

**Simcoe Muskoka Child, Youth
and Family Services
Financial Statements**
For the year ended March 31, 2018

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Independent Auditor's Report

To the Board of Directors of
Simcoe Muskoka Child, Youth and Family Services:

We have audited the accompanying financial statements of Simcoe Muskoka Child, Youth and Family Services, which comprise the statement of financial position as at March 31, 2018, and the statements of revenues and expenses, changes in net assets (deficit), remeasurement gains and losses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Basis for Qualified Opinion

In common with many not-for-profit organizations, Simcoe Muskoka Child, Youth and Family Services derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Simcoe Muskoka Child, Youth and Family Services. Therefore, we were not able to determine whether adjustments might be necessary to donations and fundraising revenues, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and net assets as at April 1 and March 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Simcoe Muskoka Child, Youth and Family Services as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
June 19, 2018


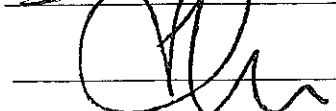
Simcoe Muskoka Child, Youth and Family Services Statement of Financial Position

March 31	2018	2017
		(note 1)
Assets		
Current		
Accounts receivable	\$ 990,241	\$ 1,148,082
Due from the Ministry of Children and Youth Services	364,319	796,045
Prepaid expenses	983,539	311,518
	2,338,099	2,255,645
Investments (note 3)	821,636	760,679
Capital Assets, at cost less accumulated amortization (note 4)	6,246,023	6,711,944
	\$ 9,405,758	\$ 9,728,268
Liabilities and Net Deficit		
Current Liabilities		
Bank indebtedness (note 5)	\$ 3,213,576	\$ 199,970
Accounts payable and accrued liabilities (note 6)	6,170,745	6,354,235
Deferred revenue (note 7)	645,696	618,067
Current portion of long-term debt (note 10)	361,792	471,723
	10,391,809	7,643,995
Long-term Debt (note 10)	3,173,302	3,386,000
Deferred Contributions Related to Capital Assets (note 8)	1,672,412	1,884,302
Compensated Absences Liability (note 11)	84,146	250,800
Derivative Financial Instrument (note 12)	823,570	823,570
Net Deficit		
Internally restricted		
Information Services Bureau surplus (note 13)	36,841	36,841
Derivative financial instrument (note 12)	(856,700)	(856,700)
Unrestricted net deficit	(6,029,929)	(3,491,311)
	(6,849,788)	(4,311,170)
Accumulated remeasurement gains	110,307	50,771
	(6,739,481)	(4,260,399)
	\$ 9,405,758	\$ 9,728,268

Commitments (note 14)

Contingencies (note 15)

On behalf of the Board:


 _____ Director

 _____ Director

Simcoe Muskoka Child, Youth and Family Services Statement of Revenues and Expenses

For the year ended March 31	2018	2017
		(note 1)
Expenses		
Amortization of tangible capital assets	\$ 714,259	\$ 739,199
Boarding rate payments	13,984,937	15,417,384
Building occupancy	1,042,869	1,128,431
Capital expenses	118,180	120,347
Client's personal needs	2,467,633	2,113,247
Employee benefits	6,473,632	6,969,228
Fundraising expenses	581,662	594,976
Health and related	759,809	784,584
Insurance	322,712	274,323
Interest on long-term debt	193,492	211,143
Memberships	179,702	168,407
Office administration	1,056,828	1,054,776
Professional services - client	996,531	944,350
Professional services - non-client	197,057	423,961
Program expenses	769,214	942,147
Promotion and publicity	63,026	58,735
Salaries and wages	27,746,724	27,312,489
Technology	80,889	68,065
Training and recruitment	110,919	109,604
Travel	1,682,104	1,715,774
Gross Expenses	59,542,179	61,151,170
Revenues		
Donation and fundraising	612,273	1,077,437
Expense recoveries	682,258	484,683
Fees from other societies	330,655	295,358
Government of Canada	1,640,383	1,869,575
Investment income	10,274	15,392
Other	66,672	92,592
Province of Ontario	523,591	720,568
Rebates	40,614	16,477
Rent	360,251	360,251
	4,266,971	4,932,333
Net Expenses	55,275,208	56,218,837
Subsidies (note 15(a))		
Ministry of Children and Youth Services	52,277,417	53,385,403
Amortization of deferred contributions related to capital assets (note 8)	459,173	420,242
	52,736,590	53,805,645
Excess of expenses over revenues before restructuring adjustment	(2,538,618)	(2,413,192)
Net effect of restructuring transaction (note 1)	-	(53,304)
Excess of expenses over revenues for the year	\$ (2,538,618)	\$ (2,466,496)

