

Huron-Perth Children's Aid Society
Financial Statements
Year ended March 31, 2026

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To the Board of Huron-Perth Children's Aid Society:

Opinion

We have audited the financial statements of Huron-Perth Children's Aid Society (the "Society"), which comprise the statement of financial position as at March 31, 2026, the statements of operations and changes in fund balances, and 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 Society as at March 31, 2026, and the results of its operations net financial assets 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 report. We are independent of the Society 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 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

London, Ontario

June 2, 2026

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Huron-Perth Children's Aid Society

Statement of Financial Position

As at March 31, 2026

	Operating fund		Capital fund		Restricted funds			
	2026	2025	2026	2025	2026	2025	Total 2026	Total 2025
Assets								
Current								
Cash	\$ 526,088	\$ 55,298	\$ -	\$ -	\$ 618,170	\$ 838,740	\$ 1,144,258	\$ 894,038
Restricted cash (Note 4)	-	-	-	-	474,354	526,001	474,354	526,001
Investments (Note 5)	-	-	-	-	68,743	67,532	68,743	67,532
Accounts receivable	62,531	75,268	-	-	1,970	23,748	64,501	99,016
Due from Ministry of Children, Community and Social Services	-	-	-	-	-	-	-	-
Government remittances receivable	136,261	214,100	-	-	7,292	1,570	143,553	215,670
Prepaid expenses and other assets	662,270	1,079,678	-	-	-	-	662,270	1,079,678
Interfund balances	179,863	-	-	-	(179,863)	-	-	-
	1,567,013	1,424,344	-	-	990,666	1,457,591	2,557,679	2,881,935
Long term								
Tangible capital assets (Note 6)	-	-	4,688,790	4,716,425	-	-	4,688,790	4,716,425
	1,567,013	1,424,344	4,688,790	4,716,425	990,666	1,457,591	7,246,469	7,598,360

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

Huron-Perth Children's Aid Society

Statement of Financial Position

As at March 31, 2026

	Operating fund		Capital fund		Restricted funds			
	2026	2025	2026	2025	2026	2025	Total 2026	Total 2025
Liabilities								
Current								
Accounts payable and accrued liabilities	1,487,369	1,429,623	-	-	4,318	-	1,491,687	1,429,623
Due to Ministry of Children, Community and Social Services	40,230	7,552	-	-	-	-	40,230	7,552
OCBe Funds in trust (Note 4)	-	-	-	-	264,627	286,447	264,627	286,447
RESP Funds in trust (Note 4)	-	-	-	-	107,603	199,964	107,603	199,964
Due to children in care - CPP survivor benefit (Note 4)	-	-	-	-	84,232	21,698	84,232	21,698
Funds in trust - insurance (Note 4)	-	-	-	-	14,270	14,270	14,270	14,270
Youth in Care/Independence (Note 4)	-	-	-	-	3,622	3,622	3,622	3,622
Deferred contributions (Note 8)	146,350	-	-	-	4,476	18,678	150,826	18,678
	1,673,949	1,437,175	-	-	483,148	544,680	2,157,097	1,981,855
Commitments (Note 13)								
Contingent liabilities (Note 16)								
Fund balances								
Accumulated surplus (deficit)	(106,936)	(12,831)	-	-	-	-	(106,936)	(12,831)
Invested in tangible capital assets	-	-	4,688,790	4,716,425	-	-	4,688,790	4,716,425
Externally restricted	-	-	-	-	507,517	912,911	507,517	912,911
	(106,936)	(12,831)	4,688,790	4,716,425	507,517	912,911	5,089,372	5,616,505
	\$ 1,567,013	\$ 1,424,344	\$ 4,688,790	\$ 4,716,425	\$ 990,666	\$ 1,457,591	\$ 7,246,469	\$ 7,598,360

