

Financial Statements of

**HAMILTON CHILD AND FAMILY
SUPPORTS**

And Independent Auditor's Report thereon

Years ended March 31, 2024



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
Canada
Telephone 905 523 8200
Fax 905 523 2222

INDEPENDENT AUDITOR'S REPORT

To the Directors of Hamilton Child and Family Supports

Opinion

We have audited the financial statements of Hamilton Child and Family Supports (the Entity), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2024 and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements ("Note 2"), which explains that certain comparative information presented for the year ended March 31, 2022 has been restated. Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information. Our opinion is not modified in respect of this matter.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 30, 2024

HAMILTON CHILD AND FAMILY SUPPORTS

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	Child Welfare Fund	Ontario Child Benefit Fund	Society Fund	Capital Fund	2024 Total	2023 Total
Assets						
Current assets:						
Cash (bank indebtedness) (note 6)	\$ 223,037	\$ 456,972	\$ 2,458,110	\$ –	\$ 3,138,119	\$ 1,338,471
Investments (notes 4 and 14)	–	–	2,183,677	–	2,183,677	2,005,563
Receivables						
Due from Province of Ontario	–	–	–	–	–	3,110,735
Harmonized Sales Tax receivable	307,038	–	–	–	307,038	268,664
Interfund balance	378,165	(59,503)	(929,910)	611,248	–	–
Miscellaneous	339,828	–	–	–	339,828	425,652
Prepays and deposits	422,261	–	8,000	–	430,261	323,199
	1,670,329	397,469	3,719,877	611,248	6,398,923	7,472,284
Long-term investments (note 4)	–	–	241,922	–	241,922	285,000
Capital assets (note 5)	–	–	–	8,231,653	8,231,653	8,482,342
	1,670,329	397,469	3,961,799	8,842,901	14,872,498	16,239,626
Liabilities						
Current liabilities:						
Due to Province of Ontario	135,385	–	–	–	135,385	–
Payables and accruals	3,475,418	–	–	1,020	3,476,438	3,451,396
Child benefits (note 7)	308,687	308,477	–	–	617,164	532,991
Deferred contributions (note 8(a))	22,500	88,992	246,040	–	357,532	449,744
Bank loan (note 10)	–	–	–	534,619	534,619	719,789
	3,941,990	397,469	246,040	535,639	5,121,138	5,153,920
Deferred capital contributions (note 8(b))	–	–	–	589,557	589,557	509,158
Commitments (note 12)						
Contingent liabilities (note 13)						
Fund balances						
Equity in capital assets	–	–	–	7,107,477	7,107,477	7,253,395
Internally restricted funds (note 11)	–	–	3,715,759	634,984	4,350,743	4,384,065
Unrestricted	(2,271,661)	–	–	(24,756)	(2,296,417)	(1,060,912)
	(2,271,661)	–	3,715,759	7,717,705	9,161,803	10,576,548
	\$ 1,670,329	\$ 397,469	\$ 3,961,799	\$ 8,842,901	\$ 14,872,498	\$ 16,239,626