Simcoe Muskoka Child, Youth and Family Services Statement of Changes in Net Assets (Deficit)

For the year ended March 31				2018	2017
					(note 1)
	Information Services Bureau Surplus	Derivative Financial Instrument	Unrestricted	Total	Total
Balance, beginning of the year	\$ 36,841	\$ (856,700)	\$ (3,491,311)	\$ (4,311,170)	\$ (1,844,674)
Excess of expenses over revenues for the year	-	-	(2,538,618)	(2,538,618)	(2,466,496)
Balance, end of the year	\$ 36,841	\$ (856,700)	\$ (6,029,929)	\$ (6,849,788)	\$ (4,311,170)

**Simcoe Muskoka Child,
Youth and Family Services**

Statement of Remeasurement Gains and Losses

<u>For the year ended March 31</u>	<u>2018</u>	<u>2017</u>
		(note 1)
Accumulated remeasurement gains (losses), beginning of year	\$ 50,771	\$ 33,130
Unrealized gain attributable to: Investments (note 3)	<u>59,536</u>	<u>17,641</u>
Accumulated remeasurement gains, end of year	\$ 110,307	\$ 50,771

**Simcoe Muskoka Child,
Youth and Family Services
Statement of Cash Flows**

For the year ended March 31	2018	2017
		(note 1)
Cash flows from operating activities		
Excess of expenses over revenues for the year	\$ (2,538,618)	\$ (2,466,496)
Adjustments for		
Amortization of capital assets	714,259	739,199
Amortization of deferred contributions related to capital assets	(459,173)	(420,242)
Unrealized gain on investments	59,536	17,641
	<u>(2,223,996)</u>	<u>(2,129,898)</u>
Net change in non-cash working capital balances related to operations		
Accounts receivable	157,841	1,529,738
Due from the Ministry of Children and Youth Services	431,726	6,433
Prepaid expenses	(672,021)	38,568
Accounts payable and accrued liabilities	(183,490)	791,229
Deferred revenue	27,630	(659,512)
Compensated absences liability	(166,654)	(95,300)
	<u>(2,628,964)</u>	<u>(518,742)</u>
Cash flows from capital activities		
Acquisition of capital assets	<u>(247,283)</u>	<u>(421,239)</u>
Cash flows from investing activities		
Increase in investments	<u>(62,013)</u>	<u>(25,718)</u>
Cash flows from financing activities		
Repayment of long-term debt	(322,629)	(432,520)
Increase in deferred contributions related to capital assets	247,283	421,238
	<u>(75,346)</u>	<u>(11,282)</u>
Cash flows from restructuring transaction (note 1)	<u>-</u>	<u>92,326</u>
Decrease in cash during the year	(3,013,606)	(884,655)
Cash (bank indebtedness), beginning of the year	<u>(199,970)</u>	<u>684,685</u>
Bank indebtedness, end of the year	<u>\$ (3,213,576)</u>	<u>\$ (199,970)</u>

**Simcoe Muskoka Child,
Youth and Family Services
Summary of Significant Accounting Policies**

March 31, 2018

**Management's Responsibility
for the Financial Statements**

The financial statements of Simcoe Muskoka Child, Youth and Family Services (the "organization") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for not-for-profit organizations as established by the Public Sector Accounting Board.

Nature of Organization

Simcoe Muskoka Child, Youth and Family Services is incorporated under the laws of Ontario as a corporation without share capital. The organization is responsible for the care and protection of children in the County of Simcoe and the Muskoka region as set out under the provisions of The Child and Family Services Act, 1984.

The organization is not subject to federal or provincial income taxes pursuant to exemptions accorded to charitable organizations in the income tax legislation.

Basis of Accounting

These financial statements have been prepared using Canadian public sector accounting standards for not-for-profit organizations.

Revenue Recognition

The organization follows the deferral method of accounting for contributions which includes grants and government subsidies.

Operating revenue, including grants and subsidies, 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 revenue relates to a future period, it is deferred and recognized in that future period.

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

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the asset.

Contributions to be permanently maintained as an endowment are recognized as a direct increase in net assets.

**Simcoe Muskoka Child,
Youth and Family Services
Summary of Significant Accounting Policies**

March 31, 2018

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the estimated useful life of capital assets, compensated absences liability and the fair value of financial instruments. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in the statement of remeasurement gains and losses. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot be reasonably determined, contributed assets are recorded at a nominal amount.

