

**Simcoe Muskoka Child, Youth and
Family Services**
Financial Statements
For the year ended March 31, 2020

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Simcoe Muskoka Child, Youth and Family Services (the "organization"), which comprise the statement of financial position as at March 31, 2020, 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 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, 2020 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.

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 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.

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.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
June 16, 2020

Simcoe Muskoka Child, Youth and Family Services

Statement of Financial Position

March 31	2020	2019
Assets		
Current		
Short term investments (note 2)	\$ 25,081	\$ 215,370
Accounts receivable	877,434	883,599
Due from the Ministry of Children, Community and Social Services	444,751	286,483
Prepaid expenses	799,692	1,037,703
	2,146,958	2,423,155
Capital Assets, at cost less accumulated amortization (note 3)	5,652,335	6,320,226
	\$ 7,799,293	\$ 8,743,381

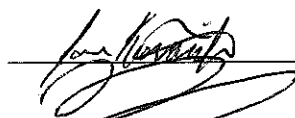

Liabilities and Net Deficit

Current Liabilities		
Bank indebtedness (note 4)	\$ 1,145,584	\$ 2,818,169
Accounts payable and accrued liabilities (note 5)	6,368,248	7,996,103
Compensated absences liability (note 11)	126,578	124,142
Deferred revenue (note 6)	685,654	623,751
Current portion of long-term debt (note 9)	428,182	443,006
Current portion of obligations under capital lease (note 10)	48,904	47,557
	8,803,150	12,052,728
Long-term Debt (note 9)	2,604,346	2,731,000
Obligations under Capital Lease (note 10)	88,933	137,837
Deferred Contributions Related to Capital Assets (note 7)	1,570,088	1,902,297
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	(5,304,062)	(8,117,319)
	(6,123,921)	(8,937,178)
Accumulated remeasurement gains	33,127	33,127
	(6,090,794)	(8,904,051)
	\$ 7,799,293	\$ 8,743,381

Commitments (note 14)

Contingencies (note 15)

On behalf of the Board:

 Director
 Director

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements

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

For the year ended March 31 2020 2019

	2020	2019
Expenses		
Amortization of tangible capital assets	\$ 589,196	\$ 565,431
Boarding rate payments	11,553,956	13,042,757
Building occupancy	957,174	1,244,912
Capital expenses	120,730	132,539
Client's personal needs	2,392,416	2,650,689
Employee benefits	6,943,162	7,044,284
Fundraising expenses	524,747	538,020
Health and related	307,472	341,352
Insurance	346,285	319,155
Interest on long-term debt	159,782	177,539
Memberships	381,858	296,710
Office administration	523,785	766,118
Professional services - client	836,557	1,162,630
Professional services - non-client	707,571	526,491
Program expenses	582,544	642,410
Promotion and publicity	19,631	21,281
Salaries and wages	26,523,196	27,471,722
Technology	59,647	98,135
Training and recruitment	74,839	146,265
Travel	1,307,333	1,545,011
Gross Expenses	54,911,881	58,733,451
Revenues		
Donation and fundraising	656,211	675,355
Expense recoveries	607,233	525,387
Fees from other societies	1,132,013	413,808
Government of Canada	1,345,180	1,448,419
Investment income	1,201	130,294
Other	94,097	74,294
Province of Ontario	354,757	390,105
Rebates	31,752	38,860
Rent	369,225	412,377
	4,591,669	4,108,899
Net Expenses	50,320,212	54,624,552
Subsidies (note 15(a))		
Ministry of Children, Community and Social Services		
- Current year	49,526,881	52,472,716
- Prior year adjustments	160,733	(211,186)
- Accumulated deficit funding (note 17)	1,024,670	-
Amortization of deferred contributions related to capital assets (note 7)	274,985	275,632
Ministry of Health	2,146,200	-
	53,133,469	52,537,162
Excess of revenues over expenses (expenses over revenue) for the year	\$ 2,813,257	\$ (2,087,390)

