Financial Statements of

THE CHILDREN'S AID SOCIETY OF THE NIAGARA REGION

(OPERATING AS FAMILY AND CHILDREN'S SERVICES NIAGARA)

And Independent Auditor's Report thereon

Year ended March 31, 2026

THE CHILDREN'S AID SOCIETY OF THE NIAGARA REGION
(OPERATING AS FAMILY AND CHILDREN'S SERVICES NIAGARA)

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Year ended March 31, 2026

KPMG

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Family and Children's Services Niagara

Opinion

We have audited the financial statements of Family and Children's Services Niagara (the Entity), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2026 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.

Other Matter –

The financial statements for the year ended March 31, 2025were audited by another auditor who expressed an unmodified opinion on those financial statements on June 11, 2025.

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.

- 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

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 17, 2026

THE CHILDREN'S AID SOCIETY OF THE NIAGARA REGION
(OPERATING AS FAMILY AND CHILDREN'S SERVICES NIAGARA)
Statement of Financial Position

March 31, 2026, with comparative information for 2025

	Operating Fund		Private and Capital Fund		Total	
	2026	2025	2026	2025	2026	2025
Assets						
Current assets:						
Cash	$ 5,919	$ 306,612	$ –	$ –	$ 5,919	$ 306,612
Accounts receivable (note 2)	720,404	1,899,292	–	–	720,404	1,899,292
Prepaid expenses	835,329	608,378	–	–	835,329	608,378
	1,561,652	2,814,282	–	–	1,561,652	2,814,282
Capital assets (note 3)	–	–	4,674,042	4,718,845	4,674,042	4,718,845
	$ 1,561,652	$ 2,814,282	$ 4,674,042	$ 4,718,845	$ 6,235,694	$ 7,533,127

THE CHILDREN'S AID SOCIETY OF THE NIAGARA REGION
(OPERATING AS FAMILY AND CHILDREN'S SERVICES NIAGARA)
Statement of Financial Position

March 31, 2026, with comparative information for 2025

	Operating Fund		Private and Capital Fund		Total	
	2026	2025	2026	2025	2026	2025
Liabilities and Fund Balances						
Current liabilities:						
Demand loan (note 4)	$ 1,810,000	$ 100,000	$ –	$ –	$ 1,810,000	$ 100,000
Accounts payable and accrued liabilities (note 5)	8,936,238	6,609,912	–	–	8,936,238	6,609,912
Deferred revenue (note 6)	77,791	415,556	–	–	77,791	415,556
	10,824,029	7,125,468	–	–	10,824,029	7,125,468
Deferred capital contributions (note 7)	–	–	1,571,292	1,567,127	1,571,292	1,567,127
Retirement benefit obligation (note 8)	6,160,000	5,864,600	–	–	6,160,000	5,864,600
Fund balances:						
Child welfare	(16,515,097)	(11,128,679)	–	–	(16,515,097)	(11,128,679)
Community programs and special projects	1,092,720	952,893	–	–	1,092,720	952,893
Invested in capital assets	–	–	3,102,750	3,151,718	3,102,750	3,151,718
	(15,422,377)	(10,175,786)	3,102,750	3,151,718	(12,319,627)	(7,024,068)
	$ 1,561,652	$ 2,814,282	$ 4,674,042	$ 4,718,845	$ 6,235,694	$ 7,533,127

See accompanying notes to financial statements.

