

Financial Statements of

**BRUCE GREY CHILD
AND FAMILY SERVICES**

March 31, 2021

Draft for Discussion

Bruce Grey Child and Family Services
Table of Contents
March 31, 2021

	Page
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Operations and Changes in Fund Balances	4
Statement of Cash Flow	5
Notes to the Financial Statements	6
Auditor's Comments on Supplementary Information	13
Schedules of Revenue and Expenses	14

Draft For Discussion



INDEPENDENT AUDITOR'S REPORT

To the Directors of **Bruce Grey Child and Family Services**:

Opinion

We have audited the financial statements of **Bruce Grey Child and Family Services** (the Organization), which comprise the statement of financial position as at March 31, 2021 and the statements of operations and changes in fund balances and cash flow 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 Organization as at March 31, 2021, and 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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INDEPENDENT AUDITOR'S REPORT CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements Continued

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 Organization'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 Organization'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 Organization 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.

Baker Tilly SGB

Baker Tilly SGB LLP
Licensed Public Accountants
Walkerton, Ontario
June 23, 2021

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Bruce Grey Child and Family Services
Statement of Financial Position
as at March 31, 2021

	General Fund \$	Capital Asset Fund \$	Trust Fund \$	Children's Fund \$	Total 2021 \$	Total 2020 \$
Assets						
Current:						
Cash	2,667,704	108,846	-	-	2,776,550	1,427,592
Restricted Cash (Note 5)	1,208,344	-	93,657	-	1,302,001	1,144,642
RESP Savings (Note 5)	-	-	596,759	-	596,759	577,474
Accounts Receivable	94,555	-	-	-	94,555	140,685
HST Recoverable	234,046	-	-	-	234,046	224,633
Due from Province	189,624	-	-	-	189,624	69,249
Prepaid Expenses	176,445	-	-	-	176,445	210,482
Due to/from Other Funds	(1,586,664)	378,320	528,895	679,449	-	-
	2,984,054	487,166	1,219,311	679,449	5,369,980	3,794,757
Capital Assets (Note 2)	-	4,072,966	-	-	4,072,966	4,206,960
	2,984,054	4,560,132	1,219,311	679,449	9,442,946	8,001,717
Liabilities						
Current:						
Accounts Payable	1,943,658	-	-	-	1,943,658	1,077,227
Government Remittances Payable	176,134	-	-	-	176,134	152,509
Accrued Vacation Pay	785,285	-	-	-	785,285	675,552
Deferred Revenue (Note 4)	-	-	-	25,001	25,001	-
Due to RESP Beneficiaries (Note 5)	-	-	1,098,905	-	1,098,905	1,005,933
Due to OCBE Beneficiaries (Note 5)	-	-	120,406	-	120,406	103,662
Employee Future Benefits (Note 6)	316,293	-	-	-	316,293	352,340
Current Portion of Long Term (Note 7)	-	66,885	-	-	66,885	64,949
	3,221,370	66,885	1,219,311	25,001	4,532,567	3,432,172
Long Term Debt (Note 7)	-	2,066,242	-	-	2,066,242	2,133,102
Fund Balances						
Invested in Capital Assets	-	2,427,005	-	-	2,427,005	2,496,008
Externally Restricted (Note 1 (b))	-	-	-	654,448	654,448	612,520
Unrestricted (Note 6)	(237,316)	-	-	-	(237,316)	(672,085)
	(237,316)	2,427,005	-	654,448	2,844,137	2,436,443
Economic Dependence (Note 10)						
Commitments (Note 11)						
Contingencies (Note 12)						
	2,984,054	4,560,132	1,219,311	679,449	9,442,946	8,001,717

ON BEHALF OF THE BOARD

Chair

See Accompanying Notes to the Financial Statements

Bruce Grey Child and Family Services
Statement of Operations and Changes in Fund Balances
For the Year Ended March 31, 2021