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

HAMILTON CHILD AND FAMILY SUPPORTS

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

	Child Welfare Fund	Ontario Child Benefit Fund	Society Fund	Capital Fund	2024 Total	2023 Total
Revenue:						
Province of Ontario						
Current funding	\$ 47,366,385	\$ 268,591	\$ –	\$ –	\$ 47,634,976	\$ 47,622,930
Payment for historical deficit	965,688	–	–	–	965,688	–
Government of Canada						
Children's special allowance and benefits	1,338,282	–	–	–	1,338,282	1,225,083
Other Children's Aid Societies	383,251	–	–	–	383,251	449,092
Interest	279,439	11,772	152,562	–	443,773	193,955
Rent	116,358	–	278,100	–	394,458	368,225
Donations	–	–	81,047	–	81,047	134,459
Contributions (note 8(a))	–	105,950	19,615	–	125,565	199,077
Amortization of deferred capital contributions (note 8(b))	–	–	–	30,401	30,401	24,246
Miscellaneous	118,289	–	4,862	–	123,151	122,312
Special purpose grants (Schedule 1)	1,104,320	–	–	–	1,104,320	1,224,216
	51,672,012	386,313	536,186	30,401	52,624,912	51,563,595
Expenses:						
Salaries	20,238,195	–	102,914	–	20,341,109	22,220,317
Benefits	6,410,158	–	33,383	–	6,443,541	7,073,813
Boarding payments	17,978,877	–	–	–	17,978,877	16,001,493
Client personal needs	433,388	276,753	126,017	–	836,158	1,202,368
Travel	780,329	–	300	–	780,629	827,556
Health and related	568,915	–	–	–	568,915	544,153
Professional services – client	402,215	–	–	–	402,215	504,659
Transfer to OCBE Savings Accounts (note 7)	–	109,560	–	–	109,560	101,911
Targeted subsidies	1,639,440	–	–	–	1,639,440	1,600,110
Financial assistance	749,969	–	–	–	749,969	659,745
Program expenses	4,683	–	247,314	–	251,997	256,212
Training	54,465	–	–	–	54,465	184,684
Professional services – non-client	138,294	–	–	–	138,294	339,554
Building occupancy	412,450	–	44,886	–	457,336	413,598
Technology	309,426	–	–	–	309,426	401,282
Amortization of capital assets	–	–	–	419,487	419,487	513,155
Miscellaneous expense	1,216,951	–	3,541	–	1,220,492	1,050,012
Office administration	208,829	–	–	–	208,829	235,392
Promotion and publicity	24,598	–	–	–	24,598	31,792
Loss on disposal of capital assets	–	–	–	–	–	12,722
Special purpose grants (Schedule 1)	1,104,320	–	–	–	1,104,320	1,224,216
	52,675,502	386,313	558,355	419,487	54,039,657	55,398,744
Deficiency of revenue over expenses before undernoted	(1,003,490)	–	(22,169)	(389,086)	(1,414,745)	(3,835,149)
Less due from Province of Ontario Balanced budget fund (note 15)	–	–	–	–	–	2,822,532
Deficiency of revenue over expenses	(1,003,490)	–	(22,169)	(389,086)	(1,414,745)	(1,012,617)
Fund balances, beginning of year	(1,060,912)	–	3,749,081	7,888,379	10,576,548	11,589,165
Interfund transfers (note 11)	(207,259)	–	(11,153)	218,412	–	–
Fund balances, end of year	\$ (2,271,661)	\$ –	\$ 3,715,759	\$ 7,717,705	\$ 9,161,803	\$ 10,576,548

See accompanying notes to financial statements.

HAMILTON CHILD AND FAMILY SUPPORTS

Statement of Cash Flows

March 31, 2024, with comparative information for 2023

	Child Welfare Fund	Ontario Child Benefit Fund	Society Fund	Capital Fund	2024 Total	2023 Total
Cash provided by (used in):						
Operating activities:						
Deficiency of revenue over expenses	\$ (1,003,490)	\$ –	\$ (22,169)	\$ (389,086)	\$ (1,414,745)	\$ (1,012,617)
Items not involving cash:						
Amortization of deferred capital contributions	–	–	–	(30,401)	(30,401)	(24,246)
Amortization of capital assets	–	–	–	419,487	419,487	513,155
Loss on disposal of capital assets	–	–	–	–	–	12,722
Interfund transfers	(207,259)	–	(11,153)	218,412	–	–
	(1,210,749)	–	(33,322)	218,412	(1,025,659)	(510,986)
Changes in non-cash operating working capital:						
Due from/to Province of Ontario	3,246,120	–	–	–	3,246,120	(2,499,922)
Harmonized Sales Tax receivable	(38,374)	–	–	–	(38,374)	(14,066)
Interfund balance	(63,177)	(63,040)	102,481	23,736	–	–
Miscellaneous	85,824	–	–	–	85,824	(102,810)
Prepays and deposits	(110,637)	–	3,575	–	(107,062)	79,872
Payables and accruals	30,597	–	(6,575)	1,020	25,042	(187,575)
Child benefits	25,284	58,889	–	–	84,173	(256,756)
Deferred contributions	22,500	(105,950)	(8,762)	–	(92,212)	(188,314)
	1,987,388	(110,101)	57,397	243,168	2,177,852	(3,680,557)
Financing activities:						
Repayment of bank loan	–	–	–	(185,170)	(185,170)	(299,355)
Investing activities:						
Increase in investments	–	–	(135,036)	–	(135,036)	(113,194)
Capital contributions received	–	–	–	110,800	110,800	–
Purchase of capital assets	–	–	–	(168,798)	(168,798)	(125,257)
	–	–	(135,036)	(57,998)	(193,034)	(238,451)
Increase (decrease) in cash	1,987,388	(110,101)	(77,639)	–	1,799,648	(4,218,363)
Cash, beginning of year	(1,764,351)	567,073	2,535,749	–	1,338,471	5,556,834
Cash, end of year	\$ 223,037	\$ 456,972	\$ 2,458,110	\$ –	\$ 3,138,119	\$ 1,338,471
Represented by:						
Cash				\$	3,138,119	\$ 3,102,822
Bank indebtedness					–	(1,764,351)
				\$	3,138,119	\$ 1,338,471

