

Financial Statements of

**FAMILY AND CHILDREN'S
SERVICES OF FRONTENAC,
LENNOX AND ADDINGTON**

Year ended March 31, 2024

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

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Year ended March 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Family and Children's Services of Frontenac, Lennox and Addington

Opinion

We have audited the financial statements of Family and Children's Services of Frontenac, Lennox and Addington (the Entity), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations for the year then ended
- the statement of changes in net assets (deficiency) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2024, and its results of operations, its changes in net assets, its cash flows and its remeasurement gains and losses 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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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 Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 24, 2024

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

Statement of Financial Position

March 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 3,032,873 | \$ 802,200 |
| Accounts receivable | 932,472 | 865,463 |
| Prepaid expenses | 230,017 | 244,100 |
| Due from Province of Ontario | 212,949 | 990,457 |
| | <u>4,408,311</u> | <u>2,902,220</u> |
| Capital assets (note 2) | 19,334,393 | 19,919,075 |
| | <u>\$ 23,742,704</u> | <u>\$ 22,821,295</u> |
| Liabilities and Net Assets (Deficiency) | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 2,364,765 | \$ 3,307,616 |
| Deferred revenue | 243,403 | 345,005 |
| Deferred revenue – externally restricted | 676,338 | 288,957 |
| Due to the Province of Ontario | 721,300 | 623,701 |
| Funds held in on behalf of others (note 4) | 95,598 | 86,374 |
| Current portion of long-term debt (note 5) | 194,510 | 16,018,902 |
| | <u>4,295,914</u> | <u>20,670,555</u> |
| Long-term debt (note 5) | 15,418,435 | – |
| Deferred capital contributions (note 7) | 1,560,712 | 1,601,254 |
| | <u>21,275,061</u> | <u>22,271,809</u> |
| Net assets (deficiency): | | |
| Unrestricted deficiency | 306,907 | (1,749,433) |
| Investment in capital assets (note 8) | 2,160,736 | 2,298,919 |
| | <u>2,467,643</u> | <u>549,486</u> |
| Economic dependence (note 9) | | |
| Contingent liabilities (note 10) | | |
| | <u>\$ 23,742,704</u> | <u>\$ 22,821,295</u> |

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

Statement of Operations

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

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Revenue: | | |
| Province of Ontario | \$ 25,796,775 | \$ 26,530,828 |
| Recoveries and other income: | | |
| Expense recoveries | 898,485 | 718,168 |
| Non-retainable revenue | 1,144,174 | 737,883 |
| Donations | 127,464 | 100,059 |
| | <u>27,966,898</u> | <u>28,086,938</u> |
| Expenses: | | |
| Salaries | 12,588,120 | 13,477,614 |
| Employee benefits | 4,196,753 | 4,333,496 |
| Transportation related to agency service | 553,337 | 515,479 |
| Training and recruitment | 142,811 | 190,186 |
| Building occupancy | 1,331,054 | 1,307,907 |
| Professional services - non-client | 247,173 | 467,808 |
| Program costs | 39,774 | 68,486 |
| Boarding program | 3,837,716 | 4,269,698 |
| Professional services - client | 359,496 | 211,713 |
| Client personal needs | 1,649,656 | 1,754,785 |
| Client health and related expenses | 307,552 | 173,451 |
| Financial assistance | 1,371,511 | 1,339,892 |
| Promotion and publicity | 41,107 | 59,664 |
| Office administration | 127,480 | 149,409 |
| Miscellaneous | 492,921 | 431,134 |
| Technology | 375,727 | 417,934 |
| | <u>27,662,188</u> | <u>29,168,656</u> |
| Excess of revenue over expenses (expenses over revenue) before the undernoted | 304,710 | (1,081,718) |
| One-time funding adjustment: Province of Ontario | 2,232,251 | - |
| Excess of revenue over expenses (expenses over revenue) from operations | 2,536,961 | (1,081,718) |
| Other: | | |
| Amortization of deferred capital contributions | 40,542 | 58,658 |
| Amortization of capital assets | (659,346) | (808,587) |
| Loss on disposal of capital assets | - | (89,871) |
| Gain on disposal of deferred capital contributions | - | 1,155,753 |
| | <u>(618,804)</u> | <u>315,953</u> |
| Excess of revenue over expenses (expenses over revenue) | \$ 1,918,157 | \$ (765,765) |

See accompanying notes to financial statements.