	General Fund \$	Capital Asset Fund \$	Children's Fund \$	Total 2021 \$	Total 2020 \$
Revenue:					
Provincial Grants (Note 10)	19,794,581	-	-	19,794,581	19,402,969
Donations	-	-	126,243	126,243	65,233
Other Revenue (Note 14)	778,754	-	-	778,754	795,727
Interest	18,532	68	-	18,600	58,494
	20,591,867	68	126,243	20,718,178	20,322,423
Expenses:					
Salaries	10,249,356	-	13,896	10,263,252	10,189,232
Benefits	2,904,139	-	948	2,905,087	2,955,112
Travel	472,285	-	-	472,285	886,862
Training	127,126	-	-	127,126	41,412
Occupancy Costs	13,248	514,508	-	527,756	367,778
Purchased services - Non Client Program	418,554	-	-	418,554	159,085
Boarding Home Payments	97,092	-	-	97,092	39,693
Boarding Home Payments	2,749,328	-	-	2,749,328	3,186,763
Purchased Services - Client	92,192	-	-	92,192	146,182
Client Personal Needs	347,822	-	5,350	353,172	419,944
Health and Medical	69,506	-	-	69,506	96,665
Financial Assistance	60,185	-	-	60,185	40,261
Interest on Long Term Debt	-	63,812	-	63,812	65,866
Adoption Subsidy	159,476	-	-	159,476	164,133
Targeted Adoption Subsidy	478,170	-	-	478,170	463,680
Promotion and Publicity	42,505	-	-	42,505	27,294
Office	276,411	-	270	276,681	260,870
Children's Needs	-	-	63,851	63,851	119,309
Miscellaneous	333,890	-	-	333,890	321,876
Technology	353,380	-	-	353,380	293,712
Amortization of Capital Assets	-	306,831	-	306,831	272,264
	19,244,665	885,151	84,315	20,214,131	20,517,993
Excess (Deficiency) of Revenues Over Expenses	1,347,202	(885,083)	41,928	504,047	(195,570)
Prior Year Ministry Adjustments	(96,353)	-	-	(96,353)	(28)
Interfund Transfers (Note 13)	(816,080)	816,080	-	-	-
	434,769	(69,003)	41,928	407,694	(195,598)
Fund Balance, at the Beginning of the Year	(672,085)	2,496,008	612,520	2,436,443	2,632,041
Fund Balance, at the End of the Year	(237,316)	2,427,005	654,448	2,844,137	2,436,443

See Accompanying Notes to the Financial Statements

Bruce Grey Child and Family Services
Statement of Cash Flow
For the Year Ended March 31, 2021

	2021	2020
	\$	\$
OPERATING		
Deficiency of Revenues over Expenses	504,047	(195,570)
Prior Year Ministry Adjustments	(96,353)	(28)
Amortization of Property and Equipment	306,831	272,264
	714,525	76,666
Changes in non-cash working capital items		
RESP Savings	(19,284)	(29,134)
Accounts Receivable	46,130	(16,358)
HST Recoverable	(9,413)	2,531
Due from Province	(120,375)	42,132
Prepaid Expenses	34,037	(16,607)
Accounts Payable	866,434	(174,088)
Government Remittance Payable	23,625	16,791
Accrued Vacation Pay	109,732	11,382
Due to RESP Beneficiaries	92,969	115,634
Due to OCBE Beneficiaries	16,744	12,201
Due to Other Beneficiaries	-	(12,666)
Deferred Revenue	25,000	-
Employee Future Benefits	(36,047)	35,751
	1,744,077	64,235
FINANCING		
Repayment of Long Term Debt	(64,924)	(62,870)
INVESTING		
Acquisition of Equipment	(172,837)	-
NET INCREASE IN CASH	1,506,316	1,365
CASH, BEGINNING OF YEAR	2,572,235	2,570,869
CASH, END OF YEAR	4,078,551	2,572,234
CASH AND CASH EQUIVALENTS		
Cash in Bank	2,776,550	1,427,592
Restricted Cash in Bank	1,302,001	1,144,642
	4,078,551	2,572,234

See Accompanying Notes to the Financial Statements

Bruce Grey Child and Family Services
Notes to the Financial Statements
as at March 31, 2021

