Family and Children's Services of Guelph and Wellington County

Financial Statements

For the year ended March 31, 2026

Family and Children's Services of Guelph and Wellington County
Financial Statements
For the year ended March 31, 2026

Contents

Tel: (519) 824-5410
Fax: (519) 824-5497
Toll-free: (877) 236-4835
www.bdo.ca

BDO Canada LLP
245 Hanlon Creek Blvd.
Suite 301
Guelph, ON
N1C 0A1 Canada

Independent Auditor's Report

To the Board of Directors of Family and Children's Services of Guelph and Wellington County

Opinion
We have audited the financial statements of Family and Children's Services of Guelph and Wellington County (the Organization), which comprise the statement of financial position of the MCCSS Fund and Other Funds as at March 31, 2026, and the statement of operations and changes in fund balances and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

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 report. We are independent of the Organization 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.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization'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 these 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.
- 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 Organization'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 Organization 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.

We 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario
June 5, 2026

Family and Children's Services of Guelph and Wellington County
Statement of Financial Position

	MCCSS Fund	Other Funds	Total March 31 2026	Total March 31 2025
Assets				
Current				
Cash (Note 2)	$ -	$ 1,414,320	$ 1,414,320	$ 2,043,991
Trust funds (Note 4)	-	58,842	58,842	75,906
Ministry receivable (Note 5)	36,874	-	36,874	61,912
Accounts receivable (Note 6)	572,712	-	572,712	310,934
Prepaid expenses	356,117	-	356,117	394,438
Due from Children First Fund	90,607	-	90,607	109,580
Due from Capital Fund	74,445	-	74,445	21,776
	1,130,755	1,473,162	2,603,917	3,018,537
Capital assets (Note 7)	-	4,117,029	4,117,029	4,255,064
	$ 1,130,755	$ 5,590,191	$ 6,720,946	$ 7,273,601
Liabilities and Fund Balances				
Current				
Bank loans (Note 8)	$ -	$ 1,835,957	$ 1,835,957	$ 279,332
Bank indebtedness (Note 2)	1,849,459	-	1,849,459	-
Trust liability (Note 4)	-	58,842	58,842	75,906
Accounts payable and accrued liabilities	1,690,649	-	1,690,649	1,411,221
RESP funds in transit (Note 3)	137,713	-	137,713	201,031
Deferred revenue	-	154,513	154,513	72,781
Due to MCCSS Fund	-	165,052	165,052	131,356
	3,677,821	2,214,364	5,892,185	2,171,627
Deferred contributions (Note 9)	-	1,151,310	1,151,310	1,211,905
Bank loans (Note 8)	-	-	-	1,835,957
	3,677,821	3,365,674	7,043,495	5,219,489
Fund balances				
Internally restricted	-	1,876,896	1,876,896	1,706,491
Unrestricted	(2,547,066)	-	(2,547,066)	-
Capital reserve (Note 16)	-	295,000	295,000	295,000
Educational Support Endowment Reserve (Note 17)	-	52,621	52,621	52,621
	(2,547,066)	2,224,517	(322,549)	2,054,112
	$ 1,130,755	$ 5,590,191	$ 6,720,946	$ 7,273,601

On behalf of the Board:

Chirag Vadgama Director Conchobhair Russell Director

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

Family and Children's Services of Guelph and Wellington County
MCCSS Fund - Statement Of Operations and Changes in Fund Balances

For the year ended March 31	2026	2025
Revenue		
MCCSS Funding		
Child Welfare	$21,530,495	$ 21,398,797
Community Capacity Building	102,535	102,535
Education Liaison	94,651	94,651
Non-recurring revenue (Note 10)	801,961	732,120
	22,529,642	22,328,103
Expenditures		
Salaries and wages	11,724,222	11,456,782
Boarding rate payments (Note 12)	4,885,087	2,826,111
Benefits (Note 13)	3,432,769	3,318,888
Building occupancy (Note 12)	834,061	961,547
Admission prevention	509,897	239,952
Professional services - non-client	680,818	597,525
Professional services - client	387,061	180,307
Travel	369,626	282,369
Technology	330,503	463,837
Insurance	256,393	255,744
Client personal needs	193,463	157,977
Health and related	146,304	108,919
Office administration	133,175	132,679
Miscellaneous	102,803	76,045
Training and recruitment	57,670	74,922
Promotion and publicity	57,006	94,074
Total expenses relating to regular operations	24,100,858	21,227,678
Other approved expenditures		
Community Capacity Building	102,535	102,535
Education Liaison	94,651	94,651
Total expenditures	24,298,044	21,424,864
Excess of revenues over expenditures before provincially mandated programs	(1,768,402)	903,239
Deficiency of provincially mandated programs (Note 11)	(778,664)	(835,256)
Excess (deficiency) of revenues over expenditures	(2,547,066)	67,983
Fund balance, beginning of year	-	-
Funds returned to MCCSS (Note 19)	-	(67,983)
Fund balance (deficit), end of year	$ (2,547,066)	$ -