Amortization is provided on capital assets on the straight-line basis over their estimated useful lives as follows:

Buildings	25 years
Computers and software	3 years
Office furniture and equipment	10 years
Parking lot	10 years
Telephone system	4 years
Vehicles	5 years
Computers under capital lease	3 years

Capital assets acquired at an amount under \$5,000 are not capitalized but are charged to the statement of revenues and expenses in the year of acquisition.

**Simcoe Muskoka Child,
Youth and Family Services
Summary of Significant Accounting Policies**

March 31, 2018

Pension Plan

The organization is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The organization has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The organization records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

Compensated Absences

The organization provides compensated absences to certain employee groups. These benefits include non-vesting sick leave and short term sick leave income security benefits. The organization has adopted the following policies with respect to accounting for these employee benefits:

(i) The cost of non-vesting sick leave benefits are actuarially determined as of March 31, 2017 using management's best estimate of salary escalation, employees' use of entitlement and discount rates. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service life of the employees. Effective May 2, 2017, this benefit is no longer available. Employees previously entitled to this benefit now receive short term sick leave income.

(ii) The cost of short term sick leave income security benefits are actuarially determined as of March 31, 2017 using management's best estimate of employees on leave at the end of the year and how long they are anticipated to remain on leave. Management prepared the estimate for the cost of short term sick leave income security benefits for the year ended March 31, 2018. There is no discount rate applied to these costs as they will be paid out within the year.

(iii) The discount rate used in the determination of the above mentioned liabilities is equal to the organization's hypothetical cost of borrowing.

**Simcoe Muskoka Child,
Youth and Family Services
Summary of Significant Accounting Policies**

March 31, 2018

Contributed Services

The organization is dependant on the voluntary services of many individuals. Since these services are not normally purchased by the organization and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

In-Kind Contributions

Contributions of materials are recognized in the period they are donated at their fair market value when a fair value can be reasonably estimated and when the materials are used in the normal course of operations and would otherwise have been purchased.

Allocation of Expenses

The organization operates a Transitional Aged Youth Program and a variety of Children Mental Health Programs. The costs of each of these programs are included in the overall expenses of the organization in the statement of revenues and expenses. In addition, the subsidies and expenses of the individual programs are detailed in the schedules of the financial statements. The organization incurs a number of central administrative expenses that are common to the administration of the organization and each of its programs. The organization allocates central administration expenses to the programs on a pro rata basis based on budgeted amounts.

**Simcoe Muskoka Child,
Youth and Family Services
Notes to the Financial Statements**

March 31, 2018

1. Restructuring Transaction

Effective April 1, 2016, Simcoe Muskoka Child, Youth and Family Services amalgamated with The Children's Aid Foundation of Simcoe County (the "Foundation"). Prior to the amalgamation, the two organizations were related. The amalgamation was initiated for cost benefit purposes. Simcoe Muskoka Child, Youth and Family Services had previously prepared financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations and the Foundation had previously prepared financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

Effective April 1, 2015, Simcoe Muskoka Child, Youth and Family Services early adopted the requirements of Section PS 3430 - Restructuring Transactions, under the Canadian public sector accounting standards for not-for-profit organizations (PSAB for Government NPO's).

In the amalgamation in the prior fiscal year, Simcoe Muskoka Child, Youth and Family Services was identified as the recipient organization in this transaction and the Foundation was identified as the transferor organization. There was no compensation or consideration paid that was exchanged between the two parties upon amalgamation. The carrying amounts of the assets, liabilities and net assets received at April 1, 2016 from the Foundation, along with the required adjustments to the carrying amounts in order to be reported in accordance with Canadian public sector accounting standards for not-for-profit organizations are as follows:

	Carrying Amount at April 1, 2016	Adjustments	Adjusted Balance at April 1, 2016
ASSETS			
Current	\$ 454,174	\$ (353,995)	\$ 100,179
Investments	734,961	-	734,961
LIABILITIES			
Current liabilities	(800,044)	353,995	(446,049)
Deferred contributions	-	(442,395)	(442,395)
NET DEFICIT			
Net deficit	\$ (389,091)	\$ 442,395	\$ 53,304

The amalgamation in the prior fiscal year resulted in a net loss recorded in the statement of revenues and expenses at March 31, 2017 of \$53,304. There were no costs incurred relating to this amalgamation.

**Simcoe Muskoka Child,
Youth and Family Services
Notes to the Financial Statements**

March 31, 2018

2. Cash

The organization's bank accounts are held at a chartered bank. The bank accounts earn interest at a variable rate dependent on the monthly minimum balances.

