

---

# Financial statements of Family Service Toronto

March 31, 2021

---

---

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of operations	4
Statement of changes in fund balances	5
Statement of cash flows	6
Notes to the financial statements	7-21

---

## Independent Auditor's Report

To the Board of Directors of  
Family Service Toronto

### Opinion

We have audited the financial statements of Family Service Toronto ("FST"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FST as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 FST 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 audit 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 FST'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 FST or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing FST'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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 FST'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 FST'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 FST 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.

*Deloitte LLP*


Chartered Professional Accountants  
Licensed Public Accountants  
June 22, 2021

**Family Service Toronto**  
**Statement of financial position**  
As at March 31, 2021

	Notes	General fund	Capital and learning fund	Endowment funds	2021 Total	General fund	Capital and learning fund	Endowment funds	2020 Total
		\$	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>									
Current assets									
Cash and cash equivalents		19,782,405	—	—	19,782,405	29,859,866	—	—	29,859,866
Grants and accounts receivable	5	57,264,823	37,384	—	57,302,207	25,863,693	13,982	—	25,877,675
Prepaid expenses		1,362,437	—	—	1,362,437	2,196,109	—	—	2,196,109
		<b>78,409,665</b>	<b>37,384</b>	<b>—</b>	<b>78,447,049</b>	57,919,668	13,982	—	57,933,650
Investments									
Investments	3	—	—	1,314,536	1,314,536	—	—	1,049,978	1,049,978
Net investment in joint venture	4	—	1,711,275	—	1,711,275	—	1,865,830	—	1,865,830
Capital assets	6	—	14,534,819	—	14,534,819	—	14,503,978	—	14,503,978
		<b>78,409,665</b>	<b>16,283,478</b>	<b>1,314,536</b>	<b>96,007,679</b>	57,919,668	16,383,790	1,049,978	75,353,436
<b>Liabilities</b>									
Current liabilities									
Accounts payable and accrued liabilities	7	77,406,012	—	—	77,406,012	57,471,130	—	—	57,471,130
Deferred lease inducements	13	—	46,780	—	46,780	—	39,674	—	39,674
Inter-fund balances		(485,939)	449,452	36,487	—	(573,162)	535,464	37,698	—
Deferred contributions	8a	476,147	—	398,245	874,392	285,028	—	365,569	650,597
		<b>77,396,220</b>	<b>496,232</b>	<b>434,732</b>	<b>78,327,184</b>	57,182,996	575,138	403,267	58,161,401
Long-term									
Deferred lease inducements	13	231,770	167,628	—	399,398	250,458	221,514	—	471,972
Deferred capital contributions	8b	—	2,299,573	—	2,299,573	—	1,817,578	—	1,817,578
		<b>77,627,990</b>	<b>2,963,433</b>	<b>434,732</b>	<b>81,026,155</b>	57,433,454	2,614,230	403,267	60,450,951
Commitments and contingencies									
<b>Fund balances</b>									
Invested in capital assets	10b	—	12,020,838	—	12,020,838	—	12,425,212	—	12,425,212
Externally restricted	9	—	—	879,804	879,804	—	—	646,711	646,711
Internally restricted	10a	—	1,299,207	—	1,299,207	—	1,344,348	—	1,344,348
Unrestricted		781,675	—	—	781,675	486,214	—	—	486,214
		<b>781,675</b>	<b>13,320,045</b>	<b>879,804</b>	<b>14,981,524</b>	486,214	13,769,560	646,711	14,902,485
		<b>78,409,665</b>	<b>16,283,478</b>	<b>1,314,536</b>	<b>96,007,679</b>	57,919,668	16,383,790	1,049,978	75,353,436

