

**CATHOLIC CHILDREN'S AID SOCIETY  
OF HAMILTON  
HAMILTON, ONTARIO  
FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2016 AND MARCH 31, 2017**

<b>CONTENTS</b>	<b>PAGE</b>
<b>Independent Auditors' Report</b>	<b>1 - 2</b>
<b>Statement of Financial Position</b>	<b>3</b>
<b>Statement of Operations</b>	<b>4</b>
<b>Statement of Changes in Net Assets</b>	<b>5</b>
<b>Statement of Remeasurement Gains and Losses</b>	<b>6</b>
<b>Statement of Cash Flows</b>	<b>7</b>
<b>Notes to Financial Statements</b>	<b>8 - 21</b>
<b>Schedule of Revenue and Expenditures by Program</b>	<b>22 - 23</b>

**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, 2017 and the statements of operations, changes in net assets, remeasurement gains and losses and cash flows for the years ended March 31, 2017 and March 31, 2016 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, 2017 and March 31, 2016 or current assets and net assets as at March 31, 2017 and March 31, 2016.

**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, 2017 and March 31, 2016 and the results of its operations and cash flows for the years ended March 31, 2017 and March 31, 2016, and its remeasurement gains and losses for the year ended March 31, 2017 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**  
**June 12, 2017**

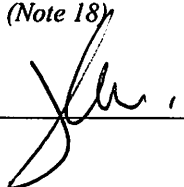


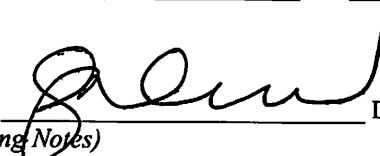
**HGK & PARTNERS LLP**  
**Chartered Professional Accountants**  
**Licensed Public Accountants**

**CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON**  
**Statement of Financial Position**  
**As at March 31, 2017**

	General Fund	Private Funds	OCBe Funds	Specified Funds	Capital Building Fund	Total 2017	Total 2016
<b>ASSETS</b>							
<b>Current</b>							
Cash - unrestricted	\$ 1,270,183	\$ 559,661	\$ -	\$ -	\$ -	\$ 1,829,844	\$ 1,989,945
Cash - restricted	-	-	-	1,756,662	-	1,756,662	1,476,941
Inter-fund receivables (payables)	(870,387)	334,781	324,510	(50,910)	262,006	-	-
Accounts receivable	230,596	-	-	-	-	230,596	246,291
Prepaid expenditures	93,593	1,000	-	-	-	94,593	62,542
	<u>723,985</u>	<u>895,442</u>	<u>324,510</u>	<u>1,705,752</u>	<u>262,006</u>	<u>3,911,695</u>	<u>3,775,719</u>
Investments (Note 2)	-	77,451	-	-	-	77,451	39,653
Capital assets (Note 3)	2,767,694	-	-	-	-	2,767,694	2,872,394
	<u>2,767,694</u>	<u>77,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,845,145</u>	<u>2,912,047</u>
	<u>\$ 3,491,679</u>	<u>\$ 972,893</u>	<u>\$ 324,510</u>	<u>\$ 1,705,752</u>	<u>\$ 262,006</u>	<u>\$ 6,756,840</u>	<u>\$ 6,687,766</u>
<b>LIABILITIES</b>							
<b>Current</b>							
Accounts payable and accrued liabilities (Note 5)	\$ 2,251,596	\$ -	\$ -	\$ -	\$ -	\$ 2,251,596	\$ 2,406,041
Trust funds payable (Note 6)	-	-	210,290	1,667,650	-	1,877,940	1,677,478
Deferred revenue (Note 7)	-	19,816	-	-	-	19,816	4,816
Current portion of long term debt (Note 8)	152,862	-	-	-	-	152,862	148,497
	<u>2,404,458</u>	<u>19,816</u>	<u>210,290</u>	<u>1,667,650</u>	<u>-</u>	<u>4,302,214</u>	<u>4,236,832</u>
Long term debt (Note 8)	1,031,664	-	-	-	-	1,031,664	1,184,526
	<u>3,436,122</u>	<u>19,816</u>	<u>210,290</u>	<u>1,667,650</u>	<u>-</u>	<u>5,333,878</u>	<u>5,421,358</u>
<b>NET ASSETS</b>							
General Fund - unrestricted	55,557	-	-	-	-	55,557	11,759
Private funds - unrestricted	-	905,486	-	-	-	905,486	724,964
Bishop Crosby Fund for Families - internally restricted (Note 9)	-	50,500	-	-	-	50,500	-
OCBe - externally restricted	-	-	114,220	-	-	114,220	102,422
Specified funds - externally restricted (Note 10)	-	-	-	38,102	-	38,102	166,694
Capital Building Fund - externally restricted	-	-	-	-	262,006	262,006	262,006
	<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>	<u>1,267,845</u>
Accumulated rereasurement losses	-	(2,909)	-	-	-	(2,909)	(1,437)
	<u>\$ 3,491,679</u>	<u>\$ 972,893</u>	<u>\$ 324,510</u>	<u>\$ 1,705,752</u>	<u>\$ 262,006</u>	<u>\$ 6,756,840</u>	<u>\$ 6,687,766</u>

