

**CATHOLIC CHILDREN'S AID SOCIETY
OF HAMILTON
HAMILTON, ONTARIO
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023**

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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, 2023, and the statements of operations, changes in fund balances and cash flows for the year ended March 31, 2023 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, 2023, and its results of operations and its cash flows for the year ended March 31, 2023 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, (deficiency of) excess revenue over expenditures, and cash flows from operations for the years ended March 31, 2023 and March 31, 2022, current assets as at March 31, 2023 and March 31, 2022, and fund balances as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 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
June 12, 2023

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, 2023

	General Fund	Private Funds	OCBe Funds	Specified Funds	Capital Building Fund	Total 2023	<i>(Restated - Note 2)</i> Total 2022
ASSETS							
Current							
Cash - unrestricted	\$ 270,155	\$ 1,107,052	\$ -	\$ -	\$ -	\$ 1,377,207	\$ 2,482,411
Cash - restricted	-	-	-	356,390	-	356,390	335,602
Inter-fund receivables (payables)	(828,303)	350,175	308,717	12,213	157,198	-	-
Accounts receivable <i>(Note 3)</i>	852,446	-	-	-	-	852,446	383,474
Prepaid expenditures	187,869	3,030	-	-	-	190,899	33,551
	482,167	1,460,257	308,717	368,603	157,198	2,776,942	3,235,038
Capital assets <i>(Note 4)</i>	2,314,461	-	-	-	95,475	2,409,936	2,407,587
	<u>\$ 2,796,628</u>	<u>\$ 1,460,257</u>	<u>\$ 308,717</u>	<u>\$ 368,603</u>	<u>\$ 252,673</u>	<u>\$ 5,186,878</u>	<u>\$ 5,642,625</u>
LIABILITIES							
Current							
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 1,800,838	\$ -	\$ -	\$ -	\$ -	\$ 1,800,838	\$ 2,098,775
Trust funds payable <i>(Note 7)</i>	-	-	162,993	313,434	-	476,427	425,123
Deferred contributions <i>(Notes 8,9 & 10)</i>	20,500	50,414	145,724	44,124	-	260,762	227,601
Current portion of long term debt <i>(Note 12)</i>	185,656	-	-	-	-	185,656	176,683
	<u>2,006,994</u>	<u>50,414</u>	<u>308,717</u>	<u>357,558</u>	<u>-</u>	<u>2,723,683</u>	<u>2,928,182</u>
Deferred capital contributions <i>(Note 11)</i>	-	-	-	-	252,673	252,673	262,006
Long term debt <i>(Note 12)</i>	25,449	-	-	-	-	25,449	197,271
	<u>25,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,673</u>	<u>278,122</u>	<u>459,277</u>
	<u>2,032,443</u>	<u>50,414</u>	<u>308,717</u>	<u>357,558</u>	<u>252,673</u>	<u>3,001,805</u>	<u>3,387,459</u>
FUND BALANCES							
General Fund - unrestricted	764,185	-	-	-	-	764,185	1,037,941
Private funds - internally restricted	-	1,158,105	-	-	-	1,158,105	927,380
Bishop Crosby Fund for Families - internally restricted <i>(Note 13)</i>	-	251,738	-	-	-	251,738	288,338
Specified funds - externally restricted	-	-	-	11,045	-	11,045	1,507
	<u>764,185</u>	<u>1,409,843</u>	<u>-</u>	<u>11,045</u>	<u>-</u>	<u>2,185,073</u>	<u>2,255,166</u>
	<u>\$ 2,796,628</u>	<u>\$ 1,460,257</u>	<u>\$ 308,717</u>	<u>\$ 368,603</u>	<u>\$ 252,673</u>	<u>\$ 5,186,878</u>	<u>\$ 5,642,625</u>
Commitments and contingencies <i>(Note 20)</i>							

On behalf of the Board

 Director
(See Accompanying Notes)

 Director

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Operations
Year Ended March 31, 2023