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

Approved by the Board of Directors

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

**Family Service Toronto**  
**Statement of operations**  
Year ended March 31, 2021

		2021			2020				
		General Fund	Capital and	Total	General Fund	Capital and	Total		
	Notes	Community programs	Client purchase of service (1)	Learning Fund	Community programs	Client purchase of service (1)	Learning Fund		
		\$	\$	\$	\$	\$	\$		
<b>Revenue</b>									
Government	11	13,768,885	319,746,503	—	333,515,388	12,463,404	346,289,886	—	358,753,290
United Way									
Base allocation		3,338,604	—	55,617	3,394,221	3,406,526	—	53,628	3,460,154
Other		2,835	—	—	2,835	4,226	—	—	4,226
Foundations and other agencies		117,848	289,828	—	407,676	215,784	491,307	—	707,091
Fees		62,868	—	—	62,868	138,745	—	—	138,745
Membership, donations and bequests		78,215	—	—	78,215	99,558	—	—	99,558
Investment income		56,721	—	—	56,721	277,563	—	—	277,563
Amortization of deferred capital contributions	8b	—	—	855,034	855,034	—	—	733,508	733,508
Amortization of deferred lease inducements	13	—	—	46,780	46,780	—	—	53,780	53,780
Other		204,739	2,537	—	207,276	71,558	—	—	71,558
		<b>17,630,715</b>	<b>320,038,868</b>	<b>957,431</b>	<b>338,627,014</b>	<b>16,677,364</b>	<b>346,781,193</b>	<b>840,916</b>	<b>364,299,473</b>
<b>Expenses</b>									
Salaries		9,733,740	—	—	9,733,740	7,991,945	—	—	7,991,945
Employee benefits	12	1,852,455	—	—	1,852,455	1,454,411	—	—	1,454,411
Client purchase of service		456,718	320,038,868	—	320,495,586	520,938	346,781,193	—	347,302,131
Contracted services		3,452,694	—	—	3,452,694	4,132,620	—	—	4,132,620
Building occupancy		1,066,656	—	—	1,066,656	751,584	—	—	751,584
Office and supplies		691,198	—	—	691,198	963,983	—	—	963,983
Transportation		4,033	—	—	4,033	103,462	—	—	103,462
Promotion		30,870	—	—	30,870	10,464	—	—	10,464
Education and conferences		41,233	—	—	41,233	30,984	—	—	30,984
Amortization		—	—	1,352,736	1,352,736	—	—	1,233,303	1,233,303
Share of loss of joint venture	4	—	—	17,537	17,537	—	—	42,067	42,067
Other		42,330	—	—	42,330	98,125	—	—	98,125
		<b>17,371,927</b>	<b>320,038,868</b>	<b>1,370,273</b>	<b>338,781,068</b>	<b>16,058,516</b>	<b>346,781,193</b>	<b>1,275,370</b>	<b>364,115,079</b>
<b>Excess (deficiency) of revenue over expenses</b>		<b>258,788</b>	<b>—</b>	<b>(412,842)</b>	<b>(154,054)</b>	<b>618,848</b>	<b>—</b>	<b>(434,454)</b>	<b>184,394</b>

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

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

**Family Service Toronto**  
**Statement of changes in fund balances**  
Year ended March 31, 2021

	General Fund		Capital and Learning Fund			Endowment Funds	General Fund		Capital and Learning Fund		Endowment Funds	2020 Total \$
	Unrestricted	Invested in capital assets (Note 10b)	Internally restricted (Note 10a)	Capital Reserve Fund (Note 10a)	Externally restricted	2021 Total	Unrestricted	Invested in capital assets (Note 10b)	Internally restricted (Note 10a)	Externally restricted		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Fund balances, beginning of year</b>	<b>486,214</b>	<b>12,425,212</b>	<b>1,344,348</b>	—	<b>646,711</b>	<b>14,902,485</b>	(429,407)	13,043,185	1,457,602	717,009	14,788,389	
Excess (deficiency) of revenue over expenses	<b>258,788</b>	<b>(395,305)</b>	<b>(17,537)</b>	—	—	<b>(154,054)</b>	618,848	(392,387)	(42,067)	—	184,394	
Purchase of capital assets	<b>(1,383,577)</b>	<b>1,383,577</b>	—	—	—	—	(251,214)	251,214	—	—	—	
Deferred capital contributions	<b>1,337,029</b>	<b>(1,337,029)</b>	—	—	—	—	423,172	(423,172)	—	—	—	
Inter-fund transfers	<b>83,221</b>	<b>(55,617)</b>	<b>(113,617)</b>	<b>86,013</b>	—	—	124,815	(53,628)	(71,187)	—	—	
Change in unrealized gains (losses) in the endowment funds	—	—	—	—	<b>233,093</b>	<b>233,093</b>	—	—	—	(70,298)	(70,298)	
<b>Fund balances, end of year</b>	<b>781,675</b>	<b>12,020,838</b>	<b>1,213,194</b>	<b>86,013</b>	<b>879,804</b>	<b>14,981,524</b>	486,214	12,425,212	1,344,348	646,711	14,902,485	

