CATHOLIC FAMILY SERVICES OF PEEL-DUFFERIN

FINANCIAL STATEMENTS

MARCH 31, 2023

HILBORN LLP

Independent Auditor's Report

To the Members of Catholic Family Services of Peel-Dufferin

Qualified Opinion

We have audited the financial statements of Catholic Family Services of Peel-Dufferin (the "Agency"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2023, 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 Qualified Opinion

In common with many non-for-profit organizations, the Agency derives revenues from donation revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation revenue was limited to the amounts recorded in the records of the Agency and we are not able to determine whether, as at and for the year ended March 31, 2023, any adjustments might be necessary to revenues and excess (deficiency) of revenues over expenses reported in the statement of operations, and assets and net assets reported in the statement of financial position. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified because of the possible effects of this scope limitation.

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 report. We are independent of the Agency 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.

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 ability of the Agency 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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Agency.

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Independent Auditor's Report (continued)

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 internal control of the Agency.
- 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 ability of the Agency 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 Agency 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Hilborn LLP

Toronto, Ontario
August 30, 2023

Chartered Professional Accountants
Licensed Public Accountants

CATHOLIC FAMILY SERVICES OF PEEL-DUFFERIN

Statement of Financial Position

March 31

	Operating Fund $	Building Fund $	Total 2023 $	Total 2022 $
ASSETS				
Current assets				
Cash	**599,540**	**11,510**	**611,050**	245,967
Short-term investments	**-**	**-**	**-**	295,481
Other receivables	**284,089**	**256,894**	**540,983**	101,866
Prepaid expenses	**20,570**	**2,483**	**23,053**	23,136
	904,199	**270,887**	**1,175,086**	666,450
Long-term assets				
Capital assets (note 3)	**10,636**	**5,872,770**	**5,883,406**	6,156,699
Recoverable building improvements (note 3)	**-**	**47,518**	**47,518**	65,253
Tenant improvements (note 3)	**-**	**13,577**	**13,577**	31,020
Tenant incentives	**-**	**-**	**-**	665
	10,636	**5,933,865**	**5,944,501**	6,253,637
	914,835	**6,204,752**	**7,119,587**	6,920,087
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	**264,711**	**83,100**	**347,811**	247,583
Accrued vacation pay	**89,251**	**-**	**89,251**	117,421
Current portion of mortgage payable (note 5)	**-**	**139,043**	**139,043**	131,036
Tenant deposits	**-**	**25,609**	**25,609**	33,966
Deferred revenue (note 6)	**735,901**	**-**	**735,901**	485,805
Inter-fund payable/receivable	**(481,078)**	**481,078**	**-**	-
	608,785	**728,830**	**1,337,615**	1,015,811
Long term liabilities				
Mortgage payable (note 5)	**-**	**2,857,294**	**2,857,294**	2,996,336
Deferred capital contributions (note 7)	**-**	**2,440,922**	**2,440,922**	2,507,218
	-	**5,298,216**	**5,298,216**	5,503,554
	608,785	**6,027,046**	**6,635,831**	6,519,365
NET ASSETS				
Operating Fund	**306,050**	**-**	**306,050**	221,600
Building Fund	**-**	**177,706**	**177,706**	179,122
	306,050	**177,706**	**483,756**	400,722
	914,835	**6,204,752**	**7,119,587**	6,920,087