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

Family and Children's Services of Guelph and Wellington County
Other Funds - Statement of Financial Position

	Restricted Funds				
	Capital Fund	Ontario Child Benefit Equivalent Fund	Children First Fund	**Total March 31 2026**	Total March 31 2025
Assets					
Current					
Cash (Note 2)	$ 733,380	$ -	$ 680,940	**$ 1,414,320**	$1,330,379
Trust funds (Note 4)	-	58,842	-	**58,842**	75,906
	733,380	58,842	680,940	**1,473,162**	1,406,285
Capital assets (Note 7)	4,117,029	-	-	**4,117,029**	4,255,064
	$4,850,409	$ 58,842	$ 680,940	**$ 5,590,191**	$5,661,349
Liabilities and Fund Balances					
Current					
Current portion of bank loans (Note 8)	$1,835,957	$ -	$ -	**$ 1,835,957**	$ 279,332
Trust liability (Note 4)	-	58,842	-	**58,842**	75,906
Deferred revenue	-	-	154,513	**154,513**	72,781
Due to MCCSS Fund	74,445	-	90,607	**165,052**	131,356
	1,910,402	58,842	245,120	**2,214,364**	559,375
Deferred contributions (Note 9)	1,151,310	-	-	**1,151,310**	1,211,905
Bank loans (Note 8)	-	-	-	**-**	1,835,957
	3,061,712	58,842	245,120	**3,365,674**	3,607,237
Fund balances					
Internally restricted	1,493,697	-	383,199	**1,876,896**	1,706,491
Capital reserve (Note 16)	295,000	-	-	**295,000**	295,000
Educational Support Endowment reserve (Note 17)	-	-	52,621	**52,621**	52,621
	1,788,697	-	435,820	**2,224,517**	2,054,112
	$4,850,409	$ 58,842	$ 680,940	**$ 5,590,191**	$5,661,349

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

Family and Children's Services of Guelph and Wellington County
Other Funds - Statement Of Operations and Changes in Fund Balances

For the year ended March 31

	Restricted Funds				
	Capital Fund	Ontario Child Benefit Equivalent Fund	Children First Fund	**Total 2026**	Total 2025
Revenues					
MCCSS - eligible funding	$ -	$ 110,035	$ -	**$ 110,035**	$ 83,383
Other	381,003	-	18,923	**399,926**	419,343
Donations	-	-	118,131	**118,131**	106,308
Grants	60,595	-	15,000	**75,595**	67,534
	441,598	110,035	152,054	**703,687**	676,568
Expenditures					
Amortization	203,181	-	-	**203,181**	221,703
Program	-	110,035	151,876	**261,911**	192,152
Interest on bank loan	68,190	-	-	**68,190**	77,615
	271,371	110,035	151,876	**533,282**	491,470
Excess of revenues over expenditures	170,227	-	178	**170,405**	185,098
Fund balances, beginning of year	1,618,470	-	435,642	**2,054,112**	1,869,014
Interfund transfer (Note 18)	-	-	-	**-**	-
Fund balances, end of year	$ 1,788,697	$ -	$ 435,820	**$ 2,224,517**	$2,054,112

Family and Children's Services of Guelph and Wellington County
Statement of Cash Flows

