

Financial Statements of

**FAMILY AND CHILDREN'S
SERVICES OF THE
WATERLOO REGION**

And Independent Auditor's Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Family and Children's Services of Waterloo Region
(incorporated as The Children's Aid Society of the Regional Municipality of Waterloo)

Opinion

We have audited the financial statements of the Family and Children's Services of the Waterloo Region (incorporated as The Children's Aid Society of the Regional Municipality of Waterloo) (the Society), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations and changes in fund balances for the year ended
- the statement of cash flows for the year ended
- and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Family and Children's Services of the Waterloo Region as at March 31, 2023, and its results of operations, its changes in fund balances 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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

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

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

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.



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

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 20, 2023

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	Operating Fund	Special Projects Fund	Capital Fund	Ontario Child Benefit Equivalent Fund	2023 Total	2022 Total
	\$	\$	\$	\$	\$	\$
Assets						
Current assets:						
Cash	2,201,045	–	1,380,909	–	3,581,954	5,549,469
Restricted cash – Society's obligations (note 13)	358,103	–	–	–	358,103	471,489
Short-term investment (note 2)	1,000,000	–	–	–	1,000,000	–
Accounts receivable	668,590	–	5,956	–	674,546	509,064
Prepaid expense	771,331	–	–	–	771,331	106,495
Interfund receivable (payable)	(433,568)	3,979	–	429,589	–	–
	4,565,501	3,979	1,386,865	429,589	6,385,934	6,636,517
Capital assets (note 3)	–	–	5,719,157	–	5,719,157	6,401,672
	4,565,501	3,979	7,106,022	429,589	12,105,091	13,038,189

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	Operating Fund	Special Projects Fund	Capital Fund	Ontario Child Benefit Equivalent Fund	2023 Total	2022 Total
	\$	\$	\$	\$	\$	\$
Liabilities and Fund Balances						
Current liabilities:						
Accounts payable and accrued liabilities	4,117,876	–	22,931	–	4,140,807	3,355,492
Accrued vacation liability	3,619,629	–	–	–	3,619,629	3,476,022
Deferred revenue (note 6)	110,625	–	–	–	110,625	66,145
Deferred contributions	–	–	–	429,589	429,589	618,207
Society's obligations (note 13)	358,103	–	–	–	358,103	471,489
	8,206,233	–	22,931	429,589	8,658,753	7,987,355
Non-vested sick leave benefits (note 4)	1,732,613	–	–	–	1,732,613	1,747,060
Deferred capital contributions (note 7)	–	–	3,530,835	–	3,530,835	3,961,146
	1,732,613	–	3,530,835	–	5,263,448	5,708,206
	9,938,846	–	3,553,766	429,589	13,922,201	13,695,561
Fund balances:						
Invested in capital assets	–	–	3,552,256	–	3,552,256	3,701,230
Internally restricted	–	3,979	–	–	3,979	3,979
Unrestricted deficit	(5,373,345)	–	–	–	(5,373,345)	(4,362,581)
	(5,373,345)	3,979	3,552,256	–	(1,817,110)	(657,372)
Commitments (note 10)						
Contingencies liabilities (note 14)						
	4,565,501	3,979	7,106,022	429,589	12,105,091	13,038,189

See accompanying notes to financial statements.

On behalf of the Board:

Trisha Robinson

Director

Gary Pooley

Director

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2023, with comparative information for 2022

