Financial Statements of

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

And Independent Auditor's Report thereon

Year ended March 31, 2025

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

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, 2025
- 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, 2025, 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.

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

Toronto, Canada

May 29, 2025

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	$ 8,958,786	$ 8,830,659
Restricted cash (note 12)	479,393	447,099
Short term Investments (note 3)	1,034,412	3,076,999
Accounts receivable from Ministry (note 19)	239,321	349,914
Accounts receivable	776,058	821,426
Prepaid expenses (note 5)	756,181	2,163,181
	12,244,151	15,689,278
Derivative asset (note 15)	389,819	3,296,991
Long-term investments (note 4)	3,551,100	–
Capital assets (note 6)	47,363,141	47,842,009
	$ 63,548,211	$ 66,828,278
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (notes 12 and 18)	$ 9,409,015	$ 7,318,216
Accounts payable to the Ministry (note 19)	1,095	210,421
Deferred revenue (notes 11, 12, and 13)	893,567	398,483
Current portion of term-loan payable (note 20)	1,281,363	1,224,539
	11,585,040	9,151,659
Deferred capital contributions (note 7)	5,209,661	5,433,592
Term loan (note 20)	39,513,012	40,794,375
Employee future benefits (note 10)	246,206	242,217
	56,553,919	55,621,843
Fund (deficit) balances:		
Invested in capital assets	8,763,825	8,304,889
Internally restricted	1,265,675	1,223,190
Unrestricted (note 8)	(3,425,027)	(1,618,635)
	6,604,473	7,909,444
Remeasurement gains	389,819	3,296,991
	6,994,292	11,206,435
Contingencies (note 16)		
Commitments (note 17)		
Economic dependence (note 22)		
	$ 63,548,211	$ 66,828,278

See accompanying notes to financial statements.

On behalf of the Board:

______________________ Director ______________________ Director

Natasha Milijasevic   Carol Kotacka

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Government:		
Child welfare funding	$ 79,835,961	$ 76,436,170
Other Ontario grants	1,290,119	1,070,771
Canada	232,793	267,180
Amortization of deferred contributions relating to capital assets	697,343	633,436
Donation	566,356	–
Interest	542,011	585,203
Investment	127,775	237,482
	83,292,358	79,230,242
Expenditures:		
Salaries and wages	46,880,486	43,514,319
Boarding rates	12,935,589	12,800,056
Employee benefits	11,514,657	10,838,795
Building occupancy	2,579,466	3,455,009
Clients' personal needs	2,414,653	1,638,621
Purchased services - client	1,844,434	1,637,665
Amortization, net	1,365,723	1,458,209
Purchased services - non-client	1,083,693	1,049,707
Adoption costs	984,516	955,147
Travel	973,128	870,388
Miscellaneous	926,643	245,777
Technology	763,502	1,072,696
Health and related costs	578,396	499,703
Other program costs	468,227	394,747
Office administration	406,002	327,686
Training and recruitment	328,768	376,726
Promotional and publicity	252,904	102,089
Program expenses	97,840	–
Loss on asset disposal	97,223	–
	86,495,850	81,237,340
Expenditure recoveries	1,898,521	2,040,680
	84,597,329	79,196,660
Surplus (deficit) of revenue over expenditures for the year	(1,304,971)	33,582
Fund balance, beginning of year	7,909,444	7,875,862
Fund balances, end of year	$ 6,604,473	$ 7,909,444

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, 2025, with comparative information for 2024

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)
,				
Fund balances, end of year	$ (3,425,027)	$ 8,763,825	$ 1,265,675	$ 6,604,473

2024	Unrestricted	Invested in capital assets	Internally restricted	Total
Fund balances, beginning of year	$ (1,242,729)	$ 7,956,619	$ 1,161,972	$ 7,875,862
Surplus (deficit) of revenue over expenditures	(375,906)	348,270	61,218	33,582
Fund balances, end of year	$ (1,618,635)	$ 8,304,889	$ 1,223,190	$ 7,909,444

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, 2025, with comparative information for 2024

	2025	2024
Remeasurement gains, beginning of year	$ 3,296,991	$ 1,806,532
Unrealized gains (losses) attributable to the interest rate derivative	(2,907,172)	1,490,459
Remeasurement gains, end of year	$ 389,819	$ 3,296,991

See accompanying notes to financial statements.

