

Family and Children's Services of Renfrew County
Financial Statements
March 31, 2020

Family and Children's Services of Renfrew County Contents

For the year ended March 31, 2020

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Management's Responsibility

To the Board of Directors of Family and Children's Services of Renfrew County:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of Family and Children's Services of Renfrew County (the "Agency"). The Board is responsible for overseeing management in the performance of its financial reporting responsibilities and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Agency's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

June 18, 2020



Executive Director

Independent Auditor's Report

To the Board of Directors of Family and Children's Services of Renfrew County:

Opinion

We have audited the financial statements of Family and Children's Services of Renfrew County (the "Agency"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets, cash flows and the related schedules 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 Agency as at March 31, 2020, 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 Agency 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.

Other Matter

The financial statements of the Agency for the year ended March 31, 2019 (prior to the adjustments that were applied to restate certain comparative information explained in Note 17) were audited by another firm of Chartered Professional Accountants, who expressed an unmodified opinion on those statements on June 10, 2019.

Other Information

Management is responsible for the other information. The other information comprises the audited financial information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency'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 Agency'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 Agency'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 Agency 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.

Ottawa, Ontario

June 18, 2020

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Family and Children's Services of Renfrew County

Statement of Financial Position

As at March 31, 2020

	Operating Fund	Trust Fund	Capital Fund	2020	2019
					(Restated) Note 17
Assets					
Current					
Cash	1,550,524	369,385	-	1,919,909	1,885,980
Accounts receivable (Note 3)	354,480	1,964	-	356,444	270,844
Prepaid expenses	67,821	-	-	67,821	67,989
	1,972,825	371,349	-	2,344,174	2,224,813
Capital assets (Note 5)	-	-	3,081,847	3,081,847	3,012,418
	1,972,825	371,349	3,081,847	5,426,021	5,237,231
Liabilities					
Current					
Accounts payable and accruals (Note 7)	1,809,535	12,495	-	1,822,030	2,315,702
Interfund balances	(30,506)	30,506	-	-	-
Due to the Province of Ontario (Note 4)	831,392	-	-	831,392	339,861
Current portion of long-term debt (Note 8)	-	-	129,000	129,000	141,265
	2,610,421	43,001	129,000	2,782,422	2,796,828
Long-term debt (Note 8)	-	-	981,045	981,045	1,109,237
Funds held in trust (Note 14)	-	295,633	-	295,633	293,897
	-	295,633	981,045	1,276,678	1,403,134
	2,610,421	338,634	1,110,045	4,059,100	4,199,962
Net Assets					
Invested in capital assets	-	-	1,648,402	1,648,402	1,438,515
Externally restricted	-	-	323,400	323,400	323,400
Internally restricted	-	32,715	-	32,715	216,019
Unrestricted	(637,596)	-	-	(637,596)	(940,665)
	(637,596)	32,715	1,971,802	1,366,921	1,037,269
	1,972,825	371,349	3,081,847	5,426,021	5,237,231

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 Renfrew County

Statement of Operations

For the year ended March 31, 2020

	Operating Fund	Trust Fund	Capital Fund	2020	2019
					(Restated) Note 17
Revenue					
Government funding					
Ministry of Children, Community and Social Service (Note 9)	23,183,156	-	30,852	23,214,008	24,101,908
Ministry of Auditor General	145,007	-	-	145,007	145,894
Renfrew County	348,290	-	-	348,290	320,714
Other revenue	410,313	234,074	35,457	679,844	842,684
Rental income	38,692	455,511	-	494,203	493,409
Interest income	64,032	-	-	64,032	50,421
Fees collected	112,687	-	-	112,687	131,843
Children's special allowance	376,079	-	-	376,079	373,780
	24,678,256	689,585	66,309	25,434,150	26,460,653
Expenses					
Administrative expense	41,641	6,978	-	48,619	24,597
Amortization	-	-	207,078	207,078	200,173
Board rate	2,531,016	-	-	2,531,016	2,691,090
Building occupancy	624,877	215,910	-	840,787	974,144
Clients' personal needs	200,656	-	-	200,656	234,715
Employee benefits	2,619,908	-	-	2,619,908	2,611,031
Interest on long-term debt	-	-	35,457	35,457	41,037
Health related and financial assistance	699,941	-	-	699,941	634,234
Insurance	75,164	-	-	75,164	60,702
Membership fees	109,711	-	-	109,711	102,642
Office administration and promotion	200,811	-	-	200,811	286,189
Program costs	5,727,478	263,887	-	5,991,365	6,082,772
Purchased professional services	162,880	-	-	162,880	75,315
Purchased services, case related	48,234	-	-	48,234	136,146
Salaries and benefits	10,577,145	-	-	10,577,145	10,917,264
Technology	84,016	-	-	84,016	189,979
Training and recruitment	47,798	-	-	47,798	212,038
Travel	623,912	-	-	623,912	836,359
	24,375,188	486,775	242,535	25,104,498	26,310,427
Excess (deficiency) of revenue over expenses	303,068	202,810	(176,226)	329,652	150,226

