

Financial statements of

Family Service Toronto

March 31, 2015

Family Service Toronto

March 31, 2015

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Independent Auditor's Report

To the Members of
Family Service Toronto

We have audited the accompanying financial statements of Family Service Toronto ("FST"), which comprise the statement of financial position as at March 31, 2015, the statements of operations, changes in fund balances, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of FST as at March 31, 2015 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.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 10, 2015

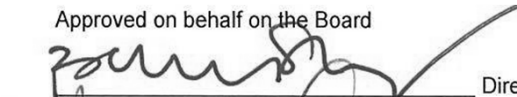
Family Service Toronto

Statement of financial position

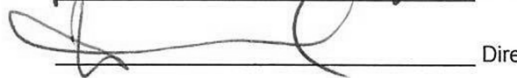
as at March 31, 2015

	2015				2014			
	General Fund	Capital and Learning Fund	Endowment Funds	Total	General Fund	Capital and Learning Fund	Endowment Funds	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Current assets								
Cash	1,398,637	3,495,385	-	4,894,022	1,263,693	3,443,460	-	4,707,153
Grants and accounts receivable (Note 4)	1,731,669	-	-	1,731,669	1,304,878	5,544	-	1,310,422
Deposit on purchase of interest in property (Note 22)	-	300,000	-	300,000	-	-	-	-
Prepaid expenses	307,186	-	-	307,186	261,061	-	-	261,061
	3,437,492	3,795,385	-	7,232,877	2,829,632	3,449,004	-	6,278,636
Investments (Note 3)	-	-	985,531	985,531	-	-	900,827	900,827
Capital assets (Note 5)	-	2,224,976	-	2,224,976	-	1,828,580	-	1,828,580
Deferred property development costs (Note 6)	-	212,383	-	212,383	-	171,343	-	171,343
	3,437,492	6,232,744	985,531	10,655,767	2,829,632	5,448,927	900,827	9,179,386
Liabilities								
Current liabilities								
Accounts payable and accrued charges (Note 7)	4,414,272	54,081	-	4,468,353	2,316,508	31,311	1,580	2,349,399
Inter-fund balances	(864,218)	852,465	11,753	-	(293,479)	291,386	2,093	-
Deferred contributions (Notes 3 and 9)	404,689	-	221,305	625,994	1,015,573	-	192,752	1,208,325
	3,954,743	906,546	233,058	5,094,347	3,038,602	322,697	196,425	3,557,724
Long-term								
Inter-fund loan payable/receivable (Note 8)	525,517	(525,517)	-	-	314,510	(314,510)	-	-
Deferred capital contributions (Note 9)	-	754,814	-	754,814	-	640,785	-	640,785
	4,480,260	1,135,843	233,058	5,849,161	3,353,112	648,972	196,425	4,198,509
Commitments and contingencies (Notes 19 and 20)								
Fund balances								
Invested in capital assets (Note 11)	-	1,470,162	-	1,470,162	-	1,187,795	-	1,187,795
Invested in property development project	-	212,383	-	212,383	-	171,343	-	171,343
Externally restricted (Note 10)	-	-	752,473	752,473	-	-	704,402	704,402
Internally restricted (Note 11)	-	3,414,356	-	3,414,356	-	3,440,817	-	3,440,817
Unrestricted	(1,042,768)	-	-	(1,042,768)	(523,480)	-	-	(523,480)
	(1,042,768)	5,096,901	752,473	4,806,606	(523,480)	4,799,955	704,402	4,980,877
	3,437,492	6,232,744	985,531	10,655,767	2,829,632	5,448,927	900,827	9,179,386

