

**The Children's Aid Society  
of the City of Guelph and the  
County of Wellington  
Financial Statements  
For the year ended March 31, 2023**

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For the year ended March 31, 2023**

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## Independent Auditor's Report

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**To the Board of Directors of The Children's Aid Society of the City of Guelph and County of Wellington**

### **Opinion**

We have audited the financial statements of The Children's Aid Society of the City of Guelph and County of Wellington (the Organization), which comprise the statement of financial position of the MCCSS Fund and Other Funds as at March 31, 2023, and the statement of operations and changes in fund balances 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We 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.

### **Emphasis of Matters - Restated Comparative Information**

We draw attention to Note 3 in the financial statements, which explains that certain comparative information presented for the year ended March 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, 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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but



is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario  
June 7, 2023

**The Children's Aid Society of the City of Guelph  
and the County of Wellington  
Statement of Financial Position**

	MCCSS Fund	Other Funds	Total March 31 2023	Total March 31 2022
	(Restated - Note 3)			
<b>Assets</b>				
<b>Current</b>				
Cash (Note 4)	\$ -	\$ 1,317,752	\$ 1,317,752	\$ 1,199,536
Trust funds (Note 6)	-	63,723	63,723	69,787
Ministry receivable (Note 7)	954,057	-	954,057	78,551
Accounts receivable (Note 8)	206,942	-	206,942	221,181
Prepaid expenses	334,325	-	334,325	309,003
Due from Children First Fund	146,926	-	146,926	119,584
Due from Capital Fund	46,730	-	46,730	46,242
Due from MCCSS Fund	-	17,780	17,780	29,041
Due from Ontario Child Benefit Equivalent Fund	-	-	-	-
	1,688,980	1,399,255	3,088,235	2,072,925
<b>Capital assets (Note 9)</b>	-	4,721,496	4,721,496	4,965,867
	<b>\$ 1,688,980</b>	<b>\$ 6,120,751</b>	<b>\$ 7,809,731</b>	<b>\$ 7,038,792</b>
<b>Liabilities and Fund Balances</b>				
<b>Current</b>				
Bank loans (Note 10)	\$ -	\$ 260,838	\$ 260,838	\$ 252,055
Bank indebtedness (Note 4)	548,266	-	548,266	602,459
Trust liability (Note 6)	-	63,723	63,723	69,787
Accounts payable and accrued liabilities	946,370	990	947,360	780,108
RESP funds in transit (Note 5)	172,564	-	172,564	160,654
Deferred revenue	4,000	111,577	115,577	47,270
Due to MCCSS Fund	-	193,656	193,656	165,826
Due to Give Yourself Credit Fund	17,780	-	17,780	29,041
	1,688,980	630,784	2,319,764	2,107,200
<b>Deferred contributions (Note 11)</b>	-	1,342,829	1,342,829	1,413,504
<b>Bank loans (Note 10)</b>	-	2,384,859	2,384,859	2,644,719
	<b>1,688,980</b>	<b>4,358,472</b>	<b>6,047,452</b>	<b>6,165,423</b>
<b>Fund balances</b>				
Internally restricted	-	1,414,658	1,414,658	1,321,939
Unrestricted	-	-	-	(796,191)
Capital reserve (Note 18)	-	295,000	295,000	295,000
Educational Support Endowment Reserve (Note 19)	-	52,621	52,621	52,621
	-	1,762,279	1,762,279	873,369
	<b>\$ 1,688,980</b>	<b>\$ 6,120,751</b>	<b>\$ 7,809,731</b>	<b>\$ 7,038,792</b>

On behalf of the Board:

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

**The Children's Aid Society of the City of Guelph  
and the County of Wellington  
MCCSS Fund - Statement Of Operations and Changes in  
Fund Balances**

