Children and Family Services for York Region
Financial Statements
For the year ended March 31, 2026

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For the year ended March 31, 2026

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Independent Auditor's Report

To the Board of Directors of Children and Family Services for York Region

Opinion

We have audited the financial statements of Children and Family Services for York Region (the "Organization"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in fund balances, remeasurement losses and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2026, and its results of operations, its remeasurement losses, changes in fund balances and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 13 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2025 has been restated. The financial statements for the year ended March 31, 2025 (prior to the adjustments that were applied to restate certain comparative information explained in Note 13) were audited by another auditor who expressed an unmodified opinion on those financial statements on May 26, 2025. 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 these 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 Organization’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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization’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 auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 16, 2026

Children and Family Services for York Region
Statement of Financial Position

March 31		2026	2025 (Restated Note13)
Assets			
Current			
Cash		**$ 3,273,286**	$ 3,877,128
Short-term investments (Note 2)		**136,611**	1,087,221
Accounts receivable		**441,475**	463,234
Prepaid expenses		**539,857**	539,892
		4,391,229	5,967,475
Long-term investments (Note 2)		**2,598,057**	1,554,230
Capital assets (Note 3)		**3,863,531**	4,136,949
		$ 10,852,817	$ 11,658,654
Liabilities and Fund Balances			
Current			
Accounts payable and accrued liabilities		**$ 6,547,747**	$ 6,505,162
Current portion of long-term debt (Note 4)		**315,000**	313,000
		6,862,747	6,818,162
Long-term debt (Note 4)		**268,000**	583,000
Derivative liability (Note 4, 9)		**11,673**	19,412
		7,142,420	7,420,574
Fund balances			
Operating fund		**(464,789)**	107,921
Capital fund		**3,293,994**	3,254,412
Restricted funds (Note 6)		**892,865**	895,159
		3,722,070	4,257,492
Accumulated remeasurement losses		**(11,673)**	(19,412)
		3,710,397	4,238,080
		$ 10,852,817	$ 11,658,654

On behalf of the Board:

Tim Flemming — Director — Tim Flemming, Board Chair

Jenany Rameswaran — Director — Jenany Rameswaran, Board Treasurer

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

Children and Family Services for York Region
Statement of Changes in Fund Balances

For the year ended March 31

	Operating Fund	Capital Fund	Restricted Funds	2026 Total	2025 Total (Restated Note 13)
Fund balances, beginning of year, as previously reported	$ 4,746,173	$ 3,254,412	$ 895,159	$ 8,895,744	$ 9,576,433
Prior period adjustment (Note 13)	(4,638,252)	-	-	(4,638,252)	(5,238,274)
Fund balances, beginning of year, as restated	107,921	3,254,412	895,159	4,257,492	4,338,159
Excess (deficiency) of revenue over expenses	(166,514)	(366,614)	(2,294)	(535,422)	(80,667)
Purchase of capital assets	(93,196)	93,196	-	-	
Interfund transfers - bank loan repayment (Note 4)	(313,000)	313,000	-	-	
Fund balances, end of year	$ (464,789)	$ 3,293,994	$ 892,865	$ 3,722,070	$ 4,257,492

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

Children and Family Services for York Region
Statement of Remeasurement Losses

For the year ended March 31	2026	2025
Accumulated remeasurement losses, beginning of year	**(19,412)**	(9,025)
Unrealized gain (losses) attributable to derivatives - interest rate swap	**7,739**	(10,387)
Accumulated remeasurement losses, end of year	**(11,673)**	(19,412)