Approved on behalf on the Board



Director



Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Family Service Toronto

Statement of operations year ended March 31, 2015

	2015					2014				
	General Fund		Capital and Learning Fund	Total	General Fund		Capital and Learning Fund	Total		
	Community programs	FSEAP (1)			Client purchase of service (2)	Community programs			FSEAP (1)	Client purchase of service (2)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revenue										
Government (Note 12)	6,287,772	-	22,158,328	-	28,446,100	5,806,602	-	17,052,150	-	22,858,752
United Way										
Base allocation	3,769,295	-	-	-	3,769,295	3,769,295	-	-	-	3,769,295
Other	49,684	-	-	-	49,684	22,611	-	-	-	22,611
Foundations and other agencies	350,854	-	261,206	-	612,060	377,265	-	230,691	-	607,956
Fees										
Employee assistance program	-	3,197,768	-	-	3,197,768	-	3,368,719	-	-	3,368,719
Client	139,269	-	-	-	139,269	175,762	-	-	-	175,762
Membership, donations and bequests	225,686	-	-	-	225,686	108,863	-	-	-	108,863
Investment income (Note 3)	8,336	1,148	-	39,228	48,712	18,685	-	-	(7,951)	10,734
Amortization of deferred capital contributions	-	-	-	348,460	348,460	-	-	-	165,545	165,545
Other	76,317	2,606	-	-	78,923	81,710	-	-	-	81,710
	10,907,213	3,201,522	22,419,534	387,688	36,915,957	10,360,793	3,368,719	17,282,841	157,594	31,169,947
Expenses										
Salaries	7,244,154	1,557,885	-	-	8,802,039	7,128,055	1,700,847	-	-	8,828,902
Employee benefits	1,270,578	261,353	-	-	1,531,931	1,350,961	319,383	-	-	1,670,344
Client purchase of service	-	-	22,419,534	-	22,419,534	-	-	17,282,841	-	17,282,841
Contracted services	998,465	850,247	-	220,915	2,069,627	642,437	886,865	-	131,997	1,661,299
Building occupancy	595,924	210,233	-	1,771	807,928	607,507	206,441	-	-	813,948
Office and supplies	482,043	185,578	-	-	667,621	376,251	157,802	-	-	534,053
Transportation	140,079	16,683	-	-	156,762	86,350	27,405	-	-	113,755
Promotion	28,915	58,241	-	-	87,156	45,198	43,746	-	-	88,944
Education and conferences	24,712	3,156	-	12,970	40,838	9,980	3,883	-	27,535	41,398
Amortization	-	-	-	375,538	375,538	-	-	-	196,656	196,656
Other	121,179	58,146	-	-	179,325	114,010	22,347	-	1,000	137,357
	10,906,049	3,201,522	22,419,534	611,194	37,138,299	10,360,749	3,368,719	17,282,841	357,188	31,369,497
Excess (deficiency) of revenue over expenses before the undernoted	1,164	-	-	(223,506)	(222,342)	44	-	-	(199,594)	(199,550)
Write off of deferred pension costs	-	-	-	-	-	(2,598,745)	-	-	(97,458)	(2,696,203)
Pension settlement impact (Note 13)	-	-	-	-	-	-	-	-	(3,481,113)	(3,481,113)
Excess (deficiency) of revenue over expenses	1,164	-	-	(223,506)	(222,342)	(2,598,701)	-	-	(3,778,165)	(6,376,866)

(1) FSEAP is defined as Family Services Employee Assistance Program.

(2) FST administers these funds for clients on behalf of the Government of Ontario and Partner Agencies.

The accompanying notes to the financial statements are an integral part of this financial statement.

Family Service Toronto

Statement of changes in fund balances

year ended March 31, 2015

	2015												2014
	General Fund	Capital and Learning Fund			Endowment Funds		General Fund	Capital and Learning Fund			Endowment Funds		Total
	Unrestricted	Invested in property development project (Note 6)	Invested in capital assets	Internally restricted	Externally restricted	Total	Unrestricted	Invested in defined benefit pension plan	Invested in property development project (Note 6)	Invested in capital assets	Internally restricted	Externally restricted	
		\$	\$	\$	\$			\$	\$	\$	\$	\$	
Fund balances, beginning of year	(523,480)	171,343	1,187,795	3,440,817	704,402	4,980,877	2,196,403	97,458	162,577	1,218,906	6,977,997	689,472	
Excess (deficiency) of revenue over expenses	1,164	-	(27,078)	(196,428)	-	(222,342)	(2,598,701)	(3,578,571)	-	(31,111)	(168,483)	-	(6,376,866)
Additions during the year	(309,445)	41,040	309,445	(41,040)	-	-	-	-	8,766	-	(8,766)	-	-
Fund transfer (Note 13)	-	-	-	-	-	-	-	3,481,113	-	-	(3,481,113)	-	-
FSEAP Interfund loan (Note 8)	(211,007)	-	-	211,007	-	-	(121,182)	-	-	-	121,182	-	-
Change in unrealized gain in the endowment funds	-	-	-	-	48,071	48,071	-	-	-	-	-	14,930	14,930
Fund balances, end of year	(1,042,768)	212,383	1,470,162	3,414,356	752,473	4,806,606	(523,480)	-	171,343	1,187,795	3,440,817	704,402	4,980,877

The accompanying notes to the financial statements are an integral part of this financial statement.

