

**CHILDREN'S AID SOCIETY OF THE CITY OF SARNIA AND THE COUNTY  
OF LAMBTON**

**FINANCIAL STATEMENTS**

**MARCH 31, 2014**

**HUME, MAYER & McDONOUGH, LLP**  
Chartered Accountants  
443 Exmouth Street  
Sarnia, Ontario  
N7T 5P2

**CHILDREN'S AID SOCIETY OF THE CITY OF SARNIA AND THE COUNTY OF LAMBTON**

**CONTENTS**

**MARCH 31, 2014**

<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 12

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Children's Aid Society Of The City Of Sarnia And The County Of Lambton

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Children's Aid Society Of The City Of Sarnia And The County Of Lambton, which comprise of the statements of financial position as at March 31, 2014, March 31, 2013 and April 1, 2012 and the statements of operations, changes in fund balances and cash flows for the years ended March 31, 2014 and March 31, 2013 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 for government 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.

**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.

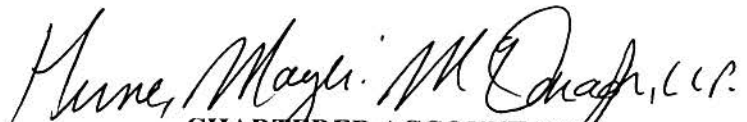
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or 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, these financial statements present fairly, in all material respects, the financial position of the Children's Aid Society Of The City Of Sarnia And The County Of Lambton as at March 31, 2014, March 31, 2013 and April 1, 2012 and the results of its operations and cash flows for the years ended March 31, 2014 and March 31, 2013, in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Sarnia, Ontario  
June 24, 2014

  
CHARTERED ACCOUNTANTS  
Licensed Public Accountants

**CHILDREN'S AID SOCIETY OF THE CITY OF SARNIA AND THE COUNTY OF LAMBTON**

**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2014**

	Child Welfare Fund	High Risk Youth Fund	Indigenous & Child Abuse Grant Fund	Transitional Age Youth Fund	Ontario Child Benefit Equivalent Fund	Capital Asset Fund	Total 2014	Total 2013
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Cash - unrestricted (Note 4)	\$ 1,262,099	\$ 6,682	\$ 47,892	\$ -	\$ 422,979	\$ -	\$ 1,739,652	\$ 713,278
Cash - restricted (Note 4)	34,534	-	-	-	-	-	34,534	32,272
Interfund balances	90,112	(215)	(215)	(110,795)	21,113	-	-	-
Accounts receivable (Note 5)	306,479	-	-	-	-	-	306,479	212,283
Funding source receivable	996,532	-	-	110,795	-	-	1,107,327	612,964
Due from Bluewater Foundation (Note 11)	14,813	-	-	-	-	-	14,813	46,312
Prepaid expenses	124,924	-	-	-	-	-	124,924	62,711
	<u>2,829,493</u>	<u>6,467</u>	<u>47,677</u>	<u>-</u>	<u>444,092</u>	<u>-</u>	<u>3,327,729</u>	<u>1,679,820</u>
<b>INVESTMENTS (Note 6)</b>	229,800	-	-	-	-	-	229,800	210,400
<b>CAPITAL ASSETS (Note 7)</b>	-	<u>6,467</u>	<u>47,677</u>	<u>-</u>	<u>-</u>	<u>407,624</u>	<u>407,624</u>	<u>364,896</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 1,463,773	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,463,773	\$ 1,682,573
Education fund payable	370,159	-	-	-	-	-	370,159	353,388
Deferred revenue (Note 9)	78,747	-	-	-	394,945	-	473,692	570,344
	<u>1,912,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>394,945</u>	<u>-</u>	<u>2,307,624</u>	<u>2,606,305</u>
<b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 10)</b>	-	-	-	-	-	407,624	407,624	364,896
<b>DEFERRED REVENUE UNDER BALANCED BUDGET FUND (Note 15)</b>	<u>1,146,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,146,614</u>	<u>-</u>
	<u>3,059,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>394,945</u>	<u>407,624</u>	<u>3,861,862</u>	<u>2,971,201</u>
<b>FUND BALANCES</b>	<u>3,059,293</u>	<u>6,467</u>	<u>47,677</u>	<u>-</u>	<u>49,147</u>	<u>407,624</u>	<u>103,291</u>	<u>(716,085)</u>
	<u>\$ 3,059,293</u>	<u>\$ 6,467</u>	<u>\$ 47,677</u>	<u>\$ -</u>	<u>\$ 444,092</u>	<u>\$ -</u>	<u>\$ 3,965,153</u>	<u>\$ 2,255,116</u>

