

Financial Statements of

**ONTARIO ASSOCIATION OF  
CHILDREN'S AID SOCIETIES**

Year ended March 31, 2016



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## INDEPENDENT AUDITORS' REPORT

To the Members of Ontario Association of Children's Aid Societies

We have audited the accompanying financial statements of Ontario Association of Children's Aid Societies, which comprise the balance sheet as at March 31, 2016, the statements of revenue and expenses, 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 accounting standards for not-for-profit organizations, 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 qualified audit opinion.



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*Basis for Qualified Opinion*

In common with many not-for-profit organizations, Ontario Association of Children's Aid Societies derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the entity. Therefore, we were not able to determine whether, as at and for the years ended March 31, 2016 and March 31, 2015, any adjustments might be necessary to donations, excess (deficiency) of revenue over expenses reported in the statements of revenue and expenses, excess (deficiency) of revenue over expenses reported in the statements of changes in fund balances, excess of revenue over expenses reported in the statements of cash flows, current assets and fund balances reported in the balance sheets. This caused us to qualify our audit opinion on the financial statements as at and for the year ended March 31, 2015.

*Qualified Opinion*

In our opinion, except for the possible 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 Ontario Association of Children's Aid Societies as at March 31, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

May 18, 2016  
Toronto, Canada

# ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

## Balance Sheet

March 31, 2016, with comparative information for 2015

			2016	2015
	Operating Fund	Special Bursary Fund	Total	Total
<b>Assets</b>				
Current assets:				
Cash	\$ 2,497,893	\$ 145,706	\$ 2,643,599	\$ 1,524,416
Investments (note 2)	–	–	–	152,496
Accounts receivable	1,497,505	–	1,497,505	1,020,788
Prepaid deposits and expenses	52,946	–	52,946	102,076
	4,048,344	145,706	4,194,050	2,799,776
Capital assets (note 3)	3,389,342	–	3,389,342	3,577,109
	\$ 7,437,686	\$ 145,706	\$ 7,583,392	\$ 6,376,885

## Liabilities and Fund Balances

### Current liabilities:

Accounts payable and accrued liabilities (note 5)	\$ 1,829,494	\$ –	\$ 1,829,494	\$ 1,049,479
Deferred revenue (note 6)	944,555	–	944,555	443,668
Credit facilities (note 4)	1,128,922	–	1,128,922	1,203,357
	3,902,971	–	3,902,971	2,696,504

### Fund balances:

Invested in capital assets (note 7)	2,260,420	–	2,260,420	2,373,752
Externally restricted	–	145,706	145,706	172,212
Unrestricted	1,274,295	–	1,274,295	1,134,417
	3,534,715	145,706	3,680,421	3,680,381

Lease commitments (note 9)

	\$ 7,437,686	\$ 145,706	\$ 7,583,392	\$ 6,376,885
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See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

## Statement of Revenue and Expenses

Year ended March 31, 2016, with comparative information for 2015

	Operating Fund		Special Bursary Fund		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenue:</b>						
Government of Ontario	\$ 9,014,740	\$ 6,924,832	\$ -	\$ -	\$ 9,014,740	\$ 6,924,832
Membership fees	3,316,600	3,322,383	-	-	3,316,600	3,322,383
Registration fees	520,773	455,414	-	-	520,773	455,414
Other	279,105	645,476	-	-	279,105	645,476
Publications	50,115	70,644	-	-	50,115	70,644
Donations	30,372	236,646	272,744	266,349	303,116	502,995
Write-off of deferred capital contributions (note 7)	-	141,248	-	-	-	141,248
	13,211,705	11,796,643	272,744	266,349	13,484,449	12,062,992
<b>Expenses:</b>						
Purchased services and training services	5,143,515	3,692,486	-	-	5,143,515	3,692,486
Salaries	5,021,275	4,694,797	-	-	5,021,275	4,694,797
Employee benefits	1,167,980	1,085,365	-	-	1,167,980	1,085,365
Office	370,882	450,652	-	-	370,882	450,652
Facility rental	365,278	309,070	-	-	365,278	309,070
Occupancy	275,117	265,419	-	-	275,117	265,419
Amortization of capital assets	207,582	204,615	-	-	207,582	204,615
Travel	167,842	273,159	-	-	167,842	273,159
Equipment	123,671	99,509	-	-	123,671	99,509
Other	119,219	126,011	30,000	30,000	149,219	156,011
Resources and memberships	81,656	83,016	-	-	81,656	83,016
Publications and promotions	59,115	67,529	-	-	59,115	67,529
Loan interest	46,798	52,544	-	-	46,798	52,544
Staff training	35,229	21,383	-	-	35,229	21,383
Bursaries awarded	-	-	269,250	323,250	269,250	323,250
Disposal of capital assets (note 7)	-	141,248	-	-	-	141,248
	13,185,159	11,566,803	299,250	353,250	13,484,409	11,920,053
Excess (deficiency) of revenue over expenses	\$ 26,546	\$ 229,840	\$ (26,506)	\$ (86,901)	\$ 40	\$ 142,939

