

Financial Statements of

**FAMILY AND CHILDREN'S
SERVICES OF THE
WATERLOO REGION**

And Independent Auditor's Report thereon

Year ended March 31, 2025



KPMG LLP

120 Victoria Street South
Suite 600
Kitchener, ON N2G 0E1
Canada
Telephone 519 747 8800
Fax 519 747 8811

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Family and Children's Services of Waterloo Region

Opinion

We have audited the financial statements of the Family and Children's Services of the Waterloo Region (incorporated as The Children's Aid Society of the Regional Municipality of Waterloo) (the Society), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations and changes in fund balances (deficit) for the year ended
- the statement of cash flows for the year 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 Family and Children's Services of the Waterloo Region as at March 31, 2025 and its results of operations, its changes in fund balances (deficit) 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 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.



Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates the Society has a working capital deficiency and an unrestricted deficiency in net assets as a result of current and prior years' deficiencies of revenue over expenses and negative cash flows from operating activities.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Society's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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 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.



Page 3

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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, stylized font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 27, 2025

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)
Statement of Financial Position

	Operating Fund	Special Projects Fund	Capital Fund	Ontario Child Benefit Equivalent Fund	2025 Total	2024 Total
	\$	\$	\$	\$	\$	\$
Assets						
Current assets:						
Cash (note 6)	—	—	1,094,412	—	1,094,412	2,054,126
Restricted cash – Society's obligations (note 14)	350,086	—	—	—	350,086	354,516
Short-term investments (note 3)	—	—	—	—	—	1,000,000
Accounts receivable	850,046	—	6,540	—	856,586	736,708
Prepaid expense	258,308	—	—	—	258,308	294,258
Interfund receivable (payable)	(31,046)	—	—	31,046	—	—
	1,427,394	—	1,100,952	31,046	2,559,392	4,439,608
Capital assets (note 4)	—	—	5,009,411	—	5,009,411	5,283,575
	1,427,394	—	6,110,363	31,046	7,568,803	9,723,183

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Statement of Financial Position

March 31, 2025, with comparative information for 2024

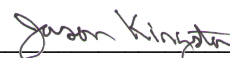
	Operating Fund	Special Projects Fund	Capital Fund	Ontario Child Benefit Equivalent Fund	2025 Total	2024 Total
	\$	\$	\$	\$	\$	\$
Liabilities and Fund Balances (Deficit)						
Current liabilities:						
Bank indebtedness (note 6)	1,066,771	—	—	—	1,066,771	—
Accounts payable and accrued liabilities	3,242,540	—	22,931	—	3,265,471	2,825,190
Accrued vacation liability	1,512,829	—	—	—	1,512,829	2,560,326
Deferred revenue (note 7)	23,171	—	126,569	—	149,740	219,894
Deferred contributions	—	—	—	31,046	31,046	170,599
Society's obligations (note 14)	350,086	—	—	—	350,086	354,516
	6,195,397	—	149,500	31,046	6,375,943	6,130,525
Non-vested sick leave benefits	1,635,791	—	—	—	1,635,791	1,693,193
Deferred capital contributions (note 8)	—	—	2,670,213	—	2,670,213	3,100,524
	1,635,791	—	2,670,213	—	4,306,004	4,793,717
	7,831,188	—	2,819,713	31,046	10,681,947	10,924,242
Fund balances (deficit):						
Invested in capital assets	—	—	3,290,650	—	3,290,650	3,410,287
Unrestricted deficit	(6,403,794)	—	—	—	(6,403,794)	(4,611,346)
	(6,403,794)	—	3,290,650	—	(3,113,144)	(1,201,059)
Going concern (note 1)						
Commitments (note 11)						
Contingent liabilities (note 15)						
	1,427,394	—	6,110,363	31,046	7,568,803	9,723,183

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Statement of Operations and Changes in Fund Balances (Deficit)