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements

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

For the year ended March 31				2020	2019	
	Information Services Bureau Surplus	Derivative Financial Instrument	Unrestricted	Total	Total	
Balance, beginning of the year	\$ 36,841	\$ (856,700)	\$ (8,117,319)	\$ (8,937,178)	\$ (6,849,788)	
Excess of revenues over expenses (expenses over revenues) for the year	-	-	2,813,257	2,813,257	(2,087,390)	
Balance, end of the year	\$ 36,841	\$ (856,700)	\$ (5,304,062)	\$ (6,123,921)	\$ (8,937,178)	

**Simcoe Muskoka Child, Youth and Family Services
Statement of Remeasurement Gains and Losses**

<u>For the year ended March 31</u>	<u>2020</u>	<u>2019</u>
Accumulated remeasurement gains, beginning of year	\$ 33,127	\$ 110,307
Realized gains recognized in the year: Investments	<u>-</u>	<u>(77,180)</u>
Accumulated remeasurement gains, end of year	\$ 33,127	\$ 33,127

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

For the year ended March 31	2020	2019
Cash flows from operating activities		
Excess of expenses over revenues for the year	\$ 2,813,257	\$ (2,087,390)
Adjustments for		
Amortization of capital assets	589,196	565,431
Amortization of deferred contributions related to capital assets	(274,985)	(275,632)
Adjustment to deferred contributions for disposals	(282,434)	-
Gain on disposal of capital assets	(71,258)	(4,074)
	<u>2,773,776</u>	<u>(1,801,665)</u>
Net change in non-cash working capital balances related to operations		
Accounts receivable	6,165	106,642
Due from the Ministry of Children, Community and Social Services	(158,268)	77,836
Prepaid expenses	238,013	(54,164)
Accounts payable and accrued liabilities	(1,627,855)	1,825,358
Deferred revenue	61,903	(21,945)
Compensated absences liability	2,436	39,996
	<u>1,296,170</u>	<u>172,058</u>
Cash flows from capital activities		
Acquisition of capital assets	(249,936)	(479,673)
Proceeds on disposal of capital assets	399,889	41,650
	<u>149,953</u>	<u>(438,023)</u>
Cash flows from investing activities		
Decrease in investments	190,289	529,086
Cash flows from financing activities		
Repayment of long-term debt	(383,474)	(361,088)
Advances of new long-term debt	241,996	-
Repayment of capital lease	(47,559)	(12,143)
Increase in deferred contributions related to capital assets	225,210	505,517
	<u>36,173</u>	<u>132,286</u>
Increase in cash during the year	1,672,585	395,407
Cash (bank indebtedness), beginning of the year	(2,818,169)	(3,213,576)
Cash (bank indebtedness), end of the year	\$ (1,145,584)	\$ (2,818,169)

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements

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

March 31, 2020

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 Child, Youth and Family Services Act, 2017.

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, subsidies, fees from other societies, rent and other 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, 2020

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
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, 2020

Capital Leases	Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with assets owned by the organization, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental cost is expensed as incurred.
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 short term sick leave income security benefits to certain employee groups. Management prepares the estimate for the cost of this employment benefit outstanding at the end of the fiscal year. No discount rate is applied to these costs as they will be paid out within the year.
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.

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

March 31, 2020

Allocation of Expenses

The organization operates 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, 2020

1. 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.

2. Short Term Investments

	2020		2019	
	Market	Cost	Market	Cost
Cash held with investment companies	\$ (474)	\$ (474)	\$ 179,825	\$ 179,825
Guaranteed investment certificates	25,555	25,000	25,555	25,000
Canadian equities and equivalents	-	-	9,990	9,990
	\$ 25,081	\$ 24,526	\$ 215,370	\$ 214,815

The guaranteed investment certificate held at March 31, 2020 bears stated a fixed rate of interest of 2.45% (2019 - 2.45%) and has a maturity date of May 4, 2020 (2019 - May 4, 2020).