The accompanying notes are an integral part of these financial statements

Family and Children's Services of Renfrew County Statement of Changes in Net Assets

For the year ended March 31, 2020

	<i>Operating Fund</i>	<i>Trust Fund</i>	<i>Capital Fund</i>	2020	2019 <i>(Restated) Note 17</i>
Net assets, beginning of year, as previously stated	1,689,133	2,642,452	-	4,331,585	1,618,703
Change in accounting policy and correction of error <i>(Note 17)</i>	(2,629,797)	(2,426,434)	1,761,915	(3,294,316)	(731,660)
Net assets, beginning of year, as restated	(940,664)	216,018	1,761,915	1,037,269	887,043
Excess (deficiency) of revenue over expenses	303,068	202,810	(176,226)	329,652	150,226
	(637,596)	418,828	1,585,689	1,366,921	1,037,269
Payments of long-term debt	-	(140,457)	140,457	-	-
Capital asset purchases	-	(245,656)	245,656	-	-
Net assets, end of year	(637,596)	32,715	1,971,802	1,366,921	1,037,269

The accompanying notes are an integral part of these financial statements

Family and Children's Services of Renfrew County
Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019 <i>(Restated)</i> <i>Note 17</i>
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	329,652	150,226
Amortization	207,078	200,173
	536,730	350,399
Changes in working capital accounts		
Accounts receivable	(85,600)	210,204
Prepaid expenses	167	4,919
Accounts payable and accruals	(493,672)	93,116
Due from the Province of Ontario	491,531	(494,670)
Funds held in trust	1,736	(10,583)
	450,892	153,385
Financing		
Repayment of long-term debt	(140,457)	(141,501)
Capital activities		
Purchase of capital assets	(276,506)	(65,222)
Increase (decrease) in cash resources	33,929	(53,338)
Cash resources, beginning of year	1,885,980	1,939,318
Cash resources, end of year	1,919,909	1,885,980
Cash resources are composed of:		
Cash	1,550,524	1,499,084
Restricted cash	369,385	386,896
	1,919,909	1,885,980

The accompanying notes are an integral part of these financial statements

Family and Children's Services of Renfrew County

Notes to the Financial Statements

For the year ended March 31, 2020

1. Nature of the organization

Family and Children's Services of Renfrew County (the "Agency") is a multi-service organization serving children, adults, and families of Renfrew County.

The Agency's mission is "Helping families and communities in Renfrew County protect and support the development and well being of children, youth and adults through integrated services, prevention and social inclusion." The Agency receives funding from the Ministry of Children and Youth Services, Ministry of Community and Social Services, Ministry of the Attorney General, and Ministry of Education, as well as grants, donations, and other revenue sources. Services include Child Welfare under the Child and Family Services Act, Developmental Services, Family Visitation and Exchange, and Ontario Early Years, among others.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards. The agency uses the accrual basis of accounting. The significant accounting policies used are as follows:

Fund accounting

The Agency follows the restricted fund method of accounting for contributions, and maintains three funds: the Operating Fund, Trust Fund and Capital Fund.

The Operating Fund reports the Agency's assets, liabilities, revenues and expenses related to program delivery and administrative activities.

The Capital Fund reports the Agency's assets, liabilities, revenue and expenses related to the Agency's capital assets.

The Trust Fund reports the Agency's assets, liabilities, revenue and expenses related to restricted contributions for specific activities.