Adoption of Public Sector Accounting Standards

The Organization approved transition from Canadian accounting standards for not-for-profit organizations to Canadian public accounting standard (PSAB) effective April 1, 2021 with a transition date of April 1, 2019. This financial statement is the first annual financial statement of the organization under PSAB. The opening statement of financial position is presented below as required by PSAB 2125 'First-time Adoption'. Certain amounts have been reclassified from the original financial statements issued under previous standards to conform with the current year's financial statement presentation under PSAB. The client adopted a policy for employee future benefits (Note 1(i)) relating to compensated sick leave benefits. The effects on the previously reported financial statements are as follows:

- The liability for employee future benefits increased by \$316,589 and the general fund balance at April 1, 2019 decrease by the same amount.
- The liability for employee future benefits increased by \$352,340, employee benefits increased by \$35,751 and the general fund balance at March 31, 2020 decrease \$316,589.

	General Fund \$	Capital Asset Fund \$	Trust Fund \$	Children's Fund \$	Total April 1, 2019 \$
Assets					
Current:					
Cash	1,350,979	107,210	-	-	1,458,189
Restricted Cash	1,021,222	-	91,460	-	1,112,682
RESP Savings	-	-	548,341	-	548,341
Accounts Receivable	124,328	-	-	-	124,328
HST Recoverable	227,164	-	-	-	227,164
Due from Province	111,381	-	-	-	111,381
Prepaid Expenses	193,874	-	-	-	193,874
Due to/from Other Funds	(1,399,541)	378,319	354,626	666,596	-
	1,629,407	485,529	994,427	666,596	3,775,959
Capital Assets	-	4,479,224	-	-	4,479,224
	1,629,407	4,964,753	994,427	666,596	8,255,183
Liabilities					
Current:					
Accounts Payable	1,251,316	-	-	-	1,251,316
Government Remittances Payable	135,719	-	-	-	135,719
Accrued Vacation Pay	664,170	-	-	-	664,170
Due to RESP Beneficiaries	-	-	890,300	-	890,300
Due to OCBE Beneficiaries	-	-	91,461	-	91,461
Due to Other Beneficiaries	-	-	12,666	-	12,666
Employee Future Benefits	316,589	-	-	-	316,589
Current Portion of Long Term	-	63,068	-	-	63,068
	2,367,794	63,068	994,427	-	3,425,289
Long Term Debt	-	2,197,853	-	-	2,197,853
Fund Balances					
Invested in Capital Assets	-	2,703,832	-	-	2,703,832
Externally Restricted	-	-	-	686,596	686,596
Unrestricted	(738,387)	-	-	-	(738,387)
	(738,387)	2,703,832	-	686,596	2,652,041
	1,629,407	4,964,753	994,427	686,596	8,275,183

Bruce Grey Child and Family Services

Notes to the Financial Statements

as at March 31, 2021

Purpose of the Organization

The Bruce Grey Child and Family Services is an organization which works under the mandate of the Ontario Child, Youth and Family Services Act to provide protection for children from abuse, neglect and other forms of maltreatment in the Counties of Bruce and Grey. The Organization is a non-profit organization incorporated without share capital under the laws of Ontario. The Organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

1. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organization. A statement of re-measurement gains and losses has not been included as there are not matters to report therein. The significant accounting policies applied in accordance with these standards are as follows:

(a) Financial Instruments

The Organization measures its financial assets and financial liabilities initially at fair value and subsequently at amortized cost. All financial assets are assessed for impairment on an annual basis.

Financial assets measured at amortized cost include: cash, restricted cash, accounts receivable, RESP Savings, and amounts due from Province.

Financial liabilities measured at amortized cost include: accounts payable, accrued vacation pay, due to RESP beneficiaries, due to OCBE beneficiaries, due to other beneficiaries and long-term debt.

When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any realized gain is adjusted through the statement of re-measurement gains and losses.

When an asset is sold, the unrealized gains and losses previously recognized in the statement of re-measurement gains and losses are reversed and recognized in the statement of operations.

There are no items to be reported on the statement of re-measurement gains and losses and as a result, this statement has not been presented.

(b) Fund Accounting

The General Fund accounts for the Organization's day to day operations. The fund reports unrestricted resources and restricted operating grants.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Organization's property and equipment.

