

Non-Consolidated Financial Statements of

**THE CATHOLIC CHILDREN'S  
AID SOCIETY OF TORONTO**

And Independent Auditor's Report thereon

Year ended March 31, 2023



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## INDEPENDENT AUDITOR'S REPORT

To the Members of The Catholic Children's Aid Society of Toronto

### ***Opinion***

We have audited the non-consolidated financial statements of The Catholic Children's Aid Society of Toronto (the Entity), which comprise:

- the non-consolidated statement of financial position as at March 31, 2023
- the non-consolidated statement of operations for the year then ended
- the non-consolidated statement of changes in net deficiency for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated 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 non-consolidated financial position of the Entity as at March 31, 2023, and its non-consolidated results of operations, its non-consolidated changes in net assets and its non-consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our 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.



### ***Emphasis of Matter - Comparative Information***

We draw attention to Note 2 to the financial statements ("Note 2"), which explains that certain comparative information presented for the year ended March, 2022 has been restated. Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information. Our opinion is not modified in respect of this matter.

### ***Other Matter - Comparative Information***

The financial statements for the year ended March 31, 2022, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those financial statements on June 20, 2022.

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the financial statements for the year ended March 31, 2022. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

### ***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.



Page 3

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.
- 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.



Page 4

- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 19, 2023

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Non-Consolidated Statement of Financial Position  
(In thousands of dollars)

March 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
<b>Assets</b>		
Current assets:		
Cash	\$ 6,999	\$ 6,560
Cash and investments held for children in care (note 3)	718	697
Accounts receivable	254	2,306
Government remittances receivable	752	846
Grants receivable from Province of Ontario	589	591
Prepaid expenses and other assets	2,340	1,439
	11,652	12,439
Cash and investments held for children in care (note 3)	5,055	4,901
Due from related party (note 4)	131	-
Capital assets, net (note 5)	9,328	10,320
	\$ 26,166	\$ 27,660

## Liabilities and Net Deficiency

Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,240	\$ 6,091
Due to related party (note 4)	-	403
Deferred contribution (note 6)	1,162	1,021
Current portion of loan payable (note 7)	1,026	1,445
	9,428	8,960
Employee future benefits and accrued liabilities (note 9)	32,476	32,179
In trust for children in care (note 3)	5,055	4,901
Loan payable (note 7)	4,828	5,097
Deferred capital contributions (note 10)	25	26
Deferred lease inducement (note 11)	1,878	2,038
	53,690	53,201
Net deficiency	(27,524)	(25,541)
	\$ 26,166	\$ 27,660

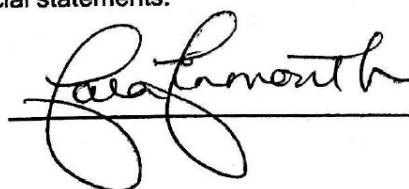
Commitments and contingencies (notes 13 and 14)

See accompanying notes to non-consolidated financial statements.

On behalf of the Board:



\_\_\_\_\_  
President



\_\_\_\_\_  
Treasurer

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Non-Consolidated Statement of Operations  
(In thousands of dollars)

Year ended March 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Revenue:		
Province of Ontario	\$ 81,198	\$ 81,315
Government of Canada children's special allowances	1,110	1,265
Investment income and other revenue	799	540
Amortization of deferred capital contributions	1	1
	<u>83,108</u>	<u>83,121</u>
Expenses:		
Boarding rate payments	24,305	22,576
Child and family services:		
Salaries and employee benefits	40,694	41,276
Financial assistance, scholarships and special programs	2,713	2,594
Travel	721	784
Personal needs	718	626
Purchased services	635	508
Health and related	480	555
	<u>45,961</u>	<u>46,343</u>
Administrative and infrastructure:		
Salaries and employee benefits	5,766	5,995
Building occupancy	4,050	2,928
Office administration and other	1,501	1,737
Information, technology and purchased services	1,610	1,908
Amortization of capital assets	1,124	1,441
Promotion and publicity	35	22
Training and recruitment	203	240
Amortization of actuarial gains and interest (note 9)	536	769
	<u>14,825</u>	<u>15,040</u>
	<u>85,091</u>	<u>83,959</u>
Deficiency of revenue over expenses before the undernoted	(1,983)	(838)
Contributions to The Catholic Children's Aid Foundation (note 4)	–	(417)
Loss on disposition of capital assets	–	(936)
Deficiency of revenue over expenses	<u>\$ (1,983)</u>	<u>\$ (2,191)</u>

See accompanying notes to non-consolidated financial statements.

