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# Financial statements of Family Service Toronto

March 31, 2023

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## 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, 2023, 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, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for 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 27, 2023

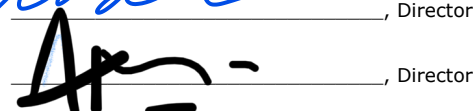
**Family Service Toronto**  
**Statement of financial position**  
As at March 31, 2023

	Notes	General fund \$	Capital and Learning fund \$	Endowment funds \$	2023 Total \$	General fund \$	Capital and Learning fund \$	Endowment funds \$	2022 Total \$
						(Note 20)			(Note 20)
<b>Assets</b>									
Current assets									
Cash and cash equivalents		10,472,175	333,078	—	10,805,253	38,478,605	86,126	—	38,564,731
Grants and accounts receivable	5	54,994,286	23,085	—	55,017,371	22,589,630	—	—	22,589,630
Prepaid expenses		2,655,471	—	—	2,655,471	1,270,139	—	—	1,270,139
		<b>68,121,932</b>	<b>356,163</b>	<b>—</b>	<b>68,478,095</b>	62,338,374	86,126	—	62,424,500
Investments	3	—	—	1,290,541	1,290,541	—	—	1,343,909	1,343,909
Net investment in joint venture	4	—	1,560,912	—	1,560,912	—	1,633,527	—	1,633,527
Capital assets	6	—	13,552,918	—	13,552,918	—	13,644,294	—	13,644,294
		<b>68,121,932</b>	<b>15,469,993</b>	<b>1,290,541</b>	<b>84,882,466</b>	62,338,374	15,363,947	1,343,909	79,046,230
<b>Liabilities</b>									
Current liabilities									
Accounts payable and accrued liabilities	7	66,493,556	—	—	66,493,556	61,089,832	—	—	61,089,832
Deferred lease inducements	13	58,257	46,780	—	105,037	45,273	46,780	—	92,053
Inter-fund balances		(14,720)	(19,133)	33,853	—	(314,575)	279,457	35,118	—
Deferred contributions	8a	393,331	—	497,973	891,304	439,724	—	471,719	911,443
		<b>66,930,424</b>	<b>27,647</b>	<b>531,826</b>	<b>67,489,897</b>	61,260,254	326,237	506,837	62,093,328
Long-term									
Deferred lease inducements	13	92,241	74,068	—	166,309	150,498	120,848	—	271,346
Deferred capital contributions	8b	—	2,166,509	—	2,166,509	—	1,912,943	—	1,912,943
		<b>92,241</b>	<b>2,240,577</b>	<b>—</b>	<b>2,332,818</b>	150,498	2,033,791	—	2,184,289
Commitments and contingencies	19 and 20					61,410,752	2,360,028	506,837	64,277,617
<b>Fund balances</b>									
Invested in capital assets	10b	—	11,265,561	—	11,265,561	—	11,563,723	—	11,563,723
Externally restricted	9	—	—	758,715	758,715	—	—	837,072	837,072
Internally restricted	10a	—	1,936,208	—	1,936,208	—	1,440,196	—	1,440,196
Unrestricted		1,099,267	—	—	1,099,267	927,622	—	—	927,622
		<b>1,099,267</b>	<b>13,201,769</b>	<b>758,715</b>	<b>15,059,751</b>	927,622	13,003,919	837,072	14,768,613
		<b>68,121,932</b>	<b>15,469,993</b>	<b>1,290,541</b>	<b>84,882,466</b>	62,338,374	15,363,947	1,343,909	79,046,230

