

**CATHOLIC CHILDREN'S AID SOCIETY
OF HAMILTON
HAMILTON, ONTARIO
FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2015 AND MARCH 31, 2016**

CONTENTS	PAGE
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Remeasurement Gains and Losses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 21
Schedule of Revenue and Expenditures by Program	22 - 24

HGK & PARTNERS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Catholic Children's Aid Society of Hamilton

We have audited the accompanying financial statements of the Catholic Children's Aid Society of Hamilton (the Society) which comprise the statement of financial position as at March 31, 2016 and the statements of operations, changes in net assets, remeasurement gains and losses and cash flows for the years ended March 31, 2016 and March 31, 2015 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives a portion of its revenue from the general public in the form of donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from this source was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to revenue, excess revenue over expenditures and cash flows from operations for the years ended March 31, 2016 and March 31, 2015 or current assets and net assets as at March 31, 2016 and March 31, 2015.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2016 and March 31, 2015 and the results of its operations and cash flows for the years ended March 31, 2016 and March 31, 2015, and its remeasurement gains and losses for the year ended March 31, 2016 in accordance with Canadian public sector accounting standards.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Catholic Children's Aid Society of Hamilton taken as a whole. The supplementary information included on the schedule of revenue and expenditures by program is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "HGK & Partners LLP". The signature is stylized and cursive.

HAMILTON, ONTARIO
June 13, 2016

HGK & PARTNERS LLP
Chartered Professional Accountants
Licensed Public Accountants

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Financial Position
As at March 31, 2016

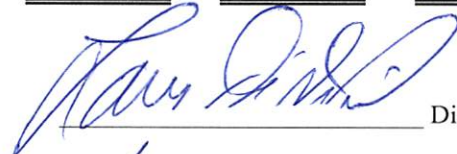
	General Fund	Private Funds	OCBe Funds	Specified Funds	Capital Building Fund	Total 2016	Total 2015
ASSETS							
Current							
Cash - unrestricted	\$ 1,549,017	\$ 440,928	\$ -	\$ -	\$ -	\$ 1,989,945	\$ 2,368,598
Cash - restricted	-	18,027	-	1,458,914	-	1,476,941	1,335,179
Inter-fund receivables (payables)	(978,421)	228,735	350,031	137,649	262,006	-	-
Accounts receivable	246,291	-	-	-	-	246,291	181,217
Prepaid expenditures	61,542	1,000	-	-	-	62,542	41,145
	<u>878,429</u>	<u>688,690</u>	<u>350,031</u>	<u>1,596,563</u>	<u>262,006</u>	<u>3,775,719</u>	<u>3,926,139</u>
Investments (Note 3)	-	39,653	-	-	-	39,653	29,562
Capital assets (Note 4)	2,872,394	-	-	-	-	2,872,394	2,982,694
	<u>2,872,394</u>	<u>39,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,912,047</u>	<u>3,012,256</u>
	<u>\$ 3,750,823</u>	<u>\$ 728,343</u>	<u>\$ 350,031</u>	<u>\$ 1,596,563</u>	<u>\$ 262,006</u>	<u>\$ 6,687,766</u>	<u>\$ 6,938,395</u>
LIABILITIES							
Current							
Accounts payable and accrued liabilities (Note 6)	\$ 2,406,041	\$ -	\$ -	\$ -	\$ -	\$ 2,406,041	\$ 2,820,234
Trust funds payable (Note 7)	-	-	247,609	1,429,869	-	1,677,478	1,439,965
Deferred revenue (Note 8)	-	4,816	-	-	-	4,816	20,521
Current portion of long term debt (Note 9)	148,497	-	-	-	-	148,497	144,258
	<u>2,554,538</u>	<u>4,816</u>	<u>247,609</u>	<u>1,429,869</u>	<u>-</u>	<u>4,236,832</u>	<u>4,424,978</u>
Deferred revenue related to capital assets (Note 8)	-	-	-	-	-	-	5,981
Long term debt (Note 9)	1,184,526	-	-	-	-	1,184,526	1,333,023
	<u>1,184,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,184,526</u>	<u>1,339,004</u>
	<u>3,739,064</u>	<u>4,816</u>	<u>247,609</u>	<u>1,429,869</u>	<u>-</u>	<u>5,421,358</u>	<u>5,763,982</u>
NET ASSETS							
General Fund - unrestricted	11,759	-	-	-	-	11,759	(22,199)
Private funds - unrestricted	-	724,964	-	-	-	724,964	615,487
OCBe - externally restricted	-	-	102,422	-	-	102,422	102,863
Specified funds - externally restricted (Note 10)	-	-	-	166,694	-	166,694	223,857
Capital Building Fund - externally restricted	-	-	-	-	262,006	262,006	262,006
	<u>11,759</u>	<u>724,964</u>	<u>102,422</u>	<u>166,694</u>	<u>262,006</u>	<u>1,267,845</u>	<u>1,182,014</u>
Accumulated remeasurement losses	-	(1,437)	-	-	-	(1,437)	(7,601)
	<u>\$ 3,750,823</u>	<u>\$ 728,343</u>	<u>\$ 350,031</u>	<u>\$ 1,596,563</u>	<u>\$ 262,006</u>	<u>\$ 6,687,766</u>	<u>\$ 6,938,395</u>

