



Request for Proposal - Financial Audit

Services RFP 2021-02

The Children's Aid Society of the District of Nipissing and Parry Sound is inviting proposals from qualified and experienced accounting firms for the provision of independent auditing services. The Society is requesting proposals from firms that are both interested and capable of undertaking the project and reporting its findings.

The successful firm should have experience and expertise in performing financial audits for not-for-profit organizations and be free of any obligations or interests that may conflict their ability.

Term of Engagement

It is expected that the successful firm will be appointed as the Society's auditors for a 3-year term, with the option to extend for an additional 2 years, subject to satisfactory performance, commencing with the 2021/22 fiscal year.

Objective

The objective of the audit is to express an opinion as to whether the Society's financial statements present fairly, in all material respects, the financial position, and results of operations and cash flow in accordance with generally accepted accounting principles.

Background Information

The Society is a non-profit charitable organization, operating with the direction of a volunteer Board of Directors. The Province of Ontario, through the Ministry of Community, Children and Social Services, provides operational funding as determined by a provincial funding framework based on community demographics and service volumes.

Approximate annual revenues: \$21,000,000.00

Physical location: North Bay, ON

Legal Structures: Children's Aid Society with charitable status

Website: www.parnipcass.org

Our Mission: Working together to build communities where families are strong and all children and youth are safe and resilient

Our Vision: Families and Communities Keeping Children and Youth Safe, Nurtured and Strong.

A copy of the previous year's audited financial statements is attached

Selected financial information as follows:

	2021 (Audited)	2020 (Audited)
Operational funding from Ministry of Children, Community and Society Services	\$21,354,270.00	\$21,988,184.00
Expense recoveries, fund-raising, investment income, and other	\$1,933,908.00	\$2,010,492.00
Salaries and Benefits	\$13,629,319.00	\$14,562,162.00
Other Expenses	\$9,675,665.00	\$9,261,884.00
Net Surplus/(Deficit)	\$988,585.00	\$25,134

Expected Deliverables:

Deliverables include but are not limited to:

- Conduct an audit of the Society's records and financial statements in accordance with Canadian Generally Accepted Auditing Standards.
- Prepare an Auditor's report and draft management letter of findings during the course of the audit and provide management with an opportunity to discuss the issues before final contents of the management letter is determined.
- Prepare and presentation of Financial Statements
- Conduct an audit of the Society's Annual Reconciliation Reports and any other standard reporting required by the Province of Ontario.
- Review internal controls, policies, and estimates within the scope of an annual financial audit, with concerns and recommendations on corrective action to be included in the management letter.
- Meeting with the Audit Committee and the Board of Directors to present the audit and report findings.
- Provide copies of ledgers, lead sheets, and working papers at the conclusion of the audit.
- Restatements due to material omissions, changes in Ministry groupings, changes in accounting principles, or other reasons.
- Ensure the Society is advised of any changes in legislation and Canadian Generally Accepted Auditing Standards that may affect required accounting or reporting practices.
- Be available for consultation on accounting issues as they arise.

During the engagement, the Auditor should be watchful of and report:

- Any significant or unusual transactions entered into by the Society that management and/or the Board of Directors should be made aware of;
- Any deficiencies in internal controls that are of sufficient importance to merit the attention of Management and/or the Board of Directors;
- Any disagreements with Management about matters which are significant to the Organization's financial statements;
- Any lack of compliance with financial or other relevant legislation; and/or
- Any lack of accountability in the use and management of the Society's assets.

Deadline: Interim Audit review in November/December, Final year-end audit review in May; final statements and presentation to the Board in June.

Evaluation

Mandatory Requirements must be met and include: All firms must be licensed to practice audit services in the province of Ontario; Audits must be planned and executed in accordance with the Canadian Generally Accepted Auditing Standards. Submissions that do not meet the mandatory criteria will be disqualified.

Rated Criteria

The submissions will be assessed on the merits of the information provided. The Society is committed to a fair selection process and will use the following rating scheme to evaluate competing quotes:

Prior experience with similar size and type of organization and familiarity with non-profit sector accounting -15 Points

(experience with similar not-for-profit organizations, include references; experience with organizations operating in the Broader Public Sector)

Key personnel to work on and lead the audit, along with their role and involvement -10 Points

(location of the office which would be responsible for the audit; capacity of staff for the size and scheduling requirements of this engagement; details of team skills or experience which are relevant to the team's capacity to conduct the audit; experience and continuity of audit personnel; capacity to provide assistance in other areas e.g. human resources, payroll issues, etc.)

