

---

**Native Child and Family  
Services of Toronto  
Annual Financial Statements**

March 31, 2019

---

**Millard, DesLauriers & Shoemaker LLP**

---

**Chartered Professional Accountants**

---

A member of IAPA•BHD Association with affiliated offices across  
Canada and internationally

---

---

# Native Child and Family Services of Toronto

## Financial Information

March 31, 2019

---

<u>Contents</u>	<u>Page</u>
Independent Auditors' Report	1
Statement of Financial Position	3
Statement of Unexpended and Reserve Funds	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 17

---

---

# Millard, DesLauriers & Shoemaker LLP

---

Chartered Professional Accountants, Licensed Public Accountants

---

40 University Avenue  
Suite 601  
Toronto, Ontario  
M5J 1T1

## Independent Auditors' Report

Tel : (416) 599-7255  
Fax : (416) 599-7268

To the Board of Directors of  
Native Child and Family Services of Toronto

### *Opinion*

We have audited the financial statements of Native Child and Family Services of Toronto (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of unexpended and reserve funds, changes in net assets, operations 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 Native Child and Family Services of Toronto as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian 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 Auditors' 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 the financial statements in accordance with Canadian 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.

---

# Millard, DesLauriers & Shoemaker LLP

---

Chartered Professional Accountants, Licensed Public Accountants

---

## *Auditors' 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 auditors' 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 judgement 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 Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' 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 auditors' 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.

*Millard, DesLauriers & Shoemaker LLP*

Toronto, Canada  
June 26, 2019

Chartered Professional Accountants, Licensed Public Accountants

# Native Child and Family Services of Toronto

## Statement of Financial Position

As at March 31

2019

2018

**Assets**

Current

Cash	\$ 1,999,493	\$ 694,284
Investments (Note 4)	4,000,000	-
Accounts receivable (Note 5)	2,596,065	2,001,232
Prepaid expenses	595,830	278,561
	9,191,388	2,974,077

Property and equipment (Note 6)	22,415,811	19,229,730
Investments - restricted (Note 4)	1,500,000	-
	\$ 33,107,199	\$ 22,203,807

**Liabilities**

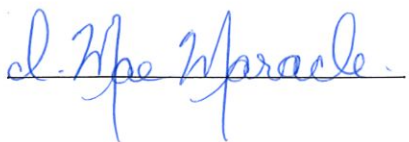
Current

Accounts payable and accrued liabilities (Note 7)	\$ 6,476,553	\$ 4,581,403
Deferred revenue	5,169,969	630,699
Bank debt (Note 8)	6,052,583	6,408,000
	17,699,105	11,620,102

Long-term portion of bank debt (Note 8)	2,826,417	-
Deferred capital contributions (Note 9)	13,358,928	11,750,436
	33,884,450	23,370,538

Unexpended funds (deficit)	(777,251)	(1,916,844)
Reserve fund	-	750,113
	(777,251)	(1,166,731)
	\$ 33,107,199	\$ 22,203,807

Approved on behalf of the Board:



Director



Director

See accompanying notes to the financial statements.

---

# Native Child and Family Services of Toronto

## Statement of Unexpended and Reserve Funds

For the Year Ended March 31

2019

2018

---

### Unexpended funds (deficit)

Unexpended funds (deficit) - beginning of the year	\$ (1,916,844)	\$ (3,171,819)
Excess of revenue over expenses for the year	389,480	1,254,975
Add: Transfer from reserve fund	750,113	-
Unexpended funds (deficit) - end of the year	<u>\$ (777,251)</u>	<u>\$ (1,916,844)</u>

### Reserve fund

Infrastructure and Capacity reserve - beginning of the year	\$ 750,113	\$ 750,113
Less: Transfer to unexpended funds	(750,113)	-
Infrastructure and Capacity reserve - end of the year	<u>\$ -</u>	<u>\$ 750,113</u>

See accompanying notes to the financial statements.