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, 2023

	Notes	2023			2022				
		Community programs	General Fund Client purchase of service (1)	Capital and Learning Fund	Community programs	General Fund Client purchase of service (1)	Capital and Learning Fund	2022 Total	
		\$	\$	\$	\$	\$	\$	\$	
<b>Revenue</b>									
Government	11	16,792,665	439,724,145	—	456,516,810	15,229,830	368,975,702	—	384,205,532
United Way									
Base allocation		2,991,990	—	188,426	3,180,416	3,176,772	—	66,095	3,242,867
Other		783	—	—	783	2,471	—	—	2,471
Foundations and other agencies		469,408	416,275	—	885,683	237,427	369,426	—	606,853
Fees		102,570	—	—	102,570	91,406	—	—	91,406
Membership, donations and bequests		43,082	—	—	43,082	109,339	—	—	109,339
Investment income		219,325	—	3,336	222,661	22,915	—	112	23,027
Amortization of deferred capital contributions	8b	—	—	721,931	721,931	—	—	1,132,269	1,132,269
Amortization of deferred lease inducements	13	—	—	46,780	46,780	—	—	46,780	46,780
Share of gain of joint venture	4	—	—	109,840	109,840	—	—	43,894	43,894
Other		302,142	—	197,220	499,362	250,803	4,644	96,983	352,430
		<b>20,921,965</b>	<b>440,140,420</b>	<b>1,267,533</b>	<b>462,329,918</b>	<b>19,120,963</b>	<b>369,349,772</b>	<b>1,386,133</b>	<b>389,856,868</b>
<b>Expenses</b>									
Salaries		11,908,431	—	—	11,908,431	11,176,424	—	—	11,176,424
Employee benefits	12	2,115,942	—	—	2,115,942	2,089,443	—	—	2,089,443
Client purchase of service		—	440,140,420	—	440,140,420	—	369,349,772	—	369,349,772
Contracted services		4,428,738	—	—	4,428,738	3,944,239	—	—	3,944,239
Building occupancy	4 and 13	1,040,805	—	—	1,040,805	994,023	—	—	994,023
Office and supplies		769,256	—	—	769,256	700,637	—	—	700,637
Transportation		41,605	—	—	41,605	2,227	—	—	2,227
Promotion		107,362	—	—	107,362	22,817	—	—	22,817
Education and conferences		118,809	—	—	118,809	69,191	—	—	69,191
Amortization		—	—	1,214,480	1,214,480	—	—	1,636,164	1,636,164
Other		74,575	—	—	74,575	42,110	—	—	42,110
		<b>20,605,523</b>	<b>440,140,420</b>	<b>1,214,480</b>	<b>461,960,423</b>	<b>19,041,111</b>	<b>369,349,772</b>	<b>1,636,164</b>	<b>390,027,047</b>
<b>Excess (deficiency) of revenue over expenses</b>		<b>316,442</b>	<b>—</b>	<b>53,053</b>	<b>369,495</b>	<b>79,852</b>	<b>—</b>	<b>(250,031)</b>	<b>(170,179)</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, 2023

	Capital and Learning Fund					2023 Total	Capital and Learning Fund					2022 Total	
	General Fund	Invested in capital assets	Internally restricted	Capital Reserve Fund	Externally restricted		General Fund	Invested in capital assets	Internally restricted	Capital Reserve Fund	Externally restricted		
	Unrestricted	(Note 10b)	(Note 10a(i))	(Note 10a(ii))	Unrestricted	(Note 10b)	(Note 10a(i))	(Note 10a(ii))	Unrestricted	(Note 10b)	(Note 10a(i))	(Note 10a(ii))	Unrestricted
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Fund balances, beginning of year</b>	<b>927,622</b>	<b>11,563,723</b>	<b>1,257,088</b>	<b>183,108</b>	<b>837,072</b>	<b>14,768,613</b>	781,675	12,020,838	1,213,194	86,013	879,804	14,981,524	
Excess (deficiency) of revenue over expenses	316,442	(257,343)	109,840	200,556	—	369,495	79,852	(391,020)	43,894	97,095	—	(170,179)	
Purchase of capital assets	(1,123,104)	1,123,104	—	—	—	—	(745,639)	745,639	—	—	—	—	
Deferred capital contributions	975,497	(975,497)	—	—	—	—	745,639	(745,639)	—	—	—	—	
Inter-fund transfers	2,810	(188,426)	185,616	—	—	—	66,095	(66,095)	—	—	—	—	
Change in unrealized gains in the endowment funds	—	—	—	—	(78,357)	(78,357)	—	—	—	—	—	(42,732)	(42,732)
<b>Fund balances, end of year</b>	<b>1,099,267</b>	<b>11,265,561</b>	<b>1,552,544</b>	<b>383,664</b>	<b>758,715</b>	<b>15,059,751</b>	927,622	11,563,723	1,257,088	183,108	837,072	14,768,613	