On behalf of the Board:

_________________________ Director

_________________________ Director

THE CHILDREN'S AID SOCIETY OF THE NIAGARA REGION
(OPERATING AS FAMILY AND CHILDREN'S SERVICES NIAGARA)
Statement of Operations – Child Welfare

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

	2026	2025
Revenue:		
Province of Ontario	$ 54,119,763	$ 53,891,570
Funding adjustments (note 12)	–	979,814
	54,119,763	54,871,384
Expenses:		
Salaries	21,724,672	22,827,096
Employee benefits	6,474,447	6,749,436
Travel	1,188,975	1,129,365
Training	88,194	106,482
Building capacity	846,070	786,407
Non-client purchased professional services	424,717	275,829
Boarding rate payments	23,821,353	20,907,181
Client purchased professional services	1,080,634	1,320,067
Client personal needs (note 11)	1,564,708	2,089,257
Health and related expenses	758,949	824,146
Financial assistance	743,717	771,271
Permanency subsidies	1,570,383	1,590,977
Promotion and publicity	22,926	41,880
Technology	432,213	365,595
Office administration	209,335	282,320
Office miscellaneous	1,255,755	1,268,334
	62,207,048	61,335,643
Expenditure recoveries and non-retainable income:		
Rebates	235,094	400,592
Supervision recoveries	121,160	141,308
Maintenance from parents	60,107	53,470
Special allowances	2,099,922	1,962,352
Interest earned	63,798	220,677
Other income	541,500	83,778
	3,121,581	2,862,177
Deficiency of revenue over expenses	$ (4,965,704)	$ (3,602,082)

See accompanying notes to financial statements.

THE CHILDREN'S AID SOCIETY OF THE NIAGARA REGION

(OPERATING AS FAMILY AND CHILDREN'S SERVICES NIAGARA)

Statement of Operations – Community Programs and Special Projects

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

	2026	2025
Revenue:		
Province of Ontario	$ 2,637,832	$ 1,539,413
Regional Municipality of Niagara	1,412,670	1,358,185
United Way of Niagara	113,500	134,485
Other	1,484,659	1,728,988
	5,648,661	4,761,071
Expenditures (excluding capital fund transfers)	5,508,834	4,661,474
Excess of revenue over expenses	$ 139,827	$ 99,597

See accompanying notes to financial statements.

THE CHILDREN'S AID SOCIETY OF THE NIAGARA REGION
(OPERATING AS FAMILY AND CHILDREN'S SERVICES NIAGARA)
Statement of Changes in Net Assets

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

	Operating Fund		Community program and Special projects		Total	
	2026	2025	2026	2025	2026	2025
Net assets, beginning of year	$ (11,128,679)	$ (7,348,626)	$ 952,893	$ 911,137	$ (10,175,786)	$ (6,437,489)
Excess of (deficiency) of revenue over expenses	(4,965,704)	(3,602,082)	139,827	99,597	(4,825,877)	(3,502,485)
Transfer to private and capital fund (note 14)	(420,714)	(177,971)	–	(57,841)	(420,714)	(235,812)
Net assets, end of year	$ (16,515,097)	$ (11,128,679)	$ 1,092,720	$ 952,893	$ (15,422,377)	$(10,175,786)

See accompanying notes to financial statements.

THE CHILDREN'S AID SOCIETY OF THE NIAGARA REGION

(OPERATING AS FAMILY AND CHILDREN'S SERVICES NIAGARA)

Statement of Operations and Changes in Fund Balances – Private and Capital Fund

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

	2026	2025
Support and revenue:		
Amortization of deferred capital contributions	$ 233,109	$ 208,509
Expenditure:		
Depreciation	702,791	718,447
Deficiency of support and revenue over expenditure	(469,682)	(509,938)
Fund balance, beginning of year	3,151,718	3,425,844
Transfers from operating fund (note 14)	420,714	235,812
Fund balance, end of year	$ 3,102,750	$ 3,151,718

See accompanying notes to financial statements.