APPROVED, ON BEHALF OF THE BOARD:

 Director

 Director

**CHILDREN'S AID SOCIETY OF THE CITY OF SARNIA AND THE COUNTY OF LAMBTON**

**STATEMENT OF OPERATIONS**

**YEAR ENDED MARCH 31, 2014**

	Child Welfare Fund	High Risk Youth Fund	Indigenous & Child Abuse Grant Fund	Transitional Age Youth Fund	Ontario Child Benefit Equivalent Fund	Capital Asset Fund	Total 2014	Total 2013
<b>REVENUES</b>								
Expenditure recoveries	\$ 174,516	\$ -	\$ -	\$ 371,790	\$ -	\$ -	\$ 546,306	\$ 561,347
Non-retainable income	17,265,001	-	-	-	-	-	17,265,001	17,408,670
Interest	-	70	488	-	11,930	-	12,488	4,789
Deferred contributions (Note 10)	-	-	-	-	210,115	70,305	70,305	95,130
Government grants	-	-	-	1,070	-	-	211,185	201,317
	<u>17,439,517</u>	<u>70</u>	<u>488</u>	<u>372,860</u>	<u>222,045</u>	<u>70,305</u>	<u>18,105,285</u>	<u>18,271,253</u>
<b>EXPENSES</b>								
Amortization	-	-	-	-	-	70,305	70,305	95,130
Promotion and publicity	34,687	-	-	-	-	-	34,687	31,041
Miscellaneous	136,808	-	-	-	-	-	136,808	128,183
Office administration	205,146	-	-	-	-	-	205,146	264,219
Professional services - client	357,462	-	-	-	-	-	357,462	292,322
Professional services - non-client	187,303	215	215	-	-	-	187,733	75,183
Occupancy (Note 11)	466,419	-	-	-	-	-	466,419	280,423
Board	3,625,237	-	-	-	-	-	3,998,097	6,150,650
Health and related services - direct	389,702	-	-	372,860	-	-	389,702	427,901
Program support	14,607	-	-	-	-	-	14,607	10,342
Clients' personal needs	1,049,526	-	-	-	-	-	1,049,526	906,363
Training and recruitment	130,173	-	-	-	-	-	130,173	116,971
Travel	707,433	-	-	-	-	-	707,433	786,503
Technology	119,788	-	-	-	-	-	119,788	263,386
Wages	7,164,329	-	-	-	-	-	7,164,329	6,728,464
Employee benefits (Note 13)	1,704,283	-	-	-	-	-	1,704,283	1,508,490
OCBE Outcomes	-	-	-	-	162,602	-	162,602	136,093
OCBE lump sum payments	-	-	-	-	23,956	-	23,956	57,659
OCBE structured payments	-	-	-	-	23,463	-	23,463	7,467
Interest	-	-	-	-	94	-	94	-
	<u>16,292,903</u>	<u>215</u>	<u>215</u>	<u>372,860</u>	<u>210,115</u>	<u>70,305</u>	<u>16,946,613</u>	<u>18,266,887</u>
<b>OPERATING EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	1,146,614	(145)	273	-	11,930	-	1,158,672	4,366
<b>TRANSFER TO BALANCED BUDGET FUND (Note 15)</b>	(1,146,614)	-	-	-	-	-	(1,146,614)	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	\$ -	\$ (145)	\$ 273	\$ -	\$ 11,930	\$ -	\$ 12,058	\$ 4,366