Commitments and contingencies (Note 17)

On behalf of the Board



Director



Director

(See Accompanying Notes)

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Operations
Year Ended March 31, 2016

	General Fund	Private Funds	OCBe Funds	Specified Funds (Note 10)	Capital Building Fund	Total 2014	Total 2015
Revenue							
Province of Ontario	\$ 25,190,087	\$ -	\$ -	\$ -	\$ -	\$ 25,190,087	\$ 25,140,007
Targeted subsidy	250,800	-	-	-	-	250,800	205,200
Funding receivable (repayable)	(438,545)	-	-	-	-	(438,545)	(529,192)
Grants - other	540,502	5,687	-	-	-	546,189	401,747
Donations	-	75,597	-	20,000	-	95,597	183,442
Events (Note 11)	-	147,612	-	-	-	147,612	110,153
OCBe funding	-	-	235,348	-	-	235,348	251,507
Children's special allowances	767,639	-	-	-	-	767,639	856,921
Other revenue (Note 12)	358,605	6,730	-	2,837	-	368,172	245,696
	<u>26,669,088</u>	<u>235,626</u>	<u>235,348</u>	<u>22,837</u>	<u>-</u>	<u>27,162,899</u>	<u>26,865,481</u>
Expenditures							
Staff salaries	12,096,281	-	-	-	-	12,096,281	11,602,090
Employee benefits (Note 14)	3,390,266	-	-	-	-	3,390,266	3,290,204
Events (Note 11)	-	38,084	-	-	-	38,084	37,876
Training	127,993	-	-	-	-	127,993	112,133
Travel and mileage	754,092	-	-	-	-	754,092	795,512
Building occupancy (Note 9)	341,705	-	-	-	-	341,705	421,680
Professional fees - corporate	189,836	5,200	-	-	-	195,036	159,493
Program expenditures	510,662	-	-	-	-	510,662	341,284
Boarding rate payments	6,645,602	-	-	-	-	6,645,602	6,957,516
Professional fees - client	348,008	-	-	-	-	348,008	441,099
Clients' personal needs	422,285	61,167	-	-	-	483,452	532,174
Bursary payments	-	-	-	80,000	-	80,000	13,000
OCBe savings allocation	-	-	99,639	-	-	99,639	104,355
OCBe activity expenditures	-	-	136,150	-	-	136,150	84,061
Adoption subsidy	54,058	-	-	-	-	54,058	52,679
Targeted subsidy	252,700	-	-	-	-	252,700	205,200
Admission prevention	68,154	-	-	-	-	68,154	79,072
Health and related	455,700	-	-	-	-	455,700	509,497
Financial assistance	23,378	-	-	-	-	23,378	25,794
Promotion and publicity	94,845	4,857	-	-	-	99,702	58,095
Office administration	149,553	16,841	-	-	-	166,394	116,520
Minor capital	171,253	-	-	-	-	171,253	33,795
Other expenditures (Note 13)	206,732	-	-	-	-	206,732	234,685
Technology	221,727	-	-	-	-	221,727	279,799
	<u>26,524,830</u>	<u>126,149</u>	<u>235,789</u>	<u>80,000</u>	<u>-</u>	<u>26,966,768</u>	<u>26,487,613</u>
Excess (deficiency of) revenue over expenditures before amortization	144,258	109,477	(441)	(57,163)	-	196,131	377,868
Amortization	<u>110,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,300</u>	<u>116,874</u>
EXCESS (DEFICIENCY OF) REVENUE OVER EXPENDITURES	<u>\$ 33,958</u>	<u>\$ 109,477</u>	<u>\$ (441)</u>	<u>\$ (57,163)</u>	<u>\$ -</u>	<u>\$ 85,831</u>	<u>\$ 260,994</u>

(See Accompanying Notes)

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Changes in Net Assets
Year Ended March 31, 2016

