

**Huron-Perth Children's Aid Society
Financial Statements
March 31, 2019**

Huron-Perth Children's Aid Society
March 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Huron-Perth Children's Aid Society

Opinion

We have audited the financial statements of Huron-Perth Children's Aid Society, which comprise the consolidated balance sheet as at March 31, 2019 and the consolidated statements of revenue and expenditure and surplus and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Huron-Perth Children's Aid Society as at March 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 Huron-Perth Children's Aid 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 opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Huron-Perth Children's Aid 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 Huron-Perth Children's Aid Society or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Huron-Perth Children's Aid 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 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 and opinion on the effectiveness of the Huron-Perth Children's Aid 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 Huron-Perth Children's Aid 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 Auditor's 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 Huron-Perth Children's Aid 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 and significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance a statement that we have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this Independent Auditors' Report is Ronald F. Burt.



Emphasis of Matter - Change in Financial Statements for Accounting Policy

We draw your attention to Note 18 to the financial statements, which describes a change in accounting policy regarding the accrual of vacation pay owed to employees. Effective April 1, 2018 the society began reporting vacation pay as a liability to the organization. As a result, the amount owed to employees was recorded as a liability on the Balance Sheet and vacation pay earned by employees was expensed in the period that it was earned on the Statement of Revenue and Expenditure and Surplus. This change in accounting policy has been retroactively restated on these financial statements.

Goderich, Ontario
May 30, 2019

TAKALO & BURT
LICENCED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS
CHARTERED ACCOUNTANTS



Takalo & Burt

Huron-Perth Children's Aid Society
Consolidated Statement of Revenue and Expenditure and Surplus

For the year ended March 31

	Budget 2019	Actual 2019	Actual 2018
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(as restated - Note 18)

Revenue

Grants

Province of Ontario - child welfare	\$ 15,546,944	\$ 15,502,753	\$ 15,452,475
Province of Ontario - one time CPIN	-	220,000	-
Province of Ontario - deficit financing	-	73,402	311,821
Province of Ontario - transitional aged youth	-	56,981	191,999
Province of Ontario - one time	23,802	23,802	20,400
Province of Ontario - one time CPIN data migration	-	22,000	-
Province of Ontario - BPS proxy	-	12,440	12,440
Province of Ontario - PY funding adj.	-	-	27,325
Province of Ontario - capital	-	-	21,341
	15,570,746	15,911,378	16,037,801

Other revenue (expense)

Canada Child Tax Benefit in Trust Fund (Note 12)	-	444,503	409,257
Donations	-	134,998	159,608
Maintenance - other society wards	-	130,674	129,333
Ontario Child Benefit Equivalent (Note 7)	-	86,344	83,637
Interest	-	49,231	25,548
Other	-	10,156	3,925
Gain (loss) on sale of property, plant and equipment	-	-	(4,359)
	-	855,906	806,949

Total revenue for the year	\$ 15,570,746	\$ 16,767,284	\$ 16,844,750
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The accompanying notes are an integral part of these financial statements

Huron-Perth Children's Aid Society

Consolidated Statement of Revenue and Expenditure and Surplus

For the year ended March 31

Budget
2019

Actual
2019

Actual
2018

(as restated - Note 18)

Expenditure

Salaries and employees' benefits (Note 10) \$	9,944,597	\$ 9,992,018	\$ 9,420,175
Boarding rate payments	3,446,688	3,510,751	3,783,117
Staff and volunteer travel	677,820	720,959	694,200
Clients' personal needs	586,393	578,784	516,790
Building occupancy	675,949	333,741	323,064
Miscellaneous (Note 13)	308,596	314,347	238,933
Amortization	-	262,328	258,193
Technology	250,345	212,259	232,345
Medical and related services	210,800	179,955	134,133
Office administration	143,740	143,237	162,980
Family Assistance Fund	-	121,456	111,352
Professional services - non-client related	52,250	108,686	69,975
Professional services - client related	146,000	89,592	82,281
Ontario Child Benefit Equivalent (Note 7)	-	86,344	83,637
Staff training and recruitment	65,150	67,515	49,643
Long-term interest	-	44,894	50,895
Crown Ward and Former Crown Ward			
Scholarships	-	36,000	39,500
Promotion and publicity	13,500	7,347	9,885
Post 21 Fund	-	1,200	3,589
	<u>16,521,828</u>	<u>16,811,413</u>	<u>16,264,687</u>
Total expenditure for the year	<u>16,521,828</u>	<u>16,811,413</u>	<u>16,264,687</u>
Surplus (deficiency) of revenue over expenditure	(951,082)	(44,129)	580,063
Surplus, beginning of year	<u>3,151,738</u>	<u>3,151,738</u>	<u>2,571,675</u>
Surplus, end of year	<u>\$ 2,200,656</u>	<u>\$ 3,107,609</u>	<u>\$ 3,151,738</u>

