

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Kawartha Haliburton Children's Aid Society

Report on the Financial Statements

We have audited the accompanying financial statements of Kawartha Haliburton Children's Aid Society, which comprise the statement of financial position as at March 31, 2017, the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are 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 controls 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 controls. 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, these financial statements present fairly, in all material respects, the financial position of Kawartha Haliburton Children's Aid Society as at March 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 7, 2017

Kawartha-Haliburton Children's Aid Society
Statement of Financial Position

March 31	General Fund	Capital Fund	Ontario Child Benefit	Total 2017	Restated see Note 6 Total 2016
Assets					
Current					
Cash (Note 4)	\$ 1,452,415	\$ -	\$ -	\$ 1,452,415	\$ 1,568,484
Accounts receivable	354,943	-	-	354,943	753,118
Due from the Province (Note 11)	545,811	-	-	545,811	780,078
Prepaid expenditures	127,071	-	-	127,071	343,290
Due from (to) other funds	(279,693)	-	279,693	-	-
	<u>2,200,547</u>	<u>-</u>	<u>279,693</u>	<u>2,480,240</u>	<u>3,444,970</u>
Tangible Capital Assets (Note 5)	-	3,133,297	-	3,133,297	3,293,810
	<u>\$ 2,200,547</u>	<u>\$ 3,133,297</u>	<u>\$ 279,693</u>	<u>\$ 5,613,537</u>	<u>\$ 6,738,780</u>
Liabilities and Funds Balances					
Current Liabilities					
Accounts payable and accruals	\$ 1,810,579	\$ -	\$ -	\$ 1,810,579	\$ 1,951,853
Other liability	118,140	-	201,492	319,632	379,247
	<u>1,928,719</u>	<u>-</u>	<u>201,492</u>	<u>2,130,211</u>	<u>2,331,100</u>
Employee Future Benefits (Note 7)	486,200	-	-	486,200	416,900
	<u>2,414,919</u>	<u>-</u>	<u>201,492</u>	<u>2,616,411</u>	<u>2,748,000</u>
Contingent Liabilities (Note 8)					
Commitments (Note 9)					
Fund Balances					
Invested in tangible capital assets	-	3,133,297	-	3,133,297	3,293,810
Externally restricted	-	-	78,201	78,201	36,296
Internally restricted (Note 10)	161,249	-	-	161,249	161,249
Unrestricted	(375,621)	-	-	(375,621)	499,425
	<u>(214,372)</u>	<u>3,133,297</u>	<u>78,201</u>	<u>2,997,126</u>	<u>3,990,780</u>
	<u>\$ 2,200,547</u>	<u>\$ 3,133,297</u>	<u>\$ 279,693</u>	<u>\$ 5,613,537</u>	<u>\$ 6,738,780</u>

On behalf of the Board:

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements.

Kawartha-Haliburton Children's Aid Society
Statement of Operations and Changes in Fund Balances

For the year ended March 31	General Fund	Capital Fund	Ontario Child Benefit	Total 2017	Restated see Note 6 Total 2016
Revenue (Note 11)					
Province of Ontario	\$ 23,995,834	\$ -	\$ -	\$ 23,995,834	\$ 23,422,713
Expenses					
Administration	67,497	-	-	67,497	72,776
Amortization	-	257,305	-	257,305	275,225
Boarding rate payments	6,741,277	-	-	6,741,277	6,057,083
Building occupancy	361,304	-	-	361,304	443,790
Client's personal needs	879,500	-	85,200	964,700	931,495
Employee benefits	3,600,456	-	-	3,600,456	3,395,067
Fees and dues	92,708	-	-	92,708	97,382
Financial assistance	782,182	-	-	782,182	729,674
Interest and bank charges	7,549	-	-	7,549	10,511
Loss (gain) on disposal of capital assets	-	8,128	-	8,128	(15,316)
Liability insurance	168,517	-	-	168,517	161,275
Medical and related	452,508	-	-	452,508	441,710
Miscellaneous	31,621	-	-	31,621	38,045
Purchased services					
- Client related	313,334	-	-	313,334	252,329
- non-client related	226,931	-	-	226,931	440,475
- program expense	9,417	-	-	9,417	13,158
Recruitment and training	18,345	-	-	18,345	31,396
Salaries and wages	12,196,066	-	-	12,196,066	12,492,801
Technology	529,214	-	-	529,214	548,724
Travel	836,160	-	168	836,328	890,459
Gross expenses	27,314,586	265,433	85,368	27,665,387	27,308,059
Expense recoveries and other income (Note 12)	(2,548,626)	-	(127,273)	(2,675,899)	(\$2,796,457)
Net expenses (revenues)	24,765,960	265,433	(41,905)	24,989,488	24,511,602
Excess (deficiency) of revenue over expenses	(770,126)	(265,433)	41,905	(993,654)	(1,088,889)
Transfers					
Purchase of tangible capital assets	(104,920)	104,920	-	-	-
Net change in fund balances	(875,046)	(160,513)	41,905	(993,654)	(1,088,889)
Fund balances, opening as previously reported	660,674	3,293,810	224,223	4,178,707	5,274,009
Change in Policy regarding OCBe fund savings (Note 6)	-	-	(187,927)	(187,927)	(194,340)
Opening balances, as restated	660,674	3,293,810	36,296	3,990,780	5,079,669
Fund balances, closing	\$ (214,372)	\$ 3,133,297	\$ 78,201	\$ 2,997,126	\$ 3,990,780

