

Halton Children's Aid Society
Financial Statements
For the year ended March 31, 2018

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To the Members of
Halton Children's Aid Society

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Halton Children's Aid Society, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Halton Children's Aid Society as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

June 8, 2018
Burlington, Ontario

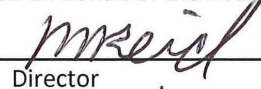
SB Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

Halton Children's Aid Society
Statement of Financial Position
March 31, 2018

	Operating Fund	Capital Asset Fund	March 31, 2018	March 31, 2017
Assets				
Current assets				
Cash	\$ 251,789	\$ -	\$ 251,789	\$ 253,068
Accounts receivable (Note 3)	469,865	-	469,865	340,842
Prepaid expenses and other assets	63,127	-	63,127	64,379
Restricted assets (Note 6)	207,785	-	207,785	156,270
	992,566	-	992,566	814,559
Capital assets (Note 4)	-	1,266,982	1,266,982	1,446,410
	\$ 992,566	\$ 1,266,982	\$ 2,259,548	\$ 2,260,969
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 1,127,078	\$ -	\$ 1,127,078	\$ 1,000,585
Other current liabilities (Note 6)	207,785	-	207,785	156,270
	1,334,863	-	1,334,863	1,156,855
Interfund balances	1,000,770	(1,000,770)	-	-
Deferred lease inducement (Note 7)	239,964	-	239,964	281,101
Deferred capital funding (Note 8)	-	708,300	708,300	788,609
	2,575,597	(292,470)	2,283,127	2,226,565
Fund balances				
Unrestricted	(1,583,031)	-	(1,583,031)	(1,583,031)
Invested in capital assets	-	1,559,452	1,559,452	1,617,435
	(1,583,031)	1,559,452	(23,579)	34,404
	\$ 992,566	\$ 1,266,982	\$ 2,259,548	\$ 2,260,969

Approved on Behalf of the Board


 Director


 Director

The accompanying notes are an integral part of the financial statements.



Halton Children's Aid Society

Statement of Changes in Fund Balances

Year Ended March 31, 2018

	Operating Fund	Capital Fund	2018	2017
Fund balances, beginning of year	\$ (1,583,031)	\$ 1,617,435	\$ 34,404	\$ 99,100
Deficiency of revenues over expenses	-	(57,983)	(57,983)	(64,696)
Purchase of capital assets	(23,792)	23,792	-	-
Proceeds from deferred capital funding	23,792	(23,792)	-	-
Fund balance, end of year	\$ (1,583,031)	\$ 1,559,452	\$ (23,579)	\$ 34,404

The accompanying notes are an integral part of the financial statements.



Halton Children's Aid Society

Statement of Operations

Year Ended March 31, 2018

	2018	2017
Revenue		
Provincial grant revenue	\$ 18,508,977	\$ 18,202,624
Other revenue	1,610,453	1,340,202
Amortization of deferred capital funding	104,101	120,613
Amortization of deferred capital lease inducement	41,137	41,137
	20,264,668	19,704,576
Expenses		
Salaries	10,346,855	9,869,693
Employee benefits	2,690,419	2,501,720
Travel	464,098	459,476
Training, education and conference	147,541	65,336
Building occupancy	704,510	718,106
Amortization of capital assets	203,221	225,894
Purchased services - non-client	160,287	68,959
Program expenses	92,581	69,604
Boarding rate payments	3,495,858	3,893,845
Purchased services - client	282,057	368,862
Client's personal needs	650,966	516,697
Health and allied services	163,938	225,455
Financial assistance	279,940	124,046
Advertising and promotion	22,015	18,643
Office and postage	212,057	206,594
Other operating expenses	176,822	193,561
Computer	143,735	87,102
	20,236,900	19,613,593
Deficiency of revenues over expenses before other expense	27,768	90,983
Balanced Budget Fund (Note 13)	(85,751)	(155,127)
Loss on disposal of capital assets	-	(552)
Deficiency of revenues over expenses	\$ (57,983)	\$ (64,696)

The accompanying notes are an integral part of the financial statements.