## Native Child and Family Services of Toronto

### Statement of Changes in Net Assets

For the Year Ended March 31

	2019			
	<u>Invested in Property and Equipment</u>	<u>Operating Fund</u>	<u>Unexpended Funds Total</u>	<u>Reserve Fund</u> <u>Total</u>
Balance, beginning of year	\$ 712,520	\$ (2,629,364)	\$ (1,916,844)	\$ 750,113      \$ (1,166,731)
(Deficiency) excess of revenue over expenses	(470,269)	859,749	389,480	-      389,480
Transfers	-	-	750,113	(750,113)      -
Invested in property and equipment	(717,108)	717,108	-	-      -
Balance, end of year	<u>\$ (474,857)</u>	<u>\$ (1,052,507)</u>	<u>\$ (777,251)</u>	<u>\$ -</u> <u>\$ (777,251)</u>

	2018			
	<u>Invested in Property and Equipment</u>	<u>Operating Fund</u>	<u>Unexpended Funds Total</u>	<u>Reserve Fund</u> <u>Total</u>
Balance, beginning of year	\$ 1,068,094	\$ (4,239,913)	\$ (3,171,819)	\$ 750,113      \$ (2,421,706)
(Deficiency) excess of revenue over expenses	(482,607)	1,737,582	1,254,975	-      1,254,975
Invested in property and equipment	127,033	(127,033)	-	-      -
Balance, end of year	<u>\$ 712,520</u>	<u>\$ (2,629,364)</u>	<u>\$ (1,916,844)</u>	<u>\$ 750,113</u> <u>\$ (1,166,731)</u>

See accompany notes to the financial statements.

# Native Child and Family Services of Toronto

## Statement of Operations

For the Year Ended March 31

2019

2018

	2019	2018
<b>Revenue</b>		
Ministry of Children, Community and Social Services	\$ 23,477,380	\$ 22,889,595
City of Toronto	4,487,335	2,885,725
Health Canada	1,651,723	1,626,823
Indigenous Healing and Wellness Strategy	1,345,349	799,107
Other	1,068,107	895,460
Indigenous Services Canada (formerly INAC)	772,851	108,275
Children's Special Allowance	665,697	776,143
United Way of Greater Toronto	572,231	617,219
Aboriginal Labour Force Development Circle	337,046	360,163
Toronto Central LHIN	179,906	176,024
East Metro Youth Services	101,901	109,280
Service Canada	94,335	67,443
Children's Aid Foundation	76,114	71,957
Miziwe Biik	59,588	64,471
Ministry of the Attorney General	47,582	49,423
Donations	43,765	46,173
Kinark Child and Family Services	11,511	88,873
Metis Nation of Ontario	9,184	-
Amortization of deferred capital contributions	576,759	605,156
	<u>35,578,364</u>	<u>32,237,310</u>
<b>Expenses</b>		
Salaries and benefits	18,374,800	16,523,679
Client personal needs	10,410,930	9,563,435
Programs	1,668,638	1,224,870
Rent and utilities	1,263,290	906,069
Professional services	835,113	510,513
Office, administration and general	721,158	499,333
Travel	381,920	308,325
Training	261,170	124,341
Insurance	224,837	234,006
Amortization of property and equipment	1,047,028	1,087,764
	<u>35,188,884</u>	<u>30,982,335</u>
Excess of revenue over expenses for the year	<u>\$ 389,480</u>	<u>\$ 1,254,975</u>

See accompanying notes to the financial statements.