THE CHILDREN'S AID SOCIETY OF THE NIAGARA REGION

(OPERATING AS FAMILY AND CHILDREN'S SERVICES NIAGARA)

Statement of Cash Flows

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

	2026	2025
Cash provided by (used in):		
Operating activities:		
(Deficiency) excess of revenue over expenses:		
Operating fund	$ (4,965,704)	$ (3,602,082)
Community programs	139,827	99,597
Private and capital funds	(469,682)	(509,938)
	(5,295,559)	(4,012,423)
Items not involving cash:		
Depreciation	702,791	718,447
Amortization of deferred capital contributions	(233,109)	(208,509)
	(4,825,877)	(3,502,485)
Changes in non-cash operating working capital:		
Accounts receivable	1,178,887	(820,786)
Prepaid expenses	(226,951)	68,436
Accounts payable and accrued liabilities	2,326,327	(343,549)
Deferred revenue	(337,765)	(120,173)
	(1,885,379)	(4,718,557)
Investing activities:		
Purchase of capital assets	(657,988)	(600,712)
Capital grant	237,274	364,900
	(420,714)	(235,812)
Financing activities:		
Operating fund		
Proceeds of demand loan	1,710,000	100,000
Increase of retirement benefit obligations	295,400	315,300
	2,005,400	415,300
Decrease in cash	(300,693)	(4,539,069)
Cash, beginning of year	306,612	4,845,681
Cash, end of year	$ 5,919	$ 306,612

See accompanying notes to financial statements.

The Children's Aid Society of the Niagara Region is a Charitable organization which provides child welfare services, including child protection, family assistance, parental relief, foster care, group care, adoption programs and a variety of special and child care projects while also supporting the autonomy and integrity of the family through other programs. The Society was incorporated as a corporation without share capital in Ontario under Letters Patent on January 6, 1969. The Society is exempt from federal and provincial income taxes.

Under the Child and Family Services Act and the regulations thereto, The Children‘s Aid Society of the Niagara Region is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Children, Community and Social Services (MCCSS). These financial statements reflect agreed funding arrangements approved by MCCSS with respect to the year ended March 31, 2026. The Society has also signed an accountability agreement with the Province of Ontario that sets out the rights and obligations of the parties in respect of funding provided to the Society by the Province of Ontario in effect for the year ended March 31, 2026.

1. Significant accounting policies:

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

(a) Fund accounting:

The Society utilizes fund accounting whereby financial statement elements are reported by fund. Resources are classified for accounting and reporting purposes by the activity or objective specified. The restricted fund has stipulations that specify how resources must be used. External restrictions have been stipulated by an arm‘s length third party. Unrestricted funds have no such stipulations. Internal restrictions have been applied by the Directors of the Society.

The Operating Fund reports the Society's unrestricted day—to-day delivery of services and activities including child welfare, special projects and their administration Child Welfare activities are carried out under the Child and Family Services Act.

The Private and Capital Fund reports specific activities and accounts for ail the Society's capital assets. The revenues generated by this fund are used for purposes designated by the donors and/or the Directors of the Society.

1. Significant accounting policies (continued):

(b) Revenue recognition:

The Society follows the deferral method of accounting for contributions. Under this method, restricted contributions are recorded as revenue in the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized at a rate corresponding with the amortization rate for the related capital asset purchased.

Deferred revenue represents funds advanced in excess of the related expenses for programs that end subsequent to the fiscal year end of the Society.

(c) Capital assets:

The Society's capital assets consist of land, buildings, equipment, computer hardware and software, vehicles and leasehold improvements and are recorded at acquisition cost. Depreciation is recorded on a straight-line basis over the assets' estimated useful lives, which are as follows:

Asset	Useful Life
Buildings	20 years
Equipment	5 – 10 years
Computer hardware	3 years
Computer software	1 year
Vehicles	3 years
Leasehold improvements	10 years

1. Significant accounting policies (continued):

(d) Employee future benefits:

(i) Pensions:

Pension costs for current service are charged to expenditure on a current basis.