Proposed workplan -10 Points

(description of audit approach, approach to post-audit/management letters, approach to resolution of accounting and disclosure issues; ability to meet deadlines; availability to attend AGM and Audit Committee meetings as required)

Additional value-added services that complement the audit work – 5 Points

(Special services that may differentiate your firm from your competitors; information regarding any advisory services that may be available to the organization free of charge on routine matters)

Financial bid – 60 Points

(a firm quotation for fees; the firm's "out of pocket expense" policy; policy on billing for routine telephone consultations and inquiries; a schedule of hourly rates by position for advisory work outside of the scope of the audit; a focus on reducing the Society's overall cost of external audit services while maintaining/enhancing value)

Total: 100 Points

Following the evaluation, the Society reserves the right to accept or reject any and all proposals

Proposal Requirements

1. Name, address, telephone number, and email address of principal contact
2. Executive summary of the reason why the Society should engage your firm to provide auditing services. Describe your firm's experience in providing auditing services in a similar size and type of organization
3. Describe your firm's approach to performing an audit including preliminary risk assessment, reliance on substantive testing, test of controls, and interim fieldwork. Include the size of the audit team, phases of the audit, and timing of fieldwork
4. Identify the engagement team that will be performing the audit and provide details of their experience serving similar organizations.
5. Provide a timeline for planning, fieldwork, and expected completion of the audit.
6. Describe your philosophy on communicating issues with management.
7. Set forth your fee proposal and describe any discounts or price guarantees available for multiyear engagements. A listing of proposed fees for each of the 5 years must be included with your proposal.

All rates provided shall be in Canadian Funds, inclusive of all applicable taxes, insurance and all other charges of every kind attributable to the work. The proposal shall include all fees and expenses for the deliverables in the scope of work as an **annual flat rate fixed price contract**. All work required or desired under the terms of this RFP is to be included in the price and the price is not subject to adjustment, including due to unknown or undisclosed conditions, increases in costs and taxes, cost of labour, unavailability of labour or materials, increases in cost of materials other than a change in HST. Any services provided outside of this scope of work will be considered a separate engagement.

The Society invites you to submit a proposal to us by no later than **October 29, 2021, 3:00 pm EST**. Proposals received after 3:00 pm local time on October 29, 2021 will not be considered.

All proposals must be submitted electronically or by mail to:

The Children's Aid Society of the District of Nipissing and Parry Sound
Attn: Theodore Liritzis, Manager of Finance and Administration
Theodore.Liritzis@parnipcas.org
433 McIntyre Street West
North Bay, ON P1B 2Z3

Proposals that do not comply with the terms and conditions hereof may be declared informal and/or disqualified. Proposals that are incomplete, conditional, or obscure will be rejected. Submissions not meeting mandatory requirements will be disqualified.

The Society reserves the right, at its sole discretion, to negotiate with any firm as it sees fit, singularly or concurrently

Final selection is subject to the Board's approval. It is expected that approval from the Board will occur no later than November 23, 2021.

Upon selection, the successful firm will be required to enter into a written contract with the Society before the provision of services commences. The contract will be based on the specifications, terms, and conditions expressed in this document, the successful firm's proposal and documented negotiations, and will include the requirement of proof of professional liability insurance.

Financial Statements of

**THE CHILDREN'S AID SOCIETY OF
THE DISTRICT OF NIPISSING
AND PARRY SOUND**

And Independent Auditors' Report thereon

Year ended March 31, 2021



KPMG LLP
925 Stockdale Road, Ste. 300, PO Box 990
North Bay ON P1B 8K3
Canada
Telephone (705) 472-5110
Fax (705) 472-1249

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Children's Aid Society of the District of
Nipissing and Parry Sound

Qualified Opinion

We have audited the financial statements of The Children's Aid Society of the Districts of
Nipissing and Parry Sound (the Entity), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations and changes in net assets (deficiency) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at March 31, 2021 and March 31, 2020
- the statement of operations and changes in net assets (deficiency) for the year then ended March 31, 2021 and March 31, 2020
- the statement of cash flows for the year then ended March 31, 2021 and March 31, 2020



Our opinion on the financial statements for the year ended March 31, 2021 was qualified accordingly because of the possible effects of this limitation in scope.

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 auditors’ 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 qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) in the financial statements, which indicates that the Entity has a net asset deficiency and a working capital deficiency at March 31, 2021.

As stated in Note 1(a) in the financial statements, these events or conditions, along with other matters as set forth in Note 1(a) in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

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.