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Non-Consolidated Statement of Changes in Net Deficiency  
(In thousands of dollars)

Year ended March 31, 2023, with comparative information for 2022

		2023	2022
	Unrestricted	Total	Total
			(Restated - note 2)
Net deficiency, beginning of year	\$ (25,541)	\$ (25,541)	\$ (23,350)
Deficiency of revenue over expenses	(1,983)	(1,983)	(2,191)
Net deficiency, end of year	\$ (27,524)	\$ (27,524)	\$ (25,541)

See accompanying notes to non-consolidated financial statements.



# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Non-Consolidated Statement of Cash Flows  
(In thousands of dollars)

Year ended March 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (1,983)	\$ (2,191)
Items not involving cash:		
Amortization of capital assets	1,124	1,441
Amortization of deferred capital contributions	(1)	(1)
Deferred lease inducement	(160)	2,038
Contributions to The Catholic Children's Aid Foundation	–	417
Loss on disposal of capital assets	–	936
Change in non-cash operating working capital (note 17)	2,812	(817)
	1,792	1,823
Financing activities:		
Repayment of loan payable	(688)	(1,791)
Investing activities:		
Advances to related party	(534)	743
Redemption of investments	–	30
Purchase of capital assets	(131)	(113)
	(665)	660
Increase in cash	439	692
Cash, beginning of year	6,560	5,868
Cash, end of year	\$ 6,999	\$ 6,560

See accompanying notes to non-consolidated financial statements.

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2023

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The Catholic Children's Aid Society of Toronto (the "Society") was incorporated in October 1894 and operates as a corporation without share capital under the Corporations Act (Ontario). On behalf of the Catholic Community of Toronto, the Society is committed to provide social services that protect children and youth and strengthen family life. The Society provides these services in fulfillment of its mandate under the Child and Family Services Act. The Society derives substantially all of its funding from the Province of Ontario (Ministry of Children, Community and Social Services ("MCCSS")).

The Society is a registered charity under the Income Tax Act (Canada) and is, therefore, exempt from income taxes.

## 1. Significant accounting policies:

The non-consolidated financial statements of the Society are prepared in accordance with the Canadian public sector accounting standards, which sets out generally accepted accounting principles for government not-for-profit organizations in Canada. The Society has chosen to use the standards for not-for-profit organizations that include sections PS 4200 to PS 4270. The significant accounting policies are summarized below.

### (a) Basis of presentation:

These non-consolidated financial statements include the assets, liabilities and activities of the Society. The Society controls The Catholic Children's Aid Foundation (the "Foundation"). The Society has chosen the accounting policy option to disclose the required information for the Foundation in note 16.

### (b) Use of estimates:

The preparation of non-consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates. Significant estimates made by management are used for, but not limited to, the estimated useful life of capital assets, the liability for employee future benefits, vacation accrual, accumulated and non-vesting sick leave and contingent losses.

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### (c) Contributed services:

Volunteers contribute a large number of hours per week to assist the Society in carrying out its activities. Despite the fact that without these volunteer hours certain activities would have to be cut back or possibly cancelled, and these services would not otherwise be purchased, the value of contributed services has not been recognized in these non-consolidated financial statements.

### (d) Financial instruments:

The Society's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and loan payable.

Financial assets and liabilities are recognized when the Society becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights and obligations to receive or repay cash flows from the assets and liabilities have expired or have been transferred and the Society has transferred substantially all the risks and rewards of ownership.

The Society initially recognizes all its financial assets and liabilities at fair value and subsequently at amortized cost.

Financial assets, at amortized cost, are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

### (e) Revenue recognition:

The Society follows the deferral method of accounting for contributions, which includes grants and donations. Grants and bequests are recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Other donations and unrestricted contributions are recognized as revenue when received since pledges are not legally enforceable. Externally restricted contributions, except endowment contributions, are recorded as deferred contributions when initially received, and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets when received.

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

Contributions of externally restricted for capital assets are recorded as deferred capital contributions and are amortized to operations on the same basis as the related asset is amortized.