	General Fund	Private Funds	OCBe Funds	Specified Funds	Capital Building Fund	Total 2023	<i>(Restated - Note 2)</i> Total 2022
Revenue							
Province of Ontario - Child Welfare	\$ 21,908,451	\$ -	\$ -	\$ -	\$ -	\$ 21,908,451	\$ 22,085,260
Province of Ontario - Non-Child Welfare	1,214,487	-	103,613	-	-	1,318,100	1,578,860
Funding amounts (payable) receivable	-	-	-	-	-	-	(139,942)
Targeted subsidy	-	-	-	-	-	-	202,084
Donations	-	297,306	-	8,000	-	305,306	253,729
Events <i>(Note 14)</i>	-	51,765	-	-	-	51,765	39,102
Children's special allowances	385,140	-	-	-	-	385,140	486,359
Other revenue <i>(Note 15)</i>	666,038	70,059	-	9,538	-	745,635	477,795
Transfer from (to) deferred revenue	-	-	(22,654)	-	9,333	(13,321)	-
	<u>24,174,116</u>	<u>419,130</u>	<u>80,959</u>	<u>17,538</u>	<u>9,333</u>	<u>24,701,076</u>	<u>24,983,247</u>
Expenditures							
Staff salaries	10,568,791	93,111	-	-	-	10,661,902	11,266,489
Employee benefits <i>(Note 17)</i>	3,410,269	-	-	-	-	3,410,269	3,545,976
Events <i>(Note 14)</i>	-	16,311	-	-	-	16,311	15,630
Training	64,624	-	-	-	-	64,624	198,885
Travel and mileage	285,287	-	-	-	-	285,287	240,372
Building occupancy <i>(Note 12)</i>	318,029	-	-	-	4,308	322,337	359,566
Professional services - corporate	291,205	-	-	-	-	291,205	237,276
Program expenditures	597,199	-	-	-	-	597,199	485,431
Boarding rate payments	5,777,382	748	-	-	-	5,778,130	4,920,496
Professional services - client	461,260	13,056	-	-	-	474,316	394,793
Clients' personal needs	329,534	66,144	-	-	-	395,678	430,587
Bursary payments	-	26,250	-	8,000	-	34,250	39,280
OCBe savings allocation	-	-	42,124	-	-	42,124	47,178
OCBe activity expenditures	-	-	38,835	-	-	38,835	119,717
Adoption subsidy	67,510	-	-	-	-	67,510	87,663
Targeted subsidy	828,000	-	-	-	-	828,000	814,375
Admission prevention	182,233	-	-	-	-	182,233	129,709
Health and related	213,696	2,806	-	-	-	216,502	198,347
Financial assistance	109,773	150	-	-	-	109,923	96,019
Promotion and publicity	21,204	2,725	-	-	-	23,929	19,791
Office administration	134,311	3,704	-	-	-	138,015	159,405
Other expenditures <i>(Note 16)</i>	673,274	-	-	-	-	673,274	621,808
	<u>24,333,581</u>	<u>225,005</u>	<u>80,959</u>	<u>8,000</u>	<u>4,308</u>	<u>24,651,853</u>	<u>24,428,793</u>
(Deficiency of) excess revenue over expenditures before amortization	(159,465)	194,125	-	9,538	5,025	49,223	554,454
Amortization <i>(Note 4)</i>	114,291	-	-	-	5,025	119,316	101,344
(DEFICIENCY OF) EXCESS REVENUE OVER EXPENDITURES	<u>\$ (273,756)</u>	<u>\$ 194,125</u>	<u>\$ -</u>	<u>\$ 9,538</u>	<u>\$ -</u>	<u>\$ (70,093)</u>	<u>\$ 453,110</u>

(See Accompanying Notes)

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Changes in Fund Balances
Year Ended March 31, 2023

	General Fund	Private Funds	OCBe Funds	Specified Funds	Capital Building Fund	Total
<u>2023</u>						
Balance, beginning of year	\$ 1,037,941	\$ 1,215,718	\$ -	\$ 1,507	\$ -	\$ 2,255,166
(Deficiency of) excess revenue over expenditures	<u>(273,756)</u>	<u>194,125</u>	<u>-</u>	<u>9,538</u>	<u>-</u>	<u>(70,093)</u>
Balance, end of year	<u>\$ 764,185</u>	<u>\$ 1,409,843</u>	<u>\$ -</u>	<u>\$ 11,045</u>	<u>\$ -</u>	<u>\$ 2,185,073</u>
<i>(Restated - Note 2)</i>						
<u>2022</u>						
Balance, beginning of year	\$ 616,742	\$ 1,185,314	\$ -	\$ -	\$ -	\$ 1,802,056
Excess revenue over expenditures	<u>421,199</u>	<u>30,404</u>	<u>-</u>	<u>1,507</u>	<u>-</u>	<u>453,110</u>
Balance, end of year	<u>\$ 1,037,941</u>	<u>\$ 1,215,718</u>	<u>\$ -</u>	<u>\$ 1,507</u>	<u>\$ -</u>	<u>\$ 2,255,166</u>