See accompanying notes to financial statements.

HAMILTON CHILD AND FAMILY SUPPORTS

Notes to Financial Statements

Year ended March 31, 2024

On January 10, 2024 The Children's Aid Society of Hamilton was approved to change its name to Hamilton Child and Family Supports as part of a strategic initiative.

Hamilton Child and Family Supports ("the Organization") provides child welfare services, as mandated by the Child, Youth and Family Services Act. The Organization is committed to the protection and well-being of children, while supporting the autonomy and integrity of the family. The Organization offers comprehensive child welfare services, which are funded by the Province of Ontario, as well as ancillary programs, funded through donations and grants. The Organization is dependent on the funding from the Province for its continued operations.

The Organization is incorporated as a not-for-profit organization and is a registered charity under the Income Tax Act. The Organization is exempt from tax under section 149(1) (d) of the Canadian Income Tax Act.

1. Summary of significant accounting policies:

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The significant accounting policies of the Organization are as follows:

(a) Fund accounting:

The Child Welfare Fund presents the activities carried out under the Child, Youth and Family Services Act.

The Society Fund reports the total assets, liabilities, revenues and expenses of individual funds established from time to time by the Board of Directors for specific purposes. Sources of these funds include fundraising activities of the Organization as well as endowments, specific testamentary bequests and rental income. These revenues are produced from non-Ministry funded sources and are defined as retainable revenue and therefore are not included in the Child Welfare Fund. The Society Fund holds houses purchased from donated funds, which are rented to an unrelated entity who uses the houses to operate therapeutic foster homes. All expenses related to these assets are included in the Society Fund expenses.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Organization's capital assets and the accumulated contributions and other amounts restricted for the purchase and maintenance of capital assets.

The Ontario Child Benefit Fund reports transfers to the Organization, equivalent to the Ontario Child Benefit from the Province of Ontario, eligible expenses and allocations to a savings program for children in the care of Children's Aid Societies. The intent of this fund is to provide supports, including tutoring, skills building and recreational activities to these children as well as transitional assistance to those leaving care. In recognition of these transitional needs and pursuant to a Policy Directive from the Ministry of Children and Youth Services ("Ministry"), a savings program has been established to provide eligible youth with the financial skills necessary for independent living and funds to assist them with the costs of their basic needs upon leaving care. These funds are shown as child benefits and as cash balances in the statement of financial position of the Organization.

(b) Revenue recognition:

The Organization follows the deferral method of accounting for restricted contributions. Restricted contributions are recognized as revenue of the appropriate 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.

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.

All other revenues are recognized when the services are provided, performance obligation fulfilled, and future economic benefit are measurable and expected to be obtained.

HAMILTON CHILD AND FAMILY SUPPORTS

Notes to Financial Statements

Year ended March 31, 2024

1. Summary of significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the asset's estimated useful life, as described below. Amortization expense is reported in the Capital Fund.

