

Financial Statements of

**CHILDREN'S AID SOCIETY
OF TORONTO**

Year ended March 31, 2011



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INDEPENDENT AUDITORS' REPORT

To the Members of the Children's Aid Society of Toronto

Report on the Financial Statements

We have audited the accompanying financial statements of the Children's Aid Society of Toronto, which comprise the statement of financial position as at March 31, 2011, the statement of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 Children's Aid Society of Toronto as at March 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the Canada Corporations Act (Ontario), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants, Licensed Public Accountants

June 16, 2011
Toronto, Canada

CHILDREN'S AID SOCIETY OF TORONTO


Statement of Financial Position
(In thousands of dollars)

March 31, 2011, with comparative figures for 2010


| | 2011 | 2010 |
|--|------------------|------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents (note 2) | \$ 18,899 | \$ 15,472 |
| Funding receivable | 3,937 | 712 |
| Accounts receivable and prepaid expenses | 3,970 | 1,393 |
| Receivable from Children's Aid Foundation (note 8) | 10,198 | 5,183 |
| | <u>37,004</u> | <u>22,760</u> |
| Capital assets (note 3) | 32,600 | 32,002 |
| Mortgage receivable | - | 9,341 |
| | <u>\$ 69,604</u> | <u>\$ 64,103</u> |
| Liabilities, Deferred Contributions and Fund Balances | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 5) | \$ 19,040 | \$ 18,917 |
| Current portion of mortgages payable (note 6) | 10,992 | 478 |
| | <u>30,032</u> | <u>19,395</u> |
| Deferred contributions (note 7): | | |
| Expenses of future years | 5,274 | 4,538 |
| Capital assets | 16,111 | 15,289 |
| | <u>21,385</u> | <u>19,827</u> |
| Mortgages payable (note 6) | - | 10,992 |
| Fund balances: | | |
| Operating Fund | 876 | (2,134) |
| Special Purposes Fund | 17,311 | 16,023 |
| | <u>18,187</u> | <u>13,889</u> |
| Commitments (note 10) | | |
| Contingency (note 13) | | |
| | <u>\$ 69,604</u> | <u>\$ 64,103</u> |

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

CHILDREN'S AID SOCIETY OF TORONTO

Statement of Operations and Changes in Fund Balances
(In thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

| | Operating Fund | | Special Purposes Fund | |
|---|----------------|-------------------|-----------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Revenue: | | | | |
| Government: | | | | |
| Ontario (note 17) | \$ 159,375 | \$ 158,979 | \$ 1,164 | \$ 274 |
| Canada | 4,059 | 4,255 | — | 56 |
| City of Toronto | 30 | 73 | 3 | — |
| Grants from Children's Aid | | | | |
| Foundation (note 8) | 682 | 657 | 1,974 | 1,776 |
| Investment (note 2) | 224 | 42 | 80 | 709 |
| Program service fees | 835 | 711 | — | — |
| Gain from disposition of land (note 3) | — | — | 3,307 | — |
| Amortization of deferred | | | | |
| contributions relating to | | | | |
| capital assets (note 7(b)) | 53 | 445 | 392 | — |
| Other | 599 | 651 | 306 | 252 |
| | <u>165,857</u> | <u>165,813</u> | <u>7,226</u> | <u>3,067</u> |
| Expenses: | | | | |
| Board rate payments | 63,197 | 64,154 | — | — |
| Salaries and benefits | 75,921 | 76,917 | 1,148 | 1,255 |
| Client-related | 8,369 | 9,201 | 1,013 | 430 |
| Occupancy and office | 8,538 | 7,551 | 35 | 34 |
| Travel | 3,209 | 3,789 | 37 | 40 |
| Purchased services | 1,345 | 887 | 685 | 303 |
| Amortization of capital assets | 2,243 | 2,765 | 730 | — |
| Training and recruitment | 165 | 274 | 28 | 24 |
| Donations to Children's Aid | | | | |
| Foundation (note 8) | — | — | 500 | — |
| Other (note 9) | 1,121 | 1,079 | 501 | 277 |
| | <u>164,108</u> | <u>166,617</u> | <u>4,677</u> | <u>2,363</u> |
| Excess (deficiency) of revenue over expenses | 1,749 | (804) | 2,549 | 704 |
| Fund balances, beginning of year | (2,134) | (1,330) | 16,023 | 15,319 |
| Interfund transfer (note 12) | 1,261 | — | (1,261) | — |
| Fund balances, end of year | \$ 876 | \$ (2,134) | \$ 17,311 | \$ 16,023 |

See accompanying notes to financial statements.