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

**Family Service Toronto**  
**Statement of cash flows**  
Year ended March 31, 2021

	2021 \$	2020 \$
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenses	<b>(154,054)</b>	184,394
Items not affecting cash		
Amortization of deferred lease inducements		
Capital and Learning Fund	<b>(46,780)</b>	(53,780)
General fund	<b>(18,688)</b>	(11,141)
Amortization of capital assets	<b>1,352,736</b>	1,233,303
Amortization of deferred capital contributions	<b>(855,034)</b>	(733,508)
Share of loss of joint venture	<b>17,537</b>	42,067
	<b>295,717</b>	661,335
Changes in operating working capital items		
Grants and accounts receivable		
General fund	<b>(31,401,130)</b>	1,104,757
Capital and Learning Fund	<b>(23,402)</b>	—
Prepaid expenses	<b>833,672</b>	(1,234,412)
Accounts payable and accrued liabilities		
General fund	<b>19,934,882</b>	14,204,679
Capital and Learning Fund	—	(812)
Increase in deferred contributions		
General Fund	<b>191,119</b>	110,232
Endowment Fund	<b>32,676</b>	29,739
	<b>(10,136,466)</b>	14,875,518
<b>Financing activity</b>		
Deferred capital contributions received	<b>1,337,029</b>	423,172
<b>Investing activities</b>		
Purchase of capital assets	<b>(1,383,577)</b>	(251,214)
Distributions from joint venture	<b>137,018</b>	85,982
Net purchase of investments	<b>(31,465)</b>	(28,616)
	<b>(1,278,024)</b>	(193,848)
(Decrease) increase in cash and cash equivalents	<b>(10,077,461)</b>	15,104,842
Cash and cash equivalents, beginning of year	<b>29,859,866</b>	14,755,024
<b>Cash and cash equivalents, end of year</b>	<b>19,782,405</b>	29,859,866
<b>Cash and cash equivalents is comprised of:</b>		
Cash	<b>17,442,989</b>	21,575,240
Short-term investments	<b>2,339,416</b>	8,284,626
	<b>19,782,405</b>	29,859,866

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



## **1. Purpose of the Organization**

For more than 100 years, Family Service Toronto ("FST") has been welcoming residents into a caring community that supports families and individuals to overcome adversity and to thrive. Today, FST is one of Canada's largest social service agencies that works with and for the City of Toronto's residents. FST staff provide services to people with mental health needs, persons impacted by family violence and people with developmental disabilities. FST's mission is shaped by its understanding of poverty and the pernicious effects of marginalization and discrimination. FST is incorporated under the *Ontario Corporations Act* as a not-for-profit organization and is a registered charity under the *Income Tax Act (Canada)*.

Since May 2018, FST administers invoice processing and reimbursements for provincial clients of the Passport program on behalf of the Government of Ontario and Partner Agencies through PassportONE. Clients are mostly individuals with a developmental disability, or their families, and they use the funds to purchase services to live independently and improve their quality of life. Clients also include seniors living in supportive housing and who experience a range of mental health and physical challenges.

## **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. 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*

#### General Fund:

Assets, liabilities, revenues and expenses related to program delivery and administrative activities are reported in the General Fund.

#### Capital and Learning 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. The purpose of the Capital and Learning Fund 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 FST's capital assets. The Board of Directors may approve other uses on an exceptional basis.

