Financial Statements of

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

And Independent Auditor’s Report thereon

Year ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Family and Children's Services of the Waterloo Region (the Society), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations and changes in fund balances (deficit) 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 Society as at March 31, 2026, and its results of operations 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 which indicates the Society has a working capital deficiency and an unrestricted deficiency in fund balances 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 that a material uncertainty exists 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.

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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 19, 2026

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

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

March 31, 2026, with comparative information for 2025

	Operating Fund	Special Projects Fund	Capital Fund	Ontario Child Benefit Equivalent Fund	2026 Total	2025 Total
	$	$	$	$	$	$
Assets						
Current assets:						
Cash	–	11,570	480,962	–	492,532	1,094,412
Restricted cash – Society's obligations (note 13)	453,956	–	–	–	453,956	350,086
Accounts receivable	639,685	–	5,990	–	645,675	856,586
Prepaid expenses	399,977	–	–	–	399,977	258,308
Interfund receivable (payable)	(43,330)	–	–	43,330	–	–
	1,450,288	11,570	486,952	43,330	1,992,140	2,559,392
Capital assets (note 3)	–	–	4,675,252	–	4,675,252	5,009,411
	1,450,288	11,570	5,162,204	43,330	6,667,392	7,568,803

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

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

March 31, 2026, with comparative information for 2025

	Operating Fund	Special Projects Fund	Capital Fund	Ontario Child Benefit Equivalent Fund	2026 Total	2025 Total
	$	$	$	$	$	$
Liabilities and Fund Balances (Deficit)						
Current liabilities:						
Bank indebtedness (note 5)	2,981,020	–	–	–	2,981,020	1,066,771
Accounts payable and accrued liabilities	3,643,177	–	22,900	–	3,666,077	3,265,471
Accrued vacation liability	718,099	–	–	–	718,099	1,512,829
Deferred revenue (note 6)	26,189	11,570	150,983	–	188,742	149,740
Deferred contributions	–	–	–	43,330	43,330	31,046
Society's obligations (note 13)	453,956	–	–	–	453,956	350,086
	7,822,441	11,570	173,883	43,330	8,051,224	6,375,943
Non-vested sick leave benefits (note 4)	1,560,900	–	–	–	1,560,900	1,635,791
Deferred capital contributions (note 7)	–	–	2,239,936	–	2,239,936	2,670,213
	1,560,900	–	2,239,936	–	3,800,836	4,306,004
	9,383,341	11,570	2,413,819	43,330	11,852,060	10,681,947
Fund balances (deficit):						
Invested in capital assets	–	–	2,748,385	–	2,748,385	3,290,650
Unrestricted deficit	(7,933,053)	–	–	–	(7,933,053)	(6,403,794)
	(7,933,053)	–	2,748,385	–	(5,184,668)	(3,113,144)
Going concern (note 1)						
Commitments (note 10)						
Contingent liabilities (note 14)						
	1,450,288	11,570	5,162,204	43,330	6,667,392	7,568,803

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

(Formerly The Children's Aid Society of The Regional Municipality of Waterloo)
Statement of Operations and Changes in Fund Balances (Deficit)

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

	Operating Fund	Special Projects Fund	Capital Fund	2026 Total	2025 Total
	$	$	$	$	$
Revenue:					
Maintenance of children:					
The Province of Ontario	52,575,845	706,826	–	53,282,671	50,531,093
Family benefit and support, supervision and child tax benefit	1,451,073	–	–	1,451,073	1,649,981
Other revenue:					
Interest	1,395	–	22,277	23,672	160,907
Grants (note 8)	752,139	–	–	752,139	734,868
Miscellaneous, rebates, and administration fees	325,854	–	–	325,854	461,383
Rental income	52,904	–	631,107	684,011	850,740
Amortization of deferred capital contributions	–	–	430,277	430,277	430,311
Other	76	45,094	–	45,170	43,660
	55,159,286	751,920	1,083,661	56,994,867	54,862,943
Expenditures (Schedules 1, 2 and 3)	56,763,436	751,920	1,625,926	59,141,282	56,832,430
Deficiency of revenue over expenditures before the undernoted	(1,604,150)	–	(542,265)	(2,146,415)	(1,969,487)
Other income (expenditures):					
Non-vested sick leave benefits (note 4)	74,891	–	–	74,891	57,402
Deficiency of revenue over expenditures	(1,529,259)	–	(542,265)	(2,071,524)	(1,912,085)
Fund balances (deficit), beginning of year	(6,403,794)	–	3,290,650	(3,113,144)	(1,201,059)
Fund balances (deficit), end of year	(7,933,053)	–	2,748,385	(5,184,668)	(3,113,144)

See accompanying notes to financial statements.

