
**FAMILY AND CHILDREN'S SERVICES OF LANARK,
LEEDS AND GRENVILLE**

FINANCIAL STATEMENTS

MARCH 31, 2024

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

MARCH 31, 2024

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 18

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Family and Children's Services of Lanark, Leeds and Grenville

Opinion

We have audited the financial statements of Family and Children's Services of Lanark, Leeds and Grenville ("the Society"), which comprise:

- the statement of financial position as at March 31, 2024,
- the statement of operations for the year then ended,
- the statement of changes in fund balances for the year then ended,
- the statement of cash 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, 2024, and the results of its operations, and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our 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 these 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 misstatements, whether due to fraud or error.

In preparing those financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to a 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.



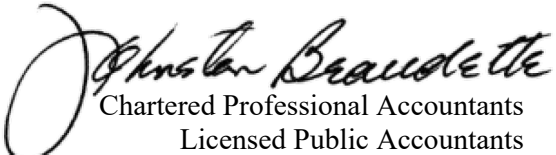
Auditor's Responsibilities for the Audit of the Financial Statements

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 concluded 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.

June 18, 2024
Cornwall, Ontario

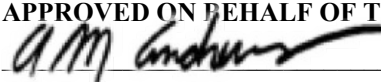

Chartered Professional Accountants
Licensed Public Accountants

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

	Operating Fund	Capital Fund	Donation Fund	2024	2023
CURRENT ASSETS					
Cash and cash equivalents	\$ 628,720	\$ -	\$ 705,714	\$ 1,334,434	\$ 848,494
Accounts receivable (Note 4)	646,197	-	-	646,197	755,283
Due from capital and donation funds	402,107	-	-	402,107	264,455
Prepaid expenses	345,040	-	-	345,040	432,471
	2,022,064	-	705,714	2,727,778	2,300,703
CAPITAL ASSETS (Note 5)	-	2,703,649	-	2,703,649	2,774,575
CAPITAL ASSETS HELD FOR SALE (Note 5)	-	1,204,384	-	1,204,384	1,204,384
	\$ 2,022,064	\$ 3,908,033	\$ 705,714	\$ 6,635,811	\$ 6,279,662
CURRENT LIABILITIES					
Accounts payable and accrued liabilities (Note 7)	\$ 4,023,102	\$ -	\$ -	\$ 4,023,102	\$ 3,088,147
Due to operating fund	-	331,470	70,637	402,107	264,455
Deferred contributions (Note 8)	127,054	1,423,348	18,253	1,568,655	1,553,253
Current portion of long term debt (Note 10)	-	807,823	-	807,823	831,152
	4,150,156	2,562,641	88,890	6,801,687	5,737,007
FUND BALANCES					
Invested in capital assets	-	1,345,392	-	1,345,392	1,439,818
Internally restricted	-	-	616,824	616,824	423,054
Unrestricted	(2,128,092)	-	-	(2,128,092)	(1,320,217)
	(2,128,092)	1,345,392	616,824	(165,876)	542,655
	\$ 2,022,064	\$ 3,908,033	\$ 705,714	\$ 6,635,811	\$ 6,279,662

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

The accompanying notes are an integral part of these financial statements

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2024

	Operating Fund	Capital Fund	Donation Fund	2024	2023
REVENUES					
Ministry funding:					
Child welfare base funding	\$17,798,788	\$ -	\$ -	\$17,798,788	\$18,205,582
Ready Set Go funding	898,200	-	-	898,200	-
Balanced budget fund (Note 14)	-	-	-	-	486,022
One-time deficit assistance	50,920	-	-	50,920	-
Recoveries and other income	1,350,435	-	-	1,350,435	1,385,720
Donations and grants	-	-	410,028	410,028	48,325
Interest income	73,829	-	30,620	104,449	65,327
Amortization of deferred revenue	-	80,826	-	80,826	110,083
	20,172,172	80,826	440,648	20,693,646	20,301,059
EXPENSES					
Salaries and benefits	12,188,657	-	-	12,188,657	12,273,172
Direct services for children	5,822,271	-	245,480	6,067,751	5,063,391
Administration	1,750,203	-	1,398	1,751,601	1,635,810
Travel and training	730,186	-	-	730,186	774,947
Occupancy	488,730	-	-	488,730	479,163
Interest on long term debt	-	43,686	-	43,686	29,465
Amortization	-	131,566	-	131,566	140,658
	20,980,047	175,252	246,878	21,402,177	20,396,606
EXCESS OF (EXPENSES OVER REVENUES)					
REVENUES OVER EXPENSES	\$ (807,875)	\$ (94,426)	\$ 193,770	\$ (708,531)	\$ (95,547)