CHILDREN'S AID SOCIETY OF THE CITY OF SARNIA AND THE COUNTY OF LAMBTON

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED MARCH 31, 2014

	Child Welfare Fund	High Risk Youth Fund	Indigenous & Child Abuse Grant Fund	Transitional Age Youth Fund	Ontario Child Benefit Equivalent Fund	Capital Asset Fund	Total 2014	Total 2013
BALANCE, BEGINNING OF YEAR	\$ (807,317)	\$ 6,612	\$ 47,404	\$ -	\$ 37,217	\$ -	\$ (716,084)	\$ (720,451)
ADVANCE TO ELIMINATE DEFICIT	807,317	-	-	-	-	-	807,317	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	-	(145)	273	-	11,930	-	12,058	4,366
BALANCE, END OF YEAR	\$ -	\$ 6,467	\$ 47,677	\$ -	\$ 49,147	\$ -	\$ 103,291	\$ (716,085)

**CHILDREN'S AID SOCIETY OF THE CITY OF SARNIA AND THE COUNTY OF LAMBTON**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 12,058	\$ 4,366
Items not requiring an outlay of cash:		
Amortization of capital assets	70,305	95,130
Amortization of deferred contributions for capital assets	<u>(70,305)</u>	<u>(95,130)</u>
	12,058	4,366
Changes in non-cash working capital balances		
Accounts receivable	(94,196)	97,934
Funding source receivable	(494,363)	(716,877)
Due from Bluewater Children's Foundation	31,499	(28,329)
Prepaid expenses	(62,213)	750
Accounts payable and accrued liabilities	(218,800)	199,596
Education fund payable	16,771	245
Deferred revenue	(96,651)	(29,905)
Balanced Budget Fund	<u>1,146,614</u>	<u>-</u>
	<u>240,719</u>	<u>(472,220)</u>
<b>FINANCING ACTIVITIES</b>		
Deferred contributions received	113,033	111,572
One time payment received	<u>807,317</u>	<u>-</u>
	<u>920,350</u>	<u>111,572</u>
<b>INVESTING ACTIVITIES</b>		
Increase in long term investments	(19,400)	(152,700)
Purchase of capital assets	<u>(113,033)</u>	<u>(111,572)</u>
	<u>(132,433)</u>	<u>(264,272)</u>
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	1,028,636	(624,920)
<b>CASH AND EQUIVALENTS, beginning of year</b>	<u>745,550</u>	<u>1,370,470</u>
<b>CASH AND EQUIVALENTS, end of year</b>	<u>\$ 1,774,186</u>	<u>\$ 745,550</u>
Cash and equivalents represented by:		
Cash - unrestricted	\$ 1,739,652	\$ 713,278
Cash - restricted	<u>34,534</u>	<u>32,272</u>
	<u>\$ 1,774,186</u>	<u>\$ 745,550</u>

**CHILDREN'S AID SOCIETY OF THE CITY OF SARNIA AND THE COUNTY OF LAMBTON**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2014**

**1. NATURE OF THE ORGANIZATION**

The Children's Aid Society of Sarnia and The County Of Lambton is incorporated under the laws of the Province of Ontario as a corporation without share capital and is not subject to income taxes pursuant to exemptions accorded to not-for-profit organizations in income tax legislation.

The Society is responsible for the care and protection of children in the County of Lambton as set out under the provisions of The Ontario Child and Family Services Act, 1990.

Under the leadership of the Executive Director, a Strategic Plan was recently developed including a new Mission Statement.

*Sarnia-Lambton Children's Aid Society is a trusted ally to families, communities & cultures in creating safe, nurturing environments for children and youth to grow and succeed.*

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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

**Fund Accounting**

The Society maintains the following funds:

The Child Welfare Fund accounts for revenues and expenses related to program delivery and administrative activities under the Ministry of Child and Youth Services.

The High Risk Youth Fund accounts for revenues and expenditures related to program delivery under this grant program.

The Indigenous & Child Abuse Fund accounts for revenues and expenditures related to program delivery under this grant program.

The Transitional Age Youth Fund accounts for revenues and expenditures related to program delivery under this grant program.

