
Financial statements of Family Service Toronto

March 31, 2022

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	7-20

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, 2022, 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, 2022, 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.

The signature "Deloitte LLP" is written in a cursive, handwritten style.

Chartered Professional Accountants
Licensed Public Accountants
June 29, 2022

Family Service Toronto
Statement of financial position
As at March 31, 2022

	Notes	General fund \$	Capital and learning fund \$	Endowment funds \$	2022 Total \$	General fund \$	Capital and learning fund \$	Endowment funds \$	2021 Total \$
Assets									
Current assets									
Cash and cash equivalents		38,478,605	86,126	—	38,564,731	19,782,405	—	—	19,782,405
Grants and accounts receivable	5	22,589,630	—	—	22,589,630	57,264,823	37,384	—	57,302,207
Prepaid expenses		1,270,139	—	—	1,270,139	1,362,437	—	—	1,362,437
		62,338,374	86,126	—	62,424,500	78,409,665	37,384	—	78,447,049
Investments	3	—	—	1,343,909	1,343,909	—	—	1,314,536	1,314,536
Net investment in joint venture	4	—	1,633,527	—	1,633,527	—	1,711,275	—	1,711,275
Capital assets	6	—	13,644,294	—	13,644,294	—	14,534,819	—	14,534,819
		62,338,374	15,363,947	1,343,909	79,046,230	78,409,665	16,283,478	1,314,536	96,007,679
Liabilities									
Current liabilities									
Accounts payable and accrued liabilities	7	61,089,832	—	—	61,089,832	77,406,012	—	—	77,406,012
Deferred lease inducements	13	—	46,780	—	46,780	—	46,780	—	46,780
Inter-fund balances		(314,575)	279,457	35,118	—	(485,939)	449,452	36,487	—
Deferred contributions	8a	439,724	—	471,719	911,443	476,147	—	398,245	874,392
		61,214,981	326,237	506,837	62,048,055	77,396,220	496,232	434,732	78,327,184
Long-term									
Deferred lease inducements	13	195,771	120,848	—	316,619	231,770	167,628	—	399,398
Deferred capital contributions	8b	—	1,912,943	—	1,912,943	—	2,299,573	—	2,299,573
		61,410,752	2,360,028	506,837	64,277,617	77,627,990	2,963,433	434,732	81,026,155
Commitments and contingencies	20 and 21								
Fund balances									
Invested in capital assets	10b	—	11,563,723	—	11,563,723	—	12,020,838	—	12,020,838
Externally restricted	9	—	—	837,072	837,072	—	—	879,804	879,804
Internally restricted	10a	—	1,440,196	—	1,440,196	—	1,299,207	—	1,299,207
Unrestricted		927,622	—	—	927,622	781,675	—	—	781,675
		927,622	13,003,919	837,072	14,768,613	781,675	13,320,045	879,804	14,981,524
		62,338,374	15,363,947	1,343,909	79,046,230	78,409,665	16,283,478	1,314,536	96,007,679

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, 2022

	Notes	General Fund				Capital and Learning Fund			
		Community programs	Client purchase of service (1)		2022 Total	Community programs	Client purchase of service (1)		2021 Total
		\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Government	11	15,229,830	368,975,702	—	384,205,532	13,768,885	319,746,503	—	333,515,388
United Way									
Base allocation		3,176,772	—	66,095	3,242,867	3,338,604	—	55,617	3,394,221
Other		2,471	—	—	2,471	2,835	—	—	2,835
Foundations and other agencies		237,427	369,426	—	606,853	117,848	289,828	—	407,676
Fees		91,406	—	—	91,406	62,868	—	—	62,868
Membership, donations and bequests		109,339	—	—	109,339	78,215	—	—	78,215
Investment income		22,915	—	112	23,027	56,721	—	—	56,721
Amortization of deferred capital contributions	8b	—	—	1,132,269	1,132,269	—	—	855,034	855,034
Amortization of deferred lease inducements	13	—	—	46,780	46,780	—	—	46,780	46,780
Share of gain of joint venture	4	—	—	43,894	43,894	—	—	—	—
Other		250,803	4,644	96,983	352,430	204,739	2,537	—	207,276
		19,120,963	369,349,772	1,386,133	389,856,868	17,630,715	320,038,868	957,431	338,627,014
Expenses									
Salaries		11,176,424	—	—	11,176,424	9,733,740	—	—	9,733,740
Employee benefits	12	2,089,443	—	—	2,089,443	1,852,455	—	—	1,852,455
Client purchase of service		—	369,349,772	—	369,349,772	456,718	320,038,868	—	320,495,586
Contracted services		3,944,239	—	—	3,944,239	3,452,694	—	—	3,452,694
Building occupancy		994,023	—	—	994,023	1,066,656	—	—	1,066,656
Office and supplies		700,637	—	—	700,637	691,198	—	—	691,198
Transportation		2,227	—	—	2,227	4,033	—	—	4,033
Promotion		22,817	—	—	22,817	30,870	—	—	30,870
Education and conferences		69,191	—	—	69,191	41,233	—	—	41,233
Amortization		—	—	1,636,164	1,636,164	—	—	1,352,736	1,352,736
Share of loss of joint venture	4	—	—	—	—	—	—	17,537	17,537
Other		42,110	—	—	42,110	42,330	—	—	42,330
		19,041,111	369,349,772	1,636,164	390,027,047	17,371,927	320,038,868	1,370,273	338,781,068
(Deficiency) excess of revenue over expenses		79,852	—	(250,031)	(170,179)	258,788	—	(412,842)	(154,054)