The accompanying notes are an integral part of these financial statements

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2024

	Operating Fund	Capital Fund	Donation Fund	2024	2023
FUND BALANCES , beginning of year	\$(1,320,217)	\$ 1,439,818	\$ 423,054	\$ 542,655	\$ 638,202
Excess of (expenses over revenues) revenues over expenses	(807,875)	(94,426)	193,770	(708,531)	(95,547)
FUND BALANCES , end of year	\$(2,128,092)	\$ 1,345,392	\$ 616,824	\$ (165,876)	\$ 542,655

The accompanying notes are an integral part of these financial statements

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

STATEMENT OF CASH FLOW MARCH 31, 2024

	2024	2023
CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Excess of expenses over revenues	\$ (708,531)	\$ (95,547)
Amortization of capital assets	131,566	140,658
	(576,965)	45,111
Change in non-cash working capital:		
Decrease in accounts receivable	109,086	659,912
Decrease (increase) in prepaid expenses	87,431	(72,468)
Increase (decrease) in accounts payable and accrued liabilities	934,955	(1,378,696)
Increase in deferred contributions	15,402	233,341
	569,909	(512,800)
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of capital assets	(60,640)	(589,299)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in investments	-	126,802
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage principal repayments	(23,329)	(27,426)
INCREASE (DECREASE) IN CASH	485,940	(1,002,723)
CASH, beginning of year	848,494	1,851,217
CASH, end of year	\$ 1,334,434	\$ 848,494

The accompanying notes are an integral part of these financial statements

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

1. DESCRIPTION OF OPERATIONS

Family and Children's Services of Lanark, Leeds and Grenville ("the Society") is committed to engaging families and the community in the safety, permanency and well being of our children and youth. The Society's operations are governed by the Child, Youth and Family Services Act (S.O. 2017)

The Society is a corporation incorporated without share capital under the Ontario Not-for-profit Corporations Act. The Society is a registered charity under the Income Tax Act (Canada) and is exempt from income taxes.

The Society was established on August 2, 2011 pursuant to Letters Patent of Amalgamation and an amalgamation agreement between the former Children's Aid Society of Brockville and the United Counties of Leeds and Grenville and the former Children's Aid Society of the County of Lanark and the Town of Smiths Falls.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition

The Society follows the deferral method of accounting for contributions, which includes donations and government grants.

Under the *Child, Youth and Family Services Act and Regulations* thereto, the Society is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Children, Community and Social Services. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Grants and donations received for capital purposes are deferred and amortized on a basis and rate corresponding with the amortization rate for the related capital assets.

(b) Cash and cash equivalents

Cash consists of cash on deposit with a Canadian chartered bank less cheques issued and outstanding.

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Capital assets

Acquisitions of capital assets are recorded at cost in the Capital Fund. Amortization expense is reported in the Capital Fund and is provided using the straight line method over the following periods, other than in the year of acquisition when one-half of the rate is applied.

Building	30 years
Computer equipment	3 and 5 years
Furniture and equipment	10 years

(d) Capital assets held for sale

Capital assets held for sale comprise of land and building at the Perth location, and are accounted at the lower of their carrying amount and fair value less costs to sell. Held-for-sale capital assets are no longer depreciated.

(e) Vacation entitlements

Vacation entitlements are recorded as accrued liabilities when earned.

(f) Fund accounting

The financial statements separately disclose the activities of the following funds maintained by the Society:

Revenues and expenses for service delivery activities and administration are reported in the Operating Fund.

The Capital Fund reports the assets, liabilities, revenues and expenses related to capital assets.

The Donation Fund reports the Society's fund-raising activities and expenditures not funded by the Ministry of Children, Community and Social Services ("MCCSS").

(g) Post-employment benefits

The Society provides post-employment health and dental benefits to its employees as well as life insurance benefits for pre-amalgamation non-union retirees.

The cost of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employees on a straight line basis.

