Financial Statements of

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

And Independent Auditor's Report thereon

Year ended March 31, 2023

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of The Children's Aid Society of the Region of Peel

Opinion

We have audited the financial statements of The Children's Aid Society of the Region of Peel (the Entity), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations and changes in fund balances for the year then ended
- the statement of remeasurement gains and losses 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

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of operations, its remeasurement gains and losses and its 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.

Other Matter - Comparative Information

The financial statements for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 17, 2022.

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 1, 2023

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash (notes 8 and 9)	$ 9,891,919	$ 14,102,331
Short-term investments	5,023,263	–
Accounts receivable from the Ministry	113,486	1,394,307
Accounts receivable	953,984	670,142
Prepaid expenses	2,853,367	2,862,792
	18,836,019	19,029,572
Derivative asset (note 10)	1,806,532	–
Capital assets (note 3)	48,885,190	49,917,275
	$ 69,527,741	$ 68,946,847
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (notes 9 and 13)	$ 8,018,104	$ 7,356,838
Accounts payable to the Ministry	2,242,353	3,117,752
Deferred revenue (notes 8 and 9)	655,307	725,532
Mortgage payable (note 15)	1,173,043	1,216,043
	12,088,807	12,416,165
Deferred capital contributions (note 4)	5,652,000	5,786,350
Mortgage payable (note 15)	42,018,914	43,191,957
Employee future benefits (note 7)	85,626	–
Derivative liability (note 10)	–	642,547
	59,845,347	62,037,019
Fund balances:		
Invested in capital assets	7,956,619	7,713,473
Internally restricted	1,161,972	1,122,806
Unrestricted (note 5)	(1,242,729)	(1,283,904)
Remeasurement gains (losses)	1,806,532	(642,547)
	9,682,394	6,909,828
Contingencies (note 11)		
Commitments (note 12)		
	$ 69,527,741	$ 68,946,847

See accompanying notes to financial statements.

On behalf of the Board:

____________________ Director ____________________ Director

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Statement of Operations and Changes in Fund Balances

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

	2023	2022
Revenue:		
Government:		
Child welfare funding	$ 72,994,966	$ 69,925,660
Other Ontario grants	974,611	1,430,410
Canada	152,181	290,360
Amortization of deferred contributions relating to capital assets	631,160	652,950
Others	509,815	158,576
Investment income	23,263	–
	75,285,996	72,457,956
Expenses:		
Salaries and wages	40,624,817	39,258,894
Boarding rates	11,851,442	10,820,933
Employee benefits	10,193,489	9,922,321
Building occupancy	3,414,671	4,953,922
Purchased services - client	1,659,553	1,461,520
Amortization, net	1,527,410	1,644,438
Clients' personal needs	1,479,111	880,435
Purchased services - non-client	1,258,557	634,012
Adoption costs	957,471	879,177
Technology	838,137	835,342
Travel	804,136	614,554
Health and related costs	455,745	538,022
Training and recruitment	341,710	207,410
Other program costs	307,479	269,672
Office administration	269,671	274,626
Miscellaneous	243,875	235,725
Promotional and publicity	187,124	65,065
	76,414,398	73,496,068
Expenditure recoveries	1,451,889	1,379,082
	74,962,509	72,116,986
Surplus of revenue over expenditures for the year	323,487	340,970
Fund balance, beginning of year	7,552,375	7,211,405
Fund balances, end of year	$ 7,875,862	$ 7,552,375

See accompanying notes to financial statements.

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Statement of Remeasurement Gains and Losses

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

	2023	2022
Remeasurement losses, beginning of year	$ (642,547)	$ (3,941,592)
Realized gains (losses) reclassified to the statement of operations attributable to the interest rate swap	(80,094)	1,154,142
Change in gains/losses attributable to the interest rate swap	2,529,173	2,144,903
Remeasurement gains (losses), end of year	$ 1,806,532	$ (642,547)

See accompanying notes to financial statements.