Approved on behalf of the Board of Directors



Director



Director

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

Huron-Perth Children's Aid Society

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2026

	Operating fund		Capital fund		Restricted funds		Total 2026	Total 2025
	2026	2025	2026	2025	2026	2025		
Revenue								
Government grants (Note 12)	\$ 17,402,875	\$ 17,113,290	\$ -	\$ -	\$ 150,000	\$ 186,918	\$ 17,552,875	\$ 17,300,208
Other grants	-	-	-	-	83,967	118,539	83,967	118,539
Children's Special Allowance	155,780	144,719	-	-	-	-	155,780	144,719
Donations	-	-	-	-	30,076	15,343	30,076	15,343
Maintenance - other Society extended care	230,019	233,223	-	-	-	-	230,019	233,223
Ontario Child Benefit Equivalent (OCBe)	-	-	-	-	30,744	35,381	30,744	35,381
Interest	37,687	95,741	-	-	28,856	33,279	66,543	129,020
Other	373,022	26,564	-	-	-	-	373,022	26,564
	18,199,383	17,613,537	-	-	323,643	389,460	18,523,026	18,002,997
Expenses								
Expenses - operating fund (Schedule 1)	18,365,458	16,592,038	-	-	-	-	18,365,458	16,592,038
Amortization	-	-	301,806	298,379	-	-	301,806	298,379
Donation expenses	-	-	-	-	118,184	60,256	118,184	60,256
Grant expenses	-	-	-	-	233,968	306,011	233,968	306,011
Ontario Child Benefit Equivalent (OCBe)	-	-	-	-	30,744	35,381	30,744	35,381
	18,365,458	16,592,038	301,806	298,379	382,896	401,648	19,050,160	17,292,065
(Deficiency) excess of revenue over expenses	(166,075)	1,021,499	(301,806)	(298,379)	(59,253)	(12,188)	(527,134)	710,932
Fund balances, beginning of year	(12,831)	(215,124)	4,716,425	4,541,739	912,911	578,958	5,616,506	4,905,573
Interfund transfers (Note 14)	71,970	(819,206)	274,171	473,065	(346,141)	346,141	-	-
Fund balances, end of year	\$ (106,936)	\$ (12,831)	\$ 4,688,790	\$ 4,716,425	\$ 507,517	\$ 912,911	\$ 5,089,372	\$ 5,616,506

The accompanying notes are an integral part of these financial statements

Huron-Perth Children's Aid Society

Statement of Cash Flows

For the year ended March 31, 2026

	2026	2025
Operating activities		
Excess of revenue over expenses	\$ (527,134)	\$ 710,932
Less items not affecting cash		
Amortization	301,806	298,379
Change in non-cash working capital balances		
Accounts receivable	34,515	(7,330)
Due to Ministry of Children, Community and Social Services	32,678	118,656
Government remittances receivable	72,117	11,657
Prepaid expenses and other assets	417,408	(282,265)
Accounts payable and accrued liabilities	62,064	(1,139,586)
OCBe Funds in trust	(21,820)	(42,786)
RESP Funds in trust	(92,361)	(17,396)
Due to children in care - CPP survivor benefit	62,534	(4,000)
Ontario Autism Program	-	(19,268)
Youth in Care/Independence	-	(376)
Deferred contributions	132,148	(46,166)
	473,954	(419,548)
Investing activities		
Increase in investments	(1,211)	(2,636)
Acquisition of tangible capital assets	(274,171)	(473,065)
	198,573	(895,248)
Increase (decrease) in cash	198,573	(895,248)
Cash, beginning of year	1,420,039	2,315,287
Cash, end of year	\$ 1,618,612	\$ 1,420,039
Cash consists of:		
Cash	1,144,258	894,038
Restricted Cash	474,354	526,001
	1,618,612	1,420,039

The accompanying notes are an integral part of these financial statements

Huron-Perth Children's Aid Society

Notes to the Financial Statements

For the year ended March 31, 2026

1. Purpose of the Society

Funded by the Ministry of Children, Community and Social Services ("MCCSS"), The Huron-Perth Children's Aid Society (the "Society") provides child welfare services mandated by the Child, Youth and Family Services Act. Services include child protection, investigations, ongoing protection, and support services to families in the community as well as child and youth in care services (including foster, group, and adoption placements).

The Society is exempt from income taxes under section 149(1)(d) of the Canadian Income Tax Act.

2. Summary of significant accounting policies

The financial statements have been prepared by management of the Society in accordance with Canadian public sector accounting standards and reflect the following significant accounting policies:

Fund accounting

In order to ensure observance of limitations placed on the use of resources available to the Society, the accounts of the Society are maintained in accordance with the principles of "fund accounting". Under these principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified.

The operating fund accounts for the Society's day-to-day child welfare operations. The Society operates under the regulations and financial policies of the MCCSS.