On behalf of the Board

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director  
 (See Accompanying Notes)

**CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON**  
**Statement of Operations**  
**Year Ended March 31, 2017**

	<b>General Fund</b>	<b>Private Funds</b>	<b>OCBe Funds</b>	<b>Specified Funds (Note 10)</b>	<b>Capital Building Fund</b>	<b>Total 2017</b>	<b>Total 2016</b>
<b>Revenue</b>							
Province of Ontario	\$ 25,072,438	\$ -	\$ -	\$ -	\$ -	\$ 25,072,438	\$ 25,190,087
Targeted subsidy	306,250	-	-	-	-	306,250	250,800
Funding receivable (repayable)	45,173	-	-	-	-	45,173	(438,545)
Grants - other	638,003	-	-	-	-	638,003	569,709
Donations	-	88,904	-	9,500	-	98,404	95,597
Events (Note 11)	-	124,808	-	-	-	124,808	147,612
OCBe funding	-	-	210,395	-	-	210,395	235,348
Children's special allowances	751,199	-	-	-	-	751,199	767,639
Other revenue (Note 12)	284,763	9,815	720	-	-	295,298	344,652
	<u>27,097,826</u>	<u>223,527</u>	<u>211,115</u>	<u>9,500</u>	<u>-</u>	<u>27,541,968</u>	<u>27,162,899</u>
<b>Expenditures</b>							
Staff salaries	12,266,948	15,420	-	-	-	12,282,368	12,096,281
Employee benefits (Note 14)	3,372,876	3,855	-	-	-	3,376,731	3,390,266
Events (Note 11)	-	35,836	-	-	-	35,836	38,084
Training	95,085	-	-	-	-	95,085	127,993
Travel and mileage	750,687	-	-	-	-	750,687	754,093
Building occupancy (Note 8)	402,615	-	-	-	-	402,615	341,705
Professional fees - corporate	278,558	-	-	-	-	278,558	195,036
Program expenditures	636,529	497	-	-	-	637,026	511,400
Boarding rate payments	6,434,076	-	-	-	-	6,434,076	6,645,602
Professional fees - client	468,294	-	-	-	-	468,294	348,008
Clients' personal needs	407,490	47,986	-	-	-	455,476	483,452
Bursary payments	-	-	-	17,000	-	17,000	80,000
OCBe savings allocation	-	-	72,203	-	-	72,203	99,639
OCBe activity expenditures	-	-	127,114	-	-	127,114	136,150
Adoption subsidy	46,848	-	-	-	-	46,848	54,058
Targeted subsidy	360,070	-	-	-	-	360,070	252,700
Admission prevention	73,966	-	-	-	-	73,966	68,154
Health and related	445,568	-	-	-	-	445,568	455,700
Financial assistance	34,885	-	-	-	-	34,885	23,378
Promotion and publicity	78,337	7,324	-	-	-	85,661	113,367
Office administration	138,057	2,773	-	-	-	140,830	151,990
Minor capital	219,557	-	-	-	-	219,557	171,253
Other expenditures (Note 13)	223,644	-	-	-	-	223,644	206,732
Technology	215,238	-	-	-	-	215,238	221,727
	<u>26,949,328</u>	<u>113,691</u>	<u>199,317</u>	<u>17,000</u>	<u>-</u>	<u>27,279,336</u>	<u>26,966,768</u>
Excess revenue over expenditures before amortization	148,498	109,836	11,798	(7,500)	-	262,632	196,131
Amortization	104,700	-	-	-	-	104,700	110,300
<b>EXCESS REVENUE OVER EXPENDITURES</b>	<u>\$ 43,798</u>	<u>\$ 109,836</u>	<u>\$ 11,798</u>	<u>\$ (7,500)</u>	<u>\$ -</u>	<u>\$ 157,932</u>	<u>\$ 85,831</u>