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Surplus (deficit) of revenue over expenditures	$ (1,304,971)	$ 33,582
Items not involving cash:		
Amortization of capital assets	1,365,723	1,458,209
Amortization of deferred capital contributions (note 7)	(697,343)	(633,436)
Loss on disposal of capital assets	97,223	–
	(539,368)	858,355
Changes in non-cash working capital balances:		
Accounts receivable	45,368	132,558
Prepaid expenses	1,407,000	690,186
Accounts payable and accrued liabilities	2,090,799	(699,887)
Accounts receivable/accounts payable from/to Ministry	(98,733)	(2,268,360)
Deferred revenue	495,084	(256,824)
Employee future benefits	3,989	156,591
	3,404,139	(1,387,381)
Financing activities:		
Payments of term loan payable (note 15)	(1,224,539)	(1,173,044)
Capital contributions received	473,412	415,028
	(751,127)	(758,016)
Investing activities:		
Acquisition of capital assets	(986,078)	(415,028)
Sale (purchase) of investments	(1,508,513)	1,946,264
Proceeds on sale of capital assets	2,000	–
	(2,492,591)	1,531,236
Increase (decrease) in cash	160,421	(614,161)
Cash, beginning of year	9,277,758	9,891,919
Cash, end of year	$ 9,438,179	$ 9,277,758
Interest paid	$ 1,688,080	$ 1,723,915

See accompanying notes to financial statements.

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 recognized to the extent the conditions imposed on it have been fulfilled.

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 of the appropriate fund 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 19) approved by the Ministry with respect to the year ended March 31, 2025.

(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.

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 Peel Children's Aid Foundation (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, accounts receivable, accounts payable and accrued liabilities, 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.

2. Significant accounting policies (continued):

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.

(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. Investment in bond securities and 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:

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

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.

(m) Future accounting pronouncement:

These standards were not effective for the year ended March 31, 2025, and, therefore, have not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

The standards applicable for fiscal years beginning on or after April 1, 2025.

2. Significant accounting policies (continued):

PS 1202, Financial Statement Presentation, was approved in March 2023. This standard supersedes PS 1201, Financial Statement Presentation, and covers a new conceptual framework and reporting model. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information. This standard is effective for fiscal years beginning on or after April 1, 2026.

PS 3251, Employee Benefits, will replace the current section PS 3250 and PS 3255. The proposed section is currently undergoing discussions where further changes are expected as a result of the re-exposure comments. Effective date is currently not determined.

3. Short-term investments:

		Carrying value	
	Fair value	2025	2024
Guaranteed investment certificates	$ 764,138	$ 764,138	$ 3,076,999
Bonds	256,321	255,018	–
Other	15,256	15,256	–
	$ 1,035,715	$ 1,034,412	$ 3,076,999

In 2025, the short-term investments of $1.03 million consist of term deposits and investment in bonds stated at cost (fair market value as at March 31, 2025 is $1.03 million) that are redeemable and have a renewable frequency of less than 12 months, bearing interest between 0.25% to 4.66% annually and maturing between April 2025 to March 2026.

4. Long-term investments:

	Fair value	Carrying value 2025	Carrying value 2024
Bonds	$ 2,555,106	$ 2,536,451	$ –
Guaranteed investment certificates	1,014,650	1,014,650	–
	$ 3,569,756	$ 3,551,101	$ –

In 2025, the long-term investments of $3.6 million consist of investment in fixed-income bonds, bearing an interest between 1.10% to 4.85%, maturing from November 2026 to May 2035 and term deposits maturing between May 2026 to November 2026 bearing an interest between 3.85% to 3.90%.

5. Prepaid expenses and other assets:

Included in prepaid expenses is nil (2024 - $369,759) net receivable on a bankers' acceptance.

6. Capital assets:

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

6. Capital assets (continued):

2024	Cost	Accumulated amortization	Net book value
Land	$ 11,504,119	$ –	$ 11,504,119
Buildings	36,996,063	2,901,692	34,094,371
Computer and equipment	3,289,128	2,478,332	810,796
Vehicles	216,323	103,242	113,081
Furniture and equipment	2,559,554	1,417,746	1,141,808
Leasehold improvements	2,778,914	2,601,080	177,834
	$ 57,344,101	$ 9,502,092	$ 47,842,009

7. Deferred capital contributions:

In fiscal year 2025, the Society received contributions in the amount of $473,412 (2024 - $415,028) related to the buildings, furniture and equipment, computers and equipment and vehicles and recognized $697,343 (2024 - $633,436) as revenue. As at March 31, 2025, the deferred capital contributions amount was $5,209,661 (2024 - $5,433,592).