<b>For the year ended March 31</b>	<b>2023</b>	<b>2022</b>
		(Restated - Note 3)
<b>Revenue</b>		
MCCSS Funding		
Child Welfare	\$ 20,875,673	\$ 20,531,921
Community Capacity Building	100,365	100,363
Education Liaison	92,471	92,472
Non-recurring revenue (Note 12)	694,021	758,439
	<u>21,762,530</u>	<u>21,483,195</u>
<b>Expenditures</b>		
Salaries and wages	10,604,123	10,811,995
Boarding rate payments (Note 14)	3,449,260	4,170,734
Benefits (Note 15)	3,264,748	3,309,834
Building occupancy (Note 14)	838,919	759,641
Professional services - client	614,394	455,728
Client personal needs	361,258	320,597
Technology	458,037	308,442
Professional services - non-client	286,767	290,609
Insurance	237,186	157,030
Travel	212,959	287,756
Admission prevention	159,084	184,218
Health and related	132,387	205,424
Office administration	101,988	98,273
Miscellaneous	80,785	74,853
Training and recruitment	44,052	37,138
Promotion and publicity	39,718	37,780
	<u>20,885,665</u>	<u>21,510,052</u>
<b>Total expenses relating to regular operations</b>		
<b>Other approved expenditures</b>		
Community Capacity Building	150,300	150,300
Education Liaison	92,471	92,472
	<u>21,128,436</u>	<u>21,752,824</u>
<b>Total expenditures</b>		
<b>Excess (deficiency) of revenues over expenditures before provincially mandated programs and ministry deficit assistance</b>	<u>634,094</u>	<u>(269,629)</u>
<b>Deficiency of provincially mandated programs (Note 13)</b>	<u>(704,474)</u>	<u>(575,328)</u>
<b>Ministry deficit assistance</b>	<u>816,635</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>746,255</u>	<u>(844,957)</u>
<b>Fund balance, beginning of year</b>	<u>(796,191)</u>	<u>(1,171)</u>
<b>Interfund transfers (Note 20)</b>	<u>49,936</u>	<u>49,937</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ (796,191)</u>

**The Children's Aid Society of the City of Guelph and the County of Wellington  
Other Funds - Statement of Financial Position**

	Restricted Funds					Total March 31 2022
	Capital Fund	Ontario Child Benefit Equivalent Fund	Give Yourself Credit Fund	Children First Fund	Total March 31 2023	
						(Restated - Note 3)
<b>Assets</b>						
<b>Current</b>						
Cash (Note 4)	\$ 646,075	\$ -	\$ -	\$ 671,677	\$ 1,317,752	\$ 1,199,536
Short-term investments	-	-	-	-	-	-
Trust funds (Note 6)	-	63,723	-	-	63,723	69,787
Due from MCCSS Fund	-	-	17,780	-	17,780	29,041
	646,075	63,723	17,780	671,677	1,399,255	1,298,364
<b>Capital assets (Note 9)</b>	4,721,496	-	-	-	4,721,496	4,965,867
	\$5,367,571	\$ 63,723	\$ 17,780	\$ 671,677	\$ 6,120,751	\$6,264,231
<b>Liabilities and Fund Balances</b>						
<b>Current</b>						
Current portion of bank loans (Note 10)	\$ 260,838	\$ -	-	\$ -	\$ 260,838	\$ 252,055
Trust liability (Note 6)	-	63,723	-	-	63,723	69,787
Accounts payable and accrued liabilities	-	-	-	990	990	1,510
Deferred revenue	-	-	-	111,577	111,577	47,270
Due to MCCSS Fund	46,730	-	-	146,926	193,656	165,826
	307,568	63,723	-	259,493	630,784	536,448
<b>Deferred contributions (Note 11)</b>	1,342,829	-	-	-	1,342,829	1,413,504
<b>Bank loans (Note 10)</b>	2,384,859	-	-	-	2,384,859	2,644,719
	4,035,256	63,723	-	259,493	4,358,472	4,594,671
<b>Fund balances</b>						
Internally restricted	1,037,315	-	17,780	359,563	1,414,658	1,321,939
Capital reserve (Note 18)	295,000	-	-	-	295,000	295,000
Educational Support Endowment reserve (Note 19)	-	-	-	52,621	52,621	52,621
	1,332,315	-	17,780	412,184	1,762,279	1,669,560
	\$5,367,571	\$ 63,723	\$ 17,780	\$ 671,677	\$ 6,120,751	\$6,264,231