	General Fund	Private Funds	OCBe Funds	Specified Funds	Capital Building Fund	Total
<u>2016</u>						
Balance, beginning of year	\$ (22,199)	\$ 615,487	\$ 102,863	\$ 223,857	\$ 262,006	\$ 1,182,014
Excess revenue over expenditures	<u>33,958</u>	<u>109,477</u>	<u>(441)</u>	<u>(57,163)</u>	<u>-</u>	<u>85,831</u>
Balance, end of year	<u><u>\$ 11,759</u></u>	<u><u>\$ 724,964</u></u>	<u><u>\$ 102,422</u></u>	<u><u>\$ 166,694</u></u>	<u><u>\$ 262,006</u></u>	<u><u>\$ 1,267,845</u></u>
<u>2015</u>						
Balance, beginning of year	\$ (65,952)	\$ 453,112	\$ 39,772	\$ 225,571	\$ 262,006	\$ 914,509
Excess revenue over expenditures	43,753	155,864	63,091	(1,714)	-	260,994
Reclassification of unrealized losses on portfolio investments <i>(Note 2)</i>	<u>-</u>	<u>6,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,511</u>
Balance, end of year	<u><u>\$ (22,199)</u></u>	<u><u>\$ 615,487</u></u>	<u><u>\$ 102,863</u></u>	<u><u>\$ 223,857</u></u>	<u><u>\$ 262,006</u></u>	<u><u>\$ 1,182,014</u></u>

(See Accompanying Notes)

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Remeasurement Gains and Losses
Year Ended March 31, 2016

	2016	2015
Accumulated remeasurement gains (losses), beginning of year	\$ (7,601)	\$ -
Adjustment upon adoption of financial instrument policy <i>(Note 2)</i>	-	(6,511)
Unrealized gains (losses) attributable to portfolio investments	<u>6,164</u>	<u>(1,090)</u>
Net remeasurement gains (losses) for the year	<u>6,164</u>	<u>(7,601)</u>
Accumulated measurement losses, end of year	<u>\$ (1,437)</u>	<u>\$ (7,601)</u>

(See Accompanying Notes)

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Cash Flows
Year Ended March 31, 2016

	General Fund	Private Funds	OCBe Funds	Specified Funds	Total 2016	Total 2015
OPERATING ACTIVITIES						
Excess revenue over expenditures	\$ 33,958	\$ 109,477	\$ (441)	\$ (57,163)	\$ 85,831	\$ 260,994
Expenditures not requiring a cash outlay						
Amortization	110,300	-	-	-	110,300	116,874
Increase (decrease) in deferred revenue related to capital assets	(5,981)	-	-	-	(5,981)	(701)
Investments - fair value adjustment	-	-	-	-	-	-
	<u>138,277</u>	<u>109,477</u>	<u>(441)</u>	<u>(57,163)</u>	<u>190,150</u>	<u>377,167</u>
(Increase) decrease in accounts receivable	(65,075)	-	-	-	(65,075)	194,038
(Increase) decrease in prepaid expenditures	(20,397)	(1,000)	-	-	(21,397)	(5,413)
Increase (decrease) in accounts payable and accrued liabilities	(414,192)	-	-	-	(414,192)	384,569
Increase (decrease) in deferred revenue	(10,505)	(5,200)	-	-	(15,705)	2,011
Increase (decrease) in trust funds payable	-	-	(8,382)	245,895	237,513	222,130
	<u>(510,169)</u>	<u>(6,200)</u>	<u>(8,382)</u>	<u>245,895</u>	<u>(278,856)</u>	<u>797,335</u>
Net cash provided by (used for) operating activities	<u>(371,892)</u>	<u>103,277</u>	<u>(8,823)</u>	<u>188,732</u>	<u>(88,706)</u>	<u>1,174,502</u>
INVESTING ACTIVITIES						
Acquisition of investments	-	(3,927)	-	-	(3,927)	(15,522)
Net cash provided by (used for) investing activities	<u>-</u>	<u>(3,927)</u>	<u>-</u>	<u>-</u>	<u>(3,927)</u>	<u>(15,522)</u>
FINANCING ACTIVITIES						
Repayment of long term debt	(144,258)	-	-	-	(144,258)	(128,616)
Increase (decrease) in inter-fund receivables (payables)	81,489	(37,057)	8,823	(53,255)	-	-
Net cash provided by (used for) financing activities	<u>(62,769)</u>	<u>(37,057)</u>	<u>8,823</u>	<u>(53,255)</u>	<u>(144,258)</u>	<u>(128,616)</u>
Increase (decrease) in cash	(434,661)	62,293	-	135,477	(236,891)	1,030,364
Cash, beginning of year	<u>1,983,678</u>	<u>396,662</u>	<u>-</u>	<u>1,323,437</u>	<u>3,703,777</u>	<u>2,673,413</u>
Cash, end of year	<u>\$ 1,549,017</u>	<u>\$ 458,955</u>	<u>\$ -</u>	<u>\$ 1,458,914</u>	<u>\$ 3,466,886</u>	<u>\$ 3,703,777</u>
Cash Represented By:						
Cash - unrestricted	\$ 1,549,017	\$ 440,928	\$ -	\$ -	\$ 1,989,945	\$ 2,368,598
Cash - restricted	-	18,027	-	1,458,914	1,476,941	1,335,179
	<u>\$ 1,549,017</u>	<u>\$ 458,955</u>	<u>\$ -</u>	<u>\$ 1,458,914</u>	<u>\$ 3,466,886</u>	<u>\$ 3,703,777</u>

The restricted cash is restricted to use as stipulated by the donors.