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, 2022

	General Fund	Capital and Learning Fund			Endowment Funds		General Fund	Capital and Learning Fund			Endowment Funds	
	Unrestricted	Invested in capital assets	Internally restricted	Capital Reserve Fund	Externally restricted	2022 Total	Unrestricted	Invested in capital assets	Internally restricted	Capital Reserve Fund	Externally restricted	2021 Total
	\$	(Note 10b)	(Note 10a(i))	(Note 10a(ii))	\$	\$	\$	(Note 10b)	(Note 10a(i))	(Note 10a(ii))	\$	\$
Fund balances, beginning of year	781,675	12,020,838	1,213,194	86,013	879,804	14,981,524	486,214	12,425,212	1,344,348	—	646,711	14,902,485
(Deficiency) excess of revenue over expenses	79,852	(391,020)	43,894	97,095	—	(170,179)	258,788	(395,305)	(17,537)	—	—	(154,054)
Purchase of capital assets	(745,639)	745,639	—	—	—	—	(1,383,577)	1,383,577	—	—	—	—
Deferred capital contributions	745,639	(745,639)	—	—	—	—	1,337,029	(1,337,029)	—	—	—	—
Inter-fund transfers	66,095	(66,095)	—	—	—	—	83,221	(55,617)	(113,617)	86,013	—	—
Change in unrealized (losses) gains in the endowment funds	—	—	—	—	(42,732)	(42,732)	—	—	—	—	233,093	233,093
Fund balances, end of year	927,622	11,563,723	1,257,088	183,108	837,072	14,768,613	781,675	12,020,838	1,213,194	86,013	879,804	14,981,524

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

Family Service Toronto
Statement of cash flows
Year ended March 31, 2022

	2022	2021
	\$	\$
Operating activities		
(Deficiency) excess of revenue over expenses	(170,179)	(154,054)
Items not affecting cash		
Amortization of deferred lease inducements		
Capital and Learning Fund	(46,780)	(46,780)
General fund	(35,999)	(18,688)
Amortization of capital assets	1,636,164	1,352,736
Amortization of deferred capital contributions	(1,132,269)	(855,034)
Share of (profit)/ loss of joint venture	(43,894)	17,537
	207,043	295,717
Changes in operating working capital items		
Grants and accounts receivable		
General fund	34,675,193	(31,401,130)
Capital and Learning Fund	37,384	(23,402)
Prepaid expenses	92,298	833,672
Accounts payable and accrued liabilities		
General fund	(16,316,180)	19,934,882
Increase in deferred contributions		
General Fund	(36,423)	191,119
Endowment Fund	73,474	32,676
	18,732,789	(10,136,466)
Financing activity		
Deferred capital contributions received	745,639	1,337,029
Investing activities		
Purchase of capital assets	(745,639)	(1,383,577)
Distributions from joint venture	121,642	137,018
Net purchase of investments	(72,105)	(31,465)
	(696,102)	(1,278,024)
Increase (decrease) in cash and cash equivalents	18,782,326	(10,077,461)
Cash and cash equivalents, beginning of year	19,782,405	29,859,866
Cash and cash equivalents, end of year	38,564,731	19,782,405
Cash and cash equivalents is comprised of:		
Cash	38,564,731	17,442,989
Short-term investments	—	2,339,416
	38,564,731	19,782,405

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 1,289 (2,325 in 2021) 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:

	Cost	2022 Fair value	Cost	2021 Fair value
	\$	\$	\$	\$
Mutual Funds				
Cash	2,677	2,677	1,351	1,351
Bond Fund	574,039	553,401	552,256	571,659
Equity Fund	494,778	697,296	502,604	703,949
Pension Trust	94,348	90,535	37,526	37,577
	1,165,842	1,343,909	1,093,737	1,314,536