**The Children's Aid Society of the City of Guelph and the County of Wellington  
Other Funds - Statement Of Operations and Changes in Fund Balances**

For the year ended March 31

	Restricted Funds					Total 2022
	Capital Fund	Ontario Child Benefit Equivalent Fund	Give Yourself Credit Fund	Children First Fund	Total 2023	
						(Restated - Note 3)
<b>Revenues</b>						
MCCSS - eligible funding	\$ -	\$ 95,414	\$ -	\$ -	\$ 95,414	\$ 126,124
Other	378,794	-	-	19,525	398,319	368,990
Donations	-	-	90,677	154,171	244,848	142,549
Grants	70,675	-	-	33,108	103,783	231,351
	<u>449,469</u>	<u>95,414</u>	<u>90,677</u>	<u>206,804</u>	<u>842,364</u>	<u>869,014</u>
<b>Expenditures</b>						
Amortization	257,334	-	-	-	257,334	271,753
Program	-	95,414	19,203	148,555	263,172	375,029
Interest on bank loan	96,468	-	-	-	96,468	92,417
Salaries and benefits	-	-	71,335	-	71,335	77,522
Rent	-	-	11,400	-	11,400	11,400
Administration	-	-	-	-	-	-
	<u>353,802</u>	<u>95,414</u>	<u>101,938</u>	<u>148,555</u>	<u>699,709</u>	<u>828,121</u>
<b>Excess (deficiency) of revenues over expenditures</b>	95,667	-	(11,261)	58,249	142,655	40,893
<b>Fund balances, beginning of year</b>	1,236,648	-	29,041	403,871	1,669,560	1,678,603
<b>Interfund transfer (Note 20)</b>	-	-	-	(49,936)	(49,936)	(49,937)
<b>Fund balances, end of year</b>	<u>\$ 1,332,315</u>	<u>\$ -</u>	<u>\$ 17,780</u>	<u>\$ 412,184</u>	<u>\$ 1,762,279</u>	<u>\$ 1,669,559</u>



## The Children's Aid Society of the City of Guelph and the County of Wellington Statement of Cash Flows

For the year ended March 31	2023	2022
		(Restated - Note 3)
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenues over expenditures		
- MCCSS Fund	\$ 746,255	\$ (844,957)
- Other Funds	142,655	40,894
Amortization - Other Funds	257,334	271,753
Deferred contributions	(70,675)	(74,395)
	<u>1,075,569</u>	<u>(606,705)</u>
Changes in non-cash working capital balances		
Ministry receivable	(875,506)	(10,460)
Accounts receivable	14,239	28,479
Prepaid expenses	(25,322)	(66,488)
Accounts payable and accrued liabilities	167,252	(196,070)
RESP funds in transit	11,910	160,654
Deferred revenue	68,307	(1,070)
	<u>436,449</u>	<u>(691,660)</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(12,963)	(86,649)
<b>Cash flows from financing activities</b>		
Net repayments of bank loans	(251,077)	(260,504)
<b>Change in cash position during the year</b>	<b>172,409</b>	<b>(1,038,813)</b>
Cash position, beginning of year	<u>597,077</u>	<u>1,635,890</u>
<b>Cash position, end of year</b>	<b>\$ 769,486</b>	<b>\$ 597,077</b>
<b>Represented by</b>		
Cash (bank indebtedness) - MCCSS Fund	\$ (548,266)	\$ (602,459)
Cash - Other Funds	1,317,752	1,199,536
Short term investment - Other Funds	-	-
	<u>\$ 769,486</u>	<u>\$ 597,077</u>

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

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# The Children's Aid Society of the City of Guelph and the County of Wellington

## Notes to the Financial Statements

March 31, 2023

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### 1. Summary of Significant Accounting Policies

**Nature of Organization** The Children's Aid Society of the City of Guelph and the County of Wellington (the "Organization") is a not-for-profit organization whose mandate is to provide child protection and social services to the local community under the Child, Youth and Family Services Act. The Organization is incorporated without share capital by Letters Patent issued by the Province of Ontario. The Organization is a registered charity and as such is exempt from income tax and may issue income tax receipts to donors.

