

Financial Statements of

**THE CHILDREN'S AID SOCIETY OF  
HAMILTON**

And Independent Auditor's Report thereon

Years ended March 31, 2023



KPMG LLP  
Commerce Place  
21 King Street West, Suite 700  
Hamilton ON L8P 4W7  
Canada  
Tel 905-523-8200  
Fax 905-523-2222

## INDEPENDENT AUDITOR'S REPORT

To the Directors of Children's Aid Society of Hamilton

### ***Opinion***

We have audited the financial statements of Children's Aid Society of Hamilton (the Entity), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023 and its results of operations, its changes in fund balances and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity 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.



### ***Emphasis of Matter – Comparative Information***

We draw attention to Note 2 to the financial statements (Note 2), which explains that certain comparative information presented for the year ended March 31, 2022 has been restated. Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information. Our opinion is not modified in respect of this matter.

### ***Other Matter – Comparative Information***

The financial statements for the year ended March 31, 2022, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those financial statements on June 20, 2022.

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the financial statements for the year ended March 31, 2022. Accordingly, we do not express an opinion or any other form of assurance on those 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor's 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 auditor's 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.



Page 3

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 the 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 Entity'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 Entity'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 auditor's report. However, future events or conditions may cause the Entity 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.



Page 4

- 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.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 29, 2023

# THE CHILDREN'S AID SOCIETY OF HAMILTON

## Statement of Financial Position

March 31, 2023, with comparative information for 2022

	Child Welfare Fund	Ontario Child Benefit Fund	Society Fund	Capital Fund	2023 Total	2022 Total
<b>Assets</b>						
Current assets:						
Cash (bank indebtedness) (Note 6)	\$ (1,764,351)	\$ 567,073	\$ 2,535,749	\$ –	\$ 1,338,471	\$ 5,556,834
Investments (notes 4 and 14)	–	–	2,005,563	–	2,005,563	1,304,309
Receivables						
Due from Province of Ontario	3,110,735	–	–	–	3,110,735	610,813
Harmonized Sales Tax receivable	268,664	–	–	–	268,664	254,599
Interfund balance	314,988	(122,543)	(827,429)	634,984	–	–
Miscellaneous	425,652	–	–	–	425,652	322,842
Prepays and deposits	311,624	–	11,575	–	323,199	403,072
	<b>2,667,312</b>	<b>444,530</b>	<b>3,725,458</b>	<b>634,984</b>	<b>7,472,284</b>	<b>8,452,469</b>
Long-term investments (note 4)	–	–	285,000	–	285,000	873,060
Capital assets (note 5)	–	–	–	8,482,342	8,482,342	8,882,962
	<b>\$ 2,667,312</b>	<b>\$ 444,530</b>	<b>\$ 4,010,458</b>	<b>\$ 9,117,326</b>	<b>\$ 16,239,626</b>	<b>\$ 18,208,491</b>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Payables and accruals	\$ 3,444,821	\$ –	\$ 6,575	\$ –	\$ 3,451,396	\$ 3,638,971
Child benefits (Note 7)	283,403	249,588	–	–	532,991	789,747
Deferred contributions (Note 8(a))	–	194,942	254,802	–	449,744	638,059
Bank loan (note 10)	–	–	–	719,789	719,789	1,019,144
	<b>3,728,224</b>	<b>444,530</b>	<b>261,377</b>	<b>719,789</b>	<b>5,153,920</b>	<b>6,085,921</b>
Deferred capital contributions (note 8(b))	–	–	–	509,158	509,158	533,404
Commitments (Note 12)						
Contingent liabilities (Note 13)						
<b>Fund balances</b>						
Equity in capital assets	–	–	–	7,253,395	7,253,395	7,330,414
Internally restricted funds (Note 11)	–	–	3,749,081	634,984	4,384,065	4,352,303
Unrestricted	(1,060,912)	–	–	–	(1,060,912)	(93,551)
	<b>(1,060,912)</b>	<b>–</b>	<b>3,749,081</b>	<b>7,888,379</b>	<b>10,576,548</b>	<b>11,589,166</b>
	<b>\$ 2,667,312</b>	<b>\$ 444,530</b>	<b>\$ 4,010,458</b>	<b>\$ 9,117,326</b>	<b>\$ 16,239,626</b>	<b>\$ 18,208,491</b>

See accompanying notes to financial statements.