For the year ended March 31	2026	2025
Cash flows from operating activities		
Excess (deficiency) of revenues over expenditures		
- MCCSS Fund	**$ (2,547,066)**	$ 67,983
- Other Funds	**170,405**	185,098
Funding returned to MCCSS	**-**	(67,983)
Amortization - Other Funds	**203,181**	221,703
Deferred contributions	**(60,595)**	(63,784)
	(2,234,075)	343,017
Changes in non-cash working capital balances		
Ministry receivable	**25,038**	181,226
Accounts receivable	**(261,778)**	33,333
Prepaid expenses	**38,321**	(51,435)
Accounts payable and accrued liabilities	**279,428**	294,884
RESP funds in transit	**(63,318)**	22,460
Deferred revenue	**81,732**	9,046
	(2,134,652)	832,531
Cash flows from investing activities		
Purchase of capital assets	**(65,146)**	-
Cash flows from financing activities		
Net repayments of bank loans	**(279,332)**	(269,927)
Change in cash position during the year	**(2,479,130)**	562,604
Cash position, beginning of year	**2,043,991**	1,481,387
Cash position, end of year	**$ (435,139)**	$ 2,043,991
Represented by		
Cash (bank indebtedness) - MCCSS Fund	**$ (1,849,459)**	$ 713,612
Cash - Other Funds	**1,414,320**	1,330,379
	$ (435,139)	$ 2,043,991

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

1. Summary of Significant Accounting Policies

Nature of Organization

Family and Children's Services of Guelph and Wellington County (the "Organization") is a not-for-profit organization whose mandate is to provide child protection and social services to the local community under the Child, Youth and Family Services Act. The Organization is incorporated without share capital by Letters Patent issued by the Province of Ontario. The Organization is a registered charity and as such is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

The financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations as established by the Public Sector Accounting Board.

Capital Assets

Capital assets are stated at acquisition cost less accumulated amortization. Cost is net of related investment tax credits. Amortization is calculated based on the estimated useful life of the asset and is calculated as follows:

Building	5% diminishing balance basis
Furniture and equipment	20% diminishing balance basis
Network equipment	30% diminishing balance basis
Computer software	30% diminishing balance basis

Leasehold improvements are amortized straight-line over the term of the premises lease and available renewal terms.

Full amortization is provided in the year assets are put into use and no amortization is taken in the year of disposal.

Fund Accounting

The Organization follows the deferral method with fund accounting.

The following funds are presented:

The MCCSS Fund records funding received from the Ministry of Children, Community and Social Services (MCCSS) for program delivery. Child Welfare programming is the primary program delivered through this fund. The fund also reports restricted revenues from other sources that are required to be directly applied as an offset to the costs of Child Welfare programming. In addition to Child Welfare services, the fund also records funding received from MCCSS for the delivery of non-child welfare programming including: repairs and maintenance, community capacity building, education liasion and certain one-time additional funding to cover specific expenditures for that year.

1. Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

The Ontario Child Benefit Equivalent (OCBe) Fund records monies received from the MCCSS for use in the OCBe Activities and Savings programs. The OCBe Activities program, developed by the MCCSS, is designed to achieve: a) higher educational outcomes; b) higher degree of resiliency; and c) smoother transition to adulthood for children in care of the Organization. Funding for this program is not tied to a particular fiscal year and may be carried over as a surplus for use in future fiscal periods. The OCBe Savings Program assists youth in care aged 15 through 17 who have been in care for an extended period of time in recognition of their need to have funds available to support their transition to independent living. Monies received for this program must be maintained in trust and are presented as Trust funds and Trust liabilities in this Fund.

The Capital Fund records transactions relating to the Organization's capital properties including the original capital cost, associated financing, capital maintenance reserve, and other capital property costs.

The Children First Fund records donations and grants received from the community towards the Organization's fundraising campaign. Funds are disbursed from this fund in accordance with the designation or restrictions imposed by the donors and in accordance with the Organization's disbursement policy. Any funds received with external restrictions are deferred if not all conditions of the funding have been met. The Organization's fund development activities are centered around Building Opportunities for Youth Success, Supporting Strong and Resilient Families, Urgent Needs and Enriching Lives.

Ministry Receivable

A Ministry receivable is recognized as an asset when the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured.

