

# **Children's Aid Society of the City of Sarnia and the County of Lambton**

Financial Statements

**March 31, 2023**

# **Children's Aid Society of the City of Sarnia and the County of Lambton**

Table of Contents

**For the year ended March 31, 2023**

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	<b>Page</b>
<b>Independent Auditor's Report</b>	1 - 2
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 15

To the Board of Directors of Children's Aid Society of the City of Sarnia and the County of Lambton:

## Opinion

We have audited the financial statements of Children's Aid Society of the City of Sarnia and the County of Lambton (the "Sarnia-Lambton CAS"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in fund balances and 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 Sarnia-Lambton CAS as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our 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 Sarnia-Lambton CAS 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, 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 Sarnia-Lambton CAS'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 Sarnia-Lambton CAS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Sarnia-Lambton CAS'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 Sarnia-Lambton CAS'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 Sarnia-Lambton CAS'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 Sarnia-Lambton CAS 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.

London, Ontario

June 27, 2023

*MNP LLP*

Chartered Professional Accountants


Licensed Public Accountants

**Children's Aid Society of the City of Sarnia and the County of Lambton**  
Statement of Financial Position  
As at March 31, 2023

	Child Welfare Fund \$	Capital Fund \$	Other Child Welfare Fund \$	Total 2023 \$	Total 2022 \$
<b>Assets</b>					
<b>Current assets</b>					
Cash					
Restricted (notes 4 and 8)	-	-	480,303	480,303	580,873
Accounts receivable (notes 5 and 9)	1,549,415	-	36,472	1,585,887	295,499
Prepaid expenses	160,488	-	-	160,488	134,489
	1,709,903	-	516,775	2,226,678	1,010,861
<b>Capital assets</b> (note 6)	-	710,781	-	710,781	788,668
	<b>1,709,903</b>	<b>710,781</b>	<b>516,775</b>	<b>2,937,459</b>	<b>1,799,529</b>
<b>Liabilities and Fund Balances</b>					
<b>Current Liabilities</b>					
Bank indebtedness (note 7)	1,178,267	-	-	1,178,267	875,775
Accounts payable and accrued liabilities (note 9)	1,132,031	-	-	1,132,031	962,489
Education fund payable (notes 4 and 8)	-	-	306,894	306,894	260,328
Deferred revenue - OCBE (notes 4 and 8)	-	-	148,845	148,845	320,545
Deferred revenue - other (note 8)	2,790	-	61,036	63,826	62,919
	2,313,088	-	516,775	2,829,863	2,482,056
<b>Deferred capital contributions</b> (note 8)	-	583,024	-	583,024	628,985
	2,313,088	583,024	516,775	3,412,887	3,111,041
<b>Fund balance (deficit)</b>					
Child welfare fund	(603,185)	-	-	(603,185)	(1,394,961)
Capital fund	-	127,757	-	127,757	159,683
Other child welfare fund (note 18)	-	-	-	-	(76,234)
	(603,185)	127,757	-	(475,428)	(1,311,512)
<b>Commitments and contingencies</b> (note 10)					
	<b>1,709,903</b>	<b>710,781</b>	<b>516,775</b>	<b>2,937,459</b>	<b>1,799,529</b>

Approved on behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The accompanying notes are an integral part of these financial statements.

**Children's Aid Society of the City of Sarnia and the County of Lambton**  
Statement of Operations  
For the year ended March 31, 2023