The capital fund accounts for the Society's real estate activities and capital equipment. The balance in this fund represents the net investment in capital assets.

The restricted fund accounts for grants and charitable activities which are distinct from the operating activities of the Society.

Revenue recognition

The Society follows the deferral method of accounting for contributions.

The Society is funded primarily by the Province of Ontario in accordance with budget arrangements established by the MCCSS. Unexpended funds at the end of the year from the Province of Ontario reduce the amount recognized as contribution revenues and are reported as amounts payable, unless approval has been received to use the excess funds for specific upcoming expenditures. Recharges, recoveries and other grants are recorded as revenue in the period to which they relate. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Federal child benefits, restricted contributions, children's special allowance and donations are recognized as revenue when received.

Maintenance – other Society extended care and Ontario Child Benefit Equivalent (OCBe) is recognized as revenue when the service is provided.

Interest and other income are recognized as they are earned.

Cash

Cash includes cash on hand and balances with banks.

2. Summary of significant accounting policies (continued from previous page)*Restricted cash*

Restricted cash consists of externally restricted funding by MCCSS for directives such as the Registered Education Savings Plan (RESPs), OCBe programs, and the Ontario Autism Program. Restricted cash also consists of internally restricted cash related to the CPP survivor benefit, insurance settlements, and Youth in Care / Independence program.

The Society, in compliance with an MCCSS policy directive, has separately maintained the former Universal Child Care Benefit funding received for children in care. The intended use of these funds is to create a RESP for each child that is receiving this payment. The RESP will provide an incentive and the financial resources for children to purchase a broad range of post-secondary education and training opportunities.

The OCBe program funding is to be used for recreational, educational, cultural, and social opportunities for children in care and informal customary care to support their achievement of higher educational outcomes, higher degrees of resiliency, social skills and relationship building and a smoother transition to adulthood.

In 2010, the Society implemented a policy that Canada Pension Plan (CPP) survivor benefits received by the agency on behalf of all children and youth with Extended Society Care status shall be retained in a fund separate to child welfare operations and made available to the child upon her/his eighteenth birthday. These funds shall accrue interest as appropriate and are available to the Society's operating account.

Funds received through the Ontario Autism Program are to assist with specific children in care that have been diagnosed with Autism.

The Youth in Care Independence are funding the Society received through a donation to assist youth in care over eighteen and youth that entered through a Voluntary Youth Service Agreement that choose to live independently.

Pension plan

The Society offers a pension plan for its full-time employees through the Ontario Municipal Employee Retirement System ("OMERS"). OMERS is a multi-employer, contributory, public sector pension fund established for employees of municipal governments, school boards libraries, police and fire departments, Children's Aid Societies, and other local agencies throughout Ontario. OMERS is a multi-employer plan, and any pension plan surpluses or deficits are a joint responsibility of member organizations and their employees. The member organizations are unable to identify their share of the underlying assets and liabilities. As a result, the Society does not recognize any share of OMERS pension surplus or deficit. Participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The Society accounts for its participation in OMERS as a defined benefit plan and recognizes the expense related to this plan as contributions are made.

Tangible capital assets

Purchased capital assets are recorded at cost. Contributed assets are recorded at fair value at the date of the contribution. Amortization is provided using the declining balance method over the estimated useful lives of the assets, at the following annual rate:

Parking lot	25 years
Buildings	25 years
Leasehold improvements	7 years
Office furniture and equipment	5 years
Computer equipment	3 years

Contributed services

The work of the Society is dependent on the voluntary services of members of the community. Contributed services are not recognized in these financial statements due to the difficulty in determining their fair value.

2. Summary of significant accounting policies (continued from previous page)

Financial instruments

i) Measurement of financial instruments

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Financial assets measured at amortized cost include cash, investments, accounts receivable and receivables from the Ministry. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations. As the Society has no financial instruments recognized at fair value, the Society does not have a Statement of Remeasurement Gains and Losses.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financial costs, which are amortized using the straight-line method.

ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the Statement of Operations and Changes in Fund Balances. The write-down reflects the difference between the carrying amount and the higher of:

- a) the present value of the cash flows expected to be generated by the asset or group of assets;
- b) the amount that could be realized by selling the assets or group of assets;
- c) the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the event occurring after the impairment confirms that a reversal is necessary, the reversal is recognized in the Statement of Operations and Changes in Fund Balances up to the amount of the previously recognized impairment.

