



**The Children's Aid Society  
of Haldimand and Norfolk**  
**Financial Statements**  
**For the year ended March 31, 2011**

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## AUDITOR'S REPORT

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**To the Board of Directors and Members of  
The Children's Aid Society of Haldimand and Norfolk**

We have audited the accompanying financial statements of The Children's Aid Society of Haldimand and Norfolk, which comprise the statement of financial position as at March 31, 2011, and the statement of operations, statement of changes in fund balances and cash flow statement for the year then ended, 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion**

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donations revenue, excess (deficiency) of revenue over expenditures, current assets and fund balances.



## Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Children's Aid Society of Haldimand and Norfolk as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Canada* 

Chartered Accountants,  
Licensed Public Accountants

Brantford, Ontario  
June 16, 2011

**The Children's Aid Society of Haldimand and Norfolk**  
**Statement of Financial Position**  
**As at March 31**

	Operating Fund	Other Funds	Total 2011	Total 2010 Restated (Note 3)
<b>Assets</b>				
<b>Current assets</b>				
Cash (Note 4)	\$ 48,391	\$ 572,178	\$ 620,569	\$ 281,942
Investments (Note 5)	-	427,605	427,605	417,889
Accounts receivable (Note 6)	273,972	110	274,082	551,464
Prepaid expenses	218,393	522	218,915	198,835
Due from other funds	85,727	26,131	111,858	287,257
	626,483	1,026,546	1,653,029	1,737,387
<b>Capital assets (Note 7)</b>	-	716,918	716,918	775,384
	\$ 626,483	\$ 1,743,464	\$ 2,369,947	\$ 2,512,771
<b>Liabilities and Fund Balances</b>				
<b>Current liabilities</b>				
Bank indebtedness (Note 4)	\$ 413,296	\$ -	\$ 413,296	\$ 42,371
Accounts payable and accrued liabilities (Note 8)	1,184,134	123,396	1,307,530	1,502,314
Due to other funds	-	111,858	111,858	287,257
Derivative financial instrument (Note 9)	-	176,779	176,779	236,140
Current portion of long-term debt (Note 9)	-	177,000	177,000	168,000
	1,597,430	589,033	2,186,463	2,236,082
<b>Long-term debt (Note 9)</b>	-	1,735,000	1,735,000	1,912,000
	1,597,430	2,324,033	3,921,463	4,148,082
<b>Fund balances</b>				
Invested in capital assets	-	(1,195,082)	(1,195,082)	(1,304,616)
Externally restricted (Note 10)	-	245,177	245,177	317,169
Internally restricted	-	369,336	369,336	343,914
Unrestricted	(970,947)	-	(970,947)	(991,778)
	(970,947)	(580,569)	(1,551,516)	(1,635,311)
	\$ 626,483	\$ 1,743,464	\$ 2,369,947	\$ 2,512,771

On behalf of the Board:

