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# Financial statements of Children and Family Services for York Region

March 31, 2024

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## Independent Auditor's Report

To the Board of Directors of  
Children and Family Services for York Region

### Opinion

We have audited the financial statements of Children and Family Services for York Region (the "Organization"), which comprise the balance sheet as at March 31, 2024, and the statements of revenue and expenses, changes in fund balances, re-measurement gains and losses, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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.

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

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

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

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

## 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 GAAS 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 GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 5, 2024

**Children and Family Services for York Region**

**Balance sheet**

As at March 31, 2024

|  | Notes     | 2024<br>\$        | 2023<br>\$        |
|--|-----------|-------------------|-------------------|
| <b>Assets</b>                            |           |                   |                   |
| <b>Current assets</b>                    |           |                   |                   |
| Cash                                     |           | 3,526,767         | 2,528,639         |
| Accounts receivable                      | 14        | 5,222,117         | 6,818,639         |
| Short-term investments                   | 3 and 12  | 432,350           | 706,944           |
| Prepaid expenses                         |           | 811,993           | 819,450           |
|  |           | <u>9,993,227</u>  | <u>10,873,672</u> |
| Investments                              | 3 and 12  | 2,122,048         | 1,766,695         |
| Capital assets                           | 4         | 4,300,353         | 4,054,941         |
|  |           | <u>16,415,628</u> | <u>16,695,308</u> |
| <b>Liabilities</b>                       |           |                   |                   |
| <b>Current liabilities</b>               |           |                   |                   |
| Accounts payable and accrued liabilities | 14        | 5,645,197         | 4,935,917         |
| Current portion of bank loan             | 5         | 297,000           | 284,000           |
|  |           | <u>5,942,197</u>  | <u>5,219,917</u>  |
| Bank loan                                | 5         | 897,000           | 1,194,000         |
| Derivative liability                     | 11 and 12 | 9,025             | 33,785            |
|  |           | <u>6,848,222</u>  | <u>6,447,702</u>  |
| <b>Fund balances</b>                     |           |                   |                   |
| Operating fund                           |           | 5,467,026         | 6,667,662         |
| Capital fund                             |           | 3,119,816         | 2,590,404         |
| Restricted funds                         | 8         | 989,589           | 1,023,325         |
|  |           | <u>9,576,431</u>  | <u>10,281,391</u> |
| Accumulated re-measurement losses        |           | <u>(9,025)</u>    | <u>(33,785)</u>   |
|  |           | <u>9,567,406</u>  | <u>10,247,606</u> |
|  |           | <u>16,415,628</u> | <u>16,695,308</u> |

