

**CATHOLIC CHILDREN'S AID SOCIETY
OF HAMILTON
HAMILTON, ONTARIO
FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2017 AND MARCH 31, 2018**

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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, 2018 and the statements of operations, changes in net assets, remeasurement gains and losses and cash flows for the years ended March 31, 2018 and March 31, 2017 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, 2018 and March 31, 2017 or current assets and net assets as at March 31, 2018 and March 31, 2017.

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, 2018 and March 31, 2017 and the results of its operations and cash flows for the years ended March 31, 2018 and March 31, 2017, and its remeasurement gains and losses for the year ended March 31, 2018 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.

HAMILTON, ONTARIO
May 28, 2018



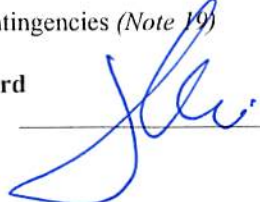
HGK PARTNERS LLP
Chartered Professional Accountants
Licensed Public Accountants

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Financial Position
As at March 31, 2018

	General Fund	Private Funds	OCBe Funds	Specified Funds	Capital Building Fund	Total 2018	Total 2017
ASSETS							
Current							
Cash - unrestricted	\$ 838,073	\$ 620,918	\$ -	\$ -	\$ -	\$ 1,458,991	\$ 1,829,844
Cash - restricted	-	-	-	1,908,326	-	1,908,326	1,756,662
Inter-fund receivables (payables)	(836,010)	336,146	298,365	(60,507)	262,006	-	-
Accounts receivable (Note 2)	1,052,078	-	-	-	-	1,052,078	275,769
Prepaid expenditures	32,527	1,000	-	-	-	33,527	94,593
	<u>1,086,668</u>	<u>958,064</u>	<u>298,365</u>	<u>1,847,819</u>	<u>262,006</u>	<u>4,452,922</u>	<u>3,956,868</u>
Investments (Note 3)	-	139,068	-	-	-	139,068	77,451
Capital assets (Note 4)	2,668,394	-	-	-	-	2,668,394	2,767,694
	<u>2,668,394</u>	<u>139,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,807,462</u>	<u>2,845,145</u>
	<u>\$ 3,755,062</u>	<u>\$ 1,097,132</u>	<u>\$ 298,365</u>	<u>\$ 1,847,819</u>	<u>\$ 262,006</u>	<u>\$ 7,260,384</u>	<u>\$ 6,802,013</u>
LIABILITIES							
Current							
Accounts payable and accrued liabilities (Note 6)	\$ 2,609,797	\$ -	\$ -	\$ -	\$ -	\$ 2,609,797	\$ 2,296,769
Trust funds payable (Note 7)	-	-	180,926	1,814,650	-	1,995,576	1,877,940
Deferred revenue (Note 8)	4,484	2,686	-	-	-	7,170	19,816
Current portion of long term debt (Note 9)	157,354	-	-	-	-	157,354	152,862
	<u>2,771,635</u>	<u>2,686</u>	<u>180,926</u>	<u>1,814,650</u>	<u>-</u>	<u>4,769,897</u>	<u>4,347,387</u>
Long term debt (Note 9)	874,310	-	-	-	-	874,310	1,031,664
	<u>3,645,945</u>	<u>2,686</u>	<u>180,926</u>	<u>1,814,650</u>	<u>-</u>	<u>5,644,207</u>	<u>5,379,051</u>
NET ASSETS							
General Fund - unrestricted	109,117	-	-	-	-	109,117	55,557
Private funds - unrestricted	-	1,015,284	-	-	-	1,015,284	905,486
Bishop Crosby Fund for Families - internally restricted (Note 10)	-	65,008	-	-	-	65,008	50,500
OCBe - externally restricted	-	-	117,439	-	-	117,439	114,220
Specified funds - externally restricted (Note 11)	-	-	-	33,169	-	33,169	38,102
Capital Building Fund - externally restricted	-	-	-	-	262,006	262,006	262,006
	<u>109,117</u>	<u>1,080,292</u>	<u>117,439</u>	<u>33,169</u>	<u>262,006</u>	<u>1,602,023</u>	<u>1,425,871</u>
Accumulated remeasurement gains (losses)	-	14,154	-	-	-	14,154	(2,909)
	<u>\$ 3,755,062</u>	<u>\$ 1,097,132</u>	<u>\$ 298,365</u>	<u>\$ 1,847,819</u>	<u>\$ 262,006</u>	<u>\$ 7,260,384</u>	<u>\$ 6,802,013</u>