Halton Children's Aid Society

Statement of Cash Flows

Year Ended March 31, 2018

	2018	2017
Cash flows from operating activities		
Deficiency of revenues over expenses	\$ (57,983)	\$ (64,696)
Amortization of capital assets	203,221	225,894
Amortization of deferred capital funding	(104,101)	(120,613)
Amortization of deferred capital lease inducement	(41,137)	(41,137)
Loss on disposal of capital assets	-	552
	-	-
Net change in accounts receivable	(129,023)	81,097
Net change in accounts payable and accrued liabilities	126,493	246,460
Net change in other operating working capital balances	1,251	9,681
Cash flows from (used in) operating activities	(1,279)	337,238
Cash flows from financing activities		
Decrease in bank indebtedness	-	(50,419)
Proceeds from deferred capital funding	23,792	391,739
Cash flows from financing activities	23,792	341,320
Cash flows from investing activities		
Purchase of capital assets	(23,792)	(425,490)
Cash flows used in investing activities	(23,792)	(425,490)
Net increase (decrease) in cash and cash equivalents	(1,279)	253,068
Cash and cash equivalents, beginning of year	253,068	-
Cash and cash equivalents, end of year	\$ 251,789	\$ 253,068

The accompanying notes are an integral part of the financial statements.



Halton Children's Aid Society
Notes to Financial Statements
Year Ended March 31, 2018

1. Nature of operations

The purpose of the Halton Children's Aid Society (the "Society") is to fulfill the mandate of the Child, Youth and Family Services Act within its specified territorial jurisdiction of the Regional Municipality of Halton. Its mission is to protect child and youth, strengthen their well-being and support lifelong, enduring relationships. Its intended community of service covers those children under the age of eighteen years within its jurisdiction whose circumstances require the intervention of the community as defined by the Act, or those who are in its care or otherwise under its supervision. The Society is designated as a Children's Aid Society under the Act. Further, it is incorporated under the Corporations Act as a "corporation without share capital" and is a registered charity under the Income Tax Act.

2. Significant accounting policies

Basis of presentation

The financial statements of the Society have been prepared by management in accordance with Canadian public sector accounting standards.

Fund Accounting

The Society follows the deferral method of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into the following funds: the Operating fund and the Capital fund.

Operating Fund

The Operating fund consists of Child Welfare, OCBe Pooled Funds, Repairs and Maintenance, Halton Prevention and Intervention Committee (HPIC), Wendy's Wonderful Kids, Non-Child Welfare Bursaries and Bridging the Gap activities.

Provincially Funded Programs

Provincially funded activities including Child Welfare, OCBe Pooled Funds, Repairs and Maintenance and HPIC are those supported by the Ministry of Children and Youth Services (the Ministry). Child Welfare and OCBe Pooled Fund activities reflect those for which the Society is accountable under the Child, Youth and Family Services Act, 2017, S.O. 2017, c. 14, Sched. 1.

Child Welfare

Child Welfare activities including Child Welfare, OCBe Pooled Funds, Repairs & Maintenance and HPIC are those supported by the Ministry of Children and Youth Services (the "Ministry") and reflects the activities for which the Society is accountable under the Child, Youth and Family Services Act, 2017, S.O. 2017, c. 14, Sched. 1.

Non-Child Welfare Bursaries

Non-Child Welfare Bursaries are supported by the Children's Aid Foundation of Halton and other sponsors.



Halton Children's Aid Society
Notes to Financial Statements
Year Ended March 31, 2018

2. Significant accounting policies (cont'd.)

Bridging the Gap

Bridging the Gap activities are performed in accordance with specified contribution agreements with the Regional Municipality of Halton and other sponsors.

Wendy's Wonderful Kids

Wendy's Wonderful Kids is funded through the Dave Thomas Foundation.