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 qualified 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 qualified 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 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 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Canada
September 28, 2021

THE CHILDREN'S AID SOCIETY OF THE DISTRICT OF NIPISSING AND PARRY SOUND

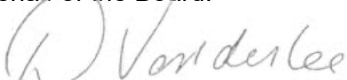
Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 1,245,933	\$ -
Accounts receivable (note 2)	1,532,217	1,072,722
Prepaid expenses and other	31,171	31,171
	2,809,321	1,103,893
Capital assets (note 3)	7,146,966	6,917,234
	\$ 9,956,287	\$ 8,021,127
Liabilities, Deferred Contributions and Net Assets (Deficiency)		
Current liabilities:		
Bank indebtedness (note 4)	\$ -	\$ 247,873
Accounts payable and accrued liabilities (note 5)	3,668,366	2,702,553
Due to Trust fund	22,141	15,946
Payable to Ministry of Children, Community and Social Services	4,670	267,099
Current portion of mortgage payable (note 6)	14,923	12,484
	3,710,100	3,245,955
Deferred contributions (note 7)		
Expenses of future periods	686,354	415,504
Capital assets	5,819,028	5,589,296
	10,215,482	9,250,755
Mortgage payable (note 6)	398,523	414,675
	10,614,005	9,665,430
Net assets (deficiency):		
Unrestricted:		
Operating	(343,664)	(1,582,388)
Employment-related	(1,283,375)	(1,017,523)
Internally restricted (note 9)	54,829	54,829
Capital (note 8)	914,492	900,779
	(657,718)	(1,644,303)
Going concern (note 1(a))		
Contingency (note 11)		
	\$ 9,956,287	\$ 8,021,127

See accompanying notes to financial statements.

On behalf of the Board:

 Director

THE CHILDREN'S AID SOCIETY OF THE DISTRICT OF NIPISSING AND PARRY SOUND

Statement of Operations and Changes in Net Assets (Deficiency)

Year ended March 31, 2021, with comparative information for 2020

	Unrestricted		Internally Restricted	Investment in capital assets	2021	2020
	Operating	Employment Related				
	(Schedules)					
Revenue:						
Ministry of Children, Community and Social Services (note 10)	\$ 21,354,270	-	-	-	21,354,270	21,966,184
Public Health Agency of Canada	354,970	-	-	-	354,970	349,720
Other grants	148,319	-	-	-	148,319	111,151
Other	296,044	-	-	-	296,044	434,408
Special allowances	619,432	-	-	-	619,432	538,100
Amortization of deferred capital contributions	-	-	-	413,345	413,345	505,688
Other Children's Aid Societies	89,849	-	-	-	89,849	62,572
Rent	11,949	-	-	-	11,949	8,858
	22,874,833	-	-	413,345	23,288,178	23,976,681
Expenses:						
Salaries, wages and benefits	13,629,319	-	-	-	13,629,319	14,562,162
Boarding rate payments	4,120,787	-	-	-	4,120,787	3,736,254
Travel	410,955	-	-	-	410,955	689,941
Professional services	1,415,611	-	-	-	1,415,611	914,756
Client's personal needs	638,906	-	-	-	638,906	562,970
Technology	536,112	-	-	-	536,112	542,678
Building occupancy	46,726	-	-	-	46,726	41,838
Health and related costs	115,778	-	-	-	115,778	252,648
Amortization of capital assets	-	-	-	413,345	413,345	505,688
Employment related (recovery)	-	265,852	-	-	265,852	(12,440)
Office administration	70,700	-	-	-	70,700	142,094
Recreation	11,501	-	-	-	11,501	98,765
Miscellaneous	13,842	-	-	-	13,842	39,353
Purchased services and supplies	26,031	-	-	-	26,031	26,890
Target Adoption Subsidies	525,212	-	-	-	525,212	510,255
Membership fees	107,054	-	-	-	107,054	160,615
Utilities and telephone	227,084	-	-	-	227,084	205,952
Training and recruitment	53,562	-	-	-	53,562	32,782
Facility renewal	33,352	-	-	-	33,352	-
Repairs and maintenance	405,053	-	-	-	405,053	583,887
Promotion and publicity	18,396	-	-	-	18,396	13,061
Admission prevention	27,705	-	-	-	27,705	30,917
Food	5,782	-	-	-	5,782	13,483
Insurance	185,198	-	-	-	185,198	152,892
Education	1,121	-	-	-	1,121	16,605
	22,625,787	265,852	-	413,345	23,304,984	23,824,046
Excess (deficiency) of revenue over expenses						
before the undernoted items	249,046	(265,852)	-	-	(16,806)	152,635
One-time Ministry accumulated surplus funding	1,036,790	-	-	-	1,036,790	-
Subsidy funding returned to Ministry	(33,399)	-	-	-	(33,399)	(127,501)
Repayment of mortgage payable	(13,713)	-	-	13,713	-	-
Excess (deficiency) of revenue over expenses	1,238,724	(265,852)	-	13,713	986,585	25,134
Net assets (deficiency), beginning of year	(1,582,388)	(1,017,523)	54,829	900,779	(1,644,303)	(1,669,437)
Net assets (deficiency), end of year	\$ (343,664)	(1,283,375)	54,829	914,492	(657,718)	(1,644,303)