3. Investments

	2018		2017	
	Market	Cost	Market	Cost
Cash held with				
Investment Companies	\$ 23,278	\$ 23,278	\$ 108	\$ 108
Guaranteed Investment Certificates	51,164	50,000	79,621	78,000
Canadian Equities and Equivalents	9,992	9,992	9,992	9,992
Other	737,202	631,676	670,958	624,967
	<u>\$ 821,636</u>	<u>\$ 714,946</u>	<u>\$ 760,679</u>	<u>\$ 713,067</u>

Guaranteed Investment Certificates held at March 31, 2018 bear stated fixed rates of interest ranging from 2.45% to 2.6% (2017 - 2.45% to 2.75%) and have maturity dates ranging from April 23, 2018 to May 4, 2020 (2017 - July 19, 2017 to May 4, 2020).

Other investments held at March 31, 2018 are comprised of 48,851 units (2017 - 48,396 units) of a Canadian mutual fund.

The organization has recognized an unrealized gain in the amount of \$59,536 (2017 - \$17,641) related to the change in fair value of the investments during the year. This gain has been recorded in the statement of remeasurement gains and losses.

**Simcoe Muskoka Child,
Youth and Family Services
Notes to the Financial Statements**

March 31, 2018

4. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,229,994	\$ -	\$ 1,229,994	\$ -
Buildings	8,555,394	3,954,023	8,458,099	3,615,419
Computers and software	2,125,105	2,086,197	1,881,370	1,639,393
Parking lot	280,847	87,127	280,847	59,042
Telephone system	835,246	700,852	734,216	638,620
Vehicles	300,935	253,299	300,935	221,043
Computers under capital leases	-	-	194,779	194,779
	<u>\$ 13,327,521</u>	<u>\$ 7,081,498</u>	<u>\$ 13,080,240</u>	<u>\$ 6,368,296</u>
Net book value		<u>\$ 6,246,023</u>		<u>\$ 6,711,944</u>

Included in amortization expense of capital assets in the statement of revenues and expenses is amortization expense on capital leases of \$NIL (2017 - \$64,926).

5. Bank Indebtedness

The organization has a revolving operating loan facility with the Royal Bank of Canada with an authorized limit of \$2,000,000 and interest at the bank's prime rate. This authorized limit was temporarily increased to \$2,540,000 in August 2017 and reverted back to \$2,000,000 in April 2018. The balance outstanding related to this credit facility as at March 31, 2018 is \$2,540,000 (2017 - \$40,000). All of the RBC credit facilities (see note 10) are secured by a first ranking security interest on all property of the organization, including a collateral mortgage in the amount of \$685,000 on property located at 94 Colbourne Street, Orillia, Ontario, and a collateral mortgage of \$6,100,000 on property located at 60 Bell Farm Road, Barrie, Ontario.

In addition, the organization has a revolving demand credit facility with TD Canada Trust with an authorized limit of \$500,000 and interest at the bank's prime rate plus 0.50%. The balance outstanding related to this credit facility as at March 31, 2018 is \$480,000 (2017 - \$5,000). Security on this facility includes a general security agreement on all assets of the organization including a collateral mortgage on property located at 49 Pine Street, Bracebridge, Ontario and 81 Main Street West, Huntsville, Ontario.

**Simcoe Muskoka Child,
Youth and Family Services
Notes to the Financial Statements**

March 31, 2018

6. Accounts Payable and Accrued Liabilities

	2018	2017
Trade accounts payable	\$ 2,204,996	\$ 2,858,782
Salary and benefits accrual	1,491,425	892,538
Vacation accrual	1,795,769	1,868,700
Universal child care benefit for RESP's	678,555	734,215
	\$ 6,170,745	\$ 6,354,235

7. Deferred Revenue

This amount represents funding received from various government agencies for programs administered by Simcoe Muskoka Child, Youth and Family Services. The funds are to be used to offset future expenses incurred by the organization related to these specific programs.

8. Deferred Contributions Related to Capital Assets

Deferred contributions represent the unamortized amount of grants received to be used in the purchase of certain assets. The amortization of these contributions is recorded as revenue in the statement of revenues and expenses.

	2018	2017
Balance, beginning of year	\$ 1,884,302	\$ 1,883,306
Contributions received from Ministry of Children and Youth Services	247,283	421,238
Amounts amortized to revenue	(459,173)	(420,242)
	\$ 1,672,412	\$ 1,884,302

**Simcoe Muskoka Child,
Youth and Family Services
Notes to the Financial Statements**

March 31, 2018

9. Trusts Under Administration

Simcoe Muskoka Child, Youth and Family Services administers registered education savings plans (RESP's) with funds equivalent to the June 2016 federal Universal Child Care Benefit for children whom are crown or society wards and have been in formal customary care for at least twelve consecutive months. The organization is responsible for maintaining the RESP on behalf of the beneficiary until the criteria as stated by the Ministry of Children and Youth Services are met. As at March 31, 2018, the RESP balance administered by Simcoe Muskoka Child, Youth and Family Services is \$1,872,013 (2017 - \$1,331,704).