**Basis of Accounting** The financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations as established by the Public Sector Accounting Board.

**Capital Assets** Capital assets are stated at acquisition cost less accumulated amortization. Cost is net of related investment tax credits. Amortization is calculated based on the estimated useful life of the asset and is calculated as follows:

Building	5% diminishing balance basis
Furniture and equipment	20% diminishing balance basis
Network equipment	30% diminishing balance basis
Computer software	30% diminishing balance basis

Leasehold improvements are amortized straight-line over the term of the premises lease and available renewal terms.

Full amortization is provided in the year assets are put into use and no amortization is taken in the year of disposal.

**Fund Accounting** The Organization changed its revenue recognition policy in the current year to follow the deferral method with fund accounting. The Organization previously followed the restricted fund method. Any impact to the comparative financial statements has been disclosed in Note 3.

The following funds are presented:

The MCCSS Fund records funding received from the Ministry of Children, Community and Social Services (MCCSS) for program delivery. Child Welfare programming is the primary program delivered through this fund. The fund also reports restricted revenues from other sources that are required to be directly applied as an offset to the costs of Child Welfare programming. In addition to Child Welfare services, the fund also records funding received from MCCSS for the delivery of non-child welfare programming including: repairs and maintenance, community capacity building, education learning and certain one-time additional funding to cover specific expenditures for that year.

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# The Children's Aid Society of the City of Guelph and the County of Wellington

## Notes to the Financial Statements

March 31, 2023

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### 1. Summary of Significant Accounting Policies (continued)

#### Fund Accounting (continued)

The Give Yourself Credit Fund records funding received from the community for the Give Yourself Credit alternative education program. The Organization has taken the lead agency role in this collaborative effort of local agencies to provide a community based alternative education program for At-Risk Youth, aged 16-18.

The Ontario Child Benefit Equivalent (OCBe) Fund records monies received from the MCCSS for use in the OCBe Activities and Savings programs. The OCBe Activities program, developed by the MCCSS, is designed to achieve: a) higher educational outcomes; b) higher degree of resiliency; and c) smoother transition to adulthood for children in care of the Organization. Funding for this program is not tied to a particular fiscal year and may be carried over as a surplus for use in future fiscal periods. The OCBe Savings Program assists youth in care aged 15 through 17 who have been in care for an extended period of time in recognition of their need to have funds available to support their transition to independent living. Monies received for this program must be maintained in trust and are presented as Trust funds and Trust liabilities in this Fund.

The Capital Fund records transactions relating to the Organization's capital properties including the original capital cost, associated financing, capital maintenance reserve, and other capital property costs.

The Children First Fund records donations and grants received from the community towards the Organization's fundraising campaign. Funds are disbursed from this fund in accordance with the designation or restrictions imposed by the donors and in accordance with the Organization's disbursement policy. Any funds received with external restrictions are deferred if not all conditions of the funding have been met. The Organization's fund development activities are centered around Building Opportunities for Youth Success, Supporting Strong and Resilient Families, Urgent Needs and Enriching Lives.

#### Ministry Receivable

A Ministry receivable is recognized as an asset when the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured.

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# The Children's Aid Society of the City of Guelph and the County of Wellington

## Notes to the Financial Statements

March 31, 2023

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### 1. Summary of Significant Accounting Policies (continued)

<b>Revenue Recognition</b>	<p>Unrestricted contributions are recognized as revenue of the appropriate fund in the year receivable if the amount can be reasonably estimated and collection is reasonably assured. Ministry revenues for the fiscal year are not finalized until the MCCSS has reviewed and approved the MCCSS Transfer Payment Annual Reconciliation's which does not occur until after the financial statements are issued. The amount of revenue recognized in these financial statements represents management's best estimate of amounts earned during the year.</p> <p>Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Restricted contributions where expenses have not been incurred are recorded as deferred revenue.</p> <p>Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at the same amortization rate as the corresponding capital asset.</p>
<b>Use of Estimates</b>	<p>The preparation of the financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and could have an impact on the resulting surplus or deficiency reported for the period. Estimates in these financial statements include revenue amounts earned during the year from the MCCSS and depreciation of capital assets.</p>
<b>Financial Instruments</b>	<p>Financial instruments are recorded at fair value when acquired or issued. All trust funds have been designated to be in the fair value category, with gains and losses reported in operations, other than financial instruments related to endowment funds. Changes in fair value of financial instruments related to the endowment fund are recorded directly in net assets. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.</p>
<b>Contributed Services</b>	<p>Volunteers assist the Organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p>