See accompanying notes to financial statements.

THE CHILDREN'S AID SOCIETY OF THE DISTRICT OF NIPISSING AND PARRY SOUND

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 986,585	\$ 25,134
Adjustments for:		
Amortization of capital assets	413,345	505,688
Amortization of deferred capital contributions	(413,345)	(505,688)
	986,585	25,134
Change in non-cash working capital:		
Accounts receivable	(459,495)	(448,523)
Payable to Ministry of Children, Community and Social Services	(262,429)	37,809
Trust payable	6,195	49
Accounts payable and accrued liabilities	965,813	291,902
	1,236,669	(93,629)
Cash flows from financing activities:		
Principal payments on mortgage payable	(13,713)	(13,054)
Cash flows from capital activities:		
Capital contributions	643,077	96,029
Deferred contributions	270,850	9,589
Purchase of capital assets	(643,077)	(96,029)
	270,850	9,589
Net increase (decrease) in cash	1,493,806	(97,094)
Bank indebtedness, beginning of year	(247,873)	(150,779)
Cash (bank indebtedness), end of year	\$ 1,245,933	\$ (247,873)

See accompanying notes to financial statements.

THE CHILDREN'S AID SOCIETY OF THE DISTRICT OF NIPISSING AND PARRY SOUND

Notes to Financial Statements

Year ended March 31, 2021

The Children's Aid Society of the District of Nipissing and Parry Sound (the "Society") is incorporated without share capital under the laws of Ontario to discharge the functions of a Children's Aid Society under the Child and Family Services Act – 1984. The Society received its Letters Patent of Amalgamation on November 18, 1999. The Society is exempt from income taxes under the Income Tax Act.

1. Significant accounting policies:

(a) Going concern:

These financial statements have been prepared on a going concern basis in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. The going concern basis of presentation assumes that the Society will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of operations. There is significant doubt about the appropriateness of the use of the going concern assumption because the Society has a net asset deficiency and working capital deficiency at March 31, 2021 as well as ongoing legal matters and litigation claiming \$5,000,000. The outcome of the cases are not presently determinable.

The ability of the Society to continue as a going concern and realize its assets and discharge its liabilities in the normal course of operations is dependent upon the continued support of the Ministry of Children, Community and Social Services and on its ability to restore and maintain sustainable operations in the future. No assurance can be given that additional funding will be available in the future from the Ministry of Children, Community and Social Services or other sources or that, if available, it can be obtained on terms favorable to the Society.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets, the reported revenues and expenses, and the statement of financial position classifications used.

(b) Basis of accounting:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

(c) Revenue recognition:

The Society follows the deferral method of accounting for contributions which include government grants.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of fiscal period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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

THE CHILDREN'S AID SOCIETY OF THE DISTRICT OF NIPISSING AND PARRY SOUND

Notes to Financial Statements

Year ended March 31, 2021

1. Significant accounting policies (continued):

(c) Revenue recognition (continued):

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding to those of the related capital assets.

Revenue from rentals is recognized when earned.

(d) Employee future benefits:

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Society has insufficient information to apply defined benefit plan accounting.

(e) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market would be recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value would be recognized in the statement of remeasurement gains and losses until they are realized, when they would be transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded at fair value, as described below:

Level 1	Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Fair value measurements are those derived market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
Level 3	Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

THE CHILDREN'S AID SOCIETY OF THE DISTRICT OF NIPISSING AND PARRY SOUND

Notes to Financial Statements

Year ended March 31, 2021

1. Significant accounting policies (continued):

(f) Capital assets:

Capital asset purchases are recorded at cost. Capital assets donated are recorded at their fair market value at the date of acquisition. When a capital asset no longer contributes to the Society's ability to provide services, it is written down to its residual value. Any unamortized deferred capital contribution amount related to the capital asset is recognized in revenue in the Statement of Operations, provided that all restrictions have been complied with. Amortization is provided on the straight-line basis over their estimated useful lives, from the time the assets are put in use, at the following range of annual rates:

	Rate
Buildings	2% – 4%
Land improvements	5% – 10%
Vehicles	20%
Computers	33%
Furniture and equipment	10% – 20%

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Society uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell and are no longer amortized. The asset and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position.