**Simcoe Muskoka Child,
Youth and Family Services
Notes to the Financial Statements**

March 31, 2018

10. Long-Term Debt

	2018	2017
Royal Bank of Canada bankers' acceptance payable, interest at a variable rate set quarterly (1.6775% March 31, 2018, 2017 - 0.96%) and paid monthly, repayable in quarterly principal installments of varying amounts (\$76,000 per quarter as at March 31, 2018), secured by a collateral mortgage on the Barrie land and building and assignment of all rental revenue from the Barrie building tenants, due November 1, 2021 (see note 12)	\$ 3,386,000	\$ 3,690,000
Royal Bank of Canada term loan, repayable in monthly installments of \$2,855 (2017 - \$2,855) including interest at the bank's prime rate plus 0.50% (2017 - prime plus 0.5%), secured by a collateral mortgage on the Orillia land and building, due October 6, 2019 (2017 - October 6, 2017)	149,094	163,119
Capital Lease Line of Credit with Royal Bank of Canada, 3.25%, repayable in monthly installments of \$6,408 including principal and interest, secured by the underlying equipment, due May 13, 2017	-	4,604
	3,535,094	3,857,723
Less current portion due within one year	(361,792)	(471,723)
	\$ 3,173,302	\$ 3,386,000

Scheduled principal payments for the next four fiscal years are as follows:

2019	\$ 361,792
2020	442,302
2021	351,000
2022	2,380,000
	\$ 3,535,094

In addition, to the specific security detailed above, all of the RBC credit facilities (including the operating loan facility detailed in note 5) are secured by a first ranking security interest on all property of the organization, including a collateral mortgage in the amount of \$685,000 on Orillia property and a collateral mortgage of \$6,100,000 on the Barrie property.

**Simcoe Muskoka Child,
Youth and Family Services
Notes to the Financial Statements**

March 31, 2018

11. Compensated Absences Liability

The following tables outline the components of the organization's compensated absences liabilities and related expenses.

	Non-Vesting Sick Leave	Short Term Sick Leave	Total 2018	Total 2017
Accrued benefit liability, beginning of year	\$ 250,800	\$ -	\$ 250,800	\$ 346,100
Expense for the year (below)	(250,800)	231,625	(19,175)	225,900
Actuarial gain	-	-	-	3,500
Benefits paid	-	(147,479)	(147,479)	(321,200)
Accrued benefit obligation, end of year	-	84,146	84,146	254,300
Unamortized actuarial gain	-	-	-	(3,500)
Accrued benefit liability, end of year	\$ -	\$ 84,146	\$ 84,146	\$ 250,800

	Non-Vesting Sick Leave	Short Term Sick Leave	Total 2018	Total 2017
Current year benefit cost	\$ (250,800)	\$ 231,625	\$ (19,175)	\$ 219,800
Interest on accrued benefit obligation	-	-	-	6,400
Amortized actuarial gains	-	-	-	(300)
Total expense	\$ (250,800)	\$ 231,625	\$ (19,175)	\$ 225,900

Non-Vesting Sick Leave

Prior to May 2, 2017, the organization allocated to certain employee groups a specified number of days each year for use as paid absences in the event of illness or injury. These days did not vest and were available immediately. Employees were permitted to accumulate their unused allocation each year, up to the allowable maximum provided in their employment agreements. Accumulated days could be used in future years to the extent that the employees' illness or injury exceeds the current year's allocation of days. Sick days were paid out at the salary in effect at the time of usage. The related benefit liability was determined by an actuarial valuation completed as at March 31, 2016. This benefit is no longer available to employees upon implementation of a new employee agreement that came into effect on May 2, 2017. When the non-vesting sick leave benefit was terminated as of May 2, 2017 the banked sick leave time was cleared to \$NIL and no pay out was made to employees in consideration of these balances.

**Simcoe Muskoka Child,
Youth and Family Services
Notes to the Financial Statements**

March 31, 2018

11. Compensated Absences Liability (continued)

Short Term Sick Leave Income Security Benefits

The organization provides to certain employee groups paid short term sick leave for disability as a result of non-occupational accident or illness. This benefit is available to these employees after 3 months of employment up to a maximum of 17 weeks based on years of service and paid out at the salary in effect at the time of usage. These days do not vest or accumulate and are available immediately based on eligibility and years of service. The related benefit liability was determined by an actuarial valuation completed as at March 31, 2016. The estimate of the benefit liability as at March 31, 2017 was prepared by management. Management's estimate of the benefit cost was prepared based on the prior year estimate with an increase to accommodate for the Legacy Muskoka employees who are eligible for this benefit effective May 2, 2017 as part of the new employee agreement.