#### Endowment Funds:

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

## **2. Significant accounting policies (continued)**

### *Revenue recognition*

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 and reported as deferred contributions in the Endowment Funds.

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.

### *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 computers is three years, for furniture and equipment is five years, for leasehold improvements is the term of the lease and for computer software is four years. 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 and cash equivalents*

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

### *Contributed services*

During the year, volunteers contributed 2,325 (2,597 in 2020) 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.

### *Investment in joint venture*

FST has elected to record its investment in a joint venture using the equity method.

Under the equity method, the investment is initially recorded at cost and the carrying value is adjusted thereafter to include FST's pro rata share of post-acquisition income or loss. The amount of the pro rata share of income or loss is included in the determination of the excess (deficiency) of revenue over expenses by FST, and the investment account of the joint venture is increased or decreased. The investment account of the joint venture is also increased or decreased to reflect its share of capital transactions and the effect of any changes in accounting policies.

## **2. Significant accounting policies (continued)**

### *Investment in joint venture (continued)*

FST recognizes an impairment loss, if any, in the excess (deficiency) of revenue over expenses when it determines that there is an indicator of impairment and a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the joint venture. The impairment loss is measured as the excess of the carrying amount of the investment over the higher of the present value of future cash flows expected to be generated by holding the investment, and the amount that could be realized by selling the asset at the Statement of financial position date. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the excess (deficiency) of revenue over expenses in the period the reversal occurs.

### *Deferred lease inducements*

Deferred lease inducements which consist of free rent and reimbursement of leasehold improvements, are amortized on the straight-line basis over the term of the lease.

### *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 valuation of investments, accrued liabilities, deferred contributions, deferred capital contributions and amortization of capital assets.

## **3. Investments and financial risk management**

FST's financial instruments are 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 investments 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 biennially, 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.

### 3. Investments and financial risk management (continued)

*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:

	2021		2020	
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
Mutual Funds				
Cash	1,351	1,351	9	9
Bond Fund	552,256	571,659	483,713	483,592
Equity Fund	502,604	703,949	542,197	530,767
Pension Trust	37,526	37,577	36,353	35,610
	<b>1,093,737</b>	<b>1,314,536</b>	1,062,272	1,049,978

Total investment income earned on endowment funds, net of the investment management fees, for the year was \$21,557 (\$15,540 in 2020) which was recognized as a deferred contribution in the Endowment Fund (Note 8a).

### 4. Net investment in joint venture

During 2016, FST entered into a joint venture for a 15% interest in a property located at 128 Sterling Road, Toronto, Ontario.

The net investment in the joint venture consists of:

	2021	2020
	\$	\$
Opening balance	1,865,830	1,993,879
Less		
Distributions from joint venture	(137,018)	(85,982)
Share of loss of the joint venture for the year	(17,537)	(42,067)
	<b>1,711,275</b>	1,865,830

The difference between the \$1,711,275 above (\$1,865,830 in 2020) and Co-owners' equity amount of \$1,542,457 (\$1,659,629 in 2020) is related to lease inducements provided by the Vendor.

The distribution from joint venture of \$137,018 (\$85,982 in 2020) noted above includes an accrual of \$37,383 (\$nil in 2020) related to a distribution received subsequent to the year-end.

**4. Net investment in joint venture (continued)**

FST accounts for its interest in the joint venture using the equity method. Summarized financial information of the joint venture is set out below:

*Financial position*

	<b>2021</b>	2020
	<b>\$</b>	\$
Total assets	<b>3,047,833</b>	3,219,084
Total liabilities	<b>1,505,376</b>	1,559,455
Co-owners' equity	<b>1,542,457</b>	1,659,629
	<b>3,047,833</b>	3,219,084

*Results of operations*

	<b>2021</b>	2020
	<b>\$</b>	\$
Total revenue	<b>398,163</b>	398,998
Total expenses	<b>415,700</b>	441,065
Net loss for the year	<b>(17,537)</b>	(42,067)

*Cash flows*

	<b>2021</b>	2020
	<b>\$</b>	\$
Cash provided by operating activities	<b>174,293</b>	184,600
Cash used by financing activities	<b>(43,954)</b>	(42,129)
Cash used in investing activities	<b>(109,113)</b>	(99,798)
Increase in cash	<b>21,226</b>	42,673

*Related party transactions*

During the year, an amount of \$672,574 (\$475,841 in 2020) for rent was paid by FST to the joint venture.