	Operating Fund	Special Projects Fund	Capital Fund	2023 Total	2022 Total
	\$	\$	\$	\$	\$
Revenue:					
Maintenance of children:					
The Province of Ontario	49,923,408	643,134	–	50,566,542	51,252,689
Family benefit and support, supervision and child tax benefit	1,349,423	–	–	1,349,423	973,461
Other revenue:					
Grants (note 8)	439,933	–	–	439,933	546,639
Miscellaneous, rebates, and administration fees	328,489	–	–	328,489	1,190,395
Interest	198,935	–	39,401	238,336	28,221
Rental income	10,500	–	731,059	741,559	714,445
Amortization of deferred capital contributions	–	–	430,311	430,311	430,311
	52,250,688	643,134	1,200,771	54,094,593	55,136,161
Expenditures (Schedules 1, 2 and 3)	52,927,554	643,134	1,349,745	54,920,433	55,769,196
Deficiency over expenditures before the undernoted	(676,866)	–	(148,974)	(825,840)	(633,035)
Other income (expenditures):					
Non-vested sick leave benefits	14,447	–	–	14,447	15,940
Other expenditures	–	–	–	–	(450,000)
Gain on sale of capital assets	–	–	–	–	648,113
Deficiency of revenues over expenditures for current year operations	(662,419)	–	(148,974)	(811,393)	(418,982)
Other funding (recovery):					
The Province of Ontario					
- deficit funding	951,811	–	–	951,811	2,427,295
The Province of Ontario					
- prior years' recoveries (note 15)	(1,300,156)	–	–	(1,300,156)	(2,052,897)
Deficiency of revenues over expenditures	(1,010,764)	–	(148,974)	(1,159,738)	(44,584)
Fund balances, beginning of year	(4,362,581)	3,979	3,701,230	(657,372)	(612,788)
Fund balances, end of year	(5,373,345)	3,979	3,552,256	(1,817,110)	(657,372)

See accompanying notes to financial statements.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
	\$	\$
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenditures	(1,159,738)	(44,584)
Items not involving cash:		
Amortization of capital assets	682,515	863,201
Gain on sale of asset	–	(648,113)
Amortization of deferred contributions	(430,311)	(430,311)
Non-vested sick leave	(14,447)	(15,940)
Changes in non-cash operating working capital:		
Accounts receivable	(165,482)	371,982
Due from the Province of Ontario Child Welfare	–	1,575,560
Prepaid expenses	(664,836)	(93,040)
Accounts payable and accrued liabilities	785,315	(2,073,079)
Accrued vacation liability	143,607	(224)
Deferred revenue	44,480	(48,361)
Deferred contributions	(188,618)	(85,923)
Society's obligations	(113,386)	(82,534)
	(1,080,901)	(711,366)
Capital activities:		
Proceeds on sale of assets	–	766,968
Purchase of short-term investment	(1,000,000)	–
	(1,000,000)	766,968
Increase (decrease) in cash	(2,080,901)	55,602
Cash, beginning of year	6,020,958	5,965,356
Cash, end of year	3,940,057	6,020,958
Cash consists of:		
Cash	3,581,954	5,549,469
Restricted cash – Society's obligations	358,103	471,489
	3,940,057	6,020,958

See accompanying notes to financial statements.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)
Notes to Financial Statements

Year ended March 31, 2023

Purpose of Organization:

Family and Children's Services of the Waterloo Region (the "Society") is dedicated to a caring community where children and their families thrive. Building relationships with families and communities for the well-being and safety of children and youth is the mission of the Society. The Society is incorporated without share capital under the laws of the province of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. A statement of remeasurement gains and losses has not been included as there are no matters to report therein. The Society's significant accounting policies are as follows:

(a) Fund accounting:

Revenue and expenditures related to Child Welfare Services are reported in the Operating Fund and are primarily funded by the Province of Ontario. Also included in the Operating Fund are the Sexual Abuse Treatment Program, and the Partner Facility Renewal Program. These programs are funded separately by the Province of Ontario. The Special Services Program, included in the operating fund, is funded by the Region of Waterloo.

Revenue and expenditures related to the activities that cannot be funded from government funding are reported in Special Projects Fund.

The Capital Fund reports the assets, liabilities, revenue, and expenditure related to the Society's capital assets.

The Ontario Child Benefit Equivalent Fund was created as a result of Ministry of Children and Youth Services policy directive CW-002-08. This restricted fund is to provide all children and youth in care with access to recreational, educational, cultural, and social opportunities that support their achievement of higher educational outcomes, higher degree of resiliency, social skills and relationship development, and a smoother transition to adulthood.