On behalf of the Board:

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements.

Kawartha-Haliburton Children's Aid Society Statement of Cash Flows

For the year ended March 31	General Fund	Capital Fund	Ontario Child Benefit	Total 2017	Restated see Note 6 Total 2016
Cash provided by (used in)					
Operating activities					
Excess (deficiency) of revenue over expenses	\$ (770,126)	\$ (265,433)	\$ 41,905	\$ (993,654)	\$ (1,088,889)
Items not involving cash					
Amortization	-	257,305	-	257,305	275,225
Loss (gain) on disposal of capital	-	8,128	-	8,128	(15,316)
	(770,126)	-	41,905	(728,221)	(828,980)
Changes in non-cash working capital items					
Accounts receivable	398,175	-	-	398,175	(320,586)
Due to the Province	234,267	-	-	234,267	(134,333)
Prepaid expenditures	216,219	-	-	216,219	(63,936)
Accounts payable	(141,273)	-	-	(141,273)	392,546
Other Liability	(59,616)	-	-	(59,616)	156,820
Employee future benefits	69,300	-	-	69,300	54,800
Due from (to) other funds	41,905	-	(41,905)	-	-
Interfund transfers	(104,920)	104,920	-	-	-
	(116,069)	104,920	-	(11,149)	(743,669)
Investing activities					
Purchase of tangible capital assets	-	(104,920)	-	(104,920)	(170,872)
Sale of tangible capital assets	-	-	-	-	154,757
	-	(104,920)	-	(104,920)	(16,115)
Increase (decrease) in cash during the year	(116,069)	-	-	(116,069)	(759,784)
Cash - beginning of year	1,568,484	-	-	1,568,484	2,328,268
Cash - end of year	\$ 1,452,415	\$ -	\$ -	\$ 1,452,415	\$ 1,568,484

On behalf of the Board:

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements.

**Kawartha-Haliburton
Children's Aid Society
Notes to the Financial Statements**

March 31, 2017

1. NATURE OF ORGANIZATION

The Kawartha Haliburton Children's Aid Society (the "Society") is responsible for the care and protection of children in the Cities of Peterborough and Kawartha Lakes and the Counties of Haliburton and Peterborough as mandated by the provisions of The Child and Family Services Act, R.S.O. 1990, Ch.C.11.

2. MANAGEMENT RESPONSIBILITY

These financial statements of the Society are the responsibility of Society management prepared in accordance with accounting policies and standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

The financial statements of the Society have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPOs").

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year surplus/deficit.

b) Revenue Recognition

The Society follows the restricted fund method of accounting for contributions whereby funds that have been externally restricted are segregated into separate funds in the financial statements.

Operating revenue, including grants and subsidies, are recorded as revenue in the period to which they relate. Revenue earned but not received at the end of an accounting period is accrued. Where a portion of revenue relates to a future period, it is deferred and recognized in that future period.

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

c) Fund Accounting

The General fund includes general unrestricted revenues used to fund the normal operations and provide care and protection services.

The capital fund reflects the tangible capital assets under use by the Society, and their corresponding financing arrangements.

The Ontario Child Benefit fund includes funding received to provide for certain eligible expenditures. Note 6 provides more detail.