The assumptions used in the valuation of compensated absences are the organization's best estimates of expected rates of:

	<u>2018</u>	<u>2017</u>
Salary scale	2.50%	2.50%
Discount rate	2.50%	2.50%

12. Derivative Financial Instrument

Simcoe Muskoka Child, Youth and Family Services has entered into an interest rate swap contract to fix the long-term interest rate associated with its Royal Bank of Canada Bankers' Acceptance payable. The contract calls for the organization to pay interest on the outstanding principal amount at a rate of 4.83% and in turn the organization earns interest on the same principal at a variable rate set quarterly based on Bankers' Acceptance rates.

As at March 31, 2018, the fair value of the interest rate swap is a liability of \$823,570 (2017 - \$823,570).

13. Internally Restricted Information Services Bureau Surplus

The balance represents the accumulated excess of revenues over expenses for the operations of the Information Services Bureau. The Board approved these funds to be used for the extended care maintenance expenses for children aged 21 to 24 completing post secondary education. For the year ended March 31, 2018, \$NIL (2017 - \$NIL) has been transferred from this fund to unrestricted net assets related to these expenses.

**Simcoe Muskoka Child,
Youth and Family Services
Notes to the Financial Statements**

March 31, 2018

14. Commitments

(a) Office space

The organization has entered into lease commitments for office space at its various locations which extend to the year 2022. The following are the minimum payments required for the next four years under the terms of the leases:

2019	\$	406,773
2020		198,425
2021		108,084
2022		51,542

(b) Office equipment

Certain office equipment are leased under agreements which extend to the year 2023. The following are the minimum payments required for the next five years under the terms of the leases:

2019	\$	42,062
2020		27,161
2021		27,161
2022		7,866
2023		717

15. Contingencies

(a) The organization receives funding from the Ministry of Children and Youth Services. The amount of funding provided to the organization is subject to final review and approval by the Ministry. Any future adjustments required as a result of this review will be accounted for at that time.

(b) During the normal course of operations, various proceedings and claims are filed against the Agency. The Agency reviews the validity of these claims and proceedings and management believes any settlement would be adequately covered by its insurance policies and would not have a material effect on the financial position or future results of operations of the Agency. Accordingly, no provision has been made in these financial statements for any liability that may result. Any losses will be recorded in the year of settlement.

**Simcoe Muskoka Child,
Youth and Family Services
Notes to the Financial Statements**

March 31, 2018

16. Economic Dependence

Simcoe Muskoka Child, Youth and Family Services received 92% (2017 - 91%) of its revenue from the Ministry of Children and Youth Services.

17. Pension Plan

The organization makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan. 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. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to more than 482,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million (2016 - \$87,554 million) in respect of benefits accrued for service with actuarial assets at that date of \$89,028 million (2016 - \$81,834 million) indicating an actuarial deficit of \$5,403 million (2016 - \$5,720 million). Because OMERS is a multi-employer plan, 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.

Contributions made by the organization to OMERS for 2018 were \$2,785,442 (2017 - \$2,676,807).

**Simcoe Muskoka Child,
Youth and Family Services
Notes to the Financial Statements**

March 31, 2018

18. Financial Instrument Risks

General Objectives, Policies, and Processes

The Board of Directors has overall responsibility for the determination of the organization's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the organization's Executive Director.

The organization's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

There have been no significant changes from the previous year in the exposure to risk, policies, or procedures used to manage financial instrument risks.

Interest Rate Risk

The organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the fair value of the term loan and bankers' acceptance payable. The organization's objective is to minimize interest rate risk by locking in fixed rates using its interest rate swap (see note 12).

Credit Risk

The organization is exposed to credit risk through the possibility of non-collection of its accounts receivable. The majority of the organization's receivables are from government entities and other not-for-profit organizations which minimizes the risk of non-collection. The organization also makes sure it meets all the eligibility criteria for the amounts to ensure they will collect the amounts outstanding from the government entities. The organization measures impairment based on how long the amounts have been outstanding.