Capital Fund

The Capital fund accounts for all funds expended and available for the acquisition of capital assets. Capital fund contributions are appropriated by the Board and, as such, are internally restricted for the exclusive use of such activities.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

Revenue recognition

Provincial grants received in excess of operating expenses are recorded as amounts due to the Ministry. Provincial grants are subject to review by the Ministry and adjustments, if any, arising there from are reflected as an adjustment to revenue in the period of such adjustments. Contributions received from the Regional Municipality of Halton are received on a cost recovery basis and are recorded as revenues in the period in which the expenses are incurred.

Revenue from donations and fundraising activities is recorded when received. Restricted contributions are recorded as deferred revenue and recognized as revenue when the related expenses occur.

Capital assets and amortization

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided as follows:

Building	20 year straight-line
Computer equipment	3 year straight-line
Furniture and fixtures	10 year straight-line
Leasehold improvements	Remaining term of the lease
Vehicles	5 year straight-line

Deferred capital funding

Deferred capital funding consists of grants which are received on account of capital and are deferred and amortized on a straight-line basis at rates corresponding to those of the related capital assets.

Contributed services

These financial statements do not reflect the substantial value of services contributed by volunteers, foster parents, and other interested parties because the fair market value of such services are not readily available.



Halton Children's Aid Society
Notes to Financial Statements
Year Ended March 31, 2018

2. Significant accounting policies (cont'd.)

Income taxes

The Society is a non-profit organization registered under the Income Tax Act (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Society must meet certain requirements of the Act. In the opinion of management, these requirements have been met.

Use of estimates

The preparation of financial statements 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 the reported amounts of revenues and expense during the period. Actual results could differ from those estimates.

Financial instruments

The Society's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and other current liabilities. All financial instruments are initially recorded at fair value and subsequently measured at amortized cost. Transaction costs and financing fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

3. Accounts receivable

	2018	2017
Accounts receivable	\$ 141,591	\$ 119,408
Due from the Regional Municipality of Halton	8,828	85,350
H.S.T. recoverable	108,316	77,456
OKN receivable	121,499	58,315
Due from Children's Aid Foundation of Halton	89,631	313
	\$ 469,865	\$ 340,842



Halton Children's Aid Society
Notes to Financial Statements
Year Ended March 31, 2018

4. Capital assets

	Cost	Accumulated Amortization	2018	2017
Land	\$ 80,000	\$ -	\$ 80,000	\$ 80,000
Building	1,160,147	516,732	643,415	701,421
Computer equipment	213,926	168,805	45,121	51,838
Furniture and fixtures	362,138	304,313	57,825	93,744
Leasehold improvements	1,130,000	689,816	440,184	516,209
Vehicles	61,675	61,238	437	3,198
	\$ 3,007,886	\$ 1,740,904	\$ 1,266,982	\$ 1,446,410

5. Bank indebtedness

The Society has an operating line of credit, with a maximum limit of \$1,000,000 which bears interest at bank prime plus 0.5%. The operating line is unsecured and there are no margin requirements or borrowing covenants on this credit facility. As of March 31, 2018, there was \$NIL (2017 - \$NIL) drawn on this credit facility.

6. Restricted assets & Other current liabilities

	2018	2017
Registered Education Savings Plans (RESP) contributions payable	\$ 93,250	\$ 38,630
OCBe savings payable	114,535	117,640
	\$ 207,785	\$ 156,270

RESP contributions payable represent funds received from the Federal Government which are to be used to establish RESP's for children within the Society's care. A total of \$70,460 (2017 - \$61,660) was received in the year and a total of \$15,840 (2017 - \$51,610) was transferred to RESPs established for such children during the year.

OCBe savings payable represent funds received from the Ministry prescribed for the use of supporting the transition of youth in care to independent living. OCBe saving funds are received by the Society while such youth are between the ages of 15 to 17 and are payable to the youth only after they have satisfied the requirements of the savings program. A total of \$34,842 (2017 - \$93,624) was received and a total of \$37,947 (2017 - \$93,584) were disbursed during the year.



