

**CATHOLIC CHILDREN'S AID SOCIETY
OF HAMILTON
HAMILTON, ONTARIO
FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2019 AND MARCH 31, 2020**

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INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

We have audited the financial statements of the Catholic Children's Aid Society of Hamilton (the Society), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets, remeasurement gains and losses and cash flows for the years ended March 31, 2020 and March 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2020, and its results of operations and its cash flows for the years ended March 31, 2020 and March 31, 2019, and its remeasurement gains and losses for the year ended March 31, 2020 in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many not for profit organizations, the Society derives revenue from donations or fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations or fundraising revenue, excess (deficiency of) revenue over expenditures, and cash flows from operations for the years ended March 31, 2020 and March 31, 2019, current assets as at March 31, 2020 and March 31, 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

HAMILTON, ONTARIO
May 25, 2020

HGK Partners LLP

HGK PARTNERS LLP
Chartered Professional Accountants
Licensed Public Accountants

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Financial Position
As at March 31, 2020

	General Fund	Private Funds	OCBe Funds	Specified Funds	Capital Building Fund	Total 2020	Total 2019
ASSETS							
Current							
Cash - unrestricted	\$ 865,926	\$ 777,971	\$ -	\$ -	\$ -	\$ 1,643,897	\$ 735,064
Cash - restricted	-	-	-	2,105,141	-	2,105,141	2,069,321
Inter-fund receivables (payables)	(752,892)	261,174	273,953	(44,241)	262,006	-	-
Accounts receivable (Note 2)	196,320	-	-	-	-	196,320	1,024,360
Prepaid expenditures	98,906	4,920	-	-	-	103,826	67,218
	408,260	1,044,065	273,953	2,060,900	262,006	4,049,184	3,895,963
Capital assets (Note 3)	2,484,494	-	-	-	-	2,484,494	2,574,094
	<u>\$ 2,892,754</u>	<u>\$ 1,044,065</u>	<u>\$ 273,953</u>	<u>\$ 2,060,900</u>	<u>\$ 262,006</u>	<u>\$ 6,533,678</u>	<u>\$ 6,470,057</u>
LIABILITIES							
Current							
Bank indebtedness (Note 4)	\$ 73,882	\$ -	\$ -	\$ -	\$ -	\$ 73,882	\$ 48,755
Accounts payable and accrued liabilities (Note 5)	1,795,617	-	-	-	-	1,795,617	1,841,167
Trust funds payable (Note 6)	-	-	122,364	2,027,732	-	2,150,096	2,121,898
Deferred revenue (Note 7)	29,168	54,901	-	-	-	84,069	20,125
Current portion of long term debt (Note 8)	166,739	-	-	-	-	166,739	161,978
	2,065,406	54,901	122,364	2,027,732	-	4,270,403	4,193,923
Long term debt (Note 8)	545,593	-	-	-	-	545,593	712,332
	<u>2,610,999</u>	<u>54,901</u>	<u>122,364</u>	<u>2,027,732</u>	<u>-</u>	<u>4,815,996</u>	<u>4,906,255</u>
NET ASSETS							
General Fund - unrestricted	281,755	-	-	-	-	281,755	172,556
Private funds - unrestricted	-	850,209	-	-	-	850,209	875,018
Bishop Crosby Fund for Families - internally restricted (Note 9)	-	138,955	-	-	-	138,955	72,984
OCBe - externally restricted	-	-	151,589	-	-	151,589	148,070
Specified funds - externally restricted (Note 10)	-	-	-	33,168	-	33,168	33,168
Capital Building Fund - externally restricted	-	-	-	-	262,006	262,006	262,006
	281,755	989,164	151,589	33,168	262,006	1,717,682	1,563,802
Accumulated remeasurement gains (losses)	-	-	-	-	-	-	-
	<u>\$ 2,892,754</u>	<u>\$ 1,044,065</u>	<u>\$ 273,953</u>	<u>\$ 2,060,900</u>	<u>\$ 262,006</u>	<u>\$ 6,533,678</u>	<u>\$ 6,470,057</u>