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Donated material and services

Volunteers contribute a significant number of hours per year to assist the Society in carrying out its service delivery activities. Because of the difficulty of determining the fair value, the value of contributed services is not recognized in the financial statements.

(i) Measurement uncertainty

The preparation of 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectability.

Amortization is based on the estimated useful lives of capital assets.

By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements from changes in such estimates in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

(j) Financial instruments

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. 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.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

When a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Long term debt is recorded at amortized cost.

Financial instruments are classified into fair value hierarchy levels 1, 2 or 3 for the purpose of describing the basis of the inputs used to determine the fair market value of those amounts recorded at fair value, as described below:

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

3. ECONOMIC DEPENDENCE

The Society is dependent upon the Ministry of Children, Community and Social Services for most of its current program funding.

4. ACCOUNTS RECEIVABLE

	2024	2023
Due from other societies	\$ 279,452	\$ 381,061
Ministry of Children, Community and Social Services	236,725	226,175
General	130,020	148,047
	\$ 646,197	\$ 755,283

5. CAPITAL ASSETS

	2024		2023	
	Cost	Accumulated Amortization	Net Carrying amount	Net Carrying Amount
Land	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
Buildings	3,162,820	688,244	2,474,576	2,519,067
Furniture and equipment	98,399	69,326	29,073	38,913
Computer equipment	165,955	165,955	-	16,595
	3,627,174	923,525	2,703,649	2,774,575
Capital Assets held for sale:				
Land	86,800	-	86,800	86,800
Building	1,571,603	454,019	1,117,584	1,117,584
	1,658,403	454,019	1,204,384	1,204,384
	\$ 5,285,577	\$ 1,377,544	\$ 3,908,033	\$ 3,978,959

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

5. CAPITAL ASSETS (continued)

The Society received financial assistance from the Province of Ontario for the construction of the building in Brockville. As a consequence, the Society may not sell, lease, mortgage or encumber or otherwise dispose of the building without the approval of the Province. Further, the Province may require, as a condition of that approval, that the Society reimburse the Province based on its proportionate share of the acquisition cost. The reimbursement, if required, would be 60% of the greater of the current market value or the proceeds of disposition.

The Society received financial assistance from the Province of Ontario to purchase the property in Perth. As a result, the Province has a 94% interest in the property. The Province of Ontario contributed \$2,201,595 when the property was acquired in 2004. As a consequence, the Society may not sell or otherwise dispose of the property without the approval of the Province. Further, the Province may require, as a condition of that approval, that the Society reimburse the Province based on its proportionate share of the acquisition cost.

The property at 8 Herriott Street, Perth, Ontario is currently listed for sale.

6. BANK INDEBTEDNESS

The Society has an operating line available to a maximum of \$1,800,000. The interest rate is Royal Bank Prime minus 0.25%, calculated and payable monthly. The balance of the bank indebtedness as at March 31, 2024 is \$Nil (2023 - \$Nil). The operating loan is secured as described in Note 10.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade and accrued liabilities	\$ 1,076,743	\$ 1,060,007
Salaries and benefits	180,688	(8,652)
Vacation entitlement	405,563	395,608
Post-employment benefits	860,700	828,900
Ontario child tax benefit equivalent	204,456	177,895
Due to Ministry	1,176,026	571,694
Due to children's RESPs	118,926	62,695
	\$ 4,023,102	\$ 3,088,147

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

8. DEFERRED CONTRIBUTIONS

	2024	2023
Operating fund, beginning of year	\$ 91,466	\$ 337,343
Net increase (decrease) in Ontario child tax benefit equivalent program	35,588	(1,035)
Partner Facility Renewal funding for Smiths Falls building renovations	-	(244,842)
Operating fund, end of year	127,054	91,466
Capital fund, beginning of year	1,443,534	964,318
Amortization of deferred contributions for capital assets	(80,826)	(110,083)
Funding received for capital asset additions	60,640	589,299
Capital fund, end of year	1,423,348	1,443,534
Donation fund	18,253	18,253
	\$ 1,568,655	\$ 1,553,253

9. POST-EMPLOYMENT BENEFITS

The Society extends post-employment health and dental benefits to all employees as well as life insurance benefits to pre-amalgamation non-union retirees only. The Society recognizes these benefits as they are earned during the employees' tenure of service. The related benefit liability was determined by an actuarial valuation study commissioned by the Society. The most recent actuarial valuation of the post-employment benefits was as of March 31, 2024.