The Ontario Child Benefit Equivalent (OCBE) Fund accounts for revenues and expenditures related to program delivery under this grant program.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Society's capital assets.



**CHILDREN'S AID SOCIETY OF THE CITY OF SARNIA AND THE COUNTY OF LAMBTON**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2014**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contributed Materials and Services

Volunteers contribute a significant amount of time each year to assist the Society 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.

Contributed goods that would have otherwise been expenditures of the Society are recorded at their fair value on the date of the contribution.

Retirement Benefits

The costs of multi-employer defined pension plan benefits, (the Ontario Municipal Employees Retirement System pensions), are the employer's contributions due to the plan in the period.

Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the current period. Significant estimates include useful life of capital assets. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

**3. TRANSITION TO CANADIAN PUBLIC SECTOR ACCOUNTING STANDARDS FOR GOVERNMENT NOT-FOR-PROFIT ORGANIZATIONS**

Under the requirements of Canadian public sector accounting standards for government not-for-profit organizations, when that accounting basis is initially applied, retrospective adjustments may be required to financial information reported by an organization in previous years. In changing to this new basis of accounting, the Society was required to capitalize capital assets. There were no adjustments to previously reported excess of revenues over expenditures or total fund balances. Information relating to that transition is as follows:

**CHILDREN'S AID SOCIETY OF THE CITY OF SARNIA AND THE COUNTY OF LAMBTON**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2014**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost except for portfolio investments which are carried at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable, funding source receivable and Due from Bluewater Children's' Foundation.

Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and Education fund payable.

Capital Assets

Capital assets, including expenditures which improve or prolong the useful lives of the assets, are recorded as assets in the year they are acquired. Amortization is calculated on a straight line basis as follows:

Building	20 years
Vehicle	5 years
Office Equipment	3 years

Amortization is recorded in the Capital Asset Fund. One-half year's amortization is expensed in the year of acquisition.

Revenue Recognition

The Society follows the Deferral Method of accounting for contributions which includes grants and government subsidies.

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

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

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are recognized.

**CHILDREN'S AID SOCIETY OF THE CITY OF SARNIA AND THE COUNTY OF LAMBTON**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2014**

**3. TRANSITION TO CANADIAN PUBLIC SECTOR ACCOUNTING STANDARDS FOR GOVERNMENT NOT-FOR-PROFIT ORGANIZATIONS (continued)**

Opening balance sheet at April 1, 2012:

**ASSETS**

**CURRENT ASSETS**

Cash - unrestricted	\$ 723,142
Cash - restricted	647,326
Accounts receivable	310,217
Due from Bluewater Children's Foundation	17,983
Prepaid expenses	<u>63,461</u>
	1,762,129

**INVESTMENTS**

57,700

**CAPITAL ASSETS**

348,454  
\$ 2,168,283

**LIABILITIES AND FUND BALANCE**

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$ 1,482,973
Education fund payable	353,144
Deferred revenue	600,250
Funding source payable	<u>103,913</u>
	2,540,280

**DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

348,454

**NET ASSETS (DEFICIT)**

(720,451)  
\$ 2,168,283

**4. CASH AND BANK**

The Society's bank accounts are held at a chartered bank and earn interest at 1.02%. Restricted cash consists of balances held for certain individuals.

**5. ACCOUNTS RECEIVABLE**

	<u>2014</u>	<u>2013</u>
Accounts receivable	\$ 36,309	\$ 119,116
Sales tax rebates receivable	<u>270,170</u>	<u>93,167</u>
	<u>\$ 306,479</u>	<u>\$ 212,283</u>

**CHILDREN'S AID SOCIETY OF THE CITY OF SARNIA AND THE COUNTY OF LAMBTON**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2014**

**6. INVESTMENTS**

The Society's investments consist of Registered Education Savings Plans (RESP) held in trust for qualified children under the care of the Society as mandated by the Ministry of Children and Youth Services.