(b) Revenue recognition:

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as revenue of the respective fund as earned. Capital contributions received for the purpose of funding acquisition of Capital assets are deferred and amortized to income on a basis consistent with the amortization of the related capital asset.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)
Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are recorded at cost in the Capital Fund. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to its residual value. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Asset	Basis	Rate
Buildings	Straight-line	5%
Furniture and equipment	Straight-line	20%
Computers	Straight-line	30%
Vehicles	Straight-line	30%
Leasehold improvements	Straight-line	20%

(d) Employee future benefits:

(i) Multi-employer pension plan:

Substantially all of the employees of the Society are eligible to be members of the Ontario Municipal Employees' Retirement Fund ("OMERS"), which is a multi-employer, defined benefit, final average earnings, and contributory pension plan. Defined contribution plan accounting is applied to OMERS as the Society has insufficient information to apply defined benefit accounting.

(ii) Non-vested sick leave benefits:

The Society provides sick leave benefits for substantially all employees. The Society accrues its obligations under the defined benefit plan as employees render the services necessary to earn the compensated absences. The actuarial valuation of the benefit plan was performed as of March 31, 2023 (2022 – March 31, 2020).

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(e) Donated goods and services:

The value of goods and services donated to the Society is not reflected in these financial statements because of the difficulty in determining fair value.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to subsequently carry any such financial instruments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the years. Significant items subject to such estimates and assumptions include the carrying amount of accounts payable and accrued liabilities, accrued vacation liability, asset retirement obligation, non-vested sick leave benefits, and valuation allowances for receivables. Actual results could differ from those estimates.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Notes to Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(i) Asset retirement obligations:

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 capital asset and other contract obligations;
- 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.

(j) Adoption of new accounting standard for asset retirement obligations:

On April 1, 2022, the Society adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain capital assets, such as asbestos removal in retired buildings by public sector entities.

The adoption of this standard did not result in any adjustments to the financial statements as at April 1, 2022.

2. Short-term investment:

	2023	2022
Guaranteed Investment Certificates, bearing interest 4.8%, maturing in less than one year	\$ 1,000,000	\$ –

3. Capital assets:

	2023		2022	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,458,089	\$ –	\$ 1,458,089	\$ 1,458,089
Buildings	14,454,870	10,438,668	4,016,202	4,529,341
Furniture and equipment	21,949	21,949	–	4,389
Computers	564,674	448,889	115,785	218,344
Vehicles	43,794	39,414	4,380	17,518
Leasehold improvements	246,448	121,747	124,701	173,991
	\$ 16,789,824	\$ 11,070,667	\$ 5,719,157	\$ 6,401,672

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Notes to Financial Statements (continued)

Year ended March 31, 2023

4. Non-vested sick leave benefits:

Permanent full-time and part-time employees are eligible for sick leave benefits after they have completed one month of service. Employees earn 1.5 days of sick leave credit for each month of service, with part-time employees pro-rated according to hours worked, to a maximum of 120 days. Accumulated credits may be used in future years if the employee's illness or injury exceeds the annual allocation of credits. The credits cannot be used for cash payouts and are forfeited upon termination of employment with the Society.

The main actuarial assumptions employed for the valuations are as follows:

	2023	2022
Discount rate	3.90%	3.00%
Rate of compensation increase	2.00%	2.00%
Expected average remaining service life to retirement	12 years	13 years

Information about the Society's sick leave benefit plan is as follows:

	2023	2022
Balance, beginning of year	\$ 1,747,060	\$ 1,763,000
Current benefit cost	98,204	105,050
Interest	52,227	41,716
Benefits taken	(164,878)	(162,706)
Balance, end of year	\$ 1,732,613	1,747,060
Accrued benefit obligation related to accumulated sick leave benefits	\$ 1,732,613	\$ 1,747,060

5. Bank indebtedness:

The Society has an available line of credit of \$3,000,000. This bank indebtedness is unsecured due on demand and bears interest at bank prime rate at 6.7% (2022 - 2.45%). At March 31, 2023, \$nil (2022 - \$nil) is outstanding.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Notes to Financial Statements (continued)

Year ended March 31, 2023

6. Deferred revenue:

Included in deferred revenue is an incentive funding provided by the Province of Ontario for the Society to use in future years. Deferred revenue related to operating expenditures of future periods are as follows:

	2023	2022
Balance, beginning of year	\$ 66,145	\$ 114,506
Contributions received in the year	44,480	–
Less amounts recognized to revenue	–	(48,361)
Balance, end of year	\$ 110,625	\$ 66,145

7. Deferred capital contributions:

Deferred capital contributions relate to capital assets and represent the unamortized amount of grants and donations received for the purchase of capital assets.