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director

Director

CATHOLIC FAMILY SERVICES OF PEEL-DUFFERIN

Statement of Operations

Year ended March 31

	Operating Fund $	Building Fund $	Total 2023 $	Total 2022 $
Revenues				
Contributions				
Catholic Charities	**1,157,442**	**-**	**1,157,442**	1,035,760
Ministry of Children, Community and Social Services (MCCSS) (Schedule C)	**1,465,628**	**-**	**1,465,628**	1,445,632
Ministry of the Attorney General (Schedule B)	**644,304**	**-**	**644,304**	535,298
Region of Peel	**757,221**	**36,836**	**794,057**	1,124,048
Ontario Trillium Foundation	**56,300**	**-**	**56,300**	-
Ministry of Citizenship - Language interpreters	**18,344**	**-**	**18,344**	18,197
Other funding sources	**353,461**	**-**	**353,461**	19,832
Donations and fundraising	**44,986**	**-**	**44,986**	19,101
Client fees	**181,253**	**-**	**181,253**	175,662
Interest income	**5,607**	**-**	**5,607**	560
Recovery of shared services	**76,769**	**-**	**76,769**	56,561
Miscellaneous income	**30,411**	**-**	**30,411**	42,982
	4,791,726	**36,836**	**4,828,562**	4,473,633
Transfers to other agencies (note 8)	**(480,480)**	**-**	**(480,480)**	(391,622)
	4,311,246	**36,836**	**4,348,082**	4,082,011
Expenses				
Compensation				
Salaries	**2,686,446**	**36,836**	**2,723,282**	2,714,143
Employee benefits (note 10)	**453,875**	**-**	**453,875**	449,883
Contracted counselling services	**5,303**	**-**	**5,303**	2,494
Advertising and promotion	**2,219**	**-**	**2,219**	4,544
Agency dues and membership fees	**21,489**	**-**	**21,489**	23,573
Amortization of capital assets	**4,202**	**-**	**4,202**	1,315
Insurance	**29,972**	**-**	**29,972**	24,134
Building occupancy	**57,420**	**-**	**57,420**	55,566
Language interpreters	**21,277**	**-**	**21,277**	18,297
Office equipment purchases and maintenance	**166,917**	**-**	**166,917**	164,781
Office expense	**222,195**	**-**	**222,195**	67,975
Professional fees and consultant services	**213,169**	**-**	**213,169**	132,698
Program costs	**43,137**	**-**	**43,137**	71,308
Special event costs	**20,617**	**-**	**20,617**	2,215
Training and education	**29,669**	**-**	**29,669**	42,795
Travel	**3,506**	**-**	**3,506**	175
	3,981,413	**36,836**	**4,018,249**	3,775,896
Excess of revenues over expenses before net rental operations	**329,833**	**-**	**329,833**	306,115
Rental operations (net) (Schedule A)	**-**	**(246,799)**	**(246,799)**	(367,133)
Excess (deficiency) of revenues over expenses	**329,833**	**(246,799)**	**83,034**	(61,018)

The accompanying notes are an integral part of these financial statements

CATHOLIC FAMILY SERVICES OF PEEL-DUFFERIN

Statement of Changes in Net Assets

Year ended March 31

			2023
	Operating Fund $	Building Fund $	Total $
Balance, beginning of year	**221,600**	**179,122**	**400,722**
Excess (deficiency) of revenues over expenses for year	**329,833**	**(246,799)**	**83,034**
Inter-fund transfer (note 9)	**(245,383)**	**245,383**	**-**
Balance, end of year	**306,050**	**177,706**	**483,756**

			2022
	Operating Fund $	Building Fund $	Total $
Balance, beginning of year	160,868	300,872	461,740
Excess (deficiency) of revenues over expenses for year	306,115	(367,133)	(61,018)
Inter-fund transfer (note 9)	(245,383)	245,383	-
Balance, end of year	221,600	179,122	400,722