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Statement of Cash Flows

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

	2023	2022
Cash provided by (used in):		
Operating activities:		
Surplus of revenue over expenditures	$ 323,487	$ 340,970
Items not involving cash:		
Amortization of capital assets	1,527,410	1,644,438
Amortization of deferred capital contributions (note 4)	(631,160)	(652,950)
Gain on sale of capital assets	(16,015)	–
	1,203,722	1,332,458
Changes in non-cash working capital balances:		
Accounts receivable	(283,842)	335,471
Accounts receivable/accounts payable from/to Ministry	405,422	1,134,865
Employee future benefits	85,626	–
Prepaid expenses	9,425	(1,668,870)
Accounts payable and accrued liabilities	661,266	300,338
Deferred revenue	(70,225)	(68,677)
	2,011,394	1,365,585
Financing activities:		
Payments of mortgage payable (note 15)	(1,216,043)	(1,073,000)
Peel Foundation capital contributions	–	11,875
Capital contributions received	496,809	474,922
	(719,234)	(586,203)
Investing activities:		
Acquisition of capital assets	(496,809)	(416,354)
Investment in guaranteed income certificate	(5,023,263)	–
Proceeds on sale of capital assets	17,500	–
	(5,502,572)	(416,354)
Increase (decrease) in cash	(4,210,412)	363,028
Cash, beginning of year	14,102,331	13,739,303
Cash, end of year	$ 9,891,919	$ 14,102,331
Interest paid	$ 1,781,942	$ 1,843,546

See accompanying notes to financial statements.

1. Nature and purpose of organization:

The Children's Aid Society of the Region of Peel (the "Organization" or the "Society") is a not-for-profit organization incorporated without share capital under the laws of the Province of Ontario. The Organization is a registered charity (registration number 10694294 RR0001) and as such is exempt from income taxes and may issue income tax receipts to donors.

The Organization's mission is to ensure the safety and well-being of children and to strengthen families through partnership. The primary service is to protect children from abuse and neglect and help parents and caregivers build healthy families. The Organization works with families who may be facing challenges such as poverty, unemployment, ill health, domestic violence, mental health issues or caring for a child who has serious physical, emotional or developmental difficulties.

The Organization is funded by the Province of Ontario in accordance with budget arrangements by the Ministry of Children, Community and Social Services ("MCCSS" or the "Ministry").

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards that apply to government not-for-profit organizations ("PSAS"). A summary of the significant accounting policies is as follows.

(b) Revenue recognition:

The Organization follows the deferral method of accounting for contributions.

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

2. Significant accounting policies (continued):

Externally restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

The Society is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Children, Community and Social Services ("MCCSS"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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

These financial statements reflect arrangements (including the setting up of a Balanced Budget Fund as described in note 14) approved by the Ministry with respect to the year ended March 31, 2023.

(c) Unrestricted fund:

The Unrestricted fund accounts for the Organization's operating and administration activities. This fund reports the unrestricted resources and operating grants.

(d) Invested in capital fund:

The invested in capital fund reflects the extent to which the Organization's resources are not available for other purposes because they are invested in capital assets. All amortization and gains or losses on the disposal of capital assets are charged directly to this fund.

2. Significant accounting policies (continued):

(e) Internally restricted:

The internally restricted fund is a reserve fund established for the purpose of future special projects at the discretion of the Board of Directors. This fund was established with $200,000 of donated funds raised during the years prior to the creation of the Peel Children's Aid Foundation (the "Foundation").

(f) 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.

(g) Financial instruments:

The Organization's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, mortgage payable and derivative asset (liability).

Financial assets and liabilities are recognized when the Organization 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 Organization has transferred substantially all the risks and rewards of ownership.

The Organization initially recognizes all its financial assets and liabilities at fair value and subsequently at amortized cost except for the derivative asset (liability), which is measured at fair value. Unrealized changes in fair value pertaining to the derivative asset (liability) are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations and changes in fund balances.

2. Significant accounting policies (continued):

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

(h) Fair value measurement:

The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - market based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - inputs for the asset or liability that are not based on observable market data.

Derivatives are measured as Level 2 fair value instruments.

(i) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a declining-balance basis at the following annual rates:

Buildings	2%
Computer and equipment	45%
Vehicles	30%
Furniture and equipment	20%
Leasehold improvements	Straight-line over the term of the lease

2. Significant accounting policies (continued):

(j) Impairment of long-lived assets:

An impairment charge is recognized for long-lived assets when an event or change in circumstances causes an asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment charge is calculated as the difference between the fair value of the asset and its carrying value.