The major actuarial assumptions are as follows:

(a) Discount rate

The present value as at March 31, 2024 of the future benefits was determined using a discount rate of 4.8%.

(b) Dental costs trend rates

Dental costs were assumed to increase at 3% per annum.

(c) Extended health care trend rates

Extended health care costs assumed an initial rate of 6.5% per annum in fiscal 2024, decreasing by 0.50% per annum to an ultimate rate of 4% per annum.

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

9. POST-EMPLOYMENT BENEFITS (continued)

Post-employment benefits liability of the Society is as follows:

	2024	2023
Liability for post-retirement benefits, opening balance	\$ 828,900	\$ 799,100
Expense related to post-retirement benefits	65,500	68,600
Funding contributions	(33,700)	(38,800)
	\$ 860,700	\$ 828,900

Post-employment benefit expense of the Society is as follows:

	2024	2023
Current year benefit cost	\$ 34,800	\$ 37,400
Amortization of actuarial gains	(5,900)	(800)
Post-retirement benefit interest expense	36,600	32,000
	\$ 65,500	\$ 68,600

10. LONG-TERM DEBT

	2024	2023
Smiths Falls mortgage, repayable \$6,187 monthly including interest, 6.66%, due August 2024	\$ 807,823	\$ 831,152
Less current portion	(807,823)	(831,152)
	\$ -	\$ -

The loan is secured by the Smith Falls land and building with a carrying value of \$1,839,161 (2023 - \$1,845,144) and a general security interest in all personal property.

The principal payments totaling \$807,823 required in each of the next five years are as follows:

2025	\$ 807,823
2026	-
2027	-
2028	-
2029	-

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

11. PENSION PLAN

The Society makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer, defined benefit pension plan. The Plan specifies the amount of the retirement benefit to be received by the employees, based on the length of service and rates of pay. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits.

The amounts contributed to OMERS during the year ended March 31, 2024 was \$911,443 (2023 - \$937,634) for current service and is included as an expense in the operating fund, on the Statement of Operations. As at March 31, 2024 the Society has no unfunded liability under the past service provisions of the agreement.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The Plan's 2023 Annual Report indicates the plan is funded at 97%.

12. OBLIGATIONS

The Society acts as an agent which holds resources and makes disbursements on behalf of various unrelated groups. The Society has no discretion over such group transactions. Resources received on behalf of the groups are reported as liabilities, not revenue and subsequent distributions on behalf of the groups are reported as decreases to this liability.

The Society's obligations consist of the following:

- (a) Registered educational savings program ("RESP")

	2024	2023
RESP OBLIGATIONS , beginning of year	\$ 62,695	\$ 234,664
MCCSS Directed amount from Child Special Allowance	62,760	67,500
Transfer to individual RESP accounts	(6,530)	(239,469)
RESP OBLIGATIONS , end of year	\$ 118,925	\$ 62,695

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

12. OBLIGATIONS (continued)

(b) Ontario child tax benefit equivalent ("OCBe")

	2024	2023
OCBe OBLIGATIONS , beginning of year	\$ 177,895	\$ 164,114
Grants received	62,350	57,107
Disbursements	(35,790)	(43,326)
OCBe OBLIGATIONS , end of year	\$ 204,455	\$ 177,895

(c) Ward trust funds

	2024	2023
WARD TRUST FUNDS OBLIGATIONS , beginning of year	\$ -	\$ 3,494
Interest	-	20
Disbursements	-	(3,514)
WARD TRUST FUNDS OBLIGATIONS , end of year	\$ -	\$ -

13. DONATION FUND

The following individual fund balances comprise the Donation Fund:

	Opening balance	Revenues	Expenses	Closing balance
Donation Funds				
General Fund	\$ 32,726	\$ 385,459	\$ 117,859	\$ 300,326
United Way	-	40,000	40,000	-
Chris Tyson Fund	137,315	-	48,839	88,476
Vivian O'Neil Fund	160,134	-	16,308	143,826
Christmas Fund	54,418	7,924	302	62,040
Snowsuit Fund	(7,963)	6,991	16,803	(17,775)
Education Fund	46,424	274	6,767	39,931
	\$ 423,054	\$ 440,648	\$ 246,878	\$ 616,824

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

14. BALANCED BUDGET FUND

In 2014, the Ministry of Children, Community and Social Services ("MCCSS") announced the creation of the "Balanced Budget Fund" to support Children's Aid Societies ("CAS") in meeting the balanced budget requirement set out in Regulation 70 and to proactively manage the risks associated with a multi-year budget planning process.