Family Service Toronto

Statement of cash flows year ended March 31, 2015

	2015	2014
	\$	\$
Operating activities		
(Deficiency) excess of revenue over expenses	(222,342)	(6,376,866)
Items not affecting cash		
Amortization of capital assets	375,538	196,656
Amortization of deferred capital contributions	(348,460)	(165,545)
Actuarial pension expense (Note 13)	-	109,987
Write off of deferred pension costs	-	2,696,203
	(195,264)	(3,539,565)
Changes in operating working capital items		
Grants and accounts receivable	(421,247)	48,428
Prepaid expenses	(46,125)	(88,206)
Accounts payable and accrued charges		
General fund	2,097,764	(205,607)
Capital and learning fund	22,770	6,192
Endowment fund	(1,580)	555
Increase (decrease) in deferred contributions		
General fund	(610,884)	397,470
Endowment fund	28,553	31,409
	873,987	(3,349,324)
Financing activities		
Deferred capital contributions*	462,489	376,722
Investing activities		
Purchase of capital assets*	(771,934)	(376,722)
Deposit on purchase of interest on property	(300,000)	-
Deferred property development costs (Note 6)	(41,040)	(8,766)
Proceeds from sale of investments	(36,633)	46,981
	(1,149,607)	(338,507)
Increase (decrease) in cash	186,869	(3,311,109)
Cash, beginning of year	4,707,153	8,018,262
Cash, end of year	4,894,022	4,707,153

* (Includes gift-in-kind of \$Nil (2014 - \$127,296))

The accompanying notes to the financial statements are an integral part of this financial statement.

Family Service Toronto

Notes to the financial statements

March 31, 2015

1. Purpose of the Organization

Family Service Toronto ("FST") strengthens individuals, families and communities through counselling, education, social action, advocacy and community development and works with partners to build a vibrant community social services sector. FST helps people face a wide variety of life challenges. For over 90 years, FST has been assisting families and individuals through counselling, community development, advocacy and public education programs. Services are available to everyone who lives or works in Toronto. FST is incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the deferral method of reporting contributions.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when FST becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments traded in an active market which are measured at fair value. Any subsequent changes in fair value are recorded in the Statement of operations.

Fair value is determined directly from published price quotations in an active market. Transaction costs are expensed when incurred.

Financial assets measured at amortized cost are assessed at each reporting date for indication of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the Statement of operations.

Fund accounting

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

Assets, liabilities, revenues and expenses relating to FST's current and future capital and special purpose requirements, as approved by the Board, are reflected in the Capital and Learning Fund.

Endowment contributions are reported in the Endowment Fund. All investment income earned on resources of the Endowment Fund have restrictions imposed by the contributors of the funds, and are reported as deferred contributions in the Endowment Fund.

The two internally restricted funds of the Capital Asset Fund and Learning and Innovation Fund were merged as of March 31, 2010. The merged fund is called Capital and Learning Fund. The original purpose of the two funds will be maintained, which is to support initiatives with breakthrough thinking in responding creatively and effectively to emerging community needs and to provide sufficient funds for required capital additions and significant repairs to property. The Board of Directors may approve other uses on an exceptional basis.

Revenue recognition

FST follows the deferral method of accounting for contributions.

Restricted contributions and donations are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. 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.

Endowment contributions are recognized as direct increases in the Endowment Fund Balance. Investment income earned on endowed funds is restricted.

Family Service Toronto

Notes to the financial statements

March 31, 2015

2. Significant accounting policies (continued)

Revenue recognition (continued)

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue in the General Fund when earned.

Investment income earned from the Capital and Learning Fund during the fiscal year with respect to purchase of capital assets is deferred and recognized as revenue in the year in which the related amortization expense is recognized.

Capital assets and deferred capital contributions

Purchased capital assets are recorded in the Capital and Learning Fund at cost. Contributed capital assets are recorded in the Capital and Learning Fund at fair value at the date of contribution. Amortization is provided on the straight-line basis over the assets' estimated useful lives, which for buildings is 40 years, for furniture and equipment and vehicles is five years, for computers is three years, for computer software is four years and for leasehold improvements is the term of the lease. Amortization is calculated once the capital asset is operational. Amortization expense is reported in the Capital and Learning Fund. When grants are received to pay for specific asset purchases, the grants are recorded as deferred capital contributions and are recognized in the Capital and Learning Fund as revenue over the estimated useful life of the asset.

Cash

Cash includes cash and short-term investments with maturities of three months or less from the date of acquisition.

Pension costs

Amounts charged or credited to revenue were determined by FST's consulting actuaries using the projected benefit method pro-rated on services.