The Trust Fund is used to hold trust assets of the Organization. It holds the Universal Child Care Benefit payments received and the Registered Education Saving Plans which are funded from those payments for eligible children in care. Any interest earned or grants received in the RESP's are reflected on the statement of financial position.

The Children's Fund reports only restricted resources that are to be used for the benefit of children.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank balances in Canadian financial institutions.

Bruce Grey Child and Family Services
Notes to the Financial Statements
as at March 31, 2021

1. Significant Accounting Policies (continued)

(d) Capital Assets

Purchased capital assets are recorded in the Capital Asset Fund at cost. Contributed capital assets are recorded in the Capital Asset Fund at fair market value at the date of the contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which are as follows:

Buildings	20 years
Furniture and Equipment	5 years
Computers	3 - 5 years
Parking Lot	10 years

(e) Contributed Services

Volunteers contribute a number of hours per year to assist the Organization in carrying out its service delivery activities. Because of the difficulty of determining either the amount of contributed time or its fair value, contributed services are not recognized in the financial statements.

(f) Revenue Recognition

The Organization uses the deferral method of accounting for restricted contributions of the general fund and the restricted fund method for other contributions in all other funds.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted donations, fundraising, interest earned on investments, and rent are recognized as revenue of the appropriate fund, when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Contributed materials and services are recognized in the appropriate fund, when received and at fair value at the date of the contribution, if fair value can be reasonably estimated.

Ministry Revenue is calculated using the Ministry's current funding model, plus any additional amendments by the Ministry. The Organization reports its revenue based on its approved entitlement for the year. Funding or repayment of fiscal deficit or surplus will be recorded in the year received or paid on the statement of operations and changes in fund balances as prior year Ministry adjustments.

(g) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results could differ from those estimates.

(h) Allocation of Expenses

The Organization reports costs for its operations by program. Costs that can be identified to a specific program are allocated directly to that program. Shared program costs are allocated to programs based on management's estimate of the time, usage, or space that best reflects actual utilization of the cost.

Bruce Grey Child and Family Services
Notes to the Financial Statements
as at March 31, 2021

1. Significant Accounting Policies (continued)

(i) Employee future benefits

The Organization provides sick leave benefits to its employees which are paid when the sick leave occurs. The amount is determined by their sick leave policy based on the employees period of time in service. Sick leave benefits do not vest. The Organization accrues this obligation to the extent of the sick leave benefit estimated to be used. The estimate is based on the three year historical actual sick leave which is expected to approximate to future liability.

The Organization offers a pension plan for its permanent employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer, contributory, public sector pension fund established for employees of certain public sector organizations. Participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The Organization accounts for its participation in OMERS as a defined contribution plan and recognizes the expense related to this plan as contributions are made, even though OMERS is itself a defined benefit plan.

2. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	735,274	-	735,274	735,274
Buildings	5,628,130	2,432,052	3,196,078	3,464,998
Equipment and Furnishings	1,006,478	1,006,478	-	-
Computers	1,429,084	1,290,814	138,270	-
Parking Lot	49,823	46,479	3,344	6,688
	<u>8,848,789</u>	<u>4,775,823</u>	<u>4,072,966</u>	<u>4,206,960</u>

3. Bank Loan

The Organization has an authorized operating line of credit with the Toronto Dominion Bank at prime less .25%, due on demand, with a maximum borrowing of \$1,750,000. Security held on all Toronto Dominion credit facilities include a general security agreement, collateral mortgages on property, and assignment of fire and liability insurance. Further terms and conditions are documented in the credit agreement dated March 22, 2013 and amended October 2015, October 2016, and October 2017.

4. DEFERRED REVENUE

Deferred Revenue represents restricted resources that are to be used for the benefit of children that were not spent at year end.