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

Children and Family Services for York Region
Statement of Operations

For the year ended March 31

	Operating Fund 2026	Operating Fund 2025	Capital Fund 2026	Capital Fund 2025	Restricted Funds 2026	Restricted Funds 2025	Total 2026	Total 2025
		(Restated Note 13)						(Restated Note 13)
Revenue								
Provincial grant (Note 11, 12)	**$54,681,181**	$53,029,983	**$ -**	$ -	**$ -**	$ -	**$54,681,181**	$53,029,983
Other income and recoveries	**975,120**	1,042,228	**-**	-	**256,914**	229,012	**1,232,034**	1,271,240
Donations and donations in kind	**-**	-	**-**	-	**48,649**	73,609	**48,649**	73,609
	55,656,301	54,072,211	**-**	-	**305,563**	302,621	**55,961,864**	54,374,832
Expenses								
Amortization of capital assets	**-**	-	**366,614**	401,962	**-**	-	**366,614**	401,962
Boarding rate payments								
Foster care	**1,124,258**	971,125	**-**	-	**-**	-	**1,124,258**	971,125
Independent living	**1,823,830**	1,912,257	**-**	-	**-**	-	**1,823,830**	1,912,257
Institutional care	**7,855,695**	5,442,551	**-**	-	**-**	-	**7,855,695**	5,442,551
Building occupancy	**1,000,372**	1,177,174	**-**	-	**-**	-	**1,000,372**	1,177,174
Clients' personal needs	**1,113,072**	1,271,723	**-**	-	**-**	-	**1,113,072**	1,271,723
Employee benefits	**9,931,831**	9,918,727	**-**	-	**-**	-	**9,931,831**	9,918,727
Financial assistance	**337,841**	529,630	**-**	-	**-**	-	**337,841**	529,630
Information and technology	**646,637**	517,711	**-**	-	**-**	-	**646,637**	517,711
Medical and related	**287,347**	345,216	**-**	-	**-**	-	**287,347**	345,216
Miscellaneous	**141,026**	128,795	**-**	-	**132,866**	185,115	**273,892**	313,910
Mortgage interest	**40,641**	40,764	**-**	-	**-**	-	**40,641**	40,764
Office administration	**301,987**	293,839	**-**	-	**-**	-	**301,987**	293,839
Promotion and publicity	**57,207**	117,094	**-**	-	**-**	-	**57,207**	117,094
Purchased services client	**760,903**	913,881	**-**	-	**-**	-	**760,903**	913,881
Purchased services non-client	**628,090**	798,038	**-**	-	**-**	-	**628,090**	798,038
Salaries and wages	**29,120,873**	28,279,535	**-**	-	**-**	-	**29,120,873**	28,279,535
Training and recruitment	**96,893**	313,833	**-**	-	**173,943**	208,993	**270,836**	522,826
Travel	**554,312**	684,593	**-**	-	**1,048**	2,943	**555,360**	687,536
	55,822,815	53,656,486	**366,614**	401,962	**307,857**	397,051	**56,497,286**	54,455,499
Excess (deficiency) of revenue over expenses	**$ (166,514)**	$415,725	**$ (366,614)**	$ (401,962)	**$ (2,294)**	$ (94,430)	**$ (535,422)**	$ (80,667)

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

Children and Family Services for York Region
Statement of Cash Flows

For the year ended March 31	2026	2025
		(Restated Note 13)
Cash flows from operating activities		
Deficiency of revenue over expenses for the year	**$ (535,422)**	$ (80,667)
Adjustments to reconcile deficiency of revenue over expenses to net cash provided by operating activities		
Amortization of capital assets	**366,614**	401,962
Changes in non-cash working capital balances		
Accounts receivable	**21,759**	(479,391)
Prepaid expenses	**35**	272,101
Accounts payable and accrued liabilities	**42,585**	859,967
	(104,429)	973,972
Cash flows from investing activity		
Net purchases of investments	**(93,217)**	(87,053)
Cash flows from capital activity		
Purchase of capital assets	**(93,196)**	(238,558)
Cash flows from financing activity		
Repayment of long-term debt	**(313,000)**	(298,000)
Increase (decrease) in cash during the year	**(603,842)**	350,361
Cash, beginning of year	**3,877,128**	3,526,767
Cash, end of year	**$ 3,273,286**	$ 3,877,128

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

March 31, 2026

1. Significant Accounting Policies

Nature of Operations
Children and Family Services for York Region (the "Organization") is responsible for the care and protection of children in York Region as set out under the provisions of The Child and Family Services Act.

The Organization is classified as a registered charity under the Income Tax Act and, as such, is not subject to income tax.

Basis of Presentation
The financial statements of the Organization have been prepared by management in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board.

Controlled Entities
The Organization is deemed to control the York Region Children's Fund. As permitted by Canadian public sector accounting standards for government not-for-profit organizations "Government NPOs", the financial information for this controlled entity has been disclosed (in Note 10), rather than consolidated.

Financial Instruments
Cash and derivatives are measured at fair value. Accounts receivable, short-term and long-term investments, accounts payable and accrued liabilities and long term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

For financial instruments measured using amortized cost, the effective interest rate method is used to determined interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

1. Significant Accounting Policies (Continued)

Revenue Recognition

The organization follows the restricted fund method of accounting. Restricted contributions and donations are recognized as revenue of the appropriate restricted fund when received. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Operating grants are recorded as revenue in the period in which they relate to. Grants approved but not received at the end of an accounting period are accrued.