8. Unrestricted fund 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 deficit comprises:

	2025	2024
Accrued vacation and other accrued compensation	$ (2,862,890)	$ (2,204,478)
Prior year transfer from the externally restricted fund to the unrestricted fund	(362,388)	(362,388)
Accumulated unrestricted fund surplus (deficit)	(199,749)	948,231
	$ (3,425,027)	$ (1,618,635)

9. 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, 2025 and 2024, no amounts were drawn under this facility.

10. Employee future benefits:

The employee future benefit of $246,206 includes short-term leave and maternity top up (2024 - $242,217).

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 $9,010,635 (2024 - $8,435,070) 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, 2024 of $2.9 billion (2023 - $4.2 billion) based on actuarial valuation of plan assets.

11. 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 enrols 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 613 cumulative eligible children and youth, and the Society holds 250 RESPs on behalf of children and youth in care.

A summary of the contributions made to the RESPs and the remaining amount in the Society's accounts is as follows:

	2025	2024
Undistributed UCCB and equivalent to UCCB funding included in the Society's deferred revenue, opening balance	$ 352,873	$ 470,589
Receipt of equivalent to UCCB funds	173,820	148,300
Contributions to RESPs	(232,793)	(267,180)
RESP collapse	73,853	–
RESP redemption to be paid to CICs	(5,025)	1,164
Undistributed UCCB and equivalent to UCCB funding included in the Society's deferred revenue, ending balance	$ 362,728	$ 352,873

11. Registered Education Savings Plan (continued):

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

	2025	2024
Total value of all RESPs, opening balance	$ 2,129,280	$ 1,876,546
Changes during the year:		
Contributions to RESPs	232,793	267,180
Canada Education Savings grants received	12,445	16,611
Canada Learning Bonds received (paid)	(2,000)	400
Transferred in from other CAS	–	18,864
Transfer to caregivers	(73,116)	(107,240)
Redemption of RESPs	(51,302)	(25,743)
RESP collapse	(73,853)	–
RESPs closed	–	(2,040)
Increase in investments	87,620	84,702
Total value of all RESPs, ending balance	$ 2,261,867	$ 2,129,280

12. 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, 2025, $33,951 (2024 - $45,610) 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, 2025, $479,393 (2024 - $447,099) is included in accounts payable and accrued liabilities with respect to this savings program.

13. Deferred revenue:

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

2025	Opening balance	Funding received	Recognized revenue during the year	Closing balance
Youth Wellness Hub of Ontario ("YWHO")	$ –	$ 866,875	$ (531,398)	$ 335,477
Peel CAS Foundation	387,245	441,200	(696,356)	132,089
Ontario Autism Program	12,319	42,831	(35,285)	19,865
Maple Leaf Sports Entertainment ("MLSE")	13,477	6,000	(10,020)	9,457
	$ 413,041	$ 1,356,906	$ (1,273,059)	$ 496,888

14. Related party transaction:

The Organization has received funding for programs and services not covered by the Ministry amounting to $441,200 from CAS Foundation of Ontario during the fiscal year 2025.

15. 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 notional amount of the underlying financial instrument (term-loan payable) for the Organization's interest rate swap as at March 31, 2025 is $40,794,374 (2024 - $42,018,913).

15. 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, 2025 of the interest rate swap is $389,819 (2024 - $3,296,991) and is reported as an asset on the statement of financial position.

16. 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.

17. Commitments:

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

2026	$ 71,409
2027	76,401
2028	77,602
2029	77,602
2030	77,602
2031	77,602
	$ 458,218

18. 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, 2025, government remittances to the federal and provincial governments included in accounts payable and accrued liabilities amounted to $246,904 (2024 - $135,897). These amounts are not in arrears.

19. 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 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, 2025 for the Organization is as follows:

(a) 50% of the fiscal 2023 surplus as calculated per Ministry guidelines amounting to $131,068 that will expire in fiscal 2026.

(b) In fiscal year 2024-2025, the Organization reported a surplus as calculated per Ministry guidelines of $836. 50% of this fiscal year surplus will expire in fiscal year 2028-2029. The amount is included in Accounts payable to the Ministry in the financial statements.

    In Fiscal Year 2024-2025, the organization reported a shortfall of $239,321 as calculated as per approved allocation letter for funding received for other programs. The amount is included in Accounts receivable to the Ministry in the financial statements.