(See Accompanying Notes)

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Statement of Cash Flows
Year Ended March 31, 2023

(Restated Note 2)

	General Fund	Private Funds	OCBe Funds	Specified Funds	Capital Building Fund	Total 2023	Total 2022
OPERATING ACTIVITIES							
(Deficiency of) excess revenue over expenditures	\$ (273,756)	\$ 194,125	\$ -	\$ 9,538	\$ -	\$ (70,093)	\$ 453,110
Expenditures not requiring a cash outlay							
Amortization	114,291	-	-	-	5,025	119,316	101,344
	<u>(159,465)</u>	<u>194,125</u>	<u>-</u>	<u>9,538</u>	<u>5,025</u>	<u>49,223</u>	<u>554,454</u>
(Increase) decrease in accounts receivable	(468,972)	-	-	-	-	(468,972)	174,202
(Increase) decrease in prepaid expenditures	(156,928)	(420)	-	-	-	(157,348)	60,040
Increase (decrease) in accounts payable and accrued liabilities	(297,937)	-	-	-	-	(297,937)	(238,930)
Increase (decrease) in deferred contributions	500	10,007	22,653	2	(9,333)	23,829	(61,861)
Increase (decrease) in trust funds payable	-	-	24,588	26,713	-	51,301	58,994
	<u>(923,337)</u>	<u>9,587</u>	<u>47,241</u>	<u>26,715</u>	<u>(9,333)</u>	<u>(849,127)</u>	<u>(7,555)</u>
Net cash provided by (used for) operating	<u>(1,082,802)</u>	<u>203,712</u>	<u>47,241</u>	<u>36,253</u>	<u>(4,308)</u>	<u>(799,904)</u>	<u>546,899</u>
INVESTING ACTIVITIES							
Purchase of capital assets	(21,163)	-	-	-	(100,500)	(121,663)	(24,818)
Net cash used for investing	<u>(21,163)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,500)</u>	<u>(121,663)</u>	<u>(24,818)</u>
FINANCING ACTIVITIES							
Proceeds from long term debt - capital lease	16,301	-	-	-	-	16,301	-
Repayment of long term debt	(179,150)	-	-	-	-	(179,150)	(171,639)
Increase (decrease) in inter-fund balances	22,273	(64,375)	(47,241)	(15,465)	104,808	-	-
Net cash provided by (used for) financing	<u>(140,576)</u>	<u>(64,375)</u>	<u>(47,241)</u>	<u>(15,465)</u>	<u>104,808</u>	<u>(162,849)</u>	<u>(171,639)</u>
Increase (decrease) in cash	(1,244,541)	139,337	-	20,788	-	(1,084,416)	350,442
Cash, beginning of year	1,514,696	967,715	-	335,602	-	2,818,013	2,467,571
Cash, end of year	\$ 270,155	\$ 1,107,052	\$ -	\$ 356,390	\$ -	\$ 1,733,597	\$ 2,818,013
Cash Represented By:							
Cash - unrestricted	\$ 270,155	\$ 1,107,052	\$ -	\$ -	\$ -	\$ 1,377,207	\$ 2,482,411
Cash - restricted	-	-	-	356,390	-	356,390	335,602
	<u>\$ 270,155</u>	<u>\$ 1,107,052</u>	<u>\$ -</u>	<u>\$ 356,390</u>	<u>\$ -</u>	<u>\$ 1,733,597</u>	<u>\$ 2,818,013</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, 2023

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 accounts of the Society are maintained in accordance with the principles of fund accounting whereby separate accounts are maintained for each fund, as explained below, to ensure observance of the limitations and restrictions placed on the use of particular assets.

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

The Private Funds report internally and externally restricted 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 reports 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, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial Instruments

(i) Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value. Transaction costs related to financial assets that will be subsequently measured at fair value are recognized in the statement of operations in the year in which they are incurred.

Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Society is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

The Society subsequently measures all its financial assets and liabilities at cost or amortized cost less impairment. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, trust funds payable and long term debt. The organization holds no related party financial assets or liabilities at year end.

(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.

(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.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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.

(g) 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.