Revenue recognition

The Agency uses the restricted fund method of accounting for contributions. Restricted contributions related to Trust Fund activities are recognized as revenue in the related Trust Fund in the year in which the contributions are received. All other restricted contributions are recognized as revenue of the Operating Fund because there is not an appropriate restricted fund.

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

Unrestricted investment income is recognized as revenue in the Operating Fund when earned.

Fees collected are recognized when the good or service is provided. Rental revenue is recognized as revenue of the Trust Fund over the term of the agreement.

Financial instruments

The Agency recognizes its financial instruments when the Agency becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

The Agency subsequently measures its financial assets and financial liabilities at amortized cost (including any impairment in the case of financial assets).

Financial assets measured at amortized cost include cash and accounts receivables (excluding harmonized sales tax recoverable).

Financial liabilities measured at amortized cost include trade and accounts payable and accruals (excluding government remittances payable), due to Province of Ontario, funds held in trust and long-term debt.

With respect to financial assets measured at amortized cost, the Agency assesses whether there are any indicators of impairment. When there is an indication of impairment, and if the Agency determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

Family and Children's Services of Renfrew County

Notes to the Financial Statements

For the year ended March 31, 2020

2. Significant accounting policies (Continued from previous page)

Restricted cash

All cash held within the trust fund is restricted.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Agency's ability to provide services, its carrying amount is written down to its residual value.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Buildings	40 years
Equipment	10 years
Computers	3 years

Contributed services

Volunteers contribute many hours to assist in carrying out service delivery activities. Due to the difficulty in determining the fair value of these services, contributed services are not recognized in the financial statements.

Allocation of expenses

The Agency engages in multiple programs in order to serve children, adults, and families of Renfrew County. The costs of each program include the costs of direct services and other expenses that are directly related to providing the program. The Agency also incurs a number of general support expenses that are common to the administration of the Agency and each of its programs.

The Agency allocates certain of its general support expenses within the Operating Fund by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. The following expenses are allocated on the following bases:

Information technology and general office administration	Allocated on the proportional basis of direct salaries and benefits.
Finance and executive office costs	Allocated on the basis of budgeted expenditures for each program.

Employee future benefits

The Agency participates in the Ontario Municipal Employees Retirement Fund (OMERS), which is a defined benefit multiple-employer plan. The Agency has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

Measurement uncertainty (use of estimates)

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

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

Family and Children's Services of Renfrew County Notes to the Financial Statements

For the year ended March 31, 2020

3. Accounts receivable

	2020	2019 <i>(Restated)</i> <i>Note 17</i>
Harmonized sales tax recoverable	243,759	46,584
Other accounts receivable	112,685	224,260
	356,444	270,844

4. Due to the Province of Ontario

Amounts due to the Province of Ontario represent prior year surpluses or deficits that are due to or from the Ministry of Children, Community and Social Services, respectively. Surpluses in the Child Welfare Fund program of the Operating Fund are payable to the Province of Ontario for the Balanced Budget Fund (Note 15) and available to be accessed in future years to cover any deficits. Deficits in the Child Welfare Fund would therefore constitute a receivable from the Province of Ontario. Any surplus in the independent programs is owed to the Province of Ontario and cannot be accessed in the future to cover any deficits. As at March 31, the amount due to the Province of Ontario consists of the following:

	2020	2019 <i>(Restated)</i> <i>Note 17</i>
Due to the Province of Ontario, beginning of year	339,860	45,198
Recovered by the Ministry during the year	213,273	259,362
Due to (from) balanced budget fund for the year	233,539	(557,337)
Non-recoverable amount due to the Ministry for the year	44,720	592,638
	831,392	339,861

5. Capital assets

	2020		2019 <i>(Restated)</i> <i>Note 17</i>	
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net book value</i>	<i>Net book value</i>
Land	369,546	-	369,546	369,546
Buildings	4,282,720	1,817,644	2,465,076	2,326,489
Equipment	1,109,008	895,125	213,883	268,220
Computers	137,020	103,678	33,342	48,163
	5,898,294	2,816,447	3,081,847	3,012,418

Cost and accumulated amortization at March 31, 2019 amounted to \$6,300,598 and \$3,288,180, respectively.

