

**The Children's Aid Society of the
Region of Peel**

Financial Statements
March 31, 2011

June 9, 2011

Independent Auditor's Report

To the Board of Directors and Members of The Children's Aid Society of the Region of Peel

We have audited the accompanying financial statements of The Children's Aid Society of the Region of Peel, 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 the related notes including a summary of significant accounting policies.

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 Region of Peel 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.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

The Children's Aid Society of the Region of Peel
Statement of Financial Position
As at March 31, 2011

	Operating fund		Capital fund		Ministry and other restricted funds		Special purpose fund		Total	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Assets										
Current assets										
Cash and cash equivalents (notes 8 and 9)	2,945,711	1,858,794	-	-	297,868	176,719	984,773	975,394	4,228,352	3,010,907
Accounts receivable	1,306,119	796,099	-	-	-	-	-	-	1,306,119	796,099
Amounts receivable from operating fund	-	-	-	-	114,994	161,479	-	-	114,994	161,479
Amounts receivable from capital fund	66,854	-	-	-	76,795	-	-	-	143,649	-
Prepaid expenses	111,253	108,823	-	-	-	-	-	-	111,253	108,823
	4,429,937	2,763,716	-	-	489,657	338,198	984,773	975,394	5,904,367	4,077,308
Capital assets (note 3)	-	-	4,011,327	3,736,758	-	-	-	-	4,011,327	3,736,758
	4,429,937	2,763,716	4,011,327	3,736,758	489,657	338,198	984,773	975,394	9,915,694	7,814,066
Liabilities and Fund Balances										
Current liabilities										
Accounts payable and accrued liabilities (notes 8 and 9)	5,529,448	4,412,339	-	-	297,868	176,719	-	-	5,827,316	4,589,058
Deferred revenue	66,854	14,225	12,075	18,975	525,945	441,929	-	-	604,874	475,129
Amounts payable to operating fund	-	-	66,854	-	-	-	-	-	66,854	-
Amounts payable to Ministry restricted fund	114,994	161,479	76,795	-	-	-	-	-	191,789	161,479
Deferred lease inducement obligation (note 4)	-	-	971,713	759,882	-	-	-	-	971,713	759,882
	5,711,296	4,588,043	1,127,437	778,857	823,813	618,648	-	-	7,662,546	5,985,548
Fund balances										
Invested in capital assets	-	-	2,883,890	2,957,901	-	-	-	-	2,883,890	2,957,901
Externally restricted	-	-	-	-	(334,156)	(280,450)	-	-	(334,156)	(280,450)
Internally restricted	-	-	-	-	-	-	984,773	975,394	984,773	975,394
Unrestricted (note 5)	(1,281,359)	(1,824,327)	-	-	-	-	-	-	(1,281,359)	(1,824,327)
	(1,281,359)	(1,824,327)	2,883,890	2,957,901	(334,156)	(280,450)	984,773	975,394	2,253,148	1,828,518
	4,429,937	2,763,716	4,011,327	3,736,758	489,657	338,198	984,773	975,394	9,915,694	7,814,066

Contingencies (note 10)
 Commitments (note 11)

