Non-Consolidated Financial Statements of

THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

And Independent Auditor's Report thereon

Year ended March 31, 2024

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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, 2024
- the non-consolidated statement of operations for the year then ended
- the non-consolidated statement of changes in net debt 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, 2024, 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 13, 2024

THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

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

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	$ 10,942	$ 6,999
Cash and investments held for children in care (note 2)	927	718
Accounts receivable	692	254
Government remittances receivable	878	752
Grants receivable from Province of Ontario	308	589
Prepaid expenses and other assets	1,991	2,340
	15,738	11,652
Cash and investments held for children in care (note 2)	5,389	5,055
Due from related party (note 3)	71	131
Capital assets, net (note 4)	6,944	9,328
	$ 28,142	$ 26,166
Liabilities and Net Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities	$ 9,997	$ 7,240
Deferred contributions (note 5)	1,025	1,162
Current portion of loan payable (note 6)	1,622	1,026
	12,644	9,428
Employee future benefits and accrued liabilities (note 8)	28,207	32,476
In trust for children in care (note 2)	5,389	5,055
Loan payable (note 6)	3,737	4,828
Deferred capital contributions (note 9)	24	25
Deferred lease inducement (note 10)	1,342	1,878
	51,343	53,690
Net deficits	(23,201)	(27,524)
	$ 28,142	$ 26,166

Commitments and contingencies (notes 12 and 13)
Economic dependence (note 17)

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, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Province of Ontario	$ 82,692	$ 81,198
Grants (note 3)	1,641	232
Government of Canada children's special allowances	1,016	1,110
Investment income and other revenue	968	567
Amortization of deferred capital contributions	1	1
	86,318	83,108
Expenses:		
Boarding rate payments	23,708	24,305
Child and family services:		
Salaries and employee benefits	40,937	40,694
Financial assistance, scholarships and special programs	2,526	2,713
Personal needs	1,088	718
Professional services	987	635
Travel	736	721
Health and related	455	480
	46,729	45,961
Administrative and infrastructure:		
Salaries and employee benefits	5,841	5,766
Building occupancy	3,033	4,050
Information, technology and professional services	2,016	1,610
Office administration and other (note 6)	1,607	1,501
Amortization of capital assets	996	1,124
Training and recruitment	273	203
Promotion and publicity	33	35
Amortization of actuarial gains/losses and interest (note 8)	280	536
	14,079	14,825
Write-down of leasehold improvements	1,388	–
Total expenses	85,904	85,091
Excess (deficiency) of revenue over expenses before the undernoted	414	(1,983)
Recovery related to an adjustment for actuarial prior service and curtailment costs (note 8)	3,909	–
Excess (deficiency) of revenue over expenses	$ 4,323	$ (1,983)

See accompanying notes to non-consolidated financial statements.

THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

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

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

	2024	2023
Net debt, beginning of year	$ (27,524)	$ (25,541)
Excess (deficiency) of revenue over expenses	4,323	(1,983)
Net debt, end of year	$ (23,201)	$ (27,524)

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, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ 4,323	$ (1,983)
Items not involving cash:		
Amortization of capital assets	996	1,124
Amortization of deferred capital contributions	(1)	(1)
Deferred lease inducement	(536)	(160)
Recovery related to an adjustment for actuarial prior service and curtailment costs	(3,909)	–
Write-down of leasehold improvements	1,388	–
Change in non-cash operating working capital (note 16)	2,117	2,812
	4,378	1,792
Financing activities:		
Net decrease of long-term debt	(495)	(688)
Investing activities:		
Repayment from (advances to) related party	60	(534)
Purchase of capital assets	–	(131)
	60	(665)
Increase in cash	3,943	439
Cash, beginning of year	6,999	6,560
Cash, end of year	$ 10,942	$ 6,999

See accompanying notes to non-consolidated financial statements.

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 15.

(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.

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 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.

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.

Revenue related to income from services rendered and interest income is recorded as it is earned.

Revenue from transactions with no performance obligations is recognized when the organization:

(i) has the authority to claim or retain an inflow of economic resources; and

(ii) identifies a past transaction or event that gives rise to an asset.

Unrestricted contributions are recognized as revenue of the appropriate fund when monies are receivable.

(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:

Buildings	25 years
Furniture and equipment	4 to10 years
Computer hardware	3 years
Vehicles	5 years
Leasehold improvements	Over term of lease

1. **Significant accounting policies (continued):**

(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.

(i) Newly adopted accounting standards:

The Society adopted the following new accounting standards for the year ended March 31, 2024:

(i) PS 3400, Revenue, establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement.

(ii) Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction.

The adoption of these new accounting standards did not have a significant impact on the financial statements of the Corporation.

(In thousands of dollars)

1. Significant accounting policies (continued):

(j) Future accounting pronouncements:

These standards and amendments were not effective for the year ended March 31, 2024, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) The Conceptual Framework for Financial Reporting in the Public Sector would replace the conceptual aspects of PS 1000, Financial Statement Concepts, and PS 1100, Financial Statement Objectives. This framework is effective for fiscal years beginning on or after April 1, 2026.

