Financial Statements of

CHILDREN'S AID SOCIETY OF TORONTO

And Independent Auditor's Report thereon

Year ended March 31, 2026

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S REPORT

To the Members of the Children's Aid Society of Toronto

Opinion

We have audited the financial statements of Children's Aid Society of Toronto (the Society), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

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

Basis for Opinion

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

We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Society has a working capital deficiency and a net debt position in its Operating Fund as a result of current and prior years' deficiencies of revenue over expenses.

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

Our opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

KPMG

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 24, 2026

CHILDREN'S AID SOCIETY OF TORONTO

Statement of Financial Position
(In thousands of dollars)

March 31, 2026, with comparative information for 2025

		2026		2025
Assets				
Current assets:				
Cash and cash equivalents	$	3,270	$	9,484
Short-term investments (note 3)		4,000		–
Funding receivable		22		45
Accounts receivable		2,810		2,825
Prepaid expenses		7,109		8,205
Receivable from Children's Aid Foundation of Canada (note 10)		10,639		10,505
		27,850		31,064
Asset held for sale (note 4(a))		3,764		–
Capital assets (note 4(b))		20,748		26,363
	$	52,362	$	57,427
Liabilities, Deferred Contributions and Fund Balances				
Current liabilities:				
Bank indebtedness (note 5)	$	5,111	$	8,339
Accounts payable and accrued liabilities (note 6)		27,373		19,109
Current portion of mortgages payable (note 7)		1,840		730
		34,324		28,178
Deferred contributions:				
Expenses of future years (note 8(a))		473		1,182
Capital assets (note 8(b))		10,251		10,720
		10,724		11,902
Mortgages payable (note 7)		–		1,840
Employee future benefits (note 9(a))		3,155		3,093
		48,203		45,013
Fund balances:				
Operating		(18,149)		(10,698)
Internally Restricted		–		1,314
Special Purposes		22,308		21,798
		4,159		12,414
Commitments (note 11)				
Contingencies (note 12)				
Economic dependence (note 17)				
Subsequent event (note 18)				
	$	52,362	$	57,427

See accompanying notes to financial statements.

On behalf of the Board:

J. Rezvani _______________ Director

_______________ Director

CHILDREN'S AID SOCIETY OF TORONTO

Statement of Operations
(In thousands of dollars)

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

	Operating		Special Purposes	
	2026	2025	2026	2025
Revenue:				
Government:				
Ontario (note 15(a))	$ 155,019	$ 159,863	$ 762	$ 716
Ontario one-time financial assistance grant (note 15(b))	13,000	–	–	–
Canada	3,419	3,011	–	–
Grants from Children's Aid Foundation of Canada (note 10)	953	626	2,950	3,992
Investments	397	789	–	–
Program services	365	505	95	86
Amortization of deferred contributions relating to capital assets (note 8(b))	47	75	424	437
Other	400	311	185	–
	173,600	165,180	4,416	5,231
Expenses:				
Salaries and benefits	84,753	87,748	638	520
Board rate payments	71,211	65,928	–	–
Client-related	11,387	9,734	1,873	1,877
Occupancy and office (note 7)	7,662	9,228	128	151
Travel	1,892	2,101	25	29
Amortization of capital assets	1,473	2,513	798	821
Purchased services (note 5)	1,463	1,551	289	122
Training and recruitment	125	305	55	46
Loss on disposition of capital assets	–	93	–	–
Other	2,399	2,973	100	211
	182,365	182,174	3,906	3,777
Excess (deficiency) of revenue over expenses	$ (8,765)	$ (16,994)	$ 510	$ 1,454

See accompanying notes to financial statements.

CHILDREN'S AID SOCIETY OF TORONTO

Statement of Changes in Fund Balances
(In thousands of dollars)

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

2026	Operating	Internally Restricted	Special Purposes	Total
Fund balances, beginning of year	$ (10,698)	$ 1,314	$ 21,798	$ 12,414
Excess (deficiency) of revenue over expenses	(9,011)	246	510	(8,255)
Interfund transfer (note 2(a))	1,560	(1,560)	–	–
Fund balances, end of year	$ (18,149)	$ –	$ 22,308	$ 4,159

2025	Operating	Internally Restricted	Special Purposes	Total
Fund balances, beginning of year	$ 2,210	$ 5,400	$ 20,344	$ 27,954
Excess (deficiency) of revenue over expenses	(17,308)	314	1,454	(15,540)
Interfund transfer (note 2(a))	4,400	(4,400)	–	–
Fund balances, end of year	$ (10,698)	$ 1,314	$ 21,798	$ 12,414

See accompanying notes to financial statements.