Other income and recoveries includes interest income and other allowances. Interest income is recognized as revenue on an accrual basis as earned. Other allowances are recognized when services are performed.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated based on the estimated useful life of the assets as follows:

Buildings	Straight line over 40 years
Leasehold improvements	Straight line over the lease term
Furnitures and fixtures	Straight line over 5 years
Computer equipment	Straight line between 3 - 8 years

When a capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any unamortized deferred contributions related to the capital asset are recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Deferred Capital Contributions

Deferred capital contributions represent amounts contributed for capital assets and are amortized at the same rate as the related capital assets.

Contributed Materials and Services

These financial statements do not include the substantial value of services contributed by volunteers, foster parents and other interested parties because of the difficulty of determining their fair value. Donations in kind, which would normally be purchased, are recorded as revenue and expense at their fair value when such value can be determined.

Use of Estimates

In preparing the Organization's financial statements, management is required to make estimates and assumptions that affect the reported amount 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 expenses during the reporting period. Actual results could differ from those estimates. Accounts which are subject to significant estimates include allowance for doubtful accounts, useful lives of capital assets, accrued liabilities and the derivative liability.

1. Significant Accounting Policies (Continued)

Investment Income

Income earned on investments held under the terms of certain trust accounts is included in contributions and donations revenue in the Children's Special Fund of the Restricted Funds. All other investment income is included in other income and recoveries in the Statement of Operations.

Defined Benefit Plan

The organization participates in the Ontario Municipal Employees Retirement System ("OMERS"), a multiemployer defined benefit pension plan, however, sufficient information is not available to use defined benefit accounting. Therefore, the organization accounts for the plan as if it were a defined contribution plan. As such, no pension liability is included in the organization's financial statements and contributions are recognized as an expense in the year to which they relate. All full-time employees are eligible to participate in the plan. Contributions are a defined amount based upon a set percentage of salary.

2. Investments

		2026		2025
Short-term investments				
Cash	$	**16,557**	$	3,487
Matured August 6, 2025, interest at 1.31%		**-**		106,242
Matured October 2, 2025, interest at 1.24% - 1.4%		**-**		286,266
Matured December 5, 2025, interest at 5%		**-**		195,979
Matured March 19, 2026, interest at 1.30% - 1.31%		**-**		495,247
Maturing June 3, 2026, interest at 4.91%		**120,054**		-
	$	**136,611**	$	1,087,221
Long-term investments				
Maturing June 3, 2026, interest at 4.91%	$	**-**	$	114,435
Maturing June 8, 2027, interest at 4.16%		**116,817**		112,152
Maturing August 30, 2027, interest at 5.15%		**227,801**		216,643
Maturing September 7, 2027, interest at 4.6%		**244,164**		233,427
Maturing June 1, 2028, interest at 4.63%		**289,883**		277,056
Maturing August 28, 2028, interest at 5.08%		**284,260**		270,517
Maturing December 6, 2029, interest at 3.65%		**330,000**		330,000
Maturing December 17, 2029, interest at 3.54% - 3.65%		**202,014**		-
Maturing April 1, 2030, interest at 3.78% - 3.79%		**200,000**		-
Maturing November 14, 2030, interest at 3.44% - 3.47%		**403,118**		-
Maturing March 31, 2031, interest at 3.91%		**300,000**		-
	$	**2,598,057**	$	1,554,230

3. Capital Assets

	2026		2025	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 1,064,953**	**$ -**	$ 1,064,953	**$ -**
Buildings	**3,841,828**	**1,847,673**	3,841,828	1,750,182
Leasehold improvements	**1,960,047**	**1,369,618**	1,960,047	1,276,663
Furniture and fixtures	**1,800,150**	**1,800,150**	1,800,150	1,800,150
Computer equipment	**3,450,444**	**3,236,450**	3,357,248	3,060,282
	$ 12,117,422	**$ 8,253,891**	$ 12,024,226	$ 7,887,277
Net book value		**$ 3,863,531**		$ 4,136,949

4. Bank Loan

The Organization has utilized a $4,500,000 bankers' acceptance loan from the Royal Bank of Canada. The loan bears interest at the Royal Bank of Canada's prime rate, minus 0.10% per annum, plus an acceptance fee of 0.35% per annum, payable monthly (2025 - prime rate, minus 0.10% per annum, plus an acceptance fee of 0.35% per annum). The agreement expires with the maturity of the loan on November 8, 2027.