(See Accompanying Notes)

DESCRIPTION OF ORGANIZATION

The Catholic Children's Aid Society of Hamilton (the Society) is a non-share capital corporation, incorporated under the laws of the province of Ontario. The purpose of the organization is to protect children and to promote their best interests and well being within the City of Hamilton. As a result of its charitable status, the organization is exempt from the payment of income taxes under one or more provisions of the Income Tax Act (Canada).

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not for profit organizations, including the 4200 Series of standards, as issued by the Public Sector Accounting Board (PSAB) for government not for profit organizations.

(b) Fund Accounting

The Society follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Society's program delivery and related administrative activities. This fund reports restricted operating grants.

The Private Funds report unrestricted resources that are donated and are to be used for the Society's program delivery and administrative activities not covered by government funding.

The OCBe Funds reports externally restricted revenue and related expenditures relating to the government funded Ontario Child Benefit Equivalency program.

The Specified Funds report restricted resources that are either donated by individuals or contributed by the Ministry and are to be used for the specified programs and trusts.

The Capital Building Fund reports the externally restricted assets, liabilities, revenue and expenditures related to the building expansion campaign.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial Instruments

(i) Measurement of Financial Instruments

Financial assets and liabilities are initially recognized at fair value except for certain non-arm's length transactions which are measured at the carrying amount or exchange amount as appropriate. Subsequent measurement is dependent on classification as designated by the Society. Cash and investments are initially measured at cost and subsequently measured at fair value with changes in fair value included on the statement of operations. Financial assets subsequently measured at amortized cost using the effective interest method include interfund receivables (payables) and accounts receivable.

Financial liabilities subsequently measured at amortized cost using the effective interest method include accounts payable and accrued liabilities, trust funds payable and long term debt.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of a write down is recognized on the statement of operations. A previously recognized impairment loss may be reversed to the extent of an improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized on the statement of operations.

(iii) Transaction Costs

The Society recognizes its transaction costs on the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(d) Prepaid Expenditures

Prepaid expenditures consist primarily of prepaid services.

(e) Restricted Cash and Liabilities

Restricted cash and investments are designated for restricted purposes by independent funders, by regulation, or by resolution of the Board of Directors. The restricted liabilities represent funds held in trust.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Investments

Investments are recorded at fair value. Fair values are estimated using quoted market prices. Investment revenue includes interest and realized gains or losses. Unrealized gains and losses are recorded directly to accumulated remeasurement gains and losses on the statement of financial position..

(g) Contributed Assets and Materials

Contributed investment securities are recorded at the fair value at the date of the donation when the value can be reasonably determined. Other contributed assets and materials that exceed the fair value of \$10,000 are recorded at the fair value at the date of the donation when the value can be reasonably determined.

(h) Donated Services

Although the Society has an active volunteer base that provides support to the Society through various activities, the value of these volunteer services is not provided for in these financial statements due to the difficulty in compiling these hours and determining their fair value.

(i) Revenue Recognition

Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured. In the General Fund, Ministry revenue for the fiscal year are not finalized until the Ministry has reviewed and approved the Child Welfare Transfer Payment Annual Reconciliation which does not occur until after the financial statements are issued. The amount of Ministry revenue recognized in these financial statements represents management's best estimate of amounts earned during the year.

Contributions to the Private Funds, which are externally restricted for expenditures to be made in a future period, are deferred and recognized as revenue in the year in which the related expenditure is recognized. Externally restricted contributions representing prior year funding adjustments, are treated as revenue in the current year. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Investment revenue is recognized when earned.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Capital Assets

Capital assets purchased prior to 1999 and purchases of land and building are capitalized and amortized on the diminishing balance basis over the estimated useful life of the assets using rates as indicated. Capitalized assets acquired during the year are amortized at one-half of the indicated rate.

Building	-	5%
Building renovations	-	5%
Fence	-	10%
Office equipment	-	20%
Computer equipment	-	30%
Vehicle	-	30%

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized on the statement of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

(k) Employee Benefit Plan

The employees of the Society are members of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer pension plan. Defined contribution accounting is applied for the pension plan, whereby contributions are expensed when due, as the Society has insufficient information to apply defined benefit plan accounting.