# Native Child and Family Services of Toronto

## Statement of Cash Flows

For the Year Ended March 31

2019

2018

<b>Cash flows from (for) operating activities</b>		
Excess of revenue over expenses for the year	\$ 389,480	\$ 1,254,975
Items not requiring an outlay of cash		
Amortization of property and equipment	1,047,028	1,087,764
Amortization of deferred capital contributions	<u>(576,759)</u>	<u>(605,156)</u>
	<u>859,749</u>	<u>1,737,583</u>
<b>Changes in non-cash working capital balances related to operations:</b>		
Accounts receivable	(594,833)	(875,182)
Prepaid expenses	(317,269)	11,530
Accounts payable and accrued liabilities	1,895,150	1,241,230
Deferred revenue	<u>4,539,270</u>	<u>447,284</u>
	<u>6,382,067</u>	<u>2,562,445</u>
<b>Cash flow for investing activity</b>		
Property and equipment additions (net)	(1,283,109)	(677,527)
Purchase of investments	<u>(5,500,000)</u>	<u>-</u>
	<u>(6,783,109)</u>	<u>(677,527)</u>
<b>Cash flows from (for) financing activities</b>		
Bank overdraft	-	(182,353)
Bank debt	(479,000)	(1,662,000)
Deferred capital contributions	<u>2,185,251</u>	<u>653,719</u>
	<u>1,706,251</u>	<u>(1,190,634)</u>
Increase in cash for the year	1,305,209	694,284
Cash, beginning of the year	<u>694,284</u>	<u>-</u>
Cash, end of the year	<u>\$ 1,999,493</u>	<u>\$ 694,284</u>
<b>Supplementary Information</b>		
Interest paid	<u>\$ 228,733</u>	<u>\$ 218,264</u>

See accompanying notes to the financial statements.

---

# Native Child and Family Services of Toronto

## Notes to Financial Statements

March 31, 2019

---

### 1. The Organization

Native Child and Family Services of Toronto (the "Organization") is a not-for-profit corporation without share capital incorporated under the laws of the Province of Ontario. The Organization has Children's Aid Status and its charitable number is 131621765.

The Organization was founded to provide for a life of quality, well-being, caring and healing for children and families in the Toronto Native community. It does this by creating a services model that is culture based, respecting the values of Native people, the extended family, and the right to self-determination.

---

### 2. Significant Accounting Policies

#### (a) Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### (b) Fund Description

The Unexpended Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Reserve Fund reports only restricted resources that are to be used to fund future infrastructure and capacity needs of the Organization. During the year the Organization transferred the balance of the fund to the Unexpended Fund and made the funds available for the general operations of the Organization.

#### (c) Revenue Recognition

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

Restricted contributions related to general operations are recognized as revenue of the Unexpended Fund in the year in which the related expenses are incurred. Contributions received for which related expenses have not been incurred are classified as deferred revenue.

Unrestricted contributions are recognized as revenue of the Unexpended Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from donations is recognized on a cash basis, with no accrual being made for amounts pledged but not received.

---

# Native Child and Family Services of Toronto

## Notes to Financial Statements

March 31, 2019

---

### 2. Significant Accounting Policies (continued)

#### (d) Property and Equipment and Deferred Capital Contributions

Property and equipment are recorded at cost. Amortization is provided on a basis designed to amortize the property and equipment over their estimated useful lives. The annual amortization rates are as follows:

Buildings	-	5% declining balance
Computer equipment	-	30% declining balance
Furniture and equipment	-	20% declining balance
Vehicles	-	30% declining balance

Grants received for the purpose of funding property and equipment acquisitions are recorded as deferred capital contributions. The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations in an amount equal to amortization recorded on the property and equipment funded.

Long-lived assets are reviewed for impairment at least annually, or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds its fair value and is not recoverable. The fair value of an asset is defined as the estimated undiscounted future cash flows expected to result from the use of the asset. Other factors that may indicate impairment are expected future asset utilization and economic outlook.

#### (e) Donated Materials and Services

Donations of materials and services, including volunteer services, not normally paid for by the Organization are not recorded in the accounts, as it would be difficult to determine their fair value.

#### (f) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Significant estimates made by management include the amortization and impairment of property and equipment, deferred capital contributions and deferred revenue.

#### (g) Cash and Bank Overdraft

Cash consists of bank deposits held with financial institutions. Bank overdraft, as it occurs, consists of cheques written on bank accounts in excess of available funds. There are no restrictions on cash held by the Organization.