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

March 31, 2020

3. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,190,750	\$ -	\$ 1,229,994	\$ -
Buildings	8,637,598	4,599,660	8,960,585	4,308,836
Computers and software	2,344,962	2,205,863	2,147,524	2,116,259
Parking lot	280,847	143,296	280,847	115,212
Telephone system	851,097	817,915	851,097	767,049
Furniture and equipment	56,488	8,519	28,715	2,871
Computers under capital lease	197,537	131,691	197,537	65,846
	<u>\$ 13,559,279</u>	<u>\$ 7,906,944</u>	<u>\$ 13,696,299</u>	<u>\$ 7,376,073</u>
Net book value		<u>\$ 5,652,335</u>		<u>\$ 6,320,226</u>

During the year, the organization purchased capital assets with a total cost of \$249,936 (2019 - \$677,210). Of this total \$NIL (2019 - \$197,537) was acquired by means of a capital lease and \$249,936 (2019 - \$479,673) was paid in cash.

Included in amortization expense of capital assets in the statement of revenues and expenses is amortization expense on capital leases of \$65,846 (2019 - \$65,846).

During the year, the organization disposed of capital assets costing \$386,956 (2019 - \$308,434) for proceeds of \$399,889 (2019 - \$41,650) resulting in a gain of \$71,258 (2019 - \$4,074).

4. 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 \$3,800,000 in March 2019 and reverted back to \$2,000,000 on April 3, 2019. The balance outstanding related to this credit facility as at March 31, 2020 is \$1,350,000 (2019 - \$2,820,000). All of the RBC credit facilities (see note 9) 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.

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

March 31, 2020

5. Accounts Payable and Accrued Liabilities

	2020	2019
Trade accounts payable	\$ 2,461,424	\$ 3,737,959
Salary and benefits accrual	1,421,477	1,813,117
Vacation accrual	1,698,597	1,565,877
Universal child care benefit for RESP's	786,750	879,150
	\$ 6,368,248	\$ 7,996,103

6. 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.

7. 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.

	2020	2019
Balance, beginning of year	\$ 1,902,297	\$ 1,672,412
Contributions received from Ministry of Children, Community and Social Services	225,210	505,517
Adjustment for 2020 disposals of capital assets	(282,434)	-
Amounts amortized to revenue	(274,985)	(275,632)
	\$ 1,570,088	\$ 1,902,297

Included above in the contributions received from the Ministry of Children, Community and Social Services, the organization received \$28,900 (2019 - \$218,100) specifically for capital projects as Partner Facility Renewal funding.

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

March 31, 2020

8. 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, 2020, the RESP balance administered by Simcoe Muskoka Child, Youth and Family Services is \$2,245,195 (2019 - \$1,983,174).

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

March 31, 2020

9. Long-Term Debt

	2020	2019
Royal Bank of Canada bankers' acceptance payable, interest at a variable rate set quarterly (1.985% March 31, 2020, 2019 - 2.1775%) and paid monthly, repayable in quarterly principal installments of varying amounts (average of \$83,750 per quarter in 2020, 2019 - \$80,000), 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)	\$ 2,731,000	\$ 3,066,000
Royal Bank of Canada term loan, repayable in monthly installments of \$2,855 including interest at the bank's prime rate plus 0.50%, secured by a collateral mortgage on the Orillia land and building, due October 6, 2021	77,959	108,006
Royal Bank of Canada term loan, 3.87%, repayable in monthly installments of \$4,442 including principal and interest, due October 24, 2024	223,569	-
	3,032,528	3,174,006
Less current portion due within one year	(428,182)	(443,006)
	\$ 2,604,346	\$ 2,731,000

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

2021	\$ 428,182
2022	2,473,464
2023	49,099
2024	51,033
2025	30,750
	\$ 3,032,528

In addition, to the specific security detailed above, all of the RBC credit facilities (including the operating loan facility detailed in note 4) 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, 2020

10. Obligations Under Capital Lease

	2020	2019
Capital lease, interest bearing at 2.79%, 48 month term, monthly payments of \$4,180 plus HST, principal and interest blended, due December 2022	\$ 137,837	\$ 185,394
Current portion	(48,904)	(47,557)
	\$ 88,933	\$ 137,837

Future minimum lease payments under the capital lease for subsequent years are as follows:

2021	\$ 52,129
2022	52,129
2023	39,097
	143,355
Less: imputed interest	(5,518)
	\$ 137,837

The balance of the obligations under capital leases are secured by a first charge over the rental equipment. Interest expense on these obligations in the amount of \$4,569 (2019 - \$891) has been included in interest on long-term debt for the year.