	2023	2022
Balance, beginning of year	\$ 3,961,146	\$ 4,391,457
Contributions received in the year	–	–
Less amounts recognized as revenue during the year	(430,311)	(430,311)
Balance, end of year	\$ 3,530,835	\$ 3,961,146

8. Grants:

The following grants were made to the Society from the Family and Children's Services of the Waterloo Region Foundation:

	2023	2022
Grants - received	\$ 484,413	\$ 546,639

Out of the grants received during the year, the Society has deferred \$44,480 and recognized \$439,933 in revenue.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Notes to Financial Statements (continued)

Year ended March 31, 2023

9. Employee future benefits:

The Society makes contributions to OMERS, which is a multi-employer plan, on behalf of certain members of its staff. The multi-employer plan (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.

The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of this valuation reported an actuarial deficit of \$6.7 billion (2021 - \$3.1 billion actuarial deficit), based on actuarial liabilities of \$128.8 billion (2021 - \$119.3 billion) and actuarial assets of \$122.1 billion (2021 - \$116.2 billion). Because OMERS is a multi- employer plan, any pension plan surpluses or deficits are a joint responsibility of employers and plan members participating in the Plan. The Society has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. As a result, the Society does not recognize any share of the OMERS pension deficit.

The amount contributed to OMERS for 2023 was \$2,538,250 (2022 - \$2,752,711) for current service and is included as an employee future benefits expenses in the operating fund, on the statement of operations and changes in fund balances.

10. Commitments:

The Society is committed to the following lease payments for computers, photocopiers, printers, premises, and vehicles:

2024	\$	25,746
2025		4,659
2026		4,743
	\$	35,148

11. Economic dependence:

The Society is economically dependent on the Ministry of Children, Community and Social Services to provide sufficient funds to continue operations, replace essential equipment and complete its capital projects.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)
Notes to Financial Statements (continued)

Year ended March 31, 2023

12. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2022.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to cash and accounts receivable. The Society holds its cash with reputable financial institutions. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not considered collectible in an allowance for doubtful accounts. The Society's allowance for doubtful accounts as at March 31, 2023 is \$nil (2022 - \$nil). There has been no change to the risk exposure from 2022.

(c) Interest rate risk:

The Society is exposed to interest rate risk on its variable interest rate line of credit and its fixed interest rate operating line. There has been no change to the risk exposure from 2022.

13. Society obligations:

The Society receives Canada Child Benefit (CCB) of \$60 to \$160 per month for certain children in care. The Ministry requires that all funds be invested into Registered Education Savings Plans (RESPs) for the benefit of qualifying children. The RESPs are invested in RBC. The Society is responsible for the management and distribution of the RESPs and does not have access to the funds. If a child cannot be found upon collapsing of the fund, earned funds are to be distributed to the remaining active RESP accounts.

14. Contingent liabilities:

(a) Legal claims:

The nature of the Society's activities is such that there may be litigation pending or in prospect at any time. With the respect to claims at March 31, 2023, management believes that the Society has valid defenses and appropriate insurance coverage in place. In the event any claims are unsuccessful, management believes that such claims are not expected to have a material effect on the Society's financial position.

(b) Provincial subsidy revenue:

The operating subsidy is recognized based on the approved fiscal allocation by the Ministry, Province of Ontario. Program surpluses may be recovered by the Province of Ontario based on an annual Ministry reconciliation performed subsequent to year end. Any recoveries will be reported as an adjustment to revenue in the Statement of Operations in the year of recovery.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)
Notes to Financial Statements (continued)

Year ended March 31, 2023

15. Future access to surpluses:

In fiscal 2014, the Ministry of Children and Youth Services ("Ministry") 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 will be developed by the Ministry for an individual Children's Aid Society up to the amount of the accumulated surplus returned to the Ministry following the implementation of this new funding model in 2013/14.