The loan is secured by a general security agreement, constituting a first ranking security interest in all personal property of the Organization, together with a collateral mortgage in the amount of $4,500,000, constituting a first charge on the Organization's property.

	2026	2025
Operating loans	**$ 583,000**	$ 896,000
Less: Current Portion	**315,000**	313,000
	$ 268,000	$ 583,000

Repayments for the bank loan for the next two years are as follows:

2027	$ 315,000
2028	268,000
	$ 583,000

Interest expense for the year amounted to $40,641 (2025 - $67,297).

The Organization has entered into a 20-year interest rate swap to hedge the interest rate exposure associated with the loan. The swap effectively locks in the interest rate applicable on the long-term debt at 4.51% (2025 - 4.81%). The Notional value of the swap is $663,000 (2025 - $1,194,000). The policy of the Organization is not to enter into interest rate swap agreements for trading or speculative purposes.

The Organization has an unsecured credit facility of $2.5 million with a Canadian chartered bank. At March 31, 2026 $Nil (2025 - $Nil) was drawn on this facility. Interest is charged on unpaid balances at the rate of prime plus 1%

5. Lease Obligations

The Organization has entered into leases for rent and office equipment. Minimum annual lease payments for the next five years and thereafter are as follows:

2027	$ 220,275
2028	224,117
2029	225,517
2030	222,592
2031	221,626
Thereafter	756,682
	$ 1,870,809

6. Restricted Funds

Externally restricted funds consist of:

Children's Special Fund
The Children's Special Fund records public donations made to the Organization. Amounts spent within this Fund are based on the wishes of the donor.

Community Education Fund
The Community Education Fund was established to assist with training activities that would support mandated child welfare services.

RESP Fund
The RESP Fund has been established to record amounts received by the Organization for children/youth who are entitled to the Universal Child Care Benefit. The objective is to increase the likelihood that more children will, with the incentive of increased financial resources of an RESP, pursue post-secondary education and vocational training.

OCBe Fund
The OCBe (Ontario Child Tax Benefit equivalent) Fund was established to account for funds received from the Province that is to provide opportunities for children and youth in care and in formal customary care, 0-17 years old, to participate in recreational/educational, cultural and social activities that will support their achievement of higher educational success, higher degree or resiliency and a smoother transition to adulthood.

OCBe Savings Fund
The OCBe Fund Savings Program are funds received from the Province to be used to assist eligible youth in their transition to independent living.

March 31, 2026

6. Restricted Funds (Continued)

	Children's Special Fund	Community Education Fund	RESP Fund	OCBe Fund Program Activities	OCBe Fund Saving Program	2026	2025
Balances, beginning of year	$ 128,636	$ 37,284	$ 311,186	$ 148,900	$ 269,153	**$ 895,159**	$ 989,590
Revenue							
Donations	48,649	-	-	-	-	**48,649**	50,126
Donations in kind	-	-	-	-	-	**-**	23,483
Other income and recoveries	36,300	9,016	74,937	94,028	42,633	**256,914**	229,012
	84,949	9,016	74,937	94,028	42,633	**305,563**	302,621
Expenses							
Travel	1,048	-	-	-	-	**1,048**	2,945
Education and training	45,000	6,105	110,402	12,436	-	**173,943**	208,992
Social skills	-	-	-	35,850	-	**35,850**	44,055
Transition to adulthood	-	-	-	14,958	77,208	**92,166**	115,800
Donations in kind	-	-	-	-	-	**-**	23,483
Other	-	4,850	-	-	-	**4,850**	1,776
	46,048	10,955	110,402	63,244	77,208	**307,857**	397,051
Excess (deficiency) of revenue over expenses for the year	38,901	(1,939)	(35,465)	30,784	(34,575)	**(2,294)**	(94,430)
Balance, end of year	$ 167,537	$ 35,345	$ 275,721	$ 179,684	$ 234,578	**$ 892,865**	$ 895,159

7. Pension Plan

The Organization participates in the Ontario Municipal Employees Retirement System ("OMERS") contributory defined benefit pension plan. Employer contributions for the year ended March 31, 2026 amounted to $2,856,136 (2025 - $2,823,053) and are included in employee benefits in the Statement of Operations.

8. Contingent Liabilities and Guarantees

Contingent Liabilities

Various lawsuits have been filed against the Organization for incidents which arose in the ordinary course of operations. In the opinion of management and legal counsel, the outcome of the lawsuits, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be recognized in the year of resolution.