### (f) Capital assets:

Capital assets are carried at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

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Buildings	25 years
Furniture and equipment	4 to 10 years
Computer hardware	3 years
Vehicles	5 years
Leasehold improvements	Over term of lease

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### (g) Pension plan:

Contributions to multi-employer defined benefit pension plans are expensed on an accrual basis.

### (h) Employee future benefits:

The Society provides certain employee benefits which create an obligation in future periods. These benefits include sick leave and employee recognition awards for active employees, certain specific benefits to past employees and life insurance, extended health and dental benefits for retirees. The costs of sick leave, employee recognition awards, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days, insurance and health care cost trends, long term inflation rates and discount rates. Under the accounting cost method, the benefit costs are recognized over the expected average service life of the employee. Actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life. The impact of plan amendments is immediately recognized. The obligation related to these benefits has been reviewed this year, and funding have resulted in an adjustment to prior period (note 2).

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### (i) Newly adopted accounting standards:

The Society adopted the following new accounting standards for the year ended March 31, 2023:

- PS 3280, Asset Retirement Obligations
- PS 1201, Financial Statement Presentation, PS 3450, Financial Instruments, PS 2601, Foreign Currency Translation, and PS 3041 Portfolio Investments

The adoption of these new accounting standards did not have a significant impact on the non-consolidated financial statements of the Society.

### (j) Future accounting pronouncements:

These standards and amendments were not effective for the year ended March 31, 2023, and have therefore not been applied in preparing these non-consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future non-consolidated financial statements.

- PS 3400, Revenue, establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. This section is effective for fiscal years beginning on or after April 1, 2023.
- Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023.

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

## 2. Restatement of prior year comparative figures:

The comparative information presented in the non-consolidated financial statements has been adjusted relating to recording of employee future benefits liability as required by public sector accounting standards. The amounts previously reported for employee future benefits liability and accrued liabilities were understated. The Society engaged an independent actuary to quantify the prior period adjustment relating to employee future benefits liability as per public sector accounting standards. The Society recorded adjustments based on the actuarial report received from their actuary. The recording of these obligations increased the net deficiency in the amount of \$28,627 comprising an increase to employee future benefits liability in the amount of \$24,832 and an increase to accrued liabilities in the amount of \$3,795. The deficiency of revenue over expenses was adjusted for the year to increase the deficiency by \$813.

Non-consolidated statement of financial position as at March 31, 2022:

	Previously reported	Restatement adjustment	Restated balance
Employee future benefits	\$ 3,552	\$ 28,627	\$ 32,179
Net assets (deficiency)	3,086	(28,627)	(25,541)

Non-consolidated statement of operations for the year ended March 31, 2022:

	Previously reported	Restatement adjustment	Restated balance
Child and family services:			
Salaries and employment benefits	\$ 41,102	\$ 174	\$ 41,276
Administrative and infrastructure:			
Salaries and employment benefits	5,970	25	5,995
Office administrative and other	1,892	(155)	1,737
Amortization of actuarial gains/losses and interest	–	769	769
Deficiency of revenue over expenses	(1,378)	(813)	(2,191)

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

## 2. Restatement of prior year comparative figures (continued):

Non-consolidated statement of cash flows for the year ended March 31, 2022:

	Previously reported	Restatement adjustment	Restated balance
Deficiency of revenue over expenses	\$ (1,378)	\$ (813)	\$ (2,191)
Changes in non-cash operating working capital	(1,630)	813	(817)

## 3. Cash and investments held for children in care:

The Society holds cash and investments for children in care as directed by the Ministry of Children and Youth Services. The cash and investments held for children in care consist of the following:

	2023	2022
Cash	\$ 2,894	\$ 2,814
Pooled fund - RBC Target 2025 Education Balanced Fund	2,879	2,785
	\$ 5,773	\$ 5,599

The pooled fund investment represents amounts the Society has invested in Registered Education Savings Plans for children in care.