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

Approved on behalf of the Board

Justin Rangooni - Chair  Director

Tahir Shafiq - Treasurer  Director

**Children and Family Services for York Region**  
**Statement of revenue and expenses**

Year ended March 31, 2024

| Notes   | Operating fund    |                   | Capital fund     |                  | Restricted funds |                 | Total             |                   |
|---|-------------------|-------------------|------------------|------------------|------------------|-----------------|-------------------|-------------------|
|   | 2024              | 2023              | 2024             | 2023             | 2024             | 2023            | 2024              | 2023              |
|   | \$                | \$                | \$               | \$               | \$               | \$              | \$                | \$                |
| <b>Revenue</b>                                      |                   |                   |                  |                  |                  |                 |                   |                   |
| Provincial grant                                    | 52,248,159        | 49,465,505        | —                | —                | —                | —               | 52,248,159        | 49,465,505        |
| Contributions and donations                         | —                 | —                 | —                | —                | 80,822           | 52,963          | 80,822            | 52,963            |
| Amortization of deferred capital contribution       | —                 | —                 | —                | 12,981           | —                | —               | —                 | 12,981            |
| Other income and recoveries                         | 1,167,660         | 958,194           | —                | —                | 243,599          | 257,541         | 1,411,259         | 1,215,735         |
|   | <b>53,415,819</b> | <b>50,423,699</b> | <b>—</b>         | <b>12,981</b>    | <b>324,421</b>   | <b>310,504</b>  | <b>53,740,240</b> | <b>50,747,184</b> |
| <b>Expenses</b>                                     |                   |                   |                  |                  |                  |                 |                   |                   |
| Salaries and wages                                  | 26,947,900        | 24,572,278        | —                | —                | —                | —               | 26,947,900        | 24,572,278        |
| Employee benefits                                   | 9,024,573         | 8,365,145         | —                | —                | —                | —               | 9,024,573         | 8,365,145         |
| Travel  | 671,526           | 539,899           | —                | —                | 2,090            | 1,433           | 673,616           | 541,332           |
| Training and recruitment                            | 198,760           | 410,065           | —                | —                | 203,560          | 263,660         | 402,320           | 673,725           |
| Building occupancy                                  | 1,600,143         | 1,528,634         | —                | —                | —                | —               | 1,600,143         | 1,528,634         |
| Purchased services non-client                       | 511,738           | 386,863           | —                | —                | —                | —               | 511,738           | 386,863           |
| Boarding rate payments                              | —                 | —                 | —                | —                | —                | —               | —                 | —                 |
| Foster care   | 956,308           | 1,063,837         | —                | —                | —                | —               | 956,308           | 1,063,837         |
| Independent living                                  | 2,327,281         | 2,478,720         | —                | —                | —                | —               | 2,327,281         | 2,478,720         |
| Institutional care                                  | 4,817,492         | 4,411,116         | —                | —                | —                | —               | 4,817,492         | 4,411,116         |
| Other   | —                 | —                 | —                | —                | —                | —               | —                 | —                 |
| Purchased services client                           | 729,013           | 1,039,845         | —                | —                | —                | —               | 729,013           | 1,039,845         |
| Clients' personal needs                             | 1,196,357         | 1,160,923         | —                | —                | —                | —               | 1,196,357         | 1,160,923         |
| Financial assistance                                | 565,347           | 523,369           | —                | —                | —                | —               | 565,347           | 523,369           |
| Medical and related                                 | 329,071           | 274,216           | —                | —                | —                | —               | 329,071           | 274,216           |
| Promotion and publicity                             | 128,377           | 127,612           | —                | —                | —                | —               | 128,377           | 127,612           |
| Office administration                               | 332,054           | 325,802           | —                | —                | —                | —               | 332,054           | 325,802           |
| Miscellaneous                                       | 130,530           | 134,688           | —                | —                | 152,507          | 135,769         | 283,037           | 270,457           |
| Mortgage interest                                   | 67,297            | 96,377            | —                | —                | —                | —               | 67,297            | 96,377            |
| Information and technology                          | 586,814           | 494,964           | —                | —                | —                | —               | 586,814           | 494,964           |
| Amortization of capital assets                      | —                 | —                 | 370,862          | 356,528          | —                | —               | 370,862           | 356,528           |
|   | <b>51,120,581</b> | <b>47,934,353</b> | <b>370,862</b>   | <b>356,528</b>   | <b>358,157</b>   | <b>400,862</b>  | <b>51,849,600</b> | <b>48,691,743</b> |
| <b>Excess (deficiency) of revenue over expenses</b> | <b>2,295,238</b>  | <b>2,489,346</b>  | <b>(370,862)</b> | <b>(343,547)</b> | <b>(33,736)</b>  | <b>(90,358)</b> | <b>1,890,640</b>  | <b>2,055,441</b>  |

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

**Children and Family Services for York Region**  
**Statement of changes in fund balances**

Year ended March 31, 2024

|   | Operating<br>fund<br>\$ | Capital<br>fund<br>\$ | Restricted<br>funds<br>\$ | 2024<br>Total<br>\$ | 2023<br>Total<br>\$ |
|---|-------------------------|-----------------------|---------------------------|---------------------|---------------------|
| Notes   |                         |                       |                           |                     |                     |
| <b>Fund balances, beginning of year</b>   | <b>6,667,662</b>        | <b>2,590,404</b>      | <b>1,023,325</b>          | <b>10,281,391</b>   | 8,238,931           |
| Excess (deficiency) of revenue<br>over expenses from<br>current year operations | <b>2,295,238</b>        | <b>(370,862)</b>      | <b>(33,736)</b>           | <b>1,890,640</b>    | 2,042,460           |
| Balance Budget Fund - Expiry  | <b>(2,595,600)</b>      | —                     | —                         | <b>(2,595,600)</b>  | —                   |
| Purchase of capital assets  | <b>(616,274)</b>        | <b>616,274</b>        | —                         | —                   | —                   |
| Bank loan repayment   | <b>(284,000)</b>        | <b>284,000</b>        | —                         | —                   | —                   |
| <b>Fund balances, end of year</b>   | <b>5,467,026</b>        | <b>3,119,816</b>      | <b>989,589</b>            | <b>9,576,431</b>    | 10,281,391          |

