any impairment in the case of financial assets).

Financial assets measured at amortized cost include cash, accounts receivable (excluding harmonized sales tax recoverable) and due to the Province of Ontario.

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

Financial liabilities measured at amortized cost include accounts payable and accruals (excluding government remittances payable), funds held in trust, due to the Province of Ontario and long-term debt.

With respect to financial assets measured at amortized cost, the Agency assesses whether there are any indicators of impairment. When there is an indication of impairment, and if the Agency determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

### (e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition. 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 Agency's ability to provide services, its carrying amount is written down to its residual value.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

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Buildings	40 years
Equipment	10 years
Computers	3 years

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### (f) Contributed services:

Volunteers contribute many hours to assist in carrying out service delivery activities. Due to the difficulty in determining the fair value of these services, contributed services are not recognized in the financial statements.

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (g) Allocation of expenses:

The Agency engages in multiple programs in order to serve children, adults and families of Renfrew County. The costs of each program include the costs of direct services and other expenses that are directly related to providing the program. The Agency also incurs a number of general support expenses that are common to the administration of the Agency and each of its programs.

The Agency allocates certain of its general support expenses by identifying the appropriate basis of allocating each component expense and applies that basis consistently each year. The following expenses are allocated on the following bases:

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Information technology, Human resources, Finance, Executive and General office cost	Allocated on the basis of budgeted expenditures for each program
Occupancy costs	Allocated on the basis of market rentals and space utilized by each program's full time equivalent

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### (h) Employee future benefits:

The Agency participates in the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a defined benefit multiple employer plan ("Plan"). The Agency has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (i) PS 3280, Asset Retirement Obligations ("PS 3280"):

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several of the buildings owned by the Agency has been recognized based on estimated future expenses on removal of the asbestos.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the useful lives outlined in (e).

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (j) Newly adopted accounting standards:

These standards 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 Agency 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 Agency:
  - (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.
- (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 standards had no material effect on the Agency's statement of financial position or statement of operations.

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (k) Future accounting pronouncement:

These standards and amendments were not effective for the year ended March 31, 2024, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) The Conceptual Framework for Financial Reporting in the Public Sector would replace the conceptual aspects of PS 1000, Financial Statement Concepts and PS 1100, Financial Statement Objectives. This framework is effective for fiscal years beginning on or after April 1, 2026.

(ii) PS 1202, Financial Statement Presentation, sets out general and specific requirements for the presentation of information in general purpose financial statements. This standard is effective for fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted only if the Conceptual Framework for Financial Reporting in the Public Sector is also adopted at the same time.

### (l) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting year.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Due from the Province of Ontario is estimated based on interpretation of the related funding agreement. Amortization is based on the estimated useful lives of capital assets. Contingent liabilities and accruals are estimated based on information available to management as at the report date. Asset retirement obligations are estimated based on expected retirement costs as well as the timing and duration of these retirement costs, including the useful lives of affected capital assets.

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements (continued)

Year ended March 31, 2024

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**1. Significant accounting policies (continued):**

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the years in which they become known.

**2. Change in accounting policy:**

On April 1, 2023, the Agency changed the method of revenue recognition from the restricted fund method of accounting for contributions to the deferral method of accounting for contributions, in order to align their accounting policies with that of the Ministry. As a result of this change, restricted contributions will be recognized as revenue in the year in which the related expenses are incurred, unrestricted contributions will be recognized as revenue when received and contributions restricted to capital expenditures are deferred and amortized on a basis and rate corresponding with the amortization rate of the related capital assets. As the Agency deferred restricted contributions within accounts payable and accruals in the prior years and given there was an immaterial amount of capital contributions previously recognized into revenue upon immediate receipt of the funding, there is no effect on the comparative period for this accounting change.

**3. Accounts receivable:**

	2024	2023
Harmonized sales tax recoverable	\$ 72,768	\$ 53,696
Other accounts receivable	356,224	363,048
	<u>\$ 428,992</u>	<u>\$ 416,744</u>



# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 4. Due to the Province of Ontario:

Amounts due to the Province of Ontario represent current and prior year surpluses or deficits that are due to or from the Ministry of Children, Community and Social Services. Surpluses in the Child Welfare Fund program are payable to the Province of Ontario for the Balanced Budget Fund (note 13) and available to be accessed in future years to cover any deficits with Ministry approval. Deficits in the Child Welfare Fund would therefore constitute a receivable from the Province of Ontario. Any surplus in the independent programs is owed to the Province of Ontario and cannot be accessed in the future to cover any deficits. As at March 31, the amount due to the Province of Ontario consists of the following:

	2024	2023
Due from (to) the Province of Ontario, beginning of year	\$ (40,057)	\$ 213,605
Recovered by the Ministry during the year	44,066	227,298
Due to Balanced Budget Fund for the year	–	(233,539)
Pandemic pay recoverable	–	(120,316)
Clawback of unspent funds due to the Ministry - Policy Priority Fund	(45,042)	(68,565)
Clawback of unspent funds due to the Ministry - Child Welfare Fund	(478,438)	(19,144)
Clawback of unspent funds due to the Ministry - Developmental Services	(202,186)	–
Wage enhancement payable	–	(39,396)
<b>Due to the Province of Ontario, end of year</b>	<b>\$ (721,657)</b>	<b>\$ (40,057)</b>

## 5. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 369,547	\$ –	\$ 369,547	\$ 369,547
Buildings	4,496,260	2,271,952	2,224,308	2,222,160
Equipment	1,115,837	1,061,708	54,129	77,280
Computers	312,773	295,465	17,308	30,270
	<b>\$ 6,294,417</b>	<b>\$ 3,629,125</b>	<b>\$ 2,665,292</b>	<b>\$ 2,699,257</b>

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements (continued)

Year ended March 31, 2024

**5. Capital assets (continued):**

Cost and accumulated amortization at March 31, 2023 amounted to \$6,157,965 and \$3,458,708, respectively.

Included in capital assets are asset retirement obligations at a cost of \$69,834 and accumulated amortization of \$19,485.

**6. Credit facilities:**

At March 31, 2024, the Agency had access to an authorized line of credit totaling \$1,300,000 (2023 - \$1,300,000), bearing interest at prime rate, of which nil (2023 - nil) was drawn at year end. This demand credit facility is secured by a general security agreement on the property located at 77 Mary Street, Pembroke, Ontario. Additionally, the Agency has access to a \$100,000 demand corporate MasterCard line, to pay for and temporarily finance day-to-day business expenses.

**7. Accounts payable and accruals:**

	2024	2023
Trade accounts payable	\$ 1,256,874	\$ 1,211,034
Accrued vacation payable	461,401	552,159
Accrued liabilities	184,664	942,974
Accrued wages payable	230,235	224,308
Grants payable	—	173,306
	<b>\$ 2,133,174</b>	<b>\$ 3,103,781</b>

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements (continued)

Year ended March 31, 2024

**8. Long-term debt:**

	2024	2023
Mortgage payable in monthly installments of \$7,222 plus interest at the bank's prime rate less 0.5%, due September 2031, secured by the Argyle Street building, having a net book value of \$1,038,530 (2023 - \$1,074,705)	\$ 642,778	\$ 729,445
Less current portion	86,664	86,664
	<u>\$ 556,114</u>	<u>\$ 642,781</u>

Principal repayments on long-term debt in each of the next five years and thereafter, assuming that all term debt is subject to the same or similar terms of repayment are estimated as follows:

2025	\$ 86,664
2026	86,664
2027	86,664
2028	86,664
2029	86,664
Thereafter	209,458
	<u>\$ 642,778</u>

Interest on long-term debt amounted to \$49,334 (2023 - \$35,418).

The terms of the long-term debt require that certain non-financial covenants be met. As at March 31, 2024, the Agency was in compliance with all of their covenants.

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 9. Funds held in trust:

The Agency holds in the Trust Fund account a total of \$109,950 (2023 - \$153,533) which will be deposited into registered education savings plans ("RESPs") for children in care of the Agency, according to Ministry Policy Directive CW002-15. In addition, a total of \$926,414 (2023 - \$902,323) is held in RESPs at Royal Bank of Canada, where a total of 139 (2023 - 140) RESP plans have been opened for individual children currently or previously in care of the Agency.

The Agency also holds in the Trust Fund account a total of \$110,097 (2023 - \$136,608) relating to the Ontario Child Benefit Equivalent ("OCBE") to be distributed to eligible youth in care according to Ministry Policy Directive CW002-18.

## 10. Deferred capital contributions:

The changes in the deferred capital contributions balance for the year are as follows:

	2024	2023
Balance, beginning of year	\$ -	\$ -
Capital contributions received during the year	396,134	-
Amounts amortized to revenue	(11,304)	-
<b>Balance, end of year</b>	<b>\$ 384,830</b>	<b>\$ -</b>

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 11. Ministry of Children, Community and Social Services funding reconciliation:

	2024	2023
Ministry of Children, Community and Social Services funding per confirmation	\$ 25,922,584	\$ 24,916,661
Funding adjustments confirmed relating to prior years	(1,379)	(268,413)
Clawback of unspent funds due to the Ministry - Child Welfare Fund	(478,438)	-
Clawback of unspent funds due to the Ministry - Development Services	(202,186)	-
Clawback of unspent funds due to the Ministry - Policy Priority Fund	(45,042)	-
	<b>\$ 25,195,539</b>	<b>\$ 24,648,248</b>