Halton Children's Aid Society
Notes to Financial Statements
Year Ended March 31, 2018

7. Deferred lease inducement

	2018	2017
Balance, beginning of year	\$ 281,101	\$ 322,238
Less: amortization of deferred lease inducement	(41,137)	(41,137)
Balance, end of year	\$ 239,964	\$ 281,101

The Society signed a fifteen year lease for its Burlington office which expires in January 2024. The landlord has given the Society a lease inducement to be used for leasehold improvements for \$617,053. This amount is being amortized straight-line over the term of the lease.

8. Deferred capital funding

	2018	2017
Balance, beginning of year	\$ 788,609	\$ 517,484
Deferred capital funding - grants	23,792	395,488
Repayment of capital funding	-	(549)
Amortization of deferred capital funding	(104,101)	(123,814)
Balance, end of year	\$ 708,300	\$ 788,609

9. Operating lease commitments

Future minimum payments for operating leases that have initial or remaining terms of one year or more consist of the following amounts:

2019	\$ 524,208
2020	554,775
2021	555,609
2022	492,609
2023	447,609
Thereafter	373,007
	\$ 2,947,817



Halton Children's Aid Society
Notes to Financial Statements
Year Ended March 31, 2018

10. Contingencies and commitments

The Society is subject to claims arising in the normal course of operations. It is not possible for the Society to predict with any certainty the outcomes of such claims. Management is of the opinion that based on the information presently available, it is unlikely that any liability, to the extent not covered by insurance or inclusion in the financial statements, would be material to the Society's financial position.

In 2017, pursuant to a contribution agreement, the Regional Municipality of Halton provided the Society with a forgivable loan of \$355,000 for the purchase of a transitional housing facility. The loan provided has been accounted for as deferred capital funding. The loan agreement stipulates that the loan will be forgiven on May 6, 2021 provided that the Society has not defaulted on the service guidelines within the agreement. Management is of the opinion that the Society will meet all future obligations and commitments in connection with the service guidelines under this agreement.

11. Pension plan

The Society participates in the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer contributory defined benefit pension plan, providing pension benefits to most of its employees.

Contribution rates for employees earning below the year's maximum pensionable earnings is 9.0% and 14.6% on earnings above the year's maximum pensionable earnings.

The pension expense for the year amounted to \$1,031,931 (2017 - \$975,330).

The OMERS pension plan has a deficit. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions may be required in the future.

12. Financial instruments

The Society's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and other current liabilities.

Liquidity risk

The Society's exposure to liquidity risk is dependent on the collection of accounts and funding receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. The Society controls liquidity risk by management of working capital, cash flows and the availability of borrowing facilities.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant market, interest rate, currency, or credit risks.



Halton Children's Aid Society
Notes to Financial Statements
Year Ended March 31, 2018

13. Balanced Budget Fund and Future Access to Surpluses

In fiscal 2014, the Ministry of Children and Youth Services (MCYS) announced the creation of the "Balanced Budget Fund" to support Children's Aid Societies in meeting the balanced budget requirement set out in Regulation 70 and to proactively manage the risks associated with a multi-year budget planning process. The Balanced Budget Fund will be developed on an individual CAS basis, in an amount up to each CAS's accumulated surplus that has been returned to the Ministry following the implementation of the new funding model in fiscal 2014.

In order to be eligible to access these funds in a future year, the Agency must meet two conditions: (1) the Agency must have generated a prior year surplus recovered in or after fiscal 2014; and (2) in a subsequent year, the Agency requires additional funding in an amount up to its total accumulated prior year surplus to balance its budget.

During the year, the Agency generated a surplus of \$85,751 (2017 - \$155,127 surplus) that is scheduled to be recovered by the Ministry and will be added to the Agency's Balanced Budget Fund.





To the Members of
Halton Children's Aid Society

Additional Comments of Auditors for the Year Ended March 31, 2018

The accompanying schedule of operations is presented as supplementary information only. In this respect, it does not form part of the financial statements of Halton Children's Aid Society for the year ended March 31, 2018 and hence is excluded from the opinion expressed in our report dated June 8, 2018 to the Members on such financial statements. The information in this schedule has been subject to audit procedures only to the extent necessary to express an opinion on the financial statements of the Society and, in our opinion, is fairly presented in all respects material to those financial statements.