6. Credit facilities

At March 31, 2020, the Agency had access to an authorized line of credit totaling \$1,300,000 (2019 - \$1,300,000), bearing interest at prime rate, of which \$nil (2019 - \$nil) was drawn at year end. This demand credit facility is secured by a general security agreement on the property located at 77 Mary Street, Pembroke, Ontario.

Family and Children's Services of Renfrew County Notes to the Financial Statements

For the year ended March 31, 2020

7. Accounts payable and accruals

	2020	2019 <i>(Restated)</i> <i>Note 17</i>
Trade accounts payable	976,962	1,186,343
Accrued vacation payable	610,442	905,531
Accrued liabilities	113,972	201,008
Accrued wages payable	81,031	-
Grants payable	36,568	19,743
Government remittances payable	3,055	3,077
	1,822,030	2,315,702

8. Long-term debt

	2020	2019
Mortgage payable in monthly installments of \$3,528 plus interest at the bank's prime rate less 0.5%, due March 2023, secured by the Isabella Street building, having a net book value of \$544,380 (2019 - \$321,710)	120,600	162,933
Loan repaid during the year	-	11,458
Mortgage payable in monthly installments of \$7,222 plus interest at the bank's prime rate less 0.5%, due March 2031, secured by the Argyle Street building, having a net book value of \$1,183,229 (2019 - \$1,219,404)	989,445	1,076,111
	1,110,045	1,250,502
Less: Current portion	129,000	141,265
	981,045	1,109,237

Principal repayments on long-term debt in each of the next five years, assuming all term debt is subject to contractual terms of repayment are estimated as follows:

2021	\$129,000
2022	\$129,000
2023	\$122,600
2024	\$86,667
2025	\$86,667
<u>Thereafter</u>	<u>\$556,111</u>
<u>Total</u>	<u>\$1,110,045</u>

Interest on long-term debt amounted to \$35,230 (2019 – \$37,369).

Long-term debt is subject to certain financial covenants with respect to a debt service coverage ratio. As at March 31, 2020, the Agency is in compliance with all such covenants. It is management's opinion that the Agency is likely to remain in compliance with all long-term debt covenants throughout the next twelve months subsequent to March 31, 2020.

Family and Children's Services of Renfrew County

Notes to the Financial Statements

For the year ended March 31, 2020

9. Ministry of Children, Community and Social Service funding reconciliation

2020

Ministry of Children, Community and Social Services funding per confirmation	23,705,539
Accrued surplus repayable - Developmental Services	(44,720)
Accrued surplus repayable - Child Welfare Fund	(233,539)
Funding adjustments confirmed relating to fiscal 2018	281,037
Funding receipts confirmed relating to fiscal 2019	(572,345)
Funding adjustments confirmed relating to fiscal 2019	78,036

23,214,008

10. Multi-employer pension plan

The Agency makes contributions to the Ontario Municipal Employees' Retirement System ("OMERS") on behalf of its employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the individual based on length of service and rate of pay. As sufficient information to follow the standards on defined pension plan is not available, the plan is accounted for as a defined contribution plan. Contributions to OMERS for the year amounted to \$946,210 (2019 - \$976,279). OMERS is a multi-employer plan, therefore, any pension plan surplus or deficit is the joint responsibility of the participating organizations and their employees. As a result, the Agency does not recognize any share of the OMERS pension fund surplus or deficit. The last available report for the OMERS plan was at December 31, 2019. At that time, the plan reported an actuarial deficit of \$3.4 billion (2018 - deficit of \$4.2 billion), based on an accrued pension obligation of \$107.7 million (2018 - \$97.4 million) and actuarial assets of \$104.2 million (2018 - \$95.9 million). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

11. Financial instruments

The Agency, as part of its operations, carries a number of financial instruments. It is management's opinion that the Agency is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The Agency is exposed to credit risk with respect to cash and accounts receivable. The Agency holds its cash with reputable financial institutions. The Agency assesses, on a continuous basis, accounts receivable and provides for any amounts that are not considered collectable in an allowance for doubtful accounts. The Agency's allowance for doubtful accounts as at March 31, 2020 is \$Nil (2019 - \$Nil). The carrying amount of the Agency's financial instruments best represents the maximum exposure to credit risk.