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

March 31, 2020

11. Compensated Absences Liability

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 estimate of the benefit liability as at March 31, 2020 was prepared by management. The estimate is based on the short term disability entitlement remaining for employees currently on short term disability as of the end of the year. No discount rate has been applied due to the liability expecting to be realized within a year.

The following table outlines the components of the organization's compensated absences liability.

	2020	2019
Accrued benefit liability, beginning of year	\$ 124,142	\$ 84,146
Current year benefit cost	772,707	770,844
Benefits paid	(770,271)	(730,848)
Accrued benefit liability, end of year	<u>\$ 126,578</u>	<u>\$ 124,142</u>

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, 2020, the fair value of the interest rate swap is a liability of \$823,570 (2019 - \$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 individuals aged 21 to 24 completing post secondary education. For the year ended March 31, 2020, \$NIL (2019 - \$NIL) has been transferred from this fund to unrestricted net deficit related to these expenses.

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

March 31, 2020

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 two years under the terms of the leases:

2021	\$	210,833
2022		55,856

(b) Office equipment

Certain office equipment are leased under agreements which extend to the year 2024. The following are the minimum payments required for the next four years under the terms of the leases:

2021	\$	17,508
2023		11,076
2023		10,359
2024		5,624

15. Contingencies

(a) The organization receives funding from the Ministry of Children, Community and Social 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 organization. The organization 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 organization. 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, 2020

16. Economic Dependence

Simcoe Muskoka Child, Youth and Family Services received 88% (2019 - 93%) of its revenue from the Ministry of Children, Community and Social Services.

17. Accumulated Deficit Funding

In the year, Simcoe Muskoka Child, Youth and Family Services received \$922,203 from the Ministry of Children, Community and Social Services related to the child welfare operating accumulated deficit assistance program. The funds are to be used towards clearing the fiscal 2019 child welfare accumulated deficit. An additional \$102,467 will be provided to the Agency in fiscal 2021 upon receipt of a board approved plan to clear the child welfare accumulated deficits within the next three years.

18. 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 over 500,000 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, 2019. The results of this valuation disclosed total actuarial liabilities of \$107,687 million (2018 - \$100,081 million) in respect of benefits accrued for service with actuarial assets at that date of \$104,290 million (2018 - \$95,890 million) indicating an actuarial deficit of \$3,397 million (2018 - \$4,191 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 2020 were \$2,623,224 (2019 - \$2,940,891).

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

March 31, 2020

19. 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	\$ 344,492	\$ 26,311	\$ 2,820	\$ 18,664
Government receivables	444,751	-	-	-
HST receivable	472,659	-	-	-
Other receivables	12,488	-	-	-
Total receivables	\$ 1,274,390	\$ 26,311	\$ 2,820	\$ 18,664

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

March 31, 2020

19. 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:

	Current	31-60 days	61-90 days	91 days and over
Accounts payable	\$ 1,490,355	\$ 858,921	\$ 42,828	\$ 69,319
Other payables	3,906,825	-	-	-
Total financial liabilities	<u>\$ 5,397,180</u>	<u>\$ 858,921</u>	<u>\$ 42,828</u>	<u>\$ 69,319</u>

20. Dnaagdawenmag Binnoojiyag Child and Family Services

An intra-jurisdictional agency protocol dated February 22, 2019 between a new agency, Dnaagdawenmag Binnoojiyag Child and Family Services (DBCFS), and Simcoe Muskoka Child Youth and Family Services came into effect in Fiscal 2019. Under the protocol, DBCFS now provides services to indigenous persons and non-indigenous persons within a First Nation as outlined in the protocol agreement, who would otherwise be serviced by Simcoe Muskoka Child, Youth and Family Services' jurisdiction.

Management expects that the transfer of these services to the new agency will result in a reduction of youth and family services provided by the Simcoe Muskoka Child, Youth and Family Services. Over fiscal 2020, the agency saw a reduction to services provided to indigenous people. These service reductions will continue to occur over the next two fiscal years as Dnaagdawenmag Binnoojiyag Child and Family Services continues to increase the services they are able to provide.