  
 Director

  
 Director

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

**The Children's Aid Society of Haldimand and Norfolk**

**Statement of Operations**

**For the year ended March 31**

	2011			2010			
	Operating Fund	Restricted Funds	Endowment Fund	Operating Fund	Restricted Funds	Endowment Fund	Total
<b>Revenue</b>							
Province of Ontario	\$21,310,222	\$ 391,858	\$ -	\$ 20,092,395	\$ 384,158	\$ -	\$ 20,476,553
Donations	-	38,961	-	-	45,763	600	46,363
Interest income	-	2,741	11,690	-	28	16,609	16,637
Other	-	15,759	1,371	-	15,721	1,989	17,710
	<u>21,310,222</u>	<u>449,319</u>	<u>13,061</u>	<u>20,092,395</u>	<u>445,670</u>	<u>19,198</u>	<u>20,557,263</u>
<b>Expenditures</b>							
Salaries and wages	9,965,589	137,789	-	9,964,796	137,789	-	10,102,585
Employee benefits	2,056,077	16,698	-	1,999,668	16,698	-	2,016,366
Travel	1,048,877	-	-	1,246,905	-	-	1,246,905
Training and recruitment	50,813	-	-	98,854	-	-	98,854
Building occupancy	273,914	-	-	363,893	-	-	363,893
Amortization	-	106,119	-	-	125,036	-	125,036
Interest	-	115,277	-	-	118,603	-	118,603
Change in value of derivative (Note 9)	-	(59,361)	-	-	(159,660)	-	(159,660)
Purchased services - non-client	126,058	-	-	99,375	-	-	99,375
Program expenses	470	-	-	1,922	-	-	1,922
Boarding rate payments	6,760,498	-	-	5,932,417	-	-	5,932,417
Purchased services - client	112,462	-	-	180,782	-	-	180,782
Clients' personal needs	491,564	-	-	709,746	-	-	709,746
Health and related	484,170	-	-	488,229	-	-	488,229
Financial assistance	56,188	-	-	34,279	-	-	34,279
Promotion and publicity	16,506	-	-	22,202	-	-	22,202
Office administration	178,337	15,583	8,006	205,891	13,292	384	219,567
Technology	144,154	-	-	101,479	-	-	101,479
Other miscellaneous	138,882	352,726	37,490	143,609	127,442	37,356	308,407
	<u>21,904,559</u>	<u>684,831</u>	<u>45,496</u>	<u>21,594,047</u>	<u>379,200</u>	<u>37,740</u>	<u>22,010,987</u>
Expenditure recoveries	(30,078)	-	-	(56,539)	-	-	(56,539)
Other income (Note 11)	(916,001)	-	-	(785,116)	-	-	(785,116)
	<u>20,958,480</u>	<u>684,831</u>	<u>45,496</u>	<u>20,752,392</u>	<u>379,200</u>	<u>37,740</u>	<u>21,169,332</u>
<b>Excess (deficiency) of revenue over expenditures (Note 12)</b>	<b>\$ 351,742</b>	<b>\$ (235,512)</b>	<b>\$ (32,435)</b>	<b>\$ (659,997)</b>	<b>\$ 66,470</b>	<b>\$ (18,542)</b>	<b>\$ (612,069)</b>

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

**The Children's Aid Society of Haldimand and Norfolk**  
**Statement of Changes in Fund Balances**  
**For the year ended March 31**

	2011			2010			
	Operating Fund	Restricted Funds	Endowment Fund	Operating Fund	Restricted Funds	Endowment Fund	Total
Fund balance, beginning of year as previously reported	\$ (991,778)	\$ (1,237,467)	\$ 554,862	\$ (1,674,383)	\$ (1,317,596)	\$ 573,404	\$ (747,189)
Restatement (Note 3)	-	39,072	-	39,072	(276,053)	-	(276,053)
Fund balance, beginning of year as restated	(991,778)	(1,198,395)	554,862	(1,635,311)	(1,593,649)	573,404	(1,023,242)
Transfer to other funds	(330,911)	330,911	-	-	328,784	-	-
Excess (deficiency) of revenue over expenditures	351,742	(235,512)	(32,435)	83,795	66,470	(18,542)	(612,069)
<b>Fund balance, end of year</b>	<b>\$ (970,947)</b>	<b>\$ (1,102,996)</b>	<b>\$ 522,427</b>	<b>\$ (1,551,516)</b>	<b>\$ (1,198,395)</b>	<b>\$ 554,862</b>	<b>\$ (1,635,311)</b>