In order to be eligible to access these funds in a future year, the Society must have generated a prior year surplus that was repaid to the Ministry for fiscal years beginning on or after April 1, 2013 and, in a subsequent year, the Society requires additional funding to balance its budget.

In the year, the Ministry reassessed 2019/20 surplus to \$1,895,304 and as a result, \$1,300,156 was recovered by the Ministry. The Ministry allowed \$796,845 from 2020/21 surplus to clear 2017/18 deficit resulting in further assessed amount of \$264,854 in addition to \$2,427,295 approved in fiscal 2022. The cumulative balance up to 2020/21 of \$344,702 was subsequently received after the March 31, 2023 year end resulting in a balance budget deficit of zero. The deficit of 2021/22 has not been assessed by the Ministry.

The accounting for the Society's Balanced Budget Fund is outlined below:

Surplus for Ministry Reporting	Expiry	Operating (surplus) deficit	Amount accessed in prior years	Amount accessed in current year	Cumulative Ending balance
2017/18	2021	\$ 3,221,068	(2,427,295)	\$ (264,854)	\$ 528,919
2018/19	2022	3,072	–	–	531,991
2019/20	2023	(1,895,304)	1,895,304	–	531,991
2020/21	2024	(984,134)	–	796,845	344,702
2021/22	2025	154,966	–	–	499,668

16. Comparative presentation and information:

Certain comparative information and presentation have been reclassified and changed from those previously presented to conform to the presentation of the 2023 financial statements.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Schedule 1

Expenditures - Child Welfare Services

Year ended March 31, 2023, with comparative information for 2022

	Operating Fund	Special Projects Fund	Capital Fund	2023 Total	2022 Total
	\$	\$	\$	\$	\$
Salaries	25,934,097	454,977	274,362	26,663,436	27,086,212
Boarding rate payments	10,858,772	-	-	10,858,772	10,306,897
Employee benefits	7,580,131	114,504	-	7,694,635	7,912,551
Client personal needs	3,125,487	-	-	3,125,487	3,304,246
Technology	1,030,156	-	-	1,030,156	1,237,270
Amortization of capital assets	-	-	682,515	682,515	863,201
Travel	844,057	-	-	844,057	748,035
Program expense	154,671	42,006	-	196,677	221,915
Health and allied services	330,292	-	-	330,292	405,826
Professional services – client	504,673	-	-	504,673	661,825
Building occupancy	721,349	-	392,868	1,114,217	1,053,328
Professional services – non-client	425,190	-	-	425,190	414,891
Office administration	89,676	31,647	-	121,323	156,295
Miscellaneous	629,244	-	-	629,244	574,986
Admission prevention	455,756	-	-	455,756	480,330
Staff training, conference fees – and education	219,960	-	-	219,960	327,325
Promotion, publicity and advertising	24,043	-	-	24,043	14,063
	52,927,554	643,134	1,349,745	54,920,433	55,769,196

Special project fund expenditures reported are for Sexual Abuse Treatment Program (Schedule 2) and Education Liaison Program (Schedule 3).

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Schedule 2

Sexual Abuse Treatment Program - Statement of Revenue and Expenditures

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
The Regional Municipality of Waterloo	\$ 530,020	\$ 530,020
Other	–	31,408
	<u>530,020</u>	<u>561,428</u>
Expenditures:		
Salaries and benefits	505,981	527,398
Office administration	–	24,039
Program expense	24,039	9,991
	<u>530,020</u>	<u>561,428</u>
Due to The Regional Municipality of Waterloo, end of year	\$ –	\$ –

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Schedule 3

Education Liaison Program - Statement of Revenue and Expenditures

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
The Province of Ontario	\$ 113,114	\$ 111,114
Expenditures:		
Salaries and benefits	63,500	63,500
Program expense	42,006	40,006
Office administration	7,608	7,608
	113,114	111,114
Due to the Province of Ontario Child Welfare	\$ -	\$ -