**Simcoe Muskoka Child, Youth and Family Services
Education Liaison, Fire Code Retrofit, French Language
Services, Anti-Human Trafficking and Children's Mental Health Schedules**

For the year ended March 31, 2020

	Education Liaison	French Language Services	Intensive Treatment Services	Brief Services	Service Coordination Process	Counselling/Therapy Services	Crisis Services
Subsidy							
Provincial government funding	\$ 74,625	\$ 36,000	\$ 530,632	\$ 362,071	\$ 229,683	\$ 808,468	\$ 68,426
Revenue deferred	-	(35,153)	-	-	-	-	-
Other income	-	-	-	-	-	5,191	-
	\$ 74,625	\$ 847	\$ 530,632	\$ 362,071	\$ 229,683	\$ 813,659	\$ 68,426
Expenses							
Allocated central administration	-	-	33,794	24,894	16,168	52,083	3,981
Amortization of capital assets	-	-	-	2,815	-	1,876	-
Building occupancy	-	-	6,780	4,992	3,240	10,446	-
Client personal needs	-	-	-	20	-	513	-
Employee benefits	16,474	-	101,668	66,511	44,848	155,784	9,702
Miscellaneous	-	-	4,723	2,402	1,559	6,487	-
Office administration	-	-	3,961	2,918	1,894	6,125	-
Professional services - non-client	-	-	2,513	1,851	1,201	3,872	-
Program expenses	-	-	29	-	-	311	-
Promotion and publicity	-	414	161	118	76	607	-
Salaries and wages	58,151	-	369,760	247,711	156,868	559,785	49,675
Technology	-	-	2,429	1,789	1,161	3,745	-
Training and recruitment	-	433	1,755	226	147	2,437	-
Travel	-	-	17,465	5,032	3,428	24,587	1,213
	74,625	847	545,038	361,279	230,590	828,658	64,571
Excess of revenues over expenses (expenses over revenues) for the year	\$ -	\$ -	\$ (14,406)	\$ 792	\$ (907)	\$ (14,999)	\$ 3,855

**Simcoe Muskoka Child, Youth and Family Services
Education Liaison, Fire Code Retrofit, French Language
Services, Anti-Human Trafficking and Children's Mental Health Schedules**

For the year ended March 31, 2020

	Community Capacity	Specialized Consultation/ Assessment Services	Targeted Prevention	Family/ Caregiver Skills Building and Support	Preparation for Independence	Telepsychiatry	Access Intake Service Planning
Subsidy							
Provincial government funding	\$ 39,666	\$ 7,263	\$ 43,930	\$ 9,419	\$ 114,123	\$ 12,200	\$ 76,308
Expenses							
Allocated central administration	-	-	2,500	287	7,473	-	5,343
Amortization of capital assets	-	-	-	-	-	-	16,318
Building occupancy	-	-	-	-	1,499	-	1,071
Employee benefits	7,896	271	4,360	994	21,579	1,723	14,088
Miscellaneous	-	-	-	-	721	-	514
Office administration	-	-	100	-	876	-	626
Professional services - client	-	-	-	1,614	-	-	-
Professional services - non-client	-	-	-	-	556	650	397
Program Expenses	-	-	-	1,656	-	-	-
Promotion and publicity	-	-	-	-	35	-	25
Salaries and wages	31,770	966	22,200	3,691	77,477	5,535	52,033
Technology	-	-	1,500	-	538	2,094	384
Training and recruitment	-	500	-	-	67	-	49
Travel	-	-	-	-	3,302	-	-
	39,666	1,737	30,660	8,242	114,123	10,002	90,848

Excess of revenues over expenses (expenses over revenues) for the year	\$ -	\$ 5,526	\$ 13,270	\$ 1,177	\$ -	\$ 2,198	\$ (14,540)
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**Simcoe Muskoka Child, Youth and Family Services
Education Liaison, Fire Code Retrofit, French Language
Services, Anti-Human Trafficking and Children's Mental Health Schedules**

For the year ended March 31, 2020

	Anti-Human Trafficking	Pandemic
Subsidy		
Provincial government funding	\$ 124,200	\$ -
Revenue deferred	(16,236)	-
	<u>107,964</u>	<u>-</u>
Expenses		
Building occupancy	-	6,168
Client personal needs	-	20,096
Office administration	-	4,216
Program Expenses	107,964	-
Technology	-	321
	<u>107,964</u>	<u>30,801</u>
Excess of revenues over expenses (expenses over revenues) for the year	<u>\$ -</u>	<u>\$ (30,801)</u>