## 12. Multi-employer pension plan:

The Agency makes contributions to OMERS on behalf of its employees. The Plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the individual based on length of service and rate of pay. As sufficient information to follow the standards on a defined benefit pension plan is not available, the Plan is accounted for as a defined contribution plan. Contributions to OMERS for the year amounted to \$1,073,458 (2023 - \$1,031,445). OMERS is a multi-employer plan, therefore, any pension plan surplus or deficit is the joint responsibility of the participating organizations and their employees. As a result, the Agency does not recognize any share of the OMERS pension fund surplus or deficit. The last available report for the OMERS plan was at December 31, 2023. At that time, the Plan reported an actuarial deficit of \$4.2 billion (2022 - deficit of \$6.7 billion), based on an accrued pension obligation of \$134.6 billion (2022 - \$128.8 billion) and actuarial assets of \$127 billion (2022 - \$123.6 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 13. Balanced Budget Fund and future access to surpluses:

In 2014, the Ministry of Children and Youth Services announced the creation of a Balanced Budget Fund to support Children's Aid Societies in meeting the newly announced balanced budget requirement set out in Regulation 70 and to proactively manage the risks associated with a multi-year budget planning process. The Balanced Budget Fund may be added to and accessed on an annual basis, in an amount up to each Society's accumulated surplus that has been returned to the Ministry following the implementation of the 2013 - 2014 funding model. To access these funds in a future year, the Agency must:

- (a) Have generated a prior year surplus recovered in or after 2013 - 2014; and
- (b) Require additional funding in a subsequent year in an amount up to its total accumulated prior year surplus to balance its budget.

Commencing with the March 31, 2021 fiscal year, 50% of the operating surplus generated will be contributed to the ministry-managed Balanced Budget Fund and the remaining 50% will be contributed to the Agency's own Balanced Budget Fund.

Surpluses generated can be accessed for three fiscal years. There are no surpluses remaining available as at March 31, 2024, and for future years.

Surpluses have been accumulated and applied in the following fiscal years:

	2024	2023	2022	2021	2020	2019
Balance remaining, beginning of year	\$ -	\$ -	\$ 233,539	\$ 690,189	\$ 456,650	\$ 1,273,350
Surplus accumulated	-	-	-	-	233,539	-
Surplus applied to 2016 deficit	-	-	-	-	-	(259,362)
Surplus applied to 2019 deficit	-	-	-	-	-	(557,338)
Surplus applied to 2021 deficit	-	-	-	(400,339)	-	-
Surplus applied to 2022 deficit	-	-	(233,539)	-	-	-
Surplus expiring	-	-	-	(56,311)	-	-
<b>Balance remaining, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 233,539</b>	<b>\$ 690,189</b>	<b>\$ 456,650</b>

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 14. Economic dependence:

The Agency is dependent on funding from the Province of Ontario (Ministry of Children, Community and Social Services ("MCCSS")) to meet its obligations and to finance its continued operations.

## 15. Income taxes:

The Agency is registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Agency must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

## 16. Financial instruments:

The Agency, as part of its operations, carries a number of financial instruments. It is management's opinion that the Agency is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

### (a) Credit risk:

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The Agency is exposed to credit risk with respect to accounts receivable. The Agency assesses, on a continuous basis, accounts receivable and provides for any amounts that are not considered collectable in an allowance for doubtful accounts. The Agency's allowance for doubtful accounts as at March 31, 2024 is nil (2023 - nil). The carrying amount of the Agency's financial instruments best represents the maximum exposure to credit risk.

# FAMILY AND CHILDREN'S SERVICES OF RENFREW COUNTY

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 16. Financial instruments (continued):

### (b) Interest rate risk:

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Agency is exposed to interest rate risk on its long-term debt as the payments will vary according to the bank's prime rate. Further details about long-term debt are included in note 8.

### (c) Liquidity risk:

Liquidity risk is the risk that the Agency will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Agency is exposed to this risk mainly in respect of its accounts payable and accruals and long-term debt.

Contractual maturities of long-term debt are disclosed in note 8.

The Agency manages the liquidity risk by monitoring its operating requirements, access to a line of credit when needed, preparing budgets and cash forecasts to ensure sufficient funds to fulfill obligations.

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

## 17. Contingencies:

In the normal conduct of operations, there are pending claims against the Agency. These claims remain at an early stage, litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information provided by its legal counsel, final determination of these other litigations will not materially affect the Agency's financial position or results of operations.

## 18. Comparative information:

The financial statements have been reclassified, where application to conform to the presentation used in the current year.