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

**Children and Family Services for York Region**  
**Statement of re-measurement gains and losses**  
Year ended March 31, 2024

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|   | 2024            | 2023            |
|---|-----------------|-----------------|
|   | \$              | \$              |
|   | <hr/>           | <hr/>           |
| <b>Accumulated re-measurement losses, beginning of year</b>         | <b>(33,785)</b> | (113,590)       |
| Unrealized gain attributable to derivatives –<br>interest rate swap | <b>24,760</b>   | 79,805          |
| <b>Accumulated re-measurement losses, end of year</b>               | <b>(9,025)</b>  | <b>(33,785)</b> |

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



**Children and Family Services for York Region**  
**Statement of cash flows**  
Year ended March 31, 2024

|   | 2024             | 2023               |
|---|------------------|--------------------|
|   | \$               | \$                 |
| <b>Operating activities</b>                             |                  |                    |
| Excess of revenue over expenses                         | 1,890,640        | 2,042,460          |
| Items not affecting cash                                |                  |                    |
| Balance Budget Fund                                     | (2,595,600)      | —                  |
| Amortization of capital assets                          | 370,862          | 356,528            |
|   | <u>(334,098)</u> | <u>2,398,988</u>   |
| <br>Changes in non-cash operating working capital items |                  |                    |
| Accounts receivable                                     | 1,596,522        | (5,507,993)        |
| Prepaid expenses  | 7,457            | (95,296)           |
| Accounts payable and accrued liabilities                | 709,280          | (1,573,189)        |
|   | <u>1,979,161</u> | <u>(4,777,490)</u> |
| <br><b>Financing activities</b>                         |                  |                    |
| Loan to York Region Children's Fund                     | —                | 12,940             |
| Bank loan   | (284,000)        | (271,000)          |
|   | <u>(284,000)</u> | <u>(258,060)</u>   |
| <br><b>Investing activity</b>                           |                  |                    |
| Net purchases of investments                            | <u>(80,759)</u>  | <u>(53,141)</u>    |
| <br><b>Capital activity</b>                             |                  |                    |
| Purchase of capital assets                              | <u>(616,274)</u> | <u>(247,225)</u>   |
| <br>Net cash inflow (outflow)                           | 998,128          | (5,335,916)        |
| Cash, beginning of year                                 | 2,528,639        | 7,864,555          |
| <b>Cash, end of year</b>                                | <u>3,526,767</u> | <u>2,528,639</u>   |
| <br><b>Supplemental cash disclosure</b>                 |                  |                    |
| Interest paid   | <u>21,741</u>    | <u>96,377</u>      |

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

**Children and Family Services for York Region**  
**Notes to the financial statements**  
March 31, 2024

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**1. Mandate and basis of presentation**

Children and Family Services for York Region (the "Organization") is responsible for the care and protection of children in York Region as set out under the provisions of The Child and Family Services Act.

The Organization is classified as a registered charity under the Income Tax Act and, as such, is not subject to income tax.

The Organization is deemed to control the York Region Children's Fund. As permitted by Canadian public sector accounting standards for government not-for-profit organizations ("Government NPOs"), the financial information for this controlled entity has been disclosed (in Note 14), rather than consolidated.

**2. Significant accounting policies**

*Basis of presentation*

The financial statements of the Organization have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board.

*Financial instruments*

Financial instruments reported on the Balance sheet of the Organization are measured as follows:

| <u>Financial instrument</u>              | <u>Measurement basis</u> |
|--|--------------------------|
| Cash                                     | Amortized cost           |
| Accounts receivable                      | Amortized cost           |
| Short-term investments                   | Fair value               |
| Loan to York Region Children's Fund      | Amortized cost           |
| Investments                              | Fair value               |
| Accounts payable and accrued liabilities | Amortized cost           |
| Bank loan                                | Amortized cost           |
| Derivative liability                     | Fair value               |

Under PS 3450, all financial instruments, including derivatives, are included on the Balance sheet and are measured either at fair value or at amortized cost based on the characteristics of the instrument and the Organization's accounting policy choices.

