

*Financial Statements of*

**CHILDREN'S AID SOCIETY  
OF THE COUNTY OF BRUCE**

*March 31, 2011*

## **INDEPENDENT AUDITORS' REPORT**

To the Directors of The Children's Aid Society of the County of Bruce:

### **Report on the Financial Statements**

We have audited the statement of financial position of the Children's Aid Society of the County of Bruce ("Society") as at March 31, 2011 and the statements of revenue, expenses and fund balances 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 generally accepted accounting principles 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.

### **Auditor's 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 includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 Society'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 Society's internal control. An audit also includes evaluating the appropriateness of the 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 the Society as at March 31, 2011 and the results of its operations and cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company LLP  
Licensed Public Accountants  
Walkerton, Ontario  
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**Children's Aid Society of the County of Bruce**  
**Statement of Financial Position**  
**as at March 31, 2011**

	General Fund \$	Capital Asset Fund \$	Trust Fund \$	Total 2011 \$	Total 2010 \$
<b>Assets</b>					
<b>Current</b>					
Cash	397,765	11,134	81,042	489,941	366,395
RESP Savings			62,742	62,742	41,216
Accounts Receivable	120,254	29,544		149,798	92,426
Prepaid Expenses	227,570			227,570	263,013
Due from Operating Fund			32,800	32,800	86,659
Due from Capital Asset Fund				-	55,000
Due From Province	114,025			114,025	50,000
	859,614	40,678	176,584	1,076,876	954,709
Capital Assets (Note 5)		1,841,139	663,988	2,505,127	2,604,515
	859,614	1,881,817	840,572	3,582,003	3,559,224
<b>Liabilities</b>					
<b>Current</b>					
Demand Operating Loan (Note 4)				-	961,268
Accounts Payable and Accrued Liabilities	758,939			758,939	1,096,497
Due to RESP Beneficiaries			95,542	95,542	70,216
Due to OCBE Beneficiaries			81,042	81,042	57,659
Due to Operating Fund				-	55,000
Due to Trust Fund	32,800			32,800	86,659
Deferred Revenue (Note 11)	47,494		170,124	217,618	239,841
Current Portion of Long Term Debt		80,538		80,538	-
	839,233	80,538	346,708	1,266,479	2,567,140
Long Term (Note 6)		1,215,300		1,215,300	
	839,233	1,295,838	346,708	2,481,779	2,567,140
<b>Fund Balances</b>					
Invested in Capital Assets		574,845	493,864	1,068,709	1,125,870
Unrestricted (Note 15)	20,381			20,381	(144,024)
Externally Restricted		11,134		11,134	10,238
	20,381	585,979	493,864	1,100,224	992,084
	859,614	1,881,817	840,572	3,582,003	3,559,224

(See Accompanying Notes to the Financial Statements)

**Children's Aid Society of the County of Bruce  
 Changes in Fund Balances  
 for the year ended March 31, 2011**

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	General Fund \$	Capital Asset Fund \$	Trust Fund \$	Total 2011 \$	Total 2010 \$
Excess (Deficiency) of Revenues Over Expenses	99,038	(147,079)	-	(48,041)	(158,997)
Interfund Transfers (Note 10)	(90,814)	90,814		-	-
Prior Year Ministry Adjustments	156,181			156,181	(7,849)
	164,405	(56,265)	-	108,140	(166,846)
Fund Balances, at the beginning of the year	(144,024)	642,244	493,864	992,084	1,158,930
Fund Balances, at the end of the year	20,381	585,979	493,864	1,100,224	992,084

(See Accompanying Notes to the Financial Statements)