The accompanying notes are an integral part of these financial statements

CATHOLIC FAMILY SERVICES OF PEEL-DUFFERIN

Statement of Cash Flows

Year ended March 31	Operating Fund $	Building Fund $	Total 2023 $	Total 2022 $
Cash flows from operating activities				
Excess (deficiency) of revenues over expenses for year	**329,833**	**(246,799)**	**83,034**	(61,018)
Adjustments to determine net cash provided by (used in) operating activities				
Amortization of capital assets	**4,202**	**286,233**	**290,435**	296,375
Amortization of tenant incentives	**-**	**665**	**665**	2,515
Amortization of tenant improvements	**-**	**17,442**	**17,442**	21,057
Amortization of recoverable building improvements	**-**	**17,734**	**17,734**	16,989
Amortization of deferred capital contributions	**-**	**(201,296)**	**(201,296)**	(205,581)
	334,035	**(126,021)**	**208,014**	70,337
Change in non-cash working capital items				
Decrease (increase) in other receivables	**(251,813)**	**(187,304)**	**(439,117)**	126,047
Decrease (increase) in prepaid expenses	**(1,385)**	**1,468**	**83**	73,094
Changes in inter-fund payable/receivable	**(77,569)**	**77,569**	**-**	-
Increase (decrease) in accounts payable and accrued liabilities	**80,812**	**19,416**	**100,228**	(205,170)
Decrease in accrued vacation pay	**(28,170)**	**-**	**(28,170)**	(12,763)
Decrease in tenant deposits	**-**	**(8,357)**	**(8,357)**	(75,506)
Increase (decrease) in deferred revenue	**286,932**	**(36,836)**	**250,096**	(58,551)
	342,842	**(260,065)**	**82,777**	(82,512)
Cash flows from investing activities				
Purchase of capital assets	**(6,685)**	**(10,455)**	**(17,140)**	(412,038)
Purchase of short-term investments	**-**	**-**	**-**	(519)
Redemption of short-term investments	**295,481**	**-**	**295,481**	-
	288,796	**(10,455)**	**278,341**	(412,557)
Cash flows from financing activities				
Repayment of first mortgage loan	**-**	**(131,035)**	**(131,035)**	(123,488)
Capital contributions received	**-**	**135,000**	**135,000**	449,451
Inter-fund transfer	**(245,383)**	**245,383**	**-**	-
	(245,383)	**249,348**	**3,965**	325,963
Net change in cash	**386,255**	**(21,172)**	**365,083**	(169,106)
Cash, beginning of year	**213,285**	**32,682**	**245,967**	415,073
Cash, end of year	**599,540**	**11,510**	**611,050**	245,967

The accompanying notes are an integral part of these financial statements

March 31, 2023

Nature of operations

Catholic Family Services of Peel-Dufferin (the "Agency") is a not-for-profit organization incorporated without share capital under the laws of the Province of Ontario. The Agency provides counselling and community development services to the diverse residents of Peel and Dufferin.

The Agency is a registered charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Agency must meet certain requirements within the Act. These requirements have been met.

1. **Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. These financial statements have been prepared within the framework of the significant accounting policies summarized below.

(a) **Fund accounting**

The Agency uses fund accounting, whereby a separate set of accounts is maintained for each fund based on its specific purpose as follows:

Operating Fund

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

Building Fund

Assets, liabilities, revenues and expenses related to the Agency's campaign which was launched in 2009 for the acquisition and renovations of a building located at 60 West Drive, Brampton are reported in the Building Fund. The Building Fund also reports the assets, liabilities, revenues and expenses related to the building acquired in 2011 and its rental operations which began in 2012. The building houses the Brampton offices of the Agency, as well as other tenants.

(b) **Revenue recognition**

The Agency follows the deferral method of accounting for contributions which include grants, donations and other contributions.

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

Externally restricted contributions for which no corresponding restricted fund is presented are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred and contribution conditions are met. Grants approved but not received at the reporting date are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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

(b) **Revenue recognition (continued)**

Revenue from client fees for counselling sessions other than those associated with the Partner Assault Response Program ("PAR") is recognized in the year the sessions are held. Client fees collected from participants in the PAR Program are recognized as revenue in the year unless this results in a program surplus for the year. When this occurs, any surplus becomes payable to the Ministry of the Attorney General ("Ministry") as required by the funding agreement, or deferred revenue to be applied to the subsequent year, with permission by the Ministry.

Rental revenue is recorded in the month it is earned. An accrued receivable or payable from or to the tenants is recorded based on the amount of common area charges collected compared to actual recoverable expenses incurred during the period. Free rent given to a tenant as an incentive, is amortized over the term of the tenant’s lease.

Revenues from fundraising events, as well as related expenses, are recognized in the year the event is held.

Interest and miscellaneous income are recorded when earned or services are performed.

(c) **Financial instruments**

(i) **Measurement of financial instruments**

The Agency initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Transaction costs of those financial assets and financial liabilities subsequently measured at fair value are recognized in income in the year incurred.

The Agency subsequently measures all of its financial assets and financial liabilities at amortized cost.

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets measured at amortized cost include cash, short-term investments and other receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and mortgage payable.

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

(c) **Financial instruments (continued)**

(ii) **Impairment**

At the end of each year, the Agency assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Agency, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; and bankruptcy or other financial reorganization proceedings.