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# The Children's Aid Society of the City of Guelph and the County of Wellington

## Notes to the Financial Statements

March 31, 2023

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### 2. Change in Accounting Policy

Effective April 1, 2022 the organization changed its accounting policy for revenue recognition from the restricted fund method of accounting for contributions to the deferral method. The organization believes that the adoption of the deferral method of accounting provides a better representation of its operations and performance. This change in accounting policy has been applied retroactively with restatement of prior periods, and had no effect on the balances presented in the financial statements.

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### 3. Prior Period Adjustments

During the current year, it was determined that a grant received within the Capital Fund in fiscal year 2012 for purposes of funding the capital cost of the building should have been recorded as deferred revenue and then recognized in revenue in accordance with the amortization of the building. As a result, the capital cost and accumulated amortization of the building have been increased along with an offsetting increase in deferred contributions in the Capital Fund. Also, amortization expense and grant revenue have been increased on the statement of operations of the Capital Fund. Overall there has been no change to the net asset balance of the Capital Fund.

During the current year, it was determined that the trust fund asset and liability related to RESP Trust Funds should be excluded from the statement of financial position in accordance with PS 1300. As a result, the RESP trust fund asset and liability within the MCCSS Fund have both decreased. There has been no change in the overall net asset balance of the MCCSS Fund. It was determined that funds pending RESP investment (RESP funds in transit) should be presented separately as a liability on the statement of financial position. Previously, these amounts were included in bank indebtedness.

During the current year, it was determined that the transfer of Ontario Child Benefit Equivalent (OCBE) funds to children and youth should be presented as revenues with offsetting expenses in order to appropriately present this activity of the OCBE Fund in each fiscal year. As a result, the revenues of the OCBE Fund have been increased with an offsetting increase to expenses. Overall there has been no change to the net asset balance of the OCBE Fund.

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**The Children's Aid Society of the City of Guelph  
and the County of Wellington  
Notes to the Financial Statements**

**March 31, 2023**

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**3. Prior Period Adjustment (continued)**

These errors have been corrected retroactively with restatement of prior periods. These corrections had the following effect on the financial statements:

	<b>As Reported</b>		
	<b>Previously</b>	<b>As Restated</b>	<b>Correction</b>
<b>Statement of Financial Position</b>			
Trust fund assets - MCCSS Fund & OCBE Fund	\$ 908,500	\$ 69,787	\$ (838,713)
Capital assets - Capital Fund	\$ 3,552,363	\$ 4,965,867	\$ 1,413,504
<b>Total Assets</b>	<b>\$ 6,464,001</b>	<b>\$ 7,038,792</b>	<b>\$ 574,791</b>
Bank indebtedness - MCCSS Fund	\$ 763,113	\$ 602,459	\$ 160,654
Trust fund liabilities - MCCSS Fund & OCBE Fund	\$ 908,500	\$ 69,787	\$ 838,713
RESP funds in transit - MCCSS Fund	\$ -	\$ 160,654	\$ (160,654)
Deferred contributions - Capital Fund	\$ -	\$ 1,413,504	\$ (1,413,504)
<b>Total Liabilities</b>	<b>\$ 6,464,001</b>	<b>\$ 7,038,792</b>	<b>\$ (574,791)</b>
<b>Statement of Operations</b>			
Grant Revenue - Capital Fund	\$ -	\$ 74,395	\$ (74,395)
MCCSS - Eligible Funding - OCBE Fund	\$ 71,807	\$ 126,124	\$ (54,317)
Amortization - Capital Fund	\$ 197,358	\$ 271,753	\$ (74,395)
Program - OCBE Fund	\$ 71,807	\$ 126,124	\$ (54,317)

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**4. Cash**

The Organization's bank accounts are held at one chartered bank.