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

**The Children's Aid Society of Haldimand and Norfolk  
Other Funds - Statement of Financial Position  
As at March 31**

	OCBe	Fresh Air	LIFT	Capital Fund	Other Funds	Endowment Fund	Total 2011	Total 2010
<b>Assets</b>								Restated
<b>Current assets</b>								(Note 3)
Cash (Note 4)	\$ 355,661	\$ 39,404	\$ -	\$ -	\$ -	\$ 177,113	\$ 572,178	\$ 281,942
Investments (Note 5)	-	-	-	-	-	427,605	427,605	417,889
Accounts receivable	-	-	-	-	110	-	110	8
Prepaid expenses	522	-	-	-	-	-	522	8,000
Due from operating fund	-	185	2,097	10,108	13,741	-	26,131	287,257
	356,183	39,589	2,097	10,108	13,851	604,718	1,026,546	995,096
<b>Capital assets (Note 7)</b>								
	-	-	-	716,918	-	-	716,918	775,384
	<u>\$ 356,183</u>	<u>\$ 39,589</u>	<u>\$ 2,097</u>	<u>\$ 727,026</u>	<u>\$ 13,851</u>	<u>\$ 604,718</u>	<u>\$ 1,743,464</u>	<u>\$ 1,770,480</u>
<b>Liabilities and Fund Balances</b>								
<b>Current liabilities</b>								
Accounts payable and accrued liabilities	123,396	-	-	-	-	-	123,396	48,743
Due to operating fund	29,567	-	-	-	-	82,291	111,858	49,130
Derivative financial instrument (Note 9)	-	-	-	176,779	-	-	176,779	236,140
Current portion of long-term debt (Note 9)	152,963	-	-	353,779	-	82,291	589,033	168,000
	-	-	-	1,735,000	-	-	1,735,000	1,912,000
<b>Long-term debt (Note 9)</b>								
	152,963	-	-	2,088,779	-	82,291	2,324,033	2,414,013
<b>Fund balances</b>								
Invested in capital assets	-	-	-	(1,195,082)	-	-	(1,195,082)	(1,304,616)
Externally restricted (Note 10)	203,220	-	-	-	-	41,957	245,177	317,169
Internally restricted	-	39,589	2,097	(166,671)	13,851	480,470	369,336	343,914
	203,220	39,589	2,097	(1,361,753)	13,851	522,427	(580,569)	(643,533)
	<u>\$ 356,183</u>	<u>\$ 39,589</u>	<u>\$ 2,097</u>	<u>\$ 727,026</u>	<u>\$ 13,851</u>	<u>\$ 604,718</u>	<u>\$ 1,743,464</u>	<u>\$ 1,770,480</u>

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

**The Children's Aid Society of Haldimand and Norfolk  
Restricted Funds - Statement Of Operations and Changes in Fund Balances  
For the year ended March 31**

	OCBe	Fresh Air	LIFT	BPS	Infrastructure Renewal	Capital Fund	Other Funds	Total 2011	Total 2010
<b>Revenues</b>									Restated (Note 3)
Government grants	\$ 189,165	\$ -	\$ 162,224	\$ 26,469	\$ 14,000	\$ -	\$ -	\$ 391,858	\$ 384,158
Donations	-	38,961	-	-	-	-	-	38,961	45,763
Interest income	2,187	191	-	-	-	181	182	2,741	28
Other	-	-	-	-	-	-	15,759	15,759	15,721
	191,352	39,152	162,224	26,469	14,000	181	15,941	449,319	445,670
<b>Expenditures</b>									
Salaries and benefits	-	-	128,018	26,469	-	-	-	154,487	154,487
Amortization	-	-	-	-	-	106,119	-	106,119	125,036
Office	-	-	3,520	-	-	-	12,063	15,583	13,292
Miscellaneous program	251,091	54,667	30,686	-	14,000	-	2,282	352,726	127,442
Interest	-	-	-	-	-	115,277	-	115,277	118,603
Change in value of derivative (Note 9)	-	-	-	-	-	(59,361)	-	(59,361)	(159,660)
	251,091	54,667	162,224	26,469	14,000	162,035	14,345	684,831	379,200
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (59,739)	\$ (15,515)	\$ -	\$ -	\$ -	\$ (161,854)	\$ 1,596	\$ (235,512)	\$ 66,470
<b>Fund balances, beginning of year as previously reported</b>	\$ (12,253)	\$ 55,104	\$ 2,097	\$ -	\$ -	\$ (1,294,670)	\$ 12,255	\$ (1,237,467)	\$ (1,317,596)
Restatement (Note 3)	275,212	-	-	-	-	(236,140)	-	39,072	(276,053)
Fund balance, beginning of year as restated	262,959	55,104	2,097	-	-	(1,530,810)	12,255	(1,198,395)	(1,593,649)
Transfer from other funds	-	-	-	-	-	330,911	-	330,911	328,784
Excess (deficiency) of revenues over expenditures	(59,739)	(15,515)	-	-	-	(161,854)	1,596	(235,512)	66,470
<b>Fund balances, end of year</b>	\$ 203,220	\$ 39,589	\$ 2,097	\$ -	\$ -	\$ (1,361,753)	\$ 13,851	\$ (1,102,996)	\$ (1,198,395)

