

FINANCIAL STATEMENTS
FOR
THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES
OF STORMONT, DUNDAS AND GLENGARRY
FOR YEAR ENDED
MARCH 31, 2011

THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES
OF STORMONT, DUNDAS AND GLENGARRY

MARCH 31, 2011

CONTENTS

Page	1
------	---

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

2	Statement of Financial Position
3	Statement of Operations and Changes in Fund Balances
4	Statement of Cash Flows
5	Statement of Financial Position - Program Funds - Schedule A
6	Statement of Operations and Changes in Program Fund Balances - Schedule B
7	Expenditures - Schedule C
8 - 13	Notes to the Financial Statements

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

The Children's Aid Society of the United Counties of Stormont, Dundas and Glengarry

We have audited the accompanying financial statements of The Children's Aid Society of the United Counties of Stormont, Dundas and Glengarry, which comprise the statement of financial position as at March 31, 2011 and the statements of operations and changes in fund balances 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 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Children's Aid Society of the United Counties of Stormont, Dundas and Glengarry as at March 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Welch LLP

**CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

**Cornwall, Ontario
June 1, 2011**

Welch LLP - Chartered Accountants
36 Second Street East, Cornwall, Ontario K6H 1Y3
T: 613 932 4953 F: 613 932 1731 W: www.welchllp.com
An Independent Member of BKR International

Belleville | Campbellford | Cornwall | Gatineau | Napanee | Ottawa | Pembroke | Picton | Renfrew | Trenton

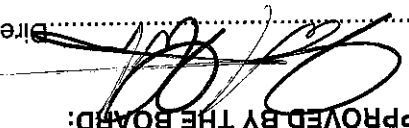
**THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES
OF STORMONT, DUNDAS AND GLENGARRY**

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2011

ASSETS

	2011				
	2011	Program Funds (Schedule A)	General Fund	Operating Fund	
CURRENT ASSETS					
Cash	\$ 844,138	\$ 341,104	\$ 17,686	\$ 17,686	
Accounts receivable - note 3	635,942	-	-	-	
Prepaid expenses	147,941	-	-	-	
	<u>1,628,021</u>	<u>341,104</u>	<u>17,686</u>	<u>17,686</u>	
CAPITAL ASSETS - note 4					
	4,506,804	-	-	-	
	<u>4,506,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	
	\$ 6,134,825	\$ 341,104	\$ 17,686	\$ 17,686	
	<u>\$ 6,134,825</u>	<u>\$ 341,104</u>	<u>\$ 17,686</u>	<u>\$ 17,686</u>	
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					
Accounts payable	\$ 2,329,062	\$ -	\$ -	\$ -	
Agency obligations - note 6	641,925	-	-	-	
Term bank loan - current - note 5	80,135	-	-	-	
	<u>3,051,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	
TERM BANK LOAN - note 5					
	1,935,931	-	-	-	
	<u>1,935,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	
DEFERRED CONTRIBUTIONS - note 8					
Expenses of future periods	-	-	-	-	
Capital assets	2,034,037	-	-	-	
	<u>2,034,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	
FUND BALANCES					
Internally restricted	-	341,104	17,686	-	
Invested in capital assets - note 7	456,701	-	-	-	
	<u>(1,342,966)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Unrestricted	886,265	341,104	17,686	-	
	<u>(886,265)</u>	<u>341,104</u>	<u>17,686</u>	<u>-</u>	
	\$ 6,134,825	\$ 341,104	\$ 17,686	\$ 17,686	
	<u>\$ 6,134,825</u>	<u>\$ 341,104</u>	<u>\$ 17,686</u>	<u>\$ 17,686</u>	

APPROVED BY THE BOARD:

 Director
 Director

(See accompanying notes)

**THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES
OF STORMONT, DUNDAS AND GLENGARRY**

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

YEAR ENDED MARCH 31, 2011

	2011			2010	
	Operating Fund	General Fund	Program Funds (Schedule B)	Total	Total
REVENUE					
Operating grants	\$23,860,392	\$	\$850,076	\$24,710,468	\$24,601,021
Child welfare recoveries	932,668	-	-	932,668	1,212,974
Investment income	21,822	147	-	21,969	4,226
Amortization of deferred contributions	122,437	-	-	122,437	86,196
Other income	620,333	-	-	620,333	215,543
Fundraising	-	5,445	-	5,445	4,102
	<u>25,557,652</u>	<u>5,592</u>	<u>850,076</u>	<u>26,413,320</u>	<u>26,124,062</u>
EXPENDITURES (Schedule C)					
EXCESS OF REVENUE OVER YEAR OPERATIONS	230,250	1,708	6,277	238,235	466,998
PRIOR YEAR SETTLEMENTS	-	-	-	-	5,044
EXCESS OF REVENUE OVER EXPENSES	230,250	1,708	6,277	238,235	472,042
FUND BALANCES, beginning of year	(1,116,515)	15,978	334,827	(765,710)	(1,237,752)
FUND BALANCES, end of year	<u>\$ (886,265)</u>	<u>\$ 17,686</u>	<u>\$ 341,104</u>	<u>\$ (527,475)</u>	<u>\$ (765,710)</u>

(See accompanying notes)

**THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTRIES
OF STORMONT, DUNDAS AND GLENGARRY**

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2011

2011	2010	
\$ 238,235	\$ 472,042	OPERATING ACTIVITIES
		Excess of revenues over expenses
		Items not involving cash:
(122,437)	(86,196)	Amortization of deferred contributions
268,471	208,491	Amortization of capital assets
384,269	594,337	Net change in non-cash
		working capital components:
(97,577)	408,170	Accounts receivable
(4,682)	(18,793)	Prepaid expenses
(320,151)	470,777	Accounts payable and accrued liabilities
(71,770)	263,512	Agency obligations
(494,180)	1,123,666	
(109,911)	1,718,003	INVESTING ACTIVITIES
		Acquisition of capital assets
		FINANCING ACTIVITIES
(32,444)	-	Deferred contributions recovered by Ministry
(76,155)	(78,089)	Decrease in bank loan - capital
-	(21,196)	Decrease in capital lease obligations
240,241	1,610,700	Increase in deferred contributions
131,642	1,511,415	INCREASE (DECREASE) IN CASH
		CASH (DEFICIENCY) AT BEGINNING OF YEAR
1,665,645	(130,141)	
		CASH AT END OF YEAR
\$ 1,202,928	\$ 1,665,645	Supplementary information:
		Interest paid

(See accompanying notes)

**THE CHILDREN'S AID SOCIETY OF THE UNITED COUNTIES
OF STORMONT, DUNDAS AND GLENGARRY**

EXPENDITURES

SCHEDULE C

YEAR ENDED MARCH 31, 2011

	2011			
	Program	General	Operating	
	Funds	Fund	Fund	
	(Schedule B)	Fund	Fund	
	Total	Total	Total	
	2010	Total	Total	
Salaries	\$ 8,068,677	\$ 126,664	\$ 8,195,341	\$ 7,938,518
Employee benefits	1,782,680	16,644	1,799,324	1,559,460
Building occupancy	480,769	3,768	484,537	487,727
Office	367,392	12,117	379,509	344,254
Training and recruitment	261,837	-	261,837	175,839
Promotion and publicity	268,382	-	268,382	59,722
Professional services - client	276,890	-	276,890	282,170
Professional services - non-client	36,290	127,190	163,480	102,605
Transportation - services	1,149,964	3,072	1,153,036	1,147,457
Boarding rate payments	10,305,057	192,072	10,497,129	11,190,189
Health and related - client	762,779	-	762,779	778,687
Client personal needs	847,600	-	847,600	1,096,485
Program costs	-	3,884	3,884	4,508
Financial assistance	309	-	309	-
Special programs - camp	1,977	-	1,977	5,061
Miscellaneous	143,389	804	144,193	134,037
Technology	573,410	-	573,410	350,345
	<u>\$25,327,402</u>	<u>\$3,884</u>	<u>\$25,813,617</u>	<u>\$25,657,064</u>

(See accompanying notes)

1. PURPOSE OF ORGANIZATION

The Children's Aid Society of the United Counties of Stormont, Dundas and Glengarry ("the Society") is incorporated without share capital under the laws of Ontario and its operations are governed by the Child and Family Services Act (R.S.O. 2006). The Society is a registered charity under the Income Tax Act and as such, is exempt from income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Fund accounting

The financial statements separately disclose the activities of the following funds maintained by the Society:

The Operating Fund reflects the activities associated with the Society's mandate under the Child and Family Services Act (R.S.O. 2006).

The General Fund reflects the activities relating to the Society's land, building and equipment financed by sources other than operating grant revenue. It also reflects the Society's revenues and expenditures from volunteer activities. The Board of Directors approves the transfers of the excess of revenue over expenditures of these funds.