Guarantees

Indemnity has been provided to all directors and officers of the Organization for various items including, but not limited to, all costs to settle suits or actions due to their involvement with the Organization, subject to certain restrictions. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The maximum amount of any potential future payment cannot be reasonably estimated.

9. Financial Instruments and Risk Management

The organization is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the organization's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

The risks that are relevant to the Organization's financial instruments are as follows:

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Organization. The interest-bearing investments held by the Organization have a limited exposure to interest rate risk due to their short-term maturity. The Organization has formal policies and procedures that establish target asset mix, minimum credit ratings and varying terms of the securities held.

The Organization is exposed to interest rate risk on its long-term debt. For its long-term debt, the Organization has entered into an interest rate swap agreement in order to manage the impact of fluctuating interest rates. The Organization's policy is not to utilize derivative instruments for trading or speculative purposes. There is no overall change in the interest rate risk from prior year.

9. **Financial Instruments and Risk Management** (Continued)

Credit Risk
Credit risk is the the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The organization is exposed to credit risk through its cash and accounts receivable. Credit risk associated with accounts receivable arises from the potential that counterparties may be unable or unwilling to fulfill their payment obligations. However, this risk is limited as the organization receives a concentrated amount of its funding from government agencies. Credit risk associated with cash and cash equivalents is limited, as the organization holds its funds with reputable financial institutions. The entity manages this risk by adhering to established investment and treasury policies.There is no change in the risk from the prior year.

The organization's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable as presented on the statement of financial position.

Liquidity Risk
Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to liquidity risk through its accounts payable and long-term debt. Risk from accounts payable and long-term debt arise as they represent obligations that the organization is required to meet. The organization manages this risk by ensuring there is appropriate cash on hand to meet obligations as they become due. There is no change in the liquidity risk of the organization from prior year.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	2026			
	Within 6 months	**6 months to 1 year**	**1 to 5 years**	**Over 5 years**
Accounts payable	**$ 6,547,747**	**$ -**	**$ -**	**$ -**
Long-term debt	**161,000**	**154,000**	**268,000**	**-**
Totals	**$ 6,708,747**	**$ 154,000**	**$ 268,000**	**$ -**

	2025			
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable	$ 6,505,162	$ -	$ -	$ -
Long-term debt	157,000	156,000	583,000	-
Totals	$ 6,662,162	$ 156,000	$ 583,000	$ -

9. **Financial Instruments and Risk Management** (Continued)

Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the Statement of Financial Position, classified using the fair value hierarchy described above:

Financial instruments at fair value as at March 31, 2026:

	Level 1	**Level 2**	**Level 3**	**Total**
Cash	**$ 3,273,286**	**$ -**	$ -	**$ 3,273,286**
Derivative liability	**-**	**-**	**(11,673)**	**(11,673)**

Financial instruments at fair value as at March 31, 2025:

	Level 1	Level 2	Level 3	Total
Cash	$ 3,877,128	$ -	$ -	$ 3,877,128
Derivative liability	-	-	(19,412)	(19,412)

There have been no movements between levels for the year ended March 31, 2026.

10. York Region Children's Fund

The York Region Children's Fund (the "YRCF") was incorporated in November 2013 as an independent legal entity and Registered Charity whose sole purpose is to raise funds for the exclusive benefit of the welfare of children and their families within York Region through support for the Children and Family Services of York Region.

The funds raised will enhance compassionate care to the children, youth and families served by providing important childhood experiences and opportunities for them, so that our community's children and youth reach their full potential.

A financial summary of YRCF for the current and previous year is as follows:

		2026		2025
Financial Position:				
Total assets	**$**	**37,406**	$	27,384
Total liabilities		**-**		-
Net assets	**$**	**37,406**	$	27,384
Results of operations:				
Total revenue	**$**	**65,351**	$	77,664
Total expenses		**55,329**		76,788
Excess of revenue over expenses	**$**	**10,022**	$	876
Cashflows provided by (used in)				
Operating activities	**$**	**10,079**	$	462
Financing activities		**1,517**		(1,517)
Increase (decrease) in cash	**$**	**11,596**	$	(1,055)

Expenses include $44,911 (2025 - $64,730) that represent donations to Children and Family Services for York Region.

11. Balanced Budget Fund

In fiscal 2014, the Ministry of Children, Community and Social Services (the "Ministry") announced the creation of the Balanced Budget Fund (BBF) to support Children's Aid Societies in meeting the newly announced budget requirement set out in Regulation 70 and in proactively managing the risks associated with a multi-year budget planning process.