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

20. 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, 2025, $1,281,363 (2024 - $1,224,539) has been reflected as a current liability based on the repayment terms of the 25-year term loan $39,513,012 (2024 - $40,794,375) as a long-term term loan payable. Interest paid on the term loan during fiscal 2025, including payments with respect to the interest rate swap, was $1,688,080 (2024 - $1,723,915) and is recorded in building occupancy expenses in the statement of operations and changes in fund balances.

	2025	2024
Term loan	$ 40,794,375	$ 42,018,914
Less current portion	1,281,363	1,224,539
	$ 39,513,012	$ 40,794,375

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

2026	$ 1,281,363
2027	1,333,724
2028	1,387,244
2029	1,452,391
2030	1,516,391
2031 and thereafter	33,823,262
	$ 40,794,375

21. 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 20.

(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.

21. Financial risks (continued):

2025	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash	$ 9,438,179	$	$ –	$ 9,438,179
Short-term investments	1,034,412	–	–	1,034,412
Accounts receivable from the Ministry	239,321	–	–	239,321
Accounts receivable	776,058	–	–	776,058
Prepaid expenses	756,181	–	–	756,181
Derivative asset	–	389,819	–	389,819
Long-term investments (note 4)	3,551,100	–	–	3,551,100
Financial Liabilities				
Accounts payable and accrued liabilities	9,409,015	–	–	9,409,015
Accounts payable to the Ministry	1,095	–	–	1,095
Term loan	893,567	–	–	893,567

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 CORRA rates plus a margin. As a result, the Organization is exposed to interest rate risk due to fluctuations in the CORRA rate. 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 0.25% to 4.85% maturing from April 2025 to May 2035.

THE CHILDREN'S AID SOCIETY OF THE REGION OF PEEL

21. 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, 2025 is the carrying value of these assets. Currently there is no allowance for doubtful accounts.

22. 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 or via assets funded by the Ministry (i.e. rental income) over expenses earned during a fiscal year are non-retainable and are subject to the BBF mechanism (note 19). 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

Schedule of Ministry and Other Restricted Funds - Statement of Operations and Changes in Fund Balances

Year ended March 31, 2025, with comparative information for 2024

	Community Capacity Building	OCBE funding	UCCB funding	Targeted subsidy for adoption	Education Liaison	CW Immigration of Excellence	Youth Wellness Hub Ontario	CAS Foundation of Ontario	2025 Total	2024 Total
Revenue:										
Ministry funding	$ 214,430	$ 183,883	$ 232,793	$ 159,649	$ 125,046	$ 204,712	$ 402,399	$ –	$ 1,522,912	$ 1,070,771
Income from other sources	–	–	–	–	–	–	–	–		267,180
Donated	–	–	–	–	–	–	–	566,356	566,356	–
	214,430	183,883	232,793	159,649	125,046	204,712	402,399	566,356	2,089,268	1,337,951
Expenditures:										
Clients' personal needs	–	183,883	232,793	–	–	–	–	402,518	819,194	528,555
Salaries and wages	–	–	–	–	86,562	166,813	140,051	68,369	461,795	249,759
Purchased services - client	214,430	–	–	–	20,053	5,130	–	15,476	255,089	233,079
Adoption costs	–	–	–	159,649	–	–	–	–	159,649	157,838
Program	–	–	–	–	–	–	96,181	–	96,181	–
Employee benefits	–	–	–	–	18,431	32,769	18,712	18,419	88,331	49,230
Building occupancy	–	–	–	–	–	–	81,757	–	81,757	45,020
Promotional and publicity	–	–	–	–	–	–	23,445	46,540	69,985	–
Travel	–	–	–	–	–	–	12,088	13,609	25,697	–
Training and recruitment	–	–	–	–	–	–	21,199	1,425	22,624	10,000
Technology	–	–	–	–	–	–	7,702	–	7,702	12,486
Office administration	–	–	–	–	–	–	1,264	–	1,264	51,984
	214,430	183,883	232,793	159,649	125,046	204,712	402,399	566,356	2,089,268	1,337,951
Excess of expenditures over revenue, representing fund balances, end of year	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$	$ –	$ –

The Society has a service contract/Children and Family Services Act ("CFSA") approval with the Ministry. A reconciliation report summarizes, by service, all revenue and expenditures and identifies any resulting surplus or deficit that relates to the service contract/CFSA approval.

These amounts are a subsection of the revenue and expense captions reported in the statement of operations.