5. Restricted Cash and Due to RESP and OCBE Beneficiaries

	2021	2020
	\$	\$
Restricted Cash - RESP Beneficiaries	502,144	428,458
Restricted Cash - OCBE Beneficiaries	120,406	103,662
Restricted Cash - Children's Fund	679,451	612,522
	<u>1,302,001</u>	<u>1,144,642</u>
RESP Savings - RESP Beneficiaries	596,759	577,474
	<u>1,898,760</u>	<u>1,722,116</u>

Pursuant to Ministry Policy Directive, the Organization sets aside a portion for Children's special allowance funds, equivalent to the former federal UCCB payment, to establish Registered Education Savings Plans (RESPs) for eligible children in care. Restricted cash related to RESPs held in trust represent such funding not yet contributed to an RESP. At March 31, 2021, \$502,144 of funds are held in trust as the recipients of these funds are not eligible to set up an RESP account.

Bruce Grey Child and Family Services
Notes to the Financial Statements
as at March 31, 2021

5. Restricted Cash and Due to RESP and OCBE Beneficiaries (continued)

Similarly, a portion of the OCBe relating to children aged 15-17 is being held as savings per a 2008 Ministry of Children and Youth Services directive. The Ministry updated the directive in 2014. Not all OCBe funds are required to be held in trust for the children and can spent on children in the Organization's care as long as they are younger than 18 years of age.

6. Employee Future Benefits

The employee future benefit liability is the estimated obligation for compensated sick leave benefits. Under the sick leave policy, employees are provided with a percentage of their wage while on sick leave. The rate of benefit is based on their length of time in service and is paid to a maximum of 15 weeks. Employee are eligible after 3 months of service and after five years of continuous service, the rate is 100% of their wage. Employees are not entitled to a cash payment on termination or retirement. The accrual is calculated based on historic usage of this benefit.

7. Long Term Debt

	2021	2020
	\$	\$
TD Mortgage, 2.96%, payable in monthly blended payments of \$10,728, due December 19, 2022. Secured by property with a net book value of \$3,836,904	2,133,127	2,198,051
Less - Current Portion Due	<u>(66,885)</u>	<u>(64,949)</u>
	<u><u>2,066,242</u></u>	<u><u>2,133,102</u></u>

Principal payments due within the next four years are as follows:

2022	\$ 66,885
2023	2,066,242

8. Unrestricted Fund Balances

	2021	2020
	\$	\$
Child Welfare	(434,810)	(792,961)
Adult Protective Services	18,375	18,834
Mental Health Funding	(325)	-
Education Liaison Funding	14,911	4,172
Non-Child Welfare - Community Capacity	33,065	-
Transition Aged Youth	372	372
OCBE	<u>130,796</u>	<u>97,498</u>
	<u><u>(237,616)</u></u>	<u><u>(672,085)</u></u>

9. Capital Disclosures

The Organization defines capital as fund balances. The Organization's overall objective with its capital is to fund ongoing operations, capital assets, ongoing projects and future projects. The Organization has capital with external restrictions. The overall strategy with respect to capital remains unchanged from prior years.

10. Economic Dependence

The Organization's primary function is child welfare which is funded by the Province of Ontario. The ability to deliver the child welfare program at an acceptable level is fully dependent on annual funding from the Province of Ontario.

Bruce Grey Child and Family Services
Notes to the Financial Statements
as at March 31, 2021

11. Commitments

The Organization has leases for office and computer equipment. The minimum annual payments under these leases are as follows:

2021	11,646
2022	8,945
2023	4,473

12. Contingencies

In the ordinary course of operations, various claims and lawsuits are brought against the Organization. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued.

13. Interfund Transfers

The Operating Fund transferred \$816,080 to the Capital Fund to cover building occupancy and information technology expenditures related to Child Welfare.

14. Other Revenue

	2021	2020
	\$	\$
Children Special Allowances	491,073	521,284
Membership	260	180
Maintenance for Wards of Other Societies	120,388	121,281
Other Recoveries	184,006	132,349
	<u>795,727</u>	<u>775,094</u>

15. Pension Agreement

The employees of Bruce Grey Child and Family Services participate in the Ontario Municipal Employees Retirement System ("OMERS"). Although the plan has a defined retirement benefit for employees, the related obligation of the Organization cannot be identified. The Organization has applied defined contribution plan accounting as it has insufficient information to apply defined benefit plan accounting.

