

Financial Statements of

**THE CHILDREN'S AID SOCIETY  
OF THE REGION OF PEEL**

And Independent Auditor's Report thereon

Year ended March 31, 2026



May 28, 2026

### Management's Responsibility for Financial Reporting

The accompanying financial statements of The Children's Aid Society of the Region of Peel (the "Society") are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and include the financial position, operations, changes in fund balances and cash flows of the Society.

Management has selected and applied appropriate accounting policies consistently and has used reasonable judgment in preparing the financial statements, to ensure they are presented fairly, in all material respects.

Management maintains a system of internal accounting and administrative controls designed to provide reasonable assurance that financial information is relevant, reliable and accurate, and that the Society's assets are properly accounted for and adequately safeguarded.

The Board of Directors and the Finance & Audit Committee are responsible for overseeing management's financial reporting responsibilities, including the review and approval of the financial statements.

The financial statements have been audited by KPMG LLP, a firm of independent external auditors appointed by the Board of Directors, whose report follows.

*Keegan Varella*

Keegan Varella, CFO and Head of Technology



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Members of The Children's Aid Society of the Region of Peel

### ***Opinion***

We have audited the financial statements of The Children's Aid Society of the Region of Peel (the Entity), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations and changes in fund balances for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of remeasurement gains and losses 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, 2026, and its results of operations, its remeasurement gains and losses 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.



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### ***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.



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- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

May 28, 2026

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

## Statement of Financial Position

March 31, 2026, with comparative information for 2025


	2026	2025
<b>Assets</b>		
Current assets:		
Cash	\$ 8,422,033	\$ 8,958,786
Restricted cash (note 11)	489,589	479,393
Short term investments (note 3)	1,523,115	1,034,412
Accounts receivable from Ministry	123,474	239,321
Accounts receivable	961,527	776,058
Prepaid expenses	616,223	756,181
	<u>12,135,961</u>	<u>12,244,151</u>
Derivative asset (note 14)	1,951,745	389,819
Long-term investments (note 4)	2,866,172	3,551,100
Capital assets (note 5)	47,075,743	47,363,141
	<u>\$ 64,029,621</u>	<u>\$ 63,548,211</u>

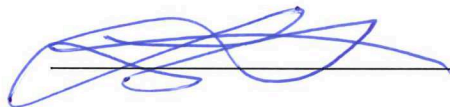
## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (notes 11 and 17)	\$ 8,416,404	\$ 9,409,015
Accounts payable to the Ministry (note 18)	520	1,095
Deferred revenue (notes 10, 11, and 12)	461,249	558,090
Current portion of term-loan payable (note 19)	1,333,724	1,281,363
	<u>10,211,897</u>	<u>11,249,563</u>
Deferred capital contributions (note 6)	5,843,360	5,545,138
Term loan (note 19)	38,179,288	39,513,012
Employee future benefits (note 9)	169,027	246,206
	<u>54,403,572</u>	<u>56,553,919</u>
Fund (deficit) balances:		
Invested in capital assets	9,390,422	8,763,825
Internally restricted	1,800,469	1,265,675
Unrestricted (note 7)	(3,516,587)	(3,425,027)
	<u>7,674,304</u>	<u>6,604,473</u>
Remeasurement gains	1,951,745	389,819
	<u>9,626,049</u>	<u>6,994,292</u>
Contingencies (note 15)		
Commitments (note 16)		
Economic dependence (note 21)		
Credit facility (note 8)		
	<u>\$ 64,029,621</u>	<u>\$ 63,548,211</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