CHILDREN'S AID SOCIETY OF TORONTO

Statement of Cash Flows
(In thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

| | 2011 | 2010 |
|---|-----------|-----------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess (deficiency) of revenue over expenses: | | |
| Operating Fund and Special Purposes Fund | \$ 4,298 | \$ (100) |
| Items not involving cash: | | |
| Amortization of capital assets | 2,973 | 2,765 |
| Amortization of deferred contributions relating to capital assets | (445) | (445) |
| Net change in deferred contributions received for future years | 736 | 1,836 |
| Mortgage receivable interest capitalized | - | (705) |
| Change in non-cash operating working capital | (10,694) | 1,849 |
| | (3,132) | 5,200 |
| Financing activities: | | |
| Repayment of mortgages | (478) | (451) |
| Infrastructure stimulus grant | 1,267 | - |
| | 789 | (451) |
| Investing activities: | | |
| Receipt of mortgage receivable | 9,341 | - |
| Purchase of capital assets | (3,571) | (1,406) |
| | 5,770 | (1,406) |
| Increase in cash and cash equivalents | 3,427 | 3,343 |
| Cash and cash equivalents, beginning of year | 15,472 | 12,129 |
| Cash and cash equivalents, end of year | \$ 18,899 | \$ 15,472 |
| Supplemental cash flow information: | | |
| Interest paid | \$ 613 | \$ 630 |
| Interest received | 2,135 | 46 |

See accompanying notes to financial statements.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 2011

The Children's Aid Society of Toronto (the "Society") was originally established in 1891 and is incorporated, without share capital, under the Corporations Act (Ontario). The Society is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

The Society provides a range of protection and prevention services, as mandated by the Ontario Child and Family Services Act (RSO 1990 Chapter c.11), to children in the Toronto area. Funding for these services is principally provided by the Province of Ontario. The Society is dependent upon this funding for continued operations.

1. Significant accounting policies:

The financial statements of the Society are prepared in accordance with the following significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

(b) Funds:

The Society operates the following funds:

(i) Operating Fund:

The Operating Fund records the general operations of the Society and is primarily funded from government sources.

(ii) Special Purposes Fund:

The Special Purposes Fund reflects grants received from the Children's Aid Foundation ("CAF" or the "Foundation"), donations from other private sources and funding from government for specified preventive child abuse programs and research-oriented child welfare projects.

The Society's Board of Directors restricted the use of the funds from the sales of the land on the Charles Street site to future real estate-related uses of the Society. The uncommitted amount in this Real Estate Fund, which is included in the Special Purposes Fund at March 31, 2011, was \$4,679 (2010 - \$16,023).

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2011

1. Significant accounting policies (continued):

(c) Revenue recognition:

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Revenue from fundraising activities is recognized in the year in which the activities occur.

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

Revenue related to user fees, provincial grants and subsidies, income from services rendered and investment income is recorded as it is earned.

Deferred contributions for capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

(d) Financial instruments:

Cash and cash equivalents consist of cash and short-term investments with an initial maturity of three months or less. Cash and cash equivalents are classified as held-for-trading and carried at fair value.

Transaction costs that are directly attributable to the acquisition of investments are not considered significant and are expensed when paid. Investment purchase and sale transactions are accounted for on the settlement date.

Funding receivable, receivable from CAF and accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and mortgages payable are classified as other liabilities, which are measured at amortized cost.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2011

1. Significant accounting policies (continued):

In accordance with the Accounting Standards Board's decision to exempt not-for-profit organizations from the disclosure requirements with respect to financial instruments contained within The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, the Society has elected not to adopt these standards in its financial statements.