The Ministry of Community and Social Services Funds, designated in these financial statements under the heading Program Funds, reflect activities relating to the Society's Independence Preparation Program, Cornwall Public Inquiry and Transitional Age Youth financed by sources other than operating grant revenue. These funds are restricted for specific uses and must be reported individually.

(b) Ministry of Children and Youth Services Funding

The total funding to the Society is not finalized until the Ministry of Children and Youth Services of Ontario has reviewed the financial returns for the year. Any adjustments to the funding which may result from negotiations with the Ministry are reflected in the accounts when negotiations have been concluded. The adjustments are reported on the statement of operations as prior year settlements.

(c) Capital assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Building	-	4 % diminishing balance
Furniture, fixtures and equipment	-	20 % diminishing balance
Computer equipment	-	30 % diminishing balance
Computer software	-	25 % straight-line

One-half of amortization is provided for in the year of acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

(d) Revenue recognition

Grant revenue, which is 100% provincially funded, is recognized on the basis of the lower of:

i) actual expenditures eligible for operating grant; and

ii) approval of fiscal allocation by the area office of the Ministry of Children and Youth Services, Province of Ontario

The Society follows the deferral method of accounting for contributions, which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, such as trust funds, are recognized as revenue in the year in which related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a declining basis, at a rate corresponding with the amortization rate for the related capital assets.

(e) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year to assist the Society in carrying out its service activities. Due to the difficulty of determining the 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 those estimates.

(g) Deferred contributions

Grants and donations received for capital purposes are deferred and amortized on a basis and rate corresponding with the amortization rate for the related capital assets.

(h) Financial instruments

The Society has elected to apply the recommendations of "Financial Instruments - Disclosure and Presentation," Section 3861, of the Canadian Institute of Chartered Accountants Handbook to present and disclose its financial instruments.

3. ACCOUNTS RECEIVABLE

Province of Ontario
Due from other societies
General

	2011	2010
	\$ 133,994	\$ 351,605
	32,055	72,268
	469,893	114,492
	<u>\$ 635,942</u>	<u>\$ 538,365</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

4. CAPITAL ASSETS

	2011		2010	
	Accumulated	Cost	Accumulated	Cost
	Amortization		Amortization	
Land	\$ -	\$ 225,000	\$ -	\$ 225,000
Buildings	807,867	4,600,856	3,792,989	3,713,237
Furniture, fixtures and equipment	259,975	420,896	160,921	141,060
Computer equipment and software	518,096	845,990	327,894	211,530
	<u>\$1,585,938</u>	<u>\$6,092,742</u>	<u>\$4,506,804</u>	<u>\$4,290,827</u>
Amortization for the year amounted to \$268,471 (2010 : \$208,491).				

5. BANK LOANS

	2011		2010	
Capital asset purposes	\$ 80,135	\$ 75,875	\$ 80,135	\$ 75,875
Term loan, 5.46%, repayable in blended monthly payments of \$15,711, due May 1, 2017	1,935,931	2,016,346	1,935,931	2,016,346
Current portion				
Non-current portion				
	<u>\$2,016,066</u>	<u>\$2,092,221</u>	<u>\$2,016,066</u>	<u>\$2,092,221</u>

The bank loan is secured by a general security agreement and specific charge on equipment, land and buildings. The interest rate on the operating line of credit is prime less .25%. The authorized limit of the operating line of credit is \$1,500,000.

Interest on the term loan was \$112,377 (2010 : \$120,128).

Principal payments on the term loan during the next five years are as follows:

Year	Amount
2012	\$ 80,135
2013	84,609
2014	89,346
2015	94,349
2016	99,631

6. AGENCY OBLIGATIONS

The Society acts as an agent, which holds resources and makes disbursements on behalf of various unrelated individuals or groups. The Society has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities not revenue and subsequent distributions are reported as decreases to this liability.