## Statement of Operations and Changes in Fund Balances

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Revenue:		
Government:		
Child welfare funding	\$ 81,364,748	\$ 79,835,961
Other Ontario grants	1,496,626	1,290,119
Canada child benefit	169,450	232,793
Amortization of deferred contributions relating to capital assets	431,473	697,343
Donation	441,761	566,356
Interest	324,978	542,011
Investment	166,398	127,775
Rental income	443,249	172,213
	<u>84,838,683</u>	<u>83,464,571</u>
Expenditures:		
Salaries and wages	46,457,958	46,880,486
Boarding rates	13,248,307	12,935,589
Employee benefits	12,149,164	11,514,657
Interest expense on term loan	1,653,424	1,688,080
Clients' personal needs	1,901,193	2,414,653
Purchased services - client	1,860,013	1,844,434
Amortization, net	1,129,909	1,365,723
Travel	1,078,825	973,128
Miscellaneous	951,425	926,643
Adoption costs	913,817	984,516
Building occupancy	867,201	891,386
Technology	859,398	763,502
Purchased services - non-client	626,697	1,083,693
Health and related costs	592,596	578,396
Training and recruitment	488,735	328,768
Other program costs	457,433	468,227
Office administration	455,301	406,002
Program expenses	186,643	97,840
Promotional and publicity	161,491	252,904
Loss (gain) on disposal of capital asset	(43,671)	97,223
	<u>85,995,859</u>	<u>86,495,850</u>
Expenditure recoveries	<u>(2,227,007)</u>	<u>(1,726,308)</u>
	<u>83,768,852</u>	<u>84,769,542</u>
Surplus (deficit) of revenue over expenditures for the year	1,069,831	(1,304,971)
Fund balances, beginning of year	6,604,473	7,909,444
Fund balances, end of year	<u>\$ 7,674,304</u>	<u>\$ 6,604,473</u>

See accompanying notes to financial statements.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

## Statement of Changes in Fund Balances

Year ended March 31, 2026, with comparative information for 2025

2026	Unrestricted	Invested in capital assets	Internally restricted	Total
Fund balances, beginning of year	\$ (3,425,027)	\$ 8,763,825	\$ 1,265,675	\$ 6,604,473
Surplus (deficit) of revenue over expenditures	(91,560)	626,597	534,794	1,069,831
<b>Fund balances, end of year</b>	<b>\$ (3,516,587)</b>	<b>\$ 9,390,422</b>	<b>\$ 1,800,469</b>	<b>\$ 7,674,304</b>
2025	Unrestricted	Invested in capital assets	Internally restricted	Total
Fund balances, beginning of year	\$ (1,618,635)	\$ 8,304,889	\$ 1,223,190	\$ 7,909,444
Surplus (deficit) of revenue over expenditures	(1,806,392)	458,936	42,485	(1,304,971)
<b>Fund balances, end of year</b>	<b>\$ (3,425,027)</b>	<b>\$ 8,763,825</b>	<b>\$ 1,265,675</b>	<b>\$ 6,604,473</b>

See accompanying notes to financial statements.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

## Statement of Remeasurement Gains and Losses

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Remeasurement gains, beginning of year	\$ 389,819	\$ 3,296,991
Unrealized gains (losses) attributable to the interest rate derivative	1,561,926	(2,907,172)
Remeasurement gains, end of year	\$ 1,951,745	\$ 389,819

See accompanying notes to financial statements.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

## Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operating activities:		
Surplus (deficit) of revenue over expenditures	\$ 1,069,831	\$ (1,304,971)
Items not involving cash:		
Amortization of capital assets	1,129,909	1,365,723
Amortization of deferred capital contributions (note 6)	(431,473)	(697,343)
Gain on sale of assets	(43,671)	—
Loss on disposal of capital assets	—	97,223
	1,724,596	(539,368)
Changes in non-cash working capital balances:		
Accounts receivable	(185,469)	45,368
Prepaid expenses	139,958	1,407,000
Accounts payable and accrued liabilities	(992,611)	2,090,799
Accounts receivable/accounts payable from/to Ministry	115,272	(98,733)
Deferred revenue	(96,841)	159,607
Employee future benefits	(77,179)	3,989
	627,726	3,068,662
Financing activities:		
Payments of term loan payable (note 19)	(1,281,363)	(1,224,539)
Capital contributions received	729,695	808,889
	(551,668)	(415,650)
Investing activities:		
Acquisition of capital assets	(896,473)	(986,078)
Redemption (investment) in guaranteed income certificate and in bonds, net	196,225	(1,508,513)
Proceeds on sale of capital assets	97,633	2,000
	(602,615)	(2,492,591)
Increase (decrease) in cash and restricted cash	(526,557)	160,421
Cash and restricted cash, beginning of year	9,438,179	9,277,758
Cash and restricted cash, end of year	\$ 8,911,622	\$ 9,438,179
Interest paid	\$ 1,653,424	\$ 1,688,080