Commitments and contingencies (Note 10)

On behalf of the Board

 Director

 Director
 (See Accompanying Notes)

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Operations
Year Ended March 31, 2018

	General Fund	Private Funds	OCBe Funds	Specified Funds (Note 11)	Capital Building Fund	Total 2018	Total 2017
Revenue							
Province of Ontario	\$ 24,319,937	\$ -	\$ -	\$ -	\$ -	\$ 24,319,937	\$ 25,072,438
Targeted subsidy	326,025	-	-	-	-	326,025	306,250
Funding receivable	875,950	-	-	-	-	875,950	45,173
City of Hamilton funding	771,450	-	-	-	-	771,450	604,986
Grants - other	44,174	17,130	-	-	-	61,304	33,017
Donations	-	106,520	-	14,775	-	121,295	98,404
Events (Note 12)	-	133,736	-	-	-	133,736	124,808
OCBe funding	-	-	189,889	-	-	189,889	210,395
Children's special allowances	736,180	-	-	-	-	736,180	751,199
Other revenue (Note 13)	389,130	8,699	-	2,292	-	400,121	295,298
	<u>27,462,846</u>	<u>266,085</u>	<u>189,889</u>	<u>17,067</u>	<u>-</u>	<u>27,935,887</u>	<u>27,541,968</u>
Expenditures							
Staff salaries	12,462,287	18,203	-	-	-	12,480,490	12,282,368
Employee benefits (Note 15)	3,620,723	4,550	-	-	-	3,625,273	3,376,731
Events (Note 12)	-	35,149	-	-	-	35,149	35,836
Training	147,658	-	-	-	-	147,658	90,041
Travel and mileage	748,571	-	-	-	-	748,571	750,687
Building occupancy (Note 9)	419,971	17,130	-	-	-	437,101	402,615
Professional fees - corporate	211,907	-	-	-	-	211,907	227,609
Program expenditures	847,249	1,564	-	-	-	848,813	634,321
Boarding rate payments	5,718,778	-	-	-	-	5,718,778	6,455,267
Professional fees - client	399,423	-	-	-	-	399,423	468,294
Clients' personal needs	419,074	53,209	-	-	-	472,283	442,034
Bursary payments	-	-	-	22,000	-	22,000	17,000
OCBe savings allocation	-	-	62,503	-	-	62,503	72,203
OCBe activity expenditures	-	-	124,167	-	-	124,167	127,114
Adoption subsidy	79,041	-	-	-	-	79,041	46,848
Targeted subsidy	501,975	-	-	-	-	501,975	360,070
Admission prevention	105,965	-	-	-	-	105,965	73,966
Health and related	399,326	-	-	-	-	399,326	445,568
Financial assistance	58,736	-	-	-	-	58,736	34,885
Promotion and publicity	70,717	9,090	-	-	-	79,807	85,661
Office administration	329,400	2,884	-	-	-	332,284	140,830
Minor capital	173,840	-	-	-	-	173,840	219,557
Other expenditures (Note 14)	335,326	-	-	-	-	335,326	274,593
Technology	260,019	-	-	-	-	260,019	215,238
	<u>27,309,986</u>	<u>141,779</u>	<u>186,670</u>	<u>22,000</u>	<u>-</u>	<u>27,660,435</u>	<u>27,279,336</u>
Excess revenue over expenditures before amortization	152,860	124,306	3,219	(4,933)	-	275,452	262,632
Amortization	99,300	-	-	-	-	99,300	104,700
EXCESS REVENUE OVER EXPENDITURES	<u>\$ 53,560</u>	<u>\$ 124,306</u>	<u>\$ 3,219</u>	<u>\$ (4,933)</u>	<u>\$ -</u>	<u>\$ 176,152</u>	<u>\$ 157,932</u>