(e) Capital assets:

The Society's investment in capital assets is recorded at cost, less accumulated amortization.

Capital assets are amortized annually on a straight-line basis over their estimated useful lives as follows:

| | |
|--------------------------------|----------|
| Buildings | 40 years |
| Furniture and equipment | 5 years |
| Vehicles | 3 years |
| Computer hardware and software | 3 years |

(f) Donated goods and services:

The Society benefits substantially from donated goods and services in the form of volunteer time. Since these invaluable donated goods and services are not purchased, they are not recorded in these financial statements.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended March 31, 2011

2. Cash and cash equivalents:

| | 2011 | 2010 |
|------------------|------------------|------------------|
| Cash | \$ 6,387 | \$ 9,470 |
| Cash equivalents | 12,512 | 6,002 |
| | <u>\$ 18,899</u> | <u>\$ 15,472</u> |

All cash equivalents are in fixed income securities and mature within the next 11 days (2010 - 25 days). These investments bear interest at 0.90% (2010 - 0.22%).

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate, credit and market risks. The Society has formal policies and procedures in place to address these risks.

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Society. The Society manages this risk by holding debt issued by the Government of Canada and large Canadian banks, and by staggering the terms of the securities held.

Credit risk arises from the non-performance by counterparties to the investments. This risk is minimized by dealing only with creditworthy counterparties.

Market risk arises as a result of trading fixed income securities. Fluctuations in the market expose the Society to a risk of loss. The Society mitigates this risk through controls to monitor and limit concentration levels.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2011

3. Capital assets:

| | | | 2011 | 2010 |
|--------------------------------|------------------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Land | \$ 310 | \$ - | \$ 310 | \$ 310 |
| Buildings | 34,734 | 4,859 | 29,875 | 28,110 |
| Furniture and equipment | 4,466 | 3,779 | 687 | 1,485 |
| Vehicles | 603 | 424 | 179 | 209 |
| Computer hardware and software | 7,052 | 5,503 | 1,549 | 1,888 |
| | <u>\$ 47,165</u> | <u>\$ 14,565</u> | <u>\$ 32,600</u> | <u>\$ 32,002</u> |

Construction of the new Child Welfare Centre was completed in July 2006. The new Child Welfare Centre was built on the southern half of the parcel of land at the Society's Charles and Isabella Street site. The Society severed this parcel of land in half and sold the northern half to a condominium developer. The transaction closed in June 2007.

The net gain on the disposition of this property was \$14,077. Consideration for the sale was cash of \$6,614 and a vendor take-back mortgage of \$7,498 which has been repaid in full by the condominium developer in the current year. In addition to the fixed purchase price the condominium developer paid to the Society an additional participation amount of \$2,807 and an additional contribution of \$500 in 2011.

During the year, the Society received approval for an infrastructure stimulus grant in the amount of \$1,267 to build an addition to 843 Kennedy Road. The addition was substantially completed at March 31, 2011 at a cost of \$1,982.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2011

4. Bank debt:

The Society has a \$3,000 line of credit available which is due on demand and bears interest at prime. This credit facility is secured by a general security agreement. No amounts were outstanding under this facility at March 31, 2011 (2010 - nil).

In 2011, the Society entered into an additional credit facility that provides for a \$500 revolving demand credit facility, a \$1,000 revolving lease line of credit and an \$11,508 non-revolving term facility. The \$500 revolving demand credit facility and the \$1,000 revolving lease line of credit are due on demand and bear interest at prime, less 0.10% per annum. The \$11,508 non-revolving term facility bears interest at prime per annum and is due on February 29, 2012.

At March 31, 2011, the Society had \$10,992 (2010 - nil) outstanding under the non-revolving term facility and no amounts were outstanding under the demand credit facility and the revolving lease line of credit (2010 - nil).

The Society is required to comply with certain non-financial covenants in accordance with the terms of the credit facilities. As at March 31, 2011, the Society was in compliance with these covenants.