(ii) Employee future benefits:

The Society pays certain benefits of its eligible retired employees including health benefits, dental benefits, life insurance and travel benefits. Eligible retired employees include those age 55 or older, who retire with 20 or more years of continuous service and who immediately upon taking such retirement receives a pension from OMERS. The employee will maintain these benefits until the employee reaches the age 65, stops receiving an OMERS pension or dies, whichever occurs first. The determination of the accrued benefit obligation was determined using the projected benefit method pro-rated on service

(e) Contributed materials and services:

The Society receives contributed materials and services which are not recognized in the financial statements because of the difficulty in determining fair value.

(f) Long-lived assets:

Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the discounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

(g) Asset retirement obligations:

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

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

The Society has not recognized an asset retirement obligation.

1. Significant accounting policies (continued):

(h) Financial instruments:

(i) Initial measurement:

The Society initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Society is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does. the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Society in the transaction.

(ii) Subsequent measurement:

The Society subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include demand loan and accounts payable and accrued liabilities.

(iii) Transaction costs:

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred.

Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

1. Significant accounting policies (continued):

(e) Financial Instruments (continued):

(iv) Impairment:

For financial assets measured at cost or amortized cost, the Society determines whether there are indications of possible impairment. When there are, and the Society determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

(f) 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for items such as impairment of capital assets and the determination of their useful lives, revenue recognition, estimation of future employee benefits, and contingent liabilities.

2. Accounts receivable:

	2026	2025
HST Recoverable	$ 510,934	$ 950,342
Province of Ontario	–	713,982
Other Society wards	19,327	16,097
Miscellaneous	190,143	218,871
	$ 720,404	$ 1,899,292

3. Capital assets:

	Cost	Accumulated amortization	2026 Net book value	2025 Net book value
Land	$ 1,076,670	$ –	$ 1,076,670	$ 1,076,670
Building	15,106,100	12,404,872	2,701,228	2,805,154
Equipment	8,327,918	7,653,715	674,203	746,464
Computer hardware	2,257,753	2,066,055	191,698	56,338
Computer software	434,464	434,464	–	–
Vehicles	167,546	167,546	–	–
Leasehold improvements	106,605	76,362	30,243	34,219
	$27,477,056	$22,803,014	$ 4,674,042	$ 4,718,845

4. Demand loan:

The Society has four revolving credit facilities including two demand facility which bears interest at the bank's prime rate with a maximum authorized credit limit of $2,000,000 (2025 - $2,000,000) the outstanding balance as at March 31, 2026 is $1,810,000 (2025 - $100,000). The credit facilities are secured by land and buildings in St. Catharines, Ontario and Niagara Falls, Ontario with net book values of approximately $3,141,000. The other two revolving credit facilities are a lease line of credit of $350,000 and a Visa credit facility $280,000.

5. Account payable and accrued liabilities:

	2026	2025
Trade payable and accruals	$ 2,585,708	$ 2,103,411
Province of Ontario	241,541	–
Accrued wages and benefits	3,138,622	2,960,371
Other programs	548,037	98,504
Boarding home payments	2,089,334	1,160,133
Professional fees	53,196	61,093
Current portion of retirement benefit obligation (note 8)	279,800	226,400
	$ 8,936,238	$ 6,609,912

Included in accounts payable and accrued liabilities are government remittances of $338,328 (2025 - $349,716)

6. Deferred revenue:

Balance April 1, 2024	$ 535,729
Receipts	88,186
Disbursements/transfers	(208,359)
Balance March 31, 2025	415,556
Receipts	83,693
Disbursements/transfers	(421,459)
Balance March 31, 2026	$ 77,791

7. Deferred capital contributions:

Deferred capital contributions related to capital assets represent grants received from the Province and other non-related parties to fund purchases of capital assets. The grants are amortized on a basis consistent with the related assets purchased by the Society. The changes in the deferred capital contribution balance for the year are as follows:

Balance April 1, 2024	$ 1,410,736
Capital contribution	364,900
Amortization	(208,509)
Balance March 31, 2025	1,567,127
Capital contribution	237,274
Amortization	(233,109)
Balance March 31, 2026	$ 1,571,292