On behalf of the Board

Larry Dilanni, chair Director
(See Accompanying Notes)

Director



CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Operations
Year Ended March 31, 2020

	General Fund	Private Funds	OCBe Funds	Specified Funds (Note 10)	Capital Building Fund	Total 2020	Total 2019
Revenue							
Province of Ontario - Child Welfare	\$ 23,029,070	\$ -	\$ -	\$ -	\$ -	\$ 23,029,070	\$ 23,741,717
Province of Ontario - Non-Child Welfare	424,706	-	148,905	-	-	573,611	492,344
Funding amounts receivable (payable) (Note 17)	(230,878)	-	-	-	-	(230,878)	795,625
Targeted subsidy	155,250	-	-	-	-	155,250	150,075
Funding receivable	10,091	-	-	-	-	10,091	-
City of Hamilton funding	809,003	-	-	-	-	809,003	809,003
Donations	-	231,021	-	8,000	-	239,021	105,374
Events (Note 11)	-	151,899	-	-	-	151,899	125,511
Children's special allowances	613,160	-	-	-	-	613,160	571,058
Other revenue (Note 12)	373,426	22,770	-	-	-	396,196	614,423
	<u>25,183,828</u>	<u>405,690</u>	<u>148,905</u>	<u>8,000</u>	<u>-</u>	<u>25,746,423</u>	<u>27,405,130</u>
Expenditures							
Staff salaries	11,781,844	117,327	-	-	-	11,899,171	12,965,776
Employee benefits (Note 14)	3,701,413	27,512	-	-	-	3,728,925	3,786,636
Events (Note 11)	-	40,975	-	-	-	40,975	40,888
Training	90,200	50	-	-	-	90,250	180,116
Travel and mileage	566,571	-	-	-	-	566,571	636,504
Building occupancy (Note 8)	455,534	-	-	-	-	455,534	374,999
Professional services - corporate	101,200	-	-	-	-	101,200	140,066
Program expenditures	758,390	6,413	-	-	-	764,803	790,039
Boarding rate payments	4,851,000	-	-	-	-	4,851,000	5,196,958
Professional fees - client	427,517	-	-	-	-	427,517	523,524
Clients' personal needs	402,799	146,348	-	-	-	549,147	564,288
Bursary payments	-	-	-	8,000	-	8,000	8,000
OCBe savings allocation	-	-	38,463	-	-	38,463	50,448
OCBe activity expenditures	-	-	106,923	-	-	106,923	72,900
Adoption subsidy	71,840	-	-	-	-	71,840	77,609
Targeted subsidy	661,365	-	-	-	-	661,365	600,300
Admission prevention	123,914	1,650	-	-	-	125,564	135,614
Health and related	224,089	3,825	-	-	-	227,914	220,792
Financial assistance	34,324	7,100	-	-	-	41,424	2,994
Promotion and publicity	34,904	6,988	-	-	-	41,892	60,243
Office administration	190,033	6,340	-	-	-	196,373	236,042
Other expenditures (Note 13)	362,705	-	-	-	-	362,705	451,847
Technology	145,387	-	-	-	-	145,387	232,468
	<u>24,985,029</u>	<u>364,528</u>	<u>145,386</u>	<u>8,000</u>	<u>-</u>	<u>25,502,943</u>	<u>27,349,051</u>
Excess (deficiency of) revenue over expenditures before amortization	198,799	41,162	3,519	-	-	243,480	56,079
Amortization (Note 3)	89,600	-	-	-	-	89,600	94,300
EXCESS (DEFICIENCY OF) REVENUE OVER EXPENDITURES	<u>\$ 109,199</u>	<u>\$ 41,162</u>	<u>\$ 3,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,880</u>	<u>\$ (38,221)</u>

(See Accompanying Notes)

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Changes in Net Assets
Year Ended March 31, 2020