(g) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets; provisions for impairment of trade accounts receivable and accounts payable and accrued liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

THE CHILDREN'S AID SOCIETY OF THE DISTRICT OF NIPISSING AND PARRY SOUND

Notes to Financial Statements

Year ended March 31, 2021

2. Accounts receivable:

	2021	2020
Trade receivables	\$ 1,219,249	\$ 318,100
Harmonized sales tax recoverable	312,968	754,622
	\$ 1,532,217	\$ 1,072,722

3. Capital assets:

2021	Cost	Accumulated amortization	Net book Value
Land	\$ 1,254,486	\$ -	\$ 1,254,486
Land improvements	196,624	30,642	165,982
Buildings	10,036,920	4,553,873	5,483,047
Vehicles	426,468	308,237	118,231
Computer	1,116,090	1,046,508	69,582
Furniture and equipment	391,114	363,283	27,831
Leasehold improvements	28,375	568	27,807
	\$ 13,450,077	\$ 6,303,111	\$ 7,146,966

2020	Cost	Accumulated amortization	Net book Value
Land	\$ 1,254,486	-	1,254,486
Land improvements	165,442	21,675	143,767
Buildings	9,538,053	4,277,613	5,260,440
Vehicles	390,646	237,185	153,461
Computer	1,038,884	1,010,449	28,435
Furniture and equipment	391,114	342,276	48,838
Leasehold improvements	28,375	568	27,807
	\$ 12,807,000	\$ 5,889,766	\$ 6,917,234

THE CHILDREN'S AID SOCIETY OF THE DISTRICT OF NIPISSING AND PARRY SOUND

Notes to Financial Statements

Year ended March 31, 2021

4. Bank indebtedness:

The Society has available a line of credit of \$2,500,000 secured by a general security agreement bearing interest at the bank's prime rate less 0.25%. At March 31, 2021, \$Nil is outstanding on this facility (2020 - \$100,000).

5. Accounts payable and accrued liabilities:

	2021	2020
Trade payables	\$ 2,025,207	\$ 1,299,743
Government remittances	30,865	35,961
Payroll payable	328,920	349,326
Vacation and health spending payable	1,283,374	1,017,523
	\$ 3,668,366	\$ 2,702,553

The Society has entered into agreements with former employees for severance benefits. The total provision for the balance of the agreements have been reflected in the accounts payable and accrued liabilities.

6. Mortgage payable:

	2021	2020
TD Canada Trust mortgage bearing interest at 1.9%, repaying in blended monthly payments of \$1,887, secured by a general security agreement, land and building located at 140 Elmwood Avenue, North Bay and an assignment of fire insurance. Due August, 2023.	\$ 413,446	\$ 427,159
Less current portion due within one year	14,923	12,484
	\$ 398,523	\$ 414,675

Scheduled principal repayments in each of the next three years and thereafter are as follows:

2022	\$ 14,923
2023	15,209
2024	383,314
	\$ 413,446

THE CHILDREN'S AID SOCIETY OF THE DISTRICT OF NIPISSING AND PARRY SOUND

Notes to Financial Statements

Year ended March 31, 2021

7. Deferred contributions:

(a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted donations and grants.

	2021	2020
Balance, beginning of year	\$ 415,504	405,915
Add: amounts received for the following year	410,310	294,875
Less: amount recognized as revenue in the year	(139,460)	(285,286)
Balance, end of year	\$ 686,354	415,504

The deferred contributions balance is allocated to the following programs:

	2021	2020
Child Welfare Funds to be Invested for RESPs	\$ 156,517	\$ 142,237
OCBE Savings	137,051	104,590
OCBE Activities	125,793	35,371
Kids in Care Achieving Success/Beauchamp Hub	119,230	86,508
Partner Facility Renewal	91,566	-
Community Action Program	23,248	23,248
Play-Your-Party Parenting/IODE	13,719	13,719
Christmas donation	13,338	-
CPNP	2,500	2,500
Nipissing Innovation Fund	1,986	5,925
Wendy's Wonderful Kids	828	828
Parry Sound Camp Fund	578	578
Balance, end of year	\$ 686,354	\$ 415,504