See accompanying notes to financial statements.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements

Year ended March 31, 2026

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## 1. Nature and purpose of organization:

The Children's Aid Society of the Region of Peel (the "Organization" or the "Society") is a not-for-profit organization incorporated without share capital under the laws of the Province of Ontario. The Organization is a registered charity (registration number 10694294 RR0001) and as such is exempt from income taxes and may issue income tax receipts to donors.

The Organization's mission is to ensure the safety and well-being of children and to strengthen families through partnership. The primary service is to protect children from abuse and neglect and help parents and caregivers build healthy families. The Organization works with families who may be facing challenges such as poverty, unemployment, ill health, domestic violence, mental health issues or caring for a child who has serious physical, emotional or developmental difficulties.

The Organization is funded by the Province of Ontario in accordance with budget arrangements by the Ministry of Children, Community and Social Services ("MCCSS" or the "Ministry").

## 2. Significant accounting policies:

### (a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards that apply to government not-for-profit organizations ("PSAS"). A summary of the significant accounting policies is as follows.

### (b) Revenue recognition:

The Organization follows the deferral method of accounting for contributions.

Revenue from transactions with performance obligations is recognized when (or as) the Organization satisfies a performance obligation by providing the promised goods or services to a payor.

Externally restricted contributions are recognized to the extent the conditions imposed on it have been fulfilled.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 2. Significant accounting policies (continued):

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.

Revenue related to income from services rendered and interest income is recorded as it is earned.

Revenue from transactions with no performance obligations is recognized when the Organization:

- (i) has the authority to claim or retain an inflow of economic resources; and
- (ii) identifies a past transaction or event that gives rise to an asset.

Unrestricted contributions are recognized as revenue when monies are receivable.

Proceeds from insurance claims and other reimbursements are recorded as expenditure recoveries.

These financial statements reflect arrangements (including the setting up of a Balanced Budget Fund ("BBF") as described in note 18) approved by the Ministry with respect to the year ended March 31, 2026.

### (c) Unrestricted fund:

The unrestricted fund accounts for the Organization's operating and administration activities. This fund reports the unrestricted resources and operating grants.

### (d) Invested in capital asset:

The invested in capital fund reflects the extent to which the Organization's resources are not available for other purposes because they are invested in capital assets. All amortization and gains or losses on the disposal of capital assets are charged directly to this fund.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 2. Significant accounting policies (continued):

### (e) Internally restricted:

The internally restricted fund is a reserve fund established for the purpose of future special projects at the discretion of the Board of Directors. This fund was established with \$200,000 of donated funds raised during the years prior to the creation of the Children's Aid Foundation of Ontario (the "Foundation").

### (f) Contributed services:

Volunteers contribute a large number of hours per week to assist the Society in carrying out its activities. Despite the fact that without these volunteer hours certain activities would have to be cut back or possibly cancelled, and these services would not otherwise be purchased, the value of contributed services has not been recognized in these financial statements.

### (g) Financial instruments:

The Organization's financial instruments consist of cash, short-term investments, long-term investments, accounts receivable, accounts receivable from ministry, accounts payable and accrued liabilities, accounts payable from ministry, term loan and derivative asset.

Financial assets and liabilities are recognized when the Organization becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights and obligations to receive or repay cash flows from the assets and liabilities have expired or have been transferred and the Organization has transferred substantially all the risks and rewards of ownership.