**Children's Aid Society of the County of Bruce  
Statement of Operations  
For the Year Ended March 31, 2011**

	General Fund \$	Capital Asset Fund \$	Trust Fund \$	Total 2011 \$	Total 2010 \$
<b>Revenue</b>					
Provincial Grants (Note 8)	9,902,653			9,902,653	9,826,127
Other Revenue (Note 14)	743,549	896		744,445	794,198
Rental			14,893	14,893	14,893
	10,646,202	896	14,893	10,661,991	10,635,218
<b>Expenses</b>					
Boarding Home Payments	3,191,364			3,191,364	3,357,416
Building Occupancy	184,164			184,164	146,869
Clients Personal Needs	427,251			427,251	434,188
Employee Benefits	993,046			993,046	888,548
Interest	48,055			48,055	11,417
Medical and Professional Services - Client	294,858			294,858	362,658
Office Expense	134,114			134,114	147,578
Promotion and Publicity	17,183			17,183	17,446
Purchased Services - Non Client	57,120			57,120	72,094
Salaries	4,145,619			4,145,619	4,062,506
Technology	101,824			101,824	175,337
Training, Education and Conference	34,024			34,024	38,577
Transportation	680,568			680,568	685,170
Program Expenses	237,972			237,972	284,002
Amortization		147,975	14,893	162,868	110,409
	10,547,164	147,975	14,893	10,710,032	10,794,215
<b>Excess (Deficiency) of Revenues over Expenses</b>	99,038	(147,079)	-	(48,041)	(158,997)

(See Accompanying Notes to the Financial Statements)

**Children's Aid Society of the County of Bruce  
Statement of Operations  
For the Year Ended March 31, 2011**

	Total 2011 \$	Total 2010 \$
<b>OPERATING</b>		
Excess of Revenue over Expenditures (Expenditures over Revenue)	(48,041)	(158,997)
Items not affecting cash		
Prior Year Ministry Adjustments	156,181	(7,849)
Amortization	162,868	110,409
	271,008	(56,437)
Changes in non-cash working capital items		
RESP Savings	(21,526)	(36,916)
Accounts Receivable	(27,828)	(4,555)
Prepaid Expenses	35,443	14,742
Due from Province	(64,025)	53,825
Demand Operating Loan	(961,268)	961,268
Accounts Payable and Accrued Liabilities	(344,888)	365,178
Due to RESP Beneficiaries	25,326	24,716
Due to OCBE Beneficiaries	23,383	57,659
Deferred Revenue	(14,893)	(23,708)
	(1,079,268)	1,355,772
<b>INVESTING</b>		
Additions to Capital Assets (Note 5)	(93,024)	(1,392,581)
	(93,024)	(1,392,581)
<b>FINANCING</b>		
Proceeds of Long Term Debt	1,295,838	-
	1,295,838	-
<b>INCREASE (DECREASE) IN CASH</b>	123,546	(36,809)
<b>CASH BEGINNING OF THE YEAR</b>	366,395	403,204
<b>CASH ENDING OF THE YEAR</b>	489,941	366,395

(See Accompanying Notes to the Financial Statements)

**Children's Aid Society of the County of Bruce**  
**Notes to the Financial Statements**  
**as at March 31, 2011**

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**1. Purpose of the Organization**

The Children's Aid Society of the County of Bruce, the "Society", is an organization which provides protection for the children of the County of Bruce. The Society is a non-profit organization incorporated without share capital under the laws of Ontario. The Society is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

**2. Significant Accounting Policies**

**(a) Basis of Accounting**

The Society follows accounting principles which are appropriate for not for profit organizations.

**(b) Revenue Recognition**

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Ministry Revenue is calculated using the Ministry's current funding model, plus any additional amendments by the Ministry. The Society reports its revenue based on it's approved entitlement for the year. Funding or repayment of fiscal deficit or surplus will be recorded in the year received or paid.

**(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 assets estimated useful lives, which for buildings is 23 years, office equipment is 5 years, parking lot is 12.5 years and for computer hardware is 3 years.

**(d) Contributed Services**

Volunteers contributed many hours to assist the organization in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

**(e) Capital Disclosure**

The Society defines capital as fund balances. The Society's overall objective with its capital is to fund ongoing operations, capital assets, ongoing projects and future projects. The Society has capital with external restrictions. It's overall strategy with respect to capital remains unchanged from prior years.

**Children's Aid Society of the County of Bruce  
Notes to the Financial Statements  
as at March 31, 2011**

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**(f) Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**(g) Financial Instruments**

The Society utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values. All transactions related to financial instruments are recorded on a trade date.

The Society classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Society's accounting policy for each category is as follows:

*Held-for-trading*

This category is comprised of cash. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

*Loans and receivables*

This category is comprised of accounts receivable. These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for Transaction costs related to loans and receivables are expensed as incurred.

*Other financial liabilities*

Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and is comprised of demand operating loan, accounts payable and accrued liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

**3. Fund Accounting**

The Society follows the restricted fund method of accounting for contributions.

**General Fund**

The General Fund accounts for the Society's day-to day operations. The fund reports unrestricted resources and restricted operating grants.