See accompanying notes to financial statements.

# ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

## Statement of Changes in Fund Balances

Year ended March 31, 2016, with comparative information for 2015

	Invested in capital assets	Operating Fund	Special Bursary Fund	2016	Total 2015
Fund balances, beginning of year	\$ 2,373,752	\$ 1,134,417	\$ 172,212	\$ 3,680,381	\$ 3,537,442
Excess (deficiency) of revenue over expenses	(207,582)	234,128	(26,506)	40	142,939
Net investment in capital assets (note 7)	94,250	(94,250)	—	—	—
Fund balances, end of year	\$ 2,260,420	\$ 1,274,295	\$ 145,706	\$ 3,680,421	\$ 3,680,381

See accompanying notes to financial statements.

# ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

## Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 40	\$ 142,939
Items which do not involve cash:		
Amortization of capital assets	207,582	204,615
Write-off of deferred capital contributions	–	(141,248)
Disposal of capital assets	–	141,248
Realized loss on sale of donated shares	14,876	–
Unrealized gain on donated shares	–	(360)
	222,498	347,194
Change in non-cash operating working capital:		
Accounts receivable	(476,717)	(14,454)
Prepaid deposits and expenses	49,130	(18,771)
Accounts payable and accrued liabilities	780,015	74,997
Deferred revenue	500,887	(2,654)
	1,075,813	386,312
Financing activities:		
Repayment of credit facilities	(74,435)	(74,434)
Investing activities:		
Proceeds on sale of investments	137,620	–
Purchase of capital assets	(19,815)	–
Proceeds on capital assets	–	39,526
	117,805	39,526
Increase in cash	1,119,183	351,404
Cash, beginning of year	1,524,416	1,173,012
Cash, end of year	\$ 2,643,599	\$ 1,524,416

See accompanying notes to financial statements.

# ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Notes to Financial Statements

Year ended March 31, 2016

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The mission of the Ontario Association of Children's Aid Societies (the "Association") is to be a leader and collaborator promoting the welfare of children, youth and families through leadership, service excellence and advocacy.

The Association is registered as a charitable organization (registration number 1077 96708 RR0001) and, accordingly, is not subject to income taxes if certain disbursement requirements are met. The Association is incorporated under the laws of Ontario.

## 1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, using the restricted fund method of reporting contributions.

### (a) Revenue recognition:

The Association follows the deferral method of accounting for contributions, applying fund accounting.

Restricted contributions are recorded as revenue of the appropriate fund.

Amounts received for specific projects for which there is no corresponding restricted fund are deferred and recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Operating Fund - this fund records the activities associated with the Association's day-to-day operations and its investment in capital assets.

Special Bursary Fund - this fund is to be used to provide bursaries to children under the care of the Children's Aid Societies of Ontario.

### (b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has elected to carry any such financial investments at fair value.



# ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (c) Capital assets:

Capital assets costing over \$2,500 are recorded at cost and are amortized on a straight-line basis over their estimated useful lives as follows:

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Building	40 years
Furniture and equipment	10 years
Computer software	5 years

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### (d) 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.

