

Financial Statements of

**WINDSOR-ESSEX
CHILDREN'S AID SOCIETY**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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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, 2022
- 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, 2022, 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.



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- 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 22, 2022

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Statement of Financial Position

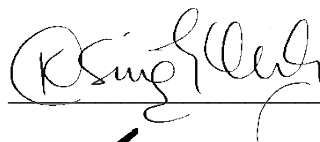
March 31, 2022, with comparative information for 2021

	Operating Fund	Capital Fund	Other Child Welfare	2022 Total	2021 Total
Assets					
Current assets:					
Cash	\$ -	\$ 11,173	\$ 1,634,732	\$ 1,645,905	\$ 2,673,373
Investments	-	-	1,711,132	1,711,132	1,549,744
Accounts receivable	332,117	-	-	332,117	326,107
Amounts receivable from funding provider (note 2)	345,811	-	27,280	373,091	40,883
Prepaid expenses	712,553	-	-	712,553	361,586
	1,390,481	11,173	3,373,144	4,774,798	4,951,693
Capital assets (note 3)	-	23,336,926	-	23,336,926	23,309,357
Less: accumulated amortization	-	13,110,082	-	13,110,082	12,587,219
	-	10,226,844	-	10,226,844	10,722,138
	\$ 1,390,481	\$ 10,238,017	\$ 3,373,144	\$ 15,001,642	\$ 15,673,831

	Operating Fund	Capital Fund	Other Child Welfare	2022 Total	2021 Total
Liabilities, Deferred Contributions and Net Assets					
Current liabilities:					
Bank indebtedness (note 4)	\$ 43,782	\$ -	\$ -	\$ 43,782	\$ -
Accounts payable and accrued liabilities (note 5)	4,334,210	-	-	4,334,210	4,319,584
Amounts payable to funding provider (note 2)	70,731	-	11,227	81,958	821,424
Ontario child benefit equivalent	-	-	975,548	975,548	850,336
Universal child care benefit for RESP's	-	-	2,370,315	2,370,315	2,258,219
Current portion of mortgage payable (note 8)	-	3,486,045	-	3,486,045	265,843
	4,448,723	3,486,045	3,357,090	11,291,858	8,515,406
Long-term liabilities:					
Mortgage payable (note 8)	-	694,994	-	694,994	4,181,021
Deferred contributions:					
Operating expenditures of future periods (note 6)	110,869	-	53,100	163,969	131,077
Capital assets (note 7)	-	4,456,547	-	4,456,547	4,722,394
	110,869	4,456,547	53,100	4,620,516	4,853,471
Employee future benefits (note 9)	40,357,800	-	-	40,357,800	37,186,608
Net assets:					
Invested in capital assets	-	1,600,431	-	1,600,431	1,564,053
Internally restricted	(43,526,911)	-	(37,046)	(43,563,957)	(40,626,728)
	(43,526,911)	1,600,431	(37,046)	(41,963,526)	(39,062,675)
Commitments (note 14)					
Contingencies (note 15)					
	\$ 1,390,481	\$ 10,238,017	\$ 3,373,144	\$ 15,001,642	\$ 15,673,831

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Statement of Revenue and Expenditures

Year ended March 31, 2022, with comparative information for 2021

	Operating Fund	Capital Fund	Other Child Welfare	2022 Total	2021 Total
Revenue:					
Province of Ontario	\$ 56,814,911	\$ -	\$ 370,614	\$ 57,185,525	\$ 57,024,900
Interest and other	-	-	-	-	15,536
Amortization of deferred capital contributions	-	265,847	-	265,847	265,847
Grants (note 11)	118,795	-	-	118,795	141,241
	56,933,706	265,847	370,614	57,570,167	57,447,524
Expenditures:					
Salaries and wages	27,117,066	-	-	27,117,066	29,451,941
Employee benefits	7,607,820	-	-	7,607,820	7,537,856
Travel	1,336,844	-	-	1,336,844	812,269
Employee future benefits (note 9)	3,765,339	-	-	3,765,339	3,204,584
Training and recruitment	324,561	-	-	324,561	109,586
Building occupancy	1,109,022	-	-	1,109,022	956,608
Purchased services - non-client	305,587	-	-	305,587	303,425
Boarding rate payments	11,147,520	-	257,801	11,405,321	11,507,070
Purchased services - client	1,932,225	-	-	1,932,225	1,609,631
Clients' personal needs	3,863,688	-	116,939	3,980,627	3,414,998
Health and related	390,475	-	6,297	396,772	342,831
Promotion and publicity	67,531	-	-	67,531	51,232
Office administration	412,604	-	-	412,604	490,430
Technology costs	825,674	-	-	825,674	686,258
Miscellaneous	583,939	-	-	583,939	477,445
Amortization of capital assets	-	820,925	-	820,925	1,042,024
Interest	-	150,436	-	150,436	222,734
	60,789,895	971,361	381,037	62,142,293	62,220,922
Less expenditure recoveries (note 10)	476,354	-	3,255	479,609	520,506
Less non-retainable revenue (note 10)	1,184,498	-	7,168	1,191,666	1,493,623
	59,129,043	971,361	370,614	60,471,018	60,206,793
Deficiency of revenue over expenditures	\$ (2,195,337)	\$ (705,514)	\$ -	\$ (2,900,851)	\$ (2,759,269)

See accompanying notes to financial statements.

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	Operating Fund	Capital Fund	Other Child Welfare	2022 Total	2021 Total
Balance, beginning of year	\$ (40,556,413)	\$ 1,564,053	\$ (70,315)	\$ (39,062,675)	\$ (36,303,406)
Deficiency of revenue over expenditures	(2,195,337)	(705,514)	-	(2,900,851)	(2,759,269)
Interfund transfers	(775,161)	741,892	33,269	-	-
Balance, end of year	\$ (43,526,911)	\$ 1,600,431	\$ (37,046)	\$ (41,963,526)	\$ (39,062,675)

See accompanying notes to financial statements.

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenditures	\$ (2,900,851)	\$ (2,759,269)
Add items not resulting in an outlay of cash:		
Amortization of capital assets	820,925	1,042,024
Amortization of deferred capital contributions	(265,847)	(265,847)
Amortization of deferred operating contributions	(110,161)	(134,187)
Increase in employee future benefits	3,171,192	2,754,029
Net change in non-cash balances related to operating activities	(1,132,935)	2,583,828
	(417,677)	3,220,578
Financing activities:		
Increase in deferred contributions - operating expenditures	143,053	166,379
Repayment of mortgage payable	(265,825)	(1,017,297)
Repayment of capital lease obligations	-	(632,418)
	(122,772)	(1,483,336)
Investing activities:		
Increase in investments	(161,388)	(67,288)
Purchase of capital assets	(325,631)	(253,979)
	(487,019)	(321,267)
Increase (decrease) in cash	(1,027,468)	1,415,975
Cash, beginning of year	2,673,373	1,257,398
Cash, end of year	\$ 1,645,905	\$ 2,673,373

See accompanying notes to financial statements.

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements

Year ended March 31, 2022

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 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 the Transitional Aged Youth and Education Liaison Program.

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2022

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 CW005-16 is effective July 1, 2016 and requires the Society to hold individual Registered Education Savings Plans for each eligible child.

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(b) Revenue recognition:

The Society follows the deferral method of accounting for contributions. Unexpended funds at the end of the year from the Province of Ontario reduce the amount recognized as contribution revenue and are reported as amounts repayable, unless approval has been received to use the excess funds for specific upcoming expenditures.

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.

(c) Capital assets:

Land, buildings, office equipment, vehicles and computer hardware/software 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.

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(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.

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2022

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.

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Amounts receivable from/payable to funding provider:

As at March 31, 2022 the Society has recorded an amount receivable from the Ministry of \$373,091 (2021 - \$40,883) and an amount payable of \$81,958 (2021 - \$821,424).

3. Capital assets:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	\$ 242,539	\$ –	\$ 242,539	\$ 242,539
Buildings	17,377,447	7,958,024	9,419,423	9,948,468
Leasehold improvements	1,229,528	1,229,528	–	26,674
Office equipment	2,706,432	2,474,333	232,099	261,050
Computer hardware/ software	1,748,651	1,415,868	332,783	243,407
Vehicles	32,329	32,329	–	–
	<u>\$ 23,336,926</u>	<u>\$ 13,110,082</u>	<u>\$ 10,226,844</u>	<u>\$ 10,722,138</u>

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, 2022, \$nil (2021 - \$nil) is outstanding.

Bank indebtedness represents cheques issued in excess of the bank balance.

Interest expense includes interest on the line of credit of \$nil (2021 - \$nil).

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$698,171 (2021 - \$336,655), which include amounts for payroll related matters.

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2022

6. Deferred contributions:

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

	2022	2021
Balance, beginning of year	\$ 131,077	\$ 98,885
Add: Funding received during the year	143,053	166,379
Less: Amount recognized as revenue in the year	(110,161)	(134,187)
Balance, end of year	\$ 163,939	\$ 131,077

7. Deferred capital contributions:

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

	2022	2021
Balance, beginning of year	\$ 4,722,394	\$ 4,988,241
Amortized to revenue during the year	(265,847)	(265,847)
Balance, end of year	\$ 4,456,547	\$ 4,722,394

8. Mortgage payable:

	2022	2021
Term loan bearing interest at a fixed rate of 3.46% for a five-year period ending February 27, 2023, with monthly payment of principal and interest of \$28,108	\$ 3,432,662	\$ 3,647,174
Term loan bearing interest at a fixed rate of 3.53% for a five-year period ending April 26, 2023, with monthly payment of principal and interest of \$6,580	748,377	799,690
	4,181,039	4,446,864
Less: current portion	(3,486,045)	(265,843)
	\$ 694,994	\$ 4,181,021

Interest expense includes interest on the term loans of approximately \$150,436 (2021 - \$187,243).

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Mortgage payable (continued):

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

2023	\$	3,486,045
2024		694,994
	\$	4,181,039

9. Employee future benefits:

The Society's actuarially determined obligation of \$39,122,895 as at March 31, 2022 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 \$3,765,339 (2021 - \$3,204,584) is included in employee future benefits expense on the statement of revenue and expenditures relating to this obligation.

	2022	2021
Benefit obligation, beginning of year	\$ 42,499,220	\$ 36,224,800
Service cost	1,667,759	1,406,400
Interest cost	1,491,577	1,421,425
Actuarial (gain) loss	(5,941,514)	3,897,150
Benefits paid	(594,147)	(450,555)
Benefit obligation, end of year	\$ 39,122,895	\$ 42,499,220
Change in plan assets:		
Fair value of plan assets, beginning of year	\$ —	\$ —
Employer contributions	594,147	450,555
Benefits paid	(594,147)	(450,555)
Fair value of plan assets, end of year	\$ —	\$ —

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2022

9. Employee future benefits (continued):

	2022	2021
Funded status:		
Funded status, plan deficit, end of year	\$ (39,122,895)	\$ (42,499,220)
Unamortized net actuarial loss (gain)	(1,234,905)	5,312,612
Accrued benefit liability	\$ (40,357,800)	\$ (37,186,608)

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

	2022	2021
Discount rate	4.0%	3.4%
Medical and dental trend rates		
Initial	7.0%	7.0%
Ultimate	4.0%	4.0%
Year of ultimate level	2040	2040
Components of net periodic benefit cost:	2022	2021
Service cost	\$ 1,667,759	\$ 1,406,400
Interest cost	1,491,577	1,421,425
Amortization of actuarial loss	606,003	376,759
Employee future benefit expense	\$ 3,765,339	\$ 3,204,584

10. Expenditure recoveries and non-retainable revenue:

	2022	2021
Special allowances	\$ 1,145,640	\$ 1,453,983
Other Society wards	13,583	612
Parental contributions and pensions	(29,057)	4,018
Supervision	61,500	35,010
Non-retainable revenue	1,191,666	1,493,623
Expenditure recoveries	479,609	520,506
	\$ 1,671,275	\$ 2,014,129

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. 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, 2022 total \$83,596 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 \$71,549.

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	—
2021	62,078	62,078	—
2022	83,596	83,596	—

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. 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 Sarnia-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, 2022 totaled \$35,199. The amount deferred for this grant is \$32,869.

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	–
2021	43,216	43,216	–
2022	35,199	35,199	–

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. 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, 2022 totaled \$nil. The amount payable for this grant is \$7,500.

Ontario Trillium Foundation grant historical financial summary:

	Funding	Expenditures	Surplus
2020	\$ 43,892	\$ 43,892	\$ —
2021	23,608	23,608	—
2022	—	—	—

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. Expenditures incurred up to March 31, 2022 totaled \$nil. The amount deferred for this grant is \$nil.

Grants Ontario grant historical financial summary:

	Funding	Expenditures	Surplus
2020	\$ —	\$ —	\$ —
2021	12,339	12,339	—
2022	—	—	—

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2022

12. 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 2022 amounted to \$2,784,015 (2021 - \$2,916,600). The OMERS plan is currently in a funding deficit position.

13. 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, 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 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 2021.

(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.

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2022

13. 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.

14. 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
2023	\$ 165,874
2024	165,874
2025	165,874
2026	165,874
2027	176,082
Thereafter	1,635,773

15. 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.

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2022

16. 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:

	2022	2021
Deficiency of revenue over expenditures per financial statements	\$ (2,195,337)	\$ (1,746,066)
Less: Adjustments for non-GAAP/Grant items	2,195,337	1,746,066
Expenditures over revenue as reported to the Ministry	\$ –	\$ –

17. 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 meet two conditions:

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

Starting in 2021, the Ministry established a ministry-managed Balanced Budget Fund account, with the goal to reduce accumulated deficits being managed by other societies and to support sector implementation of other ministry priorities.

WINDSOR-ESSEX CHILDREN'S AID SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2022

17. Balanced Budget Fund and Future Access to Surplus (continued):

50% of the operating surplus generated by each society not managing an accumulated deficit will be contributed to the ministry-managed Balanced Budget Fund. The remaining 50% will be contributed to the Society's own Balanced Budget Fund.

Prior years' un-accessed contributions to the Balanced Budget Fund that are expiring at the end of 2022 will be added to the ministry-managed Balanced Budget Fund.

The Society's accumulated Balanced Budget Fund as at March 31, 2022 is \$927,265.