**Kawartha-Haliburton
Children's Aid Society
Notes to the Financial Statements**

March 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES, continued

d) Contributed Services

Volunteers contribute significant hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

e) Tangible Capital Assets

Tangible 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 method over the estimated useful lives of the assets as follows:

Buildings and parking lot	15 - 40 years
Furniture and Equipment	10 years
Leasehold improvements	5 years
Computers	3 years

Capital assets less than \$2,000 are expensed in the year of acquisition.

f) Pension Plan

The Society is part of a multi-employer defined benefit pension plan which is accounted for using defined contribution accounting. The Society is unable to apply defined benefit plan accounting since the information is controlled by an external source (Note 14). The Society records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

g) Post-employment benefits

The Society provides post-retirement medical and dental benefits to its employees who are employed on a full time basis and recognizes these costs in the periods in which the employee provided services to the Society. The Society has adopted the following policies with respect to accounting for these employee benefits:

- i) The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from the changes in estimate and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.
- ii) The discount used in the determination of the above mentioned liabilities is equal to the Society's internal rate of borrowing.

**Kawartha-Haliburton
Children's Aid Society
Notes to the Financial Statements**

March 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES, continued

h) Management Estimates

The preparation of financial statements in accordance with the Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the useful lives of capital assets and employee future benefits. Actual results could differ from management's best estimates as additional information becomes available in the future.

- i) Financial Instruments** The Society classifies its financial instruments as either fair value or amortized cost. The Society's accounting policy for each category is as follows:

Fair Value

This category includes cash and cash equivalents.

They are initially recognized at cost and subsequently carried at fair value. Changes in fair value on restricted assets are recognized and recorded to their appropriate fund.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Amortized Cost

This category includes accounts receivable and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

4. CASH

The Society's bank accounts are held at a Canadian chartered bank. The bank accounts earn interest at a variable rate dependent on the monthly minimum balances.

The Society also has a line of credit with a Canadian chartered bank for a facility to provide funding up to \$1,200,000 at the bank's prime interest rate. The balance outstanding related to this credit facility as at March 31, 2017 is \$NIL.

The Society's credit facilities are secured by a first ranking security interest on all property of the Society.

**Kawartha-Haliburton
Children's Aid Society
Notes to the Financial Statements**

March 31, 2017

5. TANGIBLE CAPITAL ASSETS

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 634,257	\$ -	\$ 634,257	\$ -
Building and parking lot	2,990,411	997,596	2,976,224	923,936
Furniture and Equipment	1,134,686	810,561	1,129,028	832,585
Leasehold Improvements	102,207	24,510	102,207	4,848
Computers	906,725	802,322	1,009,865	796,402
	\$ 5,768,286	\$ 2,634,989	\$ 5,851,581	\$ 2,557,771
Net book value		\$ 3,133,297		\$ 3,293,810

6. ONTARIO CHILD BENEFIT EQUIVALENCY CHANGE IN ACCOUNTING POLICY

Ontario Child Benefit Equivalency (OCBe) funding is received from the Ministry of Children and Youth Services and must be disbursed for the benefit of children in care. As directed by the Ministry, funding is allocated between a Savings Program to provide funds for youth to support their transition to independence as well as an Activity Program available to all children in care to support educational achievement, develop social resiliency and to aid in transitioning youth to adulthood.

Funding is allocated in priority to the Savings Program to ensure the Ministry requirements to provide funds for youth transitioning to independence have been met. Any remaining funds are available for disbursements related to the Activity Program.

The Ministry will require all child welfare organizations in the Province to implement a Ministry designed financial accounting system by 2020. During the year, the Society implemented this system which requires different accounting treatment of OCBe funding. All amount determined under the Savings Program are considered liabilities of the OCBe fund rather than being included in the fund balance.

Only amounts available to the Activity Program are recorded as revenue and only disbursements relating to the Activity Program are recorded as fund expenses. The Society has adopted this treatment in reporting 2017 financial results and has restated 2016 results to provide retroactive impact this treatment. The impact on 2016 results are as follows: Other liabilities of the OCBe Fund increased by \$187,928 and the fund balance decreased by a similar amount. Child personal needs expense of the Fund decreased by \$70,925 and Expense recoveries and other income of the fund decreased by \$64,513.

**Kawartha-Haliburton
Children's Aid Society
Notes to the Financial Statements**

March 31, 2017

7. POST-RETIREMENT BENEFITS

The Society records estimated liabilities for accrued employee benefits in the year they are earned.