	General Fund	Private Funds	OCBe Funds	Specified Funds	Capital Building Fund	Total
	<u>2020</u>					
Balance, beginning of year	\$ 172,556	\$ 948,002	\$ 148,070	\$ 33,168	\$ 262,006	\$ 1,563,802
Excess (deficiency of) revenue over expenditures	<u>109,199</u>	<u>41,162</u>	<u>3,519</u>	<u>-</u>	<u>-</u>	<u>153,880</u>
Balance, end of year	<u>\$ 281,755</u>	<u>\$ 989,164</u>	<u>\$ 151,589</u>	<u>\$ 33,168</u>	<u>\$ 262,006</u>	<u>\$ 1,717,682</u>
	<u>2019</u>					
Balance, beginning of year	\$ 109,121	\$ 1,080,290	\$ 117,438	\$ 33,168	\$ 262,006	\$ 1,602,023
Excess (deficiency of) revenue over expenditures	<u>63,435</u>	<u>(132,288)</u>	<u>30,632</u>	<u>-</u>	<u>-</u>	<u>(38,221)</u>
Balance, end of year	<u>\$ 172,556</u>	<u>\$ 948,002</u>	<u>\$ 148,070</u>	<u>\$ 33,168</u>	<u>\$ 262,006</u>	<u>\$ 1,563,802</u>

(See Accompanying Notes)

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Remeasurement Gains and Losses
Year Ended March 31, 2020

	2020	2019
Accumulated remeasurement losses, beginning of year	<u>\$ -</u>	<u>\$ 14,154</u>
Derecognition on disposal of investments	<u>-</u>	<u>(14,154)</u>
Net remeasurement gains (losses) for the year	<u>-</u>	<u>(14,154)</u>
Accumulated remeasurement gains (losses), end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(See Accompanying Notes)

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Cash Flows
Year Ended March 31, 2020

	General Fund	Private Funds	OCBe Funds	Specified Funds	Total 2020	Total 2019
OPERATING ACTIVITIES						
Excess (deficiency of) revenue over expenditures	\$ 109,199	\$ 41,162	\$ 3,519	\$ -	\$ 153,880	\$ (38,221)
Expenditures not requiring a cash outlay						
Amortization	89,600	-	-	-	89,600	94,300
Investments -gain on disposition	-	-	-	-	-	(9,274)
Investments - fair value adjustment	-	-	-	-	-	(14,154)
	<u>198,799</u>	<u>41,162</u>	<u>3,519</u>	<u>-</u>	<u>243,480</u>	<u>32,651</u>
(Increase) decrease in accounts receivable	828,040	-	-	-	828,040	27,718
(Increase) decrease in prepaid expenditures	(39,288)	2,680	-	-	(36,608)	(33,691)
Increase (decrease) in accounts payable and accrued liabilities	(45,548)	-	-	-	(45,548)	(768,629)
Increase (decrease) in deferred revenue	19,168	44,775	-	-	63,943	12,955
Increase (decrease) in trust funds payable	-	-	(16,969)	45,166	28,197	126,321
	<u>762,372</u>	<u>47,455</u>	<u>(16,969)</u>	<u>45,166</u>	<u>838,024</u>	<u>(635,326)</u>
Net cash provided by (used for) operating activities	<u>961,171</u>	<u>88,617</u>	<u>(13,450)</u>	<u>45,166</u>	<u>1,081,504</u>	<u>(602,675)</u>
INVESTING ACTIVITIES						
Proceeds of disposition of investments	-	-	-	-	-	148,341
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,341</u>
FINANCING ACTIVITIES						
Increase (decrease) in bank indebtedness	25,127	-	-	-	25,127	48,755
Repayment of long term debt	(161,978)	-	-	-	(161,978)	(157,354)
Increase (decrease) in inter-fund receivables (payables)	35,111	(39,215)	13,450	(9,346)	-	-
Net cash provided by (used for) financing activities	<u>(101,740)</u>	<u>(39,215)</u>	<u>13,450</u>	<u>(9,346)</u>	<u>(136,851)</u>	<u>(108,599)</u>
Increase (decrease) in cash	859,431	49,402	-	35,820	944,653	(562,932)
Cash, beginning of year	<u>6,495</u>	<u>728,569</u>	<u>-</u>	<u>2,069,321</u>	<u>2,804,385</u>	<u>3,367,317</u>
Cash, end of year	<u>\$ 865,926</u>	<u>\$ 777,971</u>	<u>\$ -</u>	<u>\$ 2,105,141</u>	<u>\$ 3,749,038</u>	<u>\$ 2,804,385</u>
Cash Represented By:						
Cash - unrestricted	\$ 865,926	\$ 777,971	\$ -	\$ -	\$ 1,643,897	\$ 735,064
Cash - restricted	-	-	-	2,105,141	2,105,141	2,069,321
	<u>\$ 865,926</u>	<u>\$ 777,971</u>	<u>\$ -</u>	<u>\$ 2,105,141</u>	<u>\$ 3,749,038</u>	<u>\$ 2,804,385</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, less any impairment losses, include bank indebtedness, 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 is 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.