Total investment income earned on endowment funds, net of the investment management fees, for the year was \$26,504 (\$21,557 in 2021) 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:

	2022 \$	2021 \$
Balance, beginning of the year	1,711,275	1,865,830
Less:		
Distributions from joint venture	(121,642)	(137,018)
Share of loss of the joint venture for the year	—	(17,537)
Add:		
Share of gain of the joint venture for the year	43,894	—
Balance, end of year	1,633,527	1,711,275

The difference between the \$1,633,527 above (\$1,711,275 in 2021) and Co-owners' equity amount of \$1,427,327 (\$1,542,457 in 2021) is related to lease inducements provided by the Vendor.

The distribution from joint venture of \$121,642 (\$137,018 in 2021) noted above includes an accrual of \$nil (\$37,383 as at March 31, 2021) 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

	2022	2021
	\$	\$
Total assets	2,877,697	3,047,833
Total liabilities	1,450,370	1,505,376
Co-owners' equity	1,427,327	1,542,457
	2,877,697	3,047,833

Results of operations

	2022	2021
	\$	\$
Total revenue	277,994	398,163
Total expenses	234,103	415,700
Net income (loss) for the year	43,894	(17,537)

Cash flows

	2022	2021
	\$	\$
Cash provided by operating activities	189,115	174,293
Cash used by financing activities	(45,855)	(43,954)
Cash used in investing activities	(170,980)	(109,113)
(Decrease) increase in cash	(27,720)	21,226

Related party transactions

During the year, rent in the amount of \$699,194 (\$672,574 in 2021) for rent was paid by FST to the joint venture.

5. Grants and accounts receivable – General Fund

	2022	2021
	\$	\$
Ministry of Children, Community and Social Services (PassportONE unclaimed amounts) (Note 7)	21,925,915	56,502,173
Canada Revenue Agency (Harmonized Sales Tax receivable)	461,181	630,842
Lumenus Community Services	89,058	71,172
Government of Canada (Immigration, Refugee and Citizenship Canada)	75,206	27,106
Family Services of Peel	7,520	11,120
Respite Services	13,335	5,509
Ministry of the Attorney General	4,510	3,065
Ontario Health	3,000	3,000
Care Centre for Internationally Educated Nurses	8,001	—
Other	1,904	10,836
	22,589,630	57,264,823

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

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Building	12,541,124	1,070,707	11,470,417	11,778,729
Computers	671,416	460,439	210,977	243,924
Furniture and equipment	1,019,240	774,751	244,489	402,166
Leasehold improvements	1,229,435	824,044	405,391	525,295
Computer software	5,751,080	4,438,060	1,313,020	1,584,705
	21,212,295	7,568,001	13,644,294	14,534,819

In fiscal 2022, fully amortized capital assets with an original cost of \$466,502 were retired (\$140,437 in 2021).

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$53,023 (\$361,639 in 2021) of unpaid claims for the PassportONE program that have been submitted by clients. In addition, \$59,844,066 (\$75,829,621 in 2021) has been accrued as at the year-end for unclaimed amounts. Of this total, \$21,925,915 (\$56,502,173 in 2021) is included in accounts receivable.

Accounts payable and accrued liabilities also include an amount outstanding with respect to government remittances as at March 31, 2022 of \$208,790 (\$119,368 in 2021).

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:

	2022	2021
	\$	\$
Province of Ontario	44,613	88,520
Special purpose contributions	56,767	56,767
City of Toronto	32,526	42,783
Government of Canada	157,335	—
Other agencies	122,483	188,160
Foundations	26,000	37,466
United Way	—	62,451
	439,724	476,147

Endowment Funds

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

	2022	2021
	\$	\$
Balance, beginning of year	398,245	365,569
Investment income earned for the year, net (Note 3)	26,504	21,557
Realized gain on sale of investments	46,970	11,119
Balance, end of year	471,719	398,245

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:

	2022	2021
	\$	\$
Balance, beginning of year	2,299,573	1,817,578
Grants received during the year	745,639	1,337,029
Amounts recognized as revenue	(1,132,269)	(855,034)
Balance, end of year	1,912,943	2,299,573

9. Externally restricted fund balances

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

	2022	2021
	\$	\$
Hindmarsh Endowment Fund	500,100	500,100
Other endowment funds	158,905	158,905
Accumulated unrealized investment gains (losses)	178,067	220,799
	837,072	879,804