**Simcoe Muskoka Child, Youth and Family Services
Education Liaison, Fire Code Retrofit, French Language
Services, Anti-Human Trafficking and Children's Mental Health Schedules**

For the year ended March 31, 2019

	Education Liaison	Fire Code Retrofit	Intensive Treatment Services	Brief Services	Service Coordination Process	Counselling/Therapy Services	Crisis Services
Provincial government funding	\$ 76,714	5,800	\$ 381,238	\$ 292,206	\$ 357,578	\$ 757,908	\$ 87,603
Expenses							
Allocated central administration	-	-	37,871	27,540	33,407	57,036	7,194
Amortization of capital assets	-	-	-	2,814	-	1,876	-
Boarding rate payments	-	-	324	-	-	-	-
Building occupancy	-	5,800	5,323	3,871	4,699	8,015	-
Client personal needs	9,746	-	-	-	8	34	-
Employee benefits	8,987	-	68,896	49,877	61,810	139,985	11,557
Miscellaneous	-	-	4,572	1,357	4,007	5,171	-
Office administration	500	-	4,614	3,354	4,071	6,945	1,200
Professional services - client	12,520	-	1,200	-	-	5,128	-
Professional services - non-client	-	-	1,970	1,432	1,738	2,966	-
Program expenses	-	-	-	-	-	212	-
Promotion and publicity	-	-	454	331	401	784	-
Salaries and wages	35,949	-	244,720	197,234	232,715	486,720	58,718
Technology	8,346	-	1,828	1,329	1,613	2,752	-
Training and recruitment	-	-	3,229	234	284	7,165	-
Travel	666	-	10,640	556	838	10,735	1,140
	76,714	5,800	385,641	289,929	345,591	735,524	79,809

**Excess of revenues over expenses
(expenses over revenues) for the
year**

\$ -	\$ -	\$ -	\$ (4,403)	\$ 2,277	\$ 11,987	\$ 22,384	\$ 7,794
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**Simcoe Muskoka Child, Youth and Family Services
Education Liaison, Fire Code Retrofit, French Language
Services, Anti-Human Trafficking and Children's Mental Health Schedules**

For the year ended March 31, 2019

	Community Capacity	Specialized Consultation/ Assessment Services	Targeted Prevention	Family/ Caregiver Skills Building and Support	Preparation for Independence	Telepsychiatry	Access Intake Service Planning
Subsidy							
Provincial government funding	\$ 39,666	\$ 10,075	\$ 6,550	\$ 19,924	\$ 114,123	\$ 10,000	\$ 130,748
Other income	-	-	300	-	-	-	-
	<u>39,666</u>	<u>10,075</u>	<u>6,850</u>	<u>19,924</u>	<u>114,123</u>	<u>10,000</u>	<u>130,748</u>
Expenses							
Allocated central administration	-	-	-	2,471	10,167	913	11,777
Amortization of capital assets	-	-	-	-	-	-	16,319
Building occupancy	-	-	-	-	1,430	-	1,655
Employee benefits	5,562	-	1,219	2,686	17,491	511	22,617
Miscellaneous	-	-	-	-	501	-	580
Office administration	-	-	-	-	1,239	-	1,434
Professional services - client	-	900	-	3,061	-	-	-
Professional services - non-client	-	-	-	-	529	-	612
Promotion and publicity	-	-	-	-	122	-	141
Salaries and wages	18,617	-	4,624	10,340	76,521	2,213	84,062
Technology	-	-	-	-	491	6,363	7,968
Training and recruitment	-	-	-	-	87	-	100
Travel	-	-	-	-	5,545	-	-
	<u>24,179</u>	<u>900</u>	<u>5,843</u>	<u>18,558</u>	<u>114,123</u>	<u>10,000</u>	<u>147,265</u>

**Excess of revenues over expenses
(expenses over revenues) for the
year**

\$ 15,487	\$ 9,175	\$ 1,007	\$ 1,366	\$ -	\$ -	\$ -	\$ (16,517)
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