**Capital Asset Fund**

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



**Children's Aid Society of the County of Bruce  
Notes to the Financial Statements  
as at March 31, 2011**

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**Trust Funds**

This fund is used to hold trust assets of the Society. It holds the building plus adjacent land and charges the General Fund Rent.

The trust fund holds Universal Child Care Benefit payments received and the Registered Education Saving Plans which are funded from those payments for eligible children in care. Any interest earned or grants received in the RESP's are reflected on the statement of financial position.

In addition, the trust fund administers the savings accounts for the OCBE Program.

**4. Demand Operating Loans**

In addition, the Society has available \$700,000 demand operating line that carries an interest rate of prime plus 0.75%.

**5. Capital Assets**

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	651,207	-	651,207	651,207
Building	2,047,992	335,542	1,712,450	1,810,321
Office Equipment	398,741	322,760	75,981	75,125
Parking Lot	49,823	14,982	34,841	36,243
Computer Hardware	257,535	226,887	30,648	31,619
	<u>3,405,298</u>	<u>900,171</u>	<u>2,505,127</u>	<u>2,604,515</u>

During the year, capital assets were acquired at an aggregate cost of \$93,024 (2010 - \$1,392,581) of which \$2,210 (2010 - 1,238,628) was acquired by means of debt. Cash payments of \$90,814 (2010 - \$153,953) were made to purchase capital assets.

**6. Long Term Debt**

	2011	2010
	\$	\$
TD Mortgage, fixed rate at 3.85%, payable principal and interest of \$6,711 monthly, due March 1, 2013. Secured by Walkerton and Warton locations and assignment of fire insurance.	1,295,838	-
Less: Current Portion	<u>(80,538)</u>	<u>-</u>
	<u>1,215,300</u>	<u>-</u>

**Children's Aid Society of the County of Bruce  
Notes to the Financial Statements  
as at March 31, 2011**

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**7. Commitments**

The Society has various leases on office equipment and an automobile expiring at various dates through 2012. The minimum annual payments under these leases in each year until expiry are as follows:

2012	\$	29,977
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**8. Economic Dependence**

The Society receives a large portion of its revenue from the Province of Ontario. The Financial Statements are subject to review by the Ministry of Community and Social Services and adjustments, if any, will be accounted for in the year the adjustment is made.

**9. Pension Agreements**

The Society makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan on behalf of employees. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employee based on length of service and rates of pay.

The amount contributed was \$297,609 (2010 - \$265,484) for current year service and is included as an expenditure in the current fund.

**10. Interfund Transfers**

The Operating Fund transferred \$90,814 (2010 - \$98,953) to the Capital Fund for capital purchases and debt repayment funded through operations.

**11. Deferred Revenue**

	<u>2011</u> \$	<u>2010</u> \$
Trillium	-	7,330
Adoption Funding Incentive	47,494	47,494
Trust Fund	170,124	185,017
	<u>217,618</u>	<u>239,841</u>

**12. Amalgamation**

During the year, the Society and the Children's Aid Society of Owen Sound and The County of Grey agreed to amalgamate effective April 1, 2012. During the year, the Society did not attribute any costs to the amalgamation. In addition, the financial impact if any, is unknown as at March 31, 2011.

**Children's Aid Society of the County of Bruce**  
**Notes to the Financial Statements**  
**as at March 31, 2011**

**13. Controlled Entity**

The Society controls the Bruce Children Are Special Foundation (the Foundation). The Foundation raises funds for the exclusive benefit of the programs and facilities operated by the Society. The Foundation is incorporated under the Ontario Corporations Act and is a registered charity under the Income Tax Act.

The Foundation has not been consolidated in the Society's financial statements. A financial summary of the unconsolidated entity as at March 31, 2011 and for the previous year then ended are as follows:

**Bruce Children Are Special Foundation**

<b>Financial Position</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Total Assets	<u>33,214</u>	<u>40,036</u>
Total Liabilities	<u>1,200</u>	<u>1,200</u>
Total Net Assets	<u>32,014</u>	<u>38,836</u>
	<u>33,214</u>	<u>40,036</u>
<b>Results of Operations</b>	<b>2011</b>	<b>2010</b>
Total Revenues	43,425	71,999
Total Expenses	48,669	65,717
Excess of Revenue over expenses	<u>(5,244)</u>	<u>6,282</u>