(See Accompanying Notes)

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Changes in Net Assets
Year Ended March 31, 2018

	General Fund	Private Funds	OCBe Funds	Specified Funds	Capital Building Fund	Total
	<u>2018</u>					
Balance, beginning of year	\$ 55,557	\$ 955,986	\$ 114,220	\$ 38,102	\$ 262,006	\$ 1,425,871
Excess revenue over expenditures	<u>53,560</u>	<u>124,306</u>	<u>3,219</u>	<u>(4,933)</u>	<u>-</u>	<u>176,152</u>
Balance, end of year	<u>\$ 109,117</u>	<u>\$ 1,080,292</u>	<u>\$ 117,439</u>	<u>\$ 33,169</u>	<u>\$ 262,006</u>	<u>\$ 1,602,023</u>
	<u>2017</u>					
Balance, beginning of year	\$ 11,759	\$ 724,964	\$ 102,422	\$ 166,694	\$ 262,006	\$ 1,267,845
Excess revenue over expenditures	43,798	109,836	11,798	(7,500)	-	157,932
Interfund transfers and internal restrictions (Note 17)	<u>-</u>	<u>121,186</u>	<u>-</u>	<u>(121,092)</u>	<u>-</u>	<u>94</u>
Balance, end of year	<u>\$ 55,557</u>	<u>\$ 955,986</u>	<u>\$ 114,220</u>	<u>\$ 38,102</u>	<u>\$ 262,006</u>	<u>\$ 1,425,871</u>

(See Accompanying Notes)

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Remeasurement Gains and Losses
Year Ended March 31, 2018

	2018	2017
Accumulated remeasurement losses, beginning of year	\$ (2,909)	\$ (1,437)
Unrealized gains (losses) attributable to portfolio investments	<u>17,063</u>	<u>(1,472)</u>
Net remeasurement gains (losses) for the year	<u>17,063</u>	<u>(1,472)</u>
Accumulated remeasurement gains (losses), end of year	<u>\$ 14,154</u>	<u>\$ (2,909)</u>

(See Accompanying Notes)

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Cash Flows
Year Ended March 31, 2018