THE CHILDREN'S AID SOCIETY OF THE DISTRICT OF NIPISSING AND PARRY SOUND

Notes to Financial Statements

Year ended March 31, 2021

7. Deferred contributions (continued):

- (b) Deferred contributions related to capital assets represent the unamortized and unspent balances of donations and grants received for capital asset acquisitions. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2021	2020
Balance, beginning of year	\$ 5,589,296	\$ 5,998,955
Add: amounts received for the following year	643,077	96,029
Less: amount recognized as revenue in the year	(413,345)	(505,688)
Balance, end of year	\$ 5,819,028	\$ 5,589,296

There are no unspent balances during the year (2020 - \$Nil).

8. Investment in capital assets:

Details of the investment in capital assets are as follows:

	2021	2020
Capital assets	\$ 7,146,967	\$ 6,917,234
Amounts financed by:		
Deferred contributions - capital assets - unamortized	(5,819,029)	(5,589,296)
Mortgage payable	(413,446)	(427,159)
	\$ 914,492	\$ 900,779

9. Restrictions on net assets:

The Board of Directors has restricted net assets as follows:

	2021	2020
Betty Ralph Trust	\$ 21,406	\$ 21,406
Ronald Lees Trust	33,423	33,423
	\$ 54,829	\$ 54,829

THE CHILDREN'S AID SOCIETY OF THE DISTRICT OF NIPISSING AND PARRY SOUND

Notes to Financial Statements

Year ended March 31, 2021

10. Ministry of Children, Community and Social Services Funding:

	2021	2020
Funding:		
Operating	\$ 21,380,196	\$ 21,714,824
OCBE	18,647	204,074
Mental Health	50,000	-
COVID-19 Residential Relief Funding (CRRF)	246,015	-
Pandemic pay	29,693	-
Supporting Consistency of Care of Youth	137,561	-
Targeted Subsidy	125,235	133,315
Customary Care	10,000	10,000
Less: amounts received for capital assets	(643,077)	(96,029)
	<u>\$ 21,354,270</u>	<u>\$ 21,966,184</u>

11. Contingency:

The Society is involved in certain legal matters and litigation claiming \$5,000,000. The outcome of the cases are not presently determinable. The loss, if any, from these contingencies will be accounted for in the period in which the matters are resolved or can be reasonably estimated.

Included in accounts payable and accrued liabilities are amounts for legal matters and litigation with known or determinable liabilities.

12. Trust accounts:

The following accounts, held in trust, are not funds of the Society's and are not included on the statement of financial position.

	2021	2020
Assets:		
RESP trust deposits	\$ 1,564,625	\$ 1,550,594
Liabilities:		
RESP trust deposits	\$ 1,564,625	\$ 1,550,594

THE CHILDREN'S AID SOCIETY OF THE DISTRICT OF NIPISSING AND PARRY SOUND

Notes to Financial Statements

Year ended March 31, 2021

13. Multi-employer pension plan:

The Society makes contributions to Ontario Municipal Employees' Retirement System ("OMERS"), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2020. The results of this valuation disclosed total going concern actuarial liabilities of \$113,055 million (2019 - \$107,687 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$109,844 million (2019 - \$104,290 million) indicating a going concern actuarial deficit of \$3,211 million (2019 - \$3,397 million).

The amount contributed to OMERS was \$1,063,780 (2020 - \$1,118,816) for current service and is included as an expense in the statement of operations and net assets.

14. Comparative information:

Certain of the prior year figures have been reclassified to conform with the financial statement presentation adopted for the current year.

15. Financial risks:

a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Society at March 31, 2021 is the carrying value of these assets. There have been no significant changes to the risk exposure from 2020.

b) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no significant changes to the risk exposures from 2020.

THE CHILDREN'S AID SOCIETY OF THE DISTRICT OF NIPISSING AND PARRY SOUND

Notes to Financial Statements

Year ended March 31, 2021

15. Financial risks (continued):

c) Interest risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The society is exposed to this risk through its bank line of credit and term debt. There have been no significant changes to the risk exposure from 2020.

d) Other risk:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The Society closed certain facilities based on recommendations from Public Health Ontario. These facilities were reopened in the summer of 2020 on an appointment basis with social distancing requirements and Public Health regulations followed.