The amounts outstanding at year end, which is the organization's maximum exposure to credit risk related to accounts receivable, is as follows:

	Current	31-60 days	61-90 days	91 days and over
Accounts receivable	\$ 90,059	\$ 15,898	\$ -	\$ 11,352
Government receivables	364,319	-	-	-
HST receivable	711,297	-	-	-
Other receivables	41,490	-	-	120,145
Total receivables	\$ 1,207,165	\$ 15,898	\$ -	\$ 131,497

**Simcoe Muskoka Child,
Youth and Family Services
Notes to the Financial Statements**

March 31, 2018

18. Financial Instrument Risks (continued)

Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they come due. The organization mitigates this risk by monitoring cash activities. The following table sets out the contractual maturities of financial liabilities:

	<u>Current</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91 days and over</u>
Accounts payable	\$ 1,345,310	\$ 801,198	\$ 23,806	\$ 34,683
Other payables	<u>3,965,748</u>	-	-	-
Total financial liabilities	<u>\$ 5,311,058</u>	<u>\$ 801,198</u>	<u>\$ 23,806</u>	<u>\$ 34,683</u>

**Simcoe Muskoka Child,
Youth and Family Services
Schedule 1 - Transitional Aged Youth Program**

For the year ended March 31	2018	2017
Subsidy		
Ministry of Community and Social Services	\$ 542,220	\$ 1,024,058
Expenses		
Purchased services - client	<u>511,589</u>	<u>1,126,880</u>
Excess of revenues over expenses (expenses over revenues) for the year	\$ 30,631	\$ (102,822)

**Simcoe Muskoka Child,
Youth and Family Services
Schedule 2 - Intensive Treatment Services**

For the year ended March 31	2018	2017
Subsidy		
Ministry of Children and Youth Services	\$ 424,918	\$ 403,380
Expenses		
Allocated central administration	34,670	29,289
Boarding rate payments	103	-
Building occupancy	8,751	6,050
Client personal needs	64	87
Employee benefits	72,854	70,702
Miscellaneous	2,652	2,636
Office administration	4,022	6,262
Professional services client	200	928
Professional services non-client	2,063	852
Promotion and publicity	562	422
Salaries and wages	280,529	269,151
Technology	1,169	2,486
Training and recruitment	1,890	6,328
Travel	12,697	8,187
	<u>422,226</u>	<u>403,380</u>
Excess of revenues over expenses for the year	\$ 2,692	\$ -

**Simcoe Muskoka Child,
Youth and Family Services
Schedule 3 - Brief Services**

For the year ended March 31	2018	2017
Subsidy		
Ministry of Children and Youth Services	\$ 308,872	\$ 330,519
Expenses		
Allocated central administration	28,470	24,634
Building occupancy	7,170	5,061
Employee benefits	53,771	57,527
Miscellaneous	2,172	2,206
Office administration	4,258	5,239
Professional services non-client	1,691	712
Promotion and publicity	267	85
Salaries and wages	207,049	232,944
Technology	959	2,080
Training and recruitment	578	24
Travel	470	7
	<u>306,855</u>	<u>330,519</u>
Excess of revenues over expenses for the year	\$ 2,017	\$ -

**Simcoe Muskoka Child,
Youth and Family Services
Schedule 4 - Service Co-ordination Process**

For the year ended March 31	2018	2017
Subsidy		
Ministry of Children and Youth Services	\$ 374,882	\$ 393,602
Expenses		
Allocated central administration	33,888	28,942
Building occupancy	8,539	5,968
Client personal needs	-	38
Employee benefits	66,685	70,260
Miscellaneous	2,587	2,601
Office administration	5,072	2,021
Professional services non-client	2,013	840
Promotion and publicity	318	100
Salaries and wages	257,140	279,491
Technology	1,141	2,452
Training and recruitment	688	135
Travel	581	754
	<u>378,652</u>	<u>393,602</u>
Excess of expenses over revenues for the year	\$ (3,770)	\$ -

**Simcoe Muskoka Child,
Youth and Family Services
Schedule 5 - Counselling/Therapy Services**

For the year ended March 31	2018	2017
Subsidy		
Ministry of Children and Youth Services	\$ 639,655	\$ 626,941
Expenses		
Allocated central administration	53,946	45,294
Building occupancy	13,600	9,351
Client personal needs	238	397
Employee benefits	111,659	116,459
Miscellaneous	4,573	4,782
Office administration	6,840	9,679
Professional services client	730	171
Professional services non-client	3,207	1,362
Program expenses	190	25
Promotion and publicity	742	478
Salaries and wages	429,953	419,369
Technology	1,816	3,843
Training and recruitment	4,346	3,192
Travel	8,024	12,528
	<u>639,864</u>	<u>626,930</u>
Excess of revenues over expenses (expenses over revenues) for the year	\$ (209)	\$ 11