5. Accounts payable and accrued liabilities:

| | 2011 | 2010 |
|---|------------------|------------------|
| Accounts payable and other accruals | \$ 7,632 | \$ 7,941 |
| Salaries and benefit accruals | 5,562 | 4,177 |
| Employee future benefits and vacation accrual | 5,846 | 6,799 |
| | <u>\$ 19,040</u> | <u>\$ 18,917</u> |

The Special Early Retirement Plan (the "Plan") and vacation pay accruals have been adjusted to reflect revised estimated liabilities. The Plan accrual was adjusted to reflect the future liability for employees who have been approved by management for participation in the Plan. An amount for eligible employees, who have not yet been approved by management to participate in the Plan, has not been accrued.

The vacation pay accrual was adjusted to reflect the actual amount of vacation days earned, rather than the amount of vacation days available to employees at year end. Vacation days are earned on June 1 of each year, but are not available for use until January 1 of the following year.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2011

6. Mortgages payable:

| | Interest rate | Maturity date | 2011 | 2010 |
|--|---------------|-------------------|----------|-----------|
| RBC mortgage, monthly principal payments of \$12 plus interest | 4.905% | February 29, 2012 | \$ 3,351 | \$ 3,505 |
| RBC mortgage, monthly principal payments of \$12 plus interest | 5.450% | February 29, 2012 | 3,389 | 3,533 |
| RBC mortgage, monthly principal payments of \$14 plus interest | 5.700% | February 29, 2012 | 4,252 | 4,432 |
| | | | 10,992 | 11,470 |
| Less current portion | | | 10,992 | 478 |
| | | | \$ - | \$ 10,992 |

Interest expense on the mortgages amounted to \$613 (2010 - \$630) and is included in occupancy and office expense.

7. Deferred contributions:

(a) Expenses of future years:

Deferred contributions related to expenses of future years represent unspent amounts received for specific purposes.

| | 2011 | 2010 |
|------------------------------|----------|----------|
| Balance, beginning of year | \$ 4,538 | \$ 2,702 |
| Funding received | 5,296 | 3,670 |
| Amount recognized as revenue | (4,560) | (1,834) |
| Balance, end of year | \$ 5,274 | \$ 4,538 |

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2011

7. Deferred contributions (continued):

(b) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount of restricted contributions received for the purchase of capital assets. The amortization of these capital contributions is recorded as revenue in the statement of operations and changes in fund balances.

| | 2011 | 2010 |
|-------------------------------|------------------|------------------|
| Balance, beginning of year | \$ 15,289 | \$ 15,734 |
| Infrastructure stimulus grant | 1,267 | - |
| Amount recognized as revenue | (445) | (445) |
| Balance, end of year | \$ 16,111 | \$ 15,289 |

8. Children's Aid Foundation:

Grants from CAF - Special Purposes Fund:

The Foundation raises money from the public and corporate sectors and provides grants to the Society for preventive child abuse programs, as well as research-oriented child welfare projects for which regular government funding is not available.

CAF donated \$2,083 (2010 - \$2,026) for these special purpose projects, of which \$1,135 (2010 - \$1,005) is unspent at year end and included in deferred contributions.

| | 2011 | 2010 |
|---|-----------------|-----------------|
| Grants from CAF - Special Purposes Fund: | | |
| Donation for special projects | \$ 2,083 | \$ 2,026 |
| Amount unspent at year end | (1,135) | (1,005) |
| Amount spent in current year relating to prior year's donations | 1,026 | 755 |
| | \$ 1,974 | \$ 1,776 |

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2011

8. Children's Aid Foundation (continued):

Grants from CAF - Operating Fund:

Properties are leased from CAF for rent of \$472 (2010 - \$462). The Foundation donated \$450 (2010 - \$441) to the Society in connection with this rent. The leases are for a one-year term, renewable annually. In addition, \$232 (2010 - \$216) was donated for PARC, a program which is also funded by the Ministry of Children and Youth Services. Total donations to the Operating Fund are \$682 (2010 - \$657).

Certain administration functions are performed by the Society for CAF for \$10 (2010 - \$20) per year.

