

KAWARTHA HALIBURTON CHILDREN'S AID SOCIETY  
FINANCIAL STATEMENTS  
MARCH 31, 2025

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations and Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to the Financial Statements	6

To the Appointed Supervisor of Kawartha-Haliburton Children's Aid Society:

### Opinion

We have audited the financial statements of Kawartha-Haliburton Children's Aid Society (the "Society"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations and changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2025, and the results of its 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 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.

### Emphasis of Matter - Economic Dependence

We draw attention to Note 4 of the financial statements, which describes the Society's economic dependence on the Province of Ontario. Our opinion is not modified in respect of this matter.

### Other Matter

The financial statements for the year ended March 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on June 25, 2024.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Peterborough, Ontario

July 23, 2025

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

# Kawartha-Haliburton Children's Aid Society

## Statement of Financial Position

March 31	General Fund	Capital Fund	Ontario Child Benefit	Total 2025	Total 2024
<b>Assets</b>					
<b>Current</b>					
Cash (Note 6)	\$ -	\$ -	\$ -	\$ -	131,512
Accounts receivable	537,310	-	-	537,310	564,105
Prepaid expenditures	55,842	-	-	55,842	69,726
Due from (to) other funds	(327,760)	-	327,760	-	-
	265,392	-	327,760	593,152	765,343
<b>Tangible Capital Assets (Note 6)</b>	-	2,449,552	-	2,449,552	2,536,641
	\$ 265,392	\$ 2,449,552	\$ 327,760	\$ 3,042,704	\$ 3,301,984
<b>Liabilities and Funds Balances</b>					
<b>Current Liabilities</b>					
Bank Indebtedness (Note 6)	\$ 1,950	\$ -	\$ -	\$ 1,950	\$ -
Accounts payable and accruals	2,009,090	-	-	2,009,090	1,854,442
Funding Payable	207,143	-	-	207,143	83,447
Line of Credit (Note 6)	1,817,000	-	-	1,817,000	3,345,000
Other liability	111,777	-	103,865	215,641	155,038
Deferred Revenue	17,069	-	-	17,069	16,066
	4,164,029	-	103,865	4,267,894	5,453,993
<b>Post Retirement Benefits (Note 8)</b>	729,800	-	-	729,800	709,100
	4,893,829	-	103,865	4,997,694	6,163,093
<b>Contingent Liabilities (Note 9)</b>					
<b>Commitments (Note 10)</b>					
<b>Fund Balances</b>					
Invested in tangible capital assets	-	2,449,552	-	2,449,552	2,536,641
Externally restricted	-	-	223,895	223,895	244,252
Unrestricted	(4,628,437)	-	-	(4,628,437)	(5,642,002)
	(4,628,437)	2,449,552	223,895	(1,954,990)	-2,861,109
	\$ 265,392	\$ 2,449,552	\$ 327,760	\$ 3,042,704	\$ 3,301,984