	Child Welfare Fund \$	Capital Fund \$	Other Child Welfare Fund \$	Total 2023 \$	Total 2022 \$
<b>Revenues</b>					
Ministry funding and government grants (notes 13, 14 and 18)	16,046,512	-	345,316	16,391,828	14,769,961
Children's special allowance and other grants (note 18)	392,495	-	69,180	461,675	383,687
Expense recoveries (note 9)	515,384	-	3,273	518,657	515,692
Amortization of deferred capital contributions (note 8)	-	45,961	-	45,961	45,961
Interest and other	28,550	-	-	28,550	442
Gain on disposal of capital assets	-	9,537	-	9,537	-
	<u>16,982,941</u>	<u>55,498</u>	<u>417,769</u>	<u>17,456,208</u>	<u>15,715,743</u>
<b>Expenses</b>					
Amortization of capital assets	-	112,679	-	112,679	126,186
Boarding (note 18)	2,403,343	-	69,180	2,472,523	2,087,365
Clients' personal needs (note 18)	623,162	-	257,329	880,491	810,188
Employee benefits (note 11)	2,510,935	-	-	2,510,935	2,513,444
Health and related services - direct	274,672	-	-	274,672	102,659
Miscellaneous	222,447	-	-	222,447	196,933
Occupancy (note 9)	276,490	-	-	276,490	272,954
Office administration	127,671	-	-	127,671	149,735
Professional services - client (note 18)	289,200	-	89,260	378,460	560,012
Professional services - non-client (note 18)	290,300	-	2,000	292,300	282,050
Promotion and publicity	4,843	-	-	4,843	7,433
Technology	102,842	-	-	102,842	91,743
Training and recruitment	14,128	-	-	14,128	72,481
Travel	254,729	-	-	254,729	291,711
Wages	8,694,914	-	-	8,694,914	9,090,642
	<u>16,089,676</u>	<u>112,679</u>	<u>417,769</u>	<u>16,620,124</u>	<u>16,655,536</u>
<b>Excess (deficiency) of revenues over expenses</b>	<b>893,265</b>	<b>(57,181)</b>	<b>-</b>	<b>836,084</b>	<b>(939,793)</b>

The accompanying notes are an integral part of these financial statements.

**Children's Aid Society of the City of Sarnia and the County of Lambton**  
Statement of Changes in Fund Balances  
For the year ended March 31, 2023

	<b>Child Welfare Fund \$</b>	<b>Capital Fund \$</b>	<b>Other Child Welfare Fund \$</b>	<b>Total 2023 \$</b>	<b>Total 2022 \$</b>
<b>Fund balance (deficit) - Beginning of year</b>	(1,394,961)	159,683	(76,234)	(1,311,512)	(371,719)
Excess (deficiency) of revenue over expenditures	893,265	(57,181)	-	836,084	(939,793)
Interfund transfers (note 17)	(101,489)	25,255	76,234	-	-
<b>Fund balance (deficit) - End of year</b>	<b>(603,185)</b>	<b>127,757</b>	<b>-</b>	<b>(475,428)</b>	<b>(1,311,512)</b>

The accompanying notes are an integral part of these financial statements.

**Children's Aid Society of the City of Sarnia and the County of Lambton**  
**Statement of Cash Flows**  
**For the year ended March 31, 2023**

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures	836,084	(939,793)
Items not affecting cash		
Amortization of capital assets	112,679	126,186
Amortization of deferred capital contributions	(45,961)	(45,961)
Gain on disposal of capital assets	(9,537)	-
	<u>893,265</u>	<u>(859,568)</u>
Changes in non-cash working capital balances		
Accounts receivable	(1,290,388)	795,743
Prepaid expenses	(26,001)	26,533
Accounts payable and accrued liabilities	169,542	(662,323)
Education fund payable	46,566	(29,840)
Deferred revenue - OCBE	(171,700)	(26,175)
Deferred revenue - other	907	(51,039)
	<u>(377,809)</u>	<u>(806,669)</u>
<b>Financing activities</b>		
Bank indebtedness	<u>302,492</u>	<u>770,796</u>
<b>Capital activities</b>		
Proceeds on disposal of capital assets	9,539	-
Purchase of capital assets	(34,792)	(20,142)
	<u>(25,253)</u>	<u>(20,142)</u>
Decrease in cash during the year	(100,570)	(56,015)
<b>Cash - Beginning of year</b>	<u>580,873</u>	<u>636,888</u>
<b>Cash - End of year</b>	<b><u>480,303</u></b>	<b><u>580,873</u></b>
<b>Cash represented by:</b>		
Restricted	<u>480,303</u>	<u>580,873</u>

The accompanying notes are an integral part of these financial statements.