When the Agency identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the financial asset to the greater of the following:

- the present value of the cash flows expected to be generated by holding the financial asset discounted using a current market rate of interest appropriate to the financial asset; and
- the amount that could be realized by selling the financial asset at the statement of financial position date.

Any impairment of the financial asset is recognized in income in the year in which the impairment occurs.

When the extent of impairment of a previously written-down financial asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, but not in excess of the impairment loss. The amount of the reversal is recognized in income in the year the reversal occurs.

(d) **Capital assets**

The cost of furniture, office equipment and any other significant capital items of the Operating Fund are capitalized if their cost of acquisition exceeds $2,000.

Building and tenant unit improvements recorded in the Building Fund are capitalized if their cost of acquisition exceeds $10,000.

The costs of capital assets are capitalized upon meeting the criteria for recognition as capital assets, otherwise, costs are expensed as incurred. The cost of capital assets comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are measured at cost less accumulated amortization and accumulated impairment losses.

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

(d) **Capital assets (continued)**

Amortization is provided for, upon the commencement of the utilization of the assets, using methods and rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates on a straight line basis are as follows:

Operating Fund	
Computer systems	3 to 5 years
Building Fund	
Building	25 years
Solar panel system	20 years
Parking lot and entranceways	10 years
Community kitchen	25 years
Recoverable building improvements	5 years
Tenant improvements	Over term of lease

Capital assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the capital assets to its fair value. Any impairment of capital assets is recognized in income in the year in which the impairment occurs. An impairment loss is not reversed if the fair value of the capital assets subsequently increases. There were no impairment indicators in 2023.

(e) **Deferred capital contributions**

Externally restricted contributions for the purchase of capital assets are deferred and amortized over the life of the related assets. Externally restricted contributions that have not been expended are reported as deferred capital contributions on the statement of financial position.

(f) **Tenant incentives**

Free rental periods given to tenants as an incentive to sign a rental lease agreement are recorded as an asset at the amount of rent given up and amortized monthly on a straight-line basis over the period of the lease.

(g) **Contributed goods and services**

Contributed goods are not recorded in the accounts, except when they are used in the normal course of business and when a fair value for such goods can be readily determined.

The Agency derives a significant benefit from members acting as volunteers and directors. Since these services are not normally purchased by the Agency and because of the difficulty of determining their fair value, donated services are not recognized in the financial statements for these same reasons.

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

(h) **Allocation of expenses**

The preparation of Schedule B for the Partner Assault Response Program (PAR) and Schedule C for programs funded by the Ministry of Children, Community and Social Services (MCCSS) requires the allocation of administrative expenses. These expenses include administrative salaries and benefits, administrative travel, building occupancy costs, office equipment usage, advertising and promotion, insurance, professional fees and office supplies and expenses. The allocation of the expenses to the programs are done in accordance with budgeted amounts which were pre-approved by the funders. Expenses allocated to the programs do not exceed actual expenses incurred by the Agency.

(i) **Employee Future Benefits**

Effective January 1, 2020, the Catholic Charities of the Archdiocese of Toronto and Participating Member Agencies became a participating employer in the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), which is a multi-employer contributory defined benefit pension plan. The Plan covers all of the employees of the Agency. The plan assets of the former defined benefit pension plan and defined contribution pension plan were all transferred to the Plan. Employees of the Agency who were members of the former defined benefit pension plan and defined contribution pension plan were required to join the Plan effective January 1, 2020. The Plan is also open to new eligible employees of the Agency.

Existing eligible employees of the former defined benefit pension plan and defined contribution pension plan are required to contribute to the Plan as follows, their contributions are topped up by the Employer:

Contributions made during	**Member Contribution**	**Member Deemed Contribution**	**Employer Contribution**
January 1, 2020 - December 31, 2020	5.0%	7.0%	7.0%
January 1, 2021 - December 31, 2021	5.5%	7.0%	7.0%
January 1, 2022 - December 31, 2022	6.0%	7.0%	7.0%
January 1, 2023 - December 31, 2023	6.5%	7.0%	7.0%
January 1, 2024 - onward	7.0%	7.0%	7.0%

Existing defined contribution pension plan members had a one-time option to begin contributing at 7% effective January 1, 2021.