Long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair market value.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Estimates are used with accounting for such items as the useful life of tangible capital assets. Actual amounts may differ from estimates.

2. Summary of significant accounting policies (continued from previous page)

Future accounting standards

Effective April 1, 2026, the Society adopted the Public Sector Accounting Board's ("PSAB") revised Section PS 1202, Financial Statement Presentation, along with the related Conceptual Framework for Financial Reporting in the Public Sector.

PS 1202 establishes a revised financial reporting model and introduces changes to the presentation and structure of financial statements, including:

- A new Statement of Net Financial Assets (Net Financial Liabilities);
- A new Statement of Changes in Net Assets (Net Liabilities);
- A revised Statement of Financial Position, including updated classifications of financial and non-financial assets and liabilities; and
- Updated terminology and enhanced disclosure requirements aligned with the revised conceptual framework

The Society is currently assessing the impact of this standard. The adoption is expected to result in changes to financial statement presentation and disclosure; however, it is not expected to have a material impact on the Society's accumulated surplus (deficit) or annual results.

3. Contracts with the Ministry of Children, Community and Social Services

The Society has service contracts with MCCSS. One requirement of the contracts is the production by management of a Transfer Payment Annual Reconciliation (TPAR) which shows a summary by service of all revenues and expenditures and any resulting surplus or deficit that relates to the contract.

The Fund Balance shows the surplus (deficit) position under these contracts as at March 31, 2026. The surplus (deficit) in a TPAR report will differ due to specific instructions for TPAR preparation.

In 2014, MCCSS announced the creation of a "Balanced Budget Fund" to support Children's Aid Societies in meeting the balanced budget requirements outlined in Regulation 70. Beginning in 2020/21, MCCSS introduced a revised concept to the Balanced Budget Fund. Any accumulated surplus of a Society is split with 50% going to a "Ministry Managed Balanced Budget Fund" and 50% going to a Balanced Budget Fund specific to each Society. Contributions to the Balanced Budget Fund expire after three years. To be eligible to access these funds, the Society must meet two conditions:

- 1) The Society must have generated a prior year surplus recovered in or after 2013-14; and
- 2) The Society must require additional funding in a future year for child welfare operations to not incur a deficit. The required amount cannot exceed the total accumulated balanced budget fund and withdrawals from the fund must be approved by the Ministry.

As of March 31, 2026, the Society has \$NIL (2025 - \$NIL) in the Balanced Budget Fund.

4. Restricted cash

Restricted cash consists of the following:

	2026	2025
OCBe funds in trust	\$ 264,627	\$ 286,447
RESP funds in trust	107,603	199,964
Due to children in care – CPP survivor benefit	84,232	21,698
Insurance funds in trust	14,270	14,270
Youth in care/Independence	3,622	3,622
	\$ 474,354	\$ 526,001

Huron-Perth Children's Aid Society
Notes to the Financial Statements
For the year ended March 31, 2026

4. Restricted cash (continued from previous page)

OCBe savings program

A portion of the OCBe relating to children and youth aged 15-17 is being held as savings per a 2008 Ministry of Children and Youth Services directive. MCCSS updated the directive in 2018. At March 31, 2026 \$55,955 (2025 - \$65,671) of OCBe unspent funds have been allocated to eligible youth in care.

OCBe activities program

Not all OCBe funds are required to be held in trust for the children and youth and can be spent on children in the Society's care as long as they are younger than 18 years of age. At March 31, 2026 \$208,672 (2024 - \$220,776) of OCBe funds have not yet been spent on eligible children and youth.

Pursuant to Ministry Policy Directive CW005-16, the Organization sets aside a portion of Children's Special Allowance Funds, equivalent to the former federal UCCB payment, to establish Registered Education Savings Plans (RESPs) for eligible children in care. Restricted cash related to RESPs held in trust represents funding not yet contributed to an RESP.

At March 31, 2026, \$107,603 (2025 - \$199,964) of funds are held in trust as the recipients of these funds are not yet eligible to set up an RESP account. At March 31, 2026, there were 150 children (2025 - 155) with RESP accounts, with \$95,760 (2025 - \$35,635) of funding contributed to these RESP accounts during the year. These funds are held in trust in the name of the child and are not included in the Society's assets.