(h) Revenue Recognition

The Society follows the deferral method of accounting for contributions, which include donations and government transfers. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted donations are recorded on a cash basis since pledges are not legally enforceable claims. Contributions externally restricted are deferred and recognized as revenue in the year in which the related expenses are recognized.

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 fund Society capital assets are initially recorded as deferred capital contributions, and are then amortized to income on the same basis as the related capital asset.

Investment revenue is recognized when earned.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Capital Assets

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

Building	-	5% diminishing balance
Building renovations	-	5% diminishing balance
Fence	-	10% diminishing balance
Office equipment	-	20% diminishing balance
Vehicle	-	30% diminishing balance
Computer equipment	-	3 years straight-line
Building automation system	-	10 years straight-line

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.

(j) 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.

(k) 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, 2023

2. CHANGE IN ACCOUNTING POLICY

Effective April 1, 2022, the Society adopted Section 4410.57-.78 of ASNPO and changed the method of accounting for contributions from the restricted fund method to the deferral method. The change in accounting policy was applied retrospectively. These financial statements have been modified to comply with the presentation and disclosure requirements under the deferral method. The impact of this change is summarized below:

	2022		
	Previously	Increase	2022
	Reported	(Decrease)	Restated
<u>Statement of Financial Position</u>			
Liabilities - deferred contributions	\$ 60,407	\$ 167,194	\$ 227,601
Liabilities - deferred capital contributions	\$ -	\$ 262,006	\$ 262,006
Capital building fund - externally restricted	\$ 262,006	\$ (262,006)	\$ -
Specified funds - externally restricted	\$ 45,631	\$ (44,124)	\$ 1,507
OCBe - externally restricted	\$ 123,070	\$ (123,070)	\$ -
<u>Statement of Operations</u>			
Total Revenue	\$24,927,886	\$ 55,361	\$ 24,983,247
Excess revenue over expenditures	\$ 397,748	\$ 55,361	\$ 453,109

3. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Trade receivables	\$ 98,739	\$ 87,794
Receivable from other CAS agencies	13,348	57,814
HST rebate receivable	227,660	126,831
Receivable from Ministry of Children, Community and Social Services (MCCSS)	507,524	76,880
Targeted Subsidy funding receivable	5,175	34,155
	<u>\$ 852,446</u>	<u>\$ 383,474</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2023

4. CAPITAL ASSETS

	2023		
	Cost	Accumulated Amortization	Net
GENERAL FUND			
Land	\$ 789,856	\$ -	\$ 789,856
Fence	21,683	16,272	5,411
Building	3,024,547	2,261,225	763,322
Building renovations	1,606,434	915,061	691,373
Office equipment	293,636	283,486	10,150
Computer equipment	<u>273,647</u>	<u>219,298</u>	<u>54,349</u>
	<u>\$ 6,009,803</u>	<u>\$ 3,695,342</u>	<u>\$ 2,314,461</u>
CAPITAL BUILDING FUND			
Building automation system	<u>100,500</u>	<u>5,025</u>	<u>95,475</u>
	<u>\$ 6,110,303</u>	<u>\$ 3,700,367</u>	<u>\$ 2,409,936</u>
2022			
	Cost	Accumulated Amortization	Net
Land	\$ 789,856	\$ -	\$ 789,856
Fence	21,683	15,672	6,011
Building	3,024,547	2,221,025	803,522
Building renovations	1,606,434	878,661	727,773
Office equipment	293,636	280,986	12,650
Computer equipment	<u>252,482</u>	<u>184,707</u>	<u>67,775</u>
	<u>\$ 5,988,638</u>	<u>\$ 3,581,051</u>	<u>\$ 2,407,587</u>

During the year, capital asset amortization of \$119,316 (2022 - \$101,344) was recorded and is reflected on the statement of operations.

5. BANK FACILITY

The Society has a non-revolving demand credit line with a \$1,250,000 limit (2022 - \$1,250,000) of which \$1,250,000 (2022 - \$1,250,000) 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.

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2023

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Accounts payable and accrued liabilities	\$ 1,648,020	\$ 1,926,355
Government remittances payable	<u>152,818</u>	<u>172,420</u>
Balance, end of year	<u>\$ 1,800,838</u>	<u>\$ 2,098,775</u>

7. TRUST FUNDS PAYABLE

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

The Ontario Child Benefit Equivalency (OCBE) program represent funds received to provide all children and youth in care with access to recreational, educational, cultural and social opportunities that support their achievement of higher educational outcomes, a higher degree of resiliency, social skills and relationship development, and a smoother transition to adulthood. As part of this program, funds are held in trust which represents savings payable to youth in care. During the year, \$42,124 (2022 - \$47,178) was transferred into these savings accounts.