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



**The Children's Aid Society Of Haldimand and Norfolk**  
**Statement of Cash Flows**  
**For the year ended March 31**

	<b>2011</b>	<b>2010</b>
		Restated (Note 3)
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenues over expenditures		
Operating fund	\$ 351,742	\$ (659,997)
Restricted funds	(235,512)	66,470
Endowment funds	(32,435)	(18,542)
Items not involving cash		
Amortization	106,119	125,036
Change in value of derivative	(59,361)	(159,660)
	<u>130,553</u>	<u>(646,693)</u>
Changes in non-cash working capital balances		
Investments	(9,716)	(12,818)
Accounts receivable	277,382	(116,855)
Prepaid expenses	(20,080)	141,304
Accounts payable and accrued liabilities	(194,784)	(186,788)
	<u>183,355</u>	<u>(821,850)</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	<u>(47,653)</u>	<u>(47,292)</u>
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	(168,000)	(159,000)
Repayment of demand loans	-	(902)
Payments on obligation under capital lease	-	(4,005)
	<u>(168,000)</u>	<u>(163,907)</u>
<b>Decrease in cash during the year</b>	<b>(32,298)</b>	<b>(1,033,049)</b>
<b>Cash, beginning of year</b>	<b>239,571</b>	<b>1,272,620</b>
<b>Cash, end of year</b>	<b><u>\$ 207,273</u></b>	<b><u>\$ 239,571</u></b>
<b>Represented by:</b>		
Cash	\$ 620,569	\$ 281,942
Bank indebtedness	(413,296)	(42,371)
	<u>\$ 207,273</u>	<u>\$ 239,571</u>
<b>Supplementary information:</b>		
Interest paid	\$ 115,277	\$ 118,603

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

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**The Children's Aid Society of Haldimand and Norfolk**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2011**

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**1. Purpose of the Organization**

The Children's Aid Society of Haldimand and Norfolk (the "Society") is a not-for-profit organization whose mandate is to provide child protection services to the local community. The Society is incorporated under the laws of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act.

**2. Significant accounting policies**

**a) Fund accounting**

The Operating Fund (formerly called the Revenue Fund) accounts for the Society's operating and administration activities. This fund reports unrestricted resources and operating grants.

The Endowment Fund reports resources contributed for endowment.

**Restricted Funds:**

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

The Fresh Air Fund reports restricted resources used to provide summer camp and recreational experiences for disadvantaged children in our communities.

The LIFT Fund reports restricted resources used for the organization's LIFT (Living Independently for Tomorrow) program.

The Broader Public Sector (BPS) Fund reports restricted resources used for the Society's pay equity plan. There are no assets, liabilities or fund balances for this fund.

The Ontario Child Benefit Equivalent (OCBe) Fund reports monies received and spent for the Activities Fund. Savings owed through the OCBe program are presented as accounts payable.

The Infrastructure Renewal Fund reports restricted resources used for the Society's infrastructure renewal programs. There are no assets, liabilities or fund balances for this fund.

The Other Restricted Funds includes:

- The Child Abuse Workshop Fund which reports restricted resources used for the Society's child abuse education programming.
- The Wellness Fund which reports restricted resources used for the Society's wellness program.
- The Youth in Motion Fund which reports restricted resources used for the Society's Youth in Motion program.

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**The Children's Aid Society of Haldimand and Norfolk**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2011**

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**(b) Capital assets**

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 as follows:

- Building - 25 years
- Computer hardware and software - 3 years
- Furniture and equipment - between 3 and 13 years

**(c) Revenue recognition**

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

Restricted contributions are recognized as revenue of the appropriate fund at the time they are received.

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

Contributions for endowment are recognized as revenue in the Endowment Fund when received.

**(d) Contributed services**

Volunteers contribute a large number of hours each year to assist the organization in carrying out its service activities. Despite the fact that without these volunteer hours certain programs may have to be cut back or possibly cancelled, these services would not otherwise be purchased and as a result contributed services have not been recognized in these financial statements.

**(e) Contributed materials**

Contributed materials are recorded at their fair market value.

**(f) Measurement uncertainty**

The preparation of financial statements in accordance with 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 expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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**The Children's Aid Society of Haldimand and Norfolk**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2011**

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**(g) Financial Instruments**

The Society's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities, bank indebtedness, interest rate swap and long-term debt.

All transactions related to financial instruments are recorded on a settlement date basis.

The organization 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, bank indebtedness and derivatives which are carried in the balance sheet at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Derivative financial instruments are contracts that require or provide the opportunity to exchange cash flows or payments determined by applying certain rates, indices, or changes to notional contract amounts. The Society uses an interest rate swap ("swap") as an interest rate risk management tool. The swap is used to hedge interest rate exposure inherent in the floating rate loan facility. Derivative financial instruments are classified as held for trading and are recorded at their fair value as an asset or liability based on quoted market values determined by the counterparty to the interest rate swap contracts.