The Organization has access to a revolving demand facility with a maximum overdraft limit of \$1,600,000 to finance daily cash requirements. The facility bears interest at the bank's prime rate. At March 31, 2023, \$548,267 (2022 - \$602,459) of this facility has been accessed.

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# The Children's Aid Society of the City of Guelph and the County of Wellington

## Notes to the Financial Statements

March 31, 2023

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### 5. Trust Funds and Trust Liabilities

The RESP Trust Funds are Registered Education Savings Plans (RESPs) invested in the RBC Target Education Funds RESP, as directed by the MCCSS. The Organization receives specific funds from Canada Revenue Agency for the children in care and establishes individual RESPs according to the Policy Directive from the MCCSS. These funds are held until eligibility conditions are met.

The funds pending RESP investment total \$172,564 (2022 - \$160,654) and are restricted, and held in trust until an RESP is established for each qualifying child. The Organization has received funds but has not yet transferred the funds into an RESP account. These amounts are included in cash in the MCCSS Fund.

For the year ended March 31, 2023, \$47,440 (2022 - \$39,040) was transferred to the RESP provider for deposit to the individual plans of children. At March 31, 2023, the agency is the sponsor for 175 RESPs (2022 - 170), with total contributions of \$755,295 (2022 - \$678,058), which includes government grants of \$313,462 (2022 - \$283,914). Individual RESPs are not included in the financial statements of the Organization.

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### 6. OCBE Funds in Trust

The OCBE Savings represents funds received from the MCCSS for the purpose of providing funds to eligible youth to assist with costs of basic needs when they leave care. Funds are maintained in trust for these youth in care. During the year, \$24,504 (2022 - \$35,161) was transferred to children's' savings accounts. These funds are included in cash in the Ontario Child Benefit Equivalent Fund.

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**The Children's Aid Society of the City of Guelph  
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**March 31, 2023**

**7. Ministry Receivable**

	2023	2022
Targeted subsidies funding, approved	\$ 199,238	\$ 169,481
Targeted subsidies received	(170,775)	(158,355)
	<b>28,463</b>	<b>11,126</b>
Consistency of Care for Youth receivable	-	61,625
Kinship services receivable	42,176	5,800
Standard subsidies receivable	9,025	-
Other receivable	72,773	-
	<b>123,974</b>	<b>67,425</b>
Ministry deficit assistance receivable	<b>801,620</b>	-
Ministry receivable	<b>\$ 954,057</b>	<b>\$ 78,551</b>

The above amounts are due from the Ministry of Children, Community and Social Services.

**8. Accounts Receivable**

	2023	2022
Due from organizations - MCCSS	\$ 50,097	\$ 58,002
Sales Tax rebate - MCCSS	156,845	163,179
	<b>206,942</b>	<b>221,181</b>
Sales Tax rebate - Other Funds	-	-
	<b>\$ 206,942</b>	<b>\$ 221,181</b>

**9. Capital Assets**

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,149,486	\$ -	\$ 1,149,486	\$ -
Building	5,978,757	2,755,779	5,978,757	2,586,694
Furniture and equipment	556,695	426,854	556,695	396,474
Network equipment	278,498	195,407	265,534	167,173
Computer software	27,824	4,174	27,824	-
Leasehold improvements	509,212	396,762	509,212	371,301
	<b>\$ 8,500,472</b>	<b>\$ 3,778,976</b>	<b>\$ 8,487,508</b>	<b>\$ 3,521,642</b>
		<b>\$ 4,721,496</b>		<b>\$ 4,965,866</b>



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**The Children's Aid Society of the City of Guelph  
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**March 31, 2023**

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**10. Bank Loans**

The Organization has access to the following loan:

	2023	2022
Royal Bank- non-revolving term facility - repayable in blended monthly payments of \$28,960, interest calculated at 3.43%. Payable in full January 30, 2027.	\$ 2,645,697	\$ 2,896,774
Less: current portion	(260,838)	(252,055)
	<b>\$ 2,384,859</b>	<b>\$ 2,644,719</b>

Principal repayments over the next four years are estimated as follows:

2024	\$ 260,838
2025	269,926
2026	279,332
2027	1,835,601
	<b>\$ 2,645,697</b>

The above is secured by a general security agreement constituting a first ranking security interest in all personal property, and a collateral mortgage of \$6,655,000 constituting a first fixed charge on the lands and improvements located at 275 Eramosa Road, Guelph, Ontario with a net book value of \$4,372,464 (2022 - \$4,541,549).

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**11. Deferred Contributions Related to Capital Assets**

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions used to purchase capital assets. The changes in the deferred contributions balance for the period are as follows:

	2023	2022
Beginning balance	1,413,504	1,487,899
Less: amounts amortized to revenue	70,675	74,395
Ending balance	<b>1,342,829</b>	<b>1,413,504</b>

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**The Children's Aid Society of the City of Guelph  
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Notes to the Financial Statements**

**March 31, 2023**

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**12. Non-Recurring Revenue**

	2023	2022
Children's special allowance	\$ 304,261	\$ 378,244
Program cost recoveries	149,376	184,721
Child Welfare funding (MCCSS)	3,835	6,600
Other	63,808	49,465
Other Society wards	32,480	27,290
Interest	20,261	4,521
Village Finding Project	120,000	107,598
	\$ 694,021	\$ 758,439

The above amounts are revenues that are part of the MCCSS Fund statement of operations. In the current year, sales tax recovered has been netted against the related expenditures.

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**13. Deficiency of Provincially Mandated Programs**

	2023	2022
MCCSS Adoption Subsidy Funding	199,238	169,481
MCCSS Consistency of Care for Youth over 21 funding	158,100	102,425
MCCSS Mandated Adoption Subsidy payments	(796,950)	(672,844)
MCCSS Consistency of Care for Youth over 21 payments	(264,862)	(174,390)
	(704,474)	(575,328)

The above amounts represent expenditures and funding for MCCSS provincially mandated programs. The Agency funds 75% of the costs of adoption subsidies and approximately 40% of the costs of youth over 21 expenditures.

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# The Children's Aid Society of the City of Guelph and the County of Wellington

## Notes to the Financial Statements

March 31, 2023

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### 14. Related Party Transactions

During the year, the Organization rented various properties owned by Kindle Communities Organization, a not-for-profit organization incorporated without share capital, related by common significant influence. Kindle Communities Organization operates and maintains community centre facilities and programs within the City of Guelph and is exempt from income tax. Rent expense was recorded in the MCCSS Fund at the exchange amount (the amount of consideration established and agreed to by the related parties). Total amounts paid to Kindle Communities Organization during the year were \$126,372 (2022 - \$126,372). Included in this amount is \$76,656 (2022 - \$76,656) recorded in building occupancy and \$49,716 (2022 - \$49,716) recorded in boarding rate payments.

The Organization also charges Kindle Communities Organization a management fee which relates to the staff wages and benefits costs attributable to management of Kindle Communities Organization. This is recorded in the MCCSS Fund at the exchange amount (the amount of consideration established and agreed to by the related parties). Total amounts received from Kindle Communities Organization during the year were \$51,168 (2022 - \$46,904).

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### 15. Employee Future Benefits

The Organization is a member of OMERS, a multi-employer defined benefit pension plan. The member organizations are unable to identify their share of the underlying assets and liabilities. Since the organization is not the sponsoring government of the multi-employer defined benefit pension plan, the benefit plan has been accounted for in accordance with the defined contribution plan recommendations. The pension expense for this plan for the year was \$1,073,834 (2022 - \$1,119,981) and is included in benefits expense in the MCCSS - Fund Statement of Operations and Changes in Fund Balances.

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### 16. Economic Dependence

The Organization receives approximately 94.4% (2022 - 93.4%) of its eligible funding from the MCCSS. The future of the Organization is reliant on MCCSS providing sufficient ongoing funding to manage the requirements of current and future years. The Organization also relies on fundraising activities and other external funding in order to ensure it can deliver other necessary programs.