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Unrestricted contributions are recognized as revenue of the appropriate fund in the year receivable if the amount can be reasonably estimated and collection is reasonably assured. Ministry revenues for the fiscal year are not finalized until the MCCSS has reviewed and approved the MCCSS Transfer Payment Annual Reconciliation's which does not occur until after the financial statements are issued. The amount of revenue recognized in these financial statements represents management's best estimate of amounts earned during the year.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Restricted contributions where expenses have not been incurred are recorded as deferred revenue.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at the same amortization rate as the corresponding capital asset.

Use of Estimates

The preparation of the 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 revenues and expenses during the reporting period and could have an impact on the resulting surplus or deficiency reported for the period. Estimates in these financial statements include revenue amounts earned during the year from the MCCSS and depreciation of capital assets.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. All trust funds have been designated to be in the fair value category, with gains and losses reported in operations, other than financial instruments related to endowment funds. Changes in fair value of financial instruments related to the endowment fund are recorded directly in net assets. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Contributed Services

Volunteers 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.

2. Cash

The Organization's bank accounts are held at one chartered bank. The Organization earns interest income on deposits held. Deposits between $NIL and $4,999,999 earn interest at prime less 1.85%, and deposits of $5,000,000 and greater earn interest at prime less 1.75%.

The Organization has access to a revolving demand facility with a maximum overdraft limit of $1,600,000 to finance daily cash requirements. This facility was temporarily increased to $2,100,000 before year-end. The $500,000 increase was fully repaid by April 15, 2026. The facility bears interest at the bank's prime rate. At March 31, 2026, $1,849,459 (2025 - $NIL) of this facility has been accessed.

The Organization has access to credit card facilities up to a maximum of $150,000. At March 31, 2026, $13,138 (2025 - $27,509) of this facility has been utilized.

3. RESP Trust Funds

The RESP Trust Funds are Registered Education Savings Plans (RESPs) invested in the RBC Target Education Funds RESP, as directed by the MCCSS. The Organization receives specific funds from Canada Revenue Agency for the children in care and establishes individual RESPs according to the Policy Directive from the MCCSS. These funds are held until eligibility conditions are met.

The funds pending RESP investment total $137,713 (2025 - $201,031) and are restricted, and held in trust until an RESP is established for each qualifying child. The Organization has received funds but has not yet transferred the funds into an RESP account. These amounts are included in cash in the MCCSS Fund.

For the year ended March 31, 2026, $91,740 (2025 - $36,760) was transferred to the RESP provider for deposit to the individual plans of children. At March 31, 2026, the agency is the sponsor for 190 RESPs (2025 - 198), with total contributions of $845,246 (2025 - $782,665), which includes government grants of $231,213 (2025 - $221,479). Individual RESPs are not included in the financial statements of the Organization.

4. OCBE Funds in Trust

The OCBE Savings represents funds received from the MCCSS for the purpose of providing funds to eligible youth to assist with costs of basic needs when they leave care. Funds are maintained in trust for these youth in care. During the year, $11,200 (2025 - $20,872) was transferred to children's' savings accounts. These funds are included in cash in the Ontario Child Benefit Equivalent Fund.

5. Ministry Receivable

	2026	2025
Targeted subsidies funding, approved	**$ 154,215**	$ 180,349
Targeted subsidies received	**(170,775)**	(180,090)
	(16,560)	259
Ready set go funding, approved	**444,275**	516,600
Ready set go subsidies received	**(504,600)**	(516,875)
	(60,325)	(275)
Kinship services receivable	**77,867**	58,128
Standard subsidies receivable	**1,900**	3,800
Other receivable	**33,992**	-
	113,759	61,928
Ministry receivable	**$ 36,874**	$ 61,912

The above amounts are due from the Ministry of Children, Community and Social Services.

6. Accounts Receivable

	2026	2025
Due from organizations - MCCSS	**$ 48,754**	$ 87,376
Other accounts receivable	**36,600**	53,953
Sales Tax rebate - MCCSS	**487,358**	169,605
	572,712	310,934

7. Capital Assets

	2026		2025	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	**$ 1,149,486**	**$ -**	$ 1,149,486	$ -
Building	**5,978,757**	**3,215,456**	5,978,757	3,070,019
Furniture and equipment	**578,368**	**490,216**	556,695	473,597
Network equipment	**321,971**	**250,061**	278,498	237,874
Computer software	**27,824**	**19,712**	27,824	16,235
Leasehold improvements	**509,212**	**473,144**	509,212	447,683
	$ 8,565,618	**$ 4,448,589**	$ 8,500,472	$ 4,245,408
		$ 4,117,029		$ 4,255,064