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

	Operating Fund	Special Projects Fund	Capital Fund	2025 Total	2024 Total
	\$	\$	\$	\$	\$
Revenue:					
Maintenance of children:					
The Province of Ontario	49,834,997	696,096	–	50,531,093	50,677,085
Family benefit and support, supervision and child tax benefit	1,649,981	–	–	1,649,981	1,187,020
Other revenue:					
Interest	109,009	–	51,898	160,907	296,490
Grants (note 9)	734,868	–	–	734,868	463,407
Miscellaneous, rebates, and administration fees	461,383	–	–	461,383	472,361
Rental income	101,070	–	749,670	850,740	760,442
Amortization of deferred capital contributions	–	–	430,311	430,311	430,311
Other	43,660	–	–	43,660	288,775
	52,934,968	696,096	1,231,879	54,862,943	54,575,891
Expenditures (Schedules 1, 2 and 3)	54,784,818	696,096	1,351,516	56,832,430	55,223,882
Deficiency over expenditures before the undernoted	(1,849,850)	–	(119,637)	(1,969,487)	(647,991)
Other income (expenditures):					
Non-vested sick leave benefits (note 5)	57,402	–	–	57,402	39,420
The Province of Ontario - deficit funding (note 16)	–	–	–	–	1,226,890
The Province of Ontario - prior years' recoveries	–	–	–	–	(2,268)
Excess (deficiency) of revenues over expenditures	(1,792,448)	–	(119,637)	(1,912,085)	616,051
Fund balances (deficit), beginning of year	(4,611,346)	–	3,410,287	(1,201,059)	(1,817,110)
Fund balances (deficit), end of year	(6,403,794)	–	3,290,650	(3,113,144)	(1,201,059)

See accompanying notes to financial statements.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)
Statement of Cash Flows

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

	2025	2024
	\$	\$
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenditures	(1,912,085)	616,051
Items not involving cash:		
Amortization of capital assets	572,660	636,136
Amortization of deferred contributions	(430,311)	(430,311)
Non-vested sick leave	(57,402)	(39,420)
Changes in non-cash operating working capital:		
Accounts receivable	(119,878)	(62,162)
Prepaid expenses	35,950	477,073
Accounts payable and accrued liabilities	440,281	(1,315,617)
Accrued vacation liability	(1,047,497)	(1,059,303)
Deferred revenue	(70,154)	109,269
Deferred contributions	(139,553)	(258,990)
Society's obligations	(4,430)	(3,587)
	(2,732,419)	(1,330,861)
Capital activities:		
Purchase of capital assets	(298,496)	(200,554)
Purchase of short-term investments	–	(1,000,000)
Sale of short-term investments	1,000,000	1,000,000
	701,504	(200,554)
Financing activities:		
Advance of operating line	1,066,771	–
Decrease in cash	(964,144)	(1,531,415)
Cash, beginning of year	2,408,642	3,940,057
Cash, end of year	1,444,498	2,408,642
Cash consists of:		
Cash	1,094,412	2,054,126
Restricted cash – Society's obligations	350,086	354,516
	1,444,498	2,408,642

See accompanying notes to financial statements.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)
Notes to Financial Statements

Year ended March 31, 2025

Purpose of Organization:

Family and Children's Services of the Waterloo Region (the "Society") is dedicated to a caring community where children and their families thrive. Building relationships with families and communities for the well-being and safety of children and youth is the mission of the Society. The Society is incorporated without share capital under the laws of the province of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act are met.

1. Going concern:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

These financial statements have been prepared on a going concern basis in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. The going concern basis of presentation assumes that the Society will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of operations. There is significant doubt about the appropriateness of the use of the going concern assumption because the Society has a working capital deficiency, and a fund balance deficiency as at March 31, 2025, and had a deficiency of revenue over expenditures and negative cash flows from operating activities for the years ended March 31, 2025 and 2024.

The ability of the Society to continue as a going concern and realize its assets and discharge its liabilities in the normal course of operations is dependent upon the continued support of the Ministry of Children, Community and Social Services and on its ability to restore and maintain sustainable operations in the future. No assurance can be given that additional funding will be available in the future from the Ministry of Children, Community and Social Services or other sources or that, if available, it can be obtained on terms favourable to the Society.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets, the reported revenues and expenses, and the statement of financial position classifications used.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)
Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. A statement of remeasurement gains and losses has not been included as there are no matters to report therein. The Society's significant accounting policies are as follows:

(a) Fund accounting:

Revenue and expenditures related to Child Welfare Services are reported in the Operating Fund and are primarily funded by the Province of Ontario. Also included in the Operating Fund are the Sexual Abuse Treatment Program, and the Partner Facility Renewal Program. These programs are funded separately by the Province of Ontario. The Special Services Program, included in the operating fund, is funded by the Region of Waterloo.

