Financial Statements of

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

And Independent Auditors' Report thereon

Year ended March 31, 2021

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INDEPENDENT AUDITORS' 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, 2021
- 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, 2021, 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 ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the 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.
- 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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 20, 2021

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES
Balance Sheet

March 31, 2021, with comparative information for 2020

			2021	2020
	Operating Fund	Special Bursary Fund	Total	Total
Assets				
Current assets:				
Cash	$ 5,077,788	$ 123,232	$ 5,201,020	$ 2,513,905
Accounts receivable	1,411,888	–	1,411,888	2,276,759
Prepaid deposits and expenses	9,238	–	9,238	21,513
	6,498,914	123,232	6,622,146	4,812,177
Capital assets (note 2)	4,622,813	–	4,622,813	4,899,249
	$ 11,121,727	$ 123,232	$ 11,244,959	$ 9,711,426
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable and accrued liabilities (note 3)	$ 3,230,676	$ –	$ 3,230,676	$ 3,084,507
Deferred revenue (note 4)	1,480,806	–	1,480,806	395,529
Credit facilities (note 5)	809,708	–	809,708	882,186
	5,521,190	–	5,521,190	4,362,222
Long-term portion of credit facilities (note 5)	1,244,905	–	1,244,905	1,304,068
Fund balances:				
Invested in capital assets (note 6)	2,568,200	–	2,568,200	2,712,995
Externally restricted	–	123,232	123,232	123,290
Unrestricted	1,787,432	–	1,787,432	1,208,851
	4,355,632	123,232	4,478,864	4,045,136
Lease commitments (note 8)				
	$ 11,121,727	$ 123,232	$ 11,244,959	$ 9,711,426

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, 2021, with comparative information for 2020

	Operating Fund		Special Bursary Fund		Total	
	2021	2020	2021	2020	2021	2020
Revenue:						
Government of Ontario (note 9)	$ 19,430,942	$ 9,354,310	$ –	$ –	$ 19,430,942	$ 9,354,310
Shared services	3,862,962	4,203,104	–	–	3,862,962	4,203,104
Membership fees	3,602,243	3,584,627	–	–	3,602,243	3,584,627
Other revenue	303,011	1,005,416	–	–	303,011	1,005,416
Sales and registration fees	266,200	639,079	–	–	266,200	639,079
Donations	1,896	930	40,750	73,000	42,646	73,930
	27,467,254	18,787,466	40,750	73,000	27,508,004	18,860,466
Expenses:						
Personal Protection Equipment Program (note 9)	11,760,801	–	–		11,760,801	–
Salaries	6,450,121	6,711,197	–	–	6,450,121	6,711,197
Contracted professional services	3,551,833	5,459,922	–	–	3,551,833	5,459,922
Direct contract	1,821,070	2,567,949	–	–	1,821,070	2,567,949
Employee benefits	1,511,597	1,572,211	–	–	1,511,597	1,572,211
Office and administration	874,888	980,252	140	81	875,028	980,333
Facilities and equipment	408,257	394,345	–	–	408,257	394,345
Amortization of capital assets	276,436	281,928	–	–	276,436	281,928
Bursaries and grants	237,184	1,000	27,250	71,250	264,434	72,250
Loan interest	77,636	95,140		–	77,636	95,140
Training development and recruitment	29,983	74,595		–	29,983	74,595
Other	29,661	156,868	5,000	30,000	34,661	186,868
Business travel and hospitality	12,419	259,365	–	–	12,419	259,365
	27,041,886	18,554,772	32,390	101,331	27,074,276	18,656,103
Excess (deficiency) of revenue over expenses	$ 425,368	$ 232,694	$ 8,360	$ (28,331)	$ 433,728	$ 204,363

See accompanying notes to financial statements.

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Statement of Changes in Fund Balances

Year ended March 31, 2021, with comparative information for 2020

	Invested in capital assets	Operating Fund	Special Bursary Fund	Total 2021	Total 2020
Fund balances, beginning of year	$ 2,712,995	$ 1,208,851	$ 123,290	$ 4,045,136	$ 3,840,773
Excess (deficiency) of revenue over expenses	(276,436)	701,804	8,360	433,728	204,363
Inter-fund transfer	–	8,418	(8,418)	–	–
Net investment in capital assets (note 6)	131,641	(131,641)	–	–	–
Fund balances, end of year	$ 2,568,200	$ 1,787,432	$ 123,232	$ 4,478,864	$ 4,045,136

See accompanying notes to financial statements.