**Simcoe Muskoka Child,
Youth and Family Services
Schedule 6 - Crisis Services**

For the year ended March 31	2018	2017
Subsidy		
Ministry of Children and Youth Services	\$ 80,450	\$ 82,043
Expenses		
Allocated central administration	3,987	3,858
Building occupancy	11,827	66
Employee benefits	-	7,936
Office administration	2,475	-
Salaries and wages	45,543	32,802
Travel	1,942	2,101
	<u>65,774</u>	<u>46,763</u>
Excess of revenues over expenses for the year	<u>\$ 14,676</u>	<u>\$ 35,280</u>

**Simcoe Muskoka Child,
Youth and Family Services
Schedule 7 - Community Capacity**

For the year ended March 31	2018	2017
Subsidy		
Ministry of Children and Youth Services	\$ 39,666	\$ 39,666
Expenses		
Employee benefits	7,888	8,060
Salaries and wages	30,375	30,406
Travel	1,403	1,200
	<u>39,666</u>	<u>39,666</u>
Excess of revenues over expenses for the year	<u>\$ -</u>	<u>\$ -</u>

**Simcoe Muskoka Child,
 Youth and Family Services**
**Schedule 8 - Specialized Consultation/Assessment
 Services**

For the year ended March 31	2018	2017
Subsidy		
Ministry of Children and Youth Services	\$ 5,000	\$ 3,000
Expenses		
Professional services client	7,500	3,000
Excess of expenses over revenues for the year	\$ (2,500)	\$ -

**Simcoe Muskoka Child,
Youth and Family Services
Schedule 9 - Targeted Prevention**

For the year ended March 31	2018	2017
Subsidy		
Ministry of Children and Youth Services	\$ 1,866	\$ 3,785
Expenses		
Employee benefits	378	757
Salaries and wages	1,457	2,715
	<u>1,835</u>	<u>3,472</u>
Excess of revenues over expenses for the year	<u>\$ 31</u>	<u>\$ 313</u>

**Simcoe Muskoka Child,
 Youth and Family Services**
**Schedule 10 - Family/Caregiver Skills Building and
 Support**

For the year ended March 31	2018	2017
Subsidy		
Ministry of Children and Youth Services	\$ 27,817	\$ 18,832
Expenses		
Allocated central administration	1,639	1,565
Building occupancy	-	3,239
Employee benefits	4,333	-
Program expenses	110	877
Salaries and wages	16,685	13,151
	<u>22,767</u>	<u>18,832</u>
Excess of revenues over expenses for the year	<u>\$ 5,050</u>	<u>\$ -</u>

**Simcoe Muskoka Child,
Youth and Family Services
Schedule 11 - Preparation for Independence**

For the year ended March 31	2018	2017
Subsidy		
Ministry of Children and Youth Services	\$ 114,123	\$ 114,123
Expenses		
Allocated central administration	8,787	8,452
Building occupancy	2,476	1,744
Client personal needs	-	500
Employee benefits	19,776	20,736
Miscellaneous	749	760
Office administration	1,473	1,805
Professional services non-client	584	246
Promotion and publicity	92	29
Salaries and wages	76,149	74,684
Technology	332	717
Training and recruitment	200	509
Travel	3,505	3,941
	<u>114,123</u>	<u>114,123</u>
Excess of revenues over expenses for the year	<u>\$ -</u>	<u>\$ -</u>

**Simcoe Muskoka Child,
Youth and Family Services
Schedule 12 - Telepsychiatry**

For the year ended March 31	2018	2017
Subsidy		
Ministry of Children and Youth Services	\$ 10,000	\$ 10,000
Expenses		
Allocated central administration	828	616
Client personal needs	-	177
Employee benefits	951	1,082
Promotion and publicity	81	-
Salaries and wages	3,663	3,936
Technology	4,477	4,189
	10,000	10,000
Excess of revenues over expenses for the year	\$ -	\$ -

**Simcoe Muskoka Child,
Youth and Family Services
Schedule 13 - Access Intake Service Planning**

For the year ended March 31	2018	2017
Subsidy		
Ministry of Children and Youth Services	\$ 165,640	\$ 133,398
Expenses		
Allocated central administration	11,426	10,457
Amortization of capital assets	16,319	-
Building occupancy	2,894	2,240
Employee benefits	23,439	24,016
Miscellaneous	877	977
Office administration	1,719	2,319
Professional services non-client	682	685
Promotion and publicity	107	38
Salaries and wages	90,449	91,734
Technology	2,701	921
Training and recruitment	234	11
Travel	87	-
	150,934	133,398
Excess of revenues over expenses for the year	\$ 14,706	\$ -