Financial instruments measured at fair value are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the Statement of re-measurement gains and losses until they are realized, when they are transferred to the Statement of revenue and expenses. Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated re-measurement losses and recognized in the Statement of revenue and expenses. On sale or disposal, the amount held in accumulated re-measurement losses associated with that instrument is removed therefrom and recognized in the Statement of revenue and expenses.

## **2. Significant accounting policies (continued)**

### *Financial instruments (continued)*

Financial instruments measured at amortized cost are initially recognized at cost, and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Write-downs of financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the Statement of revenue and expenses.

The Organization has designated its investments that would otherwise be classified into the amortized cost category at fair value, as the Organization manages and reports performance over its investment portfolio on a fair value basis.

### *Revenue recognition*

Revenue from donations and fund-raising activities are recorded when received. Restricted contributions are recognized as revenue of the appropriate restricted fund.

### *Capital assets*

Capital assets are initially recorded at cost and are amortized using the straight-line method at the rates disclosed in Note 4.

### *Deferred leasehold allowance*

Deferred leasehold allowance is offset against the related rent expense.

### *Deferred lease contributions*

Deferred capital contributions represent amounts contributed for capital assets and are amortized at the same rate as the related capital assets.

### *Contributed materials and services*

These financial statements do not include the substantial value of services contributed by volunteers, foster parents and other interested parties because of the difficulty of determining their fair value.

Contributed materials, which would normally be purchased, are recorded as revenue and expense at their fair value when such value can be determined.

### *Use of estimates*

In preparing the Organization's financial statements, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounts which are subject to significant estimates include allowance for doubtful accounts, useful lives of capital assets, accrued liabilities and the derivative liability.

### *Investment income*

Income earned on investments held under the terms of certain trust accounts is included in contributions and donations revenue in the Children's Special Fund of the Restricted funds. All other investment income is included in other income and recoveries in the Statement of revenue and expenses.

**Children and Family Services for York Region**  
**Notes to the financial statements**  
March 31, 2024

**3. Investments**

The investments consist of the following Guaranteed Investment Certificates:

|  | 2024             | 2023      |
|--|------------------|-----------|
|  | \$               | \$        |
| Short-term investments                               |                  |           |
| Cash   | <b>8,163</b>     | 3,679     |
| Maturing May 30, 2023, Interest at 3.05%             | —                | 253,265   |
| Maturing August 17, 2023, Interest at 0.95% to 1.28% | —                | 450,000   |
| Maturing May 31, 2024, interest at 1.40%             | <b>104,021</b>   | —         |
| Maturing December 5, 2024, interest at 5.05%         | <b>320,166</b>   | —         |
|  | <b>432,350</b>   | 706,944   |
| Long-term investments                                |                  |           |
| Maturing May 31, 2024, interest at 1.4%              | —                | 102,581   |
| Maturing August 6, 2025, interest at 1.31%           | <b>104,868</b>   | 103,508   |
| Maturing October 2, 2025, interest at 1.24 to 1.4%   | <b>282,565</b>   | 278,902   |
| Maturing December 5, 2025 at 5.0%                    | <b>186,646</b>   | 482,469   |
| Maturing March 19, 2026, interest at 1.30 to 1.31%   | <b>488,867</b>   | 482,553   |
| Maturing June 8, 2027, interest at 4.16%             | <b>107,672</b>   | 103,361   |
| Maturing August 30, 2027, interest at 5.15%          | <b>206,033</b>   | —         |
| Maturing September 07, 2027, interest at 4.6%        | <b>223,161</b>   | 213,321   |
| Maturing June 1, 2028, interest at 4.63%             | <b>264,796</b>   | —         |
| Maturing August 28, 2028, interest at 5.08%          | <b>257,440</b>   | —         |
|  | <b>2,122,048</b> | 1,766,695 |

