

KAWARTHA HALIBURTON CHILDREN'S AID SOCIETY
FINANCIAL STATEMENTS
MARCH 31, 2026

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To the Board of Directors 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, 2026, 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, 2026, 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.

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

June 22, 2026

MNP LLP

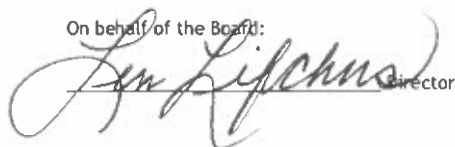
Chartered Professional Accountants

Licensed Public Accountants

Kawartha-Haliburton Children's Aid Society
Statement of Financial Position

March 31	General Fund	Capital Fund	Ontario Child Benefit	Total 2026	Total 2025
Assets					
Current					
Cash (Note 6)	\$ 149,454	\$ -	\$ -	\$ 149,454	\$ -
Accounts receivable	501,740	-	-	501,740	537,310
Prepaid expenditures	151,400	-	-	151,400	55,842
Due from (to) other funds	(283,051)	-	283,051	-	-
	519,543	-	283,051	802,594	593,152
Tangible Capital Assets (Note 7)	-	2,410,982	-	2,410,982	2,449,552
	\$ 519,543	\$ 2,410,982	\$ 283,051	\$ 3,213,576	\$ 3,042,704
Liabilities and Funds Balances					
Current Liabilities					
Bank Indebtedness (Note 6)	-	-	-	-	1,950
Accounts payable and accruals	1,985,098	-	-	1,985,098	2,009,090
Funding Payable (Receivable)	216,882	-	-	216,882	207,143
Line of Credit (Note 6)	-	-	-	-	1,817,000
Other liability	42,943	-	112,767	155,710	215,641
Deferred Revenue	16,121	-	-	16,121	17,069
	2,261,044	-	112,767	2,373,811	4,267,894
Post Retirement Benefits (Note 8)	760,100	-	-	760,100	729,800
	3,021,144	-	112,767	3,133,911	4,997,694
Contingent Liabilities (Note 9)					
Commitments (Note 10)					
Fund Balances					
Invested in tangible capital assets	-	2,410,982	-	2,410,982	2,449,552
Externally restricted	-	-	170,284	170,284	223,895
Unrestricted	(2,501,601)	-	-	(2,501,601)	(4,628,437)
	(2,501,601)	2,410,982	170,284	79,665	(1,954,990)
	\$ 519,543	\$ 2,410,982	\$ 283,051	\$ 3,213,576	\$ 3,042,704

On behalf of the Board:

 Director

 Director

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 2026	Total 2025
Revenue (Note 4)					
Province of Ontario	\$ 20,963,115	\$ -	\$ -	\$ 20,963,115	\$ 21,385,227
Province of Ontario - one-time	4,300,540			4,300,540	7,500,000
	25,263,655	-	-	25,263,655	28,885,227
Expenses					
Administration	265,405	-	-	265,405	245,200
Amortization	-	114,456	-	114,456	108,326
Boarding rate payments	7,610,396	-	-	7,610,396	9,983,752
Building occupancy	290,712	-	-	290,712	273,583
Client's personal needs	227,457	-	109,685	337,142	441,529
Employee benefits	3,287,060	-	-	3,287,060	3,799,100
Fees and dues	55,807	-	-	55,807	75,417
Financial assistance	1,076,589	-	-	1,076,589	1,233,202
Interest and bank charges	7,117	-	-	7,117	15,280
Liability insurance	346,287	-	-	346,287	641,817
Medical and related	164,261	-	-	164,261	223,752
Miscellaneous	7,260	-	-	7,260	5,367
Purchased services					
- Client related	188,527	-	-	188,527	741,610
- non-client related	747,223	-	-	747,223	370,848
- program expense	96,791	-	-	96,791	96,870
Recruitment and training	19,934	-	-	19,934	21,296
Salaries and wages	10,605,784	-	-	10,605,784	11,989,751
Technology	306,093	-	-	306,093	151,017
Travel	473,310	-	9,896	483,206	503,178
Gross expenses	25,776,013	114,456	119,581	26,010,050	30,920,895
Expense recoveries and					
other income (Note 11)	(2,715,080)	-	(65,970)	(2,781,050)	(2,941,787)
Net expenses (revenues)	23,060,933	114,456	53,611	23,229,000	27,979,108
Excess (deficiency) of revenue over expenses	2,202,722	(114,456)	(53,611)	2,034,655	906,119
Transfers					
Acquisition of tangible capital assets	(75,886)	75,886	-	-	-
Net change in fund balances	2,126,836	(38,570)	(53,611)	2,034,655	906,119
Fund balances, opening	(4,628,437)	2,449,552	223,895	(1,954,990)	(2,861,109)
Fund balances, closing	\$ (2,501,601)	\$ 2,410,982	\$ 170,284	\$ 79,665	\$ (1,954,990)