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

**Family Service Toronto**  
**Statement of cash flows**  
Year ended March 31, 2023

	<b>2023</b>	2022
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	<b>369,495</b>	(170,179)
Items not affecting cash		
Amortization of deferred lease inducements		
Capital and Learning Fund	<b>(46,780)</b>	(46,780)
General fund	<b>(45,273)</b>	(35,999)
Amortization of capital assets	<b>1,214,480</b>	1,636,164
Amortization of deferred capital contributions	<b>(721,931)</b>	(1,132,269)
Share of gain of joint venture	<b>(109,840)</b>	(43,894)
	<b>660,151</b>	207,043
Changes in operating working capital items		
Grants and accounts receivable		
General fund	<b>(32,404,656)</b>	34,675,193
Capital and Learning Fund	<b>(23,085)</b>	37,384
Prepaid expenses	<b>(1,385,332)</b>	92,298
Accounts payable and accrued liabilities		
General fund	<b>5,403,724</b>	(16,316,180)
Increase in deferred contributions		
General Fund	<b>(46,393)</b>	(36,423)
Endowment Fund	<b>26,254</b>	73,474
	<b>(27,769,337)</b>	18,732,789
<b>Financing activity</b>		
Deferred capital contributions received	<b>975,497</b>	745,639
<b>Investing activities</b>		
Purchase of capital assets	<b>(1,123,104)</b>	(745,639)
Distributions from joint venture	<b>182,455</b>	121,642
Net purchase of investments	<b>(24,989)</b>	(72,105)
	<b>(965,638)</b>	(696,102)
(Decrease) increase in cash and cash equivalents	<b>(27,759,478)</b>	18,782,326
Cash and cash equivalents, beginning of year	<b>38,564,731</b>	19,782,405
<b>Cash and cash equivalents, end of year</b>	<b>10,805,253</b>	38,564,731

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 commences 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 929 (1,289 in 2022) 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:

	2023		2022	
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
Mutual Funds				
Cash	2,429	2,429	2,677	2,677
Bond Fund	553,777	512,913	574,039	553,401
Equity Fund	506,577	654,113	494,778	697,296
Pension Trust	128,048	121,086	94,348	90,535
	<b>1,190,831</b>	<b>1,290,541</b>	1,165,842	1,343,909

Total investment income earned on endowment funds, net of the investment management fees, for the year was \$27,522 (\$26,504 in 2022) 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:

	2023	2022
	\$	\$
Balance, beginning of the year	1,633,527	1,711,275
Less:		
Distributions from joint venture	(182,455)	(121,642)
Add:		
Share of gain of the joint venture for the year	109,840	43,894
Balance, end of year	<b>1,560,912</b>	1,633,527

The difference between the \$1,560,912 above (\$1,633,527 in 2022) and Co-owners' equity amount of \$1,354,712 (1,427,327 in 2022) is related to lease inducements provided by the Vendor.

The distribution from joint venture of \$182,455 (\$121,642 in 2022) noted above includes an accrual of \$22,500 (nil in 2022) 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>2023</b>	2022
	\$	\$
Total assets	<b>2,758,509</b>	2,877,697
Total liabilities	<b>1,403,797</b>	1,450,370
Co-owners' equity	<b>1,354,712</b>	1,427,327
	<b>2,758,509</b>	2,877,697

*Results of operations*

	<b>2023</b>	2022
	\$	\$
Total revenue	<b>301,215</b>	277,994
Total expenses	<b>191,375</b>	234,103
Net income for the year	<b>109,840</b>	43,894

*Cash flows*

	<b>2023</b>	2022
	\$	\$
Cash provided by operating activities	<b>232,551</b>	189,115
Cash used by financing activities	<b>(47,836)</b>	(45,855)
Cash used in investing activities	<b>(189,041)</b>	(170,980)
Decrease in cash	<b>(4,326)</b>	(27,720)

*Related party transactions*

During the year, rent in the amount of \$764,528 (\$699,194 in 2022) was paid by FST to the joint venture.

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

	<b>2023</b>	2022
	\$	\$
Ministry of Children, Community and Social Services (PassportONE unclaimed amounts) (Note 7)	<b>54,010,574</b>	21,925,915
Canada Revenue Agency (Harmonized Sales Tax receivable)	<b>701,633</b>	461,181
Lumenus Community Services	<b>78,036</b>	89,058
Government of Canada (Immigration, Refugee and Citizenship Canada)	<b>51,318</b>	75,206
City of Toronto	<b>45,265</b>	—
Gerstein Crisis Center	<b>33,901</b>	—
Family Services of Peel	<b>28,160</b>	7,520
Community Living Toronto	<b>8,780</b>	—
Ministry of the Attorney General	<b>8,534</b>	4,510
Respite Services	<b>3,705</b>	13,335
Other	<b>24,380</b>	12,905
	<b>54,994,286</b>	22,589,630