The Organization initially recognizes all its financial assets and liabilities at fair value and subsequently at amortized cost except for the derivative asset, which is measured at fair value. Unrealized changes in fair value pertaining to the derivative asset are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations and changes in fund balances.

Financial assets, at amortized cost, are tested for impairment at the end of each reporting year when there are indicators the assets may be impaired.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 2. Significant accounting policies (continued):

### (h) Fair value measurement:

The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - market based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - inputs for the asset or liability that are not based on observable market data.

Derivatives are measured as Level 2 fair value instruments. Investments in bond securities are primarily measured as Level 1 investments; however, certain bond securities are measured as Level 2 investments when quoted prices in an active market are not available. Guaranteed investment certificates are measured as Level 1 investments.

### (i) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a declining-balance basis at the following annual rates:

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Buildings	2%
Computer and equipment	45%
Vehicles	30%
Furniture and equipment	20%
Software	Straight-line over 5 years
Leasehold improvements	Straight-line over the term of the lease

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# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 2. Significant accounting policies (continued):

### (j) Impairment of long-lived assets:

An impairment charge is recognized for long-lived assets when an event or change in circumstances causes an asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment charge is calculated as the difference between the fair value of the asset and its carrying value.

### (k) Use of estimates:

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting year. Actual results could differ from those estimates. The estimates are reviewed periodically and as adjustments become necessary, they are reported in the statement of operations and changes in fund balances in the year in which they become known.

### (l) Pensions and employee benefits:

The costs of a multi-employer defined benefit pension plan, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions which is accounted for as a defined contribution plan, are the employer's defined contributions to the plan in the year.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 2. Significant accounting policies (continued):

### (m) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended March 31, 2026 and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of these standards on the future financial statements.

- (i) The conceptual framework for financial reporting in the public sector was revised and 2024-2025 Annual Improvements to Public Sector Accounting Standards were issued. The Public Sector Accounting Standards ("PSAS") approved amendments providing terminology updates to align various sections of the PSAS Handbook with PSAS's Conceptual Framework and Reporting Model. These revisions and amendments are effective for fiscal years beginning on or after April 1, 2026.
- (ii) Public Sector ("PS") 1202, Financial Statement Presentation, will replace the current section PS 1201. This guideline is effective for fiscal years beginning on or after April 1, 2026.
- (iii) PS 3251, Employee Benefits, will replace the current sections PS 3250 and PS 3255. The new section was recently approved with an effective date of April 1, 2029.
- (iv) PS 3150, Tangible Capital Assets. The PSAS has issued amendments related to PS 3150 in May 2025 as a result of implementing its Government Not-for-Profit Strategy, which incorporates the PS 4200 series into public sector accounting standards with potential customization. The amendments to this section are effective for fiscal periods beginning on or after April 1, 2030.
- (v) PS 3155, Intangible Assets, will replace the current section Public Sector Guidelines ("PSG") 8, Purchased Intangibles. The proposed section is currently pending final approval and an effective date for the proposed standard is currently not known.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

### 3. Short-term investments:

	Fair value	Carrying value	
		2026	2025
Guaranteed investment certificates	\$ 1,223,264	\$ 1,223,264	\$ 764,138
Bonds	129,810	130,391	255,018
Cash deposits	169,460	169,460	15,256
	\$ 1,522,534	\$ 1,523,115	\$ 1,034,412

In 2026, the short-term investments of \$1.5 million consist of term deposits and investment in bonds stated at cost (fair market value as at March 31, 2026 is \$1.5 million) that are redeemable and have a renewable frequency of less than 12 months, bearing interest between 2.3% to 3.9% annually and maturing between April 2026 to March 2027.