**7. CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2014 Net Book Value</u>	<u>2013 Net Book Value</u>
Buildings	\$ 2,465,363	\$ 2,218,317	\$ 247,046	\$ 251,875
Vehicles	153,207	62,018	91,189	97,811
Office equipment	<u>95,957</u>	<u>26,568</u>	<u>69,389</u>	<u>15,210</u>
	<u>\$ 2,714,527</u>	<u>\$ 2,306,903</u>	<u>\$ 407,624</u>	<u>\$ 364,896</u>

**8. BANK INDEBTEDNESS**

The Society has an operating line of credit with a maximum limit of \$500,000.00 secured by a General Security Agreement (GSA). The balance of the line of credit was \$ Nil at year end. (2013 - \$Nil)

**9. DEFERRED REVENUE**

These amounts represent funding received from various government sources to fund programs administered by the Society. The funds are to be used to offset future expenditures when incurred by the Society in respect of delivering these programs.

**10. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 364,896	\$ 348,454
Grant received during the year	113,033	111,572
Amount recognized as revenue during the year	<u>(70,305)</u>	<u>(95,130)</u>
Balance, end of year	<u>\$ 407,624</u>	<u>\$ 364,896</u>

**11. RELATED PARTY TRANSACTIONS**

The Society has a management and economic relationship with Bluewater Children's Foundation (the Foundation). The objective of the Foundation is to raise funds to support the services/programs of the Society that are not covered by provincial funding.

During the year, the Society paid rent and common area maintenance charges in the amount of \$16,550 to the Foundation under the terms of a lease for premises in effect until January 15, 2024. Annual lease payments are as follows:

2014-2017	\$ 66,200
2017-2020	\$ 68,186
2020-2024	\$ 70,232

The balance Due from the Foundation at March 31, 2014 was interest free and due on demand.

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2014**

**12. CONTINGENCIES**

- (a) 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.
- (b) From time to time, the Society is subject to legal claims arising in the normal course of its operations. It is management's opinion the ultimate resolution of such pending litigation will not have a material effect on the financial position of the Society.

**13. RETIREMENT BENEFITS**

Employees are eligible to be members of Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Society contributions equal the employee contributions to the plan. During the year, the Society contributed \$644,612 (2013 - \$551,722)

**14. ECONOMIC DEPENDENCE**

The general operations of the Society are Dependent on the Province of Ontario as it provides most of the Society's funding.

**15. DEFERRED REVENUE UNDER BALANCED BUDGET FUND**

During the year, the Ministry of Children and Youth Services announced the creation the "Balanced Budget Fund" to support Children's Aid Societies in meeting the newly announced balanced budget requirement set out in Regulation 70 and to proactively manage the risks associated with a multi-year budget planning process. The Balanced Budget Fund will be developed on an individual CAS basis, in an amount up to each CAS's accumulated excess of revenues over expenditures (surplus) that has been returned to the Ministry following the implementation of the new funding model in 2013-14. In order to be eligible to access these funds in a future year, the Agency must meet two conditions: (1) the Agency must have generated a prior year surplus recovered in or after 2013-14; and (2) in a subsequent year, the Agency requires additional funding in an amount up to its total accumulated prior year surplus to balance its budget. During the year, the Agency generated a surplus of \$1,146,614 that was transferred to the Agency's Balanced Budget Fund.

**16. FINANCIAL INSTRUMENT RISK MANAGEMENT**

Risks and concentrations

The Society is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Society's risk exposure as at March 31, 2014. Unless otherwise stated, there have been no significant changes from the previous year in exposure to risk or policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting cash outflow obligations as they come due. The Society is exposed to this risk mainly in respect of its accounts payable and Education fund payable. The Society mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting.

**CHILDREN'S AID SOCIETY OF THE CITY OF SARNIA AND THE COUNTY OF LAMBTON**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2014**

**16. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)**

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to this risk mainly in respect of its accounts receivable. Accounts receivable are mainly due from other Ministry-funded entities. The Society measures its exposure to credit risk based on how long the amounts have been outstanding. All accounts receivable are aged 90 days or less.

**17. COMPARATIVE FIGURES**

Certain of the prior year's comparative figures have been reclassified to conform with the current year's financial statement presentation.