**5. Grants and accounts receivable – General Fund**

	<b>2021</b>	2020
	\$	\$
Ministry of Children, Community and Social Services (PassportONE unclaimed amounts) (Note 7)	<b>56,502,173</b>	25,201,895
Canada Revenue Agency (Harmonized Sales Tax receivable)	<b>630,842</b>	288,574
Lumenus Community Services	<b>71,172</b>	72,212
Government of Canada (Immigration, Refugee and Citizenship Canada and Public Health Agency of Canada)	<b>27,106</b>	142,662
Family Services of Peel	<b>11,120</b>	4,160
Respite Services	<b>5,509</b>	—
Province of Ontario	<b>3,065</b>	9,073
Central Local Health Integration Network	<b>3,000</b>	—
City of Toronto	—	67,022
York Support Services Network	—	35,000
Skylark Children, Youth and families	—	34,462
Other	<b>10,836</b>	8,633
	<b>57,264,823</b>	25,863,693

The above grant receivable from the Ministry of Children, Community and Social Services is related to the PassportONE program (see Note 7).

**6. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2021 Net book value</b>	2020 Net book value
	\$	\$	\$	\$
Building	<b>12,535,941</b>	<b>757,212</b>	<b>11,778,729</b>	12,090,044
Computers	<b>571,475</b>	<b>327,551</b>	<b>243,924</b>	194,251
Furniture and equipment	<b>997,820</b>	<b>595,654</b>	<b>402,166</b>	454,891
Leasehold improvements	<b>1,229,435</b>	<b>704,140</b>	<b>525,295</b>	574,175
Computer software	<b>5,598,488</b>	<b>4,013,783</b>	<b>1,584,705</b>	1,190,617
	<b>20,933,159</b>	<b>6,398,340</b>	<b>14,534,819</b>	14,503,978

In fiscal 2021, capital assets with the cost of \$140,437 and accumulated depreciation of \$140,437 were retired (nil in 2020).

**7. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities include \$361,639 (\$2,001,486 in 2020) of unpaid claims for the PassportONE program that have been submitted by clients. In addition, \$75,829,621 (\$56,141,044 in 2020) has been accrued as at the year-end for unclaimed amounts. Of this total, \$56,502,173 (\$25,201,895 in 2020) is included in accounts receivable.

Accounts payable and accrued liabilities also include an amount outstanding with respect to government remittances as at March 31, 2021 of \$119,368 (\$125,970 in 2020).

**8. 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 will be recognized once eligible expenses are incurred. For example, grants received for work to be completed in the next fiscal year and unspent contributions which have externally imposed restrictions are included in this category.

The breakdown by source of revenue is as follows:

	<b>2021</b>	2020
	\$	\$
Province of Ontario	<b>88,520</b>	58,539
Special purpose contributions	<b>56,767</b>	56,767
City of Toronto	<b>42,783</b>	47,673
Government of Canada	—	24,046
Other agencies	<b>188,160</b>	98,003
Foundations	<b>37,466</b>	—
United Way	<b>62,451</b>	—
	<b>476,147</b>	285,028

*Endowment Funds*

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

	<b>2021</b>	2020
	\$	\$
Beginning balance	<b>365,569</b>	335,830
Investment income earned for the year, net (Note 3)	<b>21,557</b>	15,540
Realized gain on sale of investments	<b>11,119</b>	14,199
Ending balance	<b>398,245</b>	365,569

**8. Deferred contributions and deferred capital contributions (continued)**

*(b) Deferred capital contributions*

*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 leasehold improvements, 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:

	<b>2021</b>	2020
	\$	\$
Beginning balance	<b>1,817,578</b>	2,127,914
Additions		
Grants received	<b>1,337,029</b>	423,172
Less		
Amounts amortized to revenue	<b>(855,034)</b>	(733,508)
Ending balance	<b>2,299,573</b>	1,817,578