### 4. Long-term investments:

	Fair value	Carrying value	
		2026	2025
Bonds	\$ 2,727,221	\$ 2,736,280	\$ 2,536,450
Guaranteed investment certificates	127,000	129,892	1,014,650
	\$ 2,854,221	\$ 2,866,172	\$ 3,551,100

In 2026, the long-term investments of \$2.87 million consist of investment in fixed-income bonds, bearing an interest between 1.10% to 4.83%, maturing from June 2027 to May 2035 and term deposits maturing September 2027 bearing an interest of 4.85%.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

## 5. Capital assets:

2026	Cost	Accumulated amortization	Net book value
Tangible capital assets:			
Land	\$ 11,504,119	\$ —	\$ 11,504,119
Buildings	38,197,202	4,269,194	33,928,008
Computer and equipment	3,412,161	2,843,375	568,786
Vehicles	278,271	123,794	154,477
Furniture and equipment	2,596,051	1,830,808	765,243
Leasehold improvements	2,540,780	2,533,474	7,306
	58,528,584	11,600,645	46,927,939
Intangible capital assets:			
Software	147,804	—	147,804
	\$ 58,676,388	\$ 11,600,645	\$ 47,075,743

2025	Cost	Accumulated amortization	Net book value
Tangible capital assets:			
Land	\$ 11,504,119	\$ —	\$ 11,504,119
Buildings	37,864,318	3,583,579	34,280,739
Computer and equipment	3,297,688	2,843,190	454,498
Vehicles	216,323	137,167	79,156
Furniture and equipment	2,575,924	1,646,108	929,816
Leasehold improvements	2,540,780	2,518,861	21,919
	57,999,152	10,728,905	47,270,247
Intangible capital assets:			
Software	92,894	—	92,894
	\$ 58,092,046	\$ 10,728,905	\$ 47,363,141

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

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**6. Deferred capital contributions:**

In fiscal year 2026, the Society received contributions in the amount of \$729,695 (2025 - \$808,889) related to the buildings, furniture and equipment, computers and equipment and vehicles and recognized \$431,473 (2025 - \$697,343) as revenue. As at March 31, 2026, the deferred capital contributions amount was \$5,843,360 (2025 - \$5,545,138).

**7. Unrestricted fund surplus (deficit):**

The Ministry does not provide advance funding for vacation salaries and benefits accrued but does provide funding for these obligations as payments are made.

The unrestricted fund surplus (deficit) comprises:

	2026	2025
Accrued vacation and other accrued compensation	\$ (2,954,450)	\$ (2,862,890)
Accumulated unrestricted fund surplus (deficit)	(562,137)	(562,137)
	<u>\$ (3,516,587)</u>	<u>\$ (3,425,027)</u>

**8. Credit facility:**

The Society has a revolving demand loan facility of \$2,000,000, with interest charged at the bank's prime rate and secured by the personal property of the Society. As at March 31, 2026 and 2025, no amounts were drawn under this facility.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 9. Employee future benefits:

The employee future benefit of \$169,027 includes short-term leave and maternity top up (2025 - \$246,206).

The Society makes contributions to OMERS, which is a multi-employer plan, on behalf of all permanent, full-time 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. The Society accounts for its participation in OMERS, as a defined contribution plan.

Substantially all of the employees of the Society are members of the Ontario Municipal Employees Retirement Fund (the "plan"), which is a multi-employer defined benefit pension plan. The plan specifies the amount of retirement benefit to be received by the employee based on the length of service and rates of pay. The plan is accounted for as a defined contribution pension plan. During the year, the Society remitted \$9,164,601 (2025 - \$9,010,635) to the plan.

The Society is current with all payments to OMERS, therefore, there is neither a surplus nor deficit with the pension plan contributions. However, the OMERS pension plan had a deficit at December 31, 2025 of \$1.3 billion (2024 - \$2.9 billion) based on actuarial valuation of plan assets.

## 10. Registered Education Savings Plan:

As required by Policy Directive CW004-18 of the Ministry, the Society uses the funds equivalent to the June 2016 federal Universal Child Care Benefit ("UCCB") payment received from the federal government to establish Registered Education Savings Plans ("RESPs") for eligible children in care, as defined by said policy directive. The Society is required to hold RESPs on behalf of a child or youth until the child or youth enrolls in a qualifying post-secondary education or training program, reaches 25 years of age or has left care, and the Society shall transfer the funds in the RESPs to the child's or youth's caregiver.