Included in Specified Funds are amounts payable to Registered Educational Savings Plans (RESPs). The Universal Child Care Benefit (UCCB) payments are received from the federal government on behalf of children in care up to the age of six years. These funds are to be retained and used to open RESPs for children in care and/or to work with natural and adoptive parents to open RESPs for children since discharged or adopted for whom the Society has previously received funds. As at the end of the year, the untransferred funds amounted to \$297,557 (2022 - \$281,937). Individual RESPs are not included in the financial statements of the Society.

Also included in Specified Funds are funds received on behalf of specific children in care. During the year, interest in the amount of \$Nil (2022 - \$Nil) was earned on these funds. At the end of the year \$4,627 (2022 - \$4,781) was held in trust on behalf of these youth in care.

8. DEFERRED CONTRIBUTIONS - GENERAL FUND

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

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 20,000	\$ 20,000
Contributions received	500	-
Recognized as revenue	-	-
Balance, end of year	<u>\$ 20,500</u>	<u>\$ 20,000</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2023

9. DEFERRED CONTRIBUTIONS - SPECIFIED FUNDS

	Bursary/ Youth Opportuni ties Fund	Computer Fund	Total 2023	<i>(Restated - Note 2)</i> Total 2022
Balance, beginning of year	\$ 7,128	\$ 36,996	\$ 44,124	\$ 44,124
Donations received	8,000	-	8,000	8,000
Disbursement of funds/recognized as revenue	<u>(8,000)</u>	<u>-</u>	<u>(8,000)</u>	<u>(8,000)</u>
Balance, end of year	<u>\$ 7,128</u>	<u>\$ 36,996</u>	<u>\$ 44,124</u>	<u>\$ 44,124</u>

10. DEFERRED CONTRIBUTIONS - OCBe Funds

	Total 2023	<i>(Restated - Note 2)</i> Total 2022
Balance, beginning of year	\$ 123,070	\$ 178,431
Contributions received	22,654	-
Recognized as revenue	-	(55,361)
Balance, end of year	<u>\$ 145,724</u>	<u>\$ 123,070</u>

11. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amounts of funds received for the purchase of capital assets or building maintenance.

	2023	<i>(Restated - Note 2)</i> 2022
Balance, beginning of year	\$ 262,006	\$ 262,006
Amortized to revenue	<u>(9,333)</u>	<u>-</u>
Balance, end of year	<u>\$ 252,673</u>	<u>\$ 262,006</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2023

12. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Loan payable, bears interest at a fixed rate of 2.90%, repayable in blended monthly instalments of \$15,433, maturing in March 2024	\$ 197,271	\$ 373,954
Computer equipment capital lease payable, interest imputed at 7.80%, repayable in monthly instalments of \$394 principal and interest, maturing July, 2026 secured by computer equipment with a net book value of \$14,119 (2022 - \$Nil)	<u>13,834</u>	<u>-</u>
	<u>211,105</u>	<u>373,954</u>
Principal payments due within one year	<u>185,656</u>	<u>176,683</u>
	<u>\$ 25,449</u>	<u>\$ 197,271</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 are as follows:

2024	-	\$ 185,656
2025	-	\$ 19,481
2026	-	\$ 4,416
2027	-	\$ 1,552

Interest in the amount of \$7,298 (2022 - \$13,587) was paid during the year on the loan payable and has been included in building occupancy expense. Interest in the amount of \$711 (2022 - \$Nil) on the capital lease and has been included in the technology expense.