# Children's Aid Society of the City of Sarnia and the County of Lambton

## Notes to Financial Statements

March 31, 2023

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### 1 Nature of the organization

The Children's Aid Society of the City of Sarnia and the County of Lambton ("Sarnia-Lambton CAS") is incorporated under the laws of the Province of Ontario as a corporation without share capital and is not subject to income taxes pursuant to exemptions according to not-for-profit organizations in income tax legislation.

Sarnia-Lambton CAS is responsible for the care and protection of children in the County of Lambton as set out under the provisions of the Child, Youth and Family Services Act, 2017.

### 2 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 the 4200 series of standards, as issued by the Public Sector Accounting Board (PSAB for Government NPOs).

#### Fund accounting

Sarnia-Lambton CAS maintains the following funds:

The Child Welfare Fund accounts for revenues and expenses related to program delivery and administrative activities under the Ministry of Children, Community and Social Services (MCCSS).

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to Sarnia-Lambton CAS's capital assets.

Included in Other Child Welfare Fund are the following:

The Transitional Age Youth Fund accounts for revenues and expenses related to program delivery under this program.

The Ontario Child Benefit Equivalent (OCBE) Fund accounts for revenues and expenses related to program delivery under this program.

The Registered Education Savings Plan (RESP) Fund reports the liabilities related to program delivery under The Registered Education Savings Policy Directive 001-08, effective April 15, 2008.

Interfund transfers are in the normal course of operations, and are used to account for transactions and balances in their respective funds.

# Children's Aid Society of the City of Sarnia and the County of Lambton

## Notes to Financial Statements

March 31, 2023

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### Financial instruments

#### i) Measurement of financial instruments

Sarnia-Lambton CAS initially measures its financial assets and financial liabilities at fair value, and subsequently at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities and education fund payable.

#### ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the Statement of Operations. The write-down reflects the difference between the carrying amount and the higher of:

- a) the present value of the cash flows expected to be generated by the asset or group of assets;
- b) the amount that could be realized by selling the assets or group of assets;
- c) the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the event occurring after the impairment confirms that a reversal is necessary, the reversal is recognized in the Statement of Operations up to the amount of the previously recognized impairment.

### Capital assets

Capital assets, including expenses which improve or prolong the useful lives of the assets, are recorded as assets in the year they are acquired. Amortization of capital assets is calculated on a straight-line basis as follows:

Building	20 years
Vehicle	5 years
Office equipment	3 years
Computer equipment	5 years

Amortization of capital assets is recorded in the Capital Asset Fund. One-half year's amortization is expensed in the year of acquisition.

### Long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair market value.

# **Children's Aid Society of the City of Sarnia and the County of Lambton**

## **Notes to Financial Statements**

### **March 31, 2023**

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#### **Revenue recognition**

Sarnia-Lambton CAS follows the deferred method of accounting for contributions, which includes grants and government subsidies.

Operating revenues, including grants and subsidies, are recorded as revenue in the period to which they relate. Revenue earned but not received at the end of the accounting period is accrued. Where a portion of revenue relates to a future period, it is deferred and recognized in that future period.

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 recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and, when expended, are amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital asset.

#### **Contributed materials and services**

Volunteers contribute a significant amount of time each year to assist Sarnia-Lambton CAS in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Contributed goods that would have otherwise been expenses of Sarnia-Lambton CAS are recorded at their fair value on the date of the contribution.

#### **Restricted cash**

Restricted cash consists of externally restricted funding from the Ministry of Children, Community and Social Services for directives such as the Registered Education Savings Plan (RESPs) and Ontario Child Benefit equivalent (OCBe) programs.

#### **Employee benefits**

Costs related to the employer contributions to the Ontario Municipal Employees Retirement System (OMERS) pension plan, a multi-employer defined benefit plan, are recorded as an expense in the period the contribution was made by Sarnia Lambton CAS.

#### **Related party transactions**

Transactions with related parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. When the transactions are either in the normal course of business or not in the normal course of business but with commercial substance and where the exchange amount can be supported. All other related party transactions are recorded at the carrying amount.