The accompanying notes are an integral part of these financial statements

Huron-Perth Children's Aid Society
Consolidated Balance Sheet
March 31

2019

2018

(as restated - Note 18)

ASSETS

Current

Cash	\$ 2,056,826	\$ 2,064,997
Investments (Note 3)	59,209	58,470
Receivables	11,774	102,291
Government remittances receivable	<u>127,001</u>	<u>147,152</u>
	2,254,810	2,372,910

Property, plant and equipment (Note 4)	<u>4,787,134</u>	<u>4,920,811</u>
	\$ 7,041,944	\$ 7,293,721

LIABILITIES

Current

Payables and accruals	\$ 1,741,834	\$ 1,750,293
Ontario Child Benefit Equivalent (Note 7)	347,548	311,880
Due to Ministry of Children and Youth Services	5,523	5,523
Universal Childcare Benefit - RESP for children in care (Note 8)	187,771	186,951
Due to children in care - CPP Survivor Benefit (Note 9)	81,905	75,050
Current portion of long-term debt (Note 5)	<u>304,002</u>	<u>294,239</u>
	2,668,583	2,623,936

Deferred contributions (Note 6)	313,839	262,132
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Long-term debt (Note 5)	<u>951,913</u>	<u>1,255,915</u>
	3,934,335	4,141,983

FUND BALANCES

Unrestricted surplus (deficit) (Note 2)	(1,037,081)	(843,956)
Invested in property, plant and equipment (Note 2)	3,531,219	3,370,657
Internally restricted (Note 2)	<u>613,471</u>	<u>625,037</u>
	3,107,609	3,151,738

Contingencies (Note 17)	<u>\$ 7,041,944</u>	<u>\$ 7,293,721</u>
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APPROVED ON BEHALF OF THE BOARD:

_____ Director	_____ Director
_____ Date	_____ Date

The accompanying notes are an integral part of these financial statements

Huron-Perth Children's Aid Society
Consolidated Statement of Cash Flows
Year ended March 31

2019

2018

(as restated - note 18)

Cash derived from (applied to)

Operating activities

Surplus (deficiency) of revenue over expenditure	\$ (44,129)	\$ 580,063
Amortization	262,328	258,193
Loss on disposal of property, plant and equipment	-	4,359
Change in non-cash operating working capital		
Receivables	90,517	(62,405)
Government remittance	20,151	(19,241)
Payables and accruals	(8,458)	295,107
Ontario Child Benefit Equivalent liability	35,668	33,046
Deferred contributions	51,707	97,256
Due to Ministry of Children and Youth Services	-	(14,991)
Universal Childcare Benefit - RESP for children in care	820	31,214
Due to children in care - CPP Survivor Benefit	6,855	(22,148)

Net cash generated (used) in operating activities 415,459 1,180,453

Financing and investing activities

Decrease (increase) in investments - net	(739)	1,802
Acquisition of property, plant and equipment	(128,652)	(65,693)
Decrease in long-term debt - net	<u>(294,239)</u>	<u>(288,240)</u>

Net cash used in financing and investing activities (423,630) (352,131)

Increase (decrease) in cash (8,171) 828,322

Cash, beginning of year 2,064,997 1,236,675

Cash, end of year \$ 2,056,826 \$ 2,064,997

Cash consists of:

Cash	\$ <u>2,056,826</u>	\$ <u>2,064,997</u>
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The accompanying notes are an integral part of these financial statements

Huron-Perth Children's Aid Society

Notes to the Financial Statements

March 31, 2019

PURPOSE OF THE ORGANIZATION

The Huron-Perth Children's Aid Society (the "Society") was incorporated without share capital under the laws of the Province of Ontario as a not-for-profit corporation. On dissolution of the Society, any net assets are to be disposed of to charitable organizations which carry on their work solely in Ontario.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representation of management prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies adopted by the Society are as follows:

Fund Accounting

The Society follows the restricted fund method of accounting.

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

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Society's capital assets.

The Special Funds report the assets, liabilities, revenue and expenses for each of the special programs that the Society controls. The purpose of the special funds reported are as follows:

Crown Ward and Former Crown Ward Scholarship Fund

The fund is to be used to provide financial assistance for Crown Wards and former Crown Wards of the Society who, while under the care and supervision of the Society, are enrolled in a course of study or training. The funding is intended to assist with the cost involved in completing educational and training pursuits. Annual allocation of financial assistance to eligible individual scholarship recipients will be approved by the Board.