**9. Externally restricted fund balances**

Major categories of externally imposed restrictions on the Endowment Funds are as follows:

	<b>2021</b>	2020
	\$	\$
Hindmarsh Endowment Fund	<b>500,100</b>	500,100
Other endowment funds	<b>158,905</b>	158,905
Accumulated unrealized investment gains (losses)	<b>220,799</b>	(12,294)
	<b>879,804</b>	646,711

The Hindmarsh Endowment Fund was provided in 1984 by the Atkinson Charitable Foundation (the "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 investment income, together with an operating grant from the Foundation, are externally restricted to be used towards Social Reform activities.

All of the endowment funds have external restrictions on the use of the investment income earned by the capital in the fund. The investment income earned but not yet spent to March 31, 2020 is reported as deferred contributions in the Endowment Funds (Note 8a).



**10. Internally restricted and invested in capital assets fund balances**

- (a) The Internally restricted fund consists of the following:
- i) The Board of Directors has internally restricted \$1,213,194 (\$1,344,348 in 2020) to be used for capital and learning requirements
  - ii) During the year, the Board of Directors approved the creation of a Capital reserve fund for the maintenance of the 355 Church Street property with \$86,013 segregated from previous amounts designated for capital and learning requirements, as stated above.
- (b) The Invested in capital assets fund consist of the following:

	<b>2021</b>	2020
	<b>\$</b>	<b>\$</b>
Net book value of capital assets (Note 6)	<b>14,534,819</b>	14,503,978
Less:		
Deferred capital contributions (Note 8b)	<b>(2,299,573)</b>	(1,817,578)
Deferred lease inducement (Note 13)	<b>(214,408)</b>	(261,188)
	<b>12,020,838</b>	12,425,212

The balance of \$12,020,838 (\$12,425,212 in 2020) represents the net book value of the 355 Church Street property and unfunded leasehold improvements at the 128 Sterling Road property that will be recovered from future program funding.

**11. Revenue - government**

*General Fund*

	<b>2021</b>	2020
	<b>\$</b>	\$
Federal		
Immigration, Refugees and Citizenship Canada	<b>246,333</b>	262,529
Employment and Social Development Canada	<b>121,092</b>	20,558
Public Health Agency of Canada	<b>110,546</b>	110,546
Provincial		
Ministry of Community and Social Services	<b>331,559,269</b>	356,540,660
Toronto Central Local Health Integration Network	<b>689,192</b>	942,524
Ministry of Attorney General	<b>395,251</b>	394,485
Ministry of Health - AIDS Bureau	<b>143,870</b>	144,295
Ministry of Senior Affairs	<b>97,146</b>	104,739
Ontario Trillium Foundation	<b>2,873</b>	—
Ministry of Status of Women	—	60,453
Municipal		
City of Toronto - Community Service Partnership	<b>113,204</b>	108,532
City of Toronto - Investing in Neighbourhoods	—	63,969
City of Toronto - Toronto Urban Health Fund	<b>32,862</b>	—
City of Toronto - TO Supports COVID 19 Emergency Relief Funding	<b>3,750</b>	—
	<b>333,515,388</b>	358,753,290

**12. Pension plan**

The employer pension expense for the defined contributions plan amounted to \$76,589 (\$63,034 in 2020).

**13. Deferred lease inducements**

*General Fund*

Total rent payable is calculated over the term of the lease and straight-lined, resulting in a long-term liability. The total long-term liability of \$231,770 (\$250,458 in 2020) includes free rent.

*Capital and Learning Fund*

During the prior year to fiscal year 2025-2026, FST was reimbursed by the landlord for leasehold improvements made to the leased space. The changes in deferred lease inducements are as follows:

	<b>2021</b>	2020
	\$	\$
Balance, beginning of the year	<b>261,188</b>	314,969
Amortization	<b>(46,780)</b>	(53,780)
Balance, end of year	<b>214,408</b>	261,188
Current portion	<b>46,780</b>	39,674
Long-term portion	<b>167,628</b>	221,514
	<b>214,408</b>	261,188

**14. 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, 2021 and 2020. Interest is payable at the bank's prime rate plus 2.45%.