These amounts were received by the Society from the following government programs:

	2023	2022
Child Tax Benefit	\$ 5,055	\$ 4,901
Ontario Child Benefit equivalent program (note 6(a))	572	569
Other	146	128
	\$ 5,773	\$ 5,598

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

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#### 4. Related party transactions:

During the fiscal year ended March 31, 2021, as part of a restructuring, The Catholic Children's Aid Foundation (the "Foundation") transferred endowments, scholarship funds for children in care, as well as other related assets and liabilities to the Society. This was done for the Foundation to assume the operations of the charitable components for children that were previously administered by the Society. Additionally, the Society and the Foundation entered into a gift agreement where the Society contributed the real estate function and operations as well as the related assets to the Foundation.

The Foundation is affiliated to the Society and relies on it to provide services related to human resources, finance and information technology. The Society and the Foundation exchange goods and services as determined by a service level agreement. These transactions occur in the normal course of business and are recorded at their exchange amounts, which is the amount agreed upon by the parties.

##### (a) Administrative:

Included in other revenue of the Society are charges for these services in the amount of \$118 (2022 - \$70).

##### (b) Use of the Foundation's properties:

The Society pays the Foundation for the right to use the properties to provide services to children in care. During the year \$247 (2022 - \$247) was paid for the use of properties.

##### (c) Other services:

During the year, the Foundation provided funds to the Society to support services to children in care, the amount of \$279 (2022 - \$260). The funds received were recorded under investment income and other revenue in the non-consolidated statement of operations of the Society. The related disbursements were included under financial assistance, scholarships and special programs in the non-consolidated statement of operations. Additionally, the Foundation provided funds, the amount of \$401 (2022 - nil) for special projects. Funds earned were recorded under investment income and other revenue. Unspent funds are recorded in deferred revenue.



# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

## 5. Capital assets:

Capital assets consist of the following:

	2023		2022	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ –	\$ –	\$ –	\$ –
Buildings	232	198	232	190
Furniture and equipment	1,742	879	1,742	733
Computer hardware	1,630	1,490	1,522	1,329
Leasehold improvements	11,049	2,758	10,941	1,948
Vehicles	40	40	40	40
Work in progress	–	–	83	–
	14,693	5,365	14,560	4,240
Less accumulated amortization	5,365		4,240	
Net book value	\$ 9,328		\$ 10,320	

## 6. Deferred contributions:

Deferred contributions consist of the following:

	2023	2022
Ontario Child Benefit equivalent program (a)	\$ 572	\$ 569
Other deferred contributions (b)	590	452
	\$ 1,162	\$ 1,021

(a) The Ontario Child Benefit equivalent program provides opportunities to children and youth in care to participate in recreational, educational, cultural, and social activities and establishes a savings program for youth in care with an objective to achieve better outcomes in higher education, a higher degree of resiliency and a smoother transition to adulthood.

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

## 6. Deferred contributions (continued):

The activity of the program is as follows:

	2023	2022
Balance, beginning of year	\$ 569	\$ 777
Amounts received	303	258
Disbursements	(300)	(466)
<b>Balance, end of year (note 3)</b>	<b>\$ 572</b>	<b>\$ 569</b>

- (b) Other deferred contributions represent unspent externally restricted funding for various programs. The changes in the other deferred contributions balance are as follows:

	2023	2022
Balance, beginning of year	\$ 452	\$ 155
Amounts received	191	297
Amounts spent	(53)	–
<b>Balance, end of year</b>	<b>\$ 590</b>	<b>\$ 452</b>

## 7. Loan payable:

On October 1, 2020, the Foundation issued a loan to the Society for the principal amount of \$10,818. The loan is due on demand and bears interest at the rate of 3.3% per annum. Unless demand is made earlier, the loan shall be repaid no later than October 1, 2035.

During the year, a repayment in the amount of \$875 (2022 - \$2,000) was made by the Society for the loan and interest. The Foundation has waived its right to demand repayment of \$4,828 prior to April 1, 2024. The Foundation is an entity controlled by the Society and as a result the risk associated with this loan being called on demand is remote.

Interest expense of \$187 (2022 - \$209) is recognized in the non-consolidated statement of operations.

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

## 7. Loan payable (continue):

The following table summarizes the mortgage principal and estimated interest payments for the next five years and thereafter:

2024	\$	666
2025		361
2026		361
2027		361
2028		361
Thereafter		3,744

## 8. Credit facility:

The Society has an unsecured demand line of credit of \$8,000. As at March 31, 2023 the Society has drawn nil (2022 - nil) on this line of credit.