8. Retirement benefit obligation:

The Society provides life insurance, dental, travel and health care benefits to eligible retired employees. Information about the Society's accrued benefit obligation is as follows:

	2026	2025
Opening accrued benefit obligation	$ 5,665,000	$ 5,289,600
Expenses related to post-retirement benefits	608,800	575,300
Funding contribution	(226,400)	(199,900)
Actuarial gains	(269,600)	–
Accrued benefit obligation	5,777,800	5,665,000
Unamortized actuarial gains	662,000	426,000
Ending accrued benefit liability	$ 6,439,800	$ 6,091,000

	2026	2025
Accrued benefit obligation	$ 6,439,800	$ 6,091,000
Less amounts due within one year	279,800	226,400
	$ 6,160,000	$ 5,864,600

Accrued benefit obligations expected to be paid within one year are included in accounts payable and accrued liabilities. Included in employee benefits in the statement of operations are employee future benefit costs associated with the defined benefit life insurance and health care plan as follows:

	2026	2025
Current period benefit cost	$ 321,000	$ 306,000
Amortization of actuarial gain	(33,600)	(33,600)
Interest expense	287,800	269,300
	$ 575,200	$ 541,700

The Society uses a March 31 measurement date for valuing post-retirement benefits with the most recent actuarial valuation performed for the fiscal year ended March 31, 2026. The expected average remaining service life to retirement is 13.6 years (2025 – 14 years).

8. Retirement benefit obligation (continued):

The main actuarial assumptions employed for the valuation are as follows:

Interest (discount rate): The obligation as at March 31, 2026 of the present value of future liabilities was determined using a rate of 5.0% (2025 – 4.9%) and the expense for the year ended was determined using a discount rate of 4.9% (2025 – 4.9%).

Extended Health Care: Extended Health Care costs have been estimated at 5.50% (2025 – 5.25%) per annum decreasing by 0.1% per year to an ultimate rate of 4.0%, which represents the Long-term Health Cost Trend in Canada.

Dental Costs: Dental costs have been estimated at 4.0% (2025 – 3.0%) per annum which represents the Long-Term Health Care Cost Trends in Canada.

9. Commitments:

a) The operating results of the Society are subject to review by the Ministry of Children, Community and Social Services of Ontario. Any funding adjustments which may result from any review will be made during subsequent years and will be accounted for as a current year revenue adjustment. The on-going operations of the Society are dependent on the continued financial support of the Province of Ontario.

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

   Contribution rates range from 9.0% to 14.6% depending on the level of earnings. Expenditures for 2026 include $2,092,588 for contributions to March 31, 2026 (2025 - $2,169,716) which are included in the statement of operations.

   The Society does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the Society's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at December 31, 2025 indicated an actuarial deficit of $2.9 billion (2025 – $2.9 billion) for the overall plan.

c) The Society has a self-insured short-term disability plan which specifies the amount of short-term disability benefits to be received by the employee while on sick leave. As at March 31, 2026 amounts outstanding totalling $99,976 (2025 $95,560). These costs have been recorded in the financial statements.

9. Commitments (continued):

d) The Society has entered into leasing agreements for various items of facilities and office equipment with expiry dates to 2029. The minimum annual lease payments are:

2027	$	46,582
2028		9,631
2029		223

10. Contingent liability:

Certain claims exist against the Society. The Society utilizes insurance where possible to mitigate the risk of material uncertainty for claims. With respect to claims at March 31, 2026, management believes The Society has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Society's financial position.

11. Child benefits:

Ontario Child Benefit Equivalent Activity funds:

The Ontario child benefit equivalent and Canada child benefit represents the surplus (deficit) for the year ended March 31, 2026 of special programs administered by the Society undertaken during the year. The programs are as follows:

Balance April 1, 2024	$	238,539
Receipts		407,768
Disbursements/transfers		(564,665)
Balance March 31, 2025		81,642
Receipts		391,747
Disbursements/transfers		(471,814)
Balance March 31, 2026	$	1,575

The funds ending balance in Ontario Child Benefit Equivalent Activity funds will need to be spent on children in care.