For the current fiscal year, the Society received UCCB and equivalent to UCCB for 646 cumulative eligible children and youth, and the Society holds 274 RESPs on behalf of children and youth in care.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

## 10. Registered Education Savings Plan (continued):

A summary of the contributions made to the RESPs and the remaining amount in the Society's accounts that are recorded in these financial statements is as follows:

	2026	2025
Undistributed UCCB and equivalent to UCCB funding included in the Society's deferred revenue, opening balance	\$ 362,728	\$ 352,873
Receipt of equivalent to UCCB funds	179,160	173,820
Contributions to RESPs	(153,500)	(232,793)
RESP collapse	5,572	73,853
VYSA savings contribution	(47,040)	—
RESP redemption to be paid to CICs	—	(5,025)
<b>Undistributed UCCB and equivalent to UCCB funding included in the Society's deferred revenue, ending balance</b>	<b>\$ 346,920</b>	<b>\$ 362,728</b>

A summary of amounts held in trust in RESPs that are not recorded in these financial statements is as follows:

	2026	2025
Total value of all RESPs, opening balance	\$ 2,261,867	\$ 2,129,280
Net changes during the year:		
Contributions to RESPs	153,500	232,793
Canada Education Savings grants received	(13,848)	12,445
Canada Learning Bonds received	606	(2,000)
Transfer to caregivers	(40,428)	(73,116)
Redemption of RESPs	(47,610)	(51,302)
RESP collapse	(5,572)	(73,853)
Increase in investments	158,289	87,620
<b>Total value of all RESPs, ending balance</b>	<b>\$ 2,466,804</b>	<b>\$ 2,261,867</b>

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 11. Ontario Child Benefit Equivalent funding:

In adherence to Policy Directive CW002-18 of the Ministry, the Society will use the Ontario Child Benefit Equivalent ("OCBE") pooled funds from the provincial government to provide all children and youth under care, ages zero to 17, with access to recreational, educational, cultural and social opportunities. As at March 31, 2026, \$30,951 (2025 - \$33,951) is included in deferred revenue with respect to these activities.

In addition, youth in care from ages 15 to 17 will also participate in a savings program that saves OCBE funds to assist them in transitional planning and to support them to transition successfully to independent living. As at March 31, 2026, \$489,589 (2025 - \$479,393) is included in accounts payable and accrued liabilities with respect to this savings program.

## 12. Deferred revenue:

Deferred revenue is made up of the following balances:

	2026	2025
Restricted funding (note 12 (a))	\$ 83,378	\$ 161,411
OCBE funding (note 11)	30,951	33,951
UCCB funding (note 10)	346,920	362,728
	<u>\$ 461,249</u>	<u>\$ 558,090</u>

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

## 12. Deferred revenue (continued):

### (a) Restricted funding:

Below is the summary of the funds received from various organizations related to specific programs and revenue recognized related to these programs:

2026	Opening balance	Funding received	Recognized revenue during the year	Closing balance
Peel CAS Foundation	\$ 132,089	\$ 352,400	\$ (441,761)	\$ 42,728
Ontario Autism Program	19,865	35,353	(20,725)	34,493
Maple Leaf Sports Entertainment ("MLSE")	9,457	8,091	(11,391)	6,157
	\$ 161,411	\$ 395,844	\$ (473,877)	\$ 83,378

In 2026, the Youth Wellness Hub of Ontario's deferred revenue was reported at \$355,000 (2025 - \$335,477). This is now re-classified to deferred capital contribution (note 6).

## 13. Related party transaction:

The Organization has received funding for programs and services not covered by the Ministry from the Foundation during the year \$352,400 (2025 - \$441,200). Included in deferred revenue is \$42,728 related to the Foundation.