Revenue and expenditures related to the activities that cannot be funded from government funding are reported in Special Projects Fund.

The Capital Fund reports the assets, liabilities, revenue, and expenditure related to the Society's capital assets.

The Ontario Child Benefit Equivalent Fund was created as a result of Ministry of Children and Youth Services policy directive CW-002-08. This restricted fund is to provide all children and youth in care with access to recreational, educational, cultural, and social opportunities that support their achievement of higher educational outcomes, higher degree of resiliency, social skills and relationship development, and a smoother transition to adulthood.

(b) Revenue recognition:

The Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as revenue of the respective fund as earned. Capital contributions received for the purpose of funding acquisition of Capital assets are deferred and amortized to income on a basis consistent with the amortization of the related capital asset.

Revenue from miscellaneous, rebates and administration fees, rental income and other are recognized as the performance obligations are fulfilled and the future economic benefits are measurable and expected to be obtained.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are recorded at cost in the Capital Fund. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to its residual value. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Asset	Basis	Rate
Buildings	Straight-line	5%
Furniture and equipment	Straight-line	20%
Computers	Straight-line	30%
Vehicles	Straight-line	30%
Leasehold improvements	Straight-line	20%

(d) Employee future benefits:

(i) Multi-employer pension plan:

Substantially all of the employees of the Society are eligible to be members of the Ontario Municipal Employees' Retirement Fund ("OMERS"), which is a multi-employer, defined benefit, final average earnings, and contributory pension plan. Defined contribution plan accounting is applied to OMERS as the Society has insufficient information to apply defined benefit accounting.

(ii) Non-vested sick leave benefits:

The Society provides sick leave benefits for substantially all employees. The Society accrues its obligations under the defined benefit plan as employees render the services necessary to earn the compensated absences. The actuarial valuation of the benefit plan was performed as of March 31, 2023, extrapolated to March 31, 2025.

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Significant accounting policies (continued):

(e) Donated goods and services:

The value of goods and services donated to the Society is not reflected in these financial statements because of the difficulty in determining fair value.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to subsequently carry any such financial instruments at fair value.

Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of financial statements 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 dates of the financial statements and the reported amounts of revenue and expenses during the years. Significant items subject to such estimates and assumptions include the carrying amount of accounts payable and accrued liabilities, accrued vacation liability, asset retirement obligation, non-vested sick leave benefits, and valuation allowances for receivables. Actual results could differ from those estimates.

3. Short-term investments:

	2025	2024
Guaranteed Investment Certificates, bearing interest (2024 – 5.65%), maturing in less than one year	\$ –	\$ 1,000,000

4. Capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,458,089	\$ –	\$ 1,458,089	\$ 1,458,089
Buildings	14,893,125	11,428,721	3,464,404	3,722,875
Furniture and equipment	82,746	21,949	60,797	–
Computers	564,674	564,674	–	27,200
Vehicles	43,793	43,793	–	–
Leasehold improvements	246,448	220,327	26,121	75,411
	\$ 17,288,875	\$ 12,279,464	\$ 5,009,411	\$ 5,283,575

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)
Notes to Financial Statements (continued)

Year ended March 31, 2025

5. Non-vested sick leave benefits:

Permanent full-time and part-time employees are eligible for sick leave benefits after they have completed one month of service. Employees earn 1.5 days of sick leave credit for each month of service, with part-time employees pro-rated according to hours worked, to a maximum of 120 days. Accumulated credits may be used in future years if the employee's illness or injury exceeds the annual allocation of credits. The credits cannot be used for cash payouts and are forfeited upon termination of employment with the Society.

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

	2025	2024
Discount rate	4.40%	4.80%
Rate of compensation increase	2.00%	2.00%
Expected average remaining service life to retirement	12 years	12 years

Information about the Society's sick leave benefit plan is as follows:

	2025	2024
Balance, beginning of year	\$ 1,693,193	\$ 1,732,613
Current benefit cost	102,697	117,475
Interest	55,127	55,014
Amortization of actuarial gain	(58,191)	(58,191)
Benefits taken	(157,035)	(153,718)
Non-vested sick leave (change in obligation)	(57,402)	(39,420)
Balance, end of year	\$ 1,635,791	\$ 1,693,193
Accrued benefit obligation related to accumulated sick leave benefits	\$ 1,148,910	\$ 1,124,290
Unamortized actuarial gain	486,881	568,903
Balance, end of year	\$ 1,635,791	\$ 1,693,193

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Notes to Financial Statements (continued)

Year ended March 31, 2025

6. Bank indebtedness:

The Society has an available operating line of credit of \$3,000,000. This bank indebtedness is unsecured due on demand and bears interest at bank prime rate. As at March 31, 2025, \$1,066,771 is drawn on the operating line (2024 - \$nil).