June 8, 2018
Burlington, Ontario

Chartered Professional Accountants
Licensed Public Accountants

Halton Children's Aid Society

Supplementary Schedule of Operations by Fund

Year Ended March 31, 2018

	Child Welfare	OCBe Pooled Funds	Repairs & Maintenance	Halton Prevention & Intervention Committee	Wendy's Wonderful Kids
Revenue					
Provincial grant revenue	\$ 18,374,956	\$ 58,159	\$ 55,862	\$ 20,000	\$ -
Other revenue	758,234	-	-	-	104,693
Amortization of deferred capital funding	-	-	-	-	-
Amortization of deferred capital lease inducement	-	-	-	-	-
	19,133,190	58,159	55,862	20,000	104,693
Expenses					
Salaries	10,044,432	-	-	-	79,828
Employee benefits	2,550,465	-	-	-	14,472
Travel	435,234	-	-	-	10,004
Training, education and conference	146,793	-	-	-	-
Building occupancy	579,320	-	55,862	-	-
Purchased services - non-client	125,288	-	-	5,000	-
Program expenses	32,158	-	-	-	-
Boarding rate payments	3,495,858	-	-	-	-
Purchased services - client	281,693	-	-	-	364
Client's personal needs	377,983	58,159	-	-	-
Health and allied services	163,938	-	-	-	-
Financial assistance	279,940	-	-	-	-
Advertising and promotion	22,015	-	-	-	-
Office and postage	191,765	-	-	15,000	25
Other operating expenses	176,822	-	-	-	-
Computer	143,735	-	-	-	-
	19,047,439	58,159	55,862	20,000	104,693
Excess of revenues over expenses	85,751	-	-	-	-
Balanced Budget Fund (Note 13)	(85,751)	-	-	-	-
Excess of revenues over expenses	-	-	-	-	-

The accompanying notes are an integral part of the financial statements.



Halton Children's Aid Society

Supplementary Schedule of Operations by Fund (continued)

Year Ended March 31, 2018

	Non-Child Welfare Bursaries	Bridging the Gap	Capital Fund	2018	2017
Revenue					
Provincial grant revenue	-	-	-	18,508,977	18,202,624
Other revenue	214,824	532,702	-	1,610,453	1,340,202
Amortization of deferred capital funding	-	-	104,101	104,101	120,613
Amortization of deferred capital lease inducement	-	-	41,137	41,137	41,137
	214,824	532,702	145,238	20,264,668	19,704,576
Expenses					
Salaries	-	222,595	-	10,346,855	9,869,693
Employee benefits	-	125,482	-	2,690,419	2,501,720
Travel	-	18,860	-	464,098	459,476
Training, education and conference	-	748	-	147,541	65,336
Building occupancy	-	69,328	-	704,510	718,106
Amortization of capital assets	-	-	203,221	203,221	225,894
Purchased services - non-client	-	29,999	-	160,287	68,959
Program expenses	-	60,423	-	92,581	69,604
Boarding rate payments	-	-	-	3,495,858	3,893,845
Purchased services - client	-	-	-	282,057	368,862
Client's personal needs	214,824	-	-	650,966	516,697
Health and allied services	-	-	-	163,938	225,455
Financial assistance	-	-	-	279,940	124,046
Advertising and promotion	-	-	-	22,015	18,643
Office and postage	-	5,267	-	212,057	206,594
Other operating expenses	-	-	-	176,822	193,561
Computer	-	-	-	143,735	87,102
	214,824	532,702	203,221	20,236,900	19,613,593
Excess (deficiency) of revenues over expenses before other expense	-	-	(57,983)	27,768	90,983
Balanced Budget Fund (Note 13)	-	-	-	(85,751)	(155,127)
Loss on disposal of capital assets	-	-	-	-	(552)
Deficiency of revenues over expenses	\$ -	\$ -	\$ (57,983)	\$ (57,983)	\$ (64,696)

The accompanying notes are an integral part of the financial statements.