On behalf of the Board:

*Denise Christoffersen*

Director

*David J. Mifson*

Director

# THE CHILDREN'S AID SOCIETY OF HAMILTON

## Statement of Operations and Changes in Fund Balances

Year ended March 31, 2023, with comparative information for 2022

	Child Welfare Fund	Ontario Child Benefit Fund	Society Fund	Capital Fund	2023 Total	2022 Total
<b>Revenue:</b>						
Province of Ontario						
Current funding	\$ 47,335,542	\$ 287,388	\$ –	\$ –	\$ 47,622,930	\$ 47,124,629
Expense recoveries	807,615	–	–	–	807,615	897,195
Government of Canada						
Children's special allowance and benefits	1,225,083	–	–	–	1,225,083	1,351,446
Other Children's Aid Societies	449,092	–	–	–	449,092	456,239
Interest	39,524	9,725	144,706	–	193,955	68,201
Rent	96,200	–	272,025	–	368,225	344,554
Donations	–	–	134,459	–	134,459	209,235
Contributions (Note 8(a))	–	124,502	74,575	–	199,077	112,868
Gain on sale of capital assets	–	–	–	–	–	1,783,383
Amortization of deferred capital contributions (Note 8)	–	–	–	24,246	24,246	24,246
Miscellaneous	150,336	–	11,014	–	161,350	141,583
Special purpose grants(Schedule 1)	377,562	–	–	–	377,562	289,615
	<b>50,480,954</b>	<b>421,615</b>	<b>636,779</b>	<b>24,246</b>	<b>51,563,594</b>	<b>52,803,194</b>
<b>Expenses:</b>						
Salaries	22,112,302	–	108,015	–	22,220,317	21,707,586
Benefits	7,039,034	–	34,779	–	7,073,813	6,709,244
Boarding payments	13,644,567	–	–	–	13,644,567	12,195,791
Client personal needs	741,489	319,704	152,191	–	1,213,384	817,066
Travel	827,556	–	–	–	827,556	693,020
Heath and related	544,153	–	–	–	544,153	602,238
Professional services – client	3,697,223	–	–	–	3,697,223	2,157,005
Transfer to OCBE Savings Accounts (Note 7)	–	101,911	–	–	101,911	96,782
Targeted subsidies	1,600,110	–	–	–	1,600,110	1,515,240
Financial assistance	659,745	–	–	–	659,745	548,845
Program expenses	8,528	–	247,684	–	256,212	243,443
Training	184,684	–	–	–	184,684	152,447
Professional services – non-client	339,554	–	–	–	339,554	328,136
Building occupancy	374,797	–	38,801	–	413,598	455,574
Technology	401,282	–	–	–	401,282	556,655
Amortization of capital assets	–	–	–	513,155	513,155	588,608
Miscellaneous expense	1,047,774	–	2,238	–	1,050,012	840,723
Office administration	235,391	–	–	–	235,391	234,374
Promotion and publicity	31,792	–	–	–	31,792	36,029
Loss on disposal of capital assets	–	–	–	12,722	12,722	–
Special purpose grants (Schedule 1)	377,562	–	–	–	377,562	289,615
	<b>53,867,543</b>	<b>421,615</b>	<b>583,708</b>	<b>525,877</b>	<b>55,398,743</b>	<b>50,768,421</b>
(Deficiency) excess of revenue over expenses before undernoted	(3,386,589)	–	53,071	(501,631)	(3,835,149)	2,034,771
Less due from (to) Province of Ontario Balanced budget fund (Note 15)	2,822,532	–	–	–	2,822,532	(120,254)
(Deficiency) excess of revenue over expenses	(564,057)	–	53,071	(501,631)	(1,012,617)	1,914,517
Fund balances, beginning of year	(93,551)	–	3,717,318	7,965,398	11,589,165	9,674,648
Interfund transfers (Note 11)	(403,304)	–	(21,308)	424,612	–	–
<b>Fund balances, end of year</b>	<b>\$ (1,060,912)</b>	<b>\$ –</b>	<b>\$ 3,749,081</b>	<b>\$ 7,888,379</b>	<b>\$ 10,576,548</b>	<b>\$ 11,589,165</b>