(k) Use of estimates:

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates. The estimates are reviewed periodically and as adjustments become necessary, they are reported in the statement of operations and changes in fund balances in the year in which they become known.

(l) Newly adopted accounting standards:

On April 1, 2022, the Organization adopted the following Public Sector Accounting Standards:

- PS 3450 - Financial Instruments

- PS 2601 - Foreign Currency Translation

- PS 3280 - Asset Retirement Obligations

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

2. Significant accounting policies (continued):

(m) Future accounting pronouncements:

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

(i) PS 3400, Revenue, establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. This section is effective for fiscal years beginning on or after April 1, 2023.

(ii) Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023.

3. Capital assets:

2023	Cost	Accumulated amortization	Net book value
Land	$ 11,504,119	$ –	$ 11,504,119
Buildings	36,996,063	2,205,888	34,790,175
Computer and equipment	2,946,446	2,075,528	870,918
Vehicles	143,977	85,785	58,192
Furniture and equipment	2,559,554	1,132,294	1,427,260
Leasehold improvements	2,778,914	2,544,388	234,526
	$ 56,929,073	$ 8,043,883	$ 48,885,190

2022	Cost	Accumulated amortization	Net book value
Land	$ 11,504,119	$ –	$ 11,504,119
Buildings	36,996,063	1,495,885	35,500,178
Computer and equipment	2,449,637	1,696,568	753,069
Vehicles	165,177	80,562	84,615
Furniture and equipment	2,559,554	775,479	1,784,075
Leasehold improvements	2,778,914	2,487,695	291,219
	$ 56,453,464	$ 6,536,189	$ 49,917,275

4. Deferred capital contributions:

In fiscal year 2023, the Society received contributions in the amount of $496,809 (2022 - $486,797) related to the buildings, furniture and equipment, computers and equipment and vehicles and recognized $631,160 (2022 - $652,950) as revenue. As at March 31, 2023, the deferred capital contributions amount was $5,652,000 (2022 - $5,786,350).

5. Unrestricted fund deficit:

The Ministry does not provide advance funding for vacation salaries and benefits accrued but does provide funding for these obligations as payments are made.

The unrestricted fund deficit comprises:

	2023	2022
Accrued vacation and other accrued compensation	$ 1,828,572	$ 1,869,747
Prior year transfer from the externally restricted fund to the unrestricted fund	362,388	362,388
Accumulated unrestricted fund surplus	(948,231)	(948,231)
	$ 1,242,729	$ 1,283,904

6. Bank indebtedness:

The Society has a revolving demand loan facility of $2,000,000, with interest charged at the bank's prime rate. As at March 31, 2023 and 2022, no amounts were drawn under this facility.

7. Employee future benefits:

The employee future benefit of $85,626 includes short-term leave and maternity top up (2022 - nil).

Substantially all of the employees of the Society are members of the Ontario Municipal Employees Retirement Fund (the "plan"), which is a multi-employer defined benefit pension plan. The plan specifies the amount of retirement benefit to be received by the employee based on the length of service and rates of pay. The plan is accounted for as a defined contribution pension plan. During the year, the Society remitted $7,967,085 (2022 - $7,682,823) to the plan.

8. Registered Education Savings Plan:

As required by Policy Directive CW004-18 of the Ministry, the Society uses the funds equivalent to the June 2016 federal UCCB payment received from the federal government to establish Registered Education Savings Plans ("RESPs") for eligible children in care, as defined by said policy directive. The Society is required to hold RESPs on behalf of a child or youth until the child or youth enrols in a qualifying post-secondary education or training program, reaches 25 years of age or has left care, and the Society shall transfer the funds in the RESPs to the child's or youth's caregiver.

For the current fiscal year, the Society received UCCB and equivalent to UCCB for 551 cumulative eligible children and youth, and the Society holds 277 RESPs on behalf of children and youth in care.