(See Accompanying Notes)

**CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2017**

	<b>General Fund</b>	<b>Private Funds</b>	<b>OCBe Funds</b>	<b>Specified Funds</b>	<b>Capital Building Fund</b>	<b>Total</b>
<u>2017</u>						
<b>Balance, beginning of year</b>	\$ 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 <i>(Note 16)</i>	-	<u>121,186</u>	-	<u>(121,092)</u>	-	<u>94</u>
<b>Balance, end of year</b>	<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>
<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>\$ 11,759</u>	<u>\$ 724,964</u>	<u>\$ 102,422</u>	<u>\$ 166,694</u>	<u>\$ 262,006</u>	<u>\$ 1,267,845</u>

*(See Accompanying Notes)*

**CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON**  
**Statement of Remeasurement Gains and Losses**  
**Year Ended March 31, 2017**

---

---

	2017	2016
<b>Accumulated remeasurement gains (losses), beginning of year</b>	<u>\$ (1,437)</u>	<u>\$ (7,601)</u>
Unrealized gains (losses) attributable to portfolio investments	<u>-</u> <u>(1,472)</u>	<u>-</u> <u>6,164</u>
Net remeasurement gains (losses) for the year	<u>(1,472)</u>	<u>6,164</u>
<b>Accumulated remeasurement losses, end of year</b>	<u><u>\$ (2,909)</u></u>	<u><u>\$ (1,437)</u></u>

*(See Accompanying Notes)*

**CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON**  
**Statement of Cash Flows**  
**Year Ended March 31, 2017**

	General Fund	Private Funds	OCBe Funds	Specified Funds	Total 2017	Total 2016
<b>OPERATING ACTIVITIES</b>						
Excess revenue over expenditures	\$ 43,798	\$ 109,836	\$ 11,798	\$ (7,500)	\$ 157,932	\$ 85,831
Expenditures not requiring a cash outlay						
Amortization	104,700	-	-	-	104,700	110,300
Increase (decrease) in deferred revenue related to capital assets	-	-	-	-	-	(5,981)
Investments - donated	-	(29,988)	-	-	(29,988)	-
	<u>148,498</u>	<u>79,848</u>	<u>11,798</u>	<u>(7,500)</u>	<u>232,644</u>	<u>190,150</u>
(Increase) decrease in accounts receivable	15,695	-	-	-	15,695	(65,075)
(Increase) decrease in prepaid expenditures	(32,051)	-	-	-	(32,051)	(21,397)
Increase (decrease) in accounts payable and accrued liabilities	(154,444)	-	-	-	(154,444)	(414,192)
Increase (decrease) in deferred revenue	-	15,000	-	-	15,000	(15,705)
Increase (decrease) in trust funds payable	-	-	(37,319)	237,781	200,462	237,513
	<u>(170,800)</u>	<u>15,000</u>	<u>(37,319)</u>	<u>237,781</u>	<u>44,662</u>	<u>(278,856)</u>
Net cash provided by (used for) operating activities	<u>(22,302)</u>	<u>94,848</u>	<u>(25,521)</u>	<u>230,281</u>	<u>277,306</u>	<u>(88,706)</u>
<b>INVESTING ACTIVITIES</b>						
Acquisition of investments	-	(9,282)	-	-	(9,282)	(3,927)
Net cash provided by (used for) investing activities	<u>-</u>	<u>(9,282)</u>	<u>-</u>	<u>-</u>	<u>(9,282)</u>	<u>(3,927)</u>
<b>FINANCING ACTIVITIES</b>						
Repayment of long term debt	(148,497)	-	-	-	(148,497)	(144,258)
Increase (decrease) in inter-fund receivables (payables)	(108,035)	15,140	25,521	67,467	93	-
Net cash provided by (used for) financing activities	<u>(256,532)</u>	<u>15,140</u>	<u>25,521</u>	<u>67,467</u>	<u>(148,404)</u>	<u>(144,258)</u>
<b>Increase (decrease) in cash</b>	(278,834)	100,706	-	297,748	119,620	(236,891)
<b>Cash, beginning of year</b>	<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>
<b>Cash, end of year</b>	<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>
<b>Cash Represented By:</b>						
Cash - unrestricted	\$ 1,270,183	\$ 559,661	\$ -	\$ -	\$ 1,829,844	\$ 1,989,945
Cash - restricted	-	-	-	1,756,662	1,756,662	1,476,941
	<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>