The significant actuarial assumptions adopted in estimating the Society's accrued benefit obligation are as follows:

Discount rate	3.30%	per annum
Average retirement age	61	years
Dental cost escalation	2.75%	per annum
Medical cost escalation	6.00%	decreasing by 0.25% per annum to an ultimate rate of 4.5% per annum

The employee future benefit liability is calculated as follows:

	2017	2016
Accrued benefit liability - beginning of year	\$ 416,900	\$ 362,100
Benefit Expense	77,900	66,200
Funding Contributions	(8,600)	(11,400)
Accrued benefit liability - end of year	<u>\$ 486,200</u>	<u>\$ 416,900</u>

Benefit expense for the year is calculated as follows:

	2017	2016
Current period benefit cost	\$ 45,800	\$ 37,600
Interest on accrued benefits	20,700	21,000
Amortization of actuarial (gain) loss	11,400	7,600
	<u>\$ 77,900</u>	<u>\$ 66,200</u>

Post-retirement benefit liability

	2017	2016
Accrued benefit obligation	\$ 416,800	\$ 595,200
Unamortized experience (losses) gains	69,400	(178,300)
	<u>\$ 486,200</u>	<u>\$ 416,900</u>

**Kawartha-Haliburton
Children's Aid Society
Notes to the Financial Statements**

March 31, 2017

8. CONTINGENT LIABILITIES

The Society, in the course of its operations is subject to claims, lawsuits and contingencies. The Society records settlements as liabilities in the period they are reasonably determined. Although it is possible that liabilities may arise in other instances for which no accruals have been made, the Society does not believe that such an outcome will significantly impair its operations or have a material adverse effect on its financial position. No accruals have been recorded in these financial statements.

The Society receives funding from the Ministry of Children and Youth Services. The amount of funding provided to the Society is subject to final review and approval by the Ministry. Any future adjustments required as a result of this review will be accounted for at that time.

9. COMMITMENTS

Under the provisions of the Child and Family Services Act, the Society provides financial subsidies to individuals who adopt or assume legal custody of former Crown Wards who were previously cared for by the Society. The ability of the Society to fulfill these commitments is entirely dependent on the provision of adequate funding from the Ministry of Children and Youth Services. Typically, subsidy agreements are renewed on an annual basis. Payment of some subsidy amounts are contingent on future events as the children to whom the subsidy relates develop and mature. The estimated obligation of the Society in the 2018 fiscal year is approximately \$929,060. (2017 - \$744,177)

During the year, the Society entered into a lease agreement to rent office space in Haliburton, Ontario. The Society is obligated to pay monthly rent of \$1,808 until October 31, 2020. Upon expiration of the lease term, the Society has an option to renew the lease for an additional sixty months with the rent amount to be negotiated at that time. The financial commitment of the Society under the lease agreement is as follows:

2018	\$21,696
2019	\$21,696
2020	\$21,696
2021	\$12,656

**Kawartha-Haliburton
Children's Aid Society
Notes to the Financial Statements**

March 31, 2017

10. RESERVES

The Society was a recipient of incentive bonuses from the Ministry for successfully meeting goals in infrastructure savings and adoption targets. There are no Ministry restrictions on the use of this money. The Society has segregated the balance of these funds in reserves as follows:

	<u>2017</u>	<u>2016</u>
Adoption completion	\$ 130,000	\$ 130,000
Infrastructure savings	<u>31,249</u>	<u>31,249</u>
	<u>\$ 161,249</u>	<u>\$ 161,249</u>

On April 12, 2017, the Board of Directors approved a motion to apply the balance of reserves to reduce the expected deficit for the 2018 fiscal year.

11. ECONOMIC DEPENDENCE

The Society receives a significant amount of revenue from the Province of Ontario and as such, is economically dependent on this source of income.

In April, 2013, the Ministry of Children and Youth Services announced a new model by which child welfare societies would be funded. Incorporated with this announcement were legislative changes which would require the Board of each society to submit an annual spending plan to the Ministry which will not exceed the approved funding allocation for the respective society. Concurrently with the funding model announcement, the Ministry created a "Balanced Budget Fund" from which a society may apply for additional funds for situations where planned spending is expected to exceed a society's approved funding allocation. The nature of expenditures which would be eligible for funding from the Balanced Budget Fund is prescribed by the Ministry. The amount a society may receive from the fund is limited to the amount by which its cumulative funding allocations since fiscal 2013 exceeds its Ministry funded expense since fiscal 2013. The Society has recognized a portion of its net contributions to the Balanced Budget Fund as being due from the Province on the Statement of Financial Position. This amount is based on management's estimate and is subject to final verification by the Ministry.