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 is 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, 2020

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, 2020

2. ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Trade receivables	\$ 32,861	\$ 26,302
Receivable from other CAS agencies	14,127	46,639
HST rebate receivable	113,823	130,033
MCYS Balanced Budget Fund recoverable	-	811,150
Targeted Subsidy funding receivable	10,091	-
OHIP Plus funding receivable	13,868	-
Other receivables	11,550	10,236
	<u>\$ 196,320</u>	<u>\$ 1,024,360</u>

3. CAPITAL ASSETS

	<u>2020</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Land	\$ 789,856	\$ -	\$ 789,856
Fence	18,154	14,572	3,582
Building	3,024,547	2,134,225	890,322
Building renovations	1,600,302	800,361	799,941
Office equipment	278,479	277,686	793
Computer equipment	150,819	150,819	-
Vehicle	21,788	21,788	-
	<u>\$ 5,883,945</u>	<u>\$ 3,399,451</u>	<u>\$ 2,484,494</u>

	<u>2019</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Land	\$ 789,856	\$ -	\$ 789,856
Fence	18,154	14,172	3,982
Building	3,024,547	2,087,325	937,222
Building renovations	1,600,302	758,261	842,041
Office equipment	278,479	277,486	993
Computer equipment	150,819	150,819	-
Vehicle	21,788	21,788	-
	<u>\$ 5,883,945</u>	<u>\$ 3,309,851</u>	<u>\$ 2,574,094</u>

During the year, capital asset amortization of \$89,600 (2019 - \$94,300) was recorded and is reflected on the statement of operations.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2020

4. BANK INDEBTEDNESS

	<u>2020</u>	<u>2019</u>
Outstanding cheques	\$ 73,882	\$ 43,755
Revolving line of credit	-	5,000
Balance, end of year	<u>\$ 73,882</u>	<u>\$ 48,755</u>

The Society has a non-revolving demand credit line with a \$1,250,000 limit (2019 - \$1,250,000) of which \$1,250,000 (2019 - \$1,245,000) 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.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Accounts payable and accrued liabilities	\$ 1,398,759	\$ 1,568,576
Government remittances payable	165,980	272,591
Due to Ministry - Balanced Budget Fund	<u>230,878</u>	-
Balance, end of year	<u>\$ 1,795,617</u>	<u>\$ 1,841,167</u>

6. TRUST FUNDS PAYABLE

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

OCBe Funds

	<u>2020</u>	<u>2019</u>
OCBe Savings		
Balance, beginning of year	\$ 139,332	\$ 180,926
Transfers	38,463	50,448
Disbursement of funds	<u>(55,431)</u>	<u>(92,042)</u>
Balance, end of year	<u>\$ 122,364</u>	<u>\$ 139,332</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2020

