

FAMILY AND CHILDREN'S SERVICES
OF ST. THOMAS AND ELGIN

Financial Statements
Year Ended March 31, 2011
and Independent Auditor's Report to the Directors and Members

INDEPENDENT AUDITOR'S REPORT

To the Directors and Members of the
FAMILY & CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN:

We have audited the accompanying financial statements of Family and Children's Services of St. Thomas and Elgin, which comprise the statement of financial position as at March 31, 2011 and the statements of operations and fund balance and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in Note 2 to the financial statements and for such internal control as management determines is necessary to enable 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.

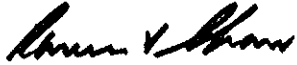
An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Family and Children's Services of St. Thomas and Elgin as at March 31, 2011 and the results of its operations and cash flows for the year then ended in accordance with the basis of accounting described in Note 2 to the financial statements.

These financial statements, which have not been, and are not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Directors of the Family and Children's Services of St. Thomas and Elgin and the Ministry of Children and Youth Services. These financial statements are not intended to be and should not be used by anyone other than the specified users, or for any other purpose.



Chartered Accountants
Licensed Public Accountants

May 25, 2011

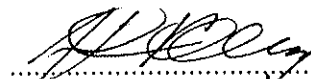
FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

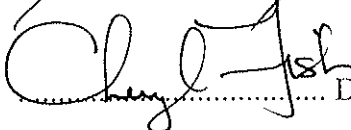
STATEMENT OF FINANCIAL POSITION

MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash (Note 3)	\$ 621,842	\$ 462,871
Accounts receivable	278,746	108,822
Prepaid expenses	<u>9,700</u>	<u>9,700</u>
	910,288	581,393
CAPITAL ASSETS (Note 4)	777,100	818,000
RESP HELD IN TRUST (Note 5)	<u>172,019</u>	<u>143,751</u>
	<u>\$1,859,407</u>	<u>\$1,543,144</u>
<u>LIABILITIES AND FUND BALANCE</u>		
CURRENT LIABILITIES		
Accounts payable and accrued charges	\$1,019,797	\$ 736,741
Deferred revenue (Note 7)	<u>247,584</u>	<u>263,861</u>
	1,267,381	1,000,602
RESP TRUST LIABILITY (Note 5)	172,019	143,751
FUND BALANCE	<u>420,007</u>	<u>398,791</u>
	<u>\$1,859,407</u>	<u>\$1,543,144</u>

Approved by the Board:


..... Director


..... Director

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

STATEMENT OF OPERATIONS AND FUND BALANCE

YEAR ENDED MARCH 31, 2011

	<u>2011</u> <u>Budget</u>	<u>2011</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
REVENUES			
Grants			
Province of Ontario (Note 9)	\$12,548,663	\$11,881,174	\$12,427,020
Other operating revenue			
Maintenance - other societies	35,609	372,588	77,009
Maintenance agreements	7,500	7,325	6,852
Children's special allowances	349,855	294,424	344,927
Interest	1,000	5,526	34
Other income and recoveries	<u>52,890</u>	<u>119,747</u>	<u>54,758</u>
	<u>446,854</u>	<u>799,610</u>	<u>483,580</u>
TOTAL REVENUES	12,995,517	12,680,784	12,910,600
EXPENSES - Schedule	<u>12,995,517</u>	<u>12,582,568</u>	<u>13,210,889</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE AMORTIZATION (Note 18)	-	98,216	(300,289)
AMORTIZATION OF CAPITAL ASSETS		<u>(40,900)</u>	<u>(43,365)</u>
NET REVENUES (EXPENSES) FOR THE YEAR		57,316	(343,654)
ADJUSTMENTS TO FUND BALANCE (Note 8)		(36,100)	-
FUND BALANCE, BEGINNING OF YEAR		<u>398,791</u>	<u>742,445</u>
FUND BALANCE, END OF YEAR		<u>\$ 420,007</u>	<u>\$ 398,791</u>



FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES		
Net revenues (expenses) for the year	\$ 57,316	\$(343,654)
Amortization of capital assets	40,900	43,365
Changes in non-cash working capital items (Note 11)	96,855	(159,913)
Adjustments to fund balance	<u>(36,100)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>158,971</u>	<u>(460,202)</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	169,168	143,004
Ministry funding received	<u>(169,168)</u>	<u>(143,004)</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>
NET CASH INFLOW (OUTFLOW)	158,971	(460,202)
CASH POSITION, BEGINNING OF YEAR	<u>462,871</u>	<u>923,073</u>
CASH POSITION, END OF YEAR	<u>\$621,842</u>	<u>\$ 462,871</u>

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

1. ORGANIZATION PURPOSE

Family and Children's Services of St. Thomas and Elgin is incorporated in the Province of Ontario, without share capital and without the purpose of gain for its members. Services provided by the agency include protecting children from abuse and neglect, counselling for families and children, providing foster and group home care for children and the placement and supervision of children with adoptive parents. The Family and Children's Services is classified as a non-profit organization under the Income Tax Act, and exempt from tax.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared using accounting principles that are prescribed by the Ministry of Children and Youth Services. The basis of accounting differs materially from Canadian generally accepted accounting principles as follows:

i) Capital assets

Capital assets acquired as part of the annual budgeted expense of a funded program are expensed in the year of acquisition. Amortization of these capital assets over their estimated useful life is not recognized as an allowable expense for Ministry purposes.

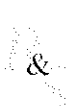
The purchase of the land and subsequent construction of the building located on Sunset Drive in 1991 has been capitalized for financial statement purposes. The building is being amortized over a period of forty years.

b) Revenue recognition

Revenue from government grants is recognized over the period for which the grant was given. Other revenues are recognized as they are earned and measurable.

c) Deferred revenue

Family and Children's Services of St. Thomas and Elgin administers other non-child welfare programs funded by the Province of Ontario and other sources. Funding for certain programs is received on a calendar year basis and for other programs funding is received on a March 31st fiscal year. Any unexpended funding for these non-child welfare programs at March 31st is reported as deferred revenue on the statement of financial position.



FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d) The Elgin Children's Foundation

The operations of The Elgin Children's Foundation are not consolidated in these financial statements. A financial summary of the Foundation is provided in Note 17 of these financial statements.

e) Contributed services

Volunteers contributed 9,759 hours during the year to assist the Family and Children's Services in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 period. Actual results could differ from these estimates as additional information becomes available in the future.

3. CASH

Cash includes the following amounts, some of which are restricted.

	<u>2011</u>	<u>2010</u>
Operating	\$374,258	\$199,010
Deferred revenue (Note 7)	<u>247,584</u>	<u>263,861</u>
	<u>\$621,842</u>	<u>\$462,871</u>

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2011</u>	<u>2010</u>
Land	\$ 68,000	\$ -	\$ 68,000	\$ 68,000
Building	<u>1,564,286</u>	<u>855,186</u>	<u>709,100</u>	<u>750,000</u>
	<u>\$1,632,286</u>	<u>\$855,186</u>	<u>\$777,100</u>	<u>\$818,000</u>

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

5. REGISTERED EDUCATION SAVINGS PLAN HELD IN TRUST

The Family and Children's Services has received federal funds as part of the Universal Child Care Benefits to be used to establish Registered Education Savings Plans (RESP's) for qualifying children under the age of six in the care of the agency. These funds have been invested in accordance with the directions from the Ontario Ministry of Children and Youth Services.

6. BANK INDEBTEDNESS

The Family and Children's Services has available an authorized overdraft limit of \$250,000. The amount of overdraft limit utilized at March 31, 2011 and 2010 was \$NIL.