7. Deferred revenue:

Included in deferred revenue is an incentive funding provided by the Province of Ontario for the Society to use in future years. Deferred revenue related to operating expenditures of future periods are as follows:

	2025	2024
Balance, beginning of year	\$ 219,894	\$ 110,625
Contributions received in the year	126,020	119,894
Contributions received in the year from the Foundation (note 9)	—	100,000
Less amounts recognized to revenue	(196,174)	(110,625)
Balance, end of year	\$ 149,740	\$ 219,894

8. Deferred capital contributions:

Deferred capital contributions relate to capital assets and represent the unamortized amount of grants and donations received for the purchase of capital assets.

	2025	2024
Balance, beginning of year	\$ 3,100,524	\$ 3,530,835
Less amounts recognized as revenue during the year	(430,311)	(430,311)
Balance, end of year	\$ 2,670,213	\$ 3,100,524

9. Grants:

The following grants were made to the Society from the Family and Children's Services of the Waterloo Region Foundation:

	2025	2024
Grants - received	\$ 734,868	\$ 563,407

Out of the grants received during the year, the Society has deferred \$nil (2024 - \$100,00) and recognized \$76,829 in revenue from deferred revenue (2024 - \$nil).

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Notes to Financial Statements (continued)

Year ended March 31, 2025

10. Employee future benefits:

The Society makes contributions to OMERS, which is a multi-employer plan, on behalf of certain members of its staff. The multi-employer plan (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 most recent actuarial valuation of the Plan was conducted at December 31, 2024. The results of this valuation reported an actuarial deficit of \$2.9 billion (2024 - \$4.2 billion actuarial deficit), based on actuarial liabilities of \$140.8 billion (2024 - \$134.6 billion) and actuarial assets of \$137.9 billion (2024 - \$130.4 billion). Because OMERS is a multi- employer plan, any pension plan surpluses or deficits are a joint responsibility of employers and plan members participating in the Plan. The Society has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. As a result, the Society does not recognize any share of the OMERS pension deficit.

The amount contributed to OMERS for 2025 was \$2,415,130 (2024 - \$2,504,384) for current service and is included as an employee future benefits expenses in the operating fund, on the statement of operations and changes in fund balances.

11. Commitments:

The Society is committed to the following lease payments for computers, photocopiers, printers, premises, and vehicles:

2026	\$	363,730
2027		149,890
2028		106,306
2029		84,175
2030		16,104
		<hr/>
		\$ 720,205

12. Economic dependence:

The Society is economically dependent on the Ministry of Children, Community and Social Services to provide sufficient funds to continue operations, replace essential equipment and complete its capital projects.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)
Notes to Financial Statements (continued)

Year ended March 31, 2025

13. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2024 other than what is described in note 1.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to cash and accounts receivable. The Society holds its cash with reputable financial institutions. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not considered collectible in an allowance for doubtful accounts. The Society's allowance for doubtful accounts as at March 31, 2025 is \$nil (2024 - \$nil). There has been no change to the risk exposure from 2024.

(c) Interest rate risk:

The Society is exposed to interest rate risk on its variable interest rate line of credit and its fixed interest rate operating line. There has been no change to the risk exposure from 2024.

14. Society obligations:

The Society receives Canada Child Benefit ("CCB") of \$60 to \$160 per month for certain children in care. The Ministry requires that all funds be invested into Registered Education Savings Plans ("RESPs") for the benefit of qualifying children. The RESPs are invested in RBC. 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 activities of RESP accounts.