Actuarial surpluses or deficiencies, together with actuarial gains and losses in excess of the "10% corridor" provided for in Section 3461 of the Chartered Professional Accountants of Canada's Handbook, were recognized over the expected average remaining service life. Contributions to the pension trust fund were made in accordance with the Financial Service Commission of Ontario's actuarial requirements.

The amendments to the pension plan that were effective September 30, 2008 for the non-unionized members and January 31, 2009 for the unionized members were treated as a curtailment, since the members were no longer earning defined benefits for future service under the pension plan following the amendments. Curtailment leads to a reduction in the accrued benefit obligation i.e. a curtailment gain, since following the amendments, the liabilities no longer reflect expected future salary increases. The impact of the curtailment was a reduction in the unamortized actuarial loss.

As noted in Note 13, the defined benefit portion of the pension plan was wound up effective as of June 30, 2012.

Contributed services

During the year, volunteers contributed 4,953 (2014 - 5,282) hours to assist FST in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 statement of financial position date and the reported amounts of revenues and expenses for the year then ended. Future actual results may differ from such estimates. Balances which require some degree of estimation and assumptions are investments, accrued liabilities and amortization of capital assets.

Family Service Toronto

Notes to the financial statements

March 31, 2015

3. Investments and financial risk management

FST's performance is subject to a number of risks which are managed using a number of tools and techniques. Details of these risks are provided below:

Interest rate risk

Interest rate risk refers to the consequences of interest rate changes on the value of FST's investments. Interest changes directly impact the fair value of fixed income securities held by FST. Interest rate changes will also have an indirect impact on the remaining assets of FST. Due to the nature of the operations of FST and related cash flows, asset mix decisions include consideration of differences in the interest rate sensitivity to FST's assets and liabilities.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. FST's Statement of Investment Policy, which is reviewed annually, defines permitted investments and provides guidelines and restrictions on acceptable investments, which minimize credit risk.

The maximum credit exposure of FST is represented by the fair value of the investments as presented on the Statement of financial position.

Market risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market conditions, whether those changes are specific to an individual investment or factors affecting all securities traded in the market.

To mitigate the impact of market risk, FST invests in a diversified portfolio of investments, based on Board approved policies.

The table below summarizes the market value and the cost of the investments:

	2015		2014	
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
Mutual funds				
Cash	638	638	-	-
Bond fund	694,683	735,421	668,858	665,316
Canadian equity fund	196,741	249,472	186,571	235,511
	892,062	985,531	855,429	900,827

Total interest earned on endowment funds for the year was \$37,207 (2014 - \$28,093) which was recognized as a deferred contribution in the Endowment Fund (Note 9).

Total interest earned on the Capital and Learning Fund for the year was \$ 46,381 (2014 - \$57,929) of which \$7,153 (2014 - \$65,880) was recognized as a deferred capital contribution (Note 9).

Family Service Toronto

Notes to the financial statements

March 31, 2015

4. Grants and accounts receivable - General Fund

	2015	2014
	\$	\$
Employee Assistance Program customers	723,930	807,316
Province of Ontario	482,194	20,727
Government of Canada	133,843	102,155
Canada Revenue Agency (Harmonized Sales Tax receivable)	252,744	206,483
City of Toronto	24,538	22,563
The Etobicoke Children's Centre (WESAT)	21,663	21,663
Delisle Youth Services	39,780	54,288
Woodgreen Community Services	19,056	37,850
Other	33,921	31,833
	1,731,669	1,304,878

5. Capital assets

	2015			2014
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	592,100	-	592,100	592,100
Buildings	1,021,548	452,931	568,617	595,695
Computers	152,484	141,056	11,428	8,520
Furniture and equipment	344,639	226,232	118,407	45,651
Leasehold improvements	696,435	308,045	388,390	48,494
Computer software	2,054,796	1,508,762	546,034	538,120
	4,862,002	2,637,026	2,224,976	1,828,580

6. Deferred property development costs

355 Church Street property development project

In 2008, the Board of Directors (the "Board") agreed to proceed with a strategy to develop its property located at 355 Church Street, Toronto, ON, into new office space for FST and FSEAP and residential condominiums. The Board approved an expenditure of up to \$20,000 from the capital fund for the first stage. Subsequently, the Board approved up to \$40,000 from the Capital and Learning Fund to proceed to the second stage of the process. In October 2010, the Board approved the expenses for the property development project to be taken from the Capital and Learning Fund, as needed, with the understanding that the expenses will be repaid from the proceeds of the property development project with appropriate interest so that the Fund is not eroded.