	General Fund	Private Funds	OCBe Funds	Specified Funds	Total 2018	Total 2017
OPERATING ACTIVITIES						
Excess revenue over expenditures	\$ 53,560	\$ 124,306	\$ 3,219	\$ (4,933)	\$ 176,152	\$ 157,932
Expenditures not requiring a cash outlay						
Amortization	99,300	-	-	-	99,300	104,700
Investments - donated	-	-	-	-	-	(29,988)
	<u>152,860</u>	<u>124,306</u>	<u>3,219</u>	<u>(4,933)</u>	<u>275,452</u>	<u>232,644</u>
(Increase) decrease in accounts receivable	(776,309)	-	-	-	(776,309)	(29,477)
(Increase) decrease in prepaid expenditures	61,066	-	-	-	61,066	(32,051)
Increase (decrease) in accounts payable and accrued liabilities	313,028	-	-	-	313,028	(109,272)
Increase (decrease) in deferred revenue	4,484	(17,130)	-	-	(12,646)	15,000
Increase (decrease) in trust funds payable	-	-	(29,364)	147,000	117,636	200,462
	<u>(397,731)</u>	<u>(17,130)</u>	<u>(29,364)</u>	<u>147,000</u>	<u>(297,225)</u>	<u>44,662</u>
Net cash provided by (used for) operating activities	<u>(244,871)</u>	<u>107,176</u>	<u>(26,145)</u>	<u>142,067</u>	<u>(21,773)</u>	<u>277,306</u>
INVESTING ACTIVITIES						
Acquisition of investments	-	(44,554)	-	-	(44,554)	(9,282)
Net cash provided by (used for) investing activities	<u>-</u>	<u>(44,554)</u>	<u>-</u>	<u>-</u>	<u>(44,554)</u>	<u>(9,282)</u>
FINANCING ACTIVITIES						
Repayment of long term debt	(152,862)	-	-	-	(152,862)	(148,497)
Increase (decrease) in inter-fund receivables (payables)	(34,377)	(1,365)	26,145	9,597	-	93
Net cash provided by (used for) financing activities	<u>(187,239)</u>	<u>(1,365)</u>	<u>26,145</u>	<u>9,597</u>	<u>(152,862)</u>	<u>(148,404)</u>
Increase (decrease) in cash	(432,110)	61,257	-	151,664	(219,189)	119,620
Cash, beginning of year	<u>1,270,183</u>	<u>559,661</u>	<u>-</u>	<u>1,756,662</u>	<u>3,586,506</u>	<u>3,466,886</u>
Cash, end of year	<u>\$ 838,073</u>	<u>\$ 620,918</u>	<u>\$ -</u>	<u>\$ 1,908,326</u>	<u>\$ 3,367,317</u>	<u>\$ 3,586,506</u>
Cash Represented By:						
Cash - unrestricted	\$ 838,073	\$ 620,918	\$ -	\$ -	\$ 1,458,991	\$ 1,829,844
Cash - restricted	-	-	-	1,908,326	1,908,326	1,756,662
	<u>\$ 838,073</u>	<u>\$ 620,918</u>	<u>\$ -</u>	<u>\$ 1,908,326</u>	<u>\$ 3,367,317</u>	<u>\$ 3,586,506</u>

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

(See Accompanying Notes)

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2018

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.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2018

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, 2018

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

The Society follows the restricted fund method of accounting for contributions. 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. Externally restricted contributions representing prior year funding adjustments, are treated as revenue in the current year.

Contributions externally restricted for capital assets in the General Fund are deferred and amortized over the life of the related capital asset.

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.

All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Investment revenue is recognized when earned.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON

Notes to Financial Statements

Year Ended March 31, 2018

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 Pension 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, 2018****2. ACCOUNTS RECEIVABLE**

	<u>2018</u>	<u>2017</u>
Trade receivables	\$ 27,688	\$ 47,887
Receivable from other CAS agencies	29,990	10,750
HST rebate receivable	198,868	169,019
MCYS Balanced Budget Fund recoverable	790,607	45,172
Other receivables	4,925	2,941
	<u>\$ 1,052,078</u>	<u>\$ 275,769</u>

3. INVESTMENTS

	<u>2018</u>	<u>2017</u>
Canadian equities	<u>\$ 139,068</u>	<u>\$ 77,451</u>

4. CAPITAL ASSETS

	<u>2018</u>		
	Cost	Accumulated Amortization	Net
Land	\$ 789,856	\$ -	\$ 789,856
Fence	18,154	13,772	4,382
Building	3,024,547	2,038,025	986,522
Building renovations	1,600,302	713,961	886,341
Office equipment	278,479	277,186	1,293
Computer equipment	150,819	150,819	-
Vehicle	21,788	21,788	-
	<u>\$ 5,883,945</u>	<u>\$ 3,215,551</u>	<u>\$ 2,668,394</u>

	<u>2017</u>		
	Cost	Accumulated Amortization	Net
Land	\$ 789,856	\$ -	\$ 789,856
Fence	18,154	13,272	4,882
Building	3,024,547	1,986,125	1,038,422
Building renovations	1,600,302	667,361	932,941
Office equipment	278,479	276,886	1,593
Computer equipment	150,819	150,819	-
Vehicle	21,788	21,788	-
	<u>\$ 5,883,945</u>	<u>\$ 3,116,251</u>	<u>\$ 2,767,694</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2018

During the year, capital asset amortization of \$99,300 (2017 - \$104,700) was recorded and is reflected on the statement of operations.