13. 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>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 288,338	\$ 242,406
Contributions	-	55,000
Expenditures	<u>(36,600)</u>	<u>(9,068)</u>
	<u>\$ 251,738</u>	<u>\$ 288,338</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2023

14. EVENTS

	Auction	Golf Tournament	Other	Net 2023	Net 2022
Revenue	\$ -	\$ 51,765	\$ -	\$ 51,765	\$ 39,102
Expenditures	<u>300</u>	<u>14,513</u>	<u>1,498</u>	<u>16,311</u>	<u>15,630</u>
	<u>\$ (300)</u>	<u>\$ 37,252</u>	<u>\$ (1,498)</u>	<u>\$ 35,454</u>	<u>\$ 23,472</u>

15. OTHER REVENUE

	General Funds	Private Funds	Specified Funds	Total 2023	Total 2022
Interest	\$ 44,764	\$ 25,259	\$ 9,538	\$ 79,561	\$ 11,158
Expenditure recoveries	8,040	-	-	8,040	-
Administration fees/ recovery	40,285	-	-	40,285	30,646
Government agencies	201,574	-	-	201,574	70,923
Grants - Hamilton Community Foundation	-	44,800	-	44,800	-
Miscellaneous recoveries	24,260	-	-	24,260	61,742
Inter-agency recoveries	<u>347,115</u>	<u>-</u>	<u>-</u>	<u>347,115</u>	<u>303,326</u>
	<u>\$ 666,038</u>	<u>\$ 70,059</u>	<u>\$ 9,538</u>	<u>\$ 745,635</u>	<u>\$ 477,795</u>

16. OTHER EXPENDITURES

	2023	2022
General Fund		
Kinship start-up costs	\$ 6,042	\$ 3,233
Liability insurance	325,666	252,739
Membership dues	112,943	99,713
Technology	<u>228,623</u>	<u>243,360</u>
	673,274	599,045
Private Funds		
Technology	<u>-</u>	<u>22,763</u>
	<u>\$ 673,274</u>	<u>\$ 621,808</u>

17. EMPLOYEE BENEFIT PLAN

Multi-Employer Pension Plan

The Society makes contributions to OMERS on behalf of approximately 130 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 2023 fiscal year at rates ranging from 9.0% to 14.6% (2022 - 9.0% to 14.6%) depending on each member's designated retirement age and the level of earnings. As a result, \$1,086,505 (2022 - \$1,103,819) was contributed to OMERS for current

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2023

17. EMPLOYEE BENEFIT PLAN (Continued)

Multi-Employer Pension Plan

service, which is included under employee benefits expenditure on the statement of operations.

The most recent regulatory funding valuation conducted as at December 31, 2021 disclosed actuarial assets of \$117,665 million with accrued pension liabilities of \$120,796 million resulting in a going concern actuarial deficit of \$3,131 million. The Society does not recognize any share of the OMERS pension surplus or deficits.

18. 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, 2023 was approximately \$213,391 (2022 - \$207,600).

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

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Notes to Financial Statements
Year Ended March 31, 2023

18. HAMILTON COMMUNITY FOUNDATION - CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON ENDOWMENT FUND (Continued)

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, 2023 were approximately \$207,068 (2022 - \$206,700) for the Ralph and Rose Sazio Scholarship Fund and \$73,900 (2022 - \$73,400) for the Ersilia Dinardo Scholarship Fund.

19. 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, 2023 Balanced Budget Funds available for use by the Society amounted to \$375,824, all of which has been recorded as revenue for fiscal 2023. Thus, there is \$142,772 to carryforward to future years.

20. COMMITMENTS AND CONTINGENCIES

(a) Lease Commitments

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

2024	-	\$8,465
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(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, 2023

21. FINANCIAL INSTRUMENT CLASSIFICATION

All financial instruments of the Society are measured at amortized cost with none being recorded at fair value. 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.

	2023		
	Fair Value	Amortized Cost	Total
Cash	\$ -	\$ 1,377,207	\$ 1,377,207
Restricted cash	-	356,390	356,390
Accounts receivable	-	852,446	852,446
Accounts payable and accrued liabilities	-	1,648,020	1,648,020
Trust funds payable	-	476,427	476,427
Long term debt	-	197,271	197,271
	<u>\$ -</u>	<u>\$ 4,907,761</u>	<u>\$ 4,907,761</u>

22. 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, 2023:

(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, 2023 the Society had a fixed interest rate mortgage as described in *Note 12*. The Society does not use derivative instruments to reduce its exposure to interest rate risk.

22. FINANCIAL INSTRUMENT RISK (Continued)

(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 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.

(d) Liquidity Risk (Continued)

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.