(l) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenditures during the period reported. These estimates are reviewed periodically and as adjustments become necessary, are reported in the period in which they become known. Significant areas requiring the use of management estimates include amortization of capital assets, impairment assessments and contingencies as well as Ministry funding repayable.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

2. PREVIOUS YEAR CHANGE IN ACCOUNTING POLICY

On April 1, 2014, the Society adopted Public Accounting Standards PS 3450 - Financial Instruments. The standards were adopted prospectively from the date of adoption. The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments.

Under PS 3450, all financial instruments are included on the statement of financial position and are measured either at fair value or amortized cost in accordance with the accounting policy choice selected (*Note 1(c)*).

In accordance with the provision of this standard, on April 1, 2014 the Society reclassified the fair value increment over cost of the portfolio investments to accumulated remeasurement gains (losses). This resulted in an increase of \$6,511 to net assets - private funds - unrestricted and a corresponding decrease to accumulated remeasurement gains (losses).

3. INVESTMENTS

	<u>2016</u>	<u>2015</u>
Canadian equities	<u>\$ 39,653</u>	<u>\$ 29,562</u>

4. CAPITAL ASSETS

	<u>2016</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Land	\$ 789,856	\$ -	\$ 789,856
Fence	18,154	12,772	5,382
Building	3,024,547	1,931,425	1,093,122
Building renovations	1,600,302	618,261	982,041
Office equipment	278,479	276,486	1,993
Computer equipment	150,819	150,819	-
Vehicle	21,788	21,788	-
	<u>\$ 5,883,945</u>	<u>\$ 3,011,551</u>	<u>\$ 2,872,394</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

4. CAPITAL ASSETS (Continued)

	2015		
	Cost	Accumulated Amortization	Net
Land	\$ 789,856	\$ -	\$ 789,856
Fence	18,154	12,172	5,982
Building	3,024,547	1,873,925	1,150,622
Building renovations	1,600,302	566,561	1,033,741
Office equipment	278,479	275,986	2,493
Computer equipment	150,819	150,819	-
Vehicle	21,788	21,788	-
	<u>\$ 5,883,945</u>	<u>\$ 2,901,251</u>	<u>\$ 2,982,694</u>

During the year, capital asset amortization of \$110,300 (2015 - \$116,874) was recorded and is reflected on the statement of operations.

5. BANK INDEBTEDNESS

The Society has a non-revolving demand credit line with a \$750,000 limit of which \$750,000 (2015 - \$750,000) was unused at year end. Interest is calculated at a fixed rate of 2.5% per annum and is due on demand. The security for this operating line includes a general security agreement on all present and future assets of the Society.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2016</u>	<u>2015</u>
Accounts payable and accrued liabilities	\$ 1,791,726	\$ 2,221,171
Government remittances payable	175,770	67,971
Targeted funding subsidy repayable	<u>438,545</u>	<u>531,092</u>
Balance, end of year	<u>\$ 2,406,041</u>	<u>\$ 2,820,234</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

7. TRUST FUNDS PAYABLE

Trust funds payable represents monies held in trust for specific wards of the Society.

OCBe Funds

	<u>2016</u>	<u>2015</u>
OCBe Savings		
Balance, beginning of year	\$ 255,991	\$ 244,528
Transfers	99,639	104,355
Disbursement of funds	<u>(108,021)</u>	<u>(92,892)</u>
Balance, end of year	<u>\$ 247,609</u>	<u>\$ 255,991</u>

Specified Funds

	CSA Education Fund	RESP Fund	RDSP Fund	Other Trust Funds	Total 2016	Total 2015
Balance, beginning of year	\$ 67,062	\$ 1,098,017	\$ 18,000	\$ 895	\$ 1,183,974	\$ 973,307
Contributions	217,960	-	-	-	217,960	60,900
Government direct contributions	-	40,978	-	-	40,978	51,850
Interest	971	-	-	-	971	595
Unrealized change in market value	-	(13,172)	-	-	(13,172)	97,322
Transfers	(106,885)	106,885	-	-	-	-
Disbursement of funds	<u>-</u>	<u>(842)</u>	<u>-</u>	<u>-</u>	<u>(842)</u>	<u>-</u>
Balance, end of year	<u>\$ 179,108</u>	<u>\$ 1,231,866</u>	<u>\$ 18,000</u>	<u>\$ 895</u>	<u>\$ 1,429,869</u>	<u>\$ 1,183,974</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

8. DEFERRED REVENUE - GENERAL FUND

Deferred revenue consists of the unexpended portion of grants received for specific programs as well as fundraising revenue received for events which are to occur in the coming year.

Deferred revenue related to capital assets represents funding for the acquisition of capital assets which will be recognized as revenue in accordance with *Note 1(i)*. The revenue recognized in the current year is included in miscellaneous revenue.