5. BANK INDEBTEDNESS

The Society has a non-revolving demand credit line with a \$1,250,000 limit of which \$1,250,000 (2017 - \$750,000) was unused at year end. Interest is calculated at the lender's prime less 0.50% 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 as well as a collateral second mortgage on its land and building.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2018</u>	<u>2017</u>
Accounts payable and accrued liabilities	\$ 2,437,759	\$ 2,120,900
Government remittances payable	172,038	175,869
Due to Ministry	-	-
Balance, end of year	<u>\$ 2,609,797</u>	<u>\$ 2,296,769</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2018

7. TRUST FUNDS PAYABLE

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

OCBe Funds

	<u>2018</u>	<u>2017</u>
OCBe Savings		
Balance, beginning of year	\$ 210,290	\$ 247,609
Interest	680	720
Transfers	62,503	71,483
Disbursement of funds	<u>(92,547)</u>	<u>(109,522)</u>
Balance, end of year	<u>\$ 180,926</u>	<u>\$ 210,290</u>

Specified Funds

	CSA Education Fund	RESP Fund	RDSP Fund	Other Trust Funds	Total 2018	Total 2017
Balance, beginning of year	\$ 178,522	\$ 1,463,640	\$ 18,000	\$ 7,489	\$ 1,667,651	\$ 1,429,868
Contributions	147,160	-	-	2,648	149,808	169,778
Government direct contributions	-	41,460	-	-	41,460	47,141
Interest	420	-	-	530	950	1,554
Unrealized change in market value	-	42,119	-	-	42,119	71,678
Transfers (Note 17)	(118,380)	118,380	-	-	-	(94)
Disbursement of funds	<u>(34,220)</u>	<u>(53,118)</u>	<u>-</u>	<u>-</u>	<u>(87,338)</u>	<u>(52,275)</u>
Balance, end of year	<u>\$ 173,502</u>	<u>\$ 1,612,481</u>	<u>\$ 18,000</u>	<u>\$ 10,667</u>	<u>\$ 1,814,650</u>	<u>\$ 1,667,650</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2018

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>2018</u>	<u>2017</u>
Deferred Revenue - General Fund		
Balance, beginning of year	\$ -	\$ -
Net increase	<u>4,484</u>	<u>-</u>
Balance, end of year	<u>\$ 4,484</u>	<u>\$ -</u>
 Deferred Revenue Related to Capital Assets		
Balance, beginning of year	\$ -	\$ -
Amortized to current revenue	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

9. LONG TERM DEBT

	<u>2018</u>	<u>2017</u>
Loan payable, bears interest at a fixed rate of 2.90%, repayable in blended monthly instalments of \$15,433, maturing in March 2024	\$ 1,031,664	\$ 1,184,526
Principal payments due within one year	<u>157,354</u>	<u>152,862</u>
	<u>\$ 874,310</u>	<u>\$ 1,031,664</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:

2019	-	\$ 157,354
2020	-	\$ 161,978
2021	-	\$ 166,739
2022	-	\$ 171,639
2023	-	\$ 176,683
Thereafter	-	\$ 197,271

Interest in the amount of \$31,961 (2017 - \$36,335) 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, 2018

10. BISHOP CROSBY FUND FOR FAMILIES

During 2017, the Board of Directors internally restricted \$50,000 from Private Funds and created the Bishop Crosby Fund for Families. Its purpose is to provide financial support to help families who are receiving services from the Society.