Approved by the Board of Directors

_____ Director

_____ Director

The Children's Aid Society of the Region of Peel

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2011

	Operating fund		Capital fund		Ministry and other restricted funds		Special purpose fund		Total	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Revenue										
Ministry of Children and Youth Services										
Current year	52,933,431	46,715,069	2,565	-	1,289,777	1,110,617	-	-	54,225,773	47,825,686
Prior year	385,374	-	-	-	-	-	-	-	385,374	-
Income from other sources	-	-	121,900	118,698	-	-	9,379	5,248	131,279	123,946
	<u>53,318,805</u>	<u>46,715,069</u>	<u>124,465</u>	<u>118,698</u>	<u>1,289,777</u>	<u>1,110,617</u>	<u>9,379</u>	<u>5,248</u>	<u>54,742,426</u>	<u>47,949,632</u>
Expenses										
Adoption costs	374,399	369,444	-	-	-	-	-	-	374,399	369,444
Boarding rates	13,546,390	12,053,662	-	-	-	-	-	-	13,546,390	12,053,662
Building occupancy	2,211,007	1,768,597	-	-	107,302	120,838	-	-	2,318,309	1,889,435
Clients' personal needs	1,276,545	1,162,343	-	-	71,200	100,500	-	-	1,347,745	1,262,843
Employee benefits	5,028,624	4,349,850	-	-	84,942	78,823	-	-	5,113,566	4,428,673
Health and related costs	890,022	798,452	-	-	-	-	-	-	890,022	798,452
Miscellaneous	203,880	170,716	-	-	128,430	85,375	-	-	332,310	256,091
Office administration	245,572	272,261	-	-	-	-	-	-	245,572	272,261
Other program costs	-	-	-	-	44,318	46,143	-	-	44,318	46,143
Promotion and publicity	160,298	127,551	-	-	-	-	-	-	160,298	127,551
Purchased services - client	953,649	970,586	-	-	444,299	348,498	-	-	1,397,948	1,319,084
Purchased services - non-client	324,674	380,176	-	-	-	-	-	-	324,674	380,176
Salaries and wages	27,287,443	23,766,524	-	-	462,992	415,951	-	-	27,750,435	24,182,475
Technology	787,415	693,245	-	-	-	-	-	-	787,415	693,245
Training and recruitment	464,232	385,538	-	-	-	-	-	-	464,232	385,538
Travel	1,547,265	1,344,711	-	-	-	-	-	-	1,547,265	1,344,711
Amortization - net	-	-	83,476	90,879	-	-	-	-	83,476	90,879
	<u>55,301,415</u>	<u>48,613,656</u>	<u>83,476</u>	<u>90,879</u>	<u>1,343,483</u>	<u>1,196,128</u>	<u>-</u>	<u>-</u>	<u>56,728,374</u>	<u>49,900,663</u>
Expenditure recoveries	2,410,578	1,893,243	-	-	-	-	-	-	2,410,578	1,893,243
	<u>52,890,837</u>	<u>46,720,413</u>	<u>83,476</u>	<u>90,879</u>	<u>1,343,483</u>	<u>1,196,128</u>	<u>-</u>	<u>-</u>	<u>54,317,796</u>	<u>48,007,420</u>
Surplus (deficiency) of revenue over expenditures	427,968	(5,344)	40,989	27,819	(53,706)	(85,511)	9,379	5,248	424,630	(57,788)
Fund balance - Beginning of year	(1,824,327)	(1,923,383)	2,957,901	3,034,482	(280,450)	(194,939)	975,394	970,146	1,828,518	1,886,306
Transfer to operating fund from capital fund	115,000	104,400	(115,000)	(104,400)	-	-	-	-	-	-
Fund balance - End of year (note 5)	<u>(1,281,359)</u>	<u>(1,824,327)</u>	<u>2,883,890</u>	<u>2,957,901</u>	<u>(334,156)</u>	<u>(280,450)</u>	<u>984,773</u>	<u>975,394</u>	<u>2,253,148</u>	<u>1,828,518</u>

The Children's Aid Society of the Region of Peel

Statement of Cash Flows

For the year ended March 31, 2011

	2011 \$	2010 \$
Cash provided by (used in)		
Operating activities		
Surplus (deficiency) of revenue over expenditures for the year	424,630	(57,788)
Items not affecting cash		
Amortization of property and equipment	163,336	165,622
Amortization of deferred capital contributions	(6,900)	(14,835)
Amortization of deferred lease inducement (note 4)	(79,860)	(74,743)
Increase in deferred contribution relating to		
Operating fund	52,629	-
Ministry restricted fund	84,016	431,134
Gain on disposal of capital assets	-	(2,463)
	637,851	446,927
Changes in non-cash working capital balances related to operations		
Accounts receivable	(510,020)	273,947
Prepaid expenses	(2,430)	110,463
Accounts payable and accrued liabilities	1,238,258	(409,904)
Deferred revenue	-	14,225
	1,363,659	435,658
Investing and financing activities		
Proceeds on sale of capital assets	-	3,000
Acquisition of capital assets	(437,905)	-
Deferred lease inducement	291,691	-
	(146,214)	3,000
Increase in cash and cash equivalents during the year	1,217,445	438,658
Cash and cash equivalents - Beginning of year	3,010,907	2,572,249
Cash and cash equivalents - End of year	4,228,352	3,010,907