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

(i) **Employee Future Benefits (continued)**

All other eligible employees are required to contribute as follows:

Contributions made during	Member Contribution	Employer Contribution
January 1, 2020 - December 31, 2020	4.0%	7.0%
January 1, 2021 - December 31, 2021	5.0%	7.0%
January 1, 2022 - December 31, 2022	6.0%	7.0%
January 1, 2023 - onward	7.0%	7.0%

In accordance with CPA Handbook section 3642 "Employee Future Benefits", a multi-employer contributory defined benefit plan is accounted using defined contribution plan accounting due to sufficient information not available to use defined benefit plan accounting.

The Agency's policy is to expense the contributions made to the Plan. The pension expense for the year consists of payments for current service costs and special payments for any unfunded liabilities.

(j) **Management estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current year. Actual results may differ from these estimates, the impact of which would be recorded in future years.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

2. **Financial instrument risk management**

The Agency is exposed to various risks through its financial instruments. The following analysis provides a measure of the Agency's risk exposure and concentrations.

The financial instruments of the Agency and the nature of the risks to which those instruments may be subject, are as follows:

	Risks				
			Market risk		
Financial instrument	Credit	Liquidity	Currency	Interest rate	Other price
Cash	X				
Short-term investments	X			X	
Other receivables	X				
Accounts payable and accrued liabilities		X			
Mortgage payable		X			

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure of the Agency to credit risk is as follows:

	2023 $	2022 $
Cash	611,050	245,967
Short-term investments	-	295,481
Other receivables	540,983	101,866
	1,152,033	643,314

The Agency reduces its exposure to the credit risk of cash and short-term investments by maintaining its accounts with a reputable Canadian financial institution, and in respect of other receivables by closely monitoring its tenant accounts.

Liquidity risk

Liquidity risk is the risk that the Agency will encounter difficulty in meeting obligations associated with financial liabilities. The Agency is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and mortgage payable.

The liquidity of the Agency is monitored by management to ensure sufficient cash is available to meet liabilities as they become due.

2. **Financial instrument risk management (continued)**

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 is comprised of currency risk, interest rate risk and other price risk. The Agency is not exposed to currency risk or other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Agency is not exposed to significant interest rate risk.

Changes in risk

There have been no significant changes in the risk profile of the financial instruments of the Agency from that of the prior year, with the exception that the Agency had redeemed its short-term investments during the year, resulting in reduced exposure to interest rate risk.

3. **Capital assets**

			2023
	Cost $	**Accumulated Amortization $**	**Net Book Value $**
Operating fund			
Computer systems	16,153	5,517	10,636
Building fund			
Land	2,500,000	-	2,500,000
Building	5,073,549	2,102,897	2,970,652
Solar panel system	399,961	214,895	185,066
Parking lot and entranceways	222,367	222,337	30
Community kitchen	393,917	176,895	217,022
	8,589,794	2,717,024	5,872,770
Recoverable building fund			
External lighting	8,384	8,384	-
Elevator	82,382	34,864	47,518
	90,766	43,248	47,518
Tenant improvements	210,595	197,018	13,577

3. **Capital assets (continued)**

			2022
	Cost $	Accumulated Amortization $	Net Book Value $
Operating fund			
Computer systems	9,468	1,315	8,153
Building fund			
Land	2,500,000	-	2,500,000
Building	5,073,549	1,857,385	3,216,164
Solar panel system	389,504	195,420	194,084
Parking lot and entranceways	222,367	219,848	2,519
Community kitchen	393,917	158,138	235,779
	8,579,337	2,430,791	6,148,546
Recoverable building fund			
External lighting	8,384	7,126	1,258
Elevator	82,382	18,387	63,995
	90,766	25,513	65,253
Tenant improvements	210,595	179,575	31,020

4. **Province of Ontario's interest in the land and building**

A one million dollar grant from the Ministry of Community and Social Services of the Province of Ontario was obtained in a prior year to assist in the purchase of the land and building. The agreement between Her Majesty the Queen in right of Ontario (“Ontario”) and Catholic Family Services of Peel-Dufferin (the “Agency”) which was signed on May 8, 2009 to obtain the grant includes certain restrictive conditions in regards to the Agency’s ownership of the building.

