

Financial Statements of

**ONTARIO ASSOCIATION OF
CHILDREN'S AID SOCIETIES**

And Independent Auditor's Report thereon

Year ended March 31, 2024



KPMG LLP

Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S REPORT

To the Members of Ontario Association of Children's Aid Societies

Opinion

We have audited the financial statements of Ontario Association of Children's Aid Societies (the Entity), which comprise:

- the balance sheet as at March 31, 2024
- the statement of revenue and expenses for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and 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 Entity as at March 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for 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 auditor's report.

We are independent of the Entity 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 accounting standards for 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Entity'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 Entity 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

Vaughan, Canada

May 23, 2024

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Balance Sheet

March 31, 2024, with comparative information for 2023

	2024			2023
	Operating Fund	Special Bursary Fund	Total	Total
Assets				
Current assets:				
Cash	\$ 6,270,065	\$ 115,985	\$ 6,386,050	\$ 4,310,336
Short-term investments	–	–	–	1,000,000
Accounts receivable	1,202,466	–	1,202,466	1,493,254
Prepaid deposits and expenses	220,097	–	220,097	26,052
Interfund receivable (payable)	(80,456)	80,456	–	–
	7,612,172	196,441	7,808,613	6,829,642
Capital assets (note 2)	3,983,111	–	3,983,111	4,154,543
	\$ 11,595,283	\$ 196,441	\$ 11,791,724	\$ 10,984,185

Liabilities and Fund Balances

Current liabilities:

Accounts payable and accrued liabilities (note 3)	\$ 2,365,563	\$ –	\$ 2,365,563	\$ 2,560,890
Deferred revenue (note 4)	3,324,250	80,456	3,404,706	2,047,552
Credit facilities (note 5)	–	–	–	607,881
	5,689,813	80,456	5,770,269	5,216,323

Fund balances:

Invested in capital assets (note 6)	3,983,111	–	3,983,111	3,546,662
Externally restricted	–	115,985	115,985	115,985
Unrestricted	1,922,359	–	1,922,359	2,105,215
	5,905,470	115,985	6,021,455	5,767,862

\$ 11,595,283 \$ 196,441 \$ 11,791,724 \$ 10,984,185

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Statement of Revenue and Expenses

Year ended March 31, 2024, with comparative information for 2023

	Operating Fund		Special Bursary Fund		Total	
	2024	2023	2024	2023	2024	2023
Revenue:						
Government of Ontario (note 8)	\$ 6,939,932	\$ 10,151,112	\$ –	\$ –	\$ 6,939,932	\$ 10,151,112
Membership fees	3,253,199	3,717,232	–	–	3,253,199	3,717,232
Other revenue	714,567	597,245	6,904	3,720	721,471	600,965
Sales and registration fees	261,075	283,139	–	–	261,075	283,139
Donations	5,198	100	349,348	270,195	354,546	270,295
	11,173,971	14,748,828	356,252	273,915	11,530,223	15,022,743
Expenses:						
Salaries	5,472,793	5,201,066	19,598	21,843	5,492,391	5,222,909
Contracted professional services	1,599,415	2,073,763	–	–	1,599,415	2,073,763
Employee benefits	1,396,085	1,356,587	4,206	5,262	1,400,291	1,361,849
Direct contract	1,094,024	1,789,079	–	–	1,094,024	1,789,079
Office and administration	537,634	723,883	6,198	60	543,832	723,943
Facilities and equipment	406,233	369,171	–	–	406,233	369,171
Bursaries and grants	42,000	251,184	326,250	246,750	368,250	497,934
Amortization of capital assets	202,297	219,475	–	–	202,297	219,475
Other	68,303	66,838	–	–	68,303	66,838
Loan interest	39,341	65,895	–	–	39,341	65,895
Business travel and hospitality	37,351	40,880	–	–	37,351	40,880
Training development and recruitment	24,902	27,455	–	–	24,902	27,455
Personal Protection Equipment Program (note 8)	–	1,750,044	–	–	–	1,750,044
	10,920,378	13,935,320	356,252	273,915	11,276,630	14,209,235
Excess of revenue over expenses	\$ 253,593	\$ 813,508	\$ –	\$ –	\$ 253,593	\$ 813,508

See accompanying notes to financial statements.

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Statement of Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

	Invested in capital assets	Operating Fund	Special Bursary Fund	2024	Total 2023
Fund balances, beginning of year	\$ 3,546,662	\$ 2,105,215	\$ 115,985	\$ 5,767,862	\$ 4,954,354
Excess (deficiency) of revenue over expenses	(202,297)	455,890	–	253,593	813,508
Net change in invested in capital assets (note 6)	638,746	(638,746)	–	–	–
Fund balances, end of year	\$ 3,983,111	\$ 1,922,359	\$ 115,985	\$ 6,021,455	\$ 5,767,862

See accompanying notes to financial statements.

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 253,593	\$ 813,508
Amortization of capital assets which does not involve cash	202,297	219,475
	455,890	1,032,983
Change in non-cash operating working capital:		
Accounts receivable	290,788	(369,578)
Prepaid deposits and expenses	(194,045)	117,910
Accounts payable and accrued liabilities	(195,327)	(380,304)
Deferred revenue	1,357,154	(80,338)
	1,714,460	320,673
Financing activities:		
Sale (purchase) of investments	1,000,000	(1,000,000)
Repayment of credit facilities	(607,881)	(1,312,992)
	392,119	(2,312,992)
Investing activities:		
Purchase of capital assets	(30,865)	—
Increase (decrease) in cash	2,075,714	(1,992,319)
Cash, beginning of year	4,310,336	6,302,655
Cash, end of year	\$ 6,386,050	\$ 4,310,336

See accompanying notes to financial statements.