11. Child benefits (continued):

OCBE Saving funds:

A savings program has been established to provide eligible youth with the financial skills necessary for independent living and funds to assist them with the costs of their basic needs upon leaving care. The OCBE Savings funds are a third-party trust as amounts are held for the youth. These funds represent savings payable to youth in care. Savings are contributed for eligible youth pursuant to a Policy Directive from the Ministry of Children, Community and Social Services ("Ministry", "MCCSS") to provide them with funds to assist with costs of basic needs upon leaving care. If a youth cannot be located when the funds are to be disbursed, the funds are added to the OCBE Activities fund. During the year, $129,736 ($109,918 in 2025) was transferred to youths savings accounts. At March 31, 2026, the Society is holding 152 (144 in 2025) savings accounts with total contributions of $308,956 (230,364 in 2025). The OCBE savings funds are not included in the financial statements of the Organization.

Registered Education Savings Plans:

Starting July 2006 the Society received a monthly $100 Universal Child Care Benefit payment for every child in care under the age of six. A directive from the Ministry of Children, Community and Social Services specified that these funds are required to be used towards establishing Registered Education Savings Plans ("RESP") for specific children in care. In July 2015, this program was modified to provide $160 per month for every child under the age of six and $60 per month for every child aged six through seventeen. The Society continues to fund the RESP at the current level of contributions until further directive from the MCCSS is received regarding changes to the Universal Child Care Benefit program. The Society is responsible for the management and distribution of the RESPs and does not have access to the funds. If a child cannot be found upon collapsing of the fund, earned funds are to be distributed to the remaining active RESP accounts.

The Society also participates in a research project established by the University of Ottawa. This program establishes RESPs for children in care who are in grades 3 through 6.

	2026	2025
MCCSS Directive:		
Funds invested in RESPs, aggregate market value	$ 4,198,236	$ 3,750,495
Funds received, not yet invested in RESPs	582,927	663,753
University of Ottawa Research Project:		
Funds invested in RESPs, aggregate market value	5,256	5,208
	$ 4,786,419	$ 4,419,456

These amounts which are held in trust for qualified children, have not been reflected in the financial statements as the funds are not assets of the Society.

11. Child benefits (continued):

Registered Disability Savings Plans:

In fiscal 2021, the Society received a Federal COVID one time $600 support payment for persons with disabilities for every child in care with a disability. These funds were used towards establishing Registered Disability Savings Plans (RDSP's) for specific children in care.

	2026	2025
Funds invested in RESPs, aggregate market value	$ 535,869	$ 482,385
	$ 535,869	$ 482,385

These amounts which are held in trust for qualified children, have not been reflected in the financial statements as the funds are not assets of the Society.

12. Balanced budget fund:

In 2014, the Ministry of Children, Community and Social Services announced the creation of the "Balanced Budget Fund" to support Children's Aid Societies in meeting the newly announced balanced budget requirements that were outlined in the Ministry's Regulation 70. The Balanced Budget Fund process has been developed individually for each Children's Aid Society and will reflect the accumulated surplus that was returned to the Ministry each year, beginning in the 2013—2014 fiscal year. To be eligible to access these funds, the Society must meet two conditions:

1. the Society must have generated a prior year surplus recovered within the eligible timeframe that meets the definition of eligible contributions; and
2. the Society must require additional funding for eligible expenditures in a future year for child welfare operations in order that they will not incur a deficit. The required amount cannot exceed the total accumulated balanced budget fund surplus. if additional funding is not required, the funds may be applied against historical deficits incurred in or after 2013-2014.