Included in receivable from the Foundation is \$10,000 (2010 - \$5,000) held by the Foundation for a Real Estate Fund for the Society under an agreement between the two parties.

The Society received \$500 as additional contributions from the condominium developer and donated it to the Foundation as previously agreed.

9. Other expenses:

Included in other expenses are expenditures of \$548 (2010 - \$511) for insurance premiums and \$201 (2010 - \$274) for membership in the Ontario Association of Children's Aid Societies.

10. Commitments:

(a) The Society has entered into operating leases expiring up to 2022 for vehicles, computers, office equipment and premises other than those leased from the Foundation (note 8).

Future minimum lease payments under operating leases are as follows:

| | | |
|------------|----|--------|
| 2012 | \$ | 769 |
| 2013 | | 1,218 |
| 2014 | | 1,207 |
| 2015 | | 1,206 |
| 2016 | | 1,206 |
| Thereafter | | 7,238 |
| | \$ | 12,844 |

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2011

10. Commitments (continued):

- (b) The Society has entered into agreements with certain adoptive parents to provide financial assistance for the care of adopted children. The approximate annual commitment for each of the next five years is \$1,850 (2010 - \$1,835).

The Society has a letter of guarantee of \$144 (2010 - \$144) outstanding relating to the Child Welfare Centre.

11. Pension plan costs:

All regular full-time and part-time employees of the Society are eligible to be members of OMERS, which is a multi-employer defined benefit plan. Employer contributions made to the plan during 2011 by the Society for current service amounted to \$4,848 (2010 - \$4,580); past service amounted to \$8 (2010 - nil).

12. Interfund transfer:

The Real Estate Fund, which is included in the Special Purposes Fund, was used to fund the construction of 30 Isabella Street and the new addition at 843 Kennedy Road. The interfund transfer reflects the transfer of the accumulated depreciation and accumulated amortization of deferred capital contributions to the appropriate fund.

13. Contingency:

From time to time, the Society is named co-defendant in claims relating to the mandated work of the Society. The current claims are presently in the pleading stages and it is premature to comment on their outcome at this time.

14. Fair values of financial assets and financial liabilities:

The fair values of cash and cash equivalents, funding receivable, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments or because they are receivable or payable on demand.

The fair values of mortgage receivable, receivable from CAF and mortgages payable approximate their carrying amounts as the terms and conditions are similar to current market conditions.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2011

15. Custodial assets:

The Society maintains cash and investments on behalf of children in the amount of \$224 (2010 - \$227). These amounts are not included in these financial statements.

16. Indemnification of officers and directors:

The Society's by-law states that the Society will indemnify its directors, officers and other persons undertaking any liability on behalf of the Society from any costs, charges and expenses whatsoever which such person sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against him or her or in respect of any act, deed, matter, or thing whatsoever made, done or permitted by him or her in or about the execution of duties of his or her office, except such costs, charges or expenses as are occasioned by his or her own wilful neglect or default.

The Society's basic errors and omissions insurance policy covers directors, officers and other persons for up to \$15,000 annually in the aggregate, with respect to liability for damages imposed by a court of law in connection with the execution of their duties on behalf of the Society. In addition, the Society's insurance provides up to \$2,500 annual aggregate coverage for directors and officers with respect to claims made against them in the discharge of their duties for the Society where no protection exists under the Society's basic errors and omissions policy.

In the unlikely event that a director or officer in the execution of his or her duties becomes liable for costs in excess of the Society's insurance coverage, the Society by-law described above obligates the Society to indemnify the individual for such costs. The nature of this indemnity prevents the Society from reasonably estimating the maximum exposure. Historically, the Society has not made significant payments nor does it expect to make any significant payments under such indemnity. While this may be a potential liability, in management's view, it is highly unlikely to occur.

17. Additional information:

The Society has Service Contracts/Child Family Services Act ("CFSA") Approvals with the Ministry of Children and Youth Services ("MCYS"). The following is a reconciliation report which summarizes by service (project code), all revenue and expenses and identifies any resulting surplus or deficit that relates to the Service Contracts/CFSA Approvals.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2011

17. Additional information (continued):

A review of this report shows the following services to be in a surplus (deficit) position as at March 31, 2011. Any surplus (deficit) amounts are reflected in excess (deficiency) of revenue over expenses on the statement of operations and changes in fund balances.