## 9. Employee benefits and other liabilities

Employee benefits and other liabilities, reported on the non-consolidated statement of financial position, are comprised of the following:

	2023	2022 (Restated - note 2)
Retiree benefits	\$ 25,116	\$ 24,667
Non-vested sick leave benefits	2,939	2,974
Employee recognition	3,931	3,997
Other	490	541
	<b>\$ 32,476</b>	<b>\$ 32,179</b>

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

## 9. Employee benefits and other liabilities (continued):

The benefit obligation continuity is as follows:

					2023	2022
	Post- retirement benefits	Non-vested sick leave	Long service	Other	Total	Total (Restated - note 2)
<b>Accrued benefit obligation</b>						
Obligation, beginning of year	\$ 20,329	\$ 2,784	\$ 3,701	\$ 508	\$ 27,322	\$ 31,428
Current period benefit cost	737	201	114	–	1,052	1,275
Benefit payments	(632)	(316)	(282)	(63)	(1,293)	(1,294)
Interest on obligation	706	96	125	16	943	769
Expected obligation, end of year	21,140	2,765	3,658	461	28,024	32,178
Actuarial gain	(4,360)	(216)	(326)	(50)	(4,952)	(4,854)
<b>Actual obligations, end of year</b>	<b>\$ 16,780</b>	<b>\$ 2,549</b>	<b>\$ 3,332</b>	<b>\$ 411</b>	<b>\$ 23,072</b>	<b>\$ 27,324</b>
<b>Post-employment and post- retirement benefits expense</b>						
Current year benefit cost	\$ 737	\$ 201	\$ 114	\$ –	\$ 1,052	\$ 1,275
Amortization of actuarial gains	(362)	(15)	(25)	(5)	(407)	–
Post-retirement benefit expense	375	186	89	(5)	645	1,275
Post-retirement benefit interest expense	706	96	125	16	943	769
<b>Total expense related to post-retirement benefits</b>	<b>\$ 1,081</b>	<b>\$ 282</b>	<b>\$ 214</b>	<b>\$ 11</b>	<b>\$ 1,588</b>	<b>\$ 2,044</b>
<b>Reconciliation between funded position</b>						
Accrued benefit obligation	\$ 16,780	\$ 2,549	\$ 3,332	\$ 411	\$ 23,072	\$ 27,324
Unamortized actuarial gains	8,336	390	599	79	9,404	4,855
<b>Accrued benefit liability</b>	<b>\$ 25,116</b>	<b>\$ 2,939</b>	<b>\$ 3,931</b>	<b>\$ 490</b>	<b>\$ 32,476</b>	<b>\$ 32,179</b>

The following benefits provided by the Society are based on the most recent actuarial valuation as of March 31, 2023:

- Retiree benefits such as health, dental and life insurance to qualified retirees.
- Non-vested sick leave benefits which accumulate during employment and do not vest upon termination.

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

## 9. Employee benefits and other liabilities (continued):

(c) Employee recognition awards for long service employees which are received upon completing respective years of service. These awards include a paid leave of absence and other awards at service milestones.

(d) Other - discontinued post-employment supplements for former employees.

The significant assumptions used in the actuarial valuations are as follows:

	2023	2022
Discount rate	3.4%	2.4%
Inflation rate	2.0%	2.0%
Healthcare cost increases	6.0%	6.0%
Vision care	2.0%	2.0%
Dental care	4.5%	4.5%

## 10. Deferred capital contributions:

Deferred capital contributions represent unspent unamortized contributions received. Changes in the deferred capital contributions balance for the year are as follows:

	2023	2022
Balance, beginning of year	\$ 26	\$ 27
Less amortization of deferred capital contributions	1	1
Balance, end of year	\$ 25	\$ 26

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

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## 11. Deferred lease inducement:

The lease inducement relates to the lease agreement of 2206 Eglinton Avenue and is written off over the life of the lease.

Deferred lease inducement represents the balance of unamortized lease inducements accruing to the Society as at March 31, 2023. The balance will be amortized over the remaining term of the lease.