In 2020, the Ministry of Children, Community and Social Services revised the Balanced Budget Fund criteria to support sector financial sustainability while continuing to support societies in managing within their approved budget allocation. This change required organizations who achieve a surplus in 2020-2021 going forward, to first apply that surplus to any accumulated historical deficit. Organizations who have no historical deficit would be permitted to retain 50% of the surplus in their own Balanced Budget Fund, with the remaining 50% contributed to a Ministry-managed Balanced Budget Fund. Conditions required to access the society managed Balanced Budget Fund remain unchanged from the original regulations.

12. Balanced budget fund (continued):

The current year deficit of $4,889,168 (2025 - $3,250,428) may either be supported by a one—time funding amount to be received by the Ministry of Children, Community and Social Services at some time in the future or may have future surpluses offset part or all of this deficit. In the prior year, the Society recognized $979,814 from the Ministry of Children, Community and Social Services relating to Child Welfare one-time funding from the prior year and previous years' surpluses (Balanced Budget Fund). This amount was recognized as revenue on the Child Welfare operating fund statement of operations in 2024-25.

13. Community program and special project:

In addition to Child Welfare activities, the Society has responsibility to administer certain other projects.

Community Programs currently under administration include Adult Protective Services, Violence Against Women, Community and Prevention Supports, Provincial Initiatives, Partner Assault Response, Child Care, Special Needs Resourcing, and United Way Niagara programs. Special Projects include Capital and Facility Grants and other One Time Funding.

Individual special project surpluses or deficits in the Community Programs and Special Projects Fund Balances are subject to review. Adjustments for funding of a program or project deficit or repayment of a program or project surplus are recorded in the year that approval is granted.

14. Interfund transfers:

Capital transfer to the Private and Capital Fund amounted to $420,714 (2025 - $235,812).

15. Related party transactions:

The Society is related to the Niagara Foundation for Family and Children Services (the "Foundation") since there are some common members of the Board of Directors between the two organizations. However, the Foundation is an independent organization that raises funds for the benefit of the Society. The Foundation is a charitable organization incorporated in Ontario.

The Foundation paid administration fees of $217,822 (2025 - $214,566) to the Society for rent. salaries and office expenses.

The Foundation transferred $1,150,490 (2025 - $985,899) to the Community Programs and Special Projects. All transfers were in the normal course of operations, and were at the exchange amount, being the amount agreed to between the related parties.

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16. Financial risk management:

a) Fair value:

The carrying value of cash, demand loans, receivables, and payables and accruals, approximates their fair value because of the relatively short period to maturity of the instruments.

b) Liquidity risk:

Liquidity risk is the risk that the Society will not be able to meet all cash outflow obligations as they come due. Liquidity risk arises from accounts payable, and other liabilities. The Society meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations and anticipated investing and financing activities. The Society has a short-term bank financing facility in place should it be required to meet temporary fluctuations in cash requirements as well as funding arrangements in place with the MCCSS as described in Notes 1 and 4. As at March 31, 2026, the Society current liabilities exceed its current assets by $9,262,377.

The Society has reported financial deficit in the last two years for child welfare. The Society's budget for the year ending March 31, 2027 reflects a forecasted financial loss. As a result of these historical losses, the Society has incurred a reduction in its working capital, operating cashflow loss and moved into an overall net asset deficit position. Management has identified a number of factors that have contributed to its recurring operating losses, including but not limited to the impact of recent wages settlements, investments in information technology, inflationary cost increases and financial pressures from increased boarding rate charges for children in care. The Society continues to identify and consider opportunities to address these financial challenges. In the short-term, the Society intends to rely on financing through its existing credit facilities, cost savings resulting from efficiency measures, as well as continued advocacy with the Ministry. The Society is also exploring opportunities to increase debt financing to provide sufficient cash flows over the short to medium term as the Society continues to align expenditures to funding levels. As a result of its previous financial deficits and projected deficits, the Society has an increased level of reliance on the Ministry of Children, Community and Social Services to assist in meeting its operating and capital requirements at current levels.