Family Assistance Fund (formerly Children's Benefit Fund)

The Family Assistance Fund is primarily funded by donations from the community. The fund is intended to provide gifts and supplies for Christmas celebrations to families with eligible children in need. The Fund also provides financial support to help provide recreational opportunities and summer camp experiences for children in need.

Post 21 Fund

The Post 21 fund provides support for former Crown Wards or Youth between the ages of 21 and 25 who were involved with the agency under a Renewed Youth Support Agreement. The fund is to assist with emergency financial assistance or emotional support for successful independent living. Emergency financial assistance is considered after all other options have been explored and emotional support is intended to be time limited.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with initial maturities of three months or less.

Financial Instruments

Financial instruments are recorded at fair value upon initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are recorded at cost or amortized cost. Financial assets are tested for impairment on an annual basis if there are any indicators of impairment.

Huron-Perth Children's Aid Society
Notes to the Financial Statements
March 31, 2019

Property, Plant and Equipment

Purchased property, plant and equipment are recorded at cost in the Capital Asset Fund. Contributed property, plant and equipment are recorded in the Capital Asset Fund at fair value at the date of contribution. Amortization is provided on a declining balance basis over the assets' estimated useful lives as follows:

Parking lot	4%
Buildings	4%
Office furniture and equipment	20%
Computer equipment	33%
Vehicles	25%

Revenue Recognition

Revenues, other than donations, are recorded using the accrual basis of accounting.

The Society's operating grant is recognized based on Ministry approved funding. Grant revenues are recognized as being earned as the related expenditures are incurred.

Donations related to general operations are recognized as revenue of the General Fund when the funds are received. Restricted donations are recognized as revenue in the relevant fund when received.

Restricted bequests are recorded as revenue when the conditions of the bequest are met.

Donated Services

The work of the Society is dependent on the voluntary service of many members. Since these services are not normally purchased by the Society and because of the difficulty of determining their fair market value, donated services are not reflected in these statements.

Harmonized Sales Tax Rebates

The amounts recovered for harmonized sales tax in the general fund are netted against expenses.

Pension Plan

The Company offers a pension plan for its full-time employees through the Ontario Municipal Employee Retirement System ("OMERS"). OMERS is a multi-employer, contributory, public sector pension fund established for employees of municipal governments, school boards libraries, police and fire departments, Children's Aid Societies and other local agencies throughout Ontario. OMERS is a multi-employer plan and any pension plan surpluses or deficits are a joint responsibility of member organizations and their employees. The member organizations are unable to identify their share of the underlying assets and liabilities. As a result, the Company does not recognize any share of the OMERS pension surplus or deficit. Participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The Company accounts for its participation in OMERS as a defined contribution plan and recognizes the expense related to this plan as contributions are made.

Huron-Perth Children's Aid Society
Notes to the Financial Statements
March 31, 2019

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit enterprises 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 expenses during the year. Actual results could differ from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

2. SURPLUS

The Operating grant revenue recorded on the Statement of Revenue, Expenditure and Surplus reports revenue based on the current amount approved by the Ministry of Children and Youth Services. Final grant revenue for the period may be adjusted by the Ministry. Surplus balances at March 31, 2019, including reserves, are subject to review and possible recovery by the Ontario Ministry of Children and Youth Services. The review and possible recovery will occur after the Ministry receives the Program Expenditure Reconciliation for 2019 and the Service plan for 2020. Any adjustments will be reflected in the subsequent period cashflow from the Ministry.

3. INVESTMENTS

Investments are recorded at fair market value. The fair market values are approximately the same as their cost.

Family Assistance Fund

Money Market Mutual Fund

2019

2018

\$ 59,209

\$ 58,470

4. PROPERTY, PLANT AND EQUIPMENT

2019	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 467,100	\$ -	\$ 467,100
Parking lot	114,031	28,117	85,914
Buildings	7,061,975	3,072,111	3,989,864
Office furniture and equipment	685,980	568,982	116,998
Computer equipment	<u>692,698</u>	<u>565,440</u>	<u>127,258</u>
	\$ 9,021,784	\$ 4,234,650	\$ 4,787,134
2018			
Land	\$ 467,100	\$ -	\$ 467,100
Parking lot	114,031	24,537	89,494
Buildings	7,061,975	2,905,867	4,156,108
Office furniture and equipment	630,777	539,732	91,045
Computer equipment	<u>709,317</u>	<u>592,253</u>	<u>117,064</u>
	\$ 8,983,200	\$ 4,062,389	\$ 4,920,811