---

# Native Child and Family Services of Toronto

## Notes to Financial Statements

March 31, 2019

---

### 2. Significant Accounting Policies (continued)

(h) Investments

Investments consist of Guaranteed Investment Certificates ("GICs") held with the Bank. GICs maturing within the next twelve months have been classified as current, except where restricted.

(i) Employee Future Benefits

The Organization has a defined contribution plan to provide pension benefits. The plan is accounted for in accordance with HB section 3462, *Employee Future Benefits*. The Organization accrues its obligations under the plan as service is rendered to earn the pension benefits. Past and current service costs are included in the statement of operations in the year in which they are incurred.

(j) Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

---

### 3. Financial Risk Management

The significant financial risks to which the Organization is exposed to are credit risk, liquidity risk, and market risk. Market risk consists of currency risk, interest rate risk, and other price risk. There has been no change in the risk exposure of the Organization from the prior year.

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Organization is subject to credit risk through accounts receivable. Accounts receivable are subject to normal government funding policies.

The Organization performs regular assessments of its funders and provides allowances for potentially uncollectible accounts receivable, when considered appropriate.

(b) Liquidity Risk

Liquidity risk is the risk that the Organization will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Organization's exposure to liquidity risk is dependent on its ability to meet the requirements set out by the funders in order to continue receiving funds from various funders to meet commitments and sustain operations. Cash flow from operations provides a substantial portion of the Organization's cash requirements. Additional cash requirements are met with the use of the available operating line of credit. The Organization's primary lender is a single federally regulated Canadian financial institution.

---

# Native Child and Family Services of Toronto

## Notes to Financial Statements

March 31, 2019

---

### 3. Financial Risk Management (continued)

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Organization is not subject to foreign currency risk as none of its financial instruments are denominated in foreign currencies.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk arising from its operating line of credit and its Bankers' Acceptance loan. The Organization has addressed this risk by negotiating a swap agreement with the Bank as described in Note 8 (a). The Organization did not designate the interest rate swap as a hedge and did not apply hedge accounting.

(iii) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is not subject to other price risk.

---

### 4. Investments

	<u>2019</u>	<u>2018</u>
Guaranteed Investment Certificates	\$ 5,500,000	\$ -
Less: Guaranteed Investment Certificates - Restricted	<u>(1,500,000)</u>	<u>-</u>
Investments	<u>\$ 4,000,000</u>	<u>\$ -</u>

The Guaranteed Investment Certificates (GICs) are held with the Bank, bear interest at various rates between 1.88% and 2.33%, and mature on various dates to March, 2020. GICs of \$1,500,000 are pledged to the Bank as security against the bank loan as described in Note 8.

# Native Child and Family Services of Toronto

## Notes to Financial Statements

March 31, 2019

### 5. Accounts Receivable

	<u>2019</u>	<u>2018</u>
Funding receivable	\$ 1,852,765	\$ 1,624,726
HST recoverable	<u>743,300</u>	<u>376,506</u>
	<u>\$ 2,596,065</u>	<u>\$ 2,001,232</u>

### 6. Property and Equipment

	2019		
	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 32,982,766	\$ 11,058,617	\$ 21,924,149
Computer equipment	1,771,656	1,459,478	312,178
Furniture and equipment	1,442,618	1,269,108	173,510
Vehicles	<u>258,027</u>	<u>252,053</u>	<u>5,974</u>
	<u>\$ 36,455,067</u>	<u>\$ 14,039,256</u>	<u>\$ 22,415,811</u>
	2018		
	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 28,967,590	\$ 10,136,595	\$ 18,830,995
Computer equipment	1,568,241	1,379,630	188,611
Furniture and equipment	1,429,019	1,227,430	201,589
Vehicles	<u>258,027</u>	<u>249,492</u>	<u>8,535</u>
	<u>\$ 32,222,877</u>	<u>\$ 12,993,147</u>	<u>\$ 19,229,730</u>

Included in buildings are costs of \$4,393,783 (2018 - \$432,590) and included in computer equipment are costs of \$48,319 (2018 - \$Nil) not subject to amortization as the assets are not yet in use. The cost to complete the buildings not in use is \$3,584,980 (2018 - \$346,173), the balance of which will be funded from various funding sources.