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## The Children's Aid Society of the City of Guelph and the County of Wellington Notes to the Financial Statements

**March 31, 2023**

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### 17. Commitments

The Organization has entered into various operating leases for office space. These leases have expiry dates between September 2023 and December 2029.

The minimum annual lease payments with terms in excess of one year are as follows:

2024	223,053
2025	210,624
2026	173,337
2027	173,337
2028 & Thereafter	<u>385,012</u>
	<u>\$ 1,165,363</u>

The minimum annual lease payments include a commitment to lease office space at various facilities from Kindle Communities Organization until December 2029 for total rental cost during the six year period of \$720,081.

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### 18. Capital Reserve

The Organization established a Capital Reserve using funds generated from rental revenues in the capital fund prior to March 31, 2012. The internally restricted reserve fund is to be used for capital development and maintenance requirements at the Organization's capital properties.

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### 19. Educational Support Endowment Reserve

The Organization established an Educational Support Endowment using funds generated from fund development activities. The Organization will continue to fund the endowment as part of the fund development program expenditures. The income from the endowment will be used to provide educational support to youth in care and former youth in care pursuing post secondary educational opportunities.

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# The Children's Aid Society of the City of Guelph and the County of Wellington

## Notes to the Financial Statements

March 31, 2023

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### 20. Interfund Transfers

During the year, the Organization transferred \$49,936 (2022 - \$49,937) from the Children First Fund to the MCCSS Fund to allocate directed contributions relating to the Community Capacity Building programs for the current year.

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### 21. Financial Instruments

#### Fair value hierarchy

Financial instruments that are measured at fair value are classified into Levels 1 to 3 based on the inputs used to measure the fair values as described below:

- Level 1 fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 value measurements are derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of quoted prices in an active market whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy that is significant to the input in measuring fair value.

All financial instruments measured at fair value by the Organization are classified as Level 1 in the fair value hierarchy.

#### Financial Instrument Risks

##### 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 arising from the possibility that changes in interest rates will affect the value of cash. This risk has not changed from the previous year.

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# The Children's Aid Society of the City of Guelph and the County of Wellington

## Notes to the Financial Statements

March 31, 2023

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### 21. Financial Instruments (continued)

#### 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 is exposed to credit risk arising from its accounts receivable and Ministry receivable. The majority of the Organization's receivables are from government entities which minimizes the risk of non-collection. The Ministry receivable and the balance budget fund receivable are owing from MCCSS and will be collected upon completion of the relevant eligibility criteria. There has not been any historical difficulties associated with the collection of amounts owing from MCCSS. The Organization measures impairment based on how long the amounts have been outstanding. Based on historical experience regarding collections, no provision for impairment was recorded at March 31, 2022. This risk has not changed from the previous year.

#### Liquidity Risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and bank loans. The Organization manages its liquidity risk by constantly monitoring forecasted and actual cash flow and financial liability maturities. The Organization ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from MCCSS and other sources and its available cash. MCCSS is committed to supporting the liquidity requirements of the Organization going forward. The payment terms and estimated repayment amounts associated with the bank loans have been indicated in Note 10. Accounts payable and accrued liabilities are usually paid within 30 days. This risk has not changed from the previous year.

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# The Children's Aid Society of the City of Guelph and the County of Wellington

## Notes to the Financial Statements

March 31, 2023

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### 22. Balanced Budget Fund

The Organization has a legal requirement to return any surplus Child Welfare funding, as calculated for MCCSS reporting, to the MCCSS. The MCCSS, with implementation of the new funding model in 2013-14, created a “Balanced Budget Fund” to support Children’s Aid Societies (CAS) in meeting the balanced budget requirement and proactively manage the risks associated with a multi-year budget planning process. The Balanced Budget Fund is administered by the MCCSS on an individual CAS basis. For any surplus generated, 50% is transferred to an MCCSS managed budget fund. There has been no accumulated surplus generated and therefore no Balanced Budget Fund amount.

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