See accompanying notes to financial statements

# THE CHILDREN'S AID SOCIETY OF HAMILTON

## Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	Child Welfare Fund	Ontario Child Benefit Fund	Society Fund	Capital Fund	2023 Total	2022 Total
Cash provided by (used in):						
Operating activities:						
(Deficiency) excess of revenue over expenses	\$ (564,057)	\$ –	\$ 53,071	\$ (501,631)	\$ (1,012,617)	\$ 1,914,518
Items not involving cash:						
Amortization of deferred capital contributions	–	–	–	(24,246)	(24,246)	(24,246)
Amortization of capital assets	–	–	–	513,155	513,155	588,608
Loss (gain) on disposal of capital assets	–	–	–	12,722	12,722	(1,783,383)
Interfund transfers	(403,304)	–	(21,308)	424,612	–	–
	(967,361)	–	31,763	424,612	(510,986)	695,497
Changes in non-cash operating working capital:						
Due from/to Province of Ontario	(2,499,922)	–	–	–	(2,499,922)	(965,599)
Harmonized Sales Tax receivable	(14,066)	–	–	–	(14,066)	(42,588)
Interfund balance	(325,714)	93,622	232,092	–	–	–
Miscellaneous	(124,810)	–	22,000	–	(102,810)	(99,206)
Prepays and deposits	76,547	–	3,325	–	79,872	(134,220)
Payables and accruals	(184,251)	–	(3,324)	–	(187,575)	(206,629)
Child benefits	(233,247)	(23,509)	–	–	(256,756)	56,012
Deferred contributions	–	(124,502)	(63,812)	–	(188,314)	(42,979)
	(4,272,824)	(54,389)	222,044	424,612	(3,680,557)	(739,712)
Financing activities:						
Repayment of bank loans	–	–	–	(299,355)	(299,355)	(408,143)
Investing activities:						
(Increase) decrease in investments	–	–	(113,194)	–	(113,194)	64,682
Proceeds from sale of capital assets	–	–	–	–	–	2,279,218
Purchase of capital assets	–	–	–	(125,257)	(125,257)	(212,063)
	–	–	(113,194)	(125,257)	(238,451)	2,131,837
(Decrease) increase in cash	(4,272,824)	(54,389)	108,850	–	(4,218,363)	983,982
Cash, beginning of year	2,508,473	621,462	2,426,899	–	5,556,834	4,572,852
Cash, end of year	\$ (1,764,351)	\$ 567,073	\$ 2,535,749	\$ –	\$ 1,338,471	\$ 5,556,834
Represented by:						
Cash				\$	3,102,822	\$ 5,556,834
Bank indebtedness					(1,764,351)	–
				\$	1,338,471	\$ 5,556,834

See accompanying notes to financial statements.



# THE CHILDREN'S AID SOCIETY OF HAMILTON

Notes to Financial Statements

Year ended March 31, 2023

---

The Children's Aid Society of Hamilton ("the Society") provides child welfare services, as mandated by the Child, Youth and Family Services Act. The Society is committed to the protection and well-being of children, while supporting the autonomy and integrity of the family. The Society offers comprehensive child welfare services, which are funded by the Province of Ontario, as well as ancillary programs, funded through donations and grants. The Society is dependent on the funding from the Province for its continued operations.

The Society is incorporated as a not-for-profit organization and is a registered charity under the Income Tax Act. The Society is exempt from tax under section 149(1) (d) of the Canadian Income Tax Act.

## 1. Summary of significant accounting policies:

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The significant accounting policies of the Society are as follows:

### (a) Fund accounting:

The Child Welfare Fund presents the activities carried out under the Child, Youth and Family Services Act.

The Society Fund reports the total assets, liabilities, revenues and expenses of individual funds established from time to time by the Board of Directors for specific purposes. Sources of these funds include fundraising activities of the Society as well as endowments, specific testamentary bequests and rental income. These revenues are produced from non-Ministry funded sources and are defined as retainable revenue and therefore are not included in the Child Welfare Fund. The Society Fund holds houses purchased from donated funds, which are rented to an unrelated entity who uses the houses to operate therapeutic foster homes. All expenses related to these assets are included in the Society Fund expenses.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Society's capital assets and the accumulated contributions and other amounts restricted for the purchase and maintenance of capital assets.

The Ontario Child Benefit Fund reports transfers to the Society, equivalent to the Ontario Child Benefit from the Province of Ontario, eligible expenses and allocations to a savings program for children in the care of Children's Aid Societies. The intent of this fund is to provide supports, including tutoring, skills building and recreational activities to these children as well as transitional assistance to those leaving care. In recognition of these transitional needs and pursuant to a Policy Directive from the Ministry of Children and Youth Services ("Ministry"), a savings program has been established to provide eligible youth with the financial skills necessary for independent living and funds to assist them with the costs of their basic needs upon leaving care. These funds are shown as child benefits and as cash balances in the statement of financial position of the Society.