# Children's Aid Society of the City of Sarnia and the County of Lambton

## Notes to Financial Statements

### March 31, 2023

#### Use of estimates

The preparation of financial statements in accordance with PSAB for Government NPOs 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 revenues and expenses during the current period. Significant estimates include useful life of capital assets and deferred capital contributions. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

#### 3 Change in accounting policy

Effective April 1, 2022, the Society adopted Section 3280 Asset Retirement Obligations (ARO) which establishes standards on how to account for and report a liability for asset retirement obligations related to tangible capital assets.

There was no impact to the financial statements as a result of this change in accounting policy.

#### 4 Restricted cash

Restricted cash consists of balances of \$306,894 (2022 - \$260,328) held on behalf of certain individuals and to be deposited in a Registered Education Savings Plan (RESP).

Also included in restricted cash is an OCBE externally restricted balance of \$148,845 (2022 - \$320,545) and \$24,564 (2022 - \$NIL) of other restricted funds from the Ministry of Children, Community and Social Services.

#### 5 Accounts receivable

	<b>2023</b>	<b>2022</b>
	\$	\$
Trade receivable	71,209	60,447
Funding source receivable	1,444,614	177,187
Sales tax rebates receivable	70,065	57,865
	<u>1,585,887</u>	<u>295,499</u>

#### 6 Capital assets

	<b>2023</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
	\$	\$	\$
Building	3,390,447	2,785,900	604,547
Vehicles	237,549	193,598	43,950
Office equipment	149,496	149,496	-
Computer equipment	258,555	196,272	62,283
	<u>4,036,047</u>	<u>3,325,266</u>	<u>710,781</u>

**Children's Aid Society of the City of Sarnia and the County of Lambton**  
**Notes to Financial Statements**  
**March 31, 2023**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2022 Net</b>
	\$	\$	\$
Building	3,384,931	2,738,916	646,015
Vehicles	228,467	191,363	37,104
Office equipment	149,496	149,496	-
Computer equipment	258,555	153,006	105,549
	<u>4,021,449</u>	<u>3,232,781</u>	<u>788,668</u>

**7 Bank indebtedness**

Sarnia-Lambton CAS has an operating line of credit with a maximum limit of \$1,000,000 secured by a general security agreement. The balance drawn on the line of credit was \$657,372 at year-end (2022 - \$262,874).

**8 Externally restricted contributions**

Sarnia-Lambton CAS receives certain contributions which have external restrictions limiting their use:

Any amounts received by the MCCSS in respect of the Ontario Child Benefit must be spent on specific costs within that program. During the year, Sarnia-Lambton CAS received \$98,685 (2022 - \$87,373). At year-end, there is a deferred revenue balance of \$148,845 (2022 - \$320,545) of amounts to be spent and recognized in future years.

Sarnia-Lambton CAS received funding to be held in an RESP on behalf of qualified children. During the year, Sarnia-Lambton CAS received \$71,840 (2022 - \$65,900). At year-end, there is a restricted cash balance as described in note 4 along with an education fund payable of \$306,894 (2022 - \$260,328).

The movement of the deferred capital contributions balance during the year is as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Balance - Beginning of year</b>	628,985	674,946
Add: Funding received during the year	-	-
Less: Amortization of deferred capital contributions	(45,961)	(45,961)
<b>Balance - End of year</b>	<u>583,024</u>	<u>628,985</u>

Certain funding is received from other local groups and agencies that is restricted for certain expenses. During the year \$36,000 (2022 - \$NIL) was received from these other sources. At year-end, there is a deferred revenue balance of \$63,826 (2022 - \$62,919) of amounts to be spent and recognized in future years.

# Children's Aid Society of the City of Sarnia and the County of Lambton

## Notes to Financial Statements

### March 31, 2023

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#### 9 Related party transactions and balances

Sarnia-Lambton CAS has a management and economic relationship with Bluewater Children's Foundation (the Foundation). Sarnia-Lambton CAS and the Foundation are related through common management and governance. The objective of the Foundation is to raise funds to support the services/programs of Sarnia-Lambton CAS that are not covered by provincial funding.