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 Action 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, 2022 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 \$1,257,088 (\$1,213,194 in 2021) to be used for capital and learning requirements
 - (ii) In fiscal year 2021, the Board of Directors approved the creation of a Capital reserve fund for the maintenance of the 355 Church Street property. The Capital reserve fund consists of the following:

	2022	2021
	\$	\$
Balance, beginning of year	86,013	—
Interest earned	112	—
Addition during the year	96,983	86,013
Balance, end of year	183,108	86,013

- (b) The Invested in capital assets fund consist of the following:

	2022	2021
	\$	\$
Net book value of capital assets (Note 6)	13,644,294	14,534,819
Less:		
Deferred capital contributions (Note 8b)	(1,912,943)	(2,299,573)
Deferred lease inducements (Note 13)	(167,628)	(214,408)
	11,563,723	12,020,838

The balance of \$11,563,723 (\$12,020,838 in 2021) 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

	2022	2021
	\$	\$
Federal		
Immigration, Refugees and Citizenship Canada	299,242	246,333
Employment and Social Development Canada	128,912	121,092
Public Health Agency of Canada	110,546	110,546
Social Sciences and Humanities Research Council of Canada	7,243	—
Provincial		
Ministry of Children, Community and Social Services	382,091,972	331,559,269
Ontario Health	656,342	689,192
Ministry of Attorney General	386,519	395,251
Ministry of Health - AIDS Bureau	142,189	143,870
Ministry of Senior Affairs	104,289	97,146
Ontario Trillium Foundation	55,731	2,873
Municipal		
City of Toronto - Community Service Partnership	116,729	113,204
City of Toronto - Investing in Neighbourhoods	44,844	—
City of Toronto - Toronto Urban Health Fund	60,974	32,862
City of Toronto - TO Supports COVID 19 Emergency Relief Funding	—	3,750
	384,205,532	333,515,388

12. Pension plan

The employer pension expense for the defined contributions plan amounted to \$90,711 (\$76,589 in 2021). These contributions are included in employee benefits expenses on the Statement of operations.

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 \$195,771 (\$231,770 in 2021) includes free rent.

Capital and Learning Fund

FST was reimbursed by the landlord for leasehold improvements made to the leased space and are being amortized to March 31, 2026. The changes in deferred lease inducements are as follows:

	2022	2021
	\$	\$
Balance, beginning of the year	214,408	261,188
Amortization	(46,780)	(46,780)
Balance, end of year	167,628	214,408
Current portion	46,780	46,780
Long-term portion	120,848	167,628
	167,628	214,408

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, 2022 and 2021. 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:

	2022	2021
	\$	\$
Funding*		
MAG allocation	368,761	369,776
MAG funding carried forward	95,470	56,836
Client fees	44,346	21,555
Other Revenues	—	500
	508,577	448,667
Expenses		
Salaries	349,683	338,920
Benefits	54,755	61,463
Rent	2,796	2,796
Office supplies	740	1,644
Telecommunications	550	1,920
Office equipment (to include equipment maintenance)	—	—
Community workshops/meetings/events	—	—
Staff expenses (recruitment, travel, development)	—	—
Audit	950	950
COVID-19 Related Expenditure	54,495	—
	463,969	407,693
Excess of revenue over expenses	44,608	40,974
Less:		
Revenue deferred to 2021/2022 to complete "groups in process" - approved by MAG	—	(40,974)
Less:		
Revenue deferred to 2022/2023 to complete "groups in process" - approved by MAG	(44,608)	—
Excess of revenue over expenses	—	—

* \$21,394 (\$9,613 in 2021) 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:

	2022	2021
	\$	\$
Revenue	523,133	520,200
Expenses		
The 519 Church Street Community Centre	58,522	58,522
Davenport-Perth Neighbourhood Community Health Centre	58,522	58,522
Dixon Hall	58,522	58,522
Family Service Toronto	110,546	110,546
Waterfront Community Centre	58,522	58,522
West Neighbourhood House	58,522	58,522
University Settlement	61,455	55,589
WoodGreen Community Services	58,522	58,522
	523,133	517,267
Excess of revenue over expenses	—	2,933

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:

	2022	2021
	\$	\$
Revenue		
Ministry of Health - AIDS Bureau Funding Program	145,520	145,520
	145,520	145,520
Expenses		
Salaries	111,474	111,474
Benefits	21,307	21,181
Rent and utilities	6,720	6,720
Supplies and other expenses	1,137	3,645
Protected allocations	1,551	850
	142,189	143,870
Excess of revenue over expenses	3,331	1,650

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:

	\$
2023	898,012
2024	763,418
2025	616,673
2026	365,232
2027	31,198
	<u>2,674,533</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 Statement of financial position with respect to these agreements.