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

Statement of Changes in Net Assets (Deficiency)

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

| | Unrestricted | Externally restricted | Investment in capital assets (note 8) | 2024 Total | 2023 Total |
|---|-------------------|--------------------------|--|---------------------|-------------------|
| Net assets (deficiency), beginning of year: | \$(1,749,433) | \$ – | \$ 2,298,919 | \$ 549,486 | \$ 1,315,251 |
| Excess of revenue over expenses (expenses over revenue) (note 8(b)) | 2,536,961 | – | (618,804) | 1,918,157 | (765,765) |
| Change in investment in capital assets (note 8(b)) | (480,621) | – | 480,621 | – | – |
| Net assets, end of year | \$ 306,907 | \$ – | \$ 2,160,736 | \$ 2,467,643 | \$ 549,486 |

See accompanying notes to financial statements.

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

Statement of Cash Flows

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

| | 2024 | 2023 |
|---|--------------|--------------|
| Cash provided by (used in): | | |
| Operations: | | |
| Excess of revenue over expenses (expenses over revenue) | \$ 1,918,157 | \$ (765,765) |
| Items not involving cash: | | |
| Amortization of capital assets | 659,346 | 808,587 |
| Amortization of deferred capital contributions | (40,542) | (58,658) |
| Loss on disposal of capital assets | – | 89,871 |
| Gain on disposal of deferred capital contributions | – | (1,155,753) |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (67,009) | (135,351) |
| Prepaid expenses | 14,083 | (37,961) |
| Due from Province of Ontario | 777,508 | (55,221) |
| Deferred revenue | (101,602) | 37,581 |
| Deferred revenue – externally restricted | 387,381 | (24,451) |
| Accounts payable and accrued liabilities | (942,851) | 906,156 |
| Due to the Province of Ontario | 97,599 | 254,842 |
| Funds held on behalf of others | 9,224 | (16,302) |
| | 2,711,294 | (152,425) |
| Financing: | | |
| Repayment of long-term debt | (405,957) | (4,980,616) |
| Investments: | | |
| Purchase of capital assets | (74,664) | (53,721) |
| Proceeds on the disposition of capital assets | – | 5,600,000 |
| | (74,664) | 5,546,279 |
| Increase in cash | 2,230,673 | 413,238 |
| Cash, beginning of year | 802,200 | 388,962 |
| Cash, end of year | \$ 3,032,873 | \$ 802,200 |

See accompanying notes to financial statements.

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

Notes to Financial Statements

Year ended March 31, 2024

On April 1, 2012, Family and Children's Services of Frontenac, Lennox and Addington (the "Agency") was incorporated without share capital under the laws of Ontario as a result of an amalgamation of the Children's Aid Society of the City of Kingston and the County of Frontenac and the Lennox and Addington Family and Children's Services. The Agency's principle activity is to discharge the functions of a Children's Aid Society under the Child, Youth and Family Services Act 2019.

The Agency is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

Significant accounting policies of the Agency are as follows:

(a) Revenue recognition:

The Agency follows the deferral method of accounting for contributions, which include donations and government grants.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are incurred. Externally restricted contributions received and not yet spent are recorded as deferred revenue. 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.

Interest and other income is recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained.

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(b) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. 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.

Capital assets are amortized on a straight-line basis using the following annual rates:

| | Useful lives |
|-----------------------------------|----------------|
| Buildings | 30 to 50 years |
| Land improvements | 10 years |
| Furniture and equipment | 5 to 10 years |
| Telephone and information systems | 5 years |
| Computer equipment | 5 years |
| Licenses and software | 5 years |
| Vehicles | 5 years |

Amortization of work-in-progress is not recorded until construction or development is substantially complete and the assets are placed into productive use.

(c) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Agency has not elected to subsequently carry any such financial instruments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(d) Financial instruments (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 Agency 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 Agency expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Statement of remeasurement gains and losses:

A statement of remeasurement gains and losses has not been provided as there are no significant unrealized gains or losses at March 31, 2024 or 2023.

(f) Employee future benefits:

The Agency accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Agency's policy.

(g) Asset retirement obligations:

The Agency recognizes the fair value of an asset retirement obligation ("ARO") when all of the following criteria have been met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability are recognized in the Statement of Operations at the time of remediation.

The Agency did not record any asset retirement obligations in 2024 or 2023.