Huron-Perth Children's Aid Society
Notes to the Financial Statements
March 31, 2019

5. LONG-TERM DEBT	<u>2019</u>	<u>2018</u>
Term loan due in October 2025, bearing interest at prime plus 2.7% per annum; monthly blended payments of \$16,015; secured by land and building with a carrying value of \$4,456,964 (2018 - \$4,623,208)	\$ 315,032	\$ 491,957
Term loan due April 2019, bearing interest at 2.84% per annum; monthly blended payments of \$9,000; secured by land and building with a carrying value of \$4,456,964 (2018 - \$4,623,208)	684,526	771,746
Term loan due August 2021, bearing interest at 3.25% per annum; monthly blended payments of \$3,557; secured by land and building with a carrying value of \$4,456,964 (2018 - \$4,623,208)	<u>256,357</u>	<u>286,451</u>
	1,255,915	1,550,154
Current portion	<u>304,002</u>	<u>294,239</u>
	\$ <u>951,913</u>	\$ <u>1,255,915</u>

Assuming that the same terms and conditions exist on renewal, the approximate principal payments due are as follows:

2020	\$ 304,002
2021	253,255
2022	126,411
2023	130,533
2024	134,789
Subsequent	<u>306,925</u>
	\$ <u>1,255,915</u>

6. DEFERRED CONTRIBUTIONS	<u>2019</u>	<u>2018</u>
The deferred contributions balance consists of the following:		
Special programs - General fund	\$ 256,642	\$ 246,433
Education Liaison - General fund	41,498	-
Donations - Family Assistance Fund	<u>15,699</u>	<u>15,699</u>
	\$ <u>313,839</u>	\$ <u>262,132</u>

Donations

The Society has deferred externally restricted donations until expenditures related to the donated amounts have been incurred.

Education Liaison

The Education Liaison grant is deferred until expenditures related to the grant amounts have been incurred or the unused portion is returned to the ministry.

Special Programs

The Agency receives externally restricted funding from Stratford Social Services for Small Wonders and Perth Care for Kids - Childcare/Resource Centre and Bard of Avon programs. The current year activity for these programs is as follows:

Huron-Perth Children's Aid Society
Notes to the Financial Statements
March 31, 2019

	<u>Bard of Avon</u>	<u>Small Wonders</u>	<u>Perth Care for Kids</u>
Revenue	\$ 16,596	\$ 7,592	\$ 53,903
Expenditures	<u>16,596</u>	<u>7,592</u>	<u>53,903</u>
Net excess of revenue over expenditures	-	-	-
Deferred contributions recognized (deferred) in the year	<u>3,772</u>	<u>1,641</u>	<u>(12,322)</u>
Net revenue over expenditures	<u>\$ 3,772</u>	<u>\$ 1,641</u>	<u>\$ (12,322)</u>

The revenue and expenditures relating to these programs are not shown on the General Fund statement of Revenue and Expenditure and Surplus. Any unspent funding is recorded on the Society's General Fund balance sheet as deferred contributions and is recognized in the period in which expenditures related to these programs are incurred.

Continuity of Deferred Contributions - Special Programs balance is as follows:

	<u>Bard of Avon</u>	<u>Small Wonders</u>	<u>Perth Care for Kids</u>
Opening deferred contributions	\$ 15,375	\$ 31,348	\$ 114,710
Contributions deferred (recognized) in the year	<u>(3,772)</u>	<u>(1,641)</u>	<u>12,322</u>
Ending deferred contributions	<u>\$ 11,603</u>	<u>\$ 29,707</u>	<u>\$ 127,032</u>

In addition, \$88,300 has been advanced to special programs prior to the 2018 year end.

7. ONTARIO CHILD BENEFIT EQUIVALENT

The Society, in compliance with Ministry of Children and Youth Services Directive CW002-08, has separately maintained this funding, has limited its use and has deferred unspent funding. The funding is to be used for recreational, educational, cultural and social opportunities for children in care and in formal customary care to support their achievement of higher educational outcomes, higher degrees of resiliency, social skills and relationship building and a smoother transition to adulthood.

	<u>2019</u>	<u>2018</u>
Opening balance	\$ 311,880	\$ 278,834
Funding received	122,012	116,683
Expenditures made	<u>(86,344)</u>	<u>(83,637)</u>
Closing balance	<u>\$ 347,548</u>	<u>\$ 311,880</u>

Huron-Perth Children's Aid Society
Notes to the Financial Statements
March 31, 2019

8. UNIVERSAL CHILDCARE BENEFIT - RESP FOR CHILDREN IN CARE

The Society, in compliance with a Ministry of Children and Youth Services policy directives, has separately maintained the Universal Child Care Benefit funding received for children in care. The intended use of these funds is to create a Registered Education Savings Plan (RESP) for each child that is receiving this payment. The RESP will provide an incentive and the financial resources for children to pursue a broad range of post-secondary education and training opportunities.