*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, 2017**

---

---

**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, 2017**

---

---

**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, 2017**

---

---

**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, 2017**

---

---

**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, 2017**

**2. INVESTMENTS**

	<u>2017</u>	<u>2016</u>
Canadian equities	<u>\$ 77,451</u>	<u>\$ 39,653</u>

**3. CAPITAL ASSETS**

	<u>2017</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
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>
	<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>

During the year, capital asset amortization of \$104,700 (2016 - \$110,300) was recorded and is reflected on the statement of operations.

**4. BANK INDEBTEDNESS**

The Society has a non-revolving demand credit line with a \$750,000 limit of which \$750,000 (2016 - \$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.

**CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2017</u>	<u>2016</u>
Accounts payable and accrued liabilities	\$ 2,120,899	\$ 1,791,726
Government remittances payable	175,869	175,770
Amounts payable to (receivable from) Ministry	<u>(45,172)</u>	<u>438,545</u>
Balance, end of year	<u>\$ 2,251,596</u>	<u>\$ 2,406,041</u>

**6. TRUST FUNDS PAYABLE**

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

**OCBe Funds**

	<u>2017</u>	<u>2016</u>
<b>OCBe Savings</b>		
Balance, beginning of year	\$ 247,609	\$ 255,991
Transfers	72,203	99,639
Disbursement of funds	<u>(109,522)</u>	<u>(108,021)</u>
Balance, end of year	<u>\$ 210,290</u>	<u>\$ 247,609</u>

**Specified Funds**

	<b>CSA Education Fund</b>	<b>RESP Fund</b>	<b>RDSP Fund</b>	<b>Other Trust Funds</b>	<b>Total 2017</b>	<b>Total 2016</b>
Balance, beginning of year	\$ 179,108	\$ 1,231,865	\$ 18,000	\$ 895	\$ 1,429,868	\$ 1,183,974
Contributions	163,140	-	-	6,638	169,778	217,960
Government direct contributions	-	47,141	-	-	47,141	40,978
Interest	1,504	-	-	50	1,554	971
Unrealized change in market value	-	71,678	-	-	71,678	(13,172)
Transfers (Note 16)	(163,520)	163,520	-	(94)	(94)	-
Disbursement of funds	<u>(1,710)</u>	<u>(50,565)</u>	<u>-</u>	<u>-</u>	<u>(52,275)</u>	<u>(842)</u>
Balance, end of year	<u>\$ 178,522</u>	<u>\$ 1,463,639</u>	<u>\$ 18,000</u>	<u>\$ 7,489</u>	<u>\$ 1,667,650</u>	<u>\$ 1,429,869</u>

**CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

---

**7. 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>2017</u>	<u>2016</u>
<b>Deferred Revenue - General Fund</b>		
Balance, beginning of year	\$ -	\$ 10,505
Net (decrease) increase	<u>-</u>	<u>(10,505)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>
 <b>Deferred Revenue Related to Capital Assets</b>		
Balance, beginning of year	\$ -	\$ 5,981
Amortized to current revenue	<u>-</u>	<u>(5,981)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