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 433,728	$ 204,363
Amortization of capital assets which does not involve cash	276,436	281,928
	710,164	486,291
Change in non-cash operating working capital:		
Decrease in accounts receivable	864,871	1,587,351
Decrease in prepaid deposits and expenses	12,275	29,210
Increase in accounts payable and accrued liabilities	146,169	817,528
Increase (decrease) in deferred revenue	1,085,277	(1,342,298)
	2,818,756	1,578,082
Financing activities:		
Repayment of credit facilities	(131,641)	(135,818)
Investing activities:		
Purchase of capital assets	–	(80,525)
Increase in cash	2,687,115	1,361,739
Cash, beginning of year	2,513,905	1,152,166
Cash, end of year	$ 5,201,020	$ 2,513,905

See accompanying notes to financial statements.

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.

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.

2. Capital assets:

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Building	$ 6,744,888	$ 2,291,378	$ 4,453,510	$ 4,627,462
Furniture and equipment	382,566	321,843	60,723	87,586
Computer software	268,031	268,031	–	–
IT equipment	378,105	269,525	108,580	184,201
	$ 7,773,590	$ 3,150,777	$ 4,622,813	$ 4,899,249

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $24,749 (2020 - $25,414), which includes amounts payable for payroll-related taxes.

In addition, for the year ended March 31, 2021, the Association has accrued severance costs of $459,503 which are included in accounts payable and accrued liabilities, and salaries and employee benefits expenses.

4. Deferred revenue:

	2021	2020
Shared Services Transition Fees	$ 368,909	$ –
Ministry of Children, Community and Social Services ("MCCSS") Projects	333,004	–
Membership fees - YouthCan	268,957	137,221
Personal Protection Equipment Program (note 9)	241,570	–
Other member contributions (CPIN)	197,760	197,760
Provincial priority membership	4,088	4,088
Shared services fees	3,545	32,610
Other	62,973	23,850
	$ 1,480,806	$ 395,529

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. Assuming payment of the loan is not demanded, minimal principal payments are required in each of the next five fiscal years and thereafter as follows:

2022	$	74,434
2023		74,434
2024		74,434
2025		74,434
2026		74,434
Thereafter		378,376
	$	750,546

(c) A fixed five-year term loan to finance the purchase of Suite 306, 75 Front Street East entered into on September 1, 2017. The interest rate on the loan is 3.61% and is amortized over 20 years. Minimal principal payments are required in each of the next three fiscal years as follows:

2022	$	59,162
2023		61,483
2024		1,183,422
	$	1,304,067

(d) Access to a demand non-revolving loan up to $350,000 to finance cost of capital improvements to Suite 306, 75 Front Street. 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.

(e) Corporate Mastercard (Shared Services Vendor Discount Program) - credit limit $2,500,000.

5. Credit facilities (continued):

(f) 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.

6. Invested in capital assets:

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

	2021	2020
Capital assets	$ 4,622,813	$ 4,899,249
Amount financed by credit facilities	(2,054,613)	(2,186,254)
	$ 2,568,200	$ 2,712,995

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

	2021	2020
Purchase of capital assets	$ –	$ 80,525
Principal repayment of credit facilities	131,641	135,818
	$ 131,641	$ 216,343

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 amount of contributions made in the current fiscal year amounts to $560,188 (2020 - $621,230).

8. Lease commitments:

The Association has an equipment lease that expires on October 31, 2022.

2022	$ 3,936
2023	2,295
	$ 6,231

9. Personal protection equipment program:

In fiscal year 2020-21, the Association signed an agreement for $13,150,000 with MCCSS to manage 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.

PPE supplies, transportation, warehousing and distribution	$ 11,760,801
Procurement management	610,798
Administration	536,831
	$ 12,908,430

Total revenue earned by the Association under this agreement for fiscal year 2020-21 was $12,908,430. Deferred revenue, note 4, includes $241,570 of unspent funds at year end.

10. 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. There has been no change to the risk exposure from 2020.

10. Financial risk (continued):

(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. There has been a change to the risk exposure from 2020 as a result of the COVID-19 pandemic.

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social impact. This has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused disruption in donations and the delivery of social events. Management has taken measures to manage this risk and is actively monitoring the situation to minimize its impact to the Association.