*Rosaleen Cutler*

Appointed Supervisor

July 23, 2025

Date

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

**Kawartha-Haliburton Children's Aid Society**  
**Statement of Operations and Changes in Fund Balances**

For the year ended March 31	General Fund	Capital Fund	Ontario Child Benefit	Total 2025	Total 2024
<b>Revenue (Note 4)</b>					
Province of Ontario	\$ 21,385,227	\$ -	\$ -	\$ 21,385,227	\$ 21,305,415
Province of Ontario - one-time	7,500,000	-	-	7,500,000	2,650,000
	<b>28,885,227</b>	<b>-</b>	<b>-</b>	<b>28,885,227</b>	<b>23,955,415</b>
<b>Expenses</b>					
Administration	245,200	-	-	245,200	252,205
Amortization	-	108,326	-	108,326	105,914
Boarding rate payments	9,983,752	-	-	9,983,752	9,309,967
Building occupancy	273,583	-	-	273,583	300,400
Client's personal needs	336,913	-	104,616	441,529	561,205
Employee benefits	3,799,100	-	-	3,799,100	4,038,230
Fees and dues	75,417	-	-	75,417	39,062
Financial assistance	1,228,702	-	4,500	1,233,202	1,289,568
Interest and bank charges	15,280	-	-	15,280	22,444
Liability insurance	641,817	-	-	641,817	628,047
Medical and related	223,542	-	210	223,752	197,218
Miscellaneous	5,367	-	-	5,367	16,023
Purchased services					
- client related	741,610	-	-	741,610	577,818
- non-client related	370,848	-	-	370,848	247,735
- program expense	96,870	-	-	96,870	96,605
Recruitment and training	21,296	-	-	21,296	30,119
Salaries and wages	11,989,751	-	-	11,989,751	11,910,740
Technology	151,017	-	-	151,017	171,890
Travel	503,178	-	-	503,178	548,175
	<b>30,703,243</b>	<b>108,326</b>	<b>109,326</b>	<b>30,920,895</b>	<b>30,343,365</b>
<b>Gross expenses</b>	<b>30,703,243</b>	<b>108,326</b>	<b>109,326</b>	<b>30,920,895</b>	<b>30,343,365</b>
Expense recoveries and other income (Note 11)	(2,852,818)	-	(88,969)	(2,941,787)	(3,735,553)
	<b>27,850,425</b>	<b>108,326</b>	<b>20,357</b>	<b>27,979,108</b>	<b>26,607,812</b>
<b>Net expenses (revenues)</b>	<b>27,850,425</b>	<b>108,326</b>	<b>20,357</b>	<b>27,979,108</b>	<b>26,607,812</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>1,034,802</b>	<b>(108,326)</b>	<b>(20,357)</b>	<b>906,119</b>	<b>(2,652,397)</b>
<b>Transfers</b>					
Acquisition of tangible capital assets	(21,237)	21,237	-	-	-
	<b>1,013,565</b>	<b>(87,089)</b>	<b>(20,357)</b>	<b>906,119</b>	<b>(2,652,397)</b>
<b>Net change in fund balances</b>	<b>1,013,565</b>	<b>(87,089)</b>	<b>(20,357)</b>	<b>906,119</b>	<b>(2,652,397)</b>
<b>Fund balances, opening</b>	<b>(5,642,002)</b>	<b>2,536,641</b>	<b>244,252</b>	<b>(2,861,109)</b>	<b>(208,712)</b>
<b>Fund balances, closing</b>	<b>\$ (4,628,437)</b>	<b>\$ 2,449,552</b>	<b>\$ 223,895</b>	<b>\$ (1,954,990)</b>	<b>\$ (2,861,109)</b>

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

# Kawartha-Haliburton Children's Aid Society

## Statement of Cash Flows

For the year ended March 31	General Fund	Capital Fund	Ontario Child Benefit	Total 2025	Total 2024
<b>Cash provided by (used in) Operating Activities</b>					
Excess (deficiency) of revenue over expenses	\$ 1,034,802	\$ (108,326)	\$ (20,357)	\$ 906,119	\$ (2,652,397)
Items not involving cash					
Amortization	-	108,326	-	108,326	105,914
Loss on disposal of capital	-	-	-	-	-
	1,034,802	-	(20,357)	1,014,445	(2,546,483)
<b>Changes in non-cash working capital items</b>					
Accounts receivable	26,795	-	-	26,795	(173,936)
Funding payable	123,696	-	-	123,696	130,799
Prepaid expenditures	13,884	-	-	13,884	20,032
Accounts payable	154,649	-	-	154,649	(179,830)
Other liability	40,663	-	19,940	60,603	4,224
Deferred Revenue	1,003	-	-	1,003	(65,396)
Post Retirement Benefits	20,700	-	-	20,700	17,900
Due from (to) other funds	(21,654)	21,237	417	-	-
	1,394,538	21,237	-	1,415,775	(2,792,690)
<b>Investing activities</b>					
Acquisition of tangible capital assets	-	(21,237)	-	(21,237)	(346,468)
<b>Financing activities</b>					
Net advances (repayments) on bank indebtedness	1,950	-	-	1,950	-
Net advances (repayments) on line of credit	(1,528,000)	-	-	(1,528,000)	3,190,000
	(1,526,050)	-	-	(1,526,050)	3,190,000
<b>Increase (decrease) in cash during the year</b>	<b>(131,512)</b>	<b>-</b>	<b>-</b>	<b>(131,512)</b>	<b>50,842</b>
<b>Cash - beginning of year</b>	<b>131,512</b>	<b>-</b>	<b>-</b>	<b>131,512</b>	<b>80,670</b>
<b>Cash - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>131,512</b>

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

---

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2025**

---

**1. NATURE OF ORGANIZATION**

The Kawartha Haliburton Children's Aid Society (the "Society") is responsible for the care and protection of children in the Cities of Peterborough and Kawartha Lakes and the Counties of Haliburton and Peterborough as mandated by the provisions of The Child Youth and Family Services Act in Ontario.