In response to the adverse impact the pandemic, the Federal government has provided financial relief in the form of a grant totaling \$44,000, an increase to the Canada Child Benefit as well as subsidies through the Temporary Wage Subsidy program in the amount of \$25,000. The Provincial government has provided financial relief in the form of grants totaling \$50,000 for Mental health and the COVID-19 Residential Relief Funding (CRRF) for Residential Services in the amount of \$246,015, and Pandemic Pay in the amount of \$29,693 as well as Supporting Consistency of Care for Youth in the amount of \$137,561.

The impact of COVID-19 is expected to have some negative impact on operations. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.

THE CHILDREN'S AID SOCIETY OF THE DISTRICT OF NIPISSING AND PARRY SOUND

Schedule of Program Revenue and Expenses - Ministry of Children, Community and Social Services
(Unaudited)

Year ended March 31, 2021, with comparative information for 2020

	Non-Residential and Residential Direct Cost of Services for Children in Care	Infrastructure and Administrative Support	Covid Funding	Technology	Infant Development	Child and Family Intervention	Y.O.A. Community Support	Near North Youth Centre	Education Liaison	Community Capacity	Partner Facility Renewal	Ontario Child Benefit Equivalent Fund	E.C.M. - Kehoe Street Apartment Building	Total 2021	Total 2020
Revenue:															
Provincial grants - Operating	\$ 14,137,249	3,858,555	325,709	575,794	452,599	253,951	529,164	1,204,451	91,626	39,668	509,934	-	-	21,978,700	21,858,139
- Ontario Child Benefit Equivalent	-	-	-	-	-	-	-	-	-	-	-	18,647	-	18,647	204,074
Other grants	30,451	-	-	-	5,000	-	-	-	-	-	-	-	-	35,451	-
Other	261,607	-	-	-	12,189	-	-	18,899	-	-	-	-	-	292,695	433,288
Special allowances	619,432	-	-	-	-	-	-	-	-	-	-	-	-	619,432	538,100
Other Children's Aid Societies	89,849	-	-	-	-	-	-	-	-	-	-	-	-	89,849	62,572
Rental	9,849	-	-	-	-	-	-	-	-	-	-	-	2,100	11,949	8,858
	15,148,437	3,858,555	325,709	575,794	469,788	253,951	529,164	1,223,350	91,626	39,668	509,934	18,647	2,100	23,046,723	23,105,031
Expenses:															
Salaries and wages	8,622,202	1,639,144	29,692	-	258,114	95,508	244,293	896,974	-	33,804	-	-	-	11,819,731	11,121,281
Benefits	838,566	262,263	-	-	65,483	18,005	47,045	175,039	5,220	5,864	-	-	-	1,417,485	3,061,173
Travel	376,384	25,566	-	-	2,083	-	394	3,103	62	-	-	-	-	407,592	677,201
Training and recruitment	51,723	1,422	-	-	-	-	-	417	-	-	-	-	-	53,562	31,249
Boarding rate payments:															
Foster care boarding home fees	2,267,149	-	106,410	-	-	-	-	-	-	-	-	-	-	2,373,559	2,071,706
Outside paid foster care	473,515	-	50,534	-	-	-	-	-	-	-	-	-	-	524,049	646,114
Outside paid institution fees	871,424	-	-	-	-	-	-	-	-	-	-	-	-	871,424	748,313
Other care	351,755	-	-	-	-	-	-	-	-	-	-	-	-	351,755	264,480
Purchased services:															
Non-client	4,378	-	-	-	-	-	-	-	-	-	-	-	5,016	9,394	508,504
Professional services:															
Non-client	-	954,357	-	-	51,143	1,079	873	13,640	-	-	-	-	-	1,021,092	508,504
Client	91,803	-	50,000	-	-	109,482	-	-	-	-	-	-	-	251,285	243,996
Client legal	120,971	-	-	-	-	-	-	22,263	-	-	-	-	-	143,234	154,676
Client's personal needs	594,270	-	5,850	-	3,248	-	-	783	56	-	-	6,025	600	610,832	542,024
Technology	-	-	29,662	498,588	35,541	-	11,925	28,439	1,258	-	-	-	124	605,537	539,327
Building occupancy	-	30,406	-	-	-	-	1,684	14,636	-	-	-	-	-	46,726	41,838
Health and related costs	52,059	-	53,561	-	215	-	110	9,833	-	-	-	-	-	115,778	252,323
Office administration	-	58,828	-	-	-	-	-	534	-	-	-	-	619	59,981	135,731
Recreation	-	-	-	-	-	-	-	-	-	-	-	11,501	-	11,501	98,765
Miscellaneous	-	11,996	-	-	-	-	-	-	-	-	-	-	-	11,996	198,315
Membership fees	-	107,054	-	-	-	-	-	-	-	-	-	-	-	107,054	198,315
Target Adoption Subsidies	525,212	-	-	-	-	-	-	-	-	-	-	-	-	525,212	510,255
Utilities and telephone	-	162,696	-	-	5,130	2,588	9,063	37,479	-	-	-	-	10,128	227,084	204,985
Facility renewal	-	6,135	-	-	-	-	-	-	-	-	27,217	-	-	33,352	-
Repairs and maintenance	-	368,996	-	-	1,308	624	18,061	51,379	-	-	-	-	12,017	452,385	584,854
Promotion and publicity	-	18,396	-	-	-	-	-	-	-	-	-	-	-	18,396	12,981
Admission prevention	27,705	-	-	-	-	-	-	-	-	-	-	-	-	27,705	30,917
Food	-	-	-	-	-	-	-	5,782	-	-	-	-	-	5,782	13,483
Insurance	-	163,964	-	-	-	-	2,131	18,008	-	-	-	-	1,095	185,198	152,892
Education	-	-	-	-	-	-	-	-	-	-	-	1,121	-	1,121	16,605
	15,269,116	3,811,223	325,709	498,588	422,265	227,286	335,579	1,278,309	6,596	39,668	27,217	18,647	29,599	22,289,802	23,578,557
Excess (deficiency) of revenue over expenses before the undernoted	(120,679)	47,332	-	77,206	47,523	26,665	193,585	(54,959)	85,030	-	482,717	-	(27,499)	756,921	(473,526)
Repayment of mortgage payable	(13,713)	-	-	-	-	-	-	-	-	-	-	-	-	(13,713)	(13,054)
Allocation of central administration	304,150	-	-	-	(47,523)	(26,665)	(55,562)	(166,626)	(6,598)	-	-	-	-	1,176	1,000
Transfers (to) from programs	(27,499)	-	-	-	-	-	(102,201)	102,201	-	-	-	-	27,499	-	-
Transfers to deferred capital contributions	-	(47,332)	-	(77,206)	-	-	(35,822)	-	-	-	(482,717)	-	-	(643,077)	(96,029)
Subsidy funding return to Ministry	-	-	-	-	-	-	-	-	(24,161)	-	-	-	-	(24,161)	(125,571)
Excess (deficiency) of revenue over expenses	\$ 142,259	-	-	-	-	-	-	(119,384)	54,271	-	-	-	-	77,146	(707,180)