	<u>2019</u>	<u>2018</u>
Opening balance	\$ 186,951	\$ 155,737
Funding received	105,676	94,720
Paid out towards children in care	<u>(104,856)</u>	<u>(63,506)</u>
Closing balance	<u>\$ 187,771</u>	<u>\$ 186,951</u>

9. DUE TO CHILDREN IN CARE - CPP SURVIVOR BENEFIT

In 2010, the Society implemented a policy that survivor benefits received by the agency on behalf of all children with a crown ward status shall be retained in a fund separate to child welfare operations and made available to the child upon her/his eighteenth birthday. These funds shall accrue interest as appropriate and available to the agency's operating account.

	<u>2019</u>	<u>2018</u>
Opening balance	\$ 75,050	\$ 97,198
Funding received	10,553	19,281
Expenditures made	<u>(3,698)</u>	<u>(41,429)</u>
Closing balance	<u>\$ 81,905</u>	<u>\$ 75,050</u>

10. PENSION AGREEMENTS

The employer made contributions of **\$715,042** (2018 - \$711,182) to OMERS for current service on behalf of **99** (2018 - 108) employees in this fiscal year. The contributions are included as an expenditure on the General Fund Statement of Revenue and Expenditure and Surplus.

11. INTERFUND TRANSFERS AND INTERNALLY RESTRICTED FUND BALANCES

A transfer of **\$128,649** (2018 - \$44,353) from the general fund to the capital asset fund was approved to finance property, plant and equipment purchases in the year. An additional transfer of **\$339,135** (2018 - \$339,135) from the general fund to the capital asset fund was approved to fund scheduled principal and interest payments on long-term debt. A transfer of **\$NIL** (2018 - \$NIL) from the capital asset fund to the general fund was approved reflecting the proceeds received upon sale of capital assets.

A transfer of **\$NIL** (2018 - \$NIL) from the Family Assistance Fund to the Post 21 Fund was approved.

Huron-Perth Children's Aid Society
Notes to the Financial Statements
March 31, 2019

12. CANADA CHILD TAX BENEFIT IN TRUST FUND

The Society receives Canada Child Tax Benefit payments for children in care. These funds are transferred to the general fund to offset the related costs of care.

	<u>2019</u>	<u>2018</u>
Revenue		
Canada Child Tax Benefit payments	\$ 444,503	\$ 409,257
Expenditures		
Transfer to general fund of offset cost of care	<u>(444,503)</u>	<u>(409,257)</u>
	\$ _____	\$ _____

The Society also receives the Universal Childcare Benefit for children in care that are under the age of eighteen. The Ministry of Children and Youth Services has issued a directive requiring that the funds received under the Universal Childcare Benefit be allocated to a registered education savings plan for the applicable child. The cumulative total of funding received is \$187,771 (2018 - \$186,951) as is recorded as a liability on the Balance Sheet. See Note 8 for more information.

13. MISCELLANEOUS EXPENDITURES

	<u>2019</u>	<u>2018</u>
Insurance	\$ 205,703	\$ 184,182
Other agency dues and fees	44,123	9,567
O.A.C.A.S dues and fees	43,271	45,144
Staff/Board relations	15,317	4,513
Group and community programs	<u>5,933</u>	<u>9,473</u>
	\$ <u>314,347</u>	\$ <u>252,879</u>

14. ECONOMIC DEPENDENCE

The Ministry of Children and Youth Services provides substantially all operating revenue for the Society. The Society's continued viability is dependent on this funding.

15. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The organization monitors, evaluates and manages the principal risks assumed with its financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk, and interest rate risk.

Credit Risk Exposure

The organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The organization does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Liquidity Risk Exposure

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they fall due. The organization has in place a planning and budgeting process to help determine the funds required to support the organization's normal operating requirements on an ongoing basis.

Huron-Perth Children's Aid Society
Notes to the Financial Statements
March 31, 2019

Interest Rate Risk

The Society's long-term debt has variable interest rates. Changes in the bank's prime lending rate can cause fluctuations in interest payments and cash flows. The Society does not use derivative financial instruments to alter the effects of this risk.

16. PRESENTATION

Management presented the Small Wonders, the Parent Child Resource and the Bard of Avon programs in the notes to the financial statements rather than on the statement of revenue and expenditure and surplus for the general fund. See Note 6 for more information.