**Kawartha-Haliburton
Children's Aid Society
Notes to the Financial Statements**

March 31, 2017

12. EXPENSE RECOVERIES AND OTHER INCOME

This amount represents expenses incurred by the Society on behalf of programs which are administered by the Society. These expenditures are recoverable from the various government agencies which fund these programs.

	2017	Restated 2016
Family allowance and parental maintenance	\$ 726,360	\$ 558,186
Other Society Wards	738,646	954,964
Ministry of Children and Youth Services - CPIN related	139,136	345,588
Ministry of Children and Youth Services - infrastructure	127,931	137,979
Other recoveries and income	816,553	686,502
Ministry of Community and Social Services	-	-
Ontario Child Benefit Revenue	127,273	113,238
	<u>\$ 2,675,899</u>	<u>\$ 2,796,457</u>

13. REGISTERED EDUCATION SAVINGS PLAN

Under the direction of the Ministry of Children and Youth Services, the Society is obliged to purchase Registered Education Savings Plans (RESP's) using funds excluded from the operating funds of the Society and provided by the Government of Canada as the Universal Child Care Benefit ("UCCB"). The beneficiaries of the RESP's are Crown Wards and Society Wards meeting eligibility conditions. The Society is obliged to act as "Plan Subscriber" as defined by the Income Tax Act until conditions of permanency have been established. At the end of the fiscal year, the Society has made cumulative contributions of \$606,860 (2016 - \$378,920) to RESP's. The Society will never become beneficiary of these plan proceeds and accordingly, they have been excluded from any financial reporting of the Society.

14. PENSION PLAN

Certain employees of the Society are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. OMERS provides pension services to 470,000 active, inactive and retired members from almost 1000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date.

The Actuarial Opinion contained in the 2016 Annual Report disclosed total actuarial liabilities of \$87,544 million in respect of benefits accrued for service with actuarial assets of \$81,834 million indicating an actuarial deficit of \$5,720 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Society does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the Society to OMERS for 2017 were \$2,483,984 (2016 - \$2,319,992).

**Kawartha-Haliburton
Children's Aid Society
Notes to the Financial Statements**

March 31, 2017

15. FINANCIAL INSTRUMENT CLASSIFICATION

Under Canadian public sector accounting standards, financial instruments are required to be categorized into Levels 1 to 3 based on the degree to which the fair value is observable:

- a. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- b. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

The Society's financial instruments which would be classified under this requirement consists only of cash and cash equivalents, which would be categorized as Level 1 as these amounts are stated at their fair value.

16. FINANCIAL INSTRUMENTS

a) Credit Risk

Credit risk is the risk of financial loss to the Society if a debtor fails to make payments of interest and principal when due. The Society is exposed to this risk relating to its cash and accounts receivable. The Society holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Society's cash accounts are insured up to \$200,000 (2016 - \$200,000).

Accounts receivable are primarily due from other Children's Aid Societies and the Province of Ontario. Credit risk is mitigated by the financial solvency of the provincial government.

The Society measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Society's historical experience regarding collections. The amounts outstanding at year end were as follows:

	Total	Current	Past Due		
			31-60 days	61-90 days	91-120 days
Government sources including					
Due from Ministry	\$ 562,980	\$ 294,521	\$ 7,775	\$ -	\$ 260,684
Children's Aid Societies	181,224	101,580	40,660	1,967	37,017
Other	156,551	147,464	1,918	(22)	7,191
Total receivables	\$900,755	\$ 543,565	50,353	1,945	304,892

**Kawartha-Haliburton
Children's Aid Society
Notes to the Financial Statements**

March 31, 2017

16. FINANCIAL INSTRUMENTS, continued

b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk. The Society is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments.

c) Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Society is not exposed to significant interest rate risk as it does not pay or receive significant amounts of interest.

d) Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet all cash outflow obligations as they come due. The Society mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining an available line of credit if unexpected cash outflows arise. The contractual maturities (representing undiscounted contractual cash-flows of financial liabilities) of these obligations are due within six months.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.