**15. Significant event – COVID-19**

On March 11, 2020 the World Health Organization characterized the outbreak of a strain of the novel corona virus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put into place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the severity and length of these developments will have on the financial results and condition of FST in future periods.

**16. 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 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 MAG, the funding and expenses related to the PAR program contract are as follows:

	<b>2021</b>	2020
	\$	\$
Funding*		
MAG allocation	<b>369,776</b>	368,761
MAG funding carried forward	<b>56,836</b>	47,054
Client fees	<b>21,555</b>	47,516
Other Revenues	<b>500</b>	33,568
	<b>448,667</b>	496,899
Expenses		
Salaries	<b>338,920</b>	354,960
Benefits	<b>61,463</b>	68,123
Rent	<b>2,796</b>	2,796
Office supplies	<b>1,644</b>	4,846
Telecommunications	<b>1,920</b>	7,770
Office equipment (to include equipment maintenance)	—	—
Community workshops/meetings/events	—	—
Staff expenses (recruitment, travel, development)	—	620
Audit	<b>950</b>	948
	<b>407,693</b>	440,063
Excess of revenue over expenses	<b>40,974</b>	56,836
Less:		
Revenue deferred to 2020/2021 to complete "groups in process" - approved by MAG	—	(56,836)
Less:		
Revenue deferred to 2021/2022 to complete "groups in process" - approved by MAG	<b>(40,974)</b>	—
Excess of revenue over expenses	—	—

\*\$9,613 (\$35,506 in 2020) Language Interpreter Services expenses and reimbursements from MAG were excluded.

**17. Contract with Public Health Agency of Canada**

The Growing Up Healthy Downtown (“GUHD”) project is partially funded by Public Health Agency of Canada (“PHAC”) along other funders. 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 are as follows:

	<b>2021</b>	2020
	\$	\$
Revenue	<b>520,200</b>	520,200
Expenses		
The 519 Church Street Community Centre	<b>58,522</b>	58,522
Davenport-Perth Neighbourhood Community Health Centre	<b>58,522</b>	58,522
Dixon Hall	<b>58,522</b>	58,522
Family Service Toronto	<b>110,546</b>	110,546
Waterfront Community Centre	<b>58,522</b>	58,522
West Neighbourhood House	<b>58,522</b>	58,522
University Settlement	<b>55,589</b>	58,522
WoodGreen Community Services	<b>58,522</b>	58,522
	<b>517,267</b>	520,200
Excess of revenue over expenses	<b>2,933</b>	—

**18. Contract with Ministry of Health - AIDS Bureau**

The HIV/AIDS Community Counseling program of David Kelley Services is funded by the Ministry of Health - 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 of Health, the funding and expenses related to the program contract are as follows:

	<b>2021</b>	2020
	<b>\$</b>	\$
Revenue		
Ministry of Health - AIDS Bureau Funding Program	<b>145,520</b>	145,520
	<b>145,520</b>	145,520
Expenses		
Salaries	<b>111,474</b>	111,474
Benefits	<b>21,181</b>	20,956
Rent and utilities	<b>6,720</b>	6,720
Supplies and other expenses	<b>3,645</b>	3,645
Protected allocations	<b>850</b>	1,500
	<b>143,870</b>	144,295
Excess of revenue over expenses	<b>1,650</b>	1,225

**19. 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.

**20. Commitments**

*Leases*

FST has operating lease commitments for premises and equipment up to 2027. The minimum annual payments are as follows:

	\$
2022	869,461
2023	893,086
2024	758,491
2025	611,747
2026	360,305
Thereafter	29,555
	<u>3,522,645</u>

## **21. 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 favor 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, 2021. 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 then amount is known.

## **23. Comparative amounts**

Certain of the prior year comparative amounts have been reclassified to conform to the current year's financial statement presentation, including the presentation of the Statement of changes in fund balances.