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Organization does not recognize any share of the OMERS pension surplus or deficit. The most recent actuarial valuation of the Plan was conducted at December 31, 2019. The amount contributed to OMERS for the current year was \$1,010,913 (2020 \$1,020,739).

16. Financial Instruments

The Organization's exposure to risks from financial instruments is described as follows:

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. The Organization is exposed to credit risk in connection with the collection of its accounts receivable. The Organization mitigates this risk by maintaining credit approval and payment policies and does not anticipate significant loss for non-collection. A significant portion of the Organization's receivables are due from governments which are believed to be at low risk of default. Allowance for doubtful accounts at March 31, 2020 is \$nil.

Interest Rate Risk is the risk that the fair value or 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 their mortgage payable. Changes in prime lending rates can cause fluctuations in interest expense and payment obligations. The Organization manages this risk by monitoring floating interest rates and locking in rates for a term of up to five years.

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its long-term debt and accounts payable. The Organization expects to meet these obligations as they come due by cash flow from government grants.

Bruce Grey Child and Family Services
Notes to the Financial Statements
as at March 31, 2021

17. Balanced Budget Fund

In fiscal 2014, the Ministry announced the creation of the Balanced Budget Fund to support Children's Aid Societies in meeting the newly announced balanced budget requirements that were outline in the Ministry's Regulation 70. The Balanced Budget Fund process has been individually developed for each Children's Aid Society and will reflect the accumulated surplus that was returned to the Ministry each year.

Changes to the Balanced Budget Fund were made effective in Fiscal Year 2021 and now limits the Societies to contribute 50% of the Child Welfare Surpluses. To be eligible to access these funds, the Organization must meet two conditions as follows:

- (1) The Organization must have generated a prior year surplus recovered in or after fiscal 2014; and
- (2) The Organization must require additional funding in a future year for Child Welfare operations in order that they will not incur a deficit. The required amount cannot exceed the total accumulated Balanced Budget Fund surplus.

The accumulated surplus in the Balance Budget Fund is as follows:

2018 Surplus	56,485
2020 Surplus	<u>92,181</u>

18. Significant Event

On January 31, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (Covid-19) and declared it a public health event of international concern. On March 11, 2020, WHO declared the global outbreak of Covid-19 a pandemic.

On March 17, 2020, the Ontario government enacted a declaration of emergency to protect the public and ordered specific businesses to close and on March 23, 2020 further ordered mandatory closure of all non-essential workplaces to fight the spread of Covid-19.

To comply with Federal and Provincial directives, the Organization suspended non-essential services and implemented safety procedures in order to continue operation of essential services and mitigate health risks of Covid-19 for employees. The full impact of the Covid-19 outbreak continues to evolve at the date of this report. Total costs incurred to March 31, 2020 as a result of the pandemic is \$80,131. The Organization is uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future operations. The potential economic effects to the organization could have a material impact on future operations and an estimate of financial effects can't be made at this time.



AUDITOR'S COMMENTS ON SUPPLEMENTARY INFORMATION

To the Directors of Bruce Grey Child and Family Services:

We have audited the accompanying financial statements of Bruce Grey Child and Family Services, which comprise the statement of financial position as at March 31, 2020 and the statements of operation and changes in fund balances and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements. The information is presented for the purposes of additional analysis and is not a required part of the financial statements.

Management is responsible for the preparation and presentation of the supplementary information in accordance with the basis of accounting required by the Ministry of Children, Community and Social Services.

Restriction on Distribution and Use

The supplementary information is prepared to assist the Board of Directors to meet the requirements of the Ministry of Children, Community and Social Services. As a result, the supplementary information may not be suitable for another purpose. Our report is intended solely for the Board of Directors and Ministries and should not be distributed to or used by parties other than the Board of Directors or the Ministry of Children, Community and Social Services.