A summary of the contributions made to the RESPs and the remaining amount in the Society's accounts is as follows:

Undistributed UCCB and equivalent to UCCB funding included in the Society's deferred revenue as at March 31, 2022	$ 457,323
Receipt of equivalent to UCCB funds	154,840
Contributions to RESPs	(152,181)
RESP redemption to be paid to CICs	10,607
Undistributed UCCB and equivalent to UCCB funding included in the Society's deferred revenue as at March 31, 2023	$ 470,589

8. Registered Education Savings Plan (continued):

A summary of amounts held in trust in RESPs that are not recorded in these financial statements is as follows:

Total value of all RESPs as at March 31, 2022	$ 1,775,112
Changes during the year:	
Contributions to RESPs	152,181
Canada Education Savings grants received	18,259
Canada Learning Bonds received	(1,100)
Transfer to caregivers	(28,559)
Redemption of RESPs	(22,961)
RESPs Closed	(12,786)
Decrease in investments	(3,600)
Total value of all RESPs as at March 31, 2023	$ 1,876,546

9. Ontario Child Benefit Equivalent funding:

In adherence to Policy Directive CW002-18 of the Ministry, the Society will use the Ontario Child Benefit Equivalent ("OCBE") pooled funds from the provincial government to provide all children and youth under care, ages zero to 17, with access to recreational, educational, cultural and social opportunities. As at March 31, 2023, $165,918 (2022 - $268,210) is included in deferred revenue with respect to these activities.

In addition, youth in care from ages 15 to 17 will also participate in a savings program that saves OCBE funds to assist them in transitional planning and to support them to transition successfully to independent living. As at March 31, 2023, $404,252 (2022 - $407,101) is included in accounts payable and accrued liabilities with respect to this savings program.

10. Derivative asset (liability):

The Organization entered into an interest rate swap in order to reduce the impact of fluctuating interest rates on its long-term debt for the new building development. The swap effectively locked in the interest rate applicable on the long-term debt, over the term of the mortgage arrangement. The swap agreement requires periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. Notional amount represents the contract amount to which interest rates are applied to calculate the cash flows to be exchanged. The total notional amount of the Organization's interest rate swap as at March 31, 2023 is $43,191,957 (2022 - $44,408,000).

Fair value of the interest rate swaps are calculated based on the present value of the estimated future cash flows using observable Canadian dollar interest rate swap yield curves obtained from dealer quotes. Fair value as at March 31, 2023 of the interest rate swap is $1,806,532 (2022 - liability of $642,547) and is reported as an asset on the statement of financial position.

11. Contingencies:

In the normal course of business, the Organization receives statements of claim; however, the outcomes of these claims are uncertain and, as a result, no amounts have been accrued in these financial statements. The Organization will record the loss, if any, when the outcome and settlement amount is reasonably determinable, net of any insurance coverage.

12. Commitments:

The Organization has operating leases for premises under various terms. The minimum annual payments for the next five years and thereafter are as follows:

2024	$ 3,013,189
2025	3,012,262
2026	3,020,661
2027	3,023,216
2028	3,028,559
Thereafter	51,825,328
	$ 66,923,215

13. Government remittances:

Government remittances consist of amounts (such as payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts come due. As at March 31, 2023, government remittances to the federal and provincial governments included in accounts payable and accrued liabilities amounted to $108,759 (2022 - $101,475). These amounts are not in arrears.

14. Balanced Budget Fund:

In fiscal 2014, the Ministry announced the creation of a Balanced Budget Fund to support Children's Aid Societies ("CASs") in meeting the newly announced balanced budget requirement set out in Regulation 70 and in proactively managing the risks associated with a multi-year budget planning process. The Balanced Budget Fund was developed on an individual basis for each CAS, of an amount up to each CAS's accumulated surplus that has been returned to the Ministry following the implementation of the new funding model in fiscal 2014.

In order to be eligible to access these funds in a future year, the Organization must meet two conditions:

(a) the Organization must have generated a prior year surplus recovered in or after fiscal 2014; and

(b) in a subsequent year, the Organization requires additional funding in an amount up to its total accumulated prior year surplus to balance its budget.