	<u>2016</u>	<u>2015</u>
Deferred Revenue - General Fund		
Balance, beginning of year	\$ 10,505	\$ 8,494
Net (decrease) increase	<u>(10,505)</u>	<u>2,011</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 10,505</u>
 Deferred Revenue Related to Capital Assets		
Balance, beginning of year	\$ 5,981	\$ 6,682
Amortized to current revenue	<u>(5,981)</u>	<u>(701)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 5,981</u>

9. LONG TERM DEBT

	<u>2016</u>	<u>2015</u>
Loan payable, bears interest at a fixed rate of 2.90%, repayable in blended monthly installments of \$15,433, maturing in March 2024	\$ 1,333,023	\$ 1,477,281
 Principal payments due within one year	<u>148,497</u>	<u>144,258</u>
	<u>\$ 1,184,526</u>	<u>\$ 1,333,023</u>

The loan payable relates to the purchase and renovation of the building. The loan payable is secured by a first fixed charge of \$2,588,733 on the property.

Estimated principal amounts due within the next five years and thereafter are as follows:

2017	-	\$ 148,497
2018	-	\$ 152,862
2019	-	\$ 157,354
2020	-	\$ 161,978
2021	-	\$ 166,739
Thereafter	-	\$ 545,593

Interest in the amount of \$40,585 (2015 - \$54,602) was paid during the year and has been included in building occupancy expenditure.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

10. SPECIFIED FUNDS

	Ross Barlow Camp Fund	Bursary/ Youth Opportunities Fund	Christmas Fund	Subtotal
Balance, beginning of year	\$ 89,117	\$ 38,302	\$ 59,228	\$ 186,647
Donations	-	20,000	-	20,000
Interest	1,088	576	725	2,389
Disbursement of funds (Note 15)	-	(80,000)	-	(80,000)
Balance, end of year	<u>\$ 90,205</u>	<u>\$ (21,122)</u>	<u>\$ 59,953</u>	<u>\$ 129,036</u>

	Subtotal Carried Forward	ECM Fund	Computer Fund	Total 2016	Total 2015
Balance, beginning of year	\$ 186,647	\$ 10,428	\$ 26,782	\$ 223,857	\$ 225,571
Donations	20,000	-	-	20,000	5,250
Interest	2,389	128	320	2,837	6,036
Disbursement of funds (Note 15)	(80,000)	-	-	(80,000)	(13,000)
Balance, end of year	<u>\$ 129,036</u>	<u>\$ 10,556</u>	<u>\$ 27,102</u>	<u>\$ 166,694</u>	<u>\$ 223,857</u>

11. EVENTS

	Auction	Bingo	Golf Tournament	Net 2016	Net 2015
Revenue	\$ 77,475	\$ 26,172	\$ 43,965	\$ 147,612	\$ 110,153
Expenditures	<u>22,259</u>	<u>-</u>	<u>15,825</u>	<u>38,084</u>	<u>37,876</u>
	<u>\$ 55,216</u>	<u>\$ 26,172</u>	<u>\$ 28,140</u>	<u>\$ 109,528</u>	<u>\$ 72,277</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

12. OTHER REVENUE

	<u>2016</u>	<u>2015</u>
General Fund		
Interest	\$ 16,349	\$ 15,856
Expenditure recoveries	193,778	88,151
Admin recovery - HPS	23,520	-
Miscellaneous	13,831	9,946
Other Children's Aid Societies	111,127	93,108
	<u>\$ 358,605</u>	<u>\$ 207,061</u>

Other revenue in private funds and specified funds represent interest earned.

13. OTHER EXPENDITURES

	<u>2016</u>	<u>2015</u>
General Fund - Child Welfare		
Liability insurance	\$ 124,012	\$ 129,067
Membership dues	82,720	98,592
	<u>\$ 206,732</u>	<u>\$ 227,659</u>

14. EMPLOYEE BENEFIT PLAN

Multi-Employer Pension Plan

The Society makes contributions to OMERS on behalf of approximately 180 employees.

The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees, based on the length of credited service and average earnings.

Contributions were made in the 2016 fiscal year at rates ranging from 9.0% to 14.6% (2015 - 9.0% to 14.6%) depending on each member's designated retirement age and the level of earnings. As a result, \$1,205,503 (2015 - \$1,173,568) was contributed to OMERS for current service, which is included under employee benefits expenditure on the statement of operations.