Assets	Useful Life - Years
Building	20–40 years
Computer equipment	3 years
Computer software	5 years
Equipment	5–8 years
Vehicles	7 years
Outdoor improvements	10 years

(d) Contributed services:

The work of the Organization is partly dependent on the voluntary services of members of the community. Donated services are not recognized in these financial statements due to the difficulty in determining their fair value. Donated materials are recognized in the financial statements. A number of members of the community and business contribute non-cash resources to assist the Organization in the fulfillment of its mandate. Donated materials which would otherwise be paid for by the Organization are recorded at fair value when provided. The value of these donations-in-kind, determined using fair market values of similar type goods, amounted to \$938 (\$NIL in 2023) and has been included in donations on the statement of operations and changes in fund balances.

(e) 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 Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method (or effective interest rate method).

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 Organization 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 Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

HAMILTON CHILD AND FAMILY SUPPORTS

Notes to Financial Statements

Year ended March 31, 2024

1. Summary of significant accounting policies (continued):

(f) Asset retirement obligations:

The Organization recognizes the fair value of an asset retirement obligation (“ARO”) when all of the following criteria have been met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up, and;
- A reasonable estimate of the amount can be made.

The Organization has not recognized an asset retirement obligation.

(g) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards for government not-for-profit organizations 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. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets; calculation of accrued liabilities; and provisions for impairment of trade accounts receivable. Actual results could differ from those estimates.

2. Change in accounting policy:

On April 1, 2023, the Organization adopted Public Accounting Standard PS 3400 – Revenue. This standard was adopted prospectively from the date of adoption. This new standard provides requirements for the recognition, presentation, and disclosure of revenue transaction. The implementation of this standard did not require the Organization to reflect any adjustment in the financial statements.

3. Contracts with Ministry of Children, Community and Social Services:

The Organization has service contracts with the Ministry of Children, Community and Social Services. One requirement of the contracts is the preparation of an annual report, which shows a summary by service of all revenues and expenses and any resulting surplus or deficit that relates to the contract, prepared in accordance with Ministry guidelines. The surplus (deficit) for Ministry reporting will differ from the Child Welfare Fund surplus (deficit) position due to differences in reporting requirements, resulting in timing differences. The deficiency of revenue over expenses in the Child Welfare Fund, after the transfer to the Capital Fund, is \$1,210,749 (2023 - \$967,360). The deficit for Ministry reporting, which considers only current year funding, is \$2,197,827 (2023 - \$965,689) and is calculated after the use of the Organization’s Balanced Budget Fund of \$nil (\$2,822,532 in 2023) (note 15).

There is currently no commitment by the Ministry to fund deficits incurred by the Organization. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected. The Ministry provides operating funding including base funding which is expected to be received on an annual basis, and special funding, which is non-recurring in nature, and consequently is unconfirmed for future years.

4. Investments:

Investments consist of guaranteed investment certificates and term deposits with Canadian chartered banks in the amount of \$2,232,310 (\$2,105,565 in 2023) and \$193,289 (\$184,998 in 2023) respectively. Investments in guaranteed investment certificates that are due in more than one year are presented as long-term investments. Maturity dates range from April 1, 2024 to April 7, 2025 and interest rates are between 2.8% and 4.71% (2.0% and 4.71% in 2023).

HAMILTON CHILD AND FAMILY SUPPORTS

Notes to Financial Statements

Year ended March 31, 2024

5. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,491,250	\$ –	\$ 1,491,250	\$ 1,491,250
Building	11,943,115	5,366,553	6,576,562	6,748,616
Computer equipment	826,468	800,540	25,928	58,493
Computer software	225,084	205,579	19,505	39,627
Equipment	571,233	538,622	32,611	45,584
Vehicles	93,736	66,283	27,453	34,316
Outdoor improvements	611,687	553,343	58,344	64,456
	\$ 15,762,573	\$ 7,530,920	\$ 8,231,653	\$ 8,482,342

During the year, fully amortized assets with a cost of \$231,471 (\$1,150,097 in 2023) were written off as the assets are no longer in use. Additionally, assets with a net book value of \$nil (\$12,722 in 2023) were written off as the assets are no longer in use. No proceeds of disposal were received.