At March 31, 2011 these obligations consisted of:

	2011		2010	
Registered educational savings program	\$111,630	\$143,520	\$111,630	\$143,520
Ontario tax benefit equivalent	417,795	457,675	417,795	457,675
ECM trust for future	112,500	112,500	112,500	112,500
	<u>\$641,925</u>	<u>\$713,695</u>	<u>\$641,925</u>	<u>\$713,695</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

7. INVESTMENT IN CAPITAL ASSETS

	2011	2010
Capital assets	\$ 4,506,804	\$ 4,290,827
Amounts financed by:		
Bank loans - capital purposes	(2,016,066)	(2,092,221)
Deferred contributions - capital	(2,034,037)	(1,916,233)
	<u>\$ 456,701</u>	<u>\$ 282,373</u>

Investment in capital assets is calculated as follows:

Change in net assets invested in capital assets is calculated as follows:		
Amortization of capital assets	\$ (268,471)	\$ (208,491)
Amortization of deferred contributions	122,437	39,779
	<u>(146,034)</u>	<u>(168,712)</u>
Net change in investment in capital assets	484,448	1,433,632
Purchase of capital assets		
Amounts funded by:		
Bank loans - capital purposes	76,155	78,089
Obligations under capital lease	-	21,196
Deferred contributions - capital	(240,241)	(1,610,700)
	<u>\$ 174,328</u>	<u>\$ (246,495)</u>

8. DEFERRED CONTRIBUTIONS

Expenses of Future Periods		
Deferred contributions for expenses of future periods represent unspent government grants and externally restricted grants and funding for particular purposes.		
Balance, beginning of year	\$ 32,444	\$ 78,861
Less amounts recovered by Ministry	(32,444)	-
Less amount recognized as revenues in year	-	(46,417)
	<u>\$ -</u>	<u>\$ 32,444</u>

Capital Assets

The balance of unamortized capital contributions, in the form of grants and donations, related to capital assets consists of the following:

	2011	2010
Balance, beginning of year	\$1,916,233	\$ 345,312
Add amounts received related to future periods	240,241	1,610,700
Less amount recognized as revenues in year	(122,437)	(39,779)
	<u>\$2,034,037</u>	<u>\$1,916,233</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

9. PARTNER FACILITY RENEWAL

Infrastructure funding supports directly-operated facilities and transfer payment agencies for the acquisition, construction, renovation and renewal of capital assets to support the effective delivery of Ministry programs. The amounts received are set up as deferred contributions - capital assets and the expenditures are set up as capital assets and are included in the totals at note 8. These amounts are then amortized based on approved amortization rates. The following is a breakdown of the specific amounts pertaining to the Partner Facility Renewal (PFR) program:

	2011	2010
Partner facility renewal funds received	\$ 45,000	\$ 1,500,000
Expenditures in year - invested in capital assets	(183,202)	(1,361,798)
Less amount recovered by Ministry	(30,263)	-
PFR balance, beginning of year	168,465	30,263
PFR balance, end of year	-	\$ 168,465

10. TRUST FUND RESERVE

This reserve consists of donations received by The Children's Aid Society from individuals and other organizations. The receipts and disbursements in this account are summarized as follows:

	2011	2010
Balance, beginning of year	\$ 57,722	\$ 50,402
Revenue	54,020	13,909
Donations	504	125
Interest earned	-	91
Other	54,524	14,125
Expenditures	16,536	6,805
Special activities	37,988	7,320
Excess of revenue over expenditures	\$ 95,710	\$ 57,722
Balance, end of year	-	-

11. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, accounts receivable, accounts payable and bank loan. 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.

The Society's financial assets and financial liabilities are held for trading.

The carrying amount of cash, accounts receivable, and accounts payable approximates their fair value since these instruments may be liquidated promptly. The fair value of the bank loan approximates its carrying value since the current interest rate for similar loans approximates that obtained by the Society.

12. CAPITAL DISCLOSURE

CICA Handbook Section 1535 requires that the organization disclose information about its capital and how it is managed.

The organization defines its capital as its unrestricted net assets and is not subject to external restrictions on its capital. The organization's objective when managing its capital is to hold sufficient unrestricted net assets to maintain the stability of its financial structure enabling it to focus its efforts on serving its members.

13. PENSION PLAN

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

The amount contributed to OMERS was \$560,088 (2010 - \$493,157), for current service and is included as an expenditure in the operating fund, on the statement of financial activities and changes in fund balances.

14. CONTINGENCIES

The Society has been named, with others, as defendants in claims for damages, the outcome of which cannot be determined at this time. The Society believes it has adequate defense against these actions and insurance coverage to defray costs associated with any losses. As such, no provision for losses arising from these claims has been made in these financial statements. Any loss not covered by insurance will be expensed in the year of settlement.

15. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

Current year financial statement have been reorganized to reflect reporting of all Ministry funded programs.