**6. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2023 Net book value</b>	2022 Net book value
	\$	\$	\$	\$
Building	<b>12,698,502</b>	<b>1,385,323</b>	<b>11,313,179</b>	11,470,417
Computers	<b>828,687</b>	<b>609,676</b>	<b>219,011</b>	210,977
Furniture and equipment	<b>1,024,367</b>	<b>943,938</b>	<b>80,429</b>	244,489
Leasehold improvements	<b>1,229,435</b>	<b>943,948</b>	<b>285,487</b>	405,391
Computer software	<b>6,554,409</b>	<b>4,899,597</b>	<b>1,654,812</b>	1,313,020
	<b>22,335,400</b>	<b>8,782,482</b>	<b>13,552,918</b>	13,644,294

During the year, fully amortized capital assets with an original cost of nil were retired (\$466,502 in 2022).

**7. Accounts payable and accrued liabilities**

*PassportONE*

Accounts payable and accrued liabilities include \$44,185 (\$53,023 in 2022) of unpaid claims for the PassportONE program that have been submitted by clients. In addition, \$64,895,357 (\$59,608,222 in 2022) has been accrued as at the year-end for unclaimed amounts. Of this unclaimed amounts accrual, \$54,010,574 (\$21,925,915 in 2022) is included in accounts receivable.

*Government remittances*

Accounts payable and accrued liabilities also include an amount outstanding with respect to government remittances as at March 31, 2023 of \$99,068 (\$208,790 in 2022).

**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>2023</b>	2022
	\$	\$
Province of Ontario	<b>61,465</b>	44,613
Special purpose contributions	<b>56,767</b>	56,767
City of Toronto	<b>58,610</b>	32,526
Government of Canada	<b>74,649</b>	157,335
Other agencies	<b>106,212</b>	122,483
Foundations	<b>35,628</b>	26,000
	<b>393,331</b>	439,724

*Endowment Funds*

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

	<b>2023</b>	2022
	\$	\$
Balance, beginning of year	<b>471,719</b>	398,245
Investment income earned for the year, net (Note 3)	<b>27,522</b>	26,504
Realized (losses) gains on sale of investments	<b>(1,268)</b>	46,970
Balance, end of year	<b>497,973</b>	471,719

**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>2023</b>	2022
	\$	\$
Balance, beginning of year	<b>1,912,943</b>	2,299,573
Grants received during the year	<b>975,497</b>	745,639
Amounts recognized as revenue	<b>(721,931)</b>	(1,132,269)
Balance, end of year	<b>2,166,509</b>	1,912,943

**9. Externally restricted fund balances**

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

	<b>2023</b>	2022
	\$	\$
Hindmarsh Endowment Fund	<b>500,100</b>	500,100
Other endowment funds	<b>158,905</b>	158,905
Accumulated unrealized investment gains	<b>99,710</b>	178,067
	<b>758,715</b>	837,072

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, 2023 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 \$1,552,544 (\$1,257,088 in 2022) 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:

	<b>2023</b>	2022
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	<b>183,108</b>	86,013
Interest earned	<b>3,336</b>	112
Addition during the year	<b>197,220</b>	96,983
Balance, end of year	<b>383,664</b>	183,108

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

	<b>2023</b>	2022
	<b>\$</b>	<b>\$</b>
Net book value of capital assets (Note 6)	<b>13,552,918</b>	13,644,294
Less:		
Deferred capital contributions (Note 8b)	<b>(2,166,509)</b>	(1,912,943)
Deferred lease inducements (Note 13)	<b>(120,848)</b>	(167,628)
	<b>11,265,561</b>	11,563,723

The balance of \$11,265,561 (\$11,563,723 in 2022) represents the net book value of the 355 Church Street property.

**11. Revenue - government**

*General Fund*

	<b>2023</b>	2022
	<b>\$</b>	<b>\$</b>
Federal		
Immigration, Refugees and Citizenship Canada	<b>351,288</b>	299,242
Employment and Social Development Canada	<b>370,613</b>	128,912
Public Health Agency of Canada	<b>110,546</b>	110,546
Social Sciences and Humanities Research Council of Canada	<b>6,144</b>	7,243
Provincial		
Ministry of Children, Community and Social Services	<b>454,076,220</b>	382,091,972
Ontario Health	<b>671,890</b>	656,342
Ministry of Attorney General	<b>417,145</b>	386,519
Ministry of Health - AIDS Bureau	<b>145,005</b>	142,189
Ministry of Senior Affairs	<b>98,328</b>	104,289
Ministry of Status of Women	<b>58,933</b>	—
Ontario Trillium Foundation	—	55,731
Municipal		
City of Toronto - Community Service Partnership	<b>116,627</b>	116,729
City of Toronto - Investing in Neighbourhoods	<b>6,723</b>	44,844
City of Toronto - Toronto Urban Health Fund	<b>87,348</b>	60,974
	<b>456,516,810</b>	384,205,532