CHILDREN'S AID SOCIETY OF TORONTO

Statement of Cash Flows
(In thousands of dollars)

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

	2026	2025
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses:		
Operating Fund and Special Purposes Fund	$ (8,255)	$ (15,540)
Items not involving cash:		
Amortization of capital assets	2,271	3,334
Amortization of deferred contributions relating to capital assets	(471)	(512)
Loss on disposition of capital assets	–	93
Net change in deferred contributions received	(709)	(1,162)
Net change in employee future benefits	62	43
Change in non-cash operating working capital	9,264	4,655
	2,162	(9,089)
Financing activities:		
Bank indebtedness	(3,228)	8,339
Repayment of mortgages payable	(730)	(710)
Deferred contributions received for capital assets	2	32
	(3,956)	7,661
Investing activities:		
Purchase of capital assets	(420)	(426)
Net decrease (increase) in short-term investments	(4,000)	2,100
	(4,420)	1,674
Increase (decrease) in cash and cash equivalents	(6,214)	246
Cash and cash equivalents, beginning of year	9,484	9,238
Cash and cash equivalents, end of year	$ 3,270	$ 9,484

See accompanying notes to financial statements.

The Children's Aid Society of Toronto (the "Society") was originally established in 1891 and is incorporated, without share capital, under the Corporations Act (Ontario). The Society is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

The Society provides a range of protection and prevention services, as mandated by the Ontario Child, Youth and Family Services Act ("CYFSA"). Funding for these services is principally provided by the Province of Ontario. The Society is dependent upon this funding for its continued operations.

1. Basis of presentation:

These financial statements have been prepared on a going concern basis in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. The going concern basis of presentation assumes that the Society will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of operations.

There is significant uncertainty regarding the appropriateness of the use of the going concern assumption because the Society has a working capital deficiency and a net debt position at March 31, 2026, as well as limited access to additional government funding and liquidity through the Society's existing line of credit. The Society's mortgages mature on August 31, 2026, and management is currently pursuing renewal or refinancing arrangements.

The Society's ability to continue as a going concern and realize its assets and discharge its liabilities in the normal course of operations is dependent upon continued support from the Ministry of Children, Community and Social Services ("MCCSS"), the successful implementation of management's financial sustainability initiatives, and the Society's ability to restore and maintain sustainable operations in the future.

During the year, MCCSS provided a one-time Financial Assistance Grant to reduce Child Welfare Program deficits and address short-term liquidity needs. The Society has also successfully implemented several initiatives aimed at improving its financial position. Management continues to work collaboratively with MCCSS regarding deficit management and longer-term financial sustainability planning.

1. Basis of presentation (continued):

While no assurance can be given that additional funding will be available in the future from MCCSS or other sources, management believes that the actions undertaken to date, together with the financial support received from MCCSS and the progress achieved through its financial sustainability initiatives, provide an appropriate basis for the preparation of these financial statements on a going concern basis.

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

2. Significant accounting policies:

(a) Funds:

The Society operates the following funds:

(i) Operating Fund:

The Operating Fund records the general operations of the Society and is primarily funded from government sources.

(ii) Special Purposes Fund:

The Special Purposes Fund reflects grants received from the Children's Aid Foundation of Canada ("CAFC") and donations and funding from other private sources and government for specified preventive programs and research-oriented child welfare projects.

The Society's Board of Directors restricted the use of the funds from the sales of the land on the Charles Street site to future real estate-related uses of the Society. The uncommitted amount in this Real Estate Fund, which is included in the Special Purposes Fund at March 31, 2026, was $13,849 (2025 - $11,511).

2. Significant accounting policies (continued):

(iii) Internally Restricted Fund:

The Society's Board of Directors has internally restricted nil (2025 - $1,314) for operating purposes. During the year, the Board of Directors approved an interfund transfer of $1,560 (2025 - $4,400) to fund client-related expenses in the Child Welfare Program.

(b) Revenue recognition:

The Society follows the deferral method of accounting for contributions.

The Society is funded primarily by the Province of Ontario in accordance with budget arrangements established by MCCSS. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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

Externally restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Revenue related to user fees, income from services rendered and investment income is recorded as it is earned.

2. Significant accounting policies (continued):

(c) Financial instruments:

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

Financial assets, at amortized cost, are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

(d) Asset held for sale:

Capital assets are classified by the Society as an asset held for sale at the point in time when the asset is available for immediate sale, management has committed to a plan to sell the asset and is actively locating a buyer for the asset at a sales price that is reasonable in relation to the current fair value of the asset, and the sale is probable and expected to be completed within a one-year period.

Assets to be disposed of are separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to its residual value.