8. Bank Loans

The Organization has access to the following loan:

	2026	2025
Royal Bank- non-revolving term facility - repayable in blended monthly payments of $28,960, interest calculated at 3.43%. Payable in full January 30, 2027.	**$ 1,835,957**	$ 2,115,289
Less: current portion	**(1,835,957)**	(279,332)
	$ -	$ 1,835,957

The above is secured by a general security agreement constituting a first ranking security interest in all personal property, and a collateral mortgage of $6,655,000 constituting a first fixed charge on the lands and improvements located at 275 Eramosa Road, Guelph, Ontario with a net book value of $3,948,856 (2025 - $4,119,753).

9. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions used to purchase capital assets. The changes in the deferred contributions balance for the period are as follows:

	2026	2025
Beginning balance	$ 1,211,905	$ 1,275,689
Less: amounts amortized to revenue	60,595	63,784
Ending balance	$ 1,151,310	$ 1,211,905

10. Non-Recurring Revenue

	2026	2025
Children's special allowance	**$ 337,374**	$ 318,389
Program cost recoveries (Note 12)	**234,406**	181,513
Village Finding Project	**110,000**	120,000
Interest	**38,147**	56,748
Other Society wards	**39,603**	22,029
Child Welfare funding (MCCSS)	**42,431**	33,441
	$ 801,961	$ 732,120

The above amounts are revenues that are part of the MCCSS Fund statement of operations. In the current year, sales tax recovered has been netted against the related expenditures.

11. Deficiency of Provincially Mandated Programs

	2026	2025
MCCSS Adoption Subsidy Funding	**$ 154,215**	$ 180,349
MCCSS Mandated Adoption Subsidy payments	**(616,860)**	(721,395)
MCCSS Ready Set Go funding	**444,275**	516,600
MCCSS Ready Set Go payments	**(760,294)**	(810,810)
	$ (778,664)	$ (835,256)

The above amounts represent expenditures and funding for MCCSS provincially mandated programs. The Agency funds 75% of the costs of adoption subsidies, and approximately 42% (2025 - 36%) of the ready set go expenditures.

12. Related Party Transactions

During the year, the Organization rented a property owned by Kindle Communities Organization, a not-for-profit organization incorporated without share capital, related by common significant influence. Kindle Communities Organization operates and maintains community centre facilities and programs within the City of Guelph and is exempt from income tax. Rent expense was recorded in the MCCSS Fund at the exchange amount (the amount of consideration established and agreed to by the related parties). Total amounts paid to Kindle Communities Organization during the year were $86,302 (2025 - $132,222). Included in this amount is $82,159 (2025 - $82,506) recorded in building occupancy and $4,143 (2025 - $49,716) recorded in boarding rate payments.

The Organization charges Kindle Communities Organization a management fee which relates to the staff wages and benefits costs attributable to management of Kindle Communities Organization. This is recorded in the MCCSS Fund at the exchange amount (the amount of consideration established and agreed to by the related parties). Total amounts received from Kindle Communities Organization during the year were $103,368 (2025 - $64,380) recorded in program cost recoveries (Note 10).

The Organization charges Kindle Communities Organization a property management fee which relates to the costs of assisting with managing the property and projects attributable to Kindle Communities Organization. This is recorded in the MCCSS Fund at the exchange amount (the amount of consideration established and agreed to by the related parties). Total amounts received from Kindle Communities Organization during the year were $48,000 (2025 - $76,236) recorded in program cost recoveries (Note 10).

13. Employee Future Benefits

The Organization is a member of OMERS, a multi-employer defined benefit pension plan. The member organizations are unable to identify their share of the underlying assets and liabilities. Since the Organization is not the sponsoring government of the multi-employer defined benefit pension plan, the benefit plan has been accounted for in accordance with the defined contribution plan recommendations. The pension expense for this plan for the year was $1,175,223 (2025 - $1,130,766) and is included in benefits expense in the MCCSS - Fund Statement of Operations and Changes in Fund Balances.