MCYS Child Welfare Program:

| Detail code | Core funding | Transformation fund | Service volume growth | Ministry managed | Total |
|---------------------------------|--------------|---------------------|-----------------------|------------------|------------|
| | Block I | Block II | Block III | Block IV | |
| | A751 | A770 | A753 | A754 | |
| Revenue: | | | | | |
| MCYS funding | \$ 152,953 | \$ 1,575 | \$ 183 | \$ 2,841 | \$ 157,552 |
| Non-MCYS revenue | 6,361 | – | – | – | 6,361 |
| | 159,314 | 1,575 | 183 | 2,841 | 163,913 |
| Expenses: | | | | | |
| Board rate payments | 62,885 | – | – | – | 62,885 |
| Salaries and benefits | 73,183 | 1,708 | – | – | 74,891 |
| Client - related | 8,283 | 140 | – | – | 8,423 |
| Occupancy and office | 8,757 | – | – | 2,459 | 11,216 |
| Travel | 3,362 | – | – | – | 3,362 |
| Purchased services | 1,062 | – | – | – | 1,062 |
| Training and recruitment | 156 | 4 | – | – | 160 |
| Other | 1,831 | – | – | – | 1,831 |
| | 159,519 | 1,852 | – | 2,459 | 163,830 |
| Excess of revenue over expenses | \$ (205) | \$ (277) | \$ 183 | \$ 382 | \$ 83 |

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2011

17. Additional information (continued):

MCYS and MCSS Generic Program:

| Detail code | PARC, CASA, access and Intake Grant | | | | | | | | | | Total |
|---------------------------------|-------------------------------------|-------------------|----------------|-------|------------------|------------------|-------------------------|----------|------|------|-------|
| | A556 | 9250 | 9259 | A440 | A555 | A771 | A557 | 9250 | 9259 | A440 | |
| | | D.H. Foster homes | Family support | BPS | Reception centre | FASD initiatives | Repairs and maintenance | | | | |
| Revenue: | | | | | | | | | | | |
| MCYS funding | \$ 600 | \$ 267 | \$ 64 | \$ 11 | \$ 600 | \$ 271 | \$ 9 | \$ 1,822 | | | |
| Non-MCYS/MCSS revenue | 314 | - | - | - | 529 | - | - | 843 | | | |
| | 914 | 267 | 64 | 11 | 1,129 | 271 | 9 | 2,665 | | | |
| Expenses: | | | | | | | | | | | |
| Board rate payments | - | 180 | - | - | - | - | - | 180 | | | |
| Salaries and benefits | 745 | 84 | 63 | 11 | 1,078 | - | - | 1,981 | | | |
| Client - related | 2 | - | 1 | - | 38 | 12 | - | 53 | | | |
| Occupancy and office | 50 | - | - | - | 3 | - | 9 | 62 | | | |
| Travel | 15 | 3 | - | - | 10 | - | - | 28 | | | |
| Purchased services | 87 | - | - | - | - | 259 | - | 346 | | | |
| Training and recruitment | 10 | - | - | - | - | - | - | 10 | | | |
| Other | 5 | - | - | - | - | - | - | 5 | | | |
| | 914 | 267 | 64 | 11 | 1,129 | 271 | 9 | 2,665 | | | |
| Excess of revenue over expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | |

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2011

17. Additional information (continued):

Reconciliation of statement of operations to Ministry Report:

| | |
|---|-------------|
| Excess of revenue over expenses | \$ 1,749 |
| Amortization of capital assets | 2,243 |
| Purchase of capital assets | (1,821) |
| Employee future benefits and vacation accrual changes | (953) |
| Changes in prepaid rent, insurance and property tax rebate | (604) |
| Repayment of mortgages | (478) |
| Amortization of deferred contributions relating to capital assets | (53) |
| <hr/> Surplus from Child Welfare Program per Ministry Report | <hr/> \$ 83 |

18. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.