For any surplus generated, 50% is transferred to a Ministry managed Balanced Budget Fund and the remaining 50% is transferred to the Organization's own Balanced Budget Fund account. The Organization may access its portion of the Balanced Budget Fund in order to balance the Organization's budget within the next 3 years, subject to Ministry guidelines for use. During the year, the Organization generated a surplus of funding for Ministry reporting of $124,612 (2025 - $1,380,829) which will be recovered by the Ministry. This surplus will be allocated 50% to the Organization's Balanced Budget Fund and 50% to the Ministry managed Balanced Budget Fund. The cumulative amount of the Balanced Budget Fund has not been reported in these financial statements.

The unaccessed BBF as at March 31, 2026 for the Organization is as follows:

a) 50% of the fiscal 2024 surplus as calculated per Ministry guidelines amounting to $1,318,530 which will expire in fiscal 2028.

a) 50% of the fiscal 2025 surplus as calculated per Ministry guidelines amounting to $1,369,950 which will expire in fiscal 2029.

a) 50% of the fiscal 2026 surplus as calculated per Ministry guidelines amounting to $124,612 which will expire in fiscal 2030.

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.

12. Restricted Funds One-Time Program Funding

During the year, the Ministry provided the Organization with one-time funding of $112,134 (2025 - $112,134) to support the Educational and Liaison program (EL Program). The revenue and associated expenses have been included in the Operating Fund in the Statement of Operations. For greater clarity, the following discloses the EL Program financial statement elements as at March 31, 2026 and for the year then ended.

	2026	2025
Provincial grant	$ 112,134	$ 112,134
Salary and wages	191,734	187,258
Employee benefits	67,299	65,679
Travel	325	881
Miscellaneous	-	50
Deficiency of revenue over expenses	$ (147,224)	$ (141,734)

13. Prior Period Restatement

During the current year, it was determined that the surplus relating to the balanced budget fund should not have been recognized as revenue and accounts receivable. As a result, accounts receivable, Provincial grants and excess of revenue over expenses were overstated. This error has been corrected retroactively with restatement of prior periods. As a result, the amounts below have been restated as follows:

Statement of Financial Position as at March 31, 2025

Accounts receivable, as previously stated	$ 5,101,486
Decrease in accounts receivable	(4,638,252)
Accounts receivable, as restated	$ 463,234
Operating fund, as previously stated	$ 4,746,173
Decrease in operating fund	(4,638,252)
Operating fund, as restated	$ 107,921

Statement of Operations (Operating Fund) for the year ended March 31, 2025

Provincial grant, as previously stated	$ 54,410,812
Decrease in provincial grant	(1,380,829)
Provincial grant, as restated	$ 53,029,983
Excess of revenue over expenses of the Operating Fund, as previously stated	$ 1,796,554
Decrease in excess of revenue over expenses of the Operating Fund	(1,380,829)
Excess of revenue over expenses of the Operating Fund, as restated	$ 415,725

Statement of Changes in Fund Balances for the year ended March 31, 2025

Fund balances, beginning of year, as previously stated	$ 9,576,433
Decrease in fund balances, beginning of year	(5,238,274)
Fund balances, beginning of year, as restated	$ 4,338,159
Balanced budget fund - expiry, as previously stated	$ (1,980,851)
Decrease in balanced budget fund - expiry	1,980,851
Balanced budget fund - expiry, as restated	$ -
Fund balances, end of year, as previously stated	$ 8,895,744
Decrease in fund balances, beginning balance	(3,257,423)
Decrease in excess of revenue over expenses	(1,380,829)
Fund balances, end of year, as restated	$ 4,257,492

March 31, 2026

13. Prior Period Restatement (Continued)

Statement of Cash Flows for the year ended March 31, 2025

Changes in accounts receivable, as previously stated	$ 120,631
Adjustments to accounts receivable	(600,022)
Changes in accounts receivable, as restated	$ (479,391)
Excess of revenues over expenses, as previously stated	$ 1,300,162
Decrease in excess of revenues over expenses	(1,380,829)
Deficiency of revenues over expenses, as restated	$ (80,667)

14. Economic Dependence

The Organization is economically dependent on funding from the Ministry of Children, Community and Social Services.

15. Comparative Figures

The comparative information presented in the financial statements has been reclassified to conform to the current year's presentation