FST signed a purchase and sale agreement on October 20, 2011 (with subsequent amendments) for the development of the project.

In April of 2011, the Board approved the creation of a project account to track property development expenses for transparency on the face of FST's financial statements, and for an annual loan interest rate of 4.5% fixed over the expected term of the loan be calculated semi-annually for the payments made by the Capital and Learning Fund for the project, and that this be payable from the proceeds of the sale of the property.

Family Service Toronto

Notes to the financial statements

March 31, 2015

6. Deferred property development costs (continued)

Amounts capitalized to the project are as follows:

	\$
Up to 2011	144,067
2012	92,125
2013	26,385
2014	8,766
2015	41,040
	<hr/> 312,383
Less: non-refundable deposit	100,000
	<hr/> 212,383

In addition to the above, \$30,044 was expensed in 2011 bringing the total project cost to date to \$342,427.

In fiscal 2013, the developer partner made a non-refundable deposit of \$100,000 when the agreement was signed by FST. This amount was paid back towards the loan and offset against the deferred property development costs.

The development of the project commenced after March 31, 2015, and FST moved to new premises at that time.

7. Government remittances

The amounts outstanding with respect to government remittances as at March 31, 2015, were \$252,357 (2014 - \$234,639). These amounts are included in accounts payable and accrued charges.

8. FSEAP interfund loan

During 2007, a repayable loan of \$250,000 was extended from the Capital and Learning Fund for the development of new technology products for FSEAP. The balance at the end of the year was \$107,028.

The Board of Directors authorized repayable loans from the Capital and Learning Fund to offset FSEAP's deficits as follows:

	\$
2008	177,804
2010	20,524
2014	121,182
2015	211,000

The loan repayment schedule has not been determined by the Board.

Family Service Toronto

Notes to the financial statements

March 31, 2015

8. FSEAP interfund loan (continued)

	2015	2014
	\$	\$
Product development loan		
Beginning and ending balance	107,028	107,028
Deficit loans		
Beginning balance	207,482	86,300
Interfund loan 2014	-	121,182
Interfund loan 2015	211,007	-
Ending balance	418,489	207,482
	525,517	314,510

9. Deferred contributions and deferred capital contributions

(a) *Deferred contributions*

General Fund

Deferred contributions reported in the General Fund relate to restricted operating funding received in the current and prior years that are to be used in a subsequent year. For example, grants received for work to be completed in the next fiscal year and retainers for future service to be provided to Employee Assistance Program clients are included in this category. In addition, unspent contributions which have externally imposed restrictions are also included.

The breakdown by source of revenue is as follows:

	2015	2014
	\$	\$
Government of Canada	24,810	-
Province of Ontario	83,716	621,344
Deferred interest and special purpose contributions	102,132	102,132
Foundations	78,156	150,480
Other agencies	36,669	49,357
Special purpose contributions	56,767	64,767
Employee assistance program	13,491	15,477
Other	8,948	12,016
	404,689	1,015,573

Endowment Funds

Deferred contributions reported in the Endowment Fund represent unspent restricted investment income net of investment management fees earned on the various endowment funds.

	2015	2014
	\$	\$
Beginning balance	192,752	161,343
Interest earned for the year (Note 3)	37,207	28,093
Realized gain (loss) on sale of investment	1,636	5,816
Interest recognized from prior years	(10,290)	(2,500)
Ending balance	221,305	192,752

Family Service Toronto

Notes to the financial statements

March 31, 2015

9. Deferred contributions and deferred capital contributions (continued)

(a) *Deferred capital contributions (continued)*

Capital and Learning Fund

Deferred capital contributions reported in the Capital and Learning Fund consist of the restricted contributions with which some of FST's buildings, computers, computer software and furniture and equipment were originally purchased.

The changes for the year in the deferred capital contributions balance reported in the Capital and Learning Fund are as follows:

	2015	2014
	\$	\$
Beginning balance	640,785	429,608
Additions		
Grants received	445,264	178,552
Interest income (Note 3)	7,153	65,880
Employee assistance program revenue	10,072	4,994
Gifts-in-kind	-	127,296
Amounts amortized to revenue	(348,460)	(165,545)
Ending balance	754,814	640,785

10. Externally restricted fund balances

Major categories of externally imposed restrictions on fund balances are as follows:

	2015	2014
	\$	\$
Hindmarsh endowment fund	500,100	500,100
Other endowment funds	158,904	158,904
Unrealized investment gain	93,469	45,398
	752,473	704,402

The Hindmarsh Endowment Fund was provided in 1984 by the Atkinson Charitable Foundation to provide income for utilities, repairs and maintenance costs of the Family Life Centre located in Bolton, Ontario, a program which FST no longer operates. By agreement with the Foundation, there has been no impairment to the capital portion of the Endowment Fund, and the purpose of the interest of the Endowment Fund has been varied. The Endowment Fund interest, together with an operating grant from the Foundation, will be used towards Social Reform activities. The interest on the anonymous donation is to be used for the needs and priorities of FST.