### (b) Revenue recognition:

The Society follows the deferral method of accounting for restricted contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. All other revenue is recorded when earned and collection is likely.

### (c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the asset's estimated useful life, as described below. Amortization expense is reported in the Capital Fund.

# THE CHILDREN'S AID SOCIETY OF HAMILTON

Notes to Financial Statements

Year ended March 31, 2023

## 1. Summary of significant accounting policies (continued):

<b>Assets</b>	<b>Useful Life - Years</b>
Building	20–40 years
Computer equipment	3 years
Computer software	5 years
Equipment	5–8 years
Vehicles	7 years
Outdoor improvements	10 years

### (d) Contributed services:

The work of the Society is partly dependent on the voluntary services of members of the community. Donated services are not recognized in these financial statements due to the difficulty in determining their fair value. Donated materials are recognized in the financial statements. A number of members of the community and business contribute non-cash resources to assist the Society in the fulfillment of its mandate. Donated materials which would otherwise be paid for by the Society are recorded at fair value when provided. The value of these donations-in-kind, determined using fair market values of similar type goods, amounted to \$nil (\$16,980 in 2022) and has been included in donations on the statement of operations and changes in fund balances.

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method (or effective interest rate method).

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (f) Asset retirement obligations:

The Society recognizes the fair value of an asset retirement obligation ("ARO") when all of the following criteria have been met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up, and;
- A reasonable estimate of the amount can be made.

The Society has not recognized an assets retirement obligation.

# THE CHILDREN'S AID SOCIETY OF HAMILTON

Notes to Financial Statements

Year ended March 31, 2023

---

## 1. Summary of significant accounting policies (continued):

(g) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards for government not-for-profit organizations 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets; calculation of accrued liabilities; and provisions for impairment of trade accounts receivable. Actual results could differ from those estimates.

## 2. Change in accounting policy:

On April 1, 2022, the Society opted to change its policy for revenue recognition for restricted contributions from the restricted fund method of accounting to the deferral method. This change in accounting policy has been made to align the Society's accounting practices with the Ontario government's practices for purposes of consolidation into the Provincial accounts.

Under the restricted fund method of accounting, funds donated for a specific purpose (restricted contributions) were recognized as revenue of the appropriate restricted fund when received. The deferral method of accounting recognizes restricted contributions in the year in which the related expenses are incurred.

The impact of this change in accounting policy has been applied retrospectively, and as a result, comparative financial statements have been restated to reflect this change. As a result of this change, the Society reflected the following adjustments to the previously recorded balances:

- Fund balances as at April 1, 2021 was decreased by \$1,238,688 from \$10,913,336 to \$9,674,648.
- Deferred revenue of \$638,059 and deferred capital contributions of \$533,404 was recorded, as at March 31, 2022.
- Fund balances as at March 31, 2022 was decreased by \$1,171,464 from \$12,760,629 to \$11,589,165.
- The Statement of Operations and Changes in Fund Balances was adjusted for the year ended March 31, 2022 with changes to recognize contribution revenue of \$112,868; amortization of deferred capital contributions of \$24,246; and a decrease to donations of \$69,890 from \$279,125 to \$209,235.
- The excess of revenue over expenditures for 2022 increased by \$67,224 as a result of the change in accounting policy from \$1,847,293 to \$1,914,517.

On April 1, 2022, the Society adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain capital assets. The adoption of the standard did not have an impact on the results of the Society.

## 3. Contracts with Ministry of Children, Community and Social Services:

The Society has service contracts with the Ministry of Children, Community and Social Services. One requirement of the contracts is the preparation of an annual report, which shows a summary by service of all revenues and expenses and any resulting surplus or deficit that relates to the contract, prepared in accordance with Ministry guidelines. The surplus (deficit) for Ministry reporting will differ from the Child Welfare Fund surplus (deficit) position due to differences in reporting requirements, resulting in timing differences. The excess of expenditures over revenues in the Child Welfare Fund, after the transfer to the Capital Fund, is \$967,360 (surplus of \$214,668 in 2022). The deficit for Ministry reporting is \$965,689 (surplus of \$227,354 in 2022). The deficit is after the use of Society's Balanced Budget Fund (Note 15).