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of the 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 | 2024 Net book value | 2023 Net book value |
|--------------------------------------|----------------------|-----------------------------|---------------------------|---------------------------|
| Land | \$ 607,129 | \$ – | \$ 607,129 | \$ 607,129 |
| Buildings | 23,854,051 | 5,417,503 | 18,436,548 | 18,898,486 |
| Land improvements | 215,771 | 215,771 | – | 9,325 |
| Furniture and equipment | 1,631,836 | 1,586,177 | 45,659 | 57,774 |
| Telephone and information systems | 1,174,453 | 1,174,453 | – | – |
| Computer equipment | 1,999,157 | 1,912,182 | 86,975 | 79,115 |
| Licenses and software | 950,975 | 799,876 | 151,099 | 236,769 |
| Vehicles | 228,060 | 221,077 | 6,983 | 13,966 |
| Work-in-progress | – | – | – | 16,511 |
| | \$ 30,661,432 | \$ 11,327,039 | \$ 19,334,393 | \$ 19,919,075 |

Cost and accumulated amortization at March 31, 2023 amounted to \$30,586,768 and \$10,667,693, respectively.

3. Bank overdraft:

The Agency's financial agreement with its bank provides for an operating credit facility of up to \$1,000,000 to finance operating expenses. Interest on funds drawn is charged at the bank's prime rate less 0.25%. As at March 31, 2024, there was \$Nil (2023 - \$Nil) drawn on the operating credit facility.

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Funds held on behalf of others:

The Agency acts as a host agency for various Funds dedicated for a specific use, or for specific individuals. Part of these Funds are held for the purpose of opening RESPs for children and youth in care who meet certain criteria, as directed by the Ministry of Children, Community and Social Services. As at March 31, 2024, the amount of the RESP Funds included in the total is \$67,943 (2023 - \$67,503).

Once accounts are open, RESP's are removed from the Agency's Statement of Financial Position and are no longer reflected in the Agency's assets and liabilities. The value of individual RESP's accounts opened is as follows and does not include associated grant and bonds:

| | 2024 | 2023 |
|---|--------------|--------------|
| Total Contributions open in RESPs held with Royal Bank, end of year | \$ 1,093,619 | \$ 1,069,317 |

5. Long-term debt:

| | 2024 | 2023 |
|--|---------------|---------------|
| Long-term debt payable in monthly installments of \$94,289 including principal and interest at 6.11% per annum, due October 18, 2026 | \$ 15,612,946 | \$ 16,018,902 |
| Less current portion | 194,510 | 16,018,902 |
| | \$ 15,418,436 | \$ - |

The remaining mortgage outlined above that forms the long-term debt is amortized over a 30 year period. Management's intention is to refinance this mortgage when it comes due in fiscal 2026.

The mortgage is secured by a general security agreement representing a first charge on the Agency's present and after acquired property, assignment of insurance and the continuing collateral mortgage on the administrative building located in Kingston.

Interest on long-term debt in the amount of \$706,739 (2023 - \$676,305) is included in building occupancy expense on the Statement of Operations.

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. Pension agreements:

The Agency makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Because OMERS is a multi-employer pension plan, the Agency does not recognize any share of the pension plan actuarial deficit at December 31, 2023 of \$4.2 billion (December 31, 2022 - actuarial deficit of \$6.7 billion) as this is a joint responsibility of all participating public sector entities and their employees.

The Agency's contributions are included on the Statement of Operations classified under employee benefits expense. The amount contributed to OMERS for current service in 2024 was \$1,215,137 (2023 - \$1,207,004).

7. Deferred capital contributions:

The balance of unamortized deferred capital contributions consist of the following:

| | 2024 | 2023 |
|---|--------------|--------------|
| Unamortized capital contributions used to purchase assets | \$ 1,560,712 | \$ 1,601,254 |

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the Statement of Operations.

| | 2024 | 2023 |
|---|--------------|--------------|
| Balance, beginning of year | \$ 1,601,254 | \$ 2,815,665 |
| Less amounts amortized to revenue | (40,542) | (58,658) |
| Less gain on disposal of deferred capital contributions | - | (1,155,753) |
| Balance, end of year | \$ 1,560,712 | \$ 1,601,254 |

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

| | 2024 | 2023 |
|--------------------------------|---------------------|---------------------|
| Capital assets | \$ 19,334,393 | \$ 19,919,075 |
| Amounts financed by: | | |
| Deferred capital contributions | (1,560,712) | (1,601,254) |
| Long-term debt | (15,612,945) | (16,018,902) |
| | <u>\$ 2,160,736</u> | <u>\$ 2,298,919</u> |