All of the endowment funds have restrictions on the use of the interest earned by the capital in the fund. The interest earned but not yet spent to March 31, 2015 is reported as deferred contributions in the Endowment Fund (Note 9).

Family Service Toronto

Notes to the financial statements

March 31, 2015

11. Internally restricted and invested in capital assets fund balances

The Board of Directors has internally restricted \$3,414,356 (2014 - \$3,440,817) to be used for capital and learning requirements.

The Invested in capital assets fund consist of the following:

	2015	2014
	\$	\$
Net book value of 355 Church Street property	1,915,531	1,828,580
Leasehold improvements - 128 Sterling Road property	309,445	-
	2,224,976	1,828,580
Less: deferred capital contributions (Note 9)	(754,814)	(640,785)
	1,470,162	1,187,795

The leasehold improvements will be recovered from landlord's tenant allowance and from future program funding.

12. Revenue - government

General Fund

	2015	2014
	\$	\$
Federal		
Public Health Agency of Canada - Growing Up Healthy Downtown	110,546	110,546
Human Resource and Skills Development Canada	234,976	218,406
Citizenship and Immigration Canada	275,260	295,772
Provincial		
Ministry of Community and Social Services	26,286,088	20,624,039
Toronto Central Local Health Integration Network	639,382	641,483
Ministry of Health and Long-Term Care - AIDS Bureau	134,620	134,620
Ministry of Health and Long-Term Care - Elderly Persons Centre	-	54,900
Ministry of Attorney General	501,561	501,488
Ministry of Education	-	9,451
Ministry of Economic Development and Trade	-	62,500
Ministry of Citizenship, Immigration and International Trade	107,103	-
Municipal		
City of Toronto - Community Service Partnerships	130,555	127,735
City of Toronto - Social Development Investment Program	-	7,400
City of Toronto - Investing in Neighbourhoods	26,009	70,412
	28,446,100	22,858,752

Family Service Toronto

Notes to the financial statements

March 31, 2015

13. Pension plan

	2015	2014
	\$	\$
Accrued benefit obligation		
Balance, beginning of year	-	11,707,900
Interest cost on obligation	-	82,700
Benefit payments	-	(176,300)
Settlement	-	(11,664,200)
Actuarial loss on obligation	-	49,900
Balance, end of year	-	-
Fair value of plan assets		
Balance, beginning of year	-	8,580,780
Actual return on plan assets	-	(182,580)
Contributions - employer	-	3,442,300
Benefit payments	-	(176,300)
Settlement	-	(11,664,200)
Balance, end of year	-	-
Interest cost on obligation	-	82,700
Expected return on plan assets	-	(64,313)
Amortization of net actuarial loss	-	91,600
Actuarial pension expense	-	109,987

Assumptions

	2015	2014
	%	%
Discount rate	N/A	N/A
Expected long-term rate of return on plan assets	N/A	3.00
Salary growth	N/A	N/A

Partial wind-up of the pension plan

FST's board of directors approved the wind-up of the defined benefits ("DB") portion of the pension plan effective June 30, 2012. The board resolution to wind-up the DB portion was filed with the Canada Revenue Agency ("CRA") and Financial Service Commission of Ontario ("FSCO") in November 2012. Notices of the DB partial wind-up were sent to the union, deferred vested, retired and active members of the plan on and before October 31, 2012. The partial wind-up was approved by FSCO in April 2013.

The assets were distributed to the members per their choice, either as a lump sum transfer, or by purchasing an annuity by August 2013.

Special payments of \$3,481,113 were made in fiscal 2014 to the DB portion of the pension plan by the Capital and Learning Fund related to the deficiency noted above.

Defined contribution plan

The employer pension expense for the defined contributions ("DC") plan amounted to \$84,451 (2014 - \$78,139). This is in addition to the amounts noted above.

Family Service Toronto

Notes to the financial statements

March 31, 2015

14. Contracts with Ministry of Community and Social Services that are in surplus or deficit positions

FST has a Service Contract/CFST Approval with the Ministry of Community and Social Services. A reconciliation report summarizes by service (detail code), all revenues and expenses and identifies any resulting surplus or deficit that relates to the Service Contract/CFSA Approval.