The most recent regulatory funding valuation conducted as at December 31, 2015 disclosed actuarial assets of \$75,392 million with accrued pension liabilities of \$82,369 million resulting in a going concern actuarial deficit of \$6,977 million. The Society does not recognize any share of the OMERS pension surplus or deficits.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

15. HAMILTON COMMUNITY FOUNDATION - SCHOLARSHIP FUND

On March 31, 2014 the Catholic Children's Aid Society of Hamilton entered into an agreement with the Hamilton Community Foundation (the Foundation) to establish a permanent endowment fund known as the Ralph and Rose Sazio Scholarship Fund (the Fund) to provide an ongoing source of revenue to support annual scholarships to Catholic individuals who have or are currently receiving services from the Society. Incorporated into the Fund was the balance of the Youth Opportunity Fund which was previously established in 1999.

At the sole discretion of the Foundation, the Foundation may disburse not greater than 10% of the Fund balance to the Society with which it will issue scholarships. No disbursements will be made from the Fund if the fund value should drop below \$50,000. Disbursements will cease until the fund value recovers. No part of this minimum Fund balance shall revert or be paid to, lent or applied to, or benefit the Society, unless the Foundation ceases to exist or if, in its sole discretion, it feels that it can no longer manage the Fund.

The Society is independent of the Foundation and it is not in a position to significantly influence the Foundation's activities or operating decisions. As a result, the assets, liabilities and expenditures of the Fund are not reflected in these financial statements. The Fund balance as at March 31, 2015 was \$151,654 (2014 - \$134,709).

16. BALANCED BUDGET FUND

The Society has a legal requirement to return any surplus of Child Welfare funding, as determined by Ministry reporting, to the Ministry. During 2014, the Ministry announced the creation of a "Balanced Budget Fund" to support Children's Aid Societies in meeting the newly announced balanced budget requirement and to proactively manage the risks associated with a multi-year planning process. The Balanced Budget Fund will be developed on an individual CAS basis, in an amount up to each CAS' accumulated surplus (as determined through Ministry reporting) that has been returned to the Ministry following the implementation of the new funding model in 2013-2014. The Ministry will provide guidelines and restrictions regarding access to the Balanced Budget Fund. During the year, the Society generated an adjusted surplus for Ministry reporting of \$440,445 (2015 - \$529,192) in addition to the \$355,178 (2015 - \$770,304) funding allocation withheld by the Ministry, for a total of \$795,623 (2015 - \$1,299,496) which will be added to the Society's Balanced Budget Fund. The intent of the Balanced Budget Fund is to have funds available to the Society in future years.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

17. COMMITMENTS AND CONTINGENCIES

(a) Lease Commitments

The aggregate minimum future annual lease payments required under long term agreements for lease of computers, photocopiers and other office equipment are as follows:

2017	-	\$31,481
2018	-	\$20,107
2019	-	\$8,733
2020	-	\$2,183

(b) Litigation and Claims

In the normal course of operations, the Society becomes involved in various legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur.

Management is of the opinion that the outcome of litigation now pending is not determinable. Should any loss, over and above existing insurance become likely, this amount will be recognized as an expenditure in the period the amount becomes determinable.

18. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value shown below.

	2016		
	Fair Value	Amortized Cost	Total
Cash	\$ 1,989,945	\$ -	\$ 1,989,945
Restricted cash	1,476,941	-	1,476,941
Accounts receivable	-	82,731	82,731
Investments	39,653	-	39,653
Accounts payable and accrued liabilities	-	2,230,271	2,230,271
Trust funds payable	-	1,677,478	1,677,478
Long term debt	-	1,333,023	1,333,023
	<u>\$ 3,506,539</u>	<u>\$ 5,323,503</u>	<u>\$ 8,830,042</u>

Investments consist of unrestricted equity investments.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2016

18. FINANCIAL INSTRUMENT CLASSIFICATION (Continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The fair value hierarchy has the following levels for the fair value measurements:

- Level 1 - Are those derived from quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Are those derived from valuation techniques that include input for the asset or liability that are not based on observable market data (unobservable inputs).

	2016			
	Level 1	Level 2	Level 3	Total
Cash	\$ 1,989,945	\$ -	\$ -	\$ 1,989,945
Restricted cash	1,476,941	-	-	1,476,941
Investments	39,653	-	-	39,653
	<u>\$ 3,506,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,506,539</u>

19. FINANCIAL INSTRUMENT RISK

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure and concentrations at March 31, 2016:

(a) Credit Risk

Credit risk arises from the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Society determines, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value. The majority of the Society's receivables are from government sources and for any funding receivable, the Society ensures it continues to meet the required eligibility. The Society's cash balance is in excess of federally insured limits, however, it is maintained with a financial institution of reputable credit and therefore bears minimal credit risk.

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is exposed to interest rate risk and other price risk.