(b) Change in net assets investment in capital assets is calculated as follows:

| | 2024 | 2023 |
|---|---------------------|-------------------|
| Deficiency of revenue over expenses: | | |
| Amortization of deferred contributions | \$ 40,542 | \$ 58,658 |
| Amortization of capital assets | (659,346) | (808,587) |
| Loss on disposal of capital assets | - | (89,871) |
| Gain on disposal of funded capital assets | - | 1,155,753 |
| | <u>\$ (618,804)</u> | <u>\$ 315,953</u> |

| | 2024 | 2023 |
|---|-------------------|---------------------|
| Net change in investment in capital assets: | | |
| Purchase of capital assets | \$ 74,664 | \$ 53,721 |
| Repayment of long-term debt | 405,957 | 4,980,616 |
| Proceeds on disposal of capital assets | - | (5,600,000) |
| | <u>\$ 480,621</u> | <u>\$ (565,663)</u> |

9. Economic dependence:

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

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

Notes to Financial Statements (continued)

Year ended March 31, 2024

10. Contingent liabilities:

(a) Provincial subsidy revenue:

The operating subsidy is recognized based on the approved fiscal allocation by the Ministry, Province of Ontario. Program surpluses may be recovered by the Province of Ontario based on an annual Ministry reconciliation performed subsequent to year end. Any recoveries will be reported as an adjustment to revenue in the Statement of Operations in the year of recovery.

(b) Legal claims:

The nature of the Agency's activities is such that there may be litigation pending or in prospect at any time. With respect to claims at March 31, 2024, management believes that the Agency has valid defenses and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Agency's financial position.

(c) Employment matters:

During the normal course of operation, the Agency is involved in certain employment related negotiations and has recorded accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable.

11. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Agency will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Agency manages its liquidity risk by monitoring its operating requirements. The Agency prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. The Agency is economically dependent on the Province of Ontario as described in Note 9.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. 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 collectible in an allowance for doubtful accounts. The Agency's allowance for doubtful accounts as at March 31, 2024 is \$Nil (2023 - \$Nil). There has been no change to the risk exposure from 2023.

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

Notes to Financial Statements (continued)

Year ended March 31, 2024

11. Financial risks and concentration of risk (continued):

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. 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 collectible in an allowance for doubtful accounts. The Agency's allowance for doubtful accounts as at March 31, 2024 is \$Nil (2023 - \$Nil). There has been no change to the risk exposure from 2023.

(c) Interest rate risk:

The Agency is exposed to interest rate risk on its variable interest rate line of credit and its fixed interest rate long-term debt. Further details about bank overdraft and the long-term debt are included in notes 3 and 5 respectively. There has been no change to the risk exposure from 2023.

12. Change in accounting policies:

The Agency adopted the following accounting standards applicable for fiscal years beginning April 1, 2023:

- PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.
- PS 3160 *Public Private Partnerships* (P3s) provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no impact on the financial statements of the Agency as a result of the adoption of these standards.

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

Schedule A
Externally Restricted Funds

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

| | Futures Fund | Enrichment Fund | OCBE Fund | Out of Home Respite | 2024 Total | 2023 Total |
|--|--------------|-----------------|------------|---------------------|------------|------------|
| Funds received: | | | | | | |
| Provincial funding | \$ – | \$ – | \$ 124,375 | \$ – | \$ 124,375 | \$ 115,355 |
| Expense recoveries | 1,775 | – | – | – | 1,775 | 12,000 |
| Non-retainable revenue | 4,807 | 20,350 | 13,667 | – | 38,824 | 14,735 |
| Donations | 13,635 | 535,421 | – | – | 549,056 | 100,059 |
| | 20,217 | 555,771 | 138,042 | – | 714,030 | 242,149 |
| Utilized: | | | | | | |
| Program expenses | – | 1,450 | – | – | 1,450 | 2,645 |
| Professional services client | – | 26,155 | 172,253 | – | 198,408 | – |
| Client's personal needs | 56,535 | 49,020 | – | – | 105,555 | 170,865 |
| Financial assistance | – | 18,633 | – | – | 18,633 | 67,562 |
| Promotion and publicity | – | 2,567 | – | – | 2,567 | 21,333 |
| Office administration | – | – | – | – | – | 2,217 |
| Technology | – | 36 | – | – | 36 | 1,978 |
| | 56,535 | 97,861 | 172,253 | – | 326,649 | 266,600 |
| Change in deferred revenue – externally restricted | (36,318) | 457,910 | (34,211) | – | 387,381 | (24,451) |
| Deferred balances, beginning of year | 66,090 | 134,719 | 43,630 | 44,518 | 288,957 | 313,408 |
| Deferred balances, end of year | \$ 29,772 | \$ 592,629 | \$ 9,419 | \$ 44,518 | \$ 676,338 | \$ 288,957 |