The budgeted figures are presented for comparison purposes as prepared and approved by the Board.

Comparative figures have been reclassified to conform with the current method of presentation.

17. CONTINGENCIES

The Society is a co-defendant in a breach of privacy law suit. The claim is for \$100,000 plus costs. The Society's insurance carrier is expected to cover any losses related to this case.

The Society is a defendant in negligence law suit against the Society. The plaintiff is claiming \$2,000,000 in damages and special damages of \$500,000 plus costs. The plaintiff's parents are claiming damages of \$100,000 plus costs. The Society's insurance carrier is expected to cover losses, if any, related to this case.

18. CHANGE IN ACCOUNTING POLICY

There was a change in accounting policy during the year in which vacation pay owed is recorded as an expense when earned by the employee, and a corresponding liability for vacation pay owing at the end of the year is recorded on the statement of financial position. The change in accounting policy has been retroactively applied on these financial statements.

Consolidated Statement of Revenue and Expenditure and Surplus	2018 as previously Reported	Adjustments	2018 Restated
Revenue			
Total revenue for the year	\$ <u>17,098,776</u>	\$ <u>-</u>	\$ <u>17,098,776</u>
Expenditure			
Salaries and employees' benefits	\$ 9,425,792	\$ (5,617)	\$ 9,420,175
All other expenses	<u>7,098,538</u>	<u>-</u>	<u>7,098,538</u>
Total expenditure for the year	\$ <u>16,524,330</u>	\$ <u>(5,617)</u>	\$ <u>16,518,713</u>
Surplus of revenue over expenditure	\$ 574,446	\$ 5,617	\$ 580,063
Surplus, beginning of year	<u>3,371,774</u>	<u>(800,099)</u>	<u>2,571,675</u>
Surplus, end of the year	\$ <u>3,946,220</u>	\$ <u>(794,482)</u>	\$ <u>3,151,738</u>

The change in accounting policy reduces the surplus at the beginning of the 2018 fiscal year by \$800,099. The 2018 deficiency of revenue over expense is reduced by \$5,617.

Huron-Perth Children's Aid Society
Notes to the Financial Statements
March 31, 2019

<u>Consolidated Balance Sheet</u>	2018 as previously Reported	Adjustments	2018 Restated
ASSETS			
Current			
Property, plant and equipment	\$ 2,372,910	\$ -	\$ 2,372,910
	<u>4,920,811</u>	<u>-</u>	<u>4,920,811</u>
	<u>\$ 7,293,721</u>	<u>\$ -</u>	<u>\$ 7,293,721</u>
LIABILITIES			
Current			
Payables and accruals	\$ 955,811	\$ 794,482	\$ 1,750,293
Other current	<u>885,390</u>	<u>-</u>	<u>885,390</u>
	1,841,201	794,482	2,635,683
Deferred contributions	262,132	-	262,132
Long-term debt	<u>1,244,168</u>	<u>-</u>	<u>1,244,168</u>
	<u>3,347,501</u>	<u>794,482</u>	<u>4,141,983</u>
FUND BALANCES			
Unrestricted surplus (deficit)	(49,474)	(794,482)	(843,956)
Invested in property, plant and equipment	3,370,657	-	3,370,657
Internally restricted	<u>625,037</u>	<u>-</u>	<u>625,037</u>
	<u>3,946,220</u>	<u>(794,482)</u>	<u>3,151,738</u>
	<u>\$ 7,293,721</u>	<u>\$ -</u>	<u>\$ 7,293,721</u>

The change in accounting policy increased payables and accruals by \$794,482 and the unrestricted accumulated deficit increased by \$794,482.

Huron-Perth Children's Aid Society
General Fund
Statement of Revenue and Expenditure and Surplus (Deficit)

For the year ended March 31	Budget 2019	Actual 2019	Actual 2018
Revenue			
Grants			
Province of Ontario - child welfare	\$ 15,546,944	\$ 15,502,753	\$ 15,452,475
Province of Ontario - one time CPIN	-	220,000	-
Province of Ontario - deficit financing	-	73,402	311,821
Province of Ontario - transitional aged youth	-	56,981	191,999
Province of Ontario - education liaison	-	23,802	20,400
Province of Ontario - one time CPIN data migration	-	22,000	-
Province of Ontario - BPS proxy	-	12,440	12,440
Province of Ontario - PY funding adj.	-	-	27,325
	<u>15,546,944</u>	<u>15,911,378</u>	<u>16,016,460</u>
Other			
Canada Child Tax Benefit in Trust Fund (Note 12)	-	444,503	409,257
Maintenance - other society wards	-	130,674	129,333
Ontario Child Benefit Equivalent (Note 7)	-	86,344	83,637
Interest	-	37,139	18,201
Other recoveries	-	10,156	3,925
	<u>-</u>	<u>708,816</u>	<u>644,353</u>
Total revenue for the year	<u>\$ 15,546,944</u>	<u>\$ 16,620,194</u>	<u>\$ 16,660,813</u>