6. TRUST FUNDS PAYABLE (Continued)

Specified Funds

	CSA Education Fund	RESP Fund	RDSP Fund	Other Trust Funds	Total 2020	Total 2019
Balance, beginning of year	\$ 180,422	\$ 1,768,612	\$ 18,000	\$ 15,532	\$ 1,982,566	\$ 1,814,650
Contributions	110,280	-	-	-	110,280	107,720
Government direct contributions	-	18,744	-	-	18,744	52,392
Interest	-	(25,306)	-	5,710	(19,596)	4,865
Unrealized change in market value	-	-	-	-	-	48,190
Transfers	(91,860)	91,860	-	-	-	-
Disbursement of funds	(2,000)	(55,188)	-	(7,074)	(64,262)	(45,251)
Balance, end of year	<u>\$ 196,842</u>	<u>\$ 1,798,722</u>	<u>\$ 18,000</u>	<u>\$ 14,168</u>	<u>\$ 2,027,732</u>	<u>\$ 1,982,566</u>

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.

	<u>2020</u>	<u>2019</u>
Deferred Revenue - General Fund		
Balance, beginning of year	\$ 10,000	\$ 4,484
Net increase	<u>19,168</u>	<u>5,516</u>
Balance, end of year	<u>\$ 29,168</u>	<u>\$ 10,000</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2020

8. LONG TERM DEBT

	<u>2020</u>	<u>2019</u>
Loan payable, bears interest at a fixed rate of 2.90%, repayable in blended monthly instalments of \$15,433, maturing in March 2024	\$ 712,332	\$ 874,310
Principal payments due within one year	<u>166,739</u>	<u>161,978</u>
	<u>\$ 545,593</u>	<u>\$ 712,332</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 four years and thereafter are as follows:

2021	-	\$ 166,739
2022	-	\$ 171,639
2023	-	\$ 176,683
2024	-	\$ 197,271

Interest in the amount of \$22,822 (2019 - \$27,491) was paid during the year and has been included in building occupancy expenditure.

9. 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>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 72,984	\$ 65,008
Contributions	80,420	10,000
Transfer from Private Funds	5,000	10,000
Expenditures	<u>(19,449)</u>	<u>(12,024)</u>
	<u>\$ 138,955</u>	<u>\$ 72,984</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2020

10. SPECIFIED FUNDS

	Bursary/ Youth Opportuni- ties Fund	Computer Fund	Total 2020	Total 2019
Balance, beginning of year	\$ 4,437	\$ 28,731	\$ 33,168	\$ 33,168
Donations	8,000	-	8,000	8,000
Disbursement of funds (<i>Note 16</i>)	(8,000)	-	(8,000)	(8,000)
Balance, end of year	<u>\$ 4,437</u>	<u>\$ 28,731</u>	<u>\$ 33,168</u>	<u>\$ 33,168</u>

11. EVENTS

	Auction	Golf Tournament	Other	Net 2020	Net 2019
Revenue	\$ 48,105	\$ 61,175	\$ 42,619	\$ 151,899	\$ 125,511
Expenditures	<u>22,546</u>	<u>17,766</u>	<u>663</u>	<u>40,975</u>	<u>40,888</u>
	<u>\$ 25,559</u>	<u>\$ 43,409</u>	<u>\$ 41,956</u>	<u>\$ 110,924</u>	<u>\$ 84,623</u>

12. OTHER REVENUE

	2020	2019
General Fund		
Interest	\$ 4,523	\$ 581
Expenditure recoveries	99,110	313,817
Administration fees/ recovery	60,900	51,885
Grants - other	-	5,734
Miscellaneous	6,623	5,760
Inter-agency recoveries	<u>202,270</u>	<u>207,380</u>
	<u>\$ 373,426</u>	<u>\$ 585,157</u>

Other revenue in private funds included in the Statement of Operations represents interest earned.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2020

13. OTHER EXPENDITURES

	<u>2020</u>	<u>2019</u>
General Fund - Child Welfare		
Liability insurance	\$ 157,504	\$ 147,582
Membership dues	203,559	159,055
Miscellaneous	-	4,484
	<u>\$ 361,063</u>	<u>\$ 311,121</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 2020 fiscal year at rates ranging from 9.0% to 14.6% (2019 - 9.0% to 14.6%) depending on each member's designated retirement age and the level of earnings. As a result, \$1,251,383 (2019 - \$1,271,439) 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.