19. FINANCIAL INSTRUMENT RISK (Continued)

(c) Interest Rate Risk

The Society is exposed to interest rate risk on its fixed rate financial instruments. At March 31, 2016 the Society had a fixed interest rate mortgage as described in *Note 9*. Fixed rate instruments subject the organization to a fair value risk while the floating interest rate instrument subjects it to a cash flow risk. Fluctuations in interest rates will impact the cost of financing incurred currently and in the future.

(d) Other Price Risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all similar instruments traded in the market. The Society is exposed to other price risk through its investment in equities. The Society has established a mix of investments designed to achieve the optimum return with reasonable risk tolerance and closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Society. The maximum risk of loss resulting from financial instruments is equivalent to their fair value.

(e) Liquidity Risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect to its accounts payable and accrued liabilities and long term debt.

The Society meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities. The Society has a short term bank facility of up to \$750,000 in place should it be required to meet temporary fluctuations in cash requirements.

In 2013, the Ministry adopted a new funding model. Under this new formula the Society's revenue will be reduced by up to 2% each year for five years. Previously, the Society achieved surpluses in fiscal years 2014 and 2015, which were put into the Balanced Budget Fund. The intent of this fund is to allow the draw down of the fund balance in future years if the Society is not able to achieve a balanced budget.

There have been no significant changes to the risk exposures noted above from the prior year.

20. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Schedule of Revenue and Expenditures by Program
Year Ended March 31, 2016

	Child Welfare	Non-Child Welfare (Page 23)	Minor Capital	Other (Page 24)	Total
REVENUE					
Province of Ontario	\$ 24,908,713	\$ 110,122	\$ 171,252	\$ -	\$ 25,190,087
Targeted subsidy funding	250,800	-	-	-	250,800
Subsidy funding repayable	(438,545)	-	-	-	(438,545)
Grants - other	-	-	-	540,502	540,502
Children's special allowances	767,639	-	-	-	767,639
Other (Note 12)	358,605	-	-	-	358,605
	<u>25,847,212</u>	<u>110,122</u>	<u>171,252</u>	<u>540,502</u>	<u>26,669,088</u>
EXPENDITURES					
Staff salaries	11,971,228	84,733	-	40,320	12,096,281
Employee benefits	3,368,920	14,372	-	6,974	3,390,266
Training	127,993	-	-	-	127,993
Travel and mileage	753,596	-	-	496	754,092
Building occupancy (Note 9)	341,705	-	-	-	341,705
Professional services - corporate	189,836	-	-	-	189,836
Program expenditures	38,388	3,082	-	469,192	510,662
Boarding rate payments	6,645,602	-	-	-	6,645,602
Professional services - client	340,073	7,935	-	-	348,008
Clients' personal needs	422,285	-	-	-	422,285
Adoption subsidy	54,058	-	-	-	54,058
Targeted subsidy	252,700	-	-	-	252,700
Admission prevention	68,154	-	-	-	68,154
Health and related	455,700	-	-	-	455,700
Financial assistance	23,378	-	-	-	23,378
Promotion and publicity	94,845	-	-	-	94,845
Office administration	126,033	-	-	23,520	149,553
Minor capital	-	-	171,253	-	171,253
Other expenditures (Note 13)	206,732	-	-	-	206,732
Technology	221,727	-	-	-	221,727
	<u>25,702,953</u>	<u>110,122</u>	<u>171,253</u>	<u>540,502</u>	<u>26,524,830</u>
EXCESS REVENUE OVER EXPENDITURES	<u>\$ 144,259</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 144,258</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Schedule of Revenue and Expenditures by Program - (Continued)
Year Ended March 31, 2016

Non-Child Welfare	A555/556 Preparation for Independence	A444 Broader Public Sector	A771 Community Capacity	Total 2016
REVENUE				
Government subsidies	<u>\$ 74,942</u>	<u>\$ 27,245</u>	<u>\$ 7,935</u>	<u>\$ 110,122</u>
EXPENDITURES				
Staff salaries	57,488	27,245	-	84,733
Employee benefits	14,372	-	-	14,372
Program expenditures	3,082	-	-	3,082
Professional fees - client	-	-	7,935	7,935
	<u>74,942</u>	<u>27,245</u>	<u>7,935</u>	<u>110,122</u>
EXCESS REVENUE OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Schedule of Revenue and Expenditures by Program (Continued)
Year Ended March 31, 2016

	Other	Homelessness Partnership	Trillium FLS	Total 2016
REVENUE				
Grants - other		\$ 521,197	\$ 19,305	\$ 540,502
EXPENDITURES				
Staff salaries		40,320	-	40,320
Employee benefits		6,974	-	6,974
Travel and mileage		496	-	496
Program expenditures		449,887	19,305	469,192
Office administration		23,520	-	23,520
		<u>521,197</u>	<u>19,305</u>	<u>540,502</u>
EXCESS REVENUE OVER EXPENDITURES				
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>