Due to children in care – CPP survivor benefit:

Settlement funds for children in care to be held as restricted cash until it is spent on its intended purpose.

Consists of the following changes:

	2026	2025
Opening balance	\$ 21,698	\$ 25,698
Funding received	71,000	-
Expenditures made	(8,466)	(4,000)
Closing balance	\$ 84,232	\$ 21,698

Ontario Autism – for children in care program

The Ministry requires funding related to Autism for children in care to be held as restricted cash until it is spent on its intended purpose.

Insurance Funds

An insurance settlement for children in care held as restricted cash until it is spent on its intended purpose.

Youth in Care / Independence

Donations for youth in care held as restricted until it is spent on its intended purpose.

5. Investments

Investments consist of the following:

	2026	2025
Family Assistance Fund – Money Market Mutual funds	\$ 68,743	\$ 67,532

Huron-Perth Children's Aid Society

Notes to the Financial Statements

For the year ended March 31, 2026

6. Tangible capital assets

	Cost	Accumulated Amortization	2026 Net Book Value	2025 Net Book Value
Land	\$ 467,100	\$ -	\$ 467,100	\$ 467,100
Parking lot	114,031	(49,471)	64,560	67,250
Buildings	7,895,901	(4,142,737)	3,753,164	3,833,703
Leasehold improvements	100,000	(14,286)	85,714	-
Equipment and furnishings	573,630	(450,920)	122,709	153,387
Computer and technology equipment	979,294	(783,752)	195,542	194,985
	<u>\$ 10,129,956</u>	<u>(\$ 5,441,166)</u>	<u>\$ 4,688,790</u>	<u>\$ 4,716,425</u>

7. Banking facility

The Society has available to it a revolving credit facility in the amount of \$1,000,000. The facility bears interest at the bank's prime lending rate.

At March 31, 2026 the Society has drawn \$NIL on its credit facility (2025 - \$NIL).

The revolving credit facility is secured by the following:

- First position General Security Agreement over all borrower's present and after acquired property, including buildings.

8. Deferred contributions

The deferred contributions balance consists of the following:

	Balance, Beginning of year	Funds received	Transfer to operations	Balance, end of year
Child Welfare Innovation Grant	\$ -	\$ 805,544	(\$ 659,194)	\$ 146,350
Community Student Nutrition Program	-	4,645	(595)	4,050
Two Row Now Grant	3,442	-	(3,442)	-
Whole Kids Grant	3,694	-	(3,268)	426
Resilient Communities Grant	11,542	-	(11,542)	-
	<u>\$ 18,678</u>	<u>\$ 810,189</u>	<u>(\$ 678,041)</u>	<u>\$ 150,826</u>

9. Pension agreements

The Society made contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 121 (2025 – 124) 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. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2026 was \$830,526 (2025 - \$776,996). The contribution rate for 2026 was 9.0% to 14.6% depending on age and income level (2025 – 9.0% to 14.6%).

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit.

The last available report for the OMERS plan was December 31, 2025. At that time the plan reported a \$1.3 billion actuarial deficit (2024 - \$2.9 billion actuarial deficit), based on actuarial liabilities of \$149.6 billion (2024 - \$140.8 billion) and actuarial assets of \$145.2 billion (2024 - \$138.2 billion). Ongoing adequacy of the current contribution rates will need to be monitored as declines in the financial markets may lead to increased future funding requirements.

Huron-Perth Children's Aid Society

Notes to the Financial Statements

For the year ended March 31, 2026

10. Ministry services contracts

During the year, funds are provided by the Province of Ontario under the terms of the various service contracts and the amounts expended by the Organization during the year. As these funds do not directly relate to the operations of the Organization, the funds received and distributed are excluded from the statement of revenues and expenses. For all contracts, if all funds were not spent by year-end, the funds are payable back to the Province of Ontario and are presented in accounts payable. The funds received and distributed for the programs are disclosed in Schedule 2.