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 50,500	\$ -
Contributions	10,000	-
Transfer from Private Funds	10,000	50,000
Interest income	-	500
Expenditures	(5,492)	-
	<u>\$ 65,008</u>	<u>\$ 50,500</u>

11. SPECIFIED FUNDS

	<u>Bursary/ Youth Opportuni- ties Fund</u>	<u>Computer Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
Balance, beginning of year	\$ 11,000	\$ 27,102	\$ 38,102	\$ 166,694
Donations	14,775	-	14,775	9,500
Interest	662	1,630	2,292	-
Disbursement of funds (Note 16)	(22,000)	-	(22,000)	(17,000)
Transfer - other funds (Note 17)	-	-	-	(121,092)
Balance, end of year	<u>\$ 4,437</u>	<u>\$ 28,732</u>	<u>\$ 33,169</u>	<u>\$ 38,102</u>

12. EVENTS

	<u>Auction</u>	<u>Golf Tournament</u>	<u>Net 2018</u>	<u>Net 2017</u>
Revenue	\$ 85,806	\$ 47,930	\$ 133,736	\$ 124,808
Expenditures	20,911	14,238	35,149	35,836
	<u>\$ 64,895</u>	<u>\$ 33,692</u>	<u>\$ 98,587</u>	<u>\$ 88,972</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2018

13. OTHER REVENUE

	<u>2018</u>	<u>2017</u>
General Fund		
Interest	\$ 10,539	\$ 11,242
Expenditure recoveries	42,876	38,167
Miscellaneous	4,025	5,000
Inter-agency recoveries	<u>331,690</u>	<u>230,354</u>
	<u>\$ 389,130</u>	<u>\$ 284,763</u>

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

14. OTHER EXPENDITURES

	<u>2018</u>	<u>2017</u>
General Fund - Child Welfare		
Liability insurance	\$ 130,946	\$ 127,358
Membership dues	104,827	96,286
Miscellaneous	<u>99,553</u>	<u>50,949</u>
	<u>\$ 335,326</u>	<u>\$ 274,593</u>

15. 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 2018 fiscal year at rates ranging from 9.0% to 14.6% (2017 - 9.0% to 14.6%) depending on each member's designated retirement age and the level of earnings. As a result, \$1,220,894 (2017 - \$1,203,854) 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, 2017 disclosed actuarial assets of \$89,028 million with accrued pension liabilities of \$94,431 million resulting in a going concern actuarial deficit of \$5,403 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, 2018

16. 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.

With the retirement of Ersilia DiNardo, Executive Director, in June 2015, the Board decided to create another scholarship fund in her name. To accomplish this, the Fund was renamed "Catholic Children's Aid Society Fund", and segmented. In recognition of Ersilia DiNardo's contribution to the Catholic Community, the Bishop donated \$10,000 to the Society. The Board approved a contribution of \$50,000 from Private Funds generated by donations and fundraising. A total amount of \$60,000 was deposited with the Foundation. The scope for applicants to the Ersilia DiNardo Scholarship includes youth who have received protection services from the Society.

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, 2018 was \$151,654 (2017 - \$151,654).

17. INTER-FUND TRANSFERS

During fiscal 2017, balances from certain Specified Funds were transferred to Private Funds as the expenditures for these funds were paid out of the Private Funds. In addition, Private Funds transferred to the Bursary Fund monies it had received on behalf of the Bursary Fund.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON

Notes to Financial Statements

Year Ended March 31, 2018

18. 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 deficit for Ministry reporting of \$825,494 (2017 - \$76,696 deficit) which has been approved as an eligible Balanced Budget Fund expenditure. The status of the Balanced Budget Fund is as follows:

Unaccessed Contributions

2015 - 2016	-	<u>\$ 795,625</u>
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19. 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:

2019	-	\$21,430
2020	-	\$14,880
2021	-	\$12,697
2022	-	\$12,697
2023	-	\$8,465

(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.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2018

20. 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.

	2018		
	Fair Value	Amortized Cost	Total
Cash	\$ 1,458,991	\$ -	\$ 1,458,991
Restricted cash	1,908,326	-	1,908,326
Accounts receivable	-	853,210	853,210
Investments	139,068	-	139,068
Accounts payable and accrued liabilities	-	2,437,759	2,437,759
Trust funds payable	-	1,995,576	1,995,576
Long term debt	-	1,031,664	1,031,664
	<u>\$ 3,506,385</u>	<u>\$ 6,318,209</u>	<u>\$ 9,824,594</u>

Investments consist of unrestricted equity investments.