**12. Pension plan**

The employer pension expense for the defined contributions plan amounted to \$162,575 (\$90,711 in 2022). 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 liability. The total liability of \$150,498 (\$195,771 in 2022) includes free rent.

	<b>2023</b>	2022
	\$	\$
Balance, beginning of the year	<b>195,771</b>	231,770
Amortization	<b>(45,273)</b>	(35,999)
Balance, end of year	<b>150,498</b>	195,771
Current portion	<b>58,257</b>	45,273
Long-term portion	<b>92,241</b>	150,498
	<b>150,498</b>	195,771

*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:

	<b>2023</b>	2022
	\$	\$
Balance, beginning of the year	<b>167,628</b>	214,408
Amortization	<b>(46,780)</b>	(46,780)
Balance, end of year	<b>120,848</b>	167,628
Current portion	<b>46,780</b>	46,780
Long-term portion	<b>74,068</b>	120,848
	<b>120,848</b>	167,628

**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, 2023 and 2022. Interest is payable at the bank's prime rate plus 2.45%.

**15. Contracts with Ministry of the Attorney General**

The Partner Assault Response ("PAR") program was funded by the Ministry of the Attorney General ("MAG"). Funding and expenses for this contract are combined with revenue 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>2023</b>	2022
	\$	\$
Funding*		
MAG allocation	<b>426,809</b>	368,761
MAG funding carried forward	<b>44,608</b>	95,470
Client fees	<b>59,964</b>	44,346
	<b>531,381</b>	508,577
Expenses		
Salaries	<b>365,641</b>	349,683
Benefits	<b>61,188</b>	54,755
Rent	<b>4,296</b>	2,796
Office supplies	<b>11,533</b>	740
Telecommunications	<b>4,838</b>	550
Advertising, promotional goods	<b>128</b>	—
Staff expenses (recruitment, travel, development)	<b>767</b>	—
Audit	<b>1,500</b>	950
Other	<b>20,030</b>	—
COVID-19 Related Expenditure	—	54,495
	<b>469,921</b>	463,969
Excess of funding over expenses	<b>61,460</b>	44,608
Less:		
Funding deferred to 2022/2023 to complete "groups in process" - approved by MAG	—	(44,608)
Less:		
Funding deferred to 2023/2024 to complete "groups in process" - approved by MAG	<b>(61,460)</b>	—
Excess of Funding over expenses	—	—

\* \$27,188 (\$21,394 in 2022) Language Interpreter Services expenses and reimbursements from MAG were excluded.

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

The Growing Up Healthy Downtown (“GUHD”) project is partially funded by Public Health Agency of Canada (“PHAC”). Only FST’s funding and expenses for this contract are combined with revenue and expenses of all other programs of FST in the Statement of operations. In accordance with the agreement with the PHAC, the funding and expenses related to the GUHD contract are as follows:

	<b>2023</b>	2022
	\$	\$
Funding	<b>520,200</b>	523,133
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 (Note 11)	<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>58,522</b>	61,455
WoodGreen Community Services	<b>58,522</b>	58,522
	<b>520,200</b>	523,133
Excess of funding over expenses	—	—

**17. 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. Funding and expenses for this contract are combined with revenue 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>2023</b>	2022
	\$	\$
Funding		
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>	21,307
Rent and utilities	<b>6,720</b>	6,720
Supplies and other expenses	<b>2,974</b>	1,137
Protected allocations	<b>2,656</b>	1,551
	<b>145,005</b>	142,189
Excess of funding over expenses	<b>515</b>	3,331

**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.

**19. Commitments**

*Leases*

FST has operating lease commitments for premises and equipment up to 2028. The minimum annual payments are as follows:

	\$
2024	962,953
2025	806,113
2026	474,708
2027	40,053
2028	6,642
	<u>2,290,469</u>

**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 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.

**21. Comparative amounts**

Certain of the prior year comparative amounts have been reclassified to conform to the current year's financial statement presentation.