The Ministry of Children Community and Social Services imposes capital restrictions on the Organization. Among the terms and conditions for financial assistance for building projects is an agreement to obtain written Ministerial approval prior to any sale of the related land and building. Further, as a condition of such approval, the Minister may share a portion of the proceeds. The Ministry of Children, Community and Social Services has an interest in the Organization's property at 26 Arrowsmith Road, Hamilton, Ontario, proportional to its contribution for mortgage payments.

6. Bank indebtedness:

At year end, the Organization had \$nil (\$1,764,351 in 2023) owing on its line of credit. The line is due on demand, with interest at prime. The limit on the line of credit is \$2,000,000. (For the period March 1, 2023 to May 31, 2023, the limit was \$3,000,000 and then reduced to \$2,000,000 beginning June 1, 2023).

7. Child benefits:

The Ontario child benefit equivalent ("OCBE") Savings and RESP funds held represent amounts for the benefit of children in care.

OCBE Savings funds represents savings payable to youth in care. During the year, \$109,560 (\$101,911 in 2023) was transferred to children's savings accounts. Savings are contributed for eligible youth to provide them with funds to assist with costs of basic needs upon leaving care. These funds are included in cash in the Ontario Child Benefit Fund.

The Organization receives specific funds from Canada Revenue Agency for children in care and establishes individual Registered Education Savings Plans ("RESPs") according to the Policy Directive from the Ministry. These funds are held by the Organization until eligibility conditions required for opening a RESP are met. The RESP funds held totaling \$308,687 (\$283,403 in 2023) are restricted and are held until a RESP is established for each qualifying child. These amounts are included in cash in the Child Welfare Fund.

The Organization is responsible for the management and distribution of the RESPs. Once a RESP is established, the Organization does not have access to the funds. If a child cannot be found upon collapsing of the fund, earned funds are distributed to the remaining active RESP accounts. During the year, \$193,650 (\$365,387 in 2023) was transferred to the RESP provider for deposit to the individual plans of children. At March 31, 2024, the Organization is the sponsor for 480 RESP's (529 in 2023), with total contributions of \$2,715,305 (\$2,647,483 in 2023), not including government grants. Individual RESPs are not included in the financial statements of the Organization.

HAMILTON CHILD AND FAMILY SUPPORTS

Notes to Financial Statements

Year ended March 31, 2024

7. Child benefits (continued):

	RESP funds held	OCBE Savings
Balance April 1, 2022	\$ 516,650	\$ 273,097
Receipts	183,700	101,911
Disbursements/transfers	(416,947)	(125,420)
Balance March 31, 2023	283,403	249,588
Receipts	152,980	109,560
Disbursements/transfers	(201,336)	(50,671)
Refund of collapsed accounts	73,640	–
Balance March 31, 2024	\$ 308,687	\$ 308,477

8. Deferred contributions:

(a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted donations and grants.

	Child Welfare Fund	Ontario Child Benefit Activities Fund	Society Fund
Balance April 1, 2022	\$ –	\$ 319,444	\$ 318,615
Receipts deferred to future years	–	–	10,762
Recognized as revenue in the year	–	(124,502)	(74,575)
Balance March 31, 2023	–	194,942	254,802
Receipts deferred to future years	22,500	–	10,853
Recognized as revenue in the year	–	(105,950)	(19,615)
Balance March 31, 2024	\$ 22,500	\$ 88,992	\$ 246,040

(b) Deferred capital contributions:

Deferred contributions related to capital assets represent the unamortized grants received for capital assets acquisitions. Deferred contributions are amortized to revenue over the life of the related asset. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2024	2023
Balance, beginning of year	\$ 509,158	\$ 533,404
Add contributions received	110,800	–
Less amounts amortized to revenue	(30,401)	(24,246)
Balance, end of year	\$ 589,557	\$ 509,158

