Financial Statements of

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

And Independent Auditors' Report thereon

Year ended March 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Members of Windsor-Essex Children's Aid Society

Opinion

We have audited the financial statements of Windsor-Essex Children's Aid Society (the Society), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of revenue and expenditures for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the **"*Auditors' Responsibilities for the Audit of the Financial Statements*"** section of our auditors' 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 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.

Responsibility 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risk 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, internal 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 purposes 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 the 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 auditors' 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 auditors' report. However, future events or conditions may cause the Society's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada
June 17, 2020

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Statement of Financial Position

March 31, 2020, with comparative information for 2019

	Operating Fund	Capital Fund	Donation Fund	Other Child Welfare	2020 Total	2019 Total
Assets						
Current assets:						
Cash	$ 1,246,232	$ 11,166	$ -	$ -	$ 1,257,398	$ 2,039,079
Investments	-	-	-	1,482,456	1,482,456	1,301,759
Accounts receivable	674,460	-	-	-	674,460	457,556
Amounts receivable from funding provider (note 2)	1,735,703	-	-	27,100	1,762,803	1,547,285
Interfund balances	-	-	-	-	-	195
Prepaid expenses	520,162	-	-	-	520,162	543,959
	4,176,557	11,166	-	1,509,556	5,697,279	5,889,833
Capital assets (note 3)	-	23,055,378	-	-	23,055,378	28,176,860
Less: accumulated amortization	-	11,545,195	-	-	11,545,195	15,573,365
	-	11,510,183	-	-	11,510,183	12,603,495
	$ 4,176,557	$ 11,521,349	$ -	$ 1,509,556	$ 17,207,462	$ 18,493,328

	Operating Fund	Capital Fund	Donation Fund	Other Child Welfare	2020 Total	2019 Total
Liabilities, Deferred Contributions and Net Assets						
Current liabilities:						
Accounts payable and accrued liabilities (note 5)	$ 3,336,246	$ -	$ -	$ -	$ 3,336,246	$ 4,012,916
Ontario child benefit equivalent	-	-	-	686,082	686,082	648,396
Universal child care benefit for RESP's	-	-	-	2,091,365	2,091,365	1,983,081
Interfund balances	-	-	-	-	-	195
Current portion of capital lease obligations (note 8)	-	119,928	-	-	119,928	119,408
Current portion of mortgage payable (note 9)	-	228,682	-	-	228,682	222,032
	3,336,246	348,610	-	2,777,447	6,462,303	6,986,028
Long-term liabilities:						
Capital lease obligations (note 8)	-	512,490	-	-	512,490	632,938
Mortgage payable (note 9)	-	5,235,479	-	-	5,235,479	5,470,812
	-	5,747,969	-	-	5,747,969	6,103,750
Deferred contributions:						
Operating expenditures of future periods (note 6)	98,885	-	-	-	98,885	56,974
Capital assets (note 7)	-	4,988,241	-	-	4,988,241	5,235,939
	98,885	4,988,241	-	-	5,087,126	5,292,913
Employee future benefits (note 10)	34,432,579	-	-	-	34,432,579	30,588,539
Net assets:						
Invested in capital assets	-	436,529	-	-	436,529	933,585
Internally restricted	(33,691,153)	-	-	(1,267,891)	(34,959,044)	(31,411,487)
	(33,691,153)	436,529	-	(1,267,891)	(34,522,515)	(30,477,902)
Commitments (note 15)						
Contingencies (note 16)						
	$ 4,176,557	$ 11,521,349	$ -	$ 1,509,556	$ 17,207,462	$ 18,493,328

See accompanying notes to financial statements.

On behalf of the Board:

Dana M. D'Andrea Director

Director

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Statement of Revenue and Expenditures

Year ended March 31, 2020, with comparative information for 2019

	Operating Fund	Capital Fund	Donation Fund	Other Child Welfare	2020 Total	2019 Total
Revenue:						
Province of Ontario	$ 58,992,506	$ -	$ -	$ 310,809	$ 59,303,315	$ 60,778,276
Interest and other	41,724	145	130	-	41,999	28,490
Amortization of deferred capital contributions	-	247,698	-	-	247,698	243,881
Grants (note 12)	177,807	-	-	-	177,807	66,236
	59,212,037	247,843	130	310,809	59,770,819	61,116,883
Expenditures:						
Salaries and wages	29,494,896	-	-	-	29,494,896	29,238,541
Employee benefits	7,910,966	-	-	-	7,910,966	7,529,933
Travel	1,965,346	-	-	2,785	1,968,131	2,006,351
Employee future benefits (note 10)	4,320,282	-	-	-	4,320,282	4,407,757
Training and recruitment	111,585	-	-	25	111,610	111,699
Building occupancy	875,911	-	-	-	875,911	841,666
Purchased services - non-client	617,453	-	-	-	617,453	623,313
Boarding rate payments	12,378,122	-	-	246,595	12,624,717	12,534,202
Purchased services - client	1,981,887	-	-	1,775	1,983,662	1,923,241
Clients' personal needs	2,616,509	-	14,968	85,192	2,716,669	2,592,917
Health and related	632,461	-	-	1,794	634,255	494,968
Promotion and publicity	36,949	-	-	-	36,949	22,481
Office administration	464,028	-	-	-	464,028	299,827
Technology costs	680,798	-	-	-	680,798	1,164,364
Miscellaneous	439,286	-	-	-	439,286	452,630
Amortization of capital assets	-	1,093,312	-	-	1,093,312	1,176,701
Interest	197	211,479	-	-	211,676	231,687
	64,526,676	1,304,791	14,968	338,166	66,184,601	65,652,278
Less expenditure recoveries (note 11)	648,919	-	-	-	648,919	744,196
Less non-retainable revenue (note 11)	1,692,893	-	-	27,357	1,720,250	1,715,461
	62,184,864	1,304,791	14,968	310,809	63,815,432	63,192,621
Deficiency of revenue over expenditures	$ (2,972,827)	$ (1,056,948)	$ (14,838)	$ -	$ (4,044,613)	$ (2,075,738)

See accompanying notes to financial statements.

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

	Operating Fund	Capital Fund	Donation Fund	Other Child Welfare	2020 Total	2019 Total
Balance, beginning of year	$ (30,167,008)	$ 933,585	$ 14,838	$ (1,259,317)	$ (30,477,902)	$ (28,402,164)
Deficiency of revenue over expenditures	(2,972,827)	(1,056,948)	(14,838)	-	(4,044,613)	(2,075,738)
Interfund transfers	(551,318)	559,892	-	(8,574)	-	-
Balance, end of year	$ (33,691,153)	$ 436,529	$ -	$ (1,267,891)	$ (34,522,515)	$ (30,477,902)

See accompanying notes to financial statements.

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenditures	$ (4,044,613)	$ (2,075,738)
Add items not resulting in an outlay of cash:		
Amortization of capital assets	1,093,312	1,176,701
Amortization of deferred capital contributions	(247,698)	(243,881)
Amortization of deferred operating contributions	(179,042)	(2,231)
Increase in employee future benefits	3,844,040	3,934,852
Net change in non-cash balances related to operating activities	(939,325)	(320,406)
	(473,326)	2,469,297
Financing activities:		
Increase in deferred contributions - operating expenditures	220,953	2,886
Increase in deferred capital contributions	-	195
Decrease in mortgage payable	(228,683)	(250,281)
Decrease in capital lease obligations	(119,928)	(115,394)
	(127,658)	(362,594)
Investing activities:		
Increase in investments	(180,697)	(196,186)
	(180,697)	(196,186)
Increase (decrease) in cash	(781,681)	1,910,517
Cash, beginning of year	2,039,079	128,562
Cash, end of year	$ 1,257,398	$ 2,039,079

See accompanying notes to financial statements.

The Windsor-Essex Children's Aid Society (the "Society") is incorporated without share capital under the laws of the Province of Ontario. The Society is dedicated to the well-being and safety of every child by advocating for, and partnering with, children, families and communities. The Society is a registered charity under the Income Tax Act and accordingly is exempt from income taxes and able to issue donation receipts for income tax purposes.

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements of the Society have been prepared in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations. In accordance with the practice common to similar organizations, the Society follows the fund basis of accounting to recognize in its accounts the responsibility to employ funds only for the purposes for which such funds were raised or contributed.

The Operating Fund reflects the day-to-day child welfare operations of the Society. The Society operates under the regulations and financial policies of the Ministry of Children, Community and Social Services ("the Ministry") which provides operational funding on the basis of approved service plans.

The Capital Fund holds the capital assets of the Society.

The Donation Fund receives monies such as bequests, donations and those monies from other non-Ministry sources (exclusive of those specifically directed to another fund). These monies are to be used for programs not funded by the Ministry of Children, Community and Social Services and not otherwise related to the service plans.

The Other Child Welfare Fund (formally Non-Child Welfare) operates under the regulations and financial policies of the Ministry of Children, Community and Social Services, which provides operational funding for specific programming to enhance Community Programs. Current year fiscal funding was specific to Transitional Aged Youth and Education Liaison.

1. Significant accounting policies (continued):

(a) Basis of presentation (continued):

Ontario Child Benefit Equivalent ("OCBE") Pooled Funding is a Provincial directive which was effective November 14, 2008. The pooled fund shall be used in two ways:

i) To provide opportunities for all children and youth in care and in formal customary care aged 0-17, and youth in a VYSA for whom the Society is in receipt of the CSA to participate in recreational, educational, cultural and social activities that are consistent with their plans of care.

ii) To establish a savings program for youth in care aged 15-17, and youth in a VYSA for whom the Society is in receipt of the CSA to assist with a successful transition to independent living. The savings program will provide all eligible youth with financial skills to help prepare them for independent living and savings will assist with the costs of their basic needs upon leaving care.

Registered Education Savings Plans for children are to be established utilizing the Universal Child Care Benefit (UCCB) funding received by the Society, through the Federal Child Tax Benefit. The Registered Education Savings Policy Directive 001-08 is effective April 15, 2008 and requires the Society to hold individual Registered Education Savings Plans for each eligible child.

(b) Revenue recognition:

The Society follows the deferral method of accounting for contributions.

Investment income is recognized as revenue when earned in each of the appropriate funds.

Capital contributions received for the purpose of funding acquisitions of capital assets are deferred and amortized to income on a basis consistent with the amortization of the related capital asset.

1. Significant accounting policies (continued):

(c) Capital assets:

Land, buildings, office equipment, vehicles, computer hardware/software and computer equipment under capital lease are recorded at cost. Amortization is recognized in the financial statements using the straight-line method. Buildings are amortized over a 40 year period. Building and property enhancements are amortized over a 24 year period. Office equipment and vehicles are amortized over a 5 year period. Leasehold improvements are amortized over a 5 year period. Computer hardware/software and computer equipment under capital lease are amortized over a 3 year period. No amortization is taken on assets in progress until they are placed in use.

(d) Employee future benefits:

The Society provides defined retirement and other future benefits for substantially all retirees and employees. These future benefits include drug, other medical supplementary hospital, dental, vision and travel. The actuarial determination of the accrued benefit obligations have been prepared using the projected benefit method pro-rated on service. The most recent actuarial valuation of the benefit plans for funding purposes was as of April 1, 2020, and the next required valuation will be as of April 1, 2023.

Actuarial gains (losses) on the accrued benefit obligation arise from the 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 are amortized over the average remaining service life to retirement estimated to be 17.2 years.

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record any future interest rate swaps at fair value.

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. As the Society has no financial instruments recognized at fair value, the Society does not have a statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of revenue and expenditures.

(f) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in these statements.

(g) Use of estimates:

The preparation of the financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates include the valuation of accounts receivable, capital assets and the liability for employee future benefits. Actual results could differ from those estimates.

2. Amounts receivable from/payable to funding provider:

As at March 31, 2020 the Society has recorded an amount receivable from the Ministry of $1,762,803 (2019 - $1,547,285).

3. Capital assets:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	$ 242,539	$ -	$ 242,539	$ 242,539
Buildings	17,377,447	6,899,934	10,477,513	11,013,733
Leasehold improvements	1,229,528	984,676	244,852	490,759
Office equipment	2,877,797	2,453,931	423,866	591,497
Computer hardware/software	383,412	261,999	121,413	242,386
Computer equipment under capital lease	912,326	912,326	-	22,581
Vehicles	32,329	32,329	-	-
	$ 23,055,378	$ 11,545,195	$ 11,510,183	$ 12,603,495

Amortization of computer hardware under capital lease of $22,581 (2019 - $122,518) is included in amortization of capital assets.

4. Bank facility:

The Society has an available line of credit of $4,000,000. This indebtedness is unsecured, due on demand and bears interest at prime minus 0.5%. At March 31, 2020, $nil (2019 - $nil) is outstanding.

Interest expense includes interest on the line of credit of $197 (2019 - $nil).

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $336,796 (2019 - $342,514), which include amounts for payroll related matters.

6. Deferred contributions:

Deferred contributions related to operating expenditures of future periods are as follows:

	2020	2019
Balance, beginning of year	$ 56,974	$ 56,319
Add: Funding received during the year	220,953	2,886
Less: Amount recognized as revenue in the year	(179,042)	(2,231)
Balance, end of year	$ 98,885	$ 56,974

7. Deferred capital contributions:

Deferred capital contributions related to capital assets consist of the following:

	2020	2019
Balance, beginning of year	$ 2,235,939	$ 5,479,625
Additions during the year	-	195
Amortized to revenue during the year	(247,698)	(243,881)
Balance, end of year	$ 4,988,241	$ 5,235,939

8. Capital lease obligations:

The Society has entered into lease agreements to finance computer hardware. The future minimum lease payments on the capital leases are as follows:

	2020	2019
2020	$ -	$ 143,826
2021	143,826	143,826
2022	143,826	143,826
2023	70,309	143,826
Future	352,981	280,733
	710,942	856,037
Less: amounts representing interest at 3.13%	(78,524)	(103,691)
Present value of capital lease payments	632,418	752,346
Less: current portion	(119,928)	(119,408)
	$ 512,490	$ 632,938

8. Capital lease obligations (continued):

Interest expense includes interest on capital lease obligations of approximately $23,899 (2019 - $28,431).

9. Mortgage payable:

	2020	2019
Term loan bearing interest at a fixed rate of 3.49% for a five year period ending February 27, 2023, with monthly payment of principal and interest of $28,108	$ 4,498,426	$ 4,678,205
Term loan bearing interest at a fixed rate of 3.56% for a five year period ending April 26, 2023, with monthly payment of principal and interest of $6,580	965,735	1,014,639
	5,464,161	5,692,844
Less: current portion	(228,682)	(222,032)
	$ 5,235,479	$ 5,470,812

Interest expense includes interest on the term loans of approximately $187,580 (2019 - $203,256).

Principal repayments on account of the mortgage payable are payable based upon the following schedule:

2021	$	229,880
2022		238,005
2023		246,418
2024		4,749,858
	$	5,464,161

10. Employee future benefits:

The Society's actuarially determined obligation of $36,224,800 as at March 31, 2020 based on the most recent actuarial valuation on April 1, 2020 is currently unfunded and requires contributions from the Society. As noted below, in the current year an amount of $4,320,282 (2019 - $4,407,757) is included in employee future benefits expense on the statement of revenue and expenditures relating to this obligation.

	2020	2019
Benefit obligation, beginning of year	$ 42,409,000	$ 42,764,902
Service cost	1,758,500	1,758,500
Interest cost	1,493,599	1,411,454
Actuarial gain	(8,960,057)	(3,052,951)
Benefits paid	(476,242)	(472,905)
Benefit obligation, end of year	$ 36,224,800	$ 42,409,000
Change in plan assets:		
Fair value of plan assets, beginning of year	$ -	$ -
Employer contributions	476,242	472,905
Benefits paid	(476,242)	(472,905)
Fair value of plan assets, end of year	$ -	$ -

	2020	2019
Funded status:		
Funded status, plan deficit, end of year	$ (36,224,800)	$ (42,409,000)
Unamortized net actuarial loss	1,792,221	11,820,461
Accrued benefit liability	$ (34,432,579)	$ (30,588,539)

10. Employee future benefits (continued):

The significant actuarial assumptions adopted in measuring the Society's accrued benefit obligations are as follows:

	2020	2019
Discount rate	3.8%	3.4%
Medical and dental trend rates		
Initial	7.0%	7.0%
Ultimate	4.0%	4.0%
Year of ultimate level	2040	2039

Components of net periodic benefit cost:	2020	2019
Service cost	$ 1,758,500	$ 1,758,500
Interest cost	1,493,599	1,411,454
Amortization of actuarial loss	1,068,183	1,237,803
Employee future benefit expense	$ 4,320,282	$ 4,407,757

11. Expenditure recoveries and non-retainable revenue:

	2020	2019
Special allowances	$ 1,589,066	$ 1,625,880
Other Society wards	63,198	27,175
Miscellaneous	70	110
Parental contributions and pensions	3,018	2,708
Supervision	64,898	59,588
Non-retainable revenue	1,720,250	1,715,461
Expenditure recoveries	648,919	744,196
	$ 2,369,169	$ 2,459,657

12. Grants:

Dave Thomas Foundation:

The Dave Thomas Foundation grant was initially approved in 2007 and annual renewals have continued from that date. Each year payments are provided in four equal increments. The purpose of the grant is to assist with funding a specialized recruiter for adoption home. The Society created a position titled "Wendy's Wonderful Kids Recruiter", which was filled permanently in June 2007. Expenditures incurred up to March 31, 2020 total $85,332 for related expenses including a portion of the adoption recruiter wages and travel expenses to attend the Adoption Resource Exchange as well as the Dave Thomas Foundation Conference. The amount deferred for this grant is $41,083.

Dave Thomas Foundation grant historical financial summary:

	Funding	Expenditures	Surplus
2007	$ 61,500	$ 61,500	$ -
2008	80,000	80,000	-
2009	83,500	83,500	-
2010	83,500	83,500	-
2011	83,500	83,500	-
2012	85,000	85,000	-
2013	88,000	88,000	-
2014	90,086	90,086	-
2015	88,000	88,000	-
2016	88,000	88,000	-
2017	144,667	88,000	56,667
2018	93,350	93,350	-
2019	66,236	66,236	-
2020	85,332	85,332	-

12. Grants (continued):

Ontario Ministry of Colleges & Universities:

In fiscal 2010 the Society joined the Crown Ward Education Champions initiative and partners with the Boards of Education, Children's Aid Societies and the Province of Ontario in the South West region of Ontario. The larger group was divided into geographical sections and Windsor-Essex, Chatham-Kent and Lambton formed a working group to develop a business plan that will meet the following objectives – Support better education, training and employment opportunities for youth with Crown Ward status; Create, implement and maintain a local community based model; Create, implement and maintain a sustainable and responsive support system for youth with Crown Ward Status. Windsor-Essex Children's Aid Society was approached by our local Ministry office to administer all funds received from the Ontario Ministry of Colleges and Universities. In fiscal 2011 the Ministry of Colleges and Universities approved the business plan to develop a collaborative data collection tool; identify gaps in Education, Knowledge and Social Development for Crown Wards; Nurture Student motivation/resilience/leadership; Transition Opportunities; employment experience programs and develop liaison and protocols among the Championship Partners. Expenditures incurred up to March 31, 2020 totalled $48,583. The amount deferred for this grant is $12,732.

Ontario Ministry and Colleges & Universities grant historical financial summary:

	Funding	Expenditures	Surplus
2010	$ 10,000	$ 9,589	$ 411
2011	140,000	29,829	110,171
2012	64,500	23,560	40,940
2013	72,000	55,302	16,698
2014	75,000	48,278	26,722
2015	38,000	22,617	15,383
2016	75,000	13,684	61,316
2017	-	10,184	(10,184)
2018	31,130	23,801	7,329
2019	-	-	-
2020	48,583	48,583	-

12. Grants (continued):

Ontario Trillium Foundation:

The Ontario Trillium Foundation grant was approved on June 6, 2019. The purpose of the grant is to deliver a project at the idea or conceptual stage by hiring a wellness worker to decrease the amount of trauma experienced by Indigenous families interacting with the Child Welfare System. By building inclusive and engaged communities together, this initiative is helping people have a say in shaping the services and programs that matter to them, and has an impact on the lives of people in the community. Expenditures incurred up to March 31, 2020 totalled $43,892. The amount deferred for this grant is $23,608.

Ontario Trillium Foundation grant historical financial summary:

	Funding	Expenditures	Surplus
2020	43,892	43,892	-

Grants Ontario:

Connecting Community Through Language is a partnership between the Windsor-Essex Children's Aid Society and Francophone service providers to enhance the Agency's capacity to effectively provide child protection services and family supports to Francophone families residing in Windsor and Essex County. There were no expenditures incurred for the 2019-20 fiscal year. The amount deferred for this grant is $16,702.

Grants Ontario grant historical financial summary:

	Funding	Expenditures	Surplus
2020	-	-	-

13. Pension plan:

The employees of the Society are members of the pension plan administered by the Ontario Municipal Employees' Retirement System ("OMERS") which is a multi-employer defined-benefit plan. Contributions during 2020 amounted to $3,165,308 (2019 - $2,993,695). The OMERS plan is currently in a funding deficit position.

14. Financial instruments:

(a) Interest rate risk:

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Society to cash flow interest rate risk. The Society is exposed to this risk through its interest bearing debt.

In the prior years, the Society mitigated against interest rate cash flow risk with respect to its long-term debt using an interest rate swap agreement. There are no swap agreements outstanding at the end of March 31, 2020.

(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 the accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. There have been no significant changes to the credit risk exposure from 2019.

(c) Liquidity:

In managing capital, the Society focuses on having liquid resources available for operations. The Society's objective is to have sufficient resources to continue to fund operations, repay financing and to fund capital expenditures despite adverse financial events. The need for sufficient liquid resources is considered in the preparation of the annual budget, with actual results being compared to budget on a regular basis.

14. Financial instruments (continued):

(d) Financial and market risk:

Financial and market risks are the risks that changes in financial or market conditions impair the value of the Society's assets or that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Investments held by the Society create exposure to these risks. Financial markets have been negatively impacted by the novel Coronavirus or COVID-19, which was declared a pandemic by the World Health Organization on March 12, 2020. This has resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on our future financial results.

15. Commitments:

The Society is committed to estimated minimum annual payments under operating lease agreements over the next five years and thereafter as follows:

	Annual payments
2021	$ 164,945
2022	177,064
2023	177,064
2024	177,064
2025	177,064
Thereafter	2,129,499

16. Contingencies:

Due to the nature of its operations, the Society and/or its directors or employees are periodically subject to lawsuit(s) in which they are defendants. In the opinion of management, the ultimate resolution of any current lawsuit(s) would not have a material effect on the financial position or results of operations of the Society.

17. Ministry reporting:

The Society reports its financial results to the Ministry of Children, Community and Social Services on a basis that is other than Canadian Public Sector Accounting Standards as follows:

	2020	2019
Deficiency of revenue over expenditures per financial statements	$ (2,972,827)	$ (911,757)
Less: Adjustments for non-GAAP/Grant items	3,283,953	2,381,803
Expenditures over revenue as reported to the Ministry	$ 311,126	$ 1,470,046

18. Balanced Budget Fund and Future Access to Surplus:

In 2014, the Ministry of Children and Youth Services (now called The Ministry of Children, Community and Social Services) announced the creation of the "Balanced Budget Fund" to support Children's Aid Societies in meeting the newly announced balanced budget requirements that were outlined in the Ministry's Regulation 70. The Balanced Budget Fund process has been developed individually for each Children's Aid Society and will reflect the accumulated surplus that was returned to the Ministry each fiscal year. To be eligible to access these funds, the Society must been two conditions:

1) The Society must have generated a prior year surplus recovered in or after 2013-2014;

2) The Society must require additional funding in a future year for child welfare operations in order that they will not incur a deficit. The required amount cannot exceed the total accumulated Balanced Budget Fund surplus; and

3) The accumulated Balanced Budget Fund as at March 31, 2020 is $1,470,047.