## 14. Derivative asset:

The Organization entered into an interest rate swap in order to reduce the impact of fluctuating interest rates on its term loan payable for the new building development. The swap effectively locked in the interest rate applicable on the term loan payable, over the term of the term loan arrangement. The swap agreement requires periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. Notional amount represents the contract amount to which interest rates are applied to calculate the cash flows to be exchanged. The total of the underlying financial instrument (term-loan payable) for the Organization's interest rate swap as at March 31, 2026 is \$39,513,012 (2025 - \$40,794,374).

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

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**14. Derivative asset (continued):**

Fair value of the interest rate swaps are calculated based on the present value of the estimated future cash flows using observable Canadian dollar interest rate swap yield curves obtained from dealer quotes. Fair value as at March 31, 2026 of the interest rate swap is \$1,951,745 (2025 - \$389,819) and is reported as an asset on the statement of financial position.

**15. Contingencies:**

In the normal course of business, the Organization receives statements of claim; however, the outcomes of these claims are uncertain and, as a result, no amounts have been accrued in these financial statements. The Organization will record the loss, if any, when the outcome and settlement amount is reasonably determinable, net of any insurance coverage.

**16. Commitments:**

The Organization has operating leases for premises under various terms. The minimum annual payments for the next year are as follows:

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2027	\$ 65,559
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**17. Government remittances:**

Government remittances consist of amounts (such as payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts come due. As at March 31, 2026, government remittances to the federal and provincial governments included in accounts payable and accrued liabilities amounted to \$107,466 (2025 - \$246,904). These amounts are not in arrears.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 18. **Balanced Budget Fund:**

In fiscal 2014, the Ministry announced the creation of BBF to support Children's Aid Societies ("CASs") in meeting the newly announced balanced budget requirement set out in Regulation 70 and in proactively managing the risks associated with a multi-year budget planning process. The BBF was developed on an individual basis for each Children's Aid Society ("CAS"), of an amount up to each CAS's accumulated surplus that has been returned to the Ministry following the implementation of the new funding model in fiscal 2014.

In order to be eligible to access these funds in a future year, the Organization must meet two conditions:

- (a) the Organization must have generated a prior year surplus recovered in or after fiscal 2014; and
- (b) in a subsequent year, the Organization requires additional funding in an amount up to its total accumulated prior year surplus to balance its budget.

In fiscal 2021, the Ministry revised the BBF criteria to support sector sustainability while continuing to support societies in managing their approved budget allocations. Eligible contributions into the BBF for each CAS will comprise 50% of the operating surpluses generated in a CAS's fiscal 2021 year (and future years) plus 100% of eligible contributions the surplus generated in fiscal 2019 and 2020 years that were not accessed in prior years.

The unaccessed BBF as at March 31, 2026 for the Organization is as follows:

- (a) 50% of the fiscal 2023 surplus as calculated per Ministry guidelines amounting to \$131,068 has expired in fiscal year 2026.
- (b) In fiscal year 2025, the Organization reported a surplus as calculated per Ministry guidelines of \$836. 50% of this fiscal year surplus will expire in fiscal year 2029. This amount has been paid back to the Ministry during the year.
- (c) In fiscal year 2026, the Organization reported a surplus as calculated per Ministry guidelines of \$520. 50% of this fiscal year surplus will expire in fiscal year 2030. The amount is included in accounts payable to the Ministry in the financial statements.

The BBF is with the Ministry and is not recorded in these financial statements.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

## 19. Term loan:

On April 18, 2018, the Organization entered into a purchase sale contract to purchase land and a design build contract with a contractor to design and construct a building with an expected occupancy date of July 2020.

In August 2020, the Organization completed the financing for the land and building totalling \$46,000,000 with a financial institution. The financing was initially in the form of a line of credit at the financial institution's prime rate. Upon completion of the building in September 2020, the financing was converted into a 25-year term loan. As at March 31, 2026, \$1,333,724 (2025 - \$1,281,363) has been reflected as a current liability based on the repayment terms of the 25-year term loan and \$38,179,288 (2025 - \$39,513,012) as a long-term term loan payable. Interest paid on the term loan during fiscal 2026, including payments with respect to the interest rate swap, was \$1,653,424 (2025 - \$1,688,080).