11. Miscellaneous expenditures

	2026	2025
Insurance	\$ 240,125	\$ 250,805
O.A.C.A.S membership fees	50,280	41,349
Other	119,319	95,390
	<u>\$ 409,724</u>	<u>\$ 387,544</u>

12. Government grants

The Society receives substantially all operating revenue from The Ministry of Children, Community and Social Services and its continued viability is dependent on this funding. Government funding consists of the following:

	2026	2025
Operating fund – Child Welfare Program – Province of Ontario (detail below)	\$ 17,402,875	\$ 17,113,290
Restricted fund – City of Stratford	150,000	186,918
Total government grants	<u>\$ 17,552,875</u>	<u>\$ 17,300,208</u>

	2026	2025
MCCSS Child Welfare Funding Allocation	\$ 15,867,400	\$ 16,191,224
Policy priority funding:		
Targeted adoption and legal custody subsidies	176,985	168,964
Standard adoption and legal custody subsidies	17,100	11,875
Administrative efficiency constraint	(219,148)	(219,148)
Supporting youth aged 18+ (Ready, Set, Go Program)	306,900	343,075
Child Welfare Innovation Grant	659,194	-
TPR investment funding	389,029	389,030
BPS proxy	12,730	12,730
Education liaison funding	91,579	91,579
Kinship service funding	68,872	88,250
PCE funding	32,234	-
Balanced budget funding	-	35,712
	<u>\$ 17,402,875</u>	<u>\$ 17,113,290</u>

13. Commitments

The Society leases certain premises and office equipment under operating leases. Future lease payments are for an aggregate amount of \$236,793 and include the following amounts payable over the next five years.

2026/27	\$53,295
2027/28	\$55,571
2028/29	\$53,574
2029/30	\$36,436
2030/31	\$37,917

After year-end, the Society paid \$150,000 to United Way Perth Huron to help complete renovations at the Listowel Hub location. Of this amount, \$25,000 will be recorded as leasehold improvements in fiscal 2027, and the remaining balance will reduce future lease payments over the rest of the lease term. Because this transaction occurred after year-end, it has not been reflected in the current year financial statements. Under the agreement, the Society also committed to pay 50% of any renovation cost overruns. Total cost overruns have been estimated at approximately \$75,000. As these costs relate to work completed after year-end and the final amount payable by the Society is not yet determinable, no amount has been recorded in the current year financial statements.

After year-end, the Society started a minor renovation at the Stratford building, totalling \$200,000 which has been recognized as a prepaid expenditure. The construction will be complete in July 2026.

In 2025-26, the Society was approved by MCCSS to administer a special project under the transfer payment budget package during fiscal 2026 and 2027, totaling \$1,600,000. The Society contracted Anchor Rehabilitation Support Services Inc. to deliver the program over the 2-year period at a total budget of \$1,354,625.

14. Interfund transfers

The board of directors approved a transfer of \$274,171 (2025 - \$473,065) from the operating fund to the capital fund to finance the acquisition of tangible capital assets.

The board of directors approved a transfer of \$346,141 from the restricted fund to the operating fund to re-pay interfund transactions. In 2025, the board of directors approved a transfer of \$346,141 from the operating fund to the restricted fund to finance restricted projects during the year.

15. Financial instruments

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

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

The Society's financial instruments which would be classified under this requirement consist only of cash and investments in money market funds which would be categorized as Level 1 as these amounts are stated at their fair value.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant risks arising from these financial instruments.

There have been no changes in risk assessment from the prior year's financial statements.

Huron-Perth Children's Aid Society

Notes to the Financial Statements

For the year ended March 31, 2026

15. Financial instruments (continued from previous page)

Credit risk

Credit risk is the risk of financial loss to the Society if a debtor fails to make payments when due. The Society is exposed to this risk related to its cash and accounts receivable. The society holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. Accounts receivables are primarily due from other Children's Aid Societies and the Province of Ontario. The Society collects accounts receivable in the normal course of its operations and due to the nature of the receivables, the Society does not need to maintain a provision for losses.

Liquidity risk

Liquidity risk is the risk of being unable to meet a demand for cash or fund obligations as they come due. The Society manages its liquidity risk through its budgeting process to help determine the funds required to support the Society's normal operating requirements on an ongoing basis. The ongoing operations of the Society are reliant on funding from MCCSS.

16. Contingent liabilities

The Society is party to legal actions arising in the ordinary course of operations and employment matters. While it is not feasible to predict the outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the operations of the Society. The Society maintains an adequate level of insurance coverage. The deductibles on outstanding legal actions have been accrued in the financial statements totalling \$50,000 (2025 - \$175,000). The amount of any further claims is undeterminable.