A credit concentration exists related to accounts receivable because substantially all of its accounts receivable are from the Province of Ontario. However, the Agency believes that there is minimal risk associated with the collection of these amounts.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its long term debt as the payments will vary according to the bank's prime rate. Further details about long-term debt are included in Note 8. There has been no change to the risk exposure from 2019.

Liquidity risk

Liquidity risk is the risk that the Agency will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt.

Contractual maturities of long-term debt are disclosed in Note 8.

Family and Children's Services of Renfrew County

Notes to the Financial Statements

For the year ended March 31, 2020

11. Financial instruments *(Continued from previous page)*

The Agency manages the liquidity risk by monitoring its operating requirements, access to a line of credit when needed, preparing budgets and cash forecasts to ensure sufficient funds to fulfill obligations. There has been no change to the risk exposure from 2019.

12. Economic dependence

The Agency is economically dependent on the Ministry of Children, Community and Social Services to provide sufficient funds to continue operations, replace essential equipment and complete its capital projects.

13. Income taxes

The Agency is registered as a charitable organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Agency must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

14. Funds held in trust

The Agency holds in the trust fund account a total of \$146,864 (2019 - \$145,128) which will be deposited into registered education savings plans ("RESPs") for children in care of the Agency, according to Ministry Policy Directive CW002-15. In addition, a total of \$917,823 (2019 - \$905,093) is held in RESPs at RBC, where a total of 156 (2019 - 160) RESP plans have been opened for individual children currently or previously in care of the Agency.

The Agency also holds in the trust fund account a total of \$148,769 (2019 - \$148,769) relating to the Ontario Child Benefit Equivalent ("OCBE") to be distributed to eligible youth in care according to Ministry Policy Directive CW002-18.

15. Balanced budget fund and future access to surpluses

In 2014, the Ministry of Children and Youth Services (MCYS) announced the creation of a Balanced Budget Fund to support Children's Aid Societies in meeting the newly announced 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 may be added to and accessed on a yearly basis, in an amount up to each Society's accumulated surplus that has been returned to the Ministry following the implementation of the 2013 - 2014 funding model. To access these funds in a future year, the Agency must:

- 1) Have generated a prior year surplus recovered in or after 2013 - 2014; and
- 2) Require additional funding in a subsequent year in an amount up to its total accumulated prior year surplus to balance its budget.

Surpluses generated can be accessed for three fiscal years. Surpluses remaining at March 31, 2020 expire as follows:

- \$456,650 - accumulated at March 31, 2018, expiring March 31, 2021
- \$233,539 - accumulated at March 31, 2020, expiring March 31, 2023

Surpluses have been accumulated and applied in the following fiscal years:

	2020	2019	2018	2017
Balance remaining, beginning of year	456,650	1,273,350	607,878	-
Surplus accumulated	233,539	-	665,472	607,878
Surplus applied to 2016 deficit	-	(259,362)	-	-
Surplus applied to 2019 deficit	-	(557,338)	-	-
Balance remaining, end of year	690,189	456,650	1,273,350	607,878

Family and Children's Services of Renfrew County

Notes to the Financial Statements

For the year ended March 31, 2020

16. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Agency as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the extent of the impact is unknown, we anticipate this outbreak may cause reduced face to face programming and office presence, staff shortages, varied government regulations, and increased demand for family supports, Personal Protective Equipment ("PPE"), cleaning and disinfecting, and technology related costs. During the fiscal year, the Agency incurred the following costs for COVID-19 related expenses:

	<i>Operating Fund</i>
Admission prevention	2,564
COVID promotion	565
Foster care	5,000
Office supplies	250
Out of home respite - CSN	173
PPE - Janitorial supplies	3,329
PPE - Other health & safety	1,045
Technology	520
<hr/>	
Total	13,446

Family and Children's Services of Renfrew County

Notes to the Financial Statements

For the year ended March 31, 2020

17. Changes in accounting policies and correction of an error

During the year the Agency determined that its financial reporting needs would be better met by making the following changes in the accounting policies applied in its financial statements:

- The Agency has determined that the restricted fund method of accounting would be more appropriate for use by the Agency and understanding of operations by financial statement users. Previously the Agency was following the deferred method of accounting for contributions; and
- The Agency has chosen to establish a Capital Fund for recording the financial activities related to capital assets held by the Agency.