**14. Other Revenue**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Children Special Allowances	339,930	325,795
Maintenance from Parents and Other	5,300	7,950
Interest	3,019	623
Membership	75	57
Maintenance for Wards of Other Societies	277,809	356,090
Other Recoveries	<u>118,312</u>	<u>103,683</u>
	<u>744,445</u>	<u>794,198</u>

**15. Unrestricted Fund Balances**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Child Welfare	850	(184,533)
Adult Protective Services	1,709	4,090
Transition Aged Youth	38	38
Facility Renewal	254	
Person Directed Planning	-	4,501
OCBE	<u>17,530</u>	<u>31,880</u>
	<u>20,381</u>	<u>(144,024)</u>

**16. Future Accounting Pronouncements**

The Accounting Standards Board (AcSB) responsible for the accounting standards for private sector not-for-profit organizations is exploring alternatives to replace the existing set of accounting standards known as GAAP. The AcSB has tentatively concluded that Not-for-Profit organizations will be given a choice of adopting International Financial Reporting Standards (IFRS) or Canadian Standards for Private Enterprise Standards supplemented with additional standards to address the unique NPO transactions and circumstances. Adoption of a new standard is not expected until 2011 and the impact of the changes on the financial statements and the audit process are not yet determinable.

**INDEPENT AUDITORS' COMMENT ON PROGRAM  
SCHEDULES OF REVENUE AND EXPENSES**

**To the Directors of  
The Children's Aid Society of the County of Bruce**

The audited financial statements of the Children's Aid Society of the County of Bruce as at March 31, 2011 and our report thereon dated xxxxx are presented in the preceding section of this annual report. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.

These schedules have been prepared on the basis of accounting required by the Ministry of Community and Social Services.

Gaviller & Company LLP  
Licensed Public Accountants  
Walkerton, Ontario  
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**Children's Aid Society of the County of Bruce  
Schedule of Revenue and Expenditures - Child Welfare  
for the year ended March 31, 2011**

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	2011 \$	2010 \$
<b>Revenue</b>		
Provincial Grants	9,509,615	9,382,730
Other Revenue	742,894	792,937
	<hr/> 10,252,509	<hr/> 10,175,667
<b>Expenditures</b>		
Investigation & Assessment Services	926,444	873,847
Ongoing Services	1,873,900	1,763,733
Non Residential Client Needs	22,757	74,316
Children in Care Services	805,198	789,369
Foster Care Services	616,528	589,968
Residential Client Needs	485,284	532,261
Adoption Services	204,115	156,420
Legal Services	359,720	292,384
Direct Service Travel	637,569	647,974
Infrastructure and Administrative Services	936,013	930,543
Technology	149,521	175,338
Society Foster & Other Care	1,768,280	2,015,558
Outside Paid Resources	1,305,179	1,341,857
Kinship Service	117,905	125,399
	<hr/> 10,208,413	<hr/> 10,308,967
Excess (Deficiency) of Revenue over Expenditures for Government Reporting Purposes	<hr/> 44,096	<hr/> (133,300)

**Children's Aid Society of the County of Bruce  
Schedule of Revenue and Expenditures - Other Programs  
for the year ended March 31, 2011**

	Adult Protective Services \$	OCBE Fund \$	Facility Renewal Funding \$	Trillium \$	Person Directed Planning \$	Total 2011 \$	Total 2010 \$
<b>Revenue</b>							
Provincial Grants	264,745	115,963	5,000	7,330	-	393,038	443,397
Other Recoveries	488	167				655	1,047
	265,233	116,130	5,000	7,330	-	393,693	444,444
<b>Expenditures</b>							
Building Occupancy	7,242					7,242	7,026
Employee Benefits	38,776					38,776	35,886
Miscellaneous Expenditures						-	-
Office Expense	5,044					5,044	4,761
Salaries	190,384					190,384	196,469
Training, Education and Conference	727					727	180
Transportation	15,315					15,315	14,984
Program Expenses	10,126	130,480	4,746	7,330	4,501	157,183	199,593
<b>Total Expenditures</b>	267,614	130,480	4,746	7,330	4,501	414,671	458,899
<b>Excess (Deficiency) of Revenue over Expenditures for Government Reporting Purposes</b>	<b>(2,381)</b>	<b>(14,350)</b>	<b>254</b>	<b>-</b>	<b>(4,501)</b>	<b>(20,978)</b>	<b>(14,455)</b>