	2026	2025
Term loan	\$ 39,513,012	\$ 40,794,375
Less current portion	1,333,724	1,281,363
	<u>\$ 38,179,288</u>	<u>\$ 39,513,012</u>

The following table summarizes the term loan principal payments for the next five years and thereafter:

2027	\$ 1,333,724
2028	1,387,244
2029	1,452,391
2030	1,516,391
2031	1,584,228
2032 and thereafter	32,239,034
	<u>\$ 39,513,012</u>

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 20. Financial risks:

### (a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

The contractual maturities of term loan payable are disclosed in note 19.

### (b) Interest rate risk:

All financial instruments must be classified in accordance with the significance of the inputs used in making fair value measurements. The fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

- Level 1 - when valuation can be based on quoted prices in active markets for identical assets and liabilities;
- Level 2 - when they are valued using quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or models using inputs that are observable; and
- Level 3 - when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

## 20. Financial risks (continued):

2026	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Cash	\$ 8,422,033	\$ –	\$ –	\$ 8,422,033
Restricted cash	489,589	–	–	489,589
Short-term investments	1,523,115	–	–	1,523,115
Accounts receivable from the Ministry	123,474	–	–	123,474
Accounts receivable	961,527	–	–	961,527
Prepaid expenses	616,223	–	–	616,223
Derivative asset	–	1,951,745	–	1,951,745
Long-term investments (note 4)	2,739,907	126,265	–	2,866,172
<b>Financial Liabilities</b>				
Accounts payable and accrued liabilities	8,416,404	–	–	8,416,404
Accounts payable to the Ministry	520	–	–	520
Current portion of term loan payable	1,333,724	–	–	1,333,724

Interest rate risk is the potential for loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Organization's term loan payable has a variable interest rate based on Canadian Overnight Repo Rate Average ("CORRA") rates plus a margin. As a result, the Organization is exposed to interest rate risk due to fluctuations in the CORRA rates. The Organization entered into an interest swap in order to reduce the impact of fluctuating interest rates.

The Organization's investments consist of guaranteed investment certificates and fixed-income bonds with interest rates ranging from 1.10% to 4.85% maturing from June 2027 to May 2035.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 20. Financial risks (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 is exposed to credit risk with respect to the accounts receivable from the Ministry and other accounts receivable.

The Organization assesses, on a continuous basis, amounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Organization at March 31, 2026 is the carrying value of these assets. Currently there is no allowance for doubtful accounts. As at March 31, 2026, \$623,602 of the accounts receivable balance relates to HST receivable, and the remaining balance is comprised primarily of amounts receivable from government entities; accordingly, management believes the risk of collectability is low.

## 21. Economic dependence:

The Organization is funded primarily by the Province of Ontario in accordance with funding policies established by the Ministry. Any excess of revenue received from the Ministry over expenses earned during a fiscal year are non-retainable and are subject to the BBF mechanism (note 18). There is currently no commitment by the Ministry to fund deficits incurred by the Organization.

Therefore, to the extent that deficits are incurred and are not funded or covered via the BBF, 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.

# THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## **22. External funded programs:**

Youth Wellness Hub Ontario: During the year, the Organization received \$627,427 to fund designated programs. Contributions were recognized as revenue to the extent eligible program expenditures were incurred (\$589,116). The unspent repayable balance of \$37,311 has been recorded in accounts payable at year end.

nCourage: During the year, the Organization received \$186,850 to fund designated programs. Contributions were recognized as revenue to the extent eligible program expenditures were incurred (\$169,030). The unspent repayable balance of \$17,820 has been recorded in accounts payable at year end.

## **23. Comparative figures:**

Certain 2025 comparative figures have been reclassified to conform to the current presentation.