The accompanying notes are an integral part of these financial statements

Huron-Perth Children's Aid Society**General Fund****Statement of Revenue and Expenditure and Surplus (Deficit)**

For the year ended March 31

	Budget 2019	Actual 2019	Actual 2018
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(As restated - note 18)

Expenditure**Current Operations**

Salaries and employees' benefits (Note 10) \$	9,944,597	\$ 9,992,018	\$ 9,420,175
Boarding rate payments	3,446,688	3,510,751	3,783,117
Staff and volunteer travel	677,820	720,959	694,200
Clients' personal needs	586,393	578,784	516,790
Building occupancy	675,949	333,741	323,064
Miscellaneous (Note 13)	308,596	314,347	238,933
Technology	250,345	212,259	232,345
Office administration	143,740	143,237	162,980
Medical and related services	210,800	179,955	134,133
Professional services - non-client related	146,000	108,686	69,975
Professional services - client related	52,250	89,592	82,281
Ontario Child Benefit Equivalent (Note 7)	-	86,344	83,637
Staff training and recruitment	65,150	67,515	49,643
Promotion and publicity	13,500	7,347	9,886

Total expenditure for the year	<u>16,521,828</u>	<u>16,345,535</u>	<u>15,801,159</u>
Excess of revenue over expenditure for the year	(974,884)	274,659	859,654
General fund (deficit), beginning of year	(843,956)	(843,956)	(1,320,122)
Interfund transfers (Note 11)			
Transfer to capital asset fund	<u>-</u>	<u>(467,784)</u>	<u>(383,488)</u>
General fund surplus (deficit), end of year (Note 2)	<u>\$ (1,818,840)</u>	<u>\$ (1,037,081)</u>	<u>\$ (843,956)</u>

The accompanying notes are an integral part of these financial statements

Huron-Perth Children's Aid Society
General Fund
Balance Sheet
March 31

2019

2018
 (as restated - note 18)

ASSETS

Current

Cash	\$ 1,481,972	\$ 1,482,231
Government remittances receivable	126,882	144,490
Due from Family Assistance Fund	3,513	2,845
Receivables	<u>11,774</u>	<u>102,291</u>
	\$ 1,624,141	\$ 1,731,857

LIABILITIES

Current

Payables and accruals	\$ 1,740,335	\$ 1,749,976
Ontario Child Benefit Equivalent (Note 7)	347,548	311,880
Universal Childcare Benefit -		
RESP for children in care (Note 8)	187,771	186,951
Due to children in care - CPP Survivor Benefit (Note 9)	81,905	75,050
Due to Ministry of Children and Youth Services	<u>5,523</u>	<u>5,523</u>

2,363,082 **2,329,380**

Deferred contributions (Note 6) **298,140** **246,433**

FUND BALANCE

Surplus (deficit) (Note 2)	<u>(1,037,081)</u>	<u>(843,956)</u>
	\$ 1,624,141	\$ 1,731,857

The accompanying notes are an integral part of these financial statements

Huron-Perth Children's Aid Society
Capital Asset Fund
Statement of Revenue and Expenditure and Surplus
For the year ended March 31

	2019	2018
Revenue		
Capital funding grant	\$ -	\$ 21,341
Gain (loss) on sale of property, plant and equipment	<u>-</u>	<u>(4,359)</u>
	<u>-</u>	<u>16,982</u>
Expenditures		
Amortization	262,328	258,193
Long-term interest	<u>44,894</u>	<u>50,895</u>
	<u>307,222</u>	<u>309,088</u>
Deficiency of revenue over expenditure for the year	(307,222)	(292,106)
Surplus, beginning of year	3,370,657	3,279,275
Interfund transfers (Note 11)		
Transfer from general fund	<u>467,784</u>	<u>383,488</u>
Surplus, end of year	\$ <u>3,531,219</u>	\$ <u>3,370,657</u>

Capital Asset Fund
Balance Sheet
March 31

	2019	2018
ASSETS		
Property, plant and equipment (Note 4)	\$ <u>4,787,134</u>	\$ <u>4,920,811</u>
LIABILITIES		
Current		
Current portion of long-term debt	\$ 304,002	\$ 294,239
Long-term debt (Note 5)	<u>951,913</u>	<u>1,255,915</u>
	1,255,915	1,550,154
FUND BALANCE		
Invested in property, plant and equipment (Note 2)	<u>3,531,219</u>	<u>3,370,657</u>
	<u>\$ 4,787,134</u>	<u>\$ 4,920,811</u>