---

# Native Child and Family Services of Toronto

## Notes to Financial Statements

March 31, 2019

---

### 7. Accounts Payable and Accrued Liabilities

	<u>2019</u>	<u>2018</u>
Accounts payable and accrued liabilities	\$ 6,393,042	\$ 4,483,426
Government remittances	<u>83,511</u>	<u>97,977</u>
	<u>\$ 6,476,553</u>	<u>\$ 4,581,403</u>

---

### 8. Bank Debt

	<u>2019</u>	<u>2018</u>
(a) Bankers' acceptance loan	\$ 5,929,000	\$ 6,408,000
(b) Fixed rate term loan	<u>2,950,000</u>	<u>-</u>
	8,879,000	6,408,000
Less: current portion	<u>6,052,583</u>	<u>6,408,000</u>
Long-term portion	<u>\$ 2,826,417</u>	<u>\$ -</u>

- (a) The Bankers' Acceptance Loan ("BA loan") at year end bears interest at the Canadian Bankers' Acceptance one month rate of 2.051% (2018 - 1.575%) plus an acceptance fee of 0.4%.

On April 30, 2009, the Organization entered into a swap agreement with the Royal Bank of Canada (the "Bank"), which expires on October 31, 2027. Under the terms of the swap agreement \$8,971,000 of the original \$9,971,000 loan, floating rate BA loan was swapped for a fixed rate loan bearing interest at 3.58%. The remaining \$1,000,000 of the loan balance bears interest at the floating rate. Under the terms of the agreement, total monthly payments will fluctuate from month to month and will be in the range of approximately \$56,000 to \$61,000.

Interest of \$198,514 (2018 - \$214,728) was paid during the year on the BA loan.

- (b) The fixed rate term loan ("the term loan") is repayable in blended monthly payments of \$17,950, bearing interest at 4.05%. The term loan is due December 20, 2023 and is amortized over 20 years.

Interest expense during the year on the term loan was \$29,788 (2018 - \$Nil).

---

# Native Child and Family Services of Toronto

## Notes to Financial Statements

March 31, 2019

---

### 8. Bank Debt (continued)

Future minimum principal, interest and acceptance fee payments for the loans over the next five years are as follows:

2020		\$	931,261	
2021			904,960	
2022			901,001	
2023			898,737	
2024			3,184,427	
Thereafter			<u>3,442,212</u>	
			10,262,598	
Less: amount representing interest and acceptance fees			<u>1,383,598</u>	
			<u>\$ 8,879,000</u>	

The Organization has provided security to the Bank for its indebtedness, including a general security interest over all property, a collateral mortgage of \$11,750,000 on the College Street and Galloway Street properties, a collateral mortgage of \$1,716,000 on the Dowling Avenue property, cash collateral of \$1,500,000 on term deposits or GICs and a title insurance policy in favour of the Bank on the College Street property.

The Organization has available an operating line of credit with the Bank up to a maximum amount of \$1,500,000. The operating line of credit bears interest at Bank prime minus 0.10%, with interest payable monthly. It is secured by a General Security Agreement with a first ranking security interest in all personal property of the Organization. As at March 31, 2019, the balance of the operating line was \$Nil (2018 - \$Nil).