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

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

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

	2026	2025
	$	$
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenditures	(2,071,524)	(1,912,085)
Items not involving cash:		
Amortization of capital assets	543,213	572,660
Amortization of deferred contributions	(430,277)	(430,311)
Non-vested sick leave	(74,891)	(57,402)
Changes in non-cash operating working capital:		
Accounts receivable	210,911	(119,878)
Prepaid expenses	(141,669)	35,950
Accounts payable and accrued liabilities	400,606	440,281
Accrued vacation liability	(794,730)	(1,047,497)
Deferred revenue	39,002	(70,154)
Deferred contributions	12,284	(139,553)
Society's obligations	103,870	(4,430)
	(2,203,205)	(2,732,419)
Capital activities:		
Purchase of capital assets	(209,054)	(298,496)
Sale of short-term investments	–	1,000,000
	(209,054)	701,504
Financing activities:		
Advance of operating line	1,914,249	1,066,771
Decrease in cash	(498,010)	(964,144)
Cash, beginning of year	1,444,498	2,408,642
Cash, end of year	946,488	1,444,498
Cash consists of:		
Cash	492,532	1,094,412
Restricted cash – Society's obligations	453,956	350,086
	946,488	1,444,498

See accompanying notes to financial statements.

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 under the laws the Ontario Not-for-Profit Corporations Act, 2010 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.

During the year, the Society changed its legal name from The Children’s Aid Society of the Regional Municipality of Waterloo to Family and Children’s Services of Waterloo Region through an article of amendment.

1. Going concern:

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, 2026 and 2025 and had a deficiency of revenue over expenditures and negative cash flows from operating activities for the years ended March 31, 2026 and 2025.

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 expenditures, and the statement of financial position classifications used.

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 externally 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, such as grants and funding from The Province of Ontario and Family Benefit and Support Supervision and Child Tax Benefit.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenditures 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.

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. A full actuarial valuation of the benefit plan was performed as of March 31, 2026.

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.

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 classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument:

Financial Instrument	Measurement Method
Cash and restricted cash	Cost
Accounts receivable	Amortized cost
Bank indebtedness	Cost
Accounts payable and accrued liabilities	Amortized cost

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.

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 expenditures 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. Capital assets:

			2026	2025
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 1,458,089	$ –	$ 1,458,089	$ 1,458,089
Buildings	14,978,512	11,933,653	3,044,859	3,464,404
Furniture and equipment	82,746	34,108	48,638	60,797
Computers	688,340	564,674	123,666	–
Vehicles	43,794	43,794	–	–
Leasehold improvements	246,448	246,448	–	26,121
	$ 17,497,929	$ 12,822,677	$ 4,675,252	$ 5,009,411

4. 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:

	2026	2025
Discount rate	4.80%	4.40%
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:

	2026	2025
Balance, beginning of year	$ 1,635,791	$ 1,693,193
Current benefit cost	93,000	102,697
Interest	51,100	55,127
Amortization of actuarial gain	(56,400)	(58,191)
Benefits taken	(162,591)	(157,035)
Non-vested sick leave (change in obligation - expense)	(74,891)	(57,402)
Balance, end of year	$ 1,560,900	$ 1,635,791
Accrued benefit obligation related to accumulated sick leave benefits	$ 1,245,400	$ 1,148,910
Unamortized actuarial gain	315,500	486,881
Balance, end of year	$ 1,560,900	$ 1,635,791

5. Bank indebtedness:

The Society has an available operating line of credit of $4,000,000. This bank indebtedness is due on demand and bears interest at bank prime rate. As at March 31, 2026, $2,981,020 is drawn on the operating line (2025 - $1,066,771). The Society also has a non-revolving facility of $300,000. No amount was drawn at March 31, 2026.

The operating line of credit is secured under a registered first-ranking collateral mortgage in the amount of $2,600,000.

6. 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:

	2026	2025
Balance, beginning of year	$ 149,740	$ 219,894
Contribution received in the year	170,025	126,020
Contribution received in the year from the Foundation (note 8)	18,168	–
Less amounts recognized to revenue	(149,191)	(196,174)
Balance, end of year	$ 188,742	$ 149,740

7. 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.