The Externally Restricted Funds report only restricted resources that are to be used for the following funds:

- (i) The Futures Fund provides bursaries to previous wards of the Agency.
- (ii) The Enrichment Fund provides for the needs and services of clients of the agency which are not usually provided for with funds within the operating budget of the Agency.
- (iii) The Ontario Child Benefit equivalent (“OCBE”) Fund provides children and youth ages 0 to 17 in care with access to recreational, educational, cultural and social opportunities and a savings program for youth aged 15 to 17, who meet certain criteria, to assist with a successful transition to independent living.
- (iv) Out of Home Respite supports the day respite program (Kool Kamp) for families with children with physical and or developmental disabilities and complex needs in the County of Lennox and Addington.

FAMILY AND CHILDREN'S SERVICES OF FRONTENAC, LENNOX AND ADDINGTON

Schedule B
Financial Summary

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

| | Provincial Initiatives - Educational Liaison Funding | CW - Community and Prevention Supports - Prep for Independence | CSN - Individual Placements Funding - CWCSN | Provincial Initiatives - A Great Start for Families Kahwà:tsire Ronwatiyenawá:se Centre | Transition Aged Youth | Child Welfare | Other | 2024 Total | 2023 Total |
|--|--|---|---|---|--------------------------|------------------|---------|---------------|----------------|
| Revenue: | | | | | | | | | |
| Provincial funding | \$ 87,633 | \$ 74,698 | \$ 797,501 | \$ - | \$ - | \$ 26,910,608 | 158,586 | \$ 28,029,026 | \$ 26,530,828 |
| Expense recoveries | - | - | 412,879 | - | 59,391 | 424,440 | 1,775 | 898,485 | 718,168 |
| Non-retainable revenue | - | - | - | 297,791 | - | 807,557 | 38,826 | 1,144,174 | 737,883 |
| Donations | - | - | - | - | - | - | 127,464 | 127,464 | 100,059 |
| | 87,633 | 74,698 | 1,210,380 | 297,791 | 59,391 | 28,142,605 | 326,651 | 30,199,149 | 28,086,938 |
| Expenses: | | | | | | | | | |
| Salaries | 54,660 | 56,277 | 50,974 | 169,237 | - | 12,256,972 | - | 12,588,120 | 13,477,614 |
| Benefits | 19,155 | 18,421 | 17,060 | 56,408 | - | 4,085,709 | - | 4,196,753 | 4,333,496 |
| Travel | - | - | - | - | - | 553,337 | - | 553,337 | 515,479 |
| Training and recruitment | - | - | - | - | - | 142,811 | - | 142,811 | 190,186 |
| Building occupancy | - | - | - | 38,193 | - | 1,292,861 | - | 1,331,054 | 1,307,907 |
| Professional services non-client | 10,000 | - | - | 29,321 | - | 207,852 | - | 247,173 | 467,808 |
| Program expenses | - | - | - | 522 | - | 37,802 | 1,450 | 39,774 | 68,486 |
| Boarding rate payments | - | - | - | - | 57,240 | 3,780,476 | - | 3,837,716 | 4,269,698 |
| Professional services - client | - | - | - | - | 900 | 358,596 | - | 359,496 | 211,713 |
| Client's personal needs | 3,638 | - | 1,142,346 | 1,591 | - | 502,081 | - | 1,649,656 | 1,583,919 |
| Financial assistance | 180 | - | - | - | - | 1,172,923 | 198,408 | 1,371,511 | 1,443,195 |
| Health and related | - | - | - | - | 1,251 | 200,745 | 105,556 | 307,552 | 241,013 |
| Promotion and publicity | - | - | - | - | - | 22,474 | 18,633 | 41,107 | 59,664 |
| Office administration | - | - | - | 1,143 | - | 123,769 | 2,568 | 127,480 | 149,409 |
| Miscellaneous | - | - | - | 19 | - | 492,902 | - | 492,921 | 431,134 |
| Technology | - | - | - | 1,357 | - | 374,334 | 36 | 375,727 | 417,935 |
| | 87,633 | 74,698 | 1,210,380 | 297,791 | 59,391 | 25,605,644 | 326,651 | 27,662,188 | 29,168,656 |
| Excess of revenue over expenses | | | | | | | | | |
| (expenses over revenue) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,536,961 | \$ - | \$ 2,536,961 | \$ (1,081,718) |