Additionally, during the year the Agency determined that the following corrections were required:

- The revaluation surplus recorded as an increase to the capital asset value does not meet the criteria to be recorded on transition to PSAS;
- Vacation accrual liability was not recorded, which was determined to not be in accordance with PSAS;
- Funds held in trust on behalf of participants in the RESP and OCBE programs that are undistributed as at year end should be recognized as a liability; and
- Accruals of funding adjustment due to/from the Province of Ontario were not recorded as a receivable/payable in the fiscal year to which they related.

These changes in accounting policies and corrections have been applied retrospectively and prior years have been restated. The impact on the amounts previously reported for the year ended March 31, 2019 are as follows:

As at March 31, 2019:	As previously reported	Restatement	As restated
Accounts receivable and government remittances	870,413	(599,569)	270,844
Capital assets	5,496,383	(2,483,964)	3,012,419
Accounts payable and accruals	1,300,338	1,015,364	2,315,702
Due to the Province of Ontario	-	339,861	339,861
Deferred contributions	981,690	(981,690)	-
Balanced budget fund	(456,649)	456,649	-
Funds held in trust	-	293,897	293,897
Unrestricted net assets	557,482	(1,498,146)	(940,664)
Internally restricted net assets	368,647	(152,628)	216,019
Net assets invested in capital assets	1,022,418	416,097	1,438,515
Externally restricted net assets invested in capital assets	-	323,400	323,400
Revaluation surplus	2,383,038	(2,383,038)	-
For the year ended March 31, 2019:	As previously reported	Restatement	As restated
Government funding	25,231,270	(662,754)	24,568,516
Other revenues	4,129,686	(2,237,549)	1,892,137
Expenses	28,516,178	(2,205,751)	26,310,427
Excess of revenues over expenditures for the year	844,778	694,552	150,226

18. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Family and Children's Services of Renfrew County
Schedule 1 - Schedule of Operating Fund Revenue and Expenses by Program
For the year ended March 31, 2020

	Child Welfare		Independent Living		Developmental Services		Early ON		Outreach		Kumon		Safe Shelter		Supervised Access		Total Operating Fund		
	2020	2019 (Restated) Note 17	2020	2019 (Restated) Note 17	2020	2019 (Restated) Note 17	2020	2019 (Restated) Note 17	2020	2019 (Restated) Note 17	2020	2019 (Restated) Note 17	2020	2019 (Restated) Note 17	2020	2019 (Restated) Note 17	2020	2019 (Restated) Note 17	
Revenue																			
Government Funding	12,751,143	14,021,694	91,595	91,595	10,340,418	9,882,360	348,290	320,714	-	-	-	-	-	-	145,007	154,894	23,676,453	24,471,257	
Other revenue and recoveries	711,137	994,852	28,460	26,310	66,387	63,853	-	-	11,417	15,850	112,687	131,843	23,096	31,935	48,619	54,179	1,001,803	1,318,822	
	13,462,280	15,016,546	120,055	117,905	10,406,805	9,946,213	348,290	320,714	11,417	15,850	112,687	131,843	23,096	31,935	193,626	209,073	24,678,256	25,790,079	
Expenses																			
Salaries	7,379,985	8,190,550	88,680	72,294	2,731,955	2,317,248	174,897	123,543	940	-	76,940	77,756	9,681	17,103	114,067	118,770	10,577,145	10,917,264	
Program costs	8,890	84,409	2,310	8,306	5,618,405	5,741,937	25,410	2,493	10,183	14,787	50,009	48,952	12,271	11,890	-	78	5,727,478	5,912,851	
Administrative expense	2,917,955	3,439,334	9,780	9,780	963,813	856,333	76,081	25,784	254	1,063	730	403	-	67	22,577	23,016	3,991,190	4,355,780	
Employee benefits	1,880,184	1,914,051	12,002	14,671	651,636	612,246	42,693	37,689	40	-	6,713	6,762	728	1,327	25,911	24,284	2,619,908	2,611,030	
Building occupancy	386,094	518,325	1,112	1,112	141,310	150,625	72,483	53,016	-	-	1,200	900	-	-	22,678	22,678	624,877	746,655	
Travel	432,231	606,974	4,763	7,471	176,953	207,241	1,435	1,416	-	-	3,329	4,357	416	1,548	4,785	7,351	623,912	836,358	
Purchased professional services	162,880	65,029	-	-	-	10,286	-	-	-	-	-	-	-	-	-	-	162,880	75,315	
Training and recruitment	41,329	163,056	150	74	5,575	46,818	559	798	-	-	-	-	-	-	185	1,292	47,798	212,038	
	13,209,548	14,981,728	118,797	113,708	10,289,648	9,942,734	393,558	244,739	11,417	15,850	138,920	139,130	23,096	31,935	190,203	197,468	24,375,188	25,667,292	
Excess (deficiency) of revenue over expenses	252,732	34,818	1,258	4,197	117,157	3,479	(45,268)	75,975	-	-	(26,233)	(7,287)	-	-	3,423	11,605	303,068	122,787	