# THE CHILDREN'S AID SOCIETY OF HAMILTON

Notes to Financial Statements

Year ended March 31, 2023

## 4. Investments:

Investments consist of guaranteed investment certificates and term deposits with Canadian chartered banks in the amount of \$2,105,565 (\$1,996,525 in 2022) and \$184,998 (\$180,844 in 2022) respectively. Investments in guaranteed investment certificates that are due in more than one year are presented as long-term investments. Maturity dates range from April 5, 2023 to March 31, 2025 and interest rates are between 2.0% and 4.71% (0.62% and 2.88% in 2022).

## 5. Capital assets:

			2023		2022	
	Cost	Accumulated amortization	Net book value		Net book value	
Land	\$ 1,491,250	\$ –	\$ 1,491,250	\$	1,491,250	
Building	11,796,406	5,047,790	6,748,616		7,052,081	
Computer equipment	993,268	934,775	58,493		142,979	
Computer software	232,728	193,101	39,627		80,079	
Equipment	606,172	560,588	45,584		32,084	
Vehicles	93,736	59,420	34,316		41,179	
Outdoor improvements	611,686	547,230	64,456		43,310	
	\$ 15,825,246	\$ 7,342,904	\$ 8,482,342	\$	8,882,962	

During the year, fully amortized assets with a cost of \$1,150,097 (\$nil in 2022) were written off as the assets are no longer in use. Additionally, assets with a net book value of \$12,722 were written off as the assets are no longer in use. No proceeds of disposal were received.

The Ministry of Children Community and Social Services imposes capital restrictions on the Society. Among the terms and conditions for financial assistance for building projects is an agreement to obtain written Ministerial approval prior to any sale of the related land and building. Further, as a condition of such approval, the Minister may share a portion of the proceeds. The Ministry of Children, Community and Social Services has an interest in the Society's property at 26 Arrowsmith Road, Hamilton, Ontario, proportional to its contribution for mortgage payments.

## 6. Bank indebtedness:

At year end, the Society had \$1,764,351 (\$nil in 2022) owing on its line of credit. The line is due on demand, with interest at prime. The limit on the line of credit was increased to \$3,000,000 for the period March 1, 2023 to May 31, 2023 and then reduces to \$2,000,000 beginning June 1, 2023.

## 7. Child benefits:

The Ontario child benefit equivalent ("OCBE") Savings and RESP funds held represent amounts for the benefit of children in care.

OCBE Savings funds represents savings payable to youth in care. During the year, \$101,911 (\$96,782 in 2022) was transferred to children's savings accounts. Savings are contributed for eligible youth to provide them with funds to assist with costs of basic needs upon leaving care. These funds are included in cash in the Ontario Child Benefit Fund.

# THE CHILDREN'S AID SOCIETY OF HAMILTON

Notes to Financial Statements

Year ended March 31, 2023

## 7. Child benefits (continued):

The Society receives specific funds from Canada Revenue Agency for children in care and establishes individual Registered Education Savings Plans ("RESPs") according to the Policy Directive from the Ministry. These funds are held by the Society until eligibility conditions required for opening a RESP are met. The RESP funds held totaling \$283,403 (\$516,650 in 2022) are restricted, and are held until a RESP is established for each qualifying child. These amounts are included in cash in the Child Welfare Fund.

The Society is responsible for the management and distribution of the RESPs. Once a RESP is established, the Society does not have access to the funds. If a child cannot be found upon collapsing of the fund, earned funds are distributed to the remaining active RESP accounts. During the year, \$365,387 (\$142,600 in 2022) was transferred to the RESP provider for deposit to the individual plans of children. At March 31, 2023, the Society is the sponsor for 529 RESP's (513 in 2022), with total contributions of \$2,647,483 (\$2,321,079 in 2022), not including government grants. Individual RESPs are not included in the financial statements of the Society.