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2011

1 Nature and purpose of organization

The Children's Aid Society of the Region of Peel (the Organization or Society) is a non-profit organization incorporated without share capital under the laws of the Province of Ontario. The Organization is a registered charity (registration number 10694294 RR0001) and, as such, is exempt from income taxes and may issue income tax receipts to donors.

The Organization's mission is to ensure the safety and well-being of children and to strengthen families through partnership. The primary service focus is on children most in need of counselling, support and protection from abuse and neglect, while supporting families in their central role of caring for and nurturing children.

The Organization is funded by the Province of Ontario in accordance with budget arrangements by the Ministry of Children and Youth Services (the Ministry).

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies.

Revenue recognition

The Organization's mission is to ensure the safety and well-being of children and to strengthen families through partnership. The Organization follows the deferral method of accounting for contributions, which include donations and government grants.

Revenue and expenditures are accounted for on the accrual basis, which recognizes revenue as it becomes available and measurable; expenditures related to specific funds are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period. These financial statements reflect arrangements approved by the Ministry with respect to the year ended March 31, 2011.

Operating fund

The operating fund accounts for the Organization's operating and administration activities. This fund reports the unrestricted resources and operating grants.

Capital fund

The capital fund reflects the extent to which the Organization's resources are not available for other purposes because they are invested in capital assets. All amortization and gains or losses on the disposition of capital assets are charged directly to this fund.

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2011

Ministry and other restricted funds

Ministry and other restricted funds report restricted resources for specified purposes outside of the operating funding received from the Ministry. These funds report the revenue and expenses of various projects, as approved by the Ministry during the year, and receipts for the Universal Child Care Benefit to be allocated to a Registered Education Savings Plan (note 8). The Ontario Child Benefit Equivalent fund represents the Ontario Child Benefit Equivalent credit received for children in care.

These funds are restricted for a savings program set up as restricted cash and an activities program included in the statement of operations.

Special purpose fund

The special purpose fund is a reserve fund established for the purpose of future special projects at the discretion of the Board of Directors. This fund was established with \$200,000 of donated funds raised during the years prior to the creation of the Peel Children's Aid Foundation.

Contributed services

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

Cash and cash equivalents

Cash and cash equivalents includes cash and investments that have a maturity of three months or less.

Financial instruments

The Organization has chosen to continue to apply The Canadian Institute of Chartered Accountants (CICA) Handbook, Section 3861, Financial Instruments - Disclosure and Presentation, in place of CICA Handbook Section 3862, Financial Instruments - Disclosures, and CICA Handbook Section 3863, Financial Instruments - Presentation.

In accordance with CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement, the Organization's significant financial assets and liabilities are classified and measured as follows:

Assets/liabilities	Classification	Measurement
Cash and cash equivalents	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Loans and receivables	Amortized cost

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2011

The fair values of all current financial assets and liabilities approximate their carrying values, given their short maturities. Unless otherwise noted, it is management's opinion that there are no significant credit risks arising from these financial instruments.

Capital assets

Purchased capital assets are recorded at cost. Amortization is provided on a declining balance basis at the following annual rates:

Buildings	2%
Vehicles	30%
Leasehold improvements	over the term of the lease

The Organization may receive lease inducements upon entering into agreements for either office space or residential housing. Lease inducements, where material, are initially deferred and amortized into operations over the term of the related lease.

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 at the date of the financial statements and revenue and expenses for the year reported. Actual results could differ from those estimates.

Recent accounting pronouncements

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not-for-profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain exemptions and exceptions contained within the standards. Early adoption of the standards is permitted. The Society is currently considering the impact of the adoption of these standards on its financial statements.