The Agency cannot alter, demolish, transfer, donate or sell the property without Ontario’s prior written approval. It cannot borrow against the property, or use it as collateral, without the prior written consent of Ontario.

Ontario can, at its sole discretion and at any time, direct the Agency to transfer the premises, to a party designated by Ontario or to sell the premises. In the event that the service contract with the Agency is terminated or the Agency ceases to provide the program, or for any reasons the premises become unsuitable for the program, or the Agency wishes to sell the premises, the Agency will, at the option of Ontario, use the premises for whatever purposes Ontario determines, transfer the premises to a party designated by Ontario, or cause the premises to be sold and all offers to purchase that are presented to the Agency will require the prior approval of Ontario before acceptance by the Agency.

In the event of a sale of the property, the Agency must ensure that the net proceeds from the sale are distributed to the Agency and to Ontario in accordance with the proportionate share of the parties. A final agreement signed November 7, 2011 established that Ontario’s proportionate share in the property is 15.08%.

5. **Mortgage payable**

Loan amount
The bank loan was secured to purchase the building and provide financing for the costs of its improvements. It was advanced on the day of closing of the purchase, February 23, 2011.

Term, amortization and payments
Up to June 1, 2012, the loan required payment of interest only. The term of the loan is 15 years maturing on May 1, 2027 with an amortization period of 25 years and required equal monthly instalments of principal and interest of $26,121 since June 1, 2012. There is no right to prepayment of the loan in whole or in part.

Interest rate
The interest rate during the term of the loan for the amount advanced to date is 6.02%, calculated semi annually.

Security
(a) a first in priority mortgage and charge in the property;
(b) a first in priority general assignment of rents and/or leases of the property;
(c) a first in priority general security agreement over all the Agency's present and after-acquired personal property located on, related to, arising from or used or acquired in connection with the property.

	2023	**2022**
	$	**$**
Mortgage payable, beginning of year	3,127,372	3,250,862
Less: principal payments	131,035	123,490
	2,996,337	3,127,372
Less: current portion	139,043	131,036
Long-term portion	2,857,294	2,996,336

Annual principal repayments until maturity are as follows:

	$
2024	139,043
2025	147,539
2026	156,555
2027	166,121
2028	2,387,079
	2,996,337

6. Deferred revenue

Deferred revenue represents funds received for specified expenditures which will be expended in subsequent periods. Revenue is recognized in the period in which the related expenses are incurred. Details of deferred revenue are as follows:

2023 - Operating fund	**Opening balance $**	**Received During Year $**	**Recognized as Revenue $**	**Closing Balance $**
Grants and projects	284,926	1,366,560	1,275,628	375,858
Restricted donations	164,043	196,000	-	360,043
	448,969	1,562,560	1,275,628	735,901

2023 - Building fund	**Opening balance $**	**Received During Year $**	**Recognized as Revenue $**	**Closing Balance $**
Grants and projects	36,836	-	36,836	-

7. Deferred capital contributions

Deferred capital contributions represent contributions received that have not been expended, and the unamortized amount of contributions received for the purchase of capital assets. The changes in deferred capital contributions are as follows:

	2023 $	**2022 $**
Balance - at beginning of year	2,507,218	2,263,348
Capital contributions received	135,000	449,451
Amortization of deferred capital contributions	(201,296)	(205,581)
Balance - at end of year	2,440,922	2,507,218

8. Transfers to other agencies

Catholic Family Services of Peel-Dufferin acts as the coordinating agency for various programs and projects. The following amounts were approved to be transferred to other agencies:

	2023 $	**2022 $**
Region of Peel	462,833	361,349
Ministry of Children, Community and Social Services	17,647	30,273
	480,480	391,622

March 31, 2023

9. Transfer from Operating Fund to Building Fund

During the current year, the Board of Directors authorized a transfer of $245,383 (2022 - $245,383) from the Operating Fund to the Building Fund. The transfer represents an amount equivalent to the notional rent that would be paid for the space occupied by the Agency in the building at 60 West Drive.