	RESP funds held		OCBE Savings	
Balance April 1, 2021	\$	469,139	\$	264,596
Receipts		202,360		96,782
Disbursements/transfers		(154,849)		(88,281)
Balance March 31, 2022		516,650		273,097
Receipts		183,700		101,911
Disbursements/transfers		(416,947)		(125,420)
Balance March 31, 2023	\$	283,403	\$	249,588

## 8. Deferred contributions:

### (a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted donations and grants.

	Ontario child benefit activities fund		Society Fund	
Balance April 1, 2021	\$	348,991	\$	332,047
Receipts deferred to future years		–		69,889
Recognized as revenue in the year		(29,547)		(83,321)
Balance March 31, 2022		319,444		318,615
Receipts deferred to future years		–		10,762
Recognized as revenue in the year		(124,502)		(74,575)
Balance March 31, 2023	\$	194,942	\$	254,802

# THE CHILDREN'S AID SOCIETY OF HAMILTON

Notes to Financial Statements

Year ended March 31, 2023

## 8. Deferred contributions (continued):

### (b) Deferred capital contributions:

Deferred contributions related to capital assets represent the unamortized grants received for capital assets acquisitions. Deferred contributions are amortized to revenue over the life of the related asset. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2023		2022	
Balance, beginning of year	\$	533,404	\$	557,650
Add contributions received		—		—
Less amounts amortized to revenue		(24,246)		(24,246)
Balance, end of year	\$	509,158	\$	533,404

## 9. Legal defense funds in trust:

In prior years, the Foster Family Association of The Children's Aid Society of Hamilton transferred funds to the Society. These funds are restricted funds and represent voluntary contributions by some foster families between 1997 and 2007. The purpose of the fund is to assist contributing foster parents with legal costs resulting from a serious allegation, civil action or criminal charge related to fostering children during the time members were contributing to the fund. The fund balance of \$142,911 (\$140,060 in 2022) has been invested in guaranteed investment certificates. During the year there have been no withdrawals from the fund.

The Society does not have access to these funds and they are not included in the financial statements of the Society.

## 10. Bank loans:

	2023		2022	
Demand instalment loan with CIBC, fixed interest rate of 3.84%, repayable in monthly amounts of \$27,771 including interest, maturing at June 2023	\$	719,789	\$	1,019,144
	\$	719,789	\$	1,019,144

Interest totaling \$33,903 (\$45,842 in 2022) has been recorded in the statement of operations in respect of the bank loans.

## 11. Interfund transfers and internally restricted funds:

The fund transfers are in the normal course of operations. The fund transfer from the Child Welfare Fund to the Capital Fund was in relation to capital assets that were originally purchased by the Child Welfare Fund and for principal payments made by the Child Welfare Fund on a loan for capital assets. The fund transfer from the Society Fund to the Capital Fund was in relation to capital assets that were originally purchased by the Society Fund.

# THE CHILDREN'S AID SOCIETY OF HAMILTON

Notes to Financial Statements

Year ended March 31, 2023

---

## 11. Interfund transfers and internally restricted funds (continued):

The internally restricted funds in the Capital Fund (\$634,984) are the net proceeds from the sale of the home on Kenilworth and are to be used for future capital investments. Approval by the board of directors is required before any use of the funds.

The internally restricted funds in the Society Fund (\$3,749,081) are funds donated to be used for non–Ministry funded programs that support children, youth and families in Hamilton.

## 12. Commitments:

### (a) Pension agreements:

The Society makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of members of its staff. 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 service and rates of pay.

Commencing January 1, 2013, contribution rates ranged from 9.0% to 14.6% depending on the level of earnings. Expenses for 2023 include \$2,167,067 for contributions to March 31, 2023 (\$2,181,875 in 2022) which are included in the statement of operations. The Society does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the Society's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at December 31, 2022 indicated an actuarial deficit of \$6.678 billion for the overall plan.

### (b) Lease commitments:

The Society has entered into leasing agreements for various items of office equipment with expiry dates to 2027. Future lease payments aggregate \$53,422 and include the following scheduled amounts payable:

---

2024	\$	18,774
2025		18,774
2026		15,737
2027		137

---

## 13. Contingent liabilities:

(a) In the normal course of business, the Society is involved in various claims. The Society utilizes insurance where possible to mitigate the risk of material uncertainty for claims. Though the outcome of these various pending claims as at March 31, 2023 cannot be determined with certainty, the Society believes that their outcome will have no significant adverse impact on its financial position, operating results or cash flows.

(b) The Society has provided a demand credit for a standby letter of credit for \$800,000. This letter of credit is a guarantee for ADP, the third party payroll provider.

# THE CHILDREN'S AID SOCIETY OF HAMILTON

Notes to Financial Statements

Year ended March 31, 2023

---

## 14. Financial instruments and risk management:

(a) Fair value:

The carrying value of cash, bank indebtedness, investments, receivables, payables and accruals, and child benefits approximates their fair value because of the relatively short period to maturity of the instruments. The fair value of the bank loan is not materially different from their carrying value because of the short maturity of the loan.