**2. MANAGEMENT RESPONSIBILITY**

These financial statements of the Society are the responsibility of Society management prepared in accordance with accounting policies and standards established by the Public-Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Presentation**

The financial statements of the Society have been prepared 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 ("PSAB for Government NPOs").

**b) Revenue Recognition**

The Society follows the restricted fund method of accounting for contributions whereby funds that have been externally restricted are segregated into separate funds in the financial statements.

Operating revenue, including grants and subsidies, are recorded as revenue in the period to which they relate. Revenue earned but not received at the end of an accounting period is accrued. Where a portion of revenue relates to a future period, it is deferred and recognized in that future period.

Contributions are recognized as revenue in the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**c) Fund Accounting**

The General fund includes general unrestricted revenues used to fund the normal operations and provide care and protection services.

The capital fund reflects the tangible capital assets under use by the Society, and their corresponding financing arrangements.

The Ontario Child Benefit fund includes funding received to provide for certain eligible expenditures. Note 5 provides more detail.



---

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2025**

---

**3. SIGNIFICANT ACCOUNTING POLICIES, continued**

**d) Contributed Services**

Volunteers contribute significant hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**e) Tangible Capital Assets**

Tangible capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line method over the estimated useful lives of the assets as follows:

Buildings and parking lot	15 - 40 years
Furniture and Equipment	10 years
Leasehold improvements	5 years
Computers	3 years

Capital assets less than \$2,000 are expensed in the year of acquisition.

**f) Pension Plan**

The Society is part of a multi-employer defined benefit pension plan which is accounted for using defined contribution accounting. The Society is unable to apply defined benefit plan accounting since the information is controlled by an external source (Note 13). The Society records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

**g) Post-Retirement Benefits**

The Society provides post-retirement medical and dental benefits to its employees who are employed on a full-time basis and recognizes these costs in the periods in which the employee provided services to the Society. The Society has adopted the following policies with respect to accounting for these employee benefits:

- i) The costs of post-retirement benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from the changes in estimate and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight-line basis. Plan amendments, including past service costs are recognized as an expense in the period of the plan amendment.
- ii) The discount rate used in the determination of the associated liabilities is equal to the Society's internal rate of borrowing.

---

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2025**

---

**3. SIGNIFICANT ACCOUNTING POLICIES, continued**

**h) Management Estimates**

The preparation of financial statements in accordance with the Canadian public-sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the useful lives of capital assets and employee future benefits. Actual results could differ from management's best estimates as additional information becomes available in the future.

**i) Financial Instruments**

The Society classifies its financial instruments as either fair value or amortized cost. The Society's accounting policy for each category is as follows:

**Fair Value**

This category includes cash.

They are initially recognized at cost and subsequently carried at fair value. Changes in fair value on restricted assets are recognized and are recorded to their appropriate fund.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

**Amortized Cost**

This category includes accounts receivable, funding receivable, accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

---

---

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2025**

---

**4. ECONOMIC DEPENDENCE**

Under the provisions of The Child Youth and Family Services Act in Ontario, the Society is funded primarily by the Province of Ontario in accordance with funding arrangements established by the Ministry of Children, Community and Social Services (MCCSS). For the year ended March 31, 2025, this provincial funding was 93.4% of total operating revenue and as such the Society is economically dependent on the province. As of March 31, 2025, the Society has incurred a significant accumulated deficit and working capital deficiency, resulting in the need for further financial support from the province.

In October 2024, the MCCSS appointed a Supervisor for a period of one year to operate and manage the affairs and activities of the Society due to significant concerns with the Society's financial and operational management. Since the appointment, the Society has submitted a multi-year deficit management plan which was endorsed by the MCCSS in May 2025, subsequent to year end. The plan includes specific objectives and implementation plans to realize significant costs savings and ultimately work toward a balanced budget over the next three fiscal years.

For the year ended March 31, 2024, the Society had an accumulated operating deficit of \$5,642,002 arising from prior year operating deficits. During the 2025 fiscal year, the Province of Ontario agreed to provide the Society with \$7,500,000 in one-time emergency assistance funding to support the financial stabilization of the Society. The purpose of the one-time funds was to clear the Society's fiscal 2023 and 2024 operating deficits and fund eligible expenditures incurred in the 2025 fiscal year.