In fiscal 2021, the Ministry revised the Balanced Budget Fund criteria to support sector sustainability while continuing to support societies in managing their approved budget allocations. Eligible contributions into the Balanced Budget Fund for each CAS will comprise 50% of the operating surpluses generated in a CAS's fiscal 2021 year (and future years years) plus 100% of eligible contributions the surplus generated in fiscal 2019 and 2020 years that were not accessed in prior years. The unaccessed Balanced Budget Fund as at March 31, 2023 for the Organization is as follows:

(a) 50% of the fiscal 2021 surplus of $419,955 and an additional $142,072 coming from in-year adjustments pertaining to fiscal 2021. Therefore, the total surplus for fiscal 2021 is $562,027 that will expire in 2024;

14. Balanced Budget Fund (continued):

(b) 50% of the fiscal 2022 surplus amounting to $1,507,419 that will expire in fiscal 2025; and

(c) 50% of the fiscal 2023 surplus amounting to $131,068 that will expire in fiscal 2026.

The Balanced Budget Fund is with the Ministry and is not recorded in these financial statements.

15. Mortgage payable:

On April 18, 2018, the Organization entered into a purchase sale contract to purchase land and a design build contract with a contractor to design and construct a building with an expected occupancy date of July 2020.

In August 2020, the Organization completed the financing for the land and building totalling $46,000,000 with a financial institution. The financing was initially in the form of a line of credit at the financial institution's prime rate. Upon completion of the building in September 2020, the financing was converted into a 25-year mortgage. As at March 31, 2023, $1,173,043 (2022 - $1,216,043) has been reflected as a current liability based on the repayment terms of the 25-year mortgage and $42,018,914 (2022 - $43,191,957) as a long-term mortgage payable. Interest paid on the mortgage during fiscal 2023, including payments with respect to the interest rate swap, was $1,781,942 (2022 - $1,843,546) and is recorded in building occupancy expenses in the statement of operations and changes in fund balances.

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

2024	$ 2,899,770
2025	2,898,844
2026	2,905,580
2027	2,905,608
2028	2,908,425
Thereafter	51,479,594
	$ 65,997,821

16. Related party transactions:

During the year ended March 31, 2023, the Organization received nil (2022 - $11,875) in donations for the Peel Capital funding project from the Peel Children's Aid Foundation.

17. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

The contractual maturities of mortgage payable are disclosed in note 15.

(b) Interest rate risk:

Interest rate risk is the potential for loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Organization's mortgages payable have a variable interest rate based on banker's acceptance rates plus a margin. As a result, the Organization is exposed to interest rate risk due to fluctuations in the bankers' acceptance rate. The Organization entered into an interest swap in order to reduce the impact of fluctuating interest rates.

The Organization's short-term investments consist of GICs with interest rates ranging from 5.17% to 5.37% maturing within a year.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable from the Ministry and other accounts receivable.

17. Financial risks (continued):

The Organization assesses, on a continuous basis, amounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Organization at March 31, 2023 is the carrying value of these assets. Currently there is no allowance for doubtful accounts.

18. Comparative Information

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Schedule of Ministry and Other Restricted Funds - Statement of Operations and Changes in Fund Balances

Year ended March 31, 2023

	Community Capacity Building	OCBE fundiing	UCCB funding	Targeted subsidy for adoption	Education Liaison	COVID Residential Relief Fund	CW Immigration of Excellence	Total
Revenue:								
Ministry funding	$ 209,900	$ 240,886	$ –	$ 143,089	$ 122,168	$ 58,568	$ 200,000	$ 974,611
Income from other sources	–	–	152,181	–	–	–	–	152,181
	209,900	240,886	152,181	143,089	122,168	58,568	200,000	1,126,792
Expenditures:								
Adoption costs	–	–	–	143,089	–	–	–	143,089
Clients' personal needs	–	240,886	152,181	–	–	58,568	–	451,635
Employee benefits	–	–	–	–	19,247	–	28,600	47,847
Purchased services - client	209,900	–	–	–	19,793	–	4,985	234,678
Salaries and wages	–	–	–	–	83,128	–	166,415	249,543
	209,900	240,886	152,181	143,089	122,168	58,568	200,000	1,126,792
Excess of expenditures over revenue, representing fund balances, end of year	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –

The Society has a service contract/Children and Family Services Act ("CFSA") approval with the Ministry. A reconciliation report summarizes, by service, all revenue and expenditures and identifies any resulting surplus or deficit that relates to the service contract/CFSA approval.