Family and Children's Services of Renfrew County
Schedule 2 - Trust Fund Activity

For the year ended March 31, 2020

	Fund balances, beginning of year, as previously stated	Prior period adjustments (Note 17)	Fund balances, beginning of year, as restated	Revenue	Cost of services (net of recoveries)	Excess (deficiency) of revenue over expenses	Transfer to capital fund	Fund balances, end of year
Millenium Fund	122	-	122	45,000	36,706	8,294	-	8,416
RESP Fund	145,128	(145,128)	-	-	-	-	-	-
OCBe Savings Fund	148,767	(148,767)	-	59,721	73,575	(13,854)	-	(13,854)
OCBe Activities Fund	1	-	1	46,111	46,112	(1)	-	-
Contingent Fund	42,242	-	42,242	2,479	9,857	(7,378)	-	34,864
Building Fund	2,265,052	(2,132,539)	132,513	456,240	264,390	191,850	(386,113)	(61,750)
Foster Parent Fund	8,283	-	8,283	-	-	-	-	8,283
Charity Event Fund	11,590	-	11,590	300	500	(200)	-	11,390
Christmas Fund	(2,161)	-	(2,161)	4,664	1,248	3,416	-	1,255
D. Aikens Summer Camp Fund	1,064	-	1,064	53,549	46,865	6,684	-	7,748
DSS Summer Camp Fund	4,337	-	4,337	3,722	825	2,897	-	7,234
Lucie Webb Fund	14,250	-	14,250	1,017	-	1,017	-	15,267
Grandparent Support	3,150	-	3,150	-	650	(650)	-	2,500
Safe Shelter	97	-	97	6,829	-	6,829	-	6,926
Pflag Renfrew County	530	-	530	9,953	6,047	3,906	-	4,436
	2,642,452	(2,426,434)	216,018	689,585	486,775	202,810	(386,113)	32,715

Family and Children's Services of Renfrew County

Schedule 3 - Trust Fund Purpose

For the year ended March 31, 2020

Fund	Purpose
Millenium Fund	To provide post secondary education for agency wards.
RESP Fund	To provide post secondary education for agency wards.
OCBe Savings Fund	To provide funds to agency wards upon exiting care of the society.
OCBe Activities Fund	To provide all children and youth in care with access to recreational, educational, cultural and social opportunities that support their achievement of higher educational outcomes, higher degree for resiliency, social skills and relationship development.
Contingent Fund	Funds that have been raised for Outreach programs.
Building Fund	To provide and maintain the infrastructure of all existing buildings. Funds are also provided through rental income independent of the Agency.
CWSN Fund	To provide financial support to children with special needs who are eligible for the federal disability tax credit.
Foster Parent Fund	Funds raised at Foster Parent events to be directed toward children in care.
Charity Event Fund	Funds provided by Charity Event for children's programs.
Christmas Fund	To provide protection case-load children with gifts at Christmas.
D. Aikens Summer Camp Fund	Fundraising to send children to summer camp.
DSS Summer Camp	Fundraising to send children in Developmental Services program to summer camp.
Lucie Webb Fund	To provide post-secondary funding for agency wards who wish to pursue a career in administration.
Grandparent Support	To provide funds to grandparents who are caring for their grandchildren.
Pflag	To support the local Pflag chapter in providing awareness and support