23. 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, 2023

	Child Welfare	Non-Child Welfare (Page 24)	Infrastructure	HWCS D	Homelessness Partnership	Total
REVENUE						
Province of Ontario - Child Welfare	\$ 21,908,451	\$ -	\$ -	\$ -	\$ -	\$ 21,908,451
Province of Ontario - Non Child Welfare	-	842,947	-	-	371,540	1,214,487
Children's special allowances	385,140	-	-	-	-	385,140
Other revenue (Note 15)	464,464	-	-	201,574	-	666,038
	<u>22,758,055</u>	<u>842,947</u>	<u>-</u>	<u>201,574</u>	<u>371,540</u>	<u>24,174,116</u>
EXPENDITURES						
Staff salaries	10,341,538	187,450	-	-	39,803	10,568,791
Employee benefits	3,360,923	39,159	-	-	10,187	3,410,269
Training	60,618	-	-	-	4,006	64,624
Travel and mileage	281,137	2,500	-	-	1,650	285,287
Building occupancy (Note 12)	318,029	-	-	-	-	318,029
Professional services - corporate	174,617	116,588	-	-	-	291,205
Program expenditures	70,004	13,771	-	198,940	314,484	597,199
Boarding rate payments	5,383,568	393,814	-	-	-	5,777,382
Professional services - client	461,260	-	-	-	-	461,260
Clients' personal needs	320,716	8,818	-	-	-	329,534
Adoption subsidy	67,510	-	-	-	-	67,510
Targeted subsidy	828,000	-	-	-	-	828,000
Admission prevention	182,233	-	-	-	-	182,233
Health and related	203,389	10,307	-	-	-	213,696
Financial assistance	109,773	-	-	-	-	109,773
Promotion and publicity	21,204	-	-	-	-	21,204
Office administration	132,401	500	-	-	1,410	134,311
Other expenditures (Note 16)	668,666	4,608	-	-	-	673,274
	<u>22,985,586</u>	<u>777,515</u>	<u>-</u>	<u>198,940</u>	<u>371,540</u>	<u>24,333,581</u>
(DEFICIENCY OF) EXCESS REVENUE OVER EXPENDITURES	<u>\$ (227,531)</u>	<u>\$ 65,432</u>	<u>\$ -</u>	<u>\$ 2,634</u>	<u>\$ -</u>	<u>\$ (159,465)</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Schedule of Revenue and Expenditures by Program - (Continued)
Year Ended March 31, 2023

Non-Child Welfare	A555/556 Preparation for Independence	A444 Broader Public Sector	A771 Community Capacity	Education Liaison	Hamilton Youth Poets	Total 2023
REVENUE						
Government subsidies	<u>\$ 74,942</u>	<u>\$ 27,245</u>	<u>\$ 7,935</u>	<u>\$ 94,454</u>	<u>\$ 160,000</u>	<u>\$ 364,576</u>
EXPENDITURES						
Staff salaries	57,488	27,245	-	67,500	35,217	187,450
Employee benefits	14,372	-	-	21,200	3,587	39,159
Travel and mileage	-	-	-	2,500	-	2,500
Professional services - corporate	-	-	-	-	116,588	116,588
Program expenditures	3,082	-	7,935	2,754	-	13,771
Office administration	-	-	-	500	-	500
Other expenditures	-	-	-	-	4,608	4,608
	<u>74,942</u>	<u>27,245</u>	<u>7,935</u>	<u>94,454</u>	<u>160,000</u>	<u>364,576</u>
EXCESS REVENUE OVER EXPENDITURES						
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CATHOLIC CHILDREN'S AID SOCIETY OF HAMILTON
Schedule of Revenue and Expenditures by Program (Continued)
Year Ended March 31, 2023

Non-Child Welfare	Sub-total Carried Forward	Trillium FLS	Transitional Aged Youth	Total 2023
REVENUE				
Government subsidies	\$ 364,576	\$ -	\$ 478,371	\$ 842,947
EXPENDITURES				
Staff salaries	187,450	-	-	187,450
Employee benefits	39,159	-	-	39,159
Travel and mileage	2,500	-	-	2,500
Professional services - corporate	116,588	-	-	116,588
Program expenditures	13,771	-	-	13,771
Boarding rate payments	-	-	393,814	393,814
Clients personal needs	-	-	8,818	8,818
Health and related	-	-	10,307	10,307
Office administration	500	-	-	500
Other expenditures	4,608	-	-	4,608
	<u>364,576</u>	<u>-</u>	<u>412,939</u>	<u>777,515</u>
EXCESS REVENUE OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,432</u>	<u>\$ 65,432</u>