7. DEFERRED REVENUE

	<u>Revenues</u>	<u>Expenses</u>	<u>Excess (Deficiency)</u>	<u>Balance at March 31,</u>	
				<u>2010</u>	<u>2011</u>
Province of Ontario					
Adoption incentive	\$ -	\$ 16,856	\$(16,856)	\$ 78,516	\$ 61,660
Broader public services	7,120	7,120	-	-	-
Repairs and maintenance	25,000	25,000	-	-	-
Child & family intervention	16,223	16,223	-	-	-
High risk infant protocol	-	3,670	(3,670)	17,994	14,324
Ontario Child Benefit equivalent	96,987	91,512	5,475	146,169	151,644
Facility renewal	-	-	-	35,000	35,000
Support services	-	3,899	(3,899)	3,899	-
Transitional Aged Youth	<u>81,011</u>	<u>78,338</u>	<u>2,673</u>	<u>(17,717)</u>	<u>(15,044)</u>
	226,341	242,618	(16,277)	263,861	247,584
Early Years (ACL)	30,144	30,144	-	-	-
Elgin - St. Thomas United Way	<u>20,293</u>	<u>20,293</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$276,778</u>	<u>\$293,055</u>	<u>\$(16,277)</u>	<u>\$263,861</u>	<u>\$247,584</u>

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

8. ADJUSTMENTS TO FUND BALANCE

The Province of Ontario Ministry of Community and Social Services funding is based upon guidelines established by the Ministry and applied to actual service volumes reported to the Ministry on a quarterly basis. This process may result in adjustments to current and prior year's funding.

	<u>2011</u>	<u>2010</u>
Province of Ontario - prior year funding adjustments	\$(<u>36,100</u>)	\$ <u>-</u>

9. GRANTS - PROVINCE OF ONTARIO

Ministry of Children and Youth Services funding consists of the following grants:

	<u>2011</u>	<u>2010</u>
Child Protection (Welfare) Operating	\$11,535,047	\$12,252,477
Child Protection (Welfare) Transformation	<u>346,127</u>	<u>174,543</u>
	<u>\$11,881,174</u>	<u>\$12,427,020</u>

10. TOTAL EXPENSES

The total expenses allocated to the Ministry sources of funding are as follows:

	<u>2011</u>	<u>2010</u>
Child Protection (Welfare) Operating	\$12,236,441	\$12,971,657
Child Protection (Welfare) Transformation	<u>346,127</u>	<u>239,232</u>
	<u>\$12,582,568</u>	<u>\$13,210,889</u>

11. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	<u>2011</u>	<u>2010</u>
Accounts receivable	\$(169,924)	\$ 21,638
Prepaid expenses	-	(1,540)
Accounts payable and accrued charges	283,056	(223,533)
Deferred revenue	<u>(16,277)</u>	<u>43,522</u>
	<u>\$ 96,855</u>	<u>\$(159,913)</u>

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

12. VACATION ENTITLEMENT

Employee vacation entitlement is to be earned and taken during the calendar year. As at March 31, 2011, the amount of vacation entitlement earned but not taken amounts to approximately \$118,000 (2010 - \$110,000). An amount of \$79,000 (2010 - \$38,900) has been provided for in the current year and is reported on the Schedule of Expenses.

13. POST EMPLOYMENT BENEFITS

Family and Children's Services has a pension agreement with the Ontario Municipal Employees Retirement System Funds (OMERS), which is a multi-employer plan, on behalf of its employees. The plan is a contributory defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for the year ended March 31, 2011 was \$450,628 (2010 - \$441,743) for current service and is included in "Employee benefits" on the Schedule of Expenses.

The Family and Children's Services has no obligation as at March 31, 2011 for any past service provisions.

14. LEASE COMMITMENTS

Family and Children's Services leases office space and equipment under lease agreements with terms to May 31, 2015. Future minimum lease payments will aggregate \$46,320 including the following payments over the next five years: 2012, \$35,789; 2013, \$5,226; 2014, \$2,448; 2015, \$2,448; 2016, \$408.