During the year, Sarnia-Lambton CAS paid rent and common area maintenance charges in the amount of \$88,555 (2022 - \$88,555), which is included within occupancy expense, to the Foundation under the terms of a lease for premises in effect until January 15, 2024. Annual lease payments excluding common area maintenance charges are as follows:

During the year, Sarnia-Lambton CAS charged management and administration fees of \$10,000 (2022 - \$10,000) to the Foundation, which has been recorded within expense recoveries in the statement of operations.

Accounts payable incurred in the normal course of business owing to the Foundation to Sarnia-Lambton CAS totalled \$761 at March 31, 2023 (2022 - \$394 accounts receivable).

#### 10 Commitments and Contingencies

Sarnia-Lambton CAS receives funding from the MCCSS. The amount of funding provided to Sarnia-Lambton CAS is subject to final review and approval by the MCCSS. Any future adjustments required as a result of this review will be accounted for at that time.

Sarnia-Lambton CAS is party to legal actions arising in the ordinary course of operations. While it is not feasible to predict the outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the operations of the Sarnia-Lambton CAS. Sarnia-Lambton CAS maintains an adequate level of insurance coverage.

At year-end, there were three outstanding legal claims against Sarnia-Lambton CAS. In all cases, the likelihood of loss is not determinable by management, and there is uncertainty surrounding the amount of exposure as a result of these claims due to a difficult in determining whether adequate insurance coverage was in place. There has been no accrual recorded in the financial statements for these legal claims. Furthermore, the future receipt of insurance settlements is dependent on the outcome of these legal claims and as a result the contingent assets related to the potential insurance settlements are not recorded in the financial statements.

During the fiscal year, Bill 124 was struck down by the Ontario Superior Court and the government subsequently filed a notice of appeal. At the audit report date, the Court of Appeal's decision had not been concluded. As a result, the Society is uncertain the impact this matter will have on its operations.

Sarnia-Lambton CAS is entered into a lease with the Foundation expiring January 15, 2024. Future annual lease payments to the Foundation are as follows:

2024	\$ 58,527
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# Children's Aid Society of the City of Sarnia and the County of Lambton

## Notes to Financial Statements

### March 31, 2023

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#### **11 Employee benefits**

Employees are eligible to be members of OMERS, which provides defined pension benefits to employees based on their length of services and rates of pay. Sarnia-Lambton CAS accounts for this plan in a similar manner to a defined contribution plan since insufficient information is available for the normally required disclosure elements in a defined benefit plan, such as plan deficit or surplus. During the year, Sarnia-Lambton CAS contributed \$826,320 (2022 - \$873,389).

The last available report for the OMERS plan was December 31, 2022. At that time the plan reported a \$6.70 billion actuarial deficit (2021 - \$3.10 billion actuarial deficit), based on actuarial liabilities of \$128.79 billion (2021 - \$119.34 billion) and actuarial assets of \$124.38 billion (2021 - \$120.73 billion). Ongoing adequacy of the current contribution rates will need to be monitored as declines in the financial markets may lead to increased future funding requirements.

#### **12 Funds held in trust**

At March 31, 2023, there were 126 qualifying youth (2022 - 126) with RESP accounts held in trust, with \$NIL (\$92,140 in 2022) of funding contributed by Sarnia-Lambton CAS to these RESP accounts in the current year. At March 31, 2023, the RESP's held in trust had a market value of \$491,350 (\$2022 - \$471,649).

These funds are held in trust in the children's names and are not included in the Organization's assets.

#### **13 Economic dependence**

Sarnia-Lambton CAS has an economic dependence on the Province of Ontario due to the significant amount of funding received. Substantially all of the revenue recognized during both the current and prior year was derived from this source.

#### **14 Balanced Budget Fund**

The Ministry of Children and Youth Services (now called The Ministry of Children, Community and Social Services) created 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 will be developed on an individual CAS basis, in an amount up to each CAS's accumulated excess of revenues over expenses (surplus) that has been returned to the MCCSS following the implementation of the new funding model in 2013-2014. In order to be eligible to access these funds in a future year, Sarnia-Lambton CAS must meet two conditions: (1) Sarnia-Lambton CAS must have generated a prior year surplus recovered in or after 2013-2014; and (2) in a subsequent year ended after March 31, 2014, Sarnia-Lambton CAS requires additional funding in an amount up to its total accumulated prior year surplus to balance its budget.