## 2. Investments:

During the year, the Association sold donated shares with a value of \$152,496 for cash proceeds of \$137,620 and realized a loss on sale of \$14,876.

# ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Notes to Financial Statements (continued)

Year ended March 31, 2016

### 3. Capital assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Building	\$ 4,672,093	\$ 1,502,949	\$ 3,169,144	\$ 3,291,276
Furniture and equipment	328,339	146,481	181,858	193,886
Computer software	268,031	229,691	38,340	91,947
	<u>\$ 5,268,463</u>	<u>\$ 1,879,121</u>	<u>\$ 3,389,342</u>	<u>\$ 3,577,109</u>

### 4. Credit facilities:

The Association has access to an operating facility for up to \$1,000,000. The credit facility bears interest at the bank's prime rate plus 0.75% and is repayable on demand. Balance of this lending facility as at year end is fully available.

The Association also has a demand, non-revolving loan bearing interest at prime plus 1.25% with respect to construction financing. Assuming payment of the loan is not demanded, minimal principal payments required in each of the next five fiscal years and thereafter are due as follows:

2017	\$ 74,434
2018	74,434
2019	74,434
2020	74,434
2021	74,434
Thereafter	756,752
	<u>\$ 1,128,922</u>

Both facilities are secured by a collateral first mortgage over 75 Front Street East, 2nd Floor and Units 301, 302, 303, 308 & 309, Toronto, Ontario in the amount of \$2,500,000 and an assignment of fire insurance over the units aforementioned.

The Association is required to comply with certain financial and non-financial covenants in accordance with the terms of the operating facility. As at March 31, 2016, the Association was in compliance with these covenants.

# ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Notes to Financial Statements (continued)

Year ended March 31, 2016

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$16,736 (2015 - \$24,726), which includes amounts payable for payroll-related taxes.

## 6. Deferred revenue:

	2016	2015
Projects revenue	\$ 589,139	\$ 231,090
Provincial Priority Membership	171,006	–
Membership fees - Youth Group	89,092	89,092
Deferred public engagement contributions	79,568	107,308
Green Shield demonstration project	15,170	15,170
Deferred publication subscription fees	580	1,008
	<u>\$ 944,555</u>	<u>\$ 443,668</u>

## 7. Investment in capital assets:

(a) Net investment in capital assets is calculated as follows:

	2016	2015
Capital assets	\$ 3,389,342	\$ 3,577,109
Amount financed by credit facilities	(1,128,922)	(1,203,357)
	<u>\$ 2,260,420</u>	<u>\$ 2,373,752</u>

(b) Net change in investment in capital assets is as follows:

	2016	2015
Purchase of capital assets	\$ 19,815	\$ –
Disposal of capital assets	–	(141,248)
Proceeds on capital assets	–	(39,526)
Write-off of deferred capital contributions	–	141,248
Repayment of credit facilities	74,435	74,434
	<u>\$ 94,250</u>	<u>\$ 34,908</u>

# ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## **7. Investment in capital assets (continued):**

In the prior year, the Association made the decision to abandon implementation of a previously capitalized software project based on a determination that the product no longer met minimum requirements. The capitalized amounts had not been amortized. A total of \$141,248 was reflected as a direct reduction in the capital cost of computer software and the associated deferred capital contribution.

## **8. Pension plan:**

The Association participates in the Ontario Municipal Employees Retirement System contributory defined benefit pension plan, which is a multi-employer defined benefit pension plan. The plan provides pension benefits to most of its employees. The Association follows defined contribution accounting for its contributions, as permitted by the Chartered Professional Accountants of Canada Handbook Section 3462, Employee Future Benefits, under multi-employer benefit plans. The amount of contributions made in the current fiscal year amounts to \$455,022 (2015 - \$438,802).

## **9. Lease commitments:**

The Association has an equipment lease which expires on September 30, 2018 with a commitment for the remaining 18 months over fiscal 2017 and 2018 of \$215,899 and \$107,950, respectively.