HAMILTON CHILD AND FAMILY SUPPORTS

Notes to Financial Statements

Year ended March 31, 2024

9. Legal defense funds in trust:

In prior years, the Foster Family Association of Hamilton Child and Family Supports transferred funds to the Organization. These funds are restricted funds and represent voluntary contributions by some foster families between 1997 and 2007. The purpose of the fund is to assist contributing foster parents with legal costs resulting from a serious allegation, civil action or criminal charge related to fostering children during the time members were contributing to the fund. The fund balance of \$149,410 (\$142,911 in 2023) has been invested in guaranteed investment certificates. During the year there have been no withdrawals from the fund.

The Organization does not have access to these funds and they are not included in the financial statements of the Organization.

10. Bank loans:

	2024	2023
Demand instalment loan with CIBC, fixed interest rate of 6.35%, repayable in monthly amounts of \$15,207 including interest, maturing at June 2027	\$ 534,619	\$ -
Demand instalment loan with CIBC, fixed interest rate of 3.84%, repayable in monthly amounts of \$27,771 including interest, maturing at June 2023	-	719,789
	\$ 534,619	\$ 719,789

Interest totaling \$35,004 (\$33,903 in 2023) has been recorded in the statement of operations in respect of the bank loans.

As security for these loans, the Society has provided a collateral mortgage in the amount of \$5 million over the property located at 26 Arrowsmith, Hamilton.

Scheduled principal repayments are as follows:

2025	\$ 152,946
2026	162,941
2027	173,590
2028	45,142
	\$ 534,619

11. Interfund transfers and internally restricted funds:

The fund transfers are in the normal course of operations. The fund transfer from the Child Welfare Fund to the Capital Fund was in relation to capital assets that were originally purchased by the Child Welfare Fund and for principal payments made by the Child Welfare Fund on a loan for capital assets. The fund transfer from the Society Fund to the Capital Fund was in relation to capital assets that were originally purchased by the Society Fund.

The internally restricted funds in the Capital Fund (\$634,984) are the net proceeds from the sale of the home on Kenilworth and are to be used for future capital investments. Approval by the board of directors is required before any use of the funds.

The internally restricted funds in the Society Fund (\$3,715,749) are funds donated to be used for non-Ministry funded programs that support children, youth and families in Hamilton.

HAMILTON CHILD AND FAMILY SUPPORTS

Notes to Financial Statements

Year ended March 31, 2024

12. Commitments:

(a) Pension agreements:

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

Commencing January 1, 2013, contribution rates ranged from 9.0% to 14.6% depending on the level of earnings. Expenses for 2024 include \$2,038,631 for contributions to March 31, 2024 (\$2,167,067 in 2023) which are included in the statement of operations. The Organization does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the Organization's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at December 31, 2023 indicated an actuarial deficit of \$4.202 billion (\$6.678 billion as of December 31, 2022) for the overall plan.

(b) Lease commitments:

The Organization has entered into leasing agreements for various items of office equipment with expiry dates to 2027. Future lease payments aggregate \$34,648 and include the following scheduled amounts payable:

2025	\$ 18,774
2026	15,737
2027	137

13. Contingent liabilities:

- (a) In the normal course of business, the Organization is involved in various claims. The Organization utilizes insurance where possible to mitigate the risk of material uncertainty for claims. Though the outcome of these various pending claims as at March 31, 2024 cannot be determined with certainty, the Organization believes that their outcome will have no significant adverse impact on its financial position, operating results or cash flows.
- (b) The Organization has provided a demand credit for a standby letter of credit for \$800,000. This letter of credit is a guarantee for ADP, the third party payroll provider.

14. Financial instruments and risk management:

(a) Fair value:

The carrying value of cash, bank indebtedness, investments, receivables, payables and accruals, and child benefits approximates their fair value because of the relatively short period to maturity of the instruments. The fair value of the bank loan is not materially different from their carrying value because of the short maturity of the loan.