During the year, Sarnia-Lambton CAS received \$1,305,767 of one-time funding to reduce the Child Welfare Fund accumulated deficit.

# Children's Aid Society of the City of Sarnia and the County of Lambton

## Notes to Financial Statements

### March 31, 2023

#### 15 MCCSS disclosures

##### Child Welfare Fund reconciliation for MCCSS requirements

	2023	2022
	\$	\$
Excess (deficit) of revenue over expenses per statement of operations	893,265	(859,568)
Adjustments required for financial statements not required for MCCSS reporting	(1,300,725)	(446,201)
Deficit of revenue over expenses reported to MCCSS	<u>(407,460)</u>	<u>(1,305,769)</u>

#### 16 Financial instruments

##### Risks and concentrations

Sarnia-Lambton CAS is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of Sarnia-Lambton CAS's risk exposure as at March 31, 2023. Unless otherwise stated, there have been no significant changes from the previous year in exposure to risk or policies, procedures and methods used to measure the risk.

##### Liquidity risk

Liquidity risk is the risk of being unable to meet a demand for cash or fund obligations as they come due. The Organization manages its liquidity risk by constantly monitoring forecasted and actual cash flow and financial liability maturities. Accounts payable and accrued liabilities are generally repaid within 30 days. As for the operating line of credit, the bank can demand repayment and/or cancel the availability of the facility at any time in its sole discretion. The ongoing operations of the Organization are reliant on funding from the Ministry of Children, Community and Social Services and cost management strategies.

##### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Sarnia-Lambton CAS is exposed to this risk through its carrying amount of cash, accounts receivable and funding source receivable. Cash is held with a reputable financial institution which mitigates any potential credit risk, and the receivable balances are primarily due from MCCSS-funded entities. Sarnia-Lambton CAS measures its exposure to credit risk based on how long the amounts have been outstanding. No accounts receivable are in arrears.

##### Financial and market risk

Financial and market risks are the risks that changes in financial or market conditions impair the value of the Sarnia-Lambton CAS's assets or the at the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Sarnia-Lambton is not exposed to this risk.

#### 17 Interfund Transfers

The board of directors approved a transfer of \$25,255 (2022 - \$20,142) from the Child Welfare Fund to the Capital Fund to finance the acquisition of capital assets and operations within the capital fund.

The board of directors approved a transfer of \$76,234 (2022 - \$4,508) from the Child Welfare Fund to the Other Child Welfare Fund to finance the working capital within the Other Child Welfare Fund.



# Children's Aid Society of the City of Sarnia and the County of Lambton

## Notes to Financial Statements

### March 31, 2023

#### 18 Other child welfare fund balances

A summary of the statement of operations of the externally restricted Transitional Age Fund is as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Revenues</b>		
Children's special allowance and other grants	69,180	4,508
<b>Expenses</b>		
Boarding	69,180	4,508
<b>Excess of revenue over expenses</b>	<b>-</b>	<b>-</b>

The Transitional Age Fund is recognized by MCCSS as DSRS - Adults' Community Accommodation (West Region) within their internal reporting framework.

A summary of the statement of operations of the externally restricted OCBE Fund is as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Revenues</b>		
Ministry funding and government grants	256,055	87,793
<b>Expenses</b>		
Clients' personal needs	256,055	87,793
<b>Excess of revenue over expenses</b>	<b>-</b>	<b>-</b>

A summary of the statement of operations for the Education Liaison program is as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Revenues</b>		
Ministry funding and government grants	92,534	89,261
<b>Expenses</b>		
Client's personal needs	1,273	
Professional services - client	89,261	89,261
Professional services - non client	2,000	
<b>Excess of revenue over expenses</b>	<b>-</b>	<b>-</b>

The Education Liaison program is recognized by MCCSS as Provincial Initiatives (West Region) within their internal reporting framework.

#### 19 Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.