**8. LONG TERM DEBT**

	<u>2017</u>	<u>2016</u>
Loan payable, bears interest at a fixed rate of 2.90%, repayable in blended monthly installments of \$15,433, maturing in March 2024	\$ 1,184,526	\$ 1,333,023
Principal payments due within one year	<u>152,862</u>	<u>148,497</u>
	<u>\$ 1,031,664</u>	<u>\$ 1,184,526</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:

2018	-	\$ 152,862
2019	-	\$ 157,354
2020	-	\$ 161,978
2021	-	\$ 166,739
2022	-	\$ 171,639
Thereafter	-	\$ 373,954

Interest in the amount of \$36,335 (2016 - \$40,585) 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, 2017**

**9. BISHOP CROSBY FUND FOR FAMILIES**

During the year, 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. In addition, \$500 of interest earned was transferred to the Fund.

**10. SPECIFIED FUNDS**

	<b>Ross Barlow Camp Fund</b>	<b>Bursary/ Youth Opportunities Fund</b>	<b>Christmas Fund</b>	<b>Subtotal</b>	
Balance, beginning of year	\$ 90,205	\$ (21,122)	\$ 59,953	\$ 129,036	
Donations	-	9,500	-	9,500	
Disbursement of funds (Note 15)	-	(17,000)	-	(17,000)	
Transfer - other funds (Note 16)	(90,205)	39,622	(59,953)	(110,536)	
Balance, end of year	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ -</u>	<u>\$ 11,000</u>	
	<b>Subtotal Carried Forward</b>	<b>ECM Fund</b>	<b>Computer Fund</b>	<b>Total 2017</b>	<b>Total 2016</b>
Balance, beginning of year	\$ 129,036	\$ 10,556	\$ 27,102	\$ 166,694	\$ 223,857
Donations	9,500	-	-	9,500	20,000
Interest	-	-	-	-	2,837
Disbursement of funds (Note 15)	(17,000)	-	-	(17,000)	(80,000)
Transfer - other funds (Note 16)	(110,536)	(10,556)	-	(121,092)	-
Balance, end of year	<u>\$ 11,000</u>	<u>\$ -</u>	<u>\$ 27,102</u>	<u>\$ 38,102</u>	<u>\$ 166,694</u>

**11. EVENTS**

	<b>Auction</b>	<b>Golf Tournament</b>	<b>Net 2017</b>	<b>Net 2016</b>
Revenue	\$ 82,753	\$ 42,055	\$ 124,808	\$ 147,612
Expenditures	21,528	14,308	35,836	38,084
	<u>\$ 61,225</u>	<u>\$ 27,747</u>	<u>\$ 88,972</u>	<u>\$ 109,528</u>



**CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

---

**12. OTHER REVENUE**

	<u>2017</u>	<u>2016</u>
<b>General Fund</b>		
Interest	\$ 11,242	\$ 16,349
Expenditure recoveries	38,167	136,448
Miscellaneous	5,000	13,831
Inter agency recoveries	<u>230,354</u>	<u>168,457</u>
	<u>\$ 284,763</u>	<u>\$ 335,085</u>

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

**13. OTHER EXPENDITURES**

	<u>2017</u>	<u>2016</u>
<b>General Fund - Child Welfare</b>		
Liability insurance	\$ 127,358	\$ 124,012
Membership dues	<u>96,286</u>	<u>82,720</u>
	<u>\$ 223,644</u>	<u>\$ 206,732</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 2017 fiscal year at rates ranging from 9.0% to 14.6% (2016 - 9.0% to 14.6%) depending on each member's designated retirement age and the level of earnings. As a result, \$1,203,854 (2016 - \$1,205,503) 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, 2016 disclosed actuarial assets of \$81,834 million with accrued pension liabilities of \$87,554 million resulting in a going concern actuarial deficit of \$5,720 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, 2017**

---

---

**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.

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, 2017 was \$151,654 (2016 - \$134,709).