(b) Interest rate risk:

Interest rate risk is the risk to the Organization's excess of revenues over expenses that arises from fluctuations in interest rates and the degree of volatility of these rates. The Organization is subject to interest rate risk due to changes to the prime rate since the bank indebtedness is at variable interest rates. The Organization does not use derivative instruments to reduce its exposure to interest rate risk.

HAMILTON CHILD AND FAMILY SUPPORTS

Notes to Financial Statements

Year ended March 31, 2024

14. Financial instruments and risk management (continued):

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Organization monitors the credit risk of customers through credit rating reviews. As at March 31, 2024, the Organization had no allowance for doubtful accounts.

(d) Liquidity risk:

Liquidity risk is the risk that the Organization will not be able to meet all cash outflow obligations as they come due. Liquidity risk arises from current liabilities and deficits. The Organization mitigates liquidity risk by monitoring cash activities through detailed budgeting analysis and obtaining cash flow advances from the Ministry when required. There have been no significant changes from the previous year in the exposure to any other type of risk or policies, procedures and methods used to measure the related risk.

15. Balanced Budget Fund:

During 2014, the Ministry announced the creation of the Balanced Budget Fund to support Children's Aid Societies in meeting their balanced budget obligations. Any funding received in excess of expenses incurred, is required to be repaid to the Ministry. Returned surpluses may be added to the Organization's Balanced Budget Fund. In 2021 the Ministry stated that surpluses generated by agencies with historical debt must be used solely for the reduction of accumulated deficit, until such time that the historical accumulated deficit has been cleared. Once all historical accumulated deficits are repaid, fifty percent of the surplus will be contributed to a Ministry managed Balanced Budget Fund and fifty percent will be contributed to the individual Organization's Balanced Budget Fund.

Individual societies may access their balances according to the Balanced Budget Fund guidelines developed by the Ministry. The amounts contributed to the Balanced Budget Fund expire after a three-year period. Amounts that expire will be added to the Ministry managed Balanced Budget Fund.

The following represents the Organization's Balanced Budget Fund balance:

	2024	2023
Balance, beginning of year	\$ –	\$ 2,822,532
Surplus generated for Ministry reporting	–	–
Surplus allocated to Ministry Balanced Budget Fund	–	(2,822,532)
Deficit funded by Balanced Budget Fund	–	–
Balance, end of year	\$ –	\$ –

16. Comparative information:

Certain information for 2023 has been reclassified to conform to the presentation adopted in 2024.

HAMILTON CHILD AND FAMILY SUPPORTS

Schedule 1 – Schedule of Revenues and Expenditures – Special Purpose Grants

Year ended March 31, 2024, with comparative information for 2023

	Preparation For Independence	Wendy's Wonderful Kids	Education Liaison	Trillium Grant	Eviction Prevention	Adult Developmental Services	2024 Total	2023 Total
Revenue:								
Grants								
Dave Thomas Foundation	\$ –	\$ 85,000	\$ –	\$ –	\$ –	\$ –	\$ 85,000	\$ 85,000
Trillium	–	–	–	80,000	500	–	80,500	–
Province of Ontario	43,492	–	107,561	–	–	720,341	871,394	1,050,668
Ontario Disability Support Program	–	–	–	–	–	19,221	19,221	39,039
Recoveries	–	42,108	6,097	–	–	–	48,205	49,509
	43,492	127,108	113,658	80,000	500	739,562	1,104,320	1,224,216
Expenses:								
Salaries	43,492	91,720	86,100	–	–	–	221,312	224,166
Benefits	–	27,276	27,198	–	–	–	54,474	56,130
Boarding	–	–	–	–	–	727,242	727,242	835,638
Travel	–	8,112	360	–	–	–	8,472	11,264
Purchased services – non-client	–	–	–	–	–	–	–	11,002
Purchased services – client	–	–	–	75,000	–	–	75,000	75,000
Office administration	–	–	–	5,000	–	–	5,000	–
Client personal needs	–	–	–	–	500	12,320	12,820	11,016
	\$ 43,492	\$ 127,108	\$ 113,658	\$ 80,000	\$ 500	\$ 739,562	\$ 1,104,320	\$ 1,224,216