No financial statement recognition is given to embedded derivatives or non-financial contracts with derivative characteristics.

**Held-to-Maturity**

These assets are comprised of investments with fixed or determinable payments and fixed maturities that the Society's management has the positive intention and ability to hold to maturity. These assets are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to held-to-maturity investments are included in the amount initially recognized.

**Loans and receivables**

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 through the provision of goods and services to customers (accounts receivable). They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

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**The Children's Aid Society of Haldimand and Norfolk**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2011**

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**(g) Financial Instruments (continued)**

**Other financial liabilities**

Other financial liabilities includes accounts payable and accrued liabilities and long-term debt. 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.

**(h) New Accounting Pronouncements**

In December 2010, the Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) issued new standards for not-for-profit organizations (NPOs) as follows:

For non-government (private sector) NPOs, they have a choice of:

1. International Financial Reporting Standards ("IFRS") or
2. Accounting Standards for NPOs (which is essentially the Accounting Standards for Private Enterprises with the current 4400 series of NPO specific standards added with some minor changes)

For government (public sector) NPOs they have a choice of:

1. Public Sector Accounting standards with the current series of NPO-specific standards added with some minor changes; or
2. Public Sector Accounting standards.

The Boards require NPOs to adopt their respective standards for year ends beginning on or after January 1, 2012; early adoption is allowed. Until the date of transition to the new standards, all NPOs, including the Society, will continue to follow the current Canadian Institute of Chartered Accountants Handbook – Accounting Part V – Pre-Changeover Standards. The Society will adopt the new accounting standards for its March 31, 2013 year end.

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**The Children's Aid Society of Haldimand and Norfolk**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2011**

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**3. Restatement**

The OCBe Fund has been restated to reflect the activity funds received as revenue in the fund. The amounts were originally recorded as an increase to accounts payable. This has resulted in an increase in revenue of the OCBe fund for 2010 by \$155,465 and an increase in opening equity of \$119,747 for 2010. The net result is an increase in opening equity for 2011 of \$275,212.

The interest rate swap has been recorded in the financial statements at fair value. This has resulted in the recognition of a liability at March 31, 2010 of \$236,140, a decrease in opening equity of \$395,800 for 2010 and a gain on the change in value of the derivative and increase in the excess of revenue over expenditures of the capital fund of \$159,660 (Note 9).

**4. Cash**

The Society's bank accounts are held at one chartered bank. The bank accounts earn interest at a nominal rate.

The organization has a line of credit available which bears interest at Royal Bank Prime. The maximum authorized credit limit is \$1,150,000 of which \$395,000 (2010 - \$5,000) is outstanding at year end. The credit facility is secured by a General Security Agreement granting a security interest in the undertaking and all personal property owned by the organization.

**5. Investments**

Investments are all classified as held to maturity and consist of GIC's with effective interest rates ranging from 1.70% to 4.25% and maturity dates ranging from May 2011 to October 2012. These investments have a carrying value of \$419,266 (2010 - \$403,465) and a fair value of \$427,605 (2010 - \$417,889).

**6. Accounts receivable**

	<u>2011</u>	<u>2010</u>
Trade accounts receivable	\$ 39,152	\$ 22,704
Ministry of Children and Youth Services	72,630	36,694
Other	162,300	492,066
	<u>\$ 274,082</u>	<u>\$ 551,464</u>

**The Children's Aid Society of Haldimand and Norfolk**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2011**

7. Capital assets	2011		2010	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 93,200	\$ -	\$ 93,200	\$ -
Buildings	761,800	259,669	761,800	229,197
Furniture and equipment	1,342,446	1,283,452	1,336,161	1,247,050
Computer hardware and software	324,880	262,287	705,519	645,049
	<u>\$ 2,522,326</u>	<u>\$ 1,805,408</u>	<u>\$ 2,896,680</u>	<u>\$ 2,121,296</u>
		<u>\$ 716,918</u>		<u>\$ 775,384</u>

During the year, capital assets were acquired at an aggregate cost of \$47,653 (2010 - \$47,292). Fully depreciated capital assets were removed from the accounts during the year. This resulted in a decrease in cost and accumulated amortization of \$422,007.