17. Economic dependence

Under the provisions of The Child, Youth and Family Services Act in Ontario, the Society is funded primarily by the Province of Ontario in accordance with funding arrangements established by MCCSS. For the year ended March 31, 2026, this provincial funding was 96% (2025 – 97%) of total operating revenue and as such the Society is economically dependent on the province.

Huron-Perth Children's Aid Society

Schedule 1 - Statement of Net Expenses - Operating Fund

For the year ended March 31, 2026

	2026	2025
Expenses		
Salaries and employee benefits	\$ 10,697,357	\$ 9,591,938
Boarding rate payments	2,525,576	2,328,541
Client personal needs	1,448,547	1,274,084
Building occupancy	488,067	782,548
Staff and volunteer travel	575,209	588,121
Miscellaneous (Note 11)	409,724	387,544
Professional services - client related	755,810	566,644
Technology	197,103	197,392
Professional services - non-client	423,704	125,642
Training and recruitment	478,066	442,981
Medical and related services	142,439	145,263
Office administration	199,262	135,711
Promotion and publicity	24,594	25,628
	\$ 18,365,458	\$ 16,592,038

The accompanying notes are an integral part of these financial statements

Huron-Perth Children's Aid Society

**Schedule 2 - Statement of Financial Activity - 8847 Adult Community Living
Transitional Aged Youth Program**

For the year ended March 31, 2026

	2026		2025	
Revenue	\$	612,726	\$	340,674
Expenses		612,726		340,674
	\$	-	\$	-

The accompanying notes are an integral part of these financial statements

Huron-Perth Children's Aid Society
Schedule 3 - Supplementary Schedule - Generic Funding

For the year ended March 31, 2026

Unaudited

	Child Welfare		Education Liaisons		BPS Proxy		Child Welfare Innovation Grant		Total	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Revenue										
Government grants (Note 12)	\$ 16,639,372	\$ 17,008,981	\$ 91,579	\$ 91,579	\$ 12,730	\$ 12,730	\$ 659,194	\$ -	\$ 17,402,875	\$ 17,113,290
Children's Special Allowance	155,780	144,719	-	-	-	-	-	-	155,780	144,719
Maintenance - other Society extended care	230,019	233,223	-	-	-	-	-	-	230,019	233,223
Interest	37,687	95,741	-	-	-	-	-	-	37,687	95,741
Other	373,022	26,564	-	-	-	-	-	-	373,022	26,564
	17,435,880	17,509,228	91,579	91,579	12,730	12,730	659,194	-	18,199,383	17,613,537
Expenses										
Salaries and employee benefits	10,616,368	9,507,706	68,259	71,502	12,730	12,730	-	-	10,697,357	9,591,938
Boarding rate payments	2,525,576	2,328,541	-	-	-	-	-	-	2,525,576	2,328,541
Client personal needs	1,448,007	1,272,992	540	1,092	-	-	-	-	1,448,547	1,274,084
Building occupancy	488,067	782,548	-	-	-	-	-	-	488,067	782,548
Staff and volunteer travel	569,288	583,099	5,921	5,022	-	-	-	-	575,209	588,121
Miscellaneous (Note 11)	409,724	387,544	-	-	-	-	-	-	409,724	387,544
Professional services - client related	286,111	559,246	4,358	7,398	-	-	465,341	-	755,810	566,644
Technology	193,424	195,043	3,679	2,349	-	-	-	-	197,103	197,392
Professional services - non-client	326,079	125,642	-	-	-	-	97,625	-	423,704	125,642
Training and recruitment	454,980	442,906	90	75	-	-	22,996	-	478,066	442,981
Medical and related services	142,439	145,263	-	-	-	-	-	-	142,439	145,263
Office administration	117,299	131,571	8,731	4,140	-	-	73,232	-	199,262	135,711
Promotion and publicity	24,594	25,628	-	-	-	-	-	-	24,594	25,628
	\$ 17,601,956	\$ 16,487,729	\$ 91,579	\$ 91,579	\$ 12,730	\$ 12,730	\$ 659,194	\$ -	\$ 18,365,458	\$ 16,592,038
(Deficiency) excess of revenue over expenses	\$ (166,075)	\$ 1,021,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (166,075)	\$ 1,021,499

The accompanying notes are an integral part of these financial statements