**16. 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, 2017**

---

**17. 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 \$76,696 (2016 - \$795,625 surplus) which has been approved as an eligible Balanced Budget Fund expenditure. The status of the Balanced Budget Fund is as follows:

<u>Unaccessed Contributions</u>		
2014 - 2015	-	\$ 1,281,982
2015 - 2016	-	<u>795,625</u>
		<u>\$ 2,077,607</u>

**18. 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:

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.

**CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

**19. 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.

	<b>2017</b>		
	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Total</b>
Cash	\$ 1,829,844	\$ -	\$ 1,829,844
Restricted cash	1,756,662	-	1,756,662
Accounts receivable	-	61,577	61,577
Investments	77,451	-	77,451
Accounts payable and accrued liabilities	-	2,075,727	2,075,727
Trust funds payable	-	1,877,940	1,877,940
Long term debt	-	1,184,526	1,184,526
	<u>\$ 3,663,957</u>	<u>\$ 5,199,770</u>	<u>\$ 8,863,727</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).

	<b>2017</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash	\$ 1,829,844	\$ -	\$ -	\$ 1,829,844
Restricted cash	1,756,662	-	-	1,756,662
Investments	77,451	-	-	77,451
	<u>\$ 3,663,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,663,957</u>

**20. 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, 2017 the Society had a fixed interest rate mortgage as described in *Note 8*. 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.

**20. 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.

**21. 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, 2017**

	<b>Child Welfare</b>	<b>Non-Child Welfare (Page 23)</b>	<b>Minor Capital</b>	<b>Homelessness Partnership</b>	<b>Total</b>
<b>REVENUE</b>					
Province of Ontario	\$ 24,657,416	\$ 110,122	\$ 304,900	\$ -	\$ 25,072,438
Targeted subsidy funding	306,250	-	-	-	306,250
Ministry funding receivable ( repayable)	130,516	-	(85,343)	-	45,173
Grants - other	33,017	-	-	604,986	638,003
Children's special allowances	751,199	-	-	-	751,199
Other (Note 12)	284,763	-	-	-	284,763
	<u>26,163,161</u>	<u>110,122</u>	<u>219,557</u>	<u>604,986</u>	<u>27,097,826</u>
<b>EXPENDITURES</b>					
Staff salaries	12,147,344	84,733	-	34,871	12,266,948
Employee benefits	3,351,530	14,372	-	6,974	3,372,876
Training	95,085	-	-	-	95,085
Travel and mileage	750,091	-	-	596	750,687
Building occupancy (Note 8)	402,615	-	-	-	402,615
Professional services - corporate	278,558	-	-	-	278,558
Program expenditures	70,902	3,082	-	562,545	636,529
Boarding rate payments	6,434,076	-	-	-	6,434,076
Professional services - client	460,359	7,935	-	-	468,294
Clients' personal needs	407,490	-	-	-	407,490
Adoption subsidy	46,848	-	-	-	46,848
Targeted subsidy	360,070	-	-	-	360,070
Admission prevention	73,966	-	-	-	73,966
Health and related	445,568	-	-	-	445,568
Financial assistance	34,885	-	-	-	34,885
Promotion and publicity	78,337	-	-	-	78,337
Office administration	138,057	-	-	-	138,057
Minor capital	-	-	219,557	-	219,557
Other expenditures (Note 13)	223,644	-	-	-	223,644
Technology	215,238	-	-	-	215,238
	<u>26,014,663</u>	<u>110,122</u>	<u>219,557</u>	<u>604,986</u>	<u>26,949,328</u>
<b>EXCESS REVENUE OVER EXPENDITURES</b>	<u>\$ 148,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,498</u>

**CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON**  
**Schedule of Revenue and Expenditures by Program - (Continued)**  
**Year Ended March 31, 2017**

Non-Child Welfare	A555/556 Preparation for Independence	A444 Broader Public Sector	A771 Community Capacity	Total 2017
<b>REVENUE</b>				
Government subsidies	<u>\$ 74,942</u>	<u>\$ 27,245</u>	<u>\$ 7,935</u>	<u>\$ 110,122</u>
<b>EXPENDITURES</b>				
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>
<b>EXCESS REVENUE OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>