**4. Capital assets**

|                           | Rates       | Cost              | Accumulated<br>amortization | 2024<br>Net book<br>value | 2023<br>Net book<br>value |
|---------------------------|-------------|-------------------|-----------------------------|---------------------------|---------------------------|
|                           |             | \$                | \$                          | \$                        | \$                        |
| Land                      | N/A         | 1,064,953         | —                           | 1,064,953                 | 1,064,953                 |
| Buildings                 | 40 years    | 3,841,828         | 1,651,319                   | 2,190,509                 | 2,289,371                 |
| Leasehold<br>improvements | Lesase term | 1,884,177         | 1,185,578                   | 698,599                   | 202,266                   |
| Furniture and<br>fixtures | 5 years     | 1,800,150         | 1,800,150                   | —                         | —                         |
| Computers                 | 3-8 years   | 3,194,559         | 2,848,267                   | 346,292                   | 498,351                   |
|                           |             | <b>11,785,667</b> | <b>7,485,314</b>            | <b>4,300,353</b>          | <b>4,054,941</b>          |

**5. Bank loan**

The Organization has utilized a \$4,500,000 bankers' acceptance loan from the Royal Bank of Canada. The loan bears interest at the Royal Bank of Canada's prime rate, minus 0.10% per annum, plus an acceptance fee of 0.35% per annum, payable monthly. The agreement expires with the maturity of the loan on November 8, 2027.

The loan is secured by a general security agreement, constituting a first ranking security interest in all personal property of the Organization, together with a collateral mortgage in the amount of \$4,500,000, constituting a first charge on the Organization's property.

**Children and Family Services for York Region**  
**Notes to the financial statements**

March 31, 2024

**5. Bank loan (continued)**

|                       | <b>2024</b>      | 2023      |
|-----------------------|------------------|-----------|
|                       | <b>\$</b>        | \$        |
| Balance               | <b>1,194,000</b> | 1,478,000 |
| Less: current portion | <b>297,000</b>   | 284,000   |
| Long-term portion     | <b>897,000</b>   | 1,194,000 |

Repayments of the loan as at March 31, 2024 are as follows:

|      | <u>\$</u>        |
|------|------------------|
| 2025 | 297,000          |
| 2026 | 310,000          |
| 2027 | 323,000          |
| 2028 | 264,000          |
|      | <u>1,194,000</u> |

Interest expense for the year amounted to \$67,297 (\$96,377 in 2023).

The Organization has entered into a 20-year interest rate swap to hedge the interest rate exposure associated with the loan. The swap effectively locks in the interest rate applicable on the long-term debt at 4.81%. The Notional value of the swap is \$1,194,000 (\$1,478,000 in 2023).

**6. Bank facility**

The Organization has an unsecured credit facility of \$2.5 million with a Canadian chartered bank. At March 31, 2024 nil (nil in 2023) was drawn on this facility. Interest is charged on unpaid balances at the rate of prime plus 1%.

**7. Lease obligations**

The Organization is committed under leases for rent and office equipment requiring minimum annual rental payments at March 31, 2024 as follows:

|            | Operating<br>leases<br><u>\$</u> |
|------------|----------------------------------|
| 2025       | 149,154                          |
| 2026       | 103,734                          |
| 2027       | 103,734                          |
| 2028       | 107,576                          |
| 2029       | 109,497                          |
| Thereafter | 618,562                          |
|            | <u>1,192,257</u>                 |

## Children and Family Services for York Region

### Notes to the financial statements

March 31, 2024

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#### **8. Restricted funds**

Restricted funds consist of:

##### *Children's Special Fund*

The Children's Special Fund records public donations made to the Organization. Amounts spent within this Fund are based on the wishes of the donor, or as decided by the Board of Directors.

##### *Community Education Fund*

The Community Education Fund was established to assist with training activities that would support mandated child welfare services.

##### *RESP Fund*

The RESP Fund has been established to record amounts received by the Organization for children/youth who are entitled to the Universal Child Care Benefit. The objective is to increase the likelihood that more children will, with the incentive of increased financial resources of an RESP, pursue post-secondary education and vocational training.