3 Capital assets

	2011		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Land	805,001	-	805,001
Buildings	2,280,687	537,444	1,743,243
Vehicles	66,049	60,693	5,356
Leasehold improvements	2,138,048	680,321	1,457,727
	<u>5,289,785</u>	<u>1,278,458</u>	<u>4,011,327</u>

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2011

	2010		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	\$
Land	805,001	-	805,001
Buildings	2,280,687	501,867	1,778,820
Vehicles	66,049	58,559	7,490
Leasehold improvements	1,700,143	554,696	1,145,447
	<u>4,851,880</u>	<u>1,115,122</u>	<u>3,736,758</u>

4 Deferred lease inducement obligation

During 2005, the Organization incurred leasehold improvements of \$1,311,415, of which \$1,121,140 was reimbursed through a lease inducement, which has been deferred and will be amortized over 15 years. Accumulated amortization on this deferred lease inducement as at March 31, 2011 is \$436,001 (2010 - \$361,258).

During 2011, the Organization received a lease inducement of \$291,691, which has been deferred and will be amortized over 9.5 years. Accumulated amortization on this deferred lease inducement as at March 31, 2011 is \$5,117.

5 Unrestricted fund deficit

The Ministry does not provide for vacation pay or accrue benefits that have been incurred but not yet paid. Instead, funding is provided for these obligations as payments are made.

The unrestricted deficit comprises:

	2011	2010
	\$	\$
Accrued vacation	828,646	848,712
Other accrued compensation	192,848	300,963
Accumulated unrestricted fund deficit	259,865	674,652
	<u>1,281,359</u>	<u>1,824,327</u>

6 Bank indebtedness

The Society has a revolving demand loan facility of \$2,000,000, with interest charged at the bank's prime rate. As at March 31, 2011 and 2010, no amounts were advanced under this facility.

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2011

7 Employee future benefits

Substantially all of the employees of the Society are members of the Ontario Municipal Employees Retirement Fund, which is a multi-employer defined benefit pension plan. The plan specifies the amount of retirement benefit to be received by the employee based on the length of service and rates of pay. The plan is accounted for as a defined contribution pension plan. During the year, the Society remitted \$3,804,853 (2010 - \$3,298,850) to the plan.

8 Registered Education Savings Plan

As required by Policy Directive CW001-08 of the Ministry, the Society uses the Universal Child Care Benefit (UCCB) received from the federal government to establish Registered Education Savings Plans (RESPs) for eligible children in care, as defined by said policy directive. The Society is required to hold RESPs on behalf of children until the youth either enrolls in a qualifying post-secondary education or training program or reaches 25 years of age.

As at March 31, 2011, the Society holds 78 RESPs on behalf of children in care.

A summary of the contributions made to the RESPs and the remaining amount in the Society's accounts is as follows:

	\$
Undistributed UCCB funding included in the Society's liability as at March 31, 2010	180,100
Receipt of UCCB funds during the year	69,300
Contributions to RESPs	<u>(71,200)</u>
Undistributed UCCB funding included in the Society's liability as at March 31, 2011	<u>178,200</u>

A summary of amounts held in trust in RESPs that are not recorded in these financial statements is as follows:

Total value of all RESPs as at March 31, 2010	132,075
Changes during the year	
Contributions to RESPs	71,200
Canada Education Savings Grants received	13,000
Canada Learning Bonds received	5,400
Increase in investment	<u>16,320</u>
Total value of all RESPs as at March 31, 2011	<u>237,995</u>

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2011

9 Ontario Child Benefit Equivalent funding

In adherence to Policy Directive CW002-08 of the Ministry, the Society will use the Ontario Child Benefit Equivalent (OCBE) pooled funds from the provincial government to provide all children and youth under care, ages zero to 17, with access to recreational, educational, cultural and social opportunities. In addition, youth in care from ages 15 to 17 will also participate in a program that saves OCBE funds to assist them in transitional planning and supporting them to transition successfully to independent living. As at March 31, 2011, \$297,868 (2010 - \$176,719) is included on the statement of financial position with respect to this program.