15. FINANCIAL INSTRUMENTS

- (a) The carrying values of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of the instruments.
- (b) Credit and foreign currency risk:

The Family and Children's Services is not exposed to any foreign currency or credit risk.

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

16. ECONOMIC DEPENDENCE

The Family and Children's Services receives 94% of its revenue from the Ontario Ministry of Children and Youth Services and is financially dependent on the Province for funding.

17. THE ELGIN CHILDREN'S FOUNDATION

The Elgin Children's Foundation is incorporated under the Corporations Act (Ontario) without share capital and is a registered charity under the Income Tax Act. The objects of the Foundation are to receive and maintain a fund for the support of the Family and Children's Services of St. Thomas and Elgin.

The operations and financial position of the Foundation have not been consolidated in these financial statements. Financial summaries of this unconsolidated entity as at December 31st, the Foundation year end, are as follows:

	<u>2011</u>	<u>2010</u>
Financial position		
Total assets	<u>\$320,343</u>	<u>\$302,136</u>
Total liabilities	\$ 4,102	\$ 2,091
Total net assets	<u>316,241</u>	<u>300,045</u>
	<u>\$320,343</u>	<u>\$302,136</u>
Results of Operations		
Total revenues	\$ 75,225	\$ 42,078
Total expenses	<u>59,029</u>	<u>50,744</u>
Excess (deficiency) of revenues over expenses	<u>\$ 16,196</u>	<u>\$ (8,666)</u>
Cash Flows		
Cash provided by (used in) operations	\$ 18,372	\$ (7,171)
Cash (used in) financing and investing activities	<u>(18,854)</u>	<u>(30,424)</u>
(Decrease) in cash for the year	(482)	(37,595)
Cash position, beginning of year	<u>37,658</u>	<u>75,253</u>
Cash position, end of year	<u>\$ 37,176</u>	<u>\$ 37,658</u>

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

18. EXCESS OF REVENUES OVER EXPENSES

The Family and Children's Services of St. Thomas and Elgin intends to allocate the 2010-2011 excess of revenues over expenses as follows:

2010-2011 Operating surplus	\$19,454
Facility renewal	50,000
2011-2012 Budget allocation	<u>28,762</u>
	<u>\$98,216</u>

Prior years' deficiencies of revenues under expenses totalling \$471,151 have not been funded by the Ministry of Community and Social Services.

19. SIGNIFICANT EVENT

The Family and Children's Services of St. Thomas and Elgin is currently part of a group of Children's Aid Societies (CASs) in Ontario to request a Judicial Review by asking the court to review the process used by the Ontario Ministry of Children and Youth Services to determine CASs funding allocations.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for 2011.

FAMILY AND CHILDREN'S SERVICES OF ST. THOMAS AND ELGIN

SCHEDULE OF EXPENSES

YEAR ENDED MARCH 31, 2011

	<u>2011</u> <u>Budget</u>	<u>2011</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Salaries	\$ 5,838,957	\$ 5,763,912	\$ 6,027,919
Employee benefits	1,259,309	1,282,457	1,288,067
Travel	571,510	567,329	599,952
Staff training and recruitment	57,200	92,957	52,795
Building occupancy	345,257	359,055	306,933
Purchased service - non-client related	58,915	84,541	65,319
Program expenses	17,678	21,700	18,158
Boarding rate payments	3,440,041	2,972,591	3,422,177
Purchased service - client related	180,000	97,634	300,674
Clients' personal needs	499,241	503,180	407,529
Health related expenses	215,800	241,799	211,846
Promotion and publicity	18,200	26,592	14,909
Office administration	213,593	203,835	215,127
Miscellaneous	87,550	95,696	89,366
Technology costs	<u>192,266</u>	<u>269,290</u>	<u>190,118</u>
Total Expenses (Note 10)	<u>\$12,995,517</u>	<u>\$12,582,568</u>	<u>\$13,210,889</u>