14. Economic Dependence

The Organization receives approximately 93.9% (2025 - 94%) of its eligible funding from the MCCSS. The future of the Organization is reliant on MCCSS providing sufficient ongoing funding to manage the requirements of current and future years. The Organization also relies on fundraising activities and other external funding in order to ensure it can deliver other necessary programs.

15. Commitments

The Organization has entered into various operating leases for office space. These leases have expiry dates between September 2028 and December 2029.

The minimum annual lease payments with terms in excess of one year are as follows:

2027	213,287
2028	213,287
2029	148,312
2030	62,503
	$ 637,389

The minimum annual lease payments include a commitment to lease office space from Kindle Communities Organization until December 2029 for total rental cost during the four year period of $312,515.

16. Capital Reserve

The Organization established a Capital Reserve using funds generated from rental revenues in the capital fund prior to March 31, 2012. The internally restricted reserve fund is to be used for capital development and maintenance requirements at the Organization's capital properties.

17. Educational Support Endowment Reserve

The Organization established an Educational Support Endowment using funds generated from fund development activities. The Organization will continue to fund the endowment as part of the fund development program expenditures. The income from the endowment will be used to provide educational support to youth in care and former youth in care pursuing post secondary educational opportunities.

18. Financial Instruments

Fair value hierarchy

Financial instruments that are measured at fair value are classified into Levels 1 to 3 based on the inputs used to measure the fair values as described below:

- Level 1 fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are 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
- Level 3 value measurements are derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of quoted prices in an active market whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy that is significant to the input in measuring fair value.

All financial instruments measured at fair value by the Organization are classified as Level 1 in the fair value hierarchy.

Financial Instrument Risks

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of cash. This risk has increased due to the increase in bank indebtedness in the current year.

18. Financial Instruments (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 Organization is exposed to credit risk arising from its accounts receivable and Ministry receivable. The majority of the Organization's receivables are from government entities which minimizes the risk of non-collection. The Ministry receivable and the balance budget fund receivable are owing from MCCSS and will be collected upon completion of the relevant eligibility criteria. There has been no historical difficulties associated with the collection of amounts owing from MCCSS. The Organization measures impairment based on how long the amounts have been outstanding. Based on historical experience regarding collections, no provision for impairment was recorded at March 31, 2026. This risk has not changed from the previous year.

Liquidity Risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, and bank loans. The Organization manages its liquidity risk by constantly monitoring forecasted and actual cash flow and financial liability maturities. The Organization ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from MCCSS and other sources and its available cash. MCCSS is committed to supporting the liquidity requirements of the Organization going forward. The payment terms and estimated repayment amounts associated with the bank loans have been indicated in Note 8. Accounts payable and accrued liabilities are usually paid within 30 days. This risk has increased due to the increase in bank indebtedness in the current year.

19. Balanced Budget Fund

The Organization has a legal requirement to return any surplus Child Welfare funding, as calculated for MCCSS reporting, to the MCCSS. The MCCSS, with implementation of the new funding model in 2013-14, created a “Balanced Budget Fund” to support Children’s Aid Societies (CAS) in meeting the balanced budget requirement and proactively manage the risks associated with a multi-year budget planning process. The Balanced Budget Fund is administered by the MCCSS on an individual CAS basis.

For any surplus generated, 50% is transferred to an MCCSS managed Balanced Budget Fund and the remaining 50% is transferred to the Organization's own Balanced Budget Fund account. The Organization may access its portion of the Balanced Budget Fund in order to balance the Organization's budget for Child Welfare operations within the next 3 years, subject to MCCSS guidelines for use. During the year, the Organization generated a deficit of Child Welfare Funding for MCCSS reporting of $2,359,326 (2025 - $67,983 surplus). This deficit has been offset by accessing the 2025/2026 available surplus within the Balanced Budget Fund of $33,992, resulting in an ending deficit of $2,325,334 for the year.

20. Contingent Liabilities

The Organization has been named in claims for which they may be required to pay part of any related settlements. At year end an amount cannot be reasonably estimated as the claims are expected to take several years to resolve and are currently in a preliminary stage. Management does not anticipate that the Organization will be required to pay any significant settlement amounts.

The Organization has entered into proceedings relating to employment matters. Management has set up a liability based on their best estimate of the settlement of the matters. Due to the sensitive and confidential nature of the matters, an estimate of the liability has not been disclosed.