THE CHILDREN'S AID SOCIETY OF THE DISTRICT OF NIPISSING AND PARRY SOUND

Schedule of Program Revenue and Expenses - Other
(Unaudited)

Year ended March 31, 2021, with comparative information for 2020

	Community Action Program for Children	Canada Prenatal Nutrition Program	Wendys' Wonderful Kids	Youth Advisory Committee	Children's Aid Foundation Corp	Total 2021	Total 2020
Revenue:							
Public Health Agency of Canada	\$ 278,900	70,820	-	-	-	349,720	349,720
Other grants	-	-	85,000	-	32,868	117,868	102,457
Donations	-	-	-	3,349	-	3,349	5,707
	278,900	70,820	85,000	3,349	32,868	470,937	457,884
Expenses:							
Salaries and wages	200,302	28,543	72,613	-	25,109	326,567	288,548
Benefits	56,079	8,871	586	-	-	65,536	81,307
Travel	2,453	40	786	84	-	3,363	13,464
Training and recruitment	-	-	-	-	-	-	1,159
Purchased services:							
Client	14,104	414	-	170	-	14,688	13,999
Non-client	-	-	-	1,249	-	1,249	-
Office administration	3,445	5,021	-	-	2,253	10,719	8,583
Program expenses	-	-	-	-	-	-	2,000
Supplies	700	-	-	-	-	700	8,532
Technology	1,817	-	458	-	5,506	7,781	13,514
Client personal needs	-	27,931	143	-	-	28,074	18,695
Promotion and publicity	-	-	-	-	-	-	249
Miscellaneous	-	-	-	1,846	-	1,846	2,193
	278,900	70,820	74,586	3,349	32,868	460,523	452,243
Excess of revenue over expenses before the undernoted	-	-	10,414	-	-	10,414	5,641
Allocation of central administration	-	-	(1,176)	-	-	(1,176)	(1,000)
Subsidy funding return	-	-	(9,238)	-	-	(9,238)	(1,627)
Excess of revenue over expenses	\$ -	-	-	-	-	-	3,014