	2023	2022
Deferred lease inducement	\$ 2,038	\$ 2,317
Less amortization of deferred lease inducement	160	279
	<u>\$ 1,878</u>	<u>\$ 2,038</u>

## 12. Pension plan:

Substantially all employees of the Society are eligible to be members of the Ontario Municipal Employees' Retirement Plan (the "Plan"), which is multi-employer defined benefit pension plan. The most recent actuarial valuation of the Plan as of December 31, 2022 indicates the Plan has an unfunded liability. The Plan is accounted for as a defined contribution since the Society has insufficient information to apply defined benefit plan accounting. Employer contributions made to the Plan for the year amounted to \$3,672 (2022 - \$3,677) and are included in salaries and employee benefits expense in the non-consolidated statement of operations.

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

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## 13. Commitments:

The Society has entered into certain operating lease agreements for its premises and office equipment.

In addition to minimum rentals, property leases generally provide for the payments of various operating costs.

The future minimum annual lease payments under these agreements are as follows:

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2024	\$ 1,247
2025	958
2026	958
2027	957
2028	957
Thereafter	6,209
	<hr/>
	\$ 11,286

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## 14. Contingencies:

The Society has been named as co-defendant in lawsuits, some of which are not covered by insurance. Some of these actions remain at preliminary stages and, therefore, management and counsel are unable to provide estimates as to the outcomes of these claims. When a reasonable estimate can be determined regarding the outcome of a case, an appropriate reserve, if required is reflected in the non-consolidated financial statements. Should the Society be found liable for any amount in addition to what has been determined by management as a result of such claims, such loss would be recorded in the year in which it is incurred. The Society has insurance to cover the majority of legal claims.

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

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## **15. Financial instruments and risk management:**

The Society's activities expose it to a range of financial risks. These risks include credit risk and liquidity risk.

### **(a) Credit risk:**

Credit risk is the risk associated with the inability of a third party to fulfill payment obligations. The Society is exposed to credit risk in connection with its accounts receivable and grants receivable from the Province of Ontario because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. This risk is mitigated by the stable operating environment in which the Province of Ontario operates.

### **(b) Liquidity risk:**

Liquidity risk refers to the Society's ability to meet financial obligations as they come due. The Society is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The Society derives a significant portion of its operating revenue from the Ontario government with no firm commitment of funding amounts in future years. This risk is mitigated by the stable operating environment in which the Province of Ontario operates.

## **16. The Catholic Children's Aid Foundation:**

The Foundation is an organization with a purpose to raise funds for the exclusive benefit of financial aid in the form of grants to the Society and partners, in addition to support for educational, enrichment and prevention programs for children, youth and families known to the Society.

The Foundation became a registered charity on May 15, 2019 and began operations on April 1, 2020. As the Foundation is a registered charity, it is exempt from income taxes under the Income Tax Act (Canada). Control is exercised over the Foundation through a governance structure managed by the Society.



# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

## 16. The Catholic Children's Aid Foundation (continued):

The summarized assets, liabilities, results of operations and cash flows for the Foundation are as follows:

	2023	2022
<b>Financial position</b>		
Total assets	\$ 46,001	\$ 47,415
Total liabilities	\$ 1,118	\$ 510
Net assets:		
Accumulated remeasured gains	(4,185)	(3,032)
Unrestricted	46,876	47,687
Endowment	2,192	2,250
Total net assets	44,883	46,905
Total liabilities and net assets	\$ 46,001	\$ 47,415
<b>Results of operations</b>		
Total revenue	\$ 987	\$ 7,644
Total expenses	(1,798)	(1,645)
Excess of revenue over expenses	\$ (811)	\$ 5,999
<b>Cash flows</b>		
Operating activities	\$ (3,673)	\$ (296)
Financing activities	492	(743)
Investing activities	3,596	885
	\$ 415	\$ (154)

# THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)  
(In thousands of dollars)

Year ended March 31, 2023

## 17. Change in non-cash operating working capital:

	2023	2022
Increase in cash and investments held for childcare	\$ (175)	\$ (14)
Decrease (increase) in accounts receivable	2,052	(2,009)
Decrease in government remittances receivable	94	651
Decrease (increase) in grants receivable	2	(538)
Decrease (increase) in prepared expenses	(901)	152
Increase (decrease) in accounts payable and accrued liabilities	1,148	(156)
Increase in deferred contributions	141	89
Increase in employee future benefits	297	813
Increase in trust for children in care	154	195
	<b>\$ 2,812</b>	<b>\$ (817)</b>