10 Contingencies

In the normal course of business, the Organization receives statements of claim; however, the outcomes of these claims are uncertain and, as a result, no amounts have been accrued in these financial statements. The Organization will record the expenditure, if any, when the outcome and settlement amount is reasonably determinable, net of insurance coverage.

The Society is contingently liable to repay a portion of the lease inducement if it does not remain for the full 15-year term of the lease agreement.

11 Commitments

The Organization has operating leases for premises under various terms expiring through to 2020. Minimum annual lease payments for the next five years are as follows:

	\$
2012	1,914,919
2013	1,942,132
2014	1,914,215
2015	1,953,524
2016	<u>2,036,841</u>
	<u>9,761,631</u>

12 Service contract/Children and Family Services Act approval with the Ministry

The Society has a service contract/Children and Family Services Act (CFSA) approval with the Ministry. A reconciliation report summarizes by service all revenues and expenditures and identifies any resulting surplus or deficit that relates to the service contract/CFSA approval.

The schedule of Ministry and other restricted funds shows these services to be in a \$nil or deficit position as at March 31, 2011.

The Children's Aid Society of the Region of Peel

Notes to Financial Statements

March 31, 2011

13 Peel Children's Aid Foundation

While protection services provided by the Society are funded entirely by the Ministry, other programs and services provided to children and families under the supervision of the Society are funded by donations from the public. The mission of the Peel Children's Aid Foundation (the Foundation) is to raise funds for the benefit of these activities of the Society.

The Foundation has not been consolidated in the Society's financial statements. A financial summary of the Foundation as at March 31, 2011 and 2010 and for the years then ended is as follows:

	2011 \$	2010 \$
Financial position		
Total assets	223,118	193,319
Total liabilities	(360,694)	(311,460)
	<hr/>	<hr/>
Net liabilities	(137,576)	(118,141)
	<hr/>	<hr/>
Results of operations		
Total revenues	1,151,269	1,328,839
Total event costs, fundraising and administrative expenses	(464,267)	(443,511)
Payments made and gifts in kind donated to programs for children under the care of the Society	(706,436)	(886,586)
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	(19,434)	(1,258)
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Included in the Society's accounts receivable as at March 31, 2011 is an amount owing from the Foundation of \$340,460 (2010 - \$265,075).

14 Capital management

In managing capital, the Organization focuses on liquid resources available for operations. The Organization's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget.

As at March 31, 2011, the Organization has met its objective of having sufficient liquid resources to meet its current obligations.

The Children's Aid Society of the Region of Peel

Schedule of Ministry and Other Restricted Funds - Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2011

	Child Abuse Program (A346) \$	Community Capacity Building (A771) \$	Repairs and Maintenance (A337) \$	Operating Non-resident (A556) \$	Non-Child Protection \$	OCBE funding \$	UCCB funding \$	Child protection transformation \$	Total \$
Revenue									
Government grants	8,740	209,900	151,300	34,168	404,108	234,399	71,200	658,236	1,367,943
Less: Deferred revenue	-	-	78,166	-	78,166	-	-	-	78,166
	8,740	209,900	73,134	34,168	325,942	234,399	71,200	658,236	1,289,777
Expenses									
Benefits	-	-	-	-	-	-	-	84,942	84,942
Building occupancy	-	-	151,300	34,168	185,468	-	-	-	185,468
Clients' personal needs	-	-	-	-	-	-	71,200	-	71,200
Miscellaneous	-	-	-	-	-	-	-	128,430	128,430
Other program expenses	8,740	-	-	-	8,740	-	-	35,578	44,318
Purchased services - client	-	209,900	-	-	209,900	234,399	-	-	444,299
Salaries and wages	-	-	-	-	-	-	-	462,992	462,992
Less: Transfer to capital fund	-	-	78,166	-	78,166	-	-	-	78,166
	8,740	209,900	73,134	34,168	325,942	234,399	71,200	711,942	1,343,483
Excess of expenditures over revenues - representing Fund balances - End of year	-	-	-	-	-	-	-	(53,706)	(53,706)