10. Pension fund contributions

Effective January 1, 2020, the Catholic Charities of the Archdiocese of Toronto and Participating Member Agencies became a participating employer in the Colleges of Applied Arts and Technology Pension Plan (the "Plan").

Contributions to the pension plan made during the year by the Agency amounted to $188,884 (2022 - $185,036) and are included in employee benefits in the statement of operations.

According to the most recent actuarial valuation as at January 1, 2023, which was reported in March 2023, the Plan is fully funded on a going concern basis.

11. Lease commitments

The Agency is committed to annual rental payments for its premises and office equipment under operating leases. The leases for premises expire in September 2024 and the leases for office equipment expire between August 2022 and November 2026. Total annual minimum payments are as follows:

	Premise leases $	Equipment $	Total $
2024	54,180	17,858	72,038
2025	27,240	4,858	32,098
2026	-	2,580	2,580
2027	-	1,290	1,290
	81,420	26,586	108,006

CATHOLIC FAMILY SERVICES OF PEEL-DUFFERIN

Schedule of Building Fund Rental Operations — Schedule A

Year ended March 31

	2023 $	2022 $
Revenues		
Rent	**849,072**	686,259
Other income	**72,449**	45,173
Interest income	**1,439**	-
	922,960	731,432
Amortization of deferred capital contributions (note 7)	**201,296**	205,581
	1,124,256	937,013
Expenses		
Recoverable expenses		
Cleaning and maintenance	**343,618**	400,279
Utilities	**164,946**	140,181
Property taxes	**50,123**	47,907
Management fees and administrative expenses	**55,233**	51,985
Insurance	**12,066**	28,772
Amortization of recoverable building improvements	**17,734**	16,989
	643,720	686,113
Non-recoverable expenses		
Amortization of capital assets	**286,233**	295,060
Mortgage interest	**182,416**	189,351
Salary and wages	**215,943**	108,005
Amortization of tenant units improvements	**17,442**	21,057
Amortization of tenant incentives	**665**	2,515
Professional fees	**4,619**	-
Other landlord costs	**20,017**	2,045
	727,335	618,033
Total expenses	**1,371,055**	1,304,146
Deficiency of revenues over expenses from rental operations	**(246,799)**	(367,133)

Schedule of Revenues and Expenses — Schedule B

Ministry of the Attorney General Partner Assault Response Program

Year ended March 31

	2023 Budget (unaudited) $	2023 Actual $	2022 Actual $
Grant-related revenues			
Grant from the Ministry of the Attorney General	644,304	**644,304**	535,298
Mandatory client fees	175,000	**176,299**	161,758
Other revenue	-	**4,084**	-
	819,304	**824,687**	697,056
Grant related expenses			
Salaries and wages	613,681	**610,307**	505,374
Benefits	95,981	**95,981**	86,547
Building occupancy	77,750	**77,750**	77,750
Program and office equipment	15,616	**15,751**	9,810
Purchase of service (audit and legal)	5,000	**5,000**	5,000
Telecommunications	8,576	**9,091**	9,079
Staff expenses	1,800	**9,907**	2,596
Insurance	900	**900**	900
	819,304	**824,687**	697,056
Excess of revenues over expenses	-	**-**	-

CATHOLIC FAMILY SERVICES OF PEEL-DUFFERIN

Schedule of Revenues and Expenses — Schedule C

Ministry of Children, Community and Social Services (MCCSS) funding and expenses

Year ended March 31, **2023**

	Child Welfare - Community and Prevention Supports	BPS-Other Adults Social Services	Violence Against Women	Total
	$	$	$	$
Revenues				
MCCSS Funding	377,254	17,216	1,071,158	1,465,628
Grant-related expenses				
Salaries and wages	267,387	14,970	622,044	904,401
Benefits	42,561	2,246	103,310	148,117
Building occupancy	13,886	-	69,498	83,384
Staff training	144	-	2,426	2,570
Travel and telecommunication	2,587	-	10,898	13,485
Program and office equipment	12,964	-	149,730	162,694
Other expenses	-	-	8,136	8,136
Allocated Central Administration	37,725	-	105,116	142,841
	377,254	17,216	1,071,158	1,465,628
Excess of revenues over expenses	-	-	-	-

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