The accompanying notes are an integral part of these financial statements

Huron-Perth Children's Aid Society
Family Assistance Fund
Statement of Revenue and Expenditure and Surplus
For the year ended March 31

2019

2018

Revenue

Donations - Christmas	\$ 128,452	\$ 135,308
Interest	12,092	7,483
Donations - other	2,921	20,579
Donations - camp	1,025	1,520
	<u>144,490</u>	<u>164,890</u>

Expenditure

Christmas	113,413	104,280
Office	4,673	3,270
Miscellaneous	3,370	3,276
Camp	-	526
	<u>121,456</u>	<u>111,352</u>

Excess of revenue over expenditure for the year 23,034 53,538

Surplus, beginning of year 588,768 535,230

Interfund transfers (Note 11)

Transfer to Crown Ward and Former Crown Ward's Scholarship Fund	-	-
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Surplus, end of year \$ 611,802 \$ 588,768

The accompanying notes are an integral part of these financial statements

**Huron-Perth Children's Aid Society
Family Assistance Fund
Balance Sheet
March 31**

	2019	2018
ASSETS		
Current		
Cash	\$ 574,855	\$ 582,766
Investments (Note 3)	59,209	58,470
Government remittances receivable	119	2,662
Due from Crown Ward and Former Crown Ward's Scholarship fund	<u>9,942</u>	<u>-</u>
	\$ 644,125	\$ 643,898
LIABILITIES		
Current		
Due to general fund	\$ 3,513	\$ 2,845
Due to Post 21 Fund	11,611	12,811
Due to Crown Ward and Former Crown Ward's Bursary Fund	-	23,458
Payables and accruals	<u>1,500</u>	<u>317</u>
	16,624	39,431
Deferred contributions (Note 6)	15,699	15,699
FUND BALANCE		
Surplus	<u>611,802</u>	<u>588,768</u>
	\$ 644,125	\$ 643,898

The accompanying notes are an integral part of these financial statements

Huron-Perth Children's Aid Society**Post 21 Fund****Statement of Revenue and Expenditure and Surplus**

For the year ended March 31

2019

2018

Revenue		
	\$ -	\$ -
Expenditure		
Program	<u>1,200</u>	<u>3,589</u>
Excess (deficiency) of revenue over expenditure for the year	(1,200)	(3,589)
Surplus, beginning of year	12,811	16,400
Interfund transfers (Note 11)		
Transfer from Family Assistance Fund	<u>-</u>	<u>-</u>
Surplus, end of year	\$ <u>11,611</u>	\$ <u>12,811</u>

**Post 21 Fund
Balance Sheet**

March 31

2019

2018

ASSETS		
Current		
Due from Family Assistance Fund	\$ <u>11,611</u>	\$ <u>12,811</u>
LIABILITIES		
Current	\$ -	\$ -
FUND BALANCE		
Surplus	<u>11,611</u>	<u>12,811</u>
	\$ <u>11,611</u>	\$ <u>12,811</u>

The accompanying notes are an integral part of these financial statements

Huron-Perth Children's Aid Society
Crown Ward and Former Crown Ward Scholarship Fund
Statement of Revenue and Expenditure and Surplus
For the year ended March 31

	2019	2018
Revenue		
Donations	\$ 2,600	\$ 2,200
Interest (adjustment)	<u>-</u>	<u>(136)</u>
	2,600	2,064
Expenditure		
Scholarships	<u>36,000</u>	<u>39,500</u>
Excess (deficiency) of revenue over expenditure for the year	(33,400)	(37,436)
Surplus, beginning of year	23,458	60,894
Interfund transfer		
Transfer from Family Assistance Fund	<u>-</u>	<u>-</u>
Surplus (deficit), end of year	\$ <u>(9,942)</u>	\$ <u>23,458</u>

Crown Ward and Former Crown Ward Scholarship Fund
Balance Sheet
March 31

	2019	2018
ASSETS		
Current		
Due from Family Assistance Fund	\$ <u>(9,942)</u>	\$ <u>23,458</u>
	<u>\$ (9,942)</u>	<u>\$ 23,458</u>
LIABILITIES		
Current		
Due to Family Assistance Fund	\$ -	\$ -
FUND BALANCE		
Surplus (Deficit)	<u>(9,942)</u>	<u>23,458</u>
	<u>\$ (9,942)</u>	<u>\$ 23,458</u>

The accompanying notes are an integral part of these financial statements