**8. Accounts payable and accrued liabilities**

	2011	2010
Trade accounts payable	\$ 871,962	\$ 709,091
Accrued liabilities	241,716	569,733
Other	193,852	223,490
	<u>\$1,307,530</u>	<u>\$ 1,502,314</u>

Included in the Other balance above is \$75,187 (2010 - \$174,747) received from Canada Revenue Agency for children in care under 6 years of age for the Universal Child Care Benefit (UCCB). The Society holds these funds in trust as directed by the Ministry until a Registered Education Savings Plan (RESP) is established for each child. During the year \$168,309 (2010 - \$12,300) was transferred into RESP's.

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**The Children's Aid Society of Haldimand and Norfolk**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2011**

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**12. Excess (deficiency) of revenues over expenditures**

The Operating Fund shows a current surplus of \$351,742. \$148,000 of revenue recorded in the current year, related to the prior year. The funding formula from the Ministry of Children and Youth Services provides funding for non client capital acquisitions as well as for costs of occupancy. In accordance with Generally Accepted Accounting Principles the Capital Fund accounts for capital asset purchases, mortgage payments and amortization of the capital assets of the organization, including the building premises. The capital fund shows a current loss of \$161,854. Included in this loss is a \$59,361 unrealized gain related to the valuation of the interest rate swap.

**13. Commitments**

The Society has entered into operating leases for equipment under various terms.

The minimum annual lease payments for the next four years are as follows:

2012	\$	14,127
2013		7,025
2014		5,282
2015		363

**14. Employee Future Benefits**

The Society is a member of OMERS, a multi-employer defined benefit pension plan. The member organizations are unable to identify their share of the underlying assets and liabilities. As a result, the benefit plan has been accounted for following the recommendations for defined contribution plans.

The pension expense for this plan is \$709,416 (2010 - \$667,694), and is included in employee benefits expense on the Operating Fund Statement of Operations.



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**The Children's Aid Society of Haldimand and Norfolk**  
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**15. Financial Instrument Risk and Management**

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. A brief description of management's assessments of these risks are as follows:

(a) **General Objective, Policies and Processes:**

The Board and management are responsible for the determination of the Society's risk management objectives and policies and designing operating processes that ensure the effective implementation of the objectives and policies. In general, the Society measures and monitors risk through the preparation and review of monthly reports by management.

(b) **Credit Risk:**

Financial instruments potentially exposed to credit risk include cash, cash equivalents and accounts receivable. Management considers its exposure to credit risk over cash and cash equivalents to be remote as the Society holds cash deposits at one major Canadian bank. Accounts receivable are not concentrated and therefore the carrying amount of accounts receivable represents the maximum credit risk exposure.

(c) **Interest Rate Risk:**

The Society is exposed to interest rate risk arising from fluctuations in interest rates depending on prevailing rates at renewal of investments. To manage interest rate exposure, the Society invests in fixed income vehicles backed by a chartered bank.

The Society is subject to interest rate cash flow risk with respect to its floating rate long term debt. The Society has addressed this risk by entering into an interest rate swap agreement that fixes the interest rate over the term of the debt.

(d) **Liquidity Risk:**

Liquidity risk is the risk the Society will not be able to meet its financial obligations as they come due. The Society has taken steps to ensure that it has sufficient working capital available to meet its obligations.

**16. Capital Management**

The Society considers its capital to be comprised of its net assets. The Society is in compliance with all its externally imposed capital requirements. The Society manages capital to safeguard the organization's ability to operate and to meet its financial obligations as they become due.



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BDO Canada LLP  
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June 22, 2011

Ms. Janice Robinson, Executive Director  
Children's Aid Society of Haldimand and Norfolk  
70 Town Centre Drive  
Townsend, Ontario  
NOA 1S0

Dear Ms. Robinson

Re: Management Letter

Children's Aid Society of Haldimand and Norfolk

The objective of an audit is to obtain reasonable assurance whether the financial statements are free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

During the course of our audit of the financial statements of Children's Aid Society of Haldimand and Norfolk for the year ended March 31, 2011, we did not encounter any significant matters which we believe should be brought to your attention.

This communication is prepared solely for the information of the Board of Directors and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We would like to express our appreciation for the cooperation and assistance which we received during the course of our audit from Angie Vanbesien and Charlene Vanhooren.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

Yours truly,  
BDO Canada LLP  
Chartered Accountants, Licensed Public Accountants

John F. Johnson, C.A.  
Partner