Of the \$7,500,000 received, \$5,539,869 has been allocated to clear the Society's fiscal 2023 and 2024 operating deficits and the remaining \$1,960,131 has been allocated to current year eligible expenditures. The entire amount has been included in revenue in 2025.

---

**5. ONTARIO CHILD BENEFIT EQUIVALENCY**

Ontario Child Benefit Equivalency (OCBe) funding is received from the Ministry of Children, Community and Social Services (MCCSS) and must be disbursed for the benefit of children in care. As directed by the Ministry, funding is allocated between a Savings Program to provide funds for youth to support their transition to independence as well as an Activity Program available to all children in care to support educational achievement, develop social resiliency and to aid in transitioning youth to adulthood.

Funding is allocated in priority to the Savings Program to ensure the Ministry requirements to provide funds for youth transitioning to independence have been met. Any remaining funds are available for disbursements related to the Activity Program.

---

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2025**

**6. CASH**

The Society's bank account is held at a Canadian chartered bank. The bank account earns interest at a variable rate dependent on the monthly minimum balance.

The Society also has a line of credit with a Canadian chartered bank for a facility to provide funding up to \$1,200,000 at the bank's prime interest rate, which was temporarily increased to \$2,700,000 from March 15 to April 15, 2025. The balance outstanding related to this credit facility on March 31, 2025 is \$1,817,000 (2024 - \$3,345,000).

The Society's credit facilities are secured by a first ranking security interest on all property of the Society.

**7. TANGIBLE CAPITAL ASSETS**

	<b>2025</b>		<b>2024</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Cost</b>	<b>Accumulated Amortization</b>
Land	\$ 634,257	\$ -	\$ 634,257	\$ -
Building and parking lot	3,363,663	1,598,401	3,342,427	1,514,734
Furniture and Equipment	625,622	584,129	625,622	572,381
Leasehold Improvements	94,409	94,409	94,409	94,409
Computers	263,815	255,276	263,815	242,365
	<b>\$ 4,981,767</b>	<b>\$ 2,532,215</b>	<b>\$ 4,960,530</b>	<b>\$ 2,423,889</b>
Net book value		<b>\$ 2,449,552</b>		<b>\$ 2,536,641</b>

**8. POST-RETIREMENT BENEFITS**

The Society records estimated liabilities for accrued employee benefits in the year they are earned.

The significant actuarial assumptions adopted in estimating the Society's accrued benefit obligation as per the actuarial valuation completed March 31, 2025 are as follows:

Discount rate	4.70% per annum
Average retirement age	61 years
Dental cost escalation	3.57% to 5.00% per annum
Medical cost escalation	3.57% to 5.60% per annum

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2025**

**8. POST-RETIREMENT BENEFITS, continued**

The post-retirement benefit liability is calculated as follows:

	2025	2024
Accrued benefit liability - beginning of year	\$ 709,100	\$ 691,200
Benefit Expense	83,000	82,000
Funding Contributions	(62,300)	(64,100)
	<u>\$ 729,800</u>	<u>\$ 709,100</u>
Accrued benefit liability - end of year		

Benefit expense for the year is calculated as follows:

	2025	2024
Current period benefit cost	\$ 38,500	\$ 38,000
Interest on accrued benefits	36,700	35,300
Amortization of actuarial (gain) loss	7,800	(6,300)
	<u>\$ 83,000</u>	<u>\$ 67,000</u>

Post-retirement benefit liability

	2025	2024
Accrued benefit obligation	\$ 801,000	\$ 772,200
Unamortized experience gains	(71,200)	(63,100)
	<u>\$ 729,800</u>	<u>\$ 709,100</u>

**9. CONTINGENT LIABILITIES**

The Society, as part of its operations, is subject to claims, lawsuits, and contingencies. The Society records settlements as liabilities in the period they are reasonably determined. Although it is possible that liabilities may arise in other instances for which no accruals have been made, the Society does not believe that such an outcome will significantly impair its operations or have a material adverse effect on its financial position. No accruals have been recorded in these financial statements.

The Society receives funding from the Ministry of Children, Community and Social Services (MCCSS). The amount of funding provided to the Society is subject to final review and approval by the Ministry. Any future adjustments required from this review will be accounted for at that time.