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).

	2018			
	Level 1	Level 2	Level 3	Total
Cash	\$ 1,458,991	\$ -	\$ -	\$ 1,458,991
Restricted cash	1,908,326	-	-	1,908,326
Investments	139,068	-	-	139,068
	<u>\$ 3,506,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,506,385</u>

21. 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, 2017:

(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.

(c) Interest Rate Risk

The Society is exposed to interest rate risk on its fixed rate financial instruments. At March 31, 2018 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.

21. FINANCIAL INSTRUMENT RISK (Continued)

(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, 2015 and 2016, 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.

22. 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, 2018

	Child Welfare	Non-Child Welfare (Page 24)	Minor Capital	Homelessness Partnership	Total
REVENUE					
Province of Ontario	\$ 23,998,575	\$ 147,522	\$ 173,840	\$ -	\$ 24,319,937
Targeted subsidy funding	326,025	-	-	-	326,025
Ministry funding receivable (repayable)	875,950	-	-	-	875,950
City of Hamilton funding	-	-	-	771,450	771,450
Grants - other	34,658	-	-	9,516	44,174
Children's special allowances	736,180	-	-	-	736,180
Other revenue (Note 13)	389,130	-	-	-	389,130
	<u>26,360,518</u>	<u>147,522</u>	<u>173,840</u>	<u>780,966</u>	<u>27,462,846</u>
EXPENDITURES					
Staff salaries	12,322,283	105,133	-	34,871	12,462,287
Employee benefits	3,599,377	14,372	-	6,974	3,620,723
Training	147,658	-	-	-	147,658
Travel and mileage	747,975	-	-	596	748,571
Building occupancy (Note 9)	419,971	-	-	-	419,971
Professional services - corporate	211,907	-	-	-	211,907
Program expenditures	132,816	20,082	-	694,351	847,249
Boarding rate payments	5,718,778	-	-	-	5,718,778
Professional services - client	391,488	7,935	-	-	399,423
Clients' personal needs	409,558	-	-	9,516	419,074
Adoption subsidy	79,041	-	-	-	79,041
Targeted subsidy	501,975	-	-	-	501,975
Admission prevention	105,965	-	-	-	105,965
Health and related	399,326	-	-	-	399,326
Financial assistance	58,736	-	-	-	58,736
Promotion and publicity	70,717	-	-	-	70,717
Office administration	294,742	-	-	34,658	329,400
Minor capital	-	-	173,840	-	173,840
Other expenditures (Note 14)	335,326	-	-	-	335,326
Technology	260,019	-	-	-	260,019
	<u>26,207,658</u>	<u>147,522</u>	<u>173,840</u>	<u>780,966</u>	<u>27,309,986</u>
EXCESS REVENUE OVER EXPENDITURES	<u>\$ 152,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,860</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Schedule of Revenue and Expenditures by Program - (Continued)
Year Ended March 31, 2018

Non-Child Welfare	A555/556 Preparation for Independence	A444 Broader Public Sector	A771 Community Capacity	French Language Services	Education Liaison	Total 2018
REVENUE						
Government subsidies	\$ 74,942	\$ 27,245	\$ 7,935	\$ 17,000	\$ 20,400	\$ 147,522
EXPENDITURES						
Staff salaries	57,488	27,245	-	-	20,400	105,133
Employee benefits	14,372	-	-	-	-	14,372
Program expenditures	3,082	-	-	17,000	-	20,082
Professional fees - client	-	-	7,935	-	-	7,935
	<u>74,942</u>	<u>27,245</u>	<u>7,935</u>	<u>17,000</u>	<u>20,400</u>	<u>147,522</u>
EXCESS (DEFICIENCY OF) REVENUE OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>