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 2026	Total 2025
Cash provided by (used in)					
Operating activities					
Excess (deficiency) of revenue over expenses	\$ 2,202,722	\$ (114,456)	\$ (53,611)	\$ 2,034,655	\$ 906,119
Items not involving cash					
Amortization	-	114,456	-	114,456	108,326
	2,202,722	-	(53,611)	2,149,111	1,014,445
Changes in non-cash working capital items					
Accounts receivable	35,569	-	-	35,569	26,795
Funding payable	9,739	-	-	9,739	123,696
Prepaid expenditures	(95,558)	-	-	(95,558)	13,884
Accounts payable	(23,992)	-	-	(23,992)	154,649
Other liability	(68,833)	-	8,902	(59,931)	60,603
Deferred Revenue	(948)	-	-	(948)	1,003
Post Retirement Benefits	30,300	-	-	30,300	20,700
Due from (to) other funds	(120,595)	75,886	44,709	-	-
	1,968,404	75,886	-	2,044,290	1,415,775
Investing activities					
Acquisition of tangible capital assets	-	(75,886)	-	(75,886)	(21,237)
Financing activities					
Net advances (repayments) on bank indebtedness	(1,950)	-	-	(1,950)	1,950
Net advances (repayments) on line of credit	(1,817,000)	-	-	(1,817,000)	(1,528,000)
	(1,818,950)	-	-	(1,818,950)	(1,526,050)
Increase (decrease) in cash during the year	149,454	-	-	149,454	(131,512)
Cash - beginning of year	-	-	-	-	131,512
Cash - end of year	\$ 149,454	\$ -	\$ -	\$ 149,454	\$ -

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

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

March 31, 2026

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 for 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.

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.

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

March 31, 2026

3. SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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.

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

March 31, 2026

3. SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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, 2026, the provincial funding was 93.1% of total operating revenue and as such the Society is economically dependent on the province. As of March 31, 2026, the Society has incurred an 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. The Society then submitted a multi-year deficit management plan which was endorsed by the MCCSS in May 2025. The plan includes specific objectives, and implementation plans to achieve significant cost savings and ultimately work toward a balanced budget over three fiscal years. In October 2025, a new Board of Directors was formed, and a new interim Executive Director was appointed to manage the affairs and activities of the Society.

For the year ended March 31, 2025, the Society had an accumulated operating deficit of \$4,628,437 arising from prior year operating deficits. During the 2026 fiscal year, the Province of Ontario agreed to provide the Society with \$4,300,540 in one-time emergency assistance funding to support the financial stabilization of the Society. The purpose of the one-time funds was to help clear the Society's operating deficits. The entire amount has been included in revenue in 2026.

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

March 31, 2026

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.

6. CASH

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

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. The balance outstanding related to this credit facility on March 31, 2026 is \$0 (2025 - \$1,817,000).

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

7. TANGIBLE CAPITAL ASSETS

	2026		2025	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 634,257	\$ -	\$ 634,257	\$ -
Building and parking lot	3,363,663	1,682,492	3,363,663	1,598,401
Furniture	625,622	593,306	625,622	584,129
Leasehold Improvement	94,409	94,409	94,409	94,409
Computers	225,627	162,389	263,815	255,276
	\$ 4,943,578	\$ 2,532,596	\$ 4,981,767	\$ 2,532,215
Net Book value		\$ 2,410,982		\$ 2,449,552

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

March 31, 2026

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, 2026 are as follows:

Discount rate	4.80% 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

The post-retirement benefit liability is calculated as follows:

	2026	2025
Accrued benefit liability - beginning of year	\$ 729,800	\$ 709,100
Benefit Expense	86,800	83,000
Funding Contributions	(56,500)	(62,300)
Accrued benefit liability - end of year	<u>\$ 760,100</u>	<u>\$ 729,800</u>

Benefit expense for the year is calculated as follows:

	2026	2025
Current period benefit cost	\$ 41,400	\$ 38,500
Interest on accrued benefits	36,600	36,700
Amortization of actuarial (gain) loss	8,800	7,800
	<u>\$ 86,800</u>	<u>\$ 83,000</u>

Post-retirement benefit liability

	2026	2025
Accrued benefit obligation	\$ 797,800	\$ 801,000
Unamortized experience gains	(37,700)	(71,200)
	<u>\$ 760,100</u>	<u>\$ 729,800</u>

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

March 31, 2026

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.

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 former children who were previously cared for by 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 2027 fiscal year is approximately \$1,067,406 (2026 - \$1,058,930).

The Society leases rental office space in Haliburton, Ontario. The Society is obligated to pay rent of \$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:

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

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

March 31, 2026

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.

	2026	2025
Children's Special Allowance (CSA)	\$ 433,078	\$ 604,356
Other Society Wards	380,009	292,236
Other grants and subsidies	848,728	817,660
Other recoveries and income	1,053,265	703,057
Ontario Child Benefit Revenue	65,970	88,969
Transitional Aged Youth coordination funding	-	425,509
	<u>\$ 2,781,050</u>	<u>\$ 2,941,787</u>

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 \$1,646,795 (2025 - \$1,576,765) 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.

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

March 31, 2026

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 2025 OMERS Annual Report, OMERS provides pension services to almost 665,000 active, deferred, and retired members from over 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, 2025 Annual Report disclosed total actuarial liabilities of \$151.3 billion in respect of benefits accrued for service with actuarial assets of \$150.0 billion indicating an actuarial deficit of \$1.3 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 2026 were \$1,081,042 (2025 restated - \$1,185,712).

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.

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

March 31, 2026

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.

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 equity risk. The Society is not exposed to significant currency, equity, or interest risk as it does not transact materially in foreign currency or hold equity financial instruments.

c). 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 maturity (representing undiscounted contractual cash-flows of financial liabilities) of these obligations is 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 risk.