	2026	2025
Balance, beginning of year	$ 2,670,213	$ 3,100,524
Less amounts recognized as revenue during the year	(430,277)	(430,311)
Balance, end of year	$ 2,239,936	$ 2,670,213

8. Grants:

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

	2026	2025
Grants – received during the year	$ 785,978	$ 690,010
Less: amounts deferred	(18,168)	(23,171)
Add: amounts recognized into revenue from deferred revenue	23,171	68,029
	$ 790,981	$ 734,868

Grants from the Foundation are recognized in statement of operations as follows:		
Grants – Operating Fund	$ 752,139	$ 734,868
Other income – Special Projects Fund	8,300	–
Rental income – Capital Fund	30,542	–
	$ 790,981	$ 734,868

9. 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, 2025. The results of this valuation reported an actuarial deficit of $1.3 billion (2024 - $2.9 billion actuarial deficit), based on actuarial liabilities of $146.5 billion (2024 - $141 billion) and actuarial assets of $145.2 billion (2024 - $138.1 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 2026 was $2,429,760 (2025 - $2,415,130) 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.

10. Commitments:

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

2027	$	298,873
2028		185,575
2029		124,980
2030		16,104
	$	625,532

11. 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.

12. 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. As a result of its ongoing financial deficits, the Society has an increased level of reliance on the Ministry of Children, Community and Social Services to assist in meeting its operating and capital requirements at current levels. During the year, the Society received an emergency funding of $3,000,000 which is included in revenue from The Province of Ontario on the Statement of Operations and Changes in Fund Balances.

(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, 2026 is $nil (2025 - $nil). There has been no change to the risk exposure from 2025.

(c) Interest rate risk:

The Society is exposed to interest rate risk on its variable interest rate line of credit. There has been no change to the risk exposure from 2025.

13. 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.

14. 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 as at March 31, 2026, 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.

(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.

15. 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.

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)	$ –
2024/25	2028	1,488,827	–	(1,488,827)	–

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION
(Formerly The Children's Aid Society of The Regional Municipality of Waterloo)

Schedule 1
Expenditures - Child Welfare Services

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

	Operating Fund	Special Projects Fund	Capital Fund	2026 Total	2025 Total
	$	$	$	$	$
Salaries	23,473,736	452,178	403,709	24,329,623	24,450,049
Boarding rate payments	17,699,892	–	–	17,699,892	15,332,190
Employee benefits	7,785,770	148,551	118,250	8,052,571	8,060,562
Client personal needs	2,985,977	–	–	2,985,977	3,091,005
Technology	890,813	–	–	890,813	893,779
Amortization of capital assets	–	–	543,213	543,213	572,660
Travel	793,709	–	–	793,709	762,043
Program expense	246,273	121,868	17,124	385,265	225,562
Health and allied services	517,888	–	–	517,888	324,402
Professional services – client	270,016	–	–	270,016	371,644
Building occupancy	576,030	–	469,589	1,045,619	1,188,900
Professional services – non-client	581,759	–	74,041	655,800	505,306
Office administration	97,697	29,323	–	127,020	123,510
Miscellaneous	675,478	–	–	675,478	676,161
Admission prevention	89,699	–	–	89,699	143,326
Staff training, conference fees, and education	70,414	–	–	70,414	99,458
Promotion, publicity and advertising	8,285	–	–	8,285	11,873
	56,763,436	751,920	1,625,926	59,141,282	56,832,430

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

(Formerly 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, 2026, with comparative information for 2025

	2026	2025
Revenue:		
The Province of Ontario	$ 577,350	$ 566,620
Other	45,094	–
	622,444	566,620
Expenditures:		
Salaries and benefits	600,729	542,584
Program expense	21,715	24,036
	622,444	566,620
Due to the Province of Ontario	$ –	$ –

FAMILY AND CHILDREN'S SERVICES OF THE WATERLOO REGION

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Schedule 3

Education Liaison Program - Statement of Revenue and Expenditures

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

	2026	2025
Revenue:		
The Province of Ontario	$ 129,476	$ 113,734
Expenditures:		
Program expense	120,413	106,126
Office administration	9,063	7,608
	129,476	113,734
Due to the Province of Ontario Child Welfare	$ –	$ –