Baker Tilly SGB

Baker Tilly SGB, LLP
Licensed Public Accountants
Walkerton, Ontario
June 17, 2020

AUDIT • TAX • ADVISORY

Baker Tilly SGB LLP trading as Baker Tilly is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

Bruce Grey Child and Family Services
Schedule of Revenue and Expenses
For the Year Ended March 31, 2021

Child Welfare		
	2021	2020
	\$	\$
Revenue:		
Province of Ontario Subsidy		
- Ministry of Children, Community and Social Services	19,171,462	18,821,402
Other Revenue	797,286	852,652
	19,968,748	19,674,054
Expenses:		
Salaries	9,930,909	9,981,033
Benefits	2,878,506	2,863,675
Travel	463,808	867,432
Training	127,126	41,027
Occupancy Costs	643,243	483,266
Purchased services - Non Client	387,713	88,183
Program	4,571	9,304
Boarding Home Payments	2,731,181	3,178,933
Purchased Services - Client	67,246	120,882
Client Personal Needs	293,839	313,498
Health and Medical	69,506	96,665
Financial Assistance	60,185	40,261
Adoption Subsidy	159,476	164,133
Targeted Adoption Subsidy	478,170	463,680
Promotion and Publicity	42,505	27,294
Office	279,974	259,705
Miscellaneous	301,155	289,194
Technology	526,217	293,712
	19,445,330	19,581,877
Excess of Revenue over Expenses for Government Reporting Purposes	523,418	92,177

See Accompanying Notes to the Financial Statements

Bruce Grey Child and Family Services
Schedule of Revenue and Expenses
For the Year Ended March 31, 2021

Adult Protective Services

	2021 \$	2020 \$
Revenue:		
Provincial Grant		
- Ministry of Children, Community and Social Services	323,015	323,015
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Expenses:		
Salaries	209,313	196,586
Benefits	61,680	55,686
Travel	8,477	19,430
Training	-	385
Occupancy	13,248	13,248
Office	4,343	4,261
Miscellaneous	26,113	26,113
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	323,174	315,709
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Excess of Revenue over Expenses for Government Reporting Purposes	(159)	7,306
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Draft for Discussion

Bruce Grey Child and Family Services
Schedule of Revenue and Expenses
For the Year Ended March 31, 2021

Mental Health Funding

	2021	2020
	\$	\$
Revenue:		
Provincial Grant		
- Ministry of Children, Community and Social Services	50,000	-
Expenses:		
Program Expense	50,325	-
Excess of Revenue over Expenses for Government Reporting Purposes	(325)	-

Draft for Discussion

Bruce Grey Child and Family Services
Schedule of Revenue and Expenses
For the Year Ended March 31, 2021

Education Liaison Funding

	2021	2020
	\$	\$
Revenue:		
Provincial Grant		
- Ministry of Children, Community and Social Services	66,223	65,694
Expenses:		
Program	9,744	19,653
Purchased Services - Non-Client	10,000	10,000
Purchased Services - Client	24,946	25,300
Other	6,622	6,569
	51,312	61,522
Excess of Revenue over Expenses for Government Reporting Purposes	14,911	4,172

Bruce Grey Child and Family Services
Schedule of Revenue and Expenses
For the Year Ended March 31, 2021

Transition Aged Youth

	2021	2020
	\$	\$
Revenue:		
Provincial Grant		
- Ministry of Children, Community and Social Services	18,147	8,202
Expenses:		
Program	18,147	7,830
Excess of Revenue over Expenses for Government Reporting Purposes	-	372

Draft for Discussion

Bruce Grey Child and Family Services
Schedule of Revenue and Expenses
For the Year Ended March 31, 2021

Non-Child Welfare - Community Capacity

	2021 \$	2020 \$
Revenue:		
Provincial Grant		
- Ministry of Children, Community and Social Services	88,196	88,196
Expenses:		
Program Expenses	42,196	30,389
Purchased Services	12,935	57,807
	55,131	88,196
Excess of Revenue over Expenses for Government Reporting Purposes	33,065	-

Bruce Grey Child and Family Services
Schedule of Revenue and Expenses
For the Year Ended March 31, 2021

	OCBE	
	2021	2020
	\$	\$
Revenue:		
Provincial Grant		
- Ministry of Children, Community and Social Services	77,538	96,460
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Expenses:		
Program	44,240	86,793
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Excess of Revenue over Expenses for Government Reporting Purposes	33,298	9,667
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Draft for Discussion