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Notes to Financial Statements

Year ended March 31, 2024

The mission of the Ontario Association of Children's Aid Societies (the "Association") is to be a leader and collaborator promoting the welfare of children, youth and families through leadership, service excellence and advocacy.

The Association is registered as a charitable organization (registration number 1077 96708 RR0001) and, accordingly, is not subject to income taxes if certain disbursement requirements are met. The Association is incorporated under the laws of Ontario.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Revenue recognition:

The Association follows the deferral method of accounting for contributions, applying fund accounting.

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. Externally restricted contributions are recorded as revenue of the appropriate fund in the year in which the related expenses occurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Operating Fund - this fund records the activities associated with the Association's day-to-day operations and its investment in capital assets.

Special Bursary Fund - this fund is to be used to provide bursaries to children under the care of the Children's Aid Societies of Ontario.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured 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. The Association has elected to carry any such financial investments at fair value.

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(c) Capital assets:

Capital assets costing over \$2,500 are recorded at cost and are amortized on a straight-line basis over their estimated useful lives as follows:

Building	40 years
Furniture and equipment	10 years
Computer software	5 years
IT equipment	5 years

Capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts.

(d) Use of estimates:

The preparation of financial statements 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 date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Building	\$ 6,744,888	\$ 2,813,232	\$ 3,931,656	\$ 4,105,607
Furniture and equipment	382,566	364,221	18,345	29,782
Computer software	268,031	268,031	—	—
IT equipment	408,970	375,860	33,110	19,154
	<u>\$ 7,804,455</u>	<u>\$ 3,821,344</u>	<u>\$ 3,983,111</u>	<u>\$ 4,154,543</u>

3. Accounts payable and accrued liabilities:

For the year ended March 31, 2024, the Association has accrued severance costs of \$62,453 (2023 - \$185,547) which are included in accounts payable and accrued liabilities.

4. Deferred revenue:

	2024	2023
Ministry of Children, Community and Social Services ("MCCSS") Projects	\$ 1,809,213	\$ 1,026,369
Membership rebates	550,808	—
Shared Services Transition Fees	368,909	368,909
Membership fees - YouthCan	315,413	342,127
Other member contributions (CPIN)	197,760	197,760
Other	162,603	104,754
Provincial priority membership	—	4,088
Shared services fees	—	3,545
	<u>\$ 3,404,706</u>	<u>\$ 2,047,552</u>

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Notes to Financial Statements (continued)

Year ended March 31, 2024

5. Credit facilities:

The Association has a Letter of Agreement with the Bank of Montreal for the following credit facilities:

- (a) Access to an operating facility for up to \$1,000,000. The credit facility bears interest at the bank's prime rate plus 0.75% and is repayable on demand. Balance of this lending facility as at year end is fully available.
- (b) A demand, non-revolving loan, maturing May 31, 2031 and bearing interest at prime plus 1.25%, with respect to construction financing. This loan was repaid in 2024.
- (c) Access to a demand non-revolving loan up to \$350,000 to finance cost of capital improvements to Suite 306, 75 Front Street East. The credit facility bears interest at the bank's prime rate plus 0.75% and is repayable on demand. Balance of this lending facility as at year end is fully available.
- (d) Corporate Mastercard (Shared Services Vendor Discount Program) - credit limit \$2,500,000.
- (e) Corporate Mastercard - credit limit \$150,000.

These facilities are secured by a collateral first mortgage over 75 Front Street East, 2nd Floor and Suites 201, 301, 302, 303, 306, 308 and 309, Toronto, Ontario in the amount of \$4,000,000 and an assignment of fire insurance over the units aforementioned.

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. Invested in capital assets:

(a) Net invested in capital assets is calculated as follows:

	2024	2023
Capital assets	\$ 3,983,111	\$ 4,154,543
Amount financed by credit facilities	–	(607,881)
	<u>\$ 3,983,111</u>	<u>\$ 3,546,662</u>

(b) Net change in invested in capital assets is as follows:

	2024	2023
Purchase of capital assets	\$ 30,865	\$ –
Principal repayment of credit facilities	607,881	1,312,992
	<u>\$ 638,746</u>	<u>\$ 1,312,992</u>

7. Pension plan:

The Association participates in the Ontario Municipal Employees Retirement System contributory defined benefit pension plan, which is a multi-employer defined benefit pension plan. The plan provides pension benefits to most of its employees. The Association follows defined contribution accounting for its contributions, as permitted by the Chartered Professional Accountants of Canada Handbook Section 3462, Employee Future Benefits, under multi employer benefit plans. The contributions made in the current fiscal year amounts to \$545,975 (2023 - \$539,343).

8. Personal protection equipment program:

In the prior year, the Association managed the procurement and distribution of Personal Protective Equipment ("PPE") to MCCSS service providers, children's aid societies and outside paid resources. Under the agreement, the Association was required to provide various services, including central coordination to replenish PPE, purchase PPE and directly ship required PPE to the various recipients. In 2023, the Association earned revenue of \$2,391,387 and the PPE program ended in March 2023.

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Personal protection equipment program (continued):

	2024	2023
PPE supplies, transportation, warehousing and distribution	\$ –	\$ 1,750,044
Procurement management	–	422,301
Administration	–	219,042
	<u>\$ –</u>	<u>\$ 2,391,387</u>

9. Financial risk:

(a) Interest rate risk:

The Association's credit facilities have variable interest rates. As a result, the Association is exposed to interest rate risk due to fluctuations in the variable rates. The Association has no funds drawn on any of its credit facilities as at March 31, 2024.

(b) Market risk:

The Association's operations include revenue derived from government funding, membership fees and other revenues, which are impacted by general economic conditions and trends. A decline in economic conditions could impact the Association's operations negatively.