The Balanced Budget Fund ("BBF") was developed by MCCSS on an individual CAS basis, in an amount up to each CAS's accumulated surplus that has been returned to MCCSS following the implementation of the new funding model in fiscal 2014. When the Society incurs a net current year surplus, they can retain 50% of their current year child welfare surplus. In a year of overall net deficit, 100% of the current year child welfare surplus can be retained by the Society. In order to be eligible to access the past child welfare surplus funds in a future year, the Society must meet the following two conditions:

- the Society has generated a prior year child welfare surplus recovered by MCCSS in or after fiscal 2013-2014 by MCCSS; and
- in one of the subsequent three years, the Society requires additional funding in an amount up to its total accumulated prior year(s) surplus, to balance its budget.

The Society's balance budget fund balances are as follows:

	2024	2023
CHILD WELFARE SURPLUS , beginning of year	\$ -	\$ 486,022
Current year surplus	-	-
Less: current year surplus not retained in the BBF	-	-
Current year appropriation	-	(486,022)
CHILD WELFARE SURPLUS , end of year	\$ -	\$ -

The child welfare surplus for the year ended March 31, 2022 was \$972,044. Since the Society had a net overall surplus for that fiscal year, 50% of the surplus is accessible under the Balance Budget Fund by the Society. The Balance Budget Fund surplus balance of \$486,022 was appropriated by the Society in the previous fiscal year.

15. SUPPLEMENTARY PROGRAMS

The following individual programs expenditures are included in the operating fund:

	Gross	Recoveries	Net
Broader Public Service - Pay Equity	\$ 10,533	\$ 10,524	\$ 9
Education Liaison	105,723	105,723	-
Partner Facility Renewal	60,600	60,600	-
Preparation for Independence	60,054	60,048	6
	\$ 236,910	\$ 176,295	\$ 15

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

16. FINANCIAL RISKS

(a) Credit risk

Credit risk is the risk of financial loss to the Society if a counterparty to a contract fails to perform according to the terms of that contract. The Society is exposed to this risk relating to its cash and accounts receivable. The carrying value of the Society's main financial assets represents the maximum credit risk to which the Society is exposed.

(b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk. Other price risk arises from changes in market prices caused by factors specific to the financial instruments or its issuer, or factors affecting all similar financial instruments in the market.

(c) Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its obligations associated with its financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long term debt. During the year, the Society's exposure to liquidity risk changed from the previous year as a result of the increase in its financial liabilities. The liquidity risk is mitigated in part by the strong cash balance at year end.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest risk on its long term debt. It mitigates interest rate risk on its term debt through a fixed interest rate. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

17. CONTINGENT LIABILITIES

Due to the nature of the work, from time to time, the Society receives notice of legal claims seeking compensation and damages. While some do not get filed, some do, and the Society maintains liability insurance coverage to cover potential costs..

- (a) On May 10, 2022, a proposed class action lawsuit was issued with regards to the practice of "birth alerts" in Ontario, naming the Province of Ontario and all Children's Aid Societies and Indigenous Child and Family Well-being Agencies as defendants.
- (b) On August 12, 2022 the Society was served with a lawsuit. The plaintiff is claiming General Damages in the amount of \$2,000,000.
- (c) On February 23, 2024 the Society was served with a lawsuit. The plaintiff is is claiming General Damages in the amount of \$5,000,000; Aggravated Damages in the amount of \$250,000; Punitive Damages in the amount of \$1,000,000.

The claims are covered by the Society's liability insurance which would not however cover special, punitive, aggravated and exemplary damages, if any were to be awarded. Management intends to defend the claims. The outcome of these legal actions in not determinable as at the date of the audit report. Management would seek support from the funder in the event special, punitive, aggravated and exemplary damages are awarded.

It is not possible to determine the amount of the damage, if any, that will be assessed against the Society for the above claims. Accordingly, no provision for the possible losses have been included in these financial statements.