(ii) PS 1202, Financial Statement Presentation, sets out general and specific requirements for the presentation of information in general purpose financial statements. This standard is effective for fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted only if the Conceptual Framework for Financial Reporting in the Public Sector is also adopted at the same time.

2. 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:

	2024	2023
Cash	$ 3,316	$ 2,894
Pooled fund - RBC Target 2025 Education Balanced Fund	3,000	2,879
	$ 6,316	$ 5,773

Cash and investments held for children in care represent amounts the Society has invested in Registered Education Savings Plans for children in care.

(In thousands of dollars)

2. Cash and investments held for children in care (continued):

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

	2024	2023
Child Tax Benefit	$ 5,389	$ 5,055
Ontario Child Benefit equivalent program (note 5(a))	795	572
Other	132	146
	$ 6,316	$ 5,773

3. 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 with the intention 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, all outstanding legal entitlements to the properties and operations as well as the related assets to the Foundation.

Donations made out to the Society or gift arrangements such as estate settlements or bequests are instructed to be redirected to the Foundation on the basis that the Foundation is the charitable arm of the Society since the restructuring. As part of this arrangement, the Foundation has also assumed the donor relations from the Society.

The Foundation is affiliated to the Society and relies on it to provide services related to Human Resources, Finance and Information Technology (IT). 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.

3. Related party transactions (continued):

(a) Administrative:

Included in other revenue of the Society are charges for these services in the amount of $70 (2023 - $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 $242 (2023 - $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 $284 (2023 - $279). 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 in the form of grants, the amount of $1,641 (2023 - $232) for special projects. Unspent funds are recorded in deferred revenue.

(d) Due from related party:

As at the year end, the Society has a receivable from the Foundation of $71 (2023 - $ 131). The amount represents transactions that have occurred between the Society and Foundation during the normal course of operation. The due from related party is non-interest bearing and has no specified repayment term.

(In thousands of dollars)

4. Capital assets:

Capital assets consist of the following:

	2024		2023	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Buildings	$ 232	$ 203	$ 232	$ 198
Furniture and equipment	1,742	1,020	1,742	879
Computer hardware	490	400	1,630	1,490
Vehicles	40	40	40	40
Leasehold improvements	9,056	2,953	11,049	2,758
	11,560	4,616	14,693	5,365
Less accumulated amortization	4,616		5,365	
Net book value	$ 6,944		$ 9,328	

5. Deferred contributions:

Deferred contributions consist of the following:

	2023	2023
Ontario Child Benefit equivalent program (a)	$ 795	$ 572
Other deferred contributions (b)	230	590
	$ 1,025	$ 1,162

(In thousands of dollars)

5. Deferred contributions (continued):

(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 activity of the program is as follows:

	2024	2023
Balance, beginning of year	$ 572	$ 569
Amounts received	315	303
Disbursements	(92)	(300)
Balance, end of year (note 2)	$ 795	$ 572

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

	2024	2023
Balance, beginning of year	$ 590	$ 452
Amounts received	532	776
Amounts spent	(892)	(638)
Balance, end of year	$ 230	$ 590

Amounts spent are recorded in Province of Ontario revenue and Grant revenue.

(In thousands of dollars)

6. 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 $665 (2023 - $875) was made by the Society for the loan and interest. The Foundation has waived its right to demand repayment of $3,737 prior to April 1, 2025. 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 $171 (2023 - $187) is recognized in the non-consolidated statement of operations and included in office administration and other expenses.

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

Current portion	$ 1,622
Long-term portion	3,737
	$ 5,359

2025	$ 1,261
2026	361
2027	361
2028	361
2029	361
Thereafter	3,714
	$ 6,419

The current portion of $1,622 encompasses the $1,261 due as at March 31, 2024 for the year ending plus the $361 loan repayment for the year ending March 31, 2025.

(In thousands of dollars)

6. Loan payable (continued):

As the Society controls the Foundation by way of common board members, repayments on the loan are made based on planning allocations and agreed upon parameters between the Society and the Foundation.

7. Credit facility:

The Society has an unsecured demand line of credit of $8,000. As at March 31, 2024 the Society has drawn nil (2023 - nil) on this line of credit.

8. Employee benefits and other liabilities:

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

	2024	2023
Retiree benefits	$ 21,788	$ 25,116
Non-vested sick leave benefits	2,903	2,939
Employee recognition	3,080	3,931
Other	436	490
Total	$ 28,207	$ 32,476

(In thousands of dollars)

8. Employee benefits and other liabilities (continued):

The benefit obligation continuity is as follows:

	Post-retirement benefits	Non-vested sick leave	Long service	Other	2024 Total	2023 Total
Accrued benefit obligation						
Obligation, beginning of year	$ 16,780	$ 2,549	$ 3,332	$ 411	$ 23,072	$ 27,322
Prior period service cost	(3,130)	–	–	–	(3,130)	–
Current period benefit cost	558	191	105	–	854	1,052
Benefit payments	(835)	(317)	(282)	(60)	(1,494)	(1,293)
Interest on obligation	804	123	157	18	1,102	943
Plan curtailment	–	–	(668)	–	(668)	–
Expected obligation, end of year	14,177	2,546	2,644	369	19,736	28,024
Actuarial gain	(683)	–	–	–	(683)	(4,952)
Actual obligations, end of year	$ 13,494	$ 2,546	$ 2,644	$ 369	$ 19,053	$ 23,072
Post-employment and post-retirement benefits expense						
Current year benefit cost	$ 558	$ 191	$ 105	$ –	$ 854	$ 1,052
Prior service costs during the year	(3,130)	–	–	–	(3,130)	–
Plan curtailment cost	–	–	(668)	–	(668)	–
Gains recognized for plan curtailment	–	–	(111)	–	(111)	–
Amortization of actuarial gains	(725)	(34)	(52)	(11)	(822)	(407)
Post employment benefit expense	(3,297)	157	(726)	(11)	(3,877)	645
Post employment benefit interest expense	804	123	157	18	1,102	943
Total expense related to post-retirement benefits	$ (2,493)	$ 280	$ (569)	$ 7	$ (2,775)	$ 1,588
Reconciliation between funded position						
Accrued benefit obligation	$ 13,494	$ 2,546	$ 2,644	$ 369	$ 19,053	$ 23,072
Unamortized actuarial gains	8,294	357	436	67	9,154	9,404
Accrued benefit liability	$ 21,788	$ 2,903	$ 3,080	$ 436	$ 28,207	$ 32,476

The following benefits provided by the Society are based on the most recent actuarial valuation as of March 31, 2024:

(a) Retiree benefits such as health, dental and life insurance to qualified retirees.

(b) Non-vested sick leave benefits which accumulate during employment and do not vest upon termination.

(In thousands of dollars)

8. Employee benefits and other liabilities (continued):

(c) Employee recognition awards for long service employees which are received upon complecting 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:

	2024	2023
Discount rate	4.75%	3.40%
Inflation rate	2.00%	2.00%
Healthcare cost increases	6.00%	6.00%
Vision care	2.00%	2.00%
Dental care	4.50%	4.50%

In fiscal year March 31, 2024, amendment to the Society's union and non-union employee post retirement benefits and long service entitlements occurred. The impact of the amendment resulted in the actuarial recovery in prior service costs of $3,130 and curtailment costs of $779 for a total of $3,909 (2023 - nil).

9. Deferred capital contributions:

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

	2024	2023
Balance, beginning of year	$ 25	$ 26
Less amortization of deferred capital contributions	1	1
Balance, end of year	$ 24	$ 25

(In thousands of dollars)

10. 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, 2024. The balance will be amortized over the remaining term of the lease.

	2024	2023
Deferred lease inducement	$ 1,878	$ 2,038
Less:		
Amortization of deferred lease inducement	196	160
Surrender of operating leased premises	340	–
	536	160
	$ 1,342	$ 1,878

Included in Building occupancy is a reduction of $196 (2023 - 160) for amortization of deferred lease inducement.

11. 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, 2023 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 $3,574 (2023 - $3,672) and are included in salaries and employee benefits expense in the non-consolidated statement of operations.

(In thousands of dollars)

12. Commitments:

The Society has entered into certain operating lease agreements for its premises and office equipment. The future minimum annual lease payments under these agreements are as follows:

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

2025	$ 958
2026	957
2027	957
2028	957
2029	993
Thereafter	5,217
	$ 10,039

13. 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.

14. Financial instruments and risk management:

The Society's activities expose it to a range of financial risks. These risks include market risk (comprising foreign currency risk, interest rate risk and other price risk), 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.

15. 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.

(In thousands of dollars)

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

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

	2024	2023
Financial position		
Total assets	$ 50,263	$ 46,001
Total liabilities	$ 1,451	$ 1,118
Accumulated remeasured loss (gains)	359	(4,185)
Unrestricted	46,031	46,876
Endowment	2,422	2,192
Total net assets	48,812	44,883
Total liabilities and net assets	$ 50,263	$ 46,001
Results of operations		
Total revenue	$ 2,645	$ 987
Total expenses	(3,490)	(1,798)
Deficiency of revenue over expenses	$ (845)	$ (811)
Cash flows		
Operating activities	$ (733)	$ (833)
Financing activities	(60)	534
Investing activities	201	714
	$ (592)	$ 415

(In thousands of dollars)

16. Changes in non-cash operating working capital:

	2024	2023
Increase in cash and investments held for childcare	$ (543)	$ (175)
Decrease (increase) in accounts receivable	(438)	2,052
Decrease (increase) in government remittances receivables	(126)	94
Decrease in grants receivable from Province of Ontario	281	2
Decrease (increase) in prepaid expenses and other assets	349	(901)
Increase in accounts payable and accrued liabilities	2,757	1,148
Increase (decrease) in deferred contributions	(137)	141
Increase (decrease) in employee future benefits and accrued liabilities	(360)	297
Increase in in-trust for children in care	334	154
	$ 2,117	$ 2,812

17. Economic dependence:

The Society is dependent on funding from the Province of Ontario (MCCSS) to meet its obligations and to finance its continued operations.

18. Comparative figures:

Certain prior year's comparative figures have been reclassified where necessary to conform to the current year's presentation.