15. Contingent liabilities:

(a) Legal claims:

The nature of the Society's activities is such that there may be litigation pending or in prospect at any time. With the respect to claims at March 31, 2025, management believes that the Society has valid defenses and appropriate insurance coverage in place. In the event any claims are unsuccessful, management believes that such claims are not expected to have a material effect on the Society's financial position.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Notes to Financial Statements (continued)

Year ended March 31, 2025

15. Contingent liabilities (continued):

(b) Provincial subsidy revenue:

The operating subsidy is recognized based on the approved fiscal allocation by the Ministry, Province of Ontario. Program surpluses may be recovered by the Province of Ontario based on an annual Ministry reconciliation performed subsequent to year end. Any recoveries will be reported as an adjustment to revenue in the Statement of Operations in the year of recovery.

16. Future access to surpluses:

In fiscal 2014, the Ministry of Children and Youth Services ("Ministry") announced the creation of a Balanced Budget Fund to support Children's Aid Societies in meeting the newly announced balanced budget requirement set out in Regulation 70 and to proactively manage the risks associated with a multi-year budget planning process. The Balanced Budget Fund will be developed by the Ministry for an individual Children's Aid Society up to the amount of the accumulated surplus returned to the Ministry following the implementation of this new funding model in 2013/14.

In order to be eligible to access these funds in a future year, the Society must have generated a prior year surplus that was repaid to the Ministry for fiscal years beginning on or after April 1, 2013 and, in a subsequent year, the Society requires additional funding to balance its budget.

In the year, the Ministry provided cumulative deficit balance of \$nil (2024 - \$1,226,890).

The accounting for the Society's Balanced Budget Fund is outlined below for the surplus/deficit at the year end:

Surplus for Ministry Reporting	Expiry	Operating (surplus) deficit	Amount accessed in prior years	Amount accessed in current year	Cumulative Ending balance
2023/24	2027	\$ 486,829	—	—	\$ 486,829

17. Comparative information:

Certain comparative information in the statement of operations and changes in fund balances and in note 5 have been reclassified from those previously presented to conform to the presentation of the 2025 financial statements. There are no changes to excess of revenues over expenditures reported in 2024.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Schedule 1

Expenditures - Child Welfare Services

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

	Operating Fund	Special Projects Fund	Capital Fund	2025 Total	2024 Total
	\$	\$	\$	\$	\$
Salaries	23,746,422	399,636	303,991	24,450,049	24,498,463
Boarding rate payments	15,332,190	—	—	15,332,190	13,483,162
Employee benefits	7,846,527	142,948	71,087	8,060,562	7,859,136
Client personal needs	3,091,005	—	—	3,091,005	2,967,990
Technology	893,779	—	—	893,779	851,688
Amortization of capital assets	—	—	572,660	572,660	636,136
Travel	762,043	—	—	762,043	837,565
Program expense	92,194	121,868	11,500	225,562	272,663
Health and allied services	324,402	—	—	324,402	424,830
Professional services – client	371,644	—	—	371,644	339,830
Building occupancy	798,301	—	390,599	1,188,900	1,221,004
Professional services – non-client	503,627	—	1,679	505,306	484,969
Office administration	91,866	31,644	—	123,510	156,175
Miscellaneous	676,161	—	—	676,161	736,569
Admission prevention	143,326	—	—	143,326	226,513
Staff training, conference fees – and education	99,458	—	—	99,458	207,940
Promotion, publicity and advertising	11,873	—	—	11,873	19,249
	54,784,818	696,096	1,351,516	56,832,430	55,223,882

Special project fund expenditures reported are for Sexual Abuse Treatment Program (Schedule 2) and Education Liaison Program (Schedule 3).

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Schedule 2

Sexual Abuse Treatment Program - Statement of Revenue and Expenditures

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

	2025	2024
Revenue:		
The Province of Ontario	\$ 566,620	\$ 556,620
Other	–	7,968
	566,620	564,588
Expenditures:		
Salaries and benefits	542,584	532,581
Staff training	–	7,968
Program expense	24,036	24,039
	566,620	564,588
Due to the Province of Ontario, end of year	\$ –	\$ –

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Incorporated as The Children's Aid Society of The Regional Municipality of Waterloo)

Schedule 3

Education Liaison Program - Statement of Revenue and Expenditures

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

	2025	2024
Revenue:		
The Province of Ontario	\$ 113,734	\$ 113,115
Expenditures:		
Salaries and benefits	–	22,782
Program expense	106,126	82,725
Office administration	7,608	7,608
	113,734	113,115
Due to the Province of Ontario Child Welfare	\$ –	\$ –