(b) Interest rate risk:

Interest rate risk is the risk to the Society's excess of revenues over expenses that arises from fluctuations in interest rates and the degree of volatility of these rates. The Society is subject to interest rate risk due to changes to the prime rate since the bank indebtedness is at variable interest rates. The Society does not use derivative instruments to reduce its exposure to interest rate risk.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Society monitors the credit risk of customers through credit rating reviews. As at March 31, 2023, the Society had no allowance for doubtful accounts.

(d) Liquidity risk:

Liquidity risk is the risk that the Society will not be able to meet all cash outflow obligations as they come due. Liquidity risk arises from current liabilities and deficits. The Society mitigates liquidity risk by monitoring cash activities through detailed budgeting analysis and obtaining cash flow advances from the Ministry when required. There have been no significant changes from the previous year in the exposure to any other type of risk or policies, procedures and methods used to measure the related risk.

## 15. Balanced Budget Fund:

During 2014, the Ministry announced the creation of the Balanced Budget Fund to support Children's Aid Societies in meeting their balanced budget obligations. Any funding received in excess of expenses incurred, is required to be repaid to the Ministry. Returned surpluses may be added to the Society's Balanced Budget Fund. In 2021 the Ministry stated that surpluses generated by agencies with historical debt must be used solely for the reduction of accumulated deficit, until such time that the historical accumulated deficit has been cleared. Once all historical accumulated deficits are repaid, fifty percent of the surplus will be contributed to a Ministry managed Balanced Budget Fund and fifty percent will be contributed to the individual Society's Balanced Budget Fund.

Individual societies may access their balances according to the Balanced Budget Fund guidelines developed by the Ministry. The amounts contributed to the Balanced Budget Fund expire after a three-year period. Amounts that expire will be added to the Ministry managed Balanced Budget Fund.



# THE CHILDREN'S AID SOCIETY OF HAMILTON

Notes to Financial Statements

Year ended March 31, 2023

---

## 15. Balanced Budget Fund (continued):

The following represents the Society's Balanced Budget Fund balance:

	2023		2022	
Balance, beginning of year	\$	2,822,532	\$	2,762,405
Surplus generated for Ministry reporting		–		120,254
Surplus allocated to Ministry Balanced Budget Fund		–		(60,127)
Deficit funded by Balanced Budget Fund		(2,822,532)		–
Balance, end of year	\$	–	\$	2,822,532

## 16. Comparative information:

Certain information for 2022 have been reclassified to conform to the presentation adopted in 2023.

# THE CHILDREN'S AID SOCIETY OF HAMILTON

Schedule 1 – Schedule of Revenues and Expenditures – Special Purpose Grants

Year ended March 31, 2023, with comparative information for 2022

	Preparation for Independence	Wendy's Wonderful Kids	Education Liaison	Provincial Consolidation	Family Support Program	2023 Total	2022 Total
<b>Revenue:</b>							
Grants							
Dave Thomas Foundation	\$ –	\$ 85,000	\$ –	\$ –	\$ –	85,000	\$ 85,000
Lynwood Charlton Centre	–	–	–	–	–	–	18,095
Province of Ontario	43,492	–	107,561	12,000	80,000	243,053	151,053
Recoveries	–	43,604	5,905	–	–	49,509	35,467
	<b>\$ 43,492</b>	<b>\$ 128,604</b>	<b>\$ 113,466</b>	<b>\$ 12,000</b>	<b>\$ 80,000</b>	<b>377,562</b>	<b>\$ 289,615</b>
<b>Expenses:</b>							
Salaries	\$ 43,492	\$ 89,329	\$ 85,347	\$ 998	\$ 5,000	\$ 224,166	\$ 213,569
Benefits	–	28,371	27,759	–	–	56,130	53,084
Travel	–	10,904	360	–	–	11,264	4,206
Purchased services – non-client	–	–	–	11,002	–	11,002	–
Purchased services – client	–	–	–	–	75,000	75,000	660
Client personal needs	–	–	–	–	–	–	18,096
	<b>\$ 43,492</b>	<b>\$ 128,604</b>	<b>\$ 113,466</b>	<b>\$ 12,000</b>	<b>\$ 80,000</b>	<b>\$ 377,562</b>	<b>\$ 289,615</b>