A review of these reports shows the following services to be in a surplus/(deficit) position as at March 31, 2015. A summary of the contract is as follows:

Cost centre	DS Coord Proc	Children	Adult PSW	POS	POS	S.I.L.	Respite	Group Living	Special Service	Sub-total
MCSS detail code	9133	9252	8888	9131	9131	9112	9130	8847	9132	
MCSS TPBE #	928799	928799	928799	928799	10000840	928799	928799	928799	928799	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
MCSS contract	478,341	286,307	148,856	1,252,063	174,167	327,581	83,084	508,268	934,200	4,192,867
Miscellaneous revenue	-	-	-	-	-	-	-	-	4,108	4,108
Revenue	478,341	286,307	148,856	1,252,063	174,167	327,581	83,084	508,268	938,308	4,196,975
Expenses										
Salaries	335,442	202,725	114,432	-	1,840	69,172	-	-	557,671	1,281,282
Employee benefits	58,812	34,885	22,624	-	1,232	14,626	-	-	98,014	230,193
Travel and communication	-	-	-	-	-	-	-	-	52,538	52,538
Services	23,384	20,067	-	-	-	-	-	-	108,070	151,521
Supplies and equipment	-	-	-	-	-	-	-	-	11,825	11,825
Client purchase of service	-	-	-	1,240,202	153,679	287,523	39,539	420,317	16,610	2,157,870
Capital purchase	-	-	-	-	-	-	-	-	8,346	8,346
MCSS admin allocation	43,489	28,630	11,800	39,220	17,416	29,494	-	-	89,494	259,543
	461,127	286,307	148,856	1,279,422	174,167	400,815	39,539	420,317	942,568	4,153,118
Surplus (deficit)	17,214	-	-	(27,359)	-	(73,234)	43,545	87,951	(4,260)	43,857

Family Service Toronto

Notes to the financial statements

March 31, 2015

14. Contracts with Ministry of Community and Social Services that are in surplus or deficit positions (continued)

								2015	2014	
Cost centre	Passport Coord Process	Passport POS	Person Directed Planning	VAW Counselling Service	VAW Service Sys Coord	VAW Client Survey	DS Com Part-PDP	Sub-total	Total	Total
MCSS detail code	9134	9134	9131	8773	8787	8786	9131			
MCSS TPBE #	39330	10000840	39330	112876	112876	112876	112876			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
MCSS contract	1,825,300	19,886,733	270,800	677,182	61,116	2,100	52,617	22,775,848	26,968,715	21,249,125
Miscellaneous revenue	-	-	-	61,106	-	-	-	61,106	65,214	73,116
Revenue	1,825,300	19,886,733	270,800	738,288	61,116	2,100	52,617	22,836,954	27,033,929	21,322,241
Expenses										
Salaries	787,276	-	15,835	506,852	-	-	46,552	1,356,515	2,637,797	2,302,654
Employee benefits	146,979	-	2,553	94,141	-	-	6,044	249,717	479,910	455,883
Travel and communication	37,554	-	120	9,051	-	-	-	46,725	99,263	84,644
Services	237,219	-	211,492	57,519	60,114	1,000	21	567,365	718,886	569,947
Supplies and equipment	63,407	-	-	2,745	1,002	1,100	-	68,254	80,079	33,324
Client purchase of service	-	19,876,651	-	-	-	-	-	19,876,651	22,034,521	16,938,793
Capital purchase	282,556	-	-	-	-	-	-	282,556	290,902	99,345
MCSS admin allocation	165,937	-	-	67,980	-	-	-	233,917	493,460	412,907
	1,720,928	19,876,651	230,000	738,288	61,116	2,100	52,617	22,681,700	26,834,818	20,897,497
Surplus	104,372	10,082	40,800	-	-	-	-	155,254	199,111	424,744

Family Service Toronto

Notes to the financial statements

March 31, 2015

15. Contracts with Ministry of the Attorney General

The Partner Assault Response (“PAR”) program was funded by the Ministry of the Attorney General (“MAG”). Revenues and expenditures for this contract are combined with revenues and expenses of all other programs of FST in the Statement of operations. In accordance with the agreement with the MAG, the revenues and expenses related to the PAR program contract of 2014/2015 are as follows:

	\$	\$
Revenue*		
Ministry of the Attorney General allocation	487,715	478,642
MAG funding carried forward from 2014/15	24,476	-
One time funding	-	14,504
Other Revenues	1,000	400
Client fees	56,031	78,189
	569,222	571,735
Expenses**		
Salaries	443,196	450,468
Benefits	76,217	84,687
Building occupancy (rent, utilities)	2,962	3,256
Telephone/communications	3,724	2,396
Purchase of service	1,429	869
Program office supplies	2,930	3,602
Program equipment (to include equipment maintenance)	1,635	990
Staff expenses (recruitment, travel, development)	835	991
	532,928	547,259
Excess of revenue over expenses before the undernoted	36,294	24,476
Less: revenue deferred to 2014/2015 to complete “groups in progress” - approved by MAG	-	(24,476)
Less: revenue deferred to 2015/2016 to complete “groups in progress” - approved by MAG	(36,294)	-
Excess of revenue over expenses	-	-

* \$25,664 (2014 - \$32,817) Language Interpreter Services expenses and reimbursements from MAG were excluded.

** During the year, \$13,634 (2014 - \$22,143) of expenses related to the program that was covered by other sources of FST revenues was excluded.

Family Service Toronto

Notes to the financial statements

March 31, 2015

16. Contract with Public Health Agency of Canada

The Growing Up Healthy Downtown ("GUHD") project is funded by Public Health Agency of Canada ("PHAC"). Revenues and expenses for this contract are combined with revenues and expenses of all other programs of FST in the Statement of operations. In accordance with the agreement with the PHAC, the revenues and expenses related to the GUHD contract of 2014/2015 are as follows:

	2015	2014
	\$	\$
Revenue	520,200	520,200
Expenses		
The 519 Church Street Community Centre	58,522	58,522
Davenport-Perth Neighborhood Community Health Centre	58,522	58,522
Dixon Hall	58,522	58,522
Family Service Toronto	110,546	110,546
Harbourfront Community Centre	58,522	58,522
West Neighbourhood House	58,522	58,522
University Settlement	58,522	58,522
Woodgreen Community Services	58,522	58,522
	520,200	520,200
Excess of revenue over expenses	-	-

17. Contract with Ministry of Health and Long-Term Care - AIDS Bureau

The HIV/AIDS Community Counseling program of David Kelley Services was funded by the Ministry of Health and Long-Term Care-AIDS Bureau. Revenues and expenses for this contract are combined with revenues and expenses of all other programs of FST in the Statement of operations. In accordance with the agreement with the Ministry, the revenues and expenses related to the program contract of 2014/2015 are as follows:

	2015	2014
	\$	\$
Revenue		
MOHLTC - AIDS Bureau Funding Program	134,620	134,620
Other income	27,302	6,590
	161,922	141,210
Expenses		
Salaries	132,836	110,890
Benefits	24,507	26,054
Supplies and other expenses	2,041	1,753
Protected allocations	2,538	2,513
	161,922	141,210
Excess of revenue over expenses	-	-

18. Additional disclosures

FST is covered under the Broader Public Sector Accountability Act and Public Sector Salary Disclosure Act. Salaries of affected personnel are reported to the Ontario Government.

Family Service Toronto

Notes to the financial statements

March 31, 2015

19. Commitments

Leases

FST has operating lease commitments for premises and equipment up to 2026. The minimum annual payments are as follows:

	\$
2016	770,379
2017	761,254
2018	644,719
2019	575,654
2020	494,241
Thereafter	2,477,917
	<hr/> 5,724,164

20. Contingencies and guarantees

In the normal course of business, FST enters into agreements that meet the definition of a guarantee. FST's primary guarantees are as follows:

- (a) Indemnity has been provided to all directors and officers of FST for various items including, but not limited to, all costs to settle suits or actions due to their involvement with FST, subject to certain restriction. FST has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director or officer of FST. The maximum amount of any potential future payment cannot be reasonably estimated.
- (b) In the normal course of business, FST has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require FST to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction

The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents FST from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, FST has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the balance sheet with respect to these agreements.

FST has a grievance that is in abeyance as of March 31, 2015. Since the amount and the outcome of this grievance is not determinable at this time, no provision has been made in the financial statements. Any settlement will be recognized in the period when the amount is known.

21. Line of credit

FST has an available line of credit of \$200,000 with a Canadian chartered financial institution of which \$Nil has been drawn as at March 31, 2015 and 2014. Interest is payable at Bank Prime plus 1.5% (2014 - Bank Prime plus 1.5%).

22. Subsequent event

FST deposited \$300,000 with respect to the intended purchase of a 15% interest in a property located at 128 Sterling Road, Toronto. This transaction is expected to close after the year-end.