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2025**

**10. COMMITMENTS**

Under the provisions of the Child Youth and Family Services Act of Ontario, the Society provides financial subsidies to individuals who adopt or assume legal custody of children who were formerly in care of the Society. The ability of the Society to fulfill these commitments is entirely dependent on the provision of adequate funding from the Ministry of Children, Community and Social Services (MCCSS). Typically, subsidy agreements are renewed on an annual basis. Payment of some subsidy amounts are contingent on future events as the children to whom the subsidy relates develop and mature. The estimated obligation of the Society in the 2026 fiscal year is approximately \$1,058,930 (2025-\$1,106,923).

The Society leases rental office space in Haliburton, Ontario. The Society is obligated to pay rent of \$1,803 monthly until June 30, 2025, and \$1,839 monthly from July 1, 2025 to June 30, 2026. The Society has the option to cancel at any time with 90 days notice.

The Society leases imaging equipment from Xerox Canada. The lease term for each piece of equipment is 60 months and all equipment is returned to the lessor upon expiry of each lease.

The financial commitment of the Society under its lease agreements is as follows:

2026	\$ 23,181
2027	\$ 23,181
2028	\$ 14,573

**11. EXPENSE RECOVERIES AND OTHER INCOME**

This amount represents expenses incurred by the Society on behalf of programs which are administered by the Society. These expenditures are recoverable from the various government agencies which fund these programs.

	2025	2024
Family allowance and parental maintenance	\$ 604,356	\$ 498,658
Other Society Wards	292,236	325,740
Other grants and subsidies	817,660	1,225,755
Other recoveries and income	703,057	723,417
Ontario Child Benefit Revenue	88,969	96,879
Transitional Aged Youth coordination funding	425,509	865,104
	<u>\$ 2,941,787</u>	<u>\$ 3,735,553</u>

---

**Kawartha-Haliburton  
Children's Aid Society  
Notes to the Financial Statements**

**March 31, 2025**

---

**12. REGISTERED EDUCATION SAVINGS PLAN**

Under the direction of the Ministry of Children, Community and Social Services (MCCSS), the Society is obliged to purchase Registered Education Savings Plans (RESP's) using funds excluded from the operating funds of the Society and provided by the Government of Canada as the Universal Child Care Benefit ("UCCB"). The beneficiaries of the RESP's are children in Interim or Extended Society Care meeting eligibility conditions. The Society is obliged to act as "Plan Subscriber" as defined by the Income Tax Act until conditions of permanency have been established. At the end of the fiscal year, the Society has made cumulative contributions of \$1,576,765 (2024 - \$1,485,645) to RESP's. The Society will never become a beneficiary of these plan proceeds and accordingly, they have been excluded from any financial reporting of the Society.

---

**13. PENSION PLAN**

Certain employees of the Society are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. According to the 2024 OMERS Annual Report, OMERS provides pension services to almost 640,000 active, deferred, and retired members from approximately 1000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date.

The Actuarial Opinion contained in the December 31, 2024 Annual Report disclosed total actuarial liabilities of \$142.5 billion in respect of benefits accrued for service with actuarial assets of \$139.6 billion indicating an actuarial deficit of \$2.9 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Society does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the Society to OMERS for 2025 were \$1,185,712 (2024 - \$1,295,094).

---

**14. FINANCIAL INSTRUMENT CLASSIFICATION**

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

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

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

---

**March 31, 2025**

---

**15. FINANCIAL INSTRUMENTS**

**a) Credit Risk**

Credit risk is the risk of financial loss to the Society if a debtor fails to make payments of interest and principal when due. The Society is exposed to this risk relating to its cash and accounts receivable. The Society holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Society's cash accounts are insured up to \$100,000 (2024 - \$200,000).

Accounts receivables are primarily due from other Children's Aid Societies and the Province of Ontario. Credit risk is mitigated by the financial solvency of the provincial government.

The Society measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Society's historical experience regarding collections.

**b) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to market factors. Market factors include three types of risk: interest rate risk, currency risk and other price risk. The Society is not exposed to significant currency or other price risk, as it does not transact materially in foreign currency or hold equity financial instruments.

**c) Interest Rate Risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk through its floating interest rate financial instruments, including the line of credit. The Society manages its interest rate risk by minimizing borrowing, financial risk management policies and cash flow management practices.

The Society measures its exposure to interest rate risk by including interest rate sensitivity in cash flow forecasts.

**d) Liquidity Risk**

Liquidity risk is the risk that the Society will not be able to meet all cash outflow obligations as they come due (Note 4). The Society mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining an available line of credit if unexpected cash outflows arise. The contractual maturities (representing undiscounted contractual cash-flows of financial liabilities) of these obligations are due within six months.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.