The Organization also has the option to issue Letters of Credit under the terms of the line of credit agreement. At year end, the following Letters of Credit were issued:

	<u>2019</u>	<u>2018</u>
City of Toronto	\$ 10,000	\$ 10,000
City of Toronto	<u>1,166</u>	<u>1,166</u>
	<u>\$ 11,166</u>	<u>\$ 11,166</u>



---

# Native Child and Family Services of Toronto

## Notes to Financial Statements

March 31, 2019

---

### 9. Deferred Capital Contributions

	<u>2019</u>	<u>2018</u>
Opening balance	\$ 11,750,436	\$ 11,701,873
Current year funding grants	2,185,251	653,719
Amortization	<u>(576,759)</u>	<u>(605,156)</u>
	<u>\$ 13,358,928</u>	<u>\$ 11,750,436</u>

---

### 10. City of Toronto Funding

The City of Toronto funding includes wage subsidy payments for the Provincial Wage Enhancement of \$56,344. There were no amounts deferred from prior years or to future years.

---

### 11. Commitments

The Organization leases its premises and equipment under operating leases that expire on various dates to January 2024. Future annual payments (excluding taxes, insurance and maintenance costs) under the leases are as follows:

2020	\$ 140,601
2021	140,601
2022	145,715
2023	146,738
2024	39,482

---

### 12. Contingencies

#### (a) Funding

Certain funders have provided capital funding for the purchase of buildings and have requirements that collateral mortgages be registered against the properties. These collateral mortgages have no effect on the operations of the organization as long as the buildings are used for their intended purpose.

In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions for their programs. \$445,476 (2018 - \$Nil) has been accrued in accounts payable and accrued liabilities to reimburse certain funding agencies where a program surplus exists.

---

---

# Native Child and Family Services of Toronto

## Notes to Financial Statements

March 31, 2019

---

### 12. Contingencies (continued)

- (b) Service Contract / CFSA Approval with the Ministry of Children, Community and Social Services

The Organization has a Service Contract / CFSA Approval with the Ministry of Children, Community and Social Services. A reconciliation report summarizes by service all revenues and expenditures and identifies any resulting surplus or deficit that relates to the Service Contract / CFSA Approval. A review of these reports shows these services to be in a surplus position of \$139,497 as at March 31, 2019 (2018 - surplus of \$1,026,535).

- (c) Legal Proceeding

The Organization has been named as a defendant in a third party claim by The Hospital for Sick Children with respect to the Organization's reliance on testing done by Motherisk Drug Testing Laboratory. As of the date of the audit report, the outcome of this matter is unknown and it is unknown whether the Organization will be required to pay any amount in regards to this claim.

---

### 13. Allocation of Expenses

The Organization receives funding from various government agencies based on specific program needs and budgets and allocates expenses to the various programs. In certain circumstances, the Organization provides allocations from current year general program funding to ensure programs do not generate a deficit. In addition, management makes estimates to allocate certain administrative expenses according to the activity to which they benefit. Office, administration and general expenses totaling \$1,142,477 (2018 - \$820,128) and occupancy expenses totaling \$280,709 (2018 - \$264,024) have been allocated by management in the current year.

---

### 14. Economic Dependence

The Organization is dependent on the Ministry of Children, Community and Social Services, the City of Toronto and other sources to fund its operations. Funding for child welfare operations is provided each fiscal year based on an annual funding allocation for the year as determined by the Ministry using its funding formula. The Organization seeks to obtain funding equal to its projected costs to meet its responsibility to provide a service model that is culture based and respects the values of Native people, but has been unsuccessful in achieving this since the Ministry introduced its new funding formula in 2013.

The Organization is in the midst of discussions with the Ministry to obtain additional funding for any prior non-funded deficit amounts and for future years.

---

# Native Child and Family Services of Toronto

## Notes to Financial Statements

March 31, 2019

---

### 15. Children's Special Allowance Funds

An amount of \$344,455 (2018 - \$377,809) is held on deposit at a financial institution representing amounts held in Registered Education Savings Plans ("RESPs") for children in the care of the Organization. The amounts are funded by Children's Special Allowance received from the Federal government. The Organization administers these funds in trust for the children and does not include these funds in these financial statements.