15. HAMILTON COMMUNITY FOUNDATION - CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON ENDOWMENT FUND

On July 5, 2018 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 Catholic Children's Aid Society of Hamilton Endowment Fund (the Fund) with the purpose of providing a perpetual stream of income to support Society priorities in future years.

At the sole discretion of the Foundation, the Foundation may disburse not greater than 10% of the Fund balance to the Society, which it will use accordingly. Distributions from the Fund shall be made to the Society on request after June 30 of each year.

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, 2019 was approximately \$150,000 (2019 - \$150,000).

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 balances as at March 31, 2019 were \$158,219 (2018 - \$126,475) for the Ralph and Rose Sazio Scholarship Fund and \$65,411 (2018 - \$58,248) for the Catholic Children's Aid Society Fund.

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. The Balanced Budget Fund was created by the Ministry in 2014 to support Children's Aid Societies to proactively manage the risks associated with a multi-year planning process. The Balanced Budget Fund is tracked on an individual CAS basis, and is accessed by way of the budget submission process. The guidelines stipulate that Balanced Budget Funds must be used during the three years immediately following the year in which the surplus was determined.

At March 31, 2019, there were no Balanced Budget Funds available for use by the Society. The Child Welfare surplus of \$230,878 for the fiscal year ended March 31, 2020 has been recorded as payable to the Balanced Budget Fund, and under the current guidelines will be available to support Child Welfare activities in the next three fiscal years.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2020

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:

2021	-	\$15,684
2022	-	\$14,937
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, 2020

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.

	2020		
	Fair Value	Amortized Cost	Total
Cash	\$ 1,643,897	\$ -	\$ 1,643,897
Restricted cash	2,105,141	-	2,105,141
Accounts receivable	-	196,320	196,320
Bank indebtedness	73,882	-	73,882
Accounts payable and accrued liabilities	-	1,629,637	1,629,637
Trust funds payable	-	2,150,096	2,150,096
Long term debt	-	712,332	712,332
	<u>\$ 3,822,920</u>	<u>\$ 4,688,385</u>	<u>\$ 8,511,305</u>

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).

	2020			
	Level 1	Level 2	Level 3	Total
Cash	\$ 1,643,897	\$ -	\$ -	\$ 1,643,897
Restricted cash	2,105,141	-	-	2,105,141
	<u>\$ 3,749,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,749,038</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, 2020:

(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, the Society manages credit risk by maintaining its cash 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.

(c) Interest Rate Risk

Fixed rate instruments subject the organization to a fair value risk while floating interest rate instruments subject it to a cash flow risk. Fluctuations in interest rates will impact the cost of financing incurred currently and in the future. The Society is exposed to interest rate risk on its fixed rate financial instruments. At March 31, 2020 the Society had a fixed interest rate mortgage as described in *Note 8*. The Society does not use derivative instruments to reduce its exposure to interest rate risk.

(d) 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 bank indebtedness, accounts payable and accrued liabilities and long term debt.

The Society's principal source of funding is from the Province of Ontario. The Society is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined in the funding letter or grant documentation. The Society has complied with the external restrictions on the funding provided.

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 \$1,250,000 in place should it be required to meet temporary fluctuations in cash requirements.

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

21. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. In response to the emergency declaration in Ontario related to COVID-19, additional costs were incurred by the Society for the fiscal year ended March 31, 2020. These costs are included in the Child Welfare Fund in the schedule of revenue and expenditures by program (*Page 24*).

The public health measures put into place will impact how the Society continues to carry out its work. The recommended practice of social distancing will require the acquisition of additional forms of personal protective equipment and there may be additional administrative costs for staff working remotely. At this time, the financial cost of these measures cannot be reliably estimated. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the operating results and financial position of the Society in future periods. Management will continue to carefully monitoring the situation.