2. Significant accounting policies (continued):

Capital assets are amortized annually on a straight-line basis over their estimated useful lives as follows:

Buildings	40 years
Leasehold improvements	15 years
Furniture and equipment	5 years
Vehicles	3 years
Computer hardware and software	3 years

(f) Employee future benefits:

The Society provides sick leave benefits to its employees that accumulate but do not vest. The Society accrues this obligation based on future expectation of utilization of the benefit.

The costs of multi-employer defined benefit plan, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contribution to the plan in the period.

The Society provides its employees with a benefits plan (including health, dental and other benefits) through an Administrative Services Only plan. The plan is funded by the Society based on experience and contribution factors, as determined with the plan provider. Amounts in excess of current requirements are considered surpluses and are refundable by the plan provider to the Society.

(g) Donated goods and services:

The Society benefits from donated goods and services in the form of volunteer time. Since these donated goods and services are not purchased, they are not recorded in these financial statements.

2. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the useful lives of capital assets and obligations related to employee future benefits. Actual results could differ from those estimates.

(i) Asset retirement obligation:

An asset retirement obligation is a legal obligation associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. Based on management's assessment of their tangible capital assets, they are of the opinion that the impact would not be material to these financial statements.

3. Investments:

Short-term investments are comprised of guaranteed investment certificates of $4,000 (2025 - nil) yielding interest between 2.25% to 3%, maturing in June 2026.

(In thousands of dollars)

4. Long-term assets:

(a) Asset held for sale:

During the year, the Society approved a plan to sell a property formerly used in operations. The property was reclassified from capital assets and presented as asset held for sale.

(b) Capital assets:

2026	Cost	Accumulated amortization	Net book value
Land	$ 217	$ –	$ 217
Buildings	34,626	15,612	19,014
Leasehold improvements	1,354	1,086	268
Furniture and equipment	12,859	12,263	596
Vehicles	307	307	–
Computer hardware and software	7,752	7,283	469
Work-in-progress	184	–	184
	$ 57,299	$ 36,551	$ 20,748

2025	Cost	Accumulated amortization	Net book value
Land	$ 217	$ –	$ 217
Buildings	41,710	18,109	23,601
Leasehold improvements	1,354	996	358
Furniture and equipment	13,820	12,540	1,280
Vehicles	342	342	–
Computer hardware and software	9,080	8,226	854
Work-in-progress	53	–	53
	$ 66,576	$ 40,213	$ 26,363

(In thousands of dollars)

5. Credit facilities:

The Society has a $14,000 line of credit available which is due on demand. This credit facility is secured by a general security agreement, which allocates the Society's properties on a pro-rata basis between both lenders. The total amount outstanding under this facility as at March 31, 2026 is $5,111 (2025 - $8,339) bearing interest at the bank prime rate less 0.5% per annum. Interest expense on this facility amounted to $45 (2025 - $45) and is included in purchased services expense.

The Society holds an additional credit facility, with a different lender, that provides for a $1,000 revolving lease line of credit. The $1,000 revolving lease line of credit is due on demand. This credit facility is secured by a general security agreement, which allocates the Society's properties on a pro-rata basis between its lenders, and a collateral mortgage in the amount of $15,000 on land and improvements owned by the Society. No amounts were outstanding under the revolving lease line of credit at March 31, 2026 and 2025.

The Society is required to comply with certain non-financial covenants in accordance with the terms of the credit facilities. As at March 31, 2026, the Society was in compliance with these covenants.

6. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities comprise:

	2026	2025
Accounts payable and other accruals	$ 15,536	$ 9,685
Salaries and benefits	11,837	9,424
	$ 27,373	$ 19,109

Included in salaries and benefits is $1,091 (2025 - $1,094) for accumulated authorized absence days. Employees earn six days of authorized absence per year of service of which four days may be carried over from year to year, provided the total days accrued does not exceed 10 days. Employees are not entitled to a cash payment on termination or retirement. The accrual is calculated based on the historic usage of this benefit.

(In thousands of dollars)

7. Mortgages payable:

	Interest rate	Maturity date	2026	2025
RBC loan, monthly principal payments plus interest	CORRA rate + 1.19%	August 31, 2026	$ 1,023	$ 1,179
RBC loan, monthly principal payments plus interest	CORRA rate + 1.19%	August 31, 2026	661	853
RBC loan, monthly principal payments plus interest	CORRA rate + 1.19%	August 31, 2026	156	538
			1,840	2,570
Less current portion			1,840	730
			$ –	$ 1,840

Interest expense on the mortgages amounted to $93 (2025 - $150) and is included in occupancy and office expense. All three mortgage agreements mature on August 31, 2026.

8. Deferred contributions:

(a) Expenses of future years:

Deferred contributions related to expenses of future years represent unspent amounts received for specific purposes.

	2026	2025
Balance, beginning of year	$ 1,182	$ 2,344
Funