

**The Children's Aid Society of Ottawa/
La Société de l'aide à l'enfance d'Ottawa**

**Financial statements
March 31, 2022**



Independent auditor's report

To the Board of Directors of
**The Children's Aid Society of Ottawa/
La Société de l'aide à l'enfance d'Ottawa**

Opinion

We have audited the financial statements of **The Children's Aid Society of Ottawa/La Société de l'aide à l'enfance d'Ottawa** [the "Society"], which comprise the statement of financial position as at March 31, 2022, and the statement of operations and changes in fund balances, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the 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 for government not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

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

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.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Canada
July 13, 2022



The Children's Aid Society of Ottawa/La Société de l'aide à l'enfance d'Ottawa

Statement of financial position

As at March 31

	2022			2021	
	Operating Fund \$	Balanced Budget Fund \$	Property and Building Fund \$	Total \$	Total \$
Assets					
Current					
Cash	9,569,776	—	—	9,569,776	10,641,086
Accounts receivable [note 5]	1,927,335	—	—	1,927,335	1,301,566
Prepaid expenses	332,588	—	—	332,588	288,537
Total current assets	11,829,699	—	—	11,829,699	12,231,189
Restricted cash for RESPs [note 7]	3,439,451	—	—	3,439,451	3,257,150
Loan receivable	83,905	—	—	83,905	83,905
Capital assets, net [note 8]	—	—	12,981,286	12,981,286	13,600,708
Receivable from government [note 17]	—	—	—	—	1,053,933
	15,353,055	—	12,981,286	28,334,341	30,226,885
Liabilities and fund balances					
Current					
Accounts payable and accrued liabilities [note 10]	10,988,907	—	—	10,988,907	11,008,978
Accrued vacation pay	1,350,738	—	—	1,350,738	1,163,316
Restricted contributions – special projects [schedule 1]	780,109	—	—	780,109	1,117,088
Deferred salary liability [note 18]	41,103	—	—	41,103	26,135
	13,160,857	—	—	13,160,857	13,315,517
Interfund balance [note 14]	182,286	—	(182,286)	—	—
Total current liabilities	13,343,143	—	(182,286)	13,160,857	13,315,517
Universal Child Care Benefits and RESPs held for others [note 7]	3,439,452	—	—	3,439,452	3,257,150
Deferred capital contributions [note 11]	—	—	3,965,691	3,965,691	4,274,791
Total liabilities	16,782,595	—	3,783,405	20,566,000	20,847,458
Commitments and contingencies [notes 12 and 13]					
Fund balances					
Internally restricted – invested in capital assets	—	—	9,197,881	9,197,881	9,508,203
Balanced Budget Fund [note 17]	—	—	—	—	1,053,933
Unrestricted deficiency	(1,429,540)	—	—	(1,429,540)	(1,182,709)
	(1,429,540)	—	9,197,881	7,768,341	9,379,427
	15,353,055	—	12,981,286	28,334,341	30,226,885

See accompanying notes

On behalf of the Board:

Director

Director

The Children's Aid Society of Ottawa/La Société de l'aide à l'enfance d'Ottawa

Statement of operations and changes in fund balances

Year ended March 31

	2022			2021	
	Operating	Balanced	Property	Total	Total
	Fund	Budget	and Building		
\$	Fund	Fund	\$	\$	
Revenue					
Funding – Ministry of Children and Youth Services of Ontario [the "Ministry"]	68,046,978	—	—	68,046,978	69,005,036
Child Welfare Approved BBF	711,760	—	—	711,760	—
Targeted subsidy funding	444,791	—	—	444,791	448,155
Customary Care one-time funding	7,706	—	—	7,706	6,809
Expenditure recoveries and other revenue	3,150,252	—	—	3,150,252	2,880,712
Amortization of deferred capital contributions [note 11]	—	—	309,100	309,100	309,100
	72,361,487	—	309,100	72,670,587	72,649,812
Restricted contributions – special projects [note 19.2, schedules 1 and 2]	30,286,562	—	—	30,286,562	24,586,533
	102,648,049	—	309,100	102,957,149	97,236,345
Expenses [note 19.1]					
Salaries and wages	31,964,225	—	—	31,964,225	32,080,247
Benefits	7,778,444	—	—	7,778,444	7,400,391
Travel – administration	8,186	—	—	8,186	11,683
Adoption subsidy	1,284,391	—	—	1,284,391	1,397,850
Legal custody subsidy	53,865	—	—	53,865	88,005
Targeted adoption and legal custody subsidy	1,779,165	—	—	1,779,165	1,792,620
Education and conferences	240,048	—	—	240,048	156,352
Professional services, case	730,480	—	—	730,480	639,413
Professional services, non-case	1,027,175	—	—	1,027,175	1,015,581
Clients' personal needs	1,150,922	—	—	1,150,922	1,296,952
Financial assistance	494,985	—	—	494,985	710,225
Health and related	343,705	—	—	343,705	395,138
Building occupancy	1,198,331	—	—	1,198,331	919,203
Promotion and publicity	52,346	—	—	52,346	83,314
Office administration	801,521	—	—	801,521	678,370
Other	615,528	—	—	615,528	839,842
Amortization of capital assets	—	—	1,914,620	1,914,620	1,149,885
Direct service travel	827,556	—	—	827,556	683,262
Boarding rate payments	20,854,828	—	—	20,854,828	21,062,511
Program expenses	4,973	—	—	4,973	4,667
Customary care one-time financing	7,706	—	—	7,706	6,809
Kinship Service Placement Startup	18,652	—	—	18,652	—
Kinship Service Episodic Support	60,318	—	—	60,318	—
Technology	15,769	—	—	15,769	225,811
	71,313,118	—	1,914,620	73,227,739	72,638,131
Special projects [note 19.2, schedules 1 and 2]	30,286,562	—	—	30,286,562	24,586,533
	101,599,680	—	1,914,620	103,514,301	97,224,664

The Children's Aid Society of Ottawa/La Société de l'aide à l'enfance d'Ottawa

Statement of operations and changes in fund balances (continued)

Years ended March 31

	2022			2021	
	Operating Fund \$	Balanced Budget Fund \$	Property and Building Fund \$	Total \$	Total \$
Excess (deficiency) of revenue					
over expenses before the following:	1,048,369	—	(1,605,520)	(557,151)	11,681
Transfer to Property and Building Fund <i>[note 14]</i>	(1,295,199)	—	1,295,199	—	—
Surplus payable to Ministry <i>[note 10]</i>	—	—	—	—	(23,827)
Transfer From Balanced Budget Fund <i>[note 17]</i>	—	(1,053,934)	—	(1,053,934)	—
Excess (deficiency) of revenue over expenses for the year	(246,831)	(1,053,934)	(310,321)	(1,611,085)	(12,146)
Fund balances, beginning of year	(1,182,709)	1,053,934	9,508,203	9,379,427	9,391,573
Fund balances, end of year	(1,429,540)	—	9,197,882	7,768,342	9,379,427

See accompanying notes

The Children's Aid Society of Ottawa/La Société de l'aide à l'enfance d'Ottawa

Statement of cash flows

Year ended March 31

	2022	2021
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(1,611,085)	(12,146)
Add (deduct) items not involving cash		
Amortization of capital assets	1,914,620	1,149,885
Amortization of deferred capital contributions	(309,100)	(309,100)
	<u>(5,565)</u>	828,639
Changes in non-cash working capital balances related to operations		
Accounts receivable	(625,769)	67,036
Receivable from government	1,053,933	(23,827)
Prepaid expenses	(44,051)	(73,001)
Restricted contributions – special projects	(336,979)	345
Accounts payable and accrued liabilities	182,319	4,352,509
Cash provided by operating activities	<u>223,888</u>	<u>5,151,701</u>
Capital activities		
Purchase of capital assets	(1,295,199)	(1,026,802)
Cash used in capital activities	<u>(1,295,199)</u>	<u>(1,026,802)</u>
Financing activities		
Deferred capital contributions	—	—
Cash provided by financing activities	<u>—</u>	<u>—</u>
Net increase (decrease) in cash during the year	(1,071,311)	4,124,899
Cash, beginning of year	<u>10,641,087</u>	6,516,188
Cash, end of the year	<u>9,569,776</u>	<u>10,641,087</u>

See accompanying notes

The Children's Aid Society of Ottawa/La Société de l'aide à l'enfance d'Ottawa

Notes to financial statements

March 31, 2022

1. Description of organization

The Children's Aid Society of Ottawa/La Société de l'aide à l'enfance d'Ottawa [the "Society"] is incorporated without share capital under the laws of Ontario and its operations are governed by the *Child Youth and Family Services Act*. The Society's principal mandate is to provide child welfare services in the City of Ottawa. Funding for these services is principally provided by the Province of Ontario. The Society is dependent upon this funding for its continued operations.

The Society is a registered charitable organization under the *Income Tax Act* and, as such, is exempt from income taxes.

2. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with *Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations* including sections PS 4200 to PS 4270.

The City of Ottawa requires financial information on the Headstart Nursery School project on a calendar year basis ended December 31 rather than on the Society's fiscal year basis ended March 31. This reporting requirement is addressed in schedule 3.

These financial statements have been prepared in accordance with the significant accounting policies described below.

Fund accounting

In accordance with the principles of fund accounting, the Society maintains its accounting records to ensure that limitations and restrictions placed on the use of available resources are observed. Under this method, all resources are classified for accounting and reporting purposes into funds that are in accordance with specific activities and objectives. Accordingly, separate accounts are maintained for the Operating Fund, the Property and Building Fund and the Balanced Budget Fund.

The Operating Fund reflects the activities for which the Society is accountable under the *Child Youth and Family Services Act*. It also reflects contributions intended for special projects outside of the activities under the *Child Youth and Family Services Act*.

The Balanced Budget Fund reflects the accumulated surpluses receivable from Ministry of Children and Youth Services of Ontario [the "Ministry"].

The Property and Building Fund reports the assets, liabilities, and certain revenue and expenses related to the Society's capital assets.

Revenue recognition

The Society follows the deferral method of accounting for contributions.

The Children's Aid Society of Ottawa/La Société de l'aide à l'enfance d'Ottawa

Notes to financial statements

March 31, 2022

The Society receives the majority of its funds from the Province of Ontario. Funding is determined by the Ministry based on a combination of socioeconomic factors for the jurisdiction served and the three-year average of benchmark services delivered. The estimated amount of funding resulting from the funding framework is accrued in the financial statements as revenue from the Ministry in the current year. Any funding adjustments required to record revenue as a result of the Ministry's year-end review are recognized in the year of final settlement.

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

Financial instruments

Measurement of financial instruments

The Society initially measures its financial assets and its financial liabilities at fair value and subsequently measures them at cost or amortized cost.

Transaction costs

Transaction costs associated with the acquisition and disposal of financial instruments that are measured subsequently at amortized cost are capitalized to the acquisition costs or reduce proceeds on disposal.

A statement of remeasurement gains and losses has not been presented as it would not provide additional meaningful information.

Capital assets

Capital assets are recorded at cost in the Property and Building Fund. Amortization of buildings and equipment is calculated on a straight-line basis using the following annual rates:

Buildings	40 years
Parking lot	10 years
Playground and outdoor visitor area	10 years
Furniture and equipment	10 years
Leasehold improvements	Over the term of the lease
Automotive equipment	4 years
Computer hardware and software	1–4 years

Deferred capital contributions

Contributions received for the purchase of capital assets are deferred and recognized as revenue in the Property and Building Fund on the same basis as the amortization expense related to the capital assets.

Pension plan

The Society is a member of a multi-employer defined benefit pension plan; consequently, it is accounted for as a defined contribution plan and contributions are expensed on an accrual basis.

Notes to financial statements

March 31, 2022

Use of accounting estimates

The preparation of financial statements in conformity with the disclosed method of accounting requires management to make estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. In particular, the following contain estimates: the collectability of accounts receivable, useful lives of capital assets and accrued liabilities. Actual results could differ from these estimates.

3. Financial instruments and risk management

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure and concentrations.

The Society does not use derivative financial instruments to manage its risks.

Credit risk

The Society is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Society's maximum exposure to credit risk is the sum of the carrying value of its cash and its receivables. The Society's cash is deposited with a Canadian chartered bank and as a result, management believes the risk of loss on this item to be remote. A significant portion of the Society's revenue and resulting receivable balances are derived from government funding, which mitigates the exposure to the credit risk. Other receivables are monitored on an ongoing basis.

Liquidity risk

Liquidity risk is the risk that the Society cannot meet a demand for cash or fund its obligations as they become due. The Society meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipated investing and financing activities and by holding assets that can be readily converted into cash.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of currency risk, interest rate risk and other price risk.

Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Society's financial instruments are all denominated in Canadian dollars and the Society transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

Notes to financial statements

March 31, 2022

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates. Fixed-rate instruments subject the Society to a fair value risk while the floating rate instruments subject it to a cash flow risk. Since the Society does not have any interest-bearing financial instruments as at March 31, 2022, it is not exposed to interest rate risk.

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of the changes in market prices [other than those arising from currency risk or interest rate risk], whether those changes are caused by factors specific to the individual instruments or its issuer or factors affecting all similar instruments traded in the market. The Society is not exposed to other price risk.

Changes in risk

There have been no significant changes in the Society's risk exposures from the prior year.

4. Pension plan costs

Substantially all employees of the Society are eligible to be members of the Ontario Municipal Employees Retirement System, a multi-employer final average pay contributory plan. In January 2020, the Society was required to make employer contributions at rates between 9.0% to 14.6% of salaries [2021 – between 9.0% to 14.6%]. Employer contributions made to the plan from April 1, 2021 to March 31, 2022 by the Society amounted to \$3,139,455 [2021 – \$3,119,328].

The most recent actuarial valuation of the plan as at December 31, 2020 indicates the plan is not fully funded and the plan's December 31, 2021 financial statements indicate a deficit of \$3.1 billion [reduced by \$3 billion Actuarial value adjustment for net assets recognized in 2021]. The plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the plan assets and future investment earnings will be sufficient to provide for all future benefits. At this time, the Society's share of the plan's unfunded liability is not determinable. However, in 2021, the Society's contributions accounted for 0.15% of the plan's total employer contributions. Additional contributions, if any, required to address the Society's proportionate share of the deficit will be expensed during the period incurred.

The Children's Aid Society of Ottawa/La Société de l'aide à l'enfance d'Ottawa

Notes to financial statements

March 31, 2022

5. Accounts receivable

	2022	2021
	\$	\$
Canada Revenue Agency – Harmonized Sales Tax	660,517	603,441
The Ministry – targeted subsidy and other	—	11,385
The Ministry – customary care one-time funding	3,469	6,809
The Ministry – CCSY aged out funding	189,125	419,300
The Ministry – Lead Agency Fund for OPR and OPR FC	—	18,000
The Ministry – Standard Subsidy	4,275	—
The Ministry – Kinship Service Start up and Episodic Support	78,928	—
The Ministry – Approved BBF for 2021-2022	711,760	—
The Ministry – Contingency Plan Funding	53,630	—
Other	172,662	151,518
The Children's Aid Foundation of Ottawa [note 15]	52,969	91,113
	1,927,335	1,301,566

6. Ontario Child Benefit Equivalent Fund

In June 2009, the Ministry announced new funding equivalent to the Ontario Child Benefit to provide opportunities for all children and youth in care, up to 17 years of age, to participate in recreational, educational, cultural and social activities consistent with their plans of care and to establish a savings program for youth in care, for those 15 to 17 years of age, that will support their achievement of higher resiliency, educational success and smoother transition to adulthood. The current year results for both activities and savings program are included with the Society's special projects in schedule 1.

7. Universal Child Care Benefits ["UCCB"] and Registered Educational Savings Plan ["RESP"] held for others

The Ministry has requested that a designated portion of the Children's Special Allowance received by the Society from the Canada Revenue Agency on behalf of children in Interim Society Care longer than 12 months or Extended Society Care be used to establish RESPs for these children. RESPs held with Royal Bank of Canada are shown as restricted cash on the statement of financial position. As at March 31, 2022, \$3,439,452 [2021 – \$3,257,150] was being held either in cash within established RESPs or in the Society's cash account, until an RESP is established.

The Children's Aid Society of Ottawa/La Société de l'aide à l'enfance d'Ottawa

Notes to financial statements

March 31, 2022

8. Capital assets

	2022		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	2,930,775	—	2,930,775
Buildings	18,529,135	9,252,501	9,276,634
Parking lot	405,312	405,312	—
Playground and outdoor visitor area	365,724	335,547	30,177
Furniture and equipment	3,343,962	3,053,334	290,628
Leasehold improvements	246,211	246,211	—
Automotive equipment	124,584	106,731	17,853
Computer hardware and software	5,351,493	4,916,274	435,219
	31,297,196	18,315,910	12,981,286

	2021		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	2,930,775	—	2,930,775
Buildings	18,469,223	8,789,367	9,679,856
Parking lot	405,312	405,312	—
Playground and outdoor visitor area	365,724	325,979	39,745
Furniture and equipment	3,216,494	2,982,582	233,912
Leasehold improvements	246,211	246,211	—
Automotive equipment	124,583	91,204	33,379
Computer hardware and software	5,475,841	4,792,800	683,040
	31,234,163	17,633,455	13,600,708

Capital asset additions during the year were \$1,295,199 [2021 – \$1,026,802].

9. Bank indebtedness

The Society has access to a bank credit facility that bears interest at prime rate and is secured by a general security agreement. The maximum authorized amount is \$3,000,000, renewable annually. The Society has drawn nil in 2022 [2021 – nil]. The Society incurred nil in interest expense in 2022 [2021 – nil].

The Children's Aid Society of Ottawa/La Société de l'aide à l'enfance d'Ottawa

Notes to financial statements

March 31, 2022

10. Accounts payable and accrued liabilities

	2022	2021
	\$	\$
Payroll remittances	929,604	829,973
Accounts payable and accrued liabilities – other	8,135,793	9,059,497
Surplus payable to Ministry	2,070	23,827
Surplus repayable to Balanced Budget Fund <i>[note 17]</i>	—	23,827
Special project payable to the Ministry <i>[schedule 1]</i>	1,921,440	1,071,854
	10,988,907	11,008,978

11. Deferred capital contributions

In 1993, the Society received contributions of \$11,260,000 from the Province of Ontario and Region of Ottawa-Carleton toward the purchase of its Telesat Court location. This amount is being recognized in the Property and Building Fund as revenue on a basis consistent with the amortization of this building at an annual rate of 2.5%. In 2012, the Society received \$100,000 from its staff Recreation Association and \$300,000 from the Province of Ontario towards building improvements, which are being amortized at an annual rate of 2.5%. In 2019, the Society received \$627,900, and \$86,100 in 2020 from the Province of Ontario towards building improvements, which are being amortized at an annual rate of 2.5%.

The changes in the deferred capital contributions reported in the Property and Building Fund are as follows:

	2022	2021
	\$	\$
Balance, beginning of year	4,274,791	4,583,891
Contributions	—	—
Amounts amortized to revenue	(309,100)	(309,100)
Balance, end of year	3,965,691	4,274,791

12. Contingencies

The Society has been named, with others, as defendants in claims for damages relating to its mandated work, the outcome of which cannot be determined at this time. The Society believes it has adequate defense against these actions and insurance coverage to defray costs associated with any losses; as such, no provision for loss arising from these claims has been made in these financial statements. Any loss not covered by insurance will be expensed in the year of settlement.

The Children's Aid Society of Ottawa/La Société de l'aide à l'enfance d'Ottawa

Notes to financial statements

March 31, 2022

13. Lease commitments

The Society rents premises under a long-term operating lease, which expires February 28, 2024, with an option to renew for an additional five-year term. It is the intention of the Society not to renew upon expiration. The minimum lease payments plus an estimate of operating costs payable over the next three years are as follows:

	\$
2023	165,572
2024	152,793
2025	—

14. Interfund transfers and balances

An amount of \$1,295,199 [2021 – \$1,026,802] was transferred from the Operating Fund to the Property and Building Fund in order to finance the non-land and building capital asset additions made during the year.

As at March 31, 2022, the interfund balance between the Operating Fund and the Property and Building Fund was \$182,286 [2021 – \$182,286]. This interfund balance relates to capital asset transactions that occurred in the prior year. Since the Property and Building Fund holds no cash, this is shown as a receivable from the Operating Fund. This amount is non-interest bearing with no specific terms of repayment. In total, the interfund balance nets to nil.

15. Related party transactions

The Children's Aid Foundation of Ottawa [the "Foundation"] was incorporated on June 30, 1988 as a not-for-profit organization under the *Corporations Act* [Ontario] and is a registered charity under the *Income Tax Act*. Transactions between the related parties are in the normal course of operations and recorded at the exchange amount, which is the amount of the consideration agreed to by both parties.

The Foundation is responsible for raising additional funds for the activities of the Society over and above the current revenue that it receives from the Ministry and the City of Ottawa.

The Society received contributions from the Foundation of \$50,000 [2021 – \$15,000], all of which was recognized in the Operating Fund.

The Society provides certain administrative and other services to the Foundation at no cost. As well, the Society pays for certain expenses on behalf of the Foundation for which it is reimbursed at cost. The Society has a receivable of \$52,969 from the Foundation in the current year [2021 – \$91,113].

16. Guarantees

The Society makes commitments to its foster parents and external service providers in order to guarantee the provision of residential care for children. These agreements generally involve a commitment by the Society to pay a daily amount to a care provider to ensure that space is available in the event that an emergency placement should occur. If the spaces are used for placements, the Society incurs no additional cost. The Society's agreement with these care providers enables the Society to terminate these arrangements on up to six months' notice.

The Children’s Aid Society of Ottawa/La Société de l’aide à l’enfance d’Ottawa

Notes to financial statements

March 31, 2022

17. Balanced Budget Fund and future access to surpluses

The Ministry created the Balanced Budget Fund to support Children’s Aid Societies in meeting the balanced budget requirements 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 year.

To be eligible to access these funds, the Society must meet two conditions:

- [i] The Society must have generated a prior-year surplus recovered in or after 2018–2019; and
- [ii] 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.

During the year, the Society’s deficit of \$711,760 [2021 – Surplus \$47,655] that is approved to be recovered by the Ministry of Children, Community and Social Services [“MCCSS”] from the Society’s Balanced Budget Fund.

During the year, as per recommendation from auditor and referral to other CAS’s reporting method of accessible contributions amounts. The Society has reversed the accessible contribution from Accounts receivable and retained earnings under Balance Budget Fund. As a result, the previously recognized BBF retained earnings amount of \$1,053,933 has been reversed in the year, as a result, the deficit \$1,053,933 has been added to the Fund balance.

Moving forward, The Society will maintain the accessible contribution amount only in the notes to the Audited financial statement.

Management expects that the amount receivable from MCCSS will be collectible in future when the above conditions are met.

Contribution / withdrawal year	Contribution \$	Approved withdrawals		Accessible contributions remaining \$
		2021-2022 \$	Expires	
2018–2019	663,091	663,091	2021–2022	—
2019–2020	367,015	48,669	2022–2023	318,346
2020–2021	23,827	—	2023–2024	23,827
	1,053,933	711,760		342,173

The Children's Aid Society of Ottawa/La Société de l'aide à l'enfance d'Ottawa

Notes to financial statements

March 31, 2022

18. Deferred salary plan

The Society offers employees a deferred salary option plan. An employee opting into the plan is paid 80% of their salary for four years while working, and in the fifth year, while on leave, receives 80% of their salary. In the first four years the Society accumulates on an annual basis a deferred liability equal to 20% of the employee's annual salary. In the fifth year, this deferred liability is drawn down as it is paid to the employee. As at March 31, 2022, one employee was on the plan for a total liability of \$41,103 [2021 – \$26,135].

19. COVID-19

19.1 COVID-19 operating fund impact

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, which continues to spread throughout Canada and the world. On March 17, 2020, the Premier of Ontario declared a state of emergency and issued an order to close all non-essential businesses until further notice. As a provider of children's protective services under the *Child, Youth and Family Services Act*, the Society is deemed to be an essential service. Nonetheless, out of concern for its workers and pursuant to provincial directives, the Society has adapted its work to perform non-critical face-to-face visits and other direct service and indirect administrative services with staff telecommuting from home. Critical work requiring face-to-face visits, such as above-the-line investigations, admissions to care and supports to internal caregivers necessary to maintain placement stability, are being conducted following public health guidelines and ensuring that staff wear personal protective equipment. The Society's Headstart Day Nursery operations closed March 13, with City of Ottawa funding provided to the end of March, but per diem funding was discontinued at the beginning of April 2020.

At this time, the MCCSS continues to fund the Society based on its planned funding allocation. Other COVID-19 MCCSS relief initiatives, such as the COVID-19 Residential Relief Fund ["CRRF"], would only become available to the Society if it were to use up its full financial flexibility, including the Society's Balanced Budget Fund. The CRRF however, is available to the Society's Outside Placement Resource Operators in addition to Society funding.

At this point, the Society cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on the results of operations, financial position and cash flows going forward.

During the year ended March 31, 2022, the Society incurred the following expenditures directly related to the pandemic within the operating fund:

	\$
Building occupancy – Cleaning supplies and services	79,063
Boarding rate payment – Pandemic support for internal care providers	161,584
Boarding rate payment – Pandemic support for youth living independently	227,331
Boarding rate payment – Pandemic support for CCSY aged out	1,114,417
Boarding rate payment – Pandemic support for outside placement providers	56,111
Client's personal needs – Pandemic support for kinship service providers	150,600
Client's personal needs – Education and conferences	97,437
Client's personal needs – Pandemic support and relief	6,242
Office administration – Client support for telecommuting	15,300
Office administration – Personal protective equipment	21,908
Professional services, non-case	3,999
	<u>1,933,992</u>

Notes to financial statements

March 31, 2022

19.2 COVID-19 special projects impact

In December 2020, the Society entered an agreement with MCCSS to be a Lead Agency for the purpose of flowing Temporary Wage Enhancement ["TWE"] funds to OPRs across the province.

Within the MCCSS-funded sectors, the goal of TWE fund is to provide additional support and relief to frontline workers and help maintain safe staffing levels and the operation of critical services. The funding is limited to frontline workers within residential/congregate care settings or those working directly with vulnerable populations, in home or community care settings where maintaining physical distancing is not possible.

The Lead Agency will receive OPR reconciliation report-backs of data used to reconcile total eligible expenses incurred for the period against the payments flowed to OPRs based on the initial and subsequent application submitted by OPRs to the Society.

Total amount of TWE funding received is \$30,600,000 during the year ended March 31, 2022 [2021-\$15,195,000].

Expenses related to each project include personnel and other expenses that are directly related to providing services to those projects. Operating costs from functions such as administration, finance, human resources, communications and marketing are allocated to projects based on specific activities and are recorded on lower of actual and approved budgeted amounts.

20. Comparative figures

Certain accounts in the financial statements for the year ended March 31, 2021 have been reclassified for comparative purposes to conform to the presentation in the financial statements for the year ended March 31, 2022.

Schedule of restricted contributions – special projects

Year ended March 31

		2021	Transactions during the year		2022
Project's	fiscal	Unexpended	Contributions	Contributions	Unexpended
year-end	year-end	contributions	received	recognized	contributions
\$	\$	\$	\$	\$	\$
Ministry-funded generic projects [schedule 2]					
Preparation for Independence [A 556]	March 31	—	132,728	132,728	—
Community Capacity Building [A 771]	March 31	—	111,960	111,960	—
Education Liaison [A 763]	March 31	—	123,015	123,015	—
Temporary Pandemic Pay OPR [E721]	March 31	231,698	—	—	231,698
Temporary Pandemic Pay OPR FC [E721]	March 31	123,515	—	—	123,515
Temporary Wage Enhancement [E721]	March 31	—	30,600,000	29,033,773	1,566,227
Other projects					
Crown Ward Championship Team	March 31	—	67,476	67,476	—
Winning Kids [Eastern Zone]	October 31	8,753	—	—	8,753
Ontario Child Benefit Equivalent Pooled Fund	March 31				
Activities program		614,120	217,810	596,721	235,209
Savings program		489,731	164,480	122,548	531,663
Wendy's Wonderful Kids	June 30	4,484	98,341	98,341	4,484
		<u>1,472,301</u>	<u>31,515,810</u>	<u>30,286,562</u>	<u>2,701,549</u>
Less payable to the Ministry [note 10]					<u>(1,921,440)</u>
					<u>780,109</u>

See accompanying notes

The Children's Aid Society of Ottawa/La Société de l'aide à l'enfance d'Ottawa

Schedule 2

Ministry-funded generic projects

Year ended March 31

	2022	2021
	\$	\$
Preparation for Independence [A 556]		
Contribution recognized as revenue	132,728	132,728
Expenditures		
Salaries and benefits	132,728	132,728
Travel	—	—
	<u>132,728</u>	<u>132,728</u>
Unexpended contributions	<u>—</u>	<u>—</u>
Community Capacity Building [A 771]		
Contribution recognized as revenue	111,960	111,960
Expenditures		
Purchased client services	111,960	111,960
Unexpended contributions	<u>—</u>	<u>—</u>
Education Liaison [A 763]		
Contribution recognized as revenue	123,015	173,015
Expenditures		
Salaries and benefits	—	—
Professional contracted out services	123,015	173,015
	<u>123,015</u>	<u>173,015</u>
Unexpended contributions	<u>—</u>	<u>—</u>
Temporary Pandemic Pay – OPR [E721]		
Contribution received	—	8,467,046
Expenditures		
Salaries and benefits	—	97,378
Professional services, non-client	—	12,622
Program expenses	—	8,125,348
	<u>—</u>	<u>8,235,348</u>
Unexpended contributions	<u>—</u>	<u>231,698</u>
Temporary Pandemic – OPR FC [E721]		
Contribution received	—	795,530
Expenditures		
Salaries and benefits	—	65,149
Professional services, non-client	—	4,851
Program expenses	—	602,015
	<u>—</u>	<u>672,015</u>
Unexpended contributions	<u>—</u>	<u>123,515</u>
Temporary Wage Enhancement [E721]		
Contribution received	30,600,000	15,195,000
Expenditures		
Salaries and benefits	455,440	180,592
Professional services non-client	144,560	15,908
Program expenses	28,433,773	14,281,859
	<u>29,033,773</u>	<u>14,478,359</u>
Unexpended contributions	<u>1,566,227</u>	<u>716,641</u>

See accompanying notes

The Children's Aid Society of Ottawa/La Société de l'aide à l'enfance d'Ottawa

Schedule 3

Schedule of revenue and expenses of the
Headstart Nursery School Project

Year ended December 31

	2022	2021
	\$	\$
Revenue		
City of Ottawa fees and contributions	—	177,992
City of Ottawa – general operating funding	—	15,673
City of Ottawa – municipal health and safety	—	126
City of Ottawa – capacity building	—	—
City of Ottawa – special purpose repairs and maintenance	—	—
Children's Aid Society – operating fund	—	169,589
	—	363,380
Expenses		
Administration fees	—	1,516
Employee benefits	—	51,457
Food	—	—
Program supplies and equipment	—	5,047
Repairs and maintenance	—	21,656
Salaries	—	238,984
Transportation	—	44,720
	—	363,380
Deficiency of revenue over expenses	—	—

For purposes of reporting to the City of Ottawa, this statement is prepared on a calendar year basis ended December 31, which corresponds to the Headstart Nursery School Project's year-end. The transactions for the year ended March 31 for the project are as noted in restricted contributions – special projects [schedule 1].

See accompanying notes