##### *OCBe Fund*

The OCBe (Ontario Child Tax Benefit equivalent) Fund was established to account for funds received from the Province that is to provide opportunities for children and youth in care and in formal customary care, 0-17 years old, to participate in recreational/educational, cultural, and social activities that will support their achievement of higher educational success, higher degree of resiliency and a smoother transition to adulthood.

##### *OCBe Savings Fund*

The OCBe Fund Savings Program are funds received from the Province to be used to assist eligible youth in their transition to independent living.

**Children and Family Services for York Region**  
**Notes to the financial statements**

March 31, 2024

**8. Restricted funds (continued)**

|   | Children's<br>Special<br>Fund<br>\$ | Community<br>Education<br>Fund<br>\$ | RESP<br>Fund<br>\$ | OCBe<br>Fund<br>Program<br>Activities<br>\$ | OCBe<br>Fund<br>Saving<br>Program<br>\$ | 2024<br>\$       | 2023<br>\$      |
|---|-------------------------------------|--------------------------------------|--------------------|---|---|------------------|-----------------|
| Balances,<br>beginning of year                                  | <b>195,923</b>                      | <b>39,134</b>                        | <b>311,475</b>     | <b>124,100</b>                              | <b>352,693</b>                          | <b>1,023,325</b> | 1,113,683       |
| Revenue   |                                     |                                      |                    |   |   |                  |                 |
| Donations   | <b>73,070</b>                       | —                                    | —                  | —   | —                                       | <b>73,070</b>    | 43,063          |
| Donations in Kind   | <b>7,752</b>                        | —                                    | —                  | —   | —                                       | <b>7,752</b>     | 9,900           |
| Other contributions<br>and recoveries                           | —                                   | <b>5,291</b>                         | <b>80,741</b>      | <b>91,775</b>                               | <b>65,792</b>                           | <b>243,599</b>   | 257,541         |
|   | <b>80,822</b>                       | <b>5,291</b>                         | <b>80,741</b>      | <b>91,775</b>                               | <b>65,792</b>                           | <b>324,421</b>   | 310,504         |
| Expenses  |                                     |                                      |                    |   |   |                  |                 |
| Travel  | <b>2,090</b>                        | —                                    | —                  | —   | —                                       | <b>2,090</b>     | 1,433           |
| Education and training  | <b>84,822</b>                       | <b>5,200</b>                         | <b>84,075</b>      | <b>29,463</b>                               | —                                       | <b>203,560</b>   | 263,660         |
| Social skills   | —                                   | —                                    | —                  | <b>40,462</b>                               | —                                       | <b>40,462</b>    | 38,349          |
| Transition to adulthood   | —                                   | —                                    | —                  | <b>18,422</b>                               | <b>82,171</b>                           | <b>100,593</b>   | 85,520          |
| Donations in Kind   | <b>7,752</b>                        | —                                    | —                  | —   | —                                       | <b>7,752</b>     | 9,900           |
| Other   | —                                   | <b>3,700</b>                         | —                  | —   | —                                       | <b>3,700</b>     | 2,000           |
|   | <b>94,664</b>                       | <b>8,900</b>                         | <b>84,075</b>      | <b>88,347</b>                               | <b>82,171</b>                           | <b>358,157</b>   | 400,862         |
| Excess (deficiency) of<br>revenue over expenses<br>for the year | <b>(13,842)</b>                     | <b>(3,609)</b>                       | <b>(3,334)</b>     | <b>3,428</b>                                | <b>(16,379)</b>                         | <b>(33,736)</b>  | <b>(90,358)</b> |
| Balances, end of year   | <b>182,081</b>                      | <b>35,525</b>                        | <b>308,141</b>     | <b>127,528</b>                              | <b>336,314</b>                          | <b>989,589</b>   | 1,023,325       |

**Children and Family Services for York Region**  
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March 31, 2024

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**9. Pension plan**

The Organization participates in the Ontario Municipal Employees Retirement System ("OMERS") contributory defined benefit pension plan. Employer contributions for the year ended March 31, 2024 amounted to \$2,555,185 (\$2,348,620 in 2023) and are included in employee benefits in the Statement of revenue and expenses.

**10. Contingent liabilities and guarantees**

*Contingent liabilities*

Various lawsuits have been filed against the Organization for incidents which arose in the ordinary course of operations. In the opinion of management and legal counsel, the outcome of the lawsuits, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be recognized in the year of resolution.

*Guarantees*

Indemnity has been provided to all directors and officers of the Organization for various items including, but not limited to, all costs to settle suits or actions due to their involvement with the Organization, subject to certain restrictions. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The maximum amount of any potential future payment cannot be reasonably estimated.

**11. Derivative liability**

The Organization entered into an interest rate swap in order to reduce the impact of fluctuating interest rates on its long-term debt. The policy of the Organization is not to enter into interest rate swap agreements for trading or speculative purposes.

**12. Financial instruments and risk management**

The investments held by the Organization are exposed to a variety of financial risks. The Organization seeks to minimize the potential adverse effects of these risks by regularly monitoring the investment's position, market events and the diversifying of the investment portfolio within the constraints of the Organization's Investment Policies.

The risks that are relevant to the Organization's investments are as follows:

*Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Organization. The interest-bearing investments held by the Organization have a limited exposure to interest rate risk due to their short-term maturity. The Organization has formal policies and procedures that establish target asset mix, minimum credit ratings and varying terms of the securities held.

The Organization is exposed to interest rate risk on its long-term debt. For its long-term debt, the Organization has entered into an interest rate swap agreement in order to manage the impact of fluctuating interest rates. The Organization's policy is not to utilize derivative instruments for trading or speculative purposes.



**12. Financial instruments and risk management (continued)**

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at March 31, 2024 and 2023, the Organization's investments in fixed income securities are with banking institutions.

*Fair value*

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity. The fair value of long-term debt and the derivative liability approximates their carrying value, as they have financing conditions similar to those currently available to the Organization. The fair value of investments which consist of Guaranteed Investment Certificates is determined using cost plus accrued interest.

The fair value of the interest rate swap is determined using the discounted cash flow method.

*Fair value hierarchy*

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements are those 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 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the Balance sheet, classified using the fair value hierarchy described above:

|                        | <b>Financial instruments at fair value as at</b> |                  |                |                  |
|------------------------|--|------------------|----------------|------------------|
|                        | <b>March 31, 2024</b>                            |                  |                |                  |
|                        | <b>Level 1</b>                                   | <b>Level 2</b>   | <b>Level 3</b> | <b>Total</b>     |
|                        | <b>\$</b>  | <b>\$</b>        | <b>\$</b>      | <b>\$</b>        |
| Short-term investments | —  | <b>423,350</b>   | —              | <b>423,350</b>   |
| Investments            | —  | <b>2,122,049</b> | —              | <b>2,122,049</b> |
| Derivative liability   | —  | <b>9,025</b>     | —              | <b>9,025</b>     |
|                        |  |                  |                |                  |
|                        | <b>Financial instruments at fair value as at</b> |                  |                |                  |
|                        | <b>March 31, 2023</b>                            |                  |                |                  |
|                        | <b>Level 1</b>                                   | <b>Level 2</b>   | <b>Level 3</b> | <b>Total</b>     |
|                        | <b>\$</b>  | <b>\$</b>        | <b>\$</b>      | <b>\$</b>        |
| Short-term investments | —  | 706,944          | —              | 706,944          |
| Investments            | —  | 1,766,695        | —              | 1,766,695        |
| Derivative liability   | —  | 33,785           | —              | 33,785           |

**Children and Family Services for York Region**  
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**12. Financial instruments and risk management policy (continued)**

*Fair value hierarchy (continued)*

There have been no movements between levels for the year ended March 31, 2024.

For fair value measurements in Level 2 of the fair value hierarchy, a reconciliation from the beginning balances to the ending balances, together with changes during the year has been provided in the table below:

|  | <b>2024</b>     | 2023     |
|--|-----------------|----------|
|  | <b>\$</b>       | \$       |
| Derivative liability   |                 |          |
| Balance, beginning of year   | <b>33,785</b>   | 113,590  |
| (Gain) loss for the year recognized in the Statement<br>of re-measurement gains and losses | <b>(24,760)</b> | (79,805) |
| Balance, end of year   | <b>9,025</b>    | 33,785   |

**13. York Region Children's Fund**

The York Region Children's Fund (the "YRCF") was incorporated in November 2013 as an independent legal entity and Registered Charity whose sole purpose is to raise funds for the exclusive benefit of the welfare of children and their families within York Region through support for the Children and Family Services for York Region.

The funds raised will enhance compassionate care to the children, youth and families served by providing important childhood experiences and opportunities for them, so that our community's children and youth reach their full potential.

The following discloses the YRCF's financial statement elements as at March 31, 2024 and for the year then ended.

Balance sheet as at:

|   | <b>2024</b>   | 2023   |
|---|---------------|--------|
|   | <b>\$</b>     | \$     |
| Assets  |               |        |
| Current assets  |               |        |
| Cash  | <b>26,865</b> | 38,749 |
| Other   | —             | —      |
|   | <b>26,865</b> | 38,749 |
| Liabilities   |               |        |
| Current liabilities   |               |        |
| Accounts payable - other  | <b>357</b>    | 270    |
| Loan payable to Children and Family<br>Services for York Region | —             | —      |
|   | <b>357</b>    | 270    |
| Loan payable to Children and Family<br>Services for York Region | —             | —      |
|   | <b>357</b>    | 270    |
| Fund balances   | <b>26,508</b> | 38,479 |
|   | <b>26,865</b> | 38,749 |

**Children and Family Services for York Region**  
**Notes to the financial statements**  
 March 31, 2024

**13. York Region Children’s Fund (continued)**

Statement of revenue and expenses:

|  | <b>2024</b>     | 2023   |
|--|-----------------|--------|
|  | <b>\$</b>       | \$     |
| Revenue                                      | <b>63,937</b>   | 78,032 |
| Expenses                                     | <b>75,908</b>   | 57,470 |
| (Deficiency) excess of revenue over expenses | <b>(11,971)</b> | 20,562 |

Expenses include \$64,730 (\$47,332 in 2023) that represent donations to Children and Family Services for York Region.

**14. Revenue**

During the year, the Ministry of Children, Community and Social Services (the “Ministry”) provided the Organization with funding of nil (\$1,206,721 in 2023) to be applied towards prior years’ deficits. Such funding was recognized as revenue in the year it was earned. Included in accounts receivable is an amount of \$4,856,125 (\$6,492,957 in 2023) due from the Ministry and recognized as part of revenue in the year to which it relates. Included in this total is the amount of \$2,001,634 relating to the Ministry’s March approved funding payment which was short paid. This amount will be requested for payment through the annual Transfer Payment Account Reconciliation (“TPAR”) filing with the Ministry.

Per the Ministry’s Child Welfare Balanced Budget Fund (BBF) requirements, 50% of the 2023-24 operating surplus generated by the Organization that is not used to manage an accumulated deficit will be contributed to the Ministry-managed BBF account. As a result, \$1,386,152 (\$1,916,507 in 2023) has been recorded by the Organization as the estimated amount that will be recovered by the Ministry and reduces the Ministry-approved funding amount for the year recognized as revenue. This estimated amount will be recovered through the annual TPAR filing with the Ministry.

Per the Ministry Child Welfare Funding model, eligible contributions under the BBF will expire, if not accessed, after a three-year period. The amount contributed in 2020-2021 of \$2,595,600 has expired and as such is reflected on the Statement of changes in fund balances.

**15. Restricted funds one-time program funding**

During the year, the Ministry provided the Organization with one-time funding of \$109,554 (\$109,554 in 2023) to support the Educational and Liaison program. The revenues and associated expenses have been included in the Operating Fund in the Statement of revenue and expenses. For greater clarity, the following discloses the EL Program financial statement elements as at March 31, 2024 and for the year then ended.

|  | <b>2024</b>      | 2023    |
|--|------------------|---------|
|  | <b>\$</b>        | \$      |
| Provincial Grant                             | <b>109,554</b>   | 109,554 |
| Salary and Wages                             | <b>181,804</b>   | 106,000 |
| Employee Benefits                            | <b>60,884</b>    | 1,500   |
| Travel                                       | <b>855</b>       | —       |
| Miscellaneous                                | <b>54</b>        | 2,054   |
| (Deficiency) excess of revenue over expenses | <b>(134,043)</b> | —       |