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, 2020

	Child Welfare	Non-Child Welfare (Page 25)	Infrastructure	Homelessness Partnership	Total
REVENUE					
Province of Ontario - Child Welfare	\$ 23,029,070	\$ -	\$ -	\$ -	\$ 23,029,070
Province of Ontario - Non Child Welfare	-	362,574	62,132	-	424,706
Funding amounts (Payable) Receivable	(230,878)	-	-	-	(230,878)
Targeted subsidy funding	155,250	-	-	-	155,250
Targeted Subsidy funding receivable	10,091	-	-	-	10,091
City of Hamilton funding	-	-	-	809,003	809,003
Children's special allowances	613,160	-	-	-	613,160
Other revenue (Note 12)	373,426	-	-	-	373,426
	<u>23,950,119</u>	<u>362,574</u>	<u>62,132</u>	<u>809,003</u>	<u>25,183,828</u>
EXPENDITURES					
Staff salaries	11,541,521	205,453	-	34,870	11,781,844
Employee benefits	3,656,571	37,868	-	6,974	3,701,413
Training	89,970	230	-	-	90,200
Travel and mileage	558,959	7,016	-	596	566,571
Building occupancy (Note 8)	391,103	2,299	62,132	-	455,534
Professional services - corporate	87,517	13,683	-	-	101,200
Program expenditures	33,464	3,263	-	721,663	758,390
Boarding rate payments	4,851,000	-	-	-	4,851,000
Professional services - client	361,602	65,915	-	-	427,517
Clients' personal needs	402,799	-	-	-	402,799
Adoption subsidy	71,840	-	-	-	71,840
Targeted subsidy	661,365	-	-	-	661,365
Admission prevention	123,914	-	-	-	123,914
Health and related	224,089	-	-	-	224,089
Financial assistance	34,324	-	-	-	34,324
Promotion and publicity	32,050	2,854	-	-	34,904
Office administration	125,475	19,658	-	44,900	190,033
Other expenditures (Note 13)	361,063	1,642	-	-	362,705
Technology	142,694	2,693	-	-	145,387
	<u>23,751,320</u>	<u>362,574</u>	<u>62,132</u>	<u>809,003</u>	<u>24,985,029</u>
EXCESS REVENUE OVER EXPENDITURES	<u>\$ 198,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,799</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Schedule of Revenue and Expenditures by Program - (Continued)
Year Ended March 31, 2020

Non-Child Welfare	A555/556 Preparation for Independence	A444 Broader Public Sector	A771 Community Capacity	Education Liaison	Hamilton Youth Poets	Total 2020
REVENUE						
Government subsidies	<u>\$ 100,442</u>	<u>\$ 27,245</u>	<u>\$ 7,935</u>	<u>\$ 66,952</u>	<u>\$ 160,000</u>	<u>\$ 362,574</u>
EXPENDITURES						
Staff salaries	70,988	27,245	-	51,880	55,340	205,453
Employee benefits	14,372	-	-	12,972	10,524	37,868
Training	-	-	-	-	230	230
Travel and mileage	-	-	-	1,500	5,516	7,016
Building occupancy	-	-	-	-	2,299	2,299
Professional fees - corporate	11,433	-	-	-	2,250	13,683
Program expenditures	3,263	-	-	-	-	3,263
Professional fees - client	-	-	7,935	-	57,980	65,915
Promotion and publicity	-	-	-	-	2,854	2,854
Office administration	386	-	-	600	18,672	19,658
Miscellaneous	-	-	-	-	1,642	1,642
Technology	-	-	-	-	2,693	2,693
	<u>100,442</u>	<u>27,245</u>	<u>7,935</u>	<u>66,952</u>	<u>160,000</u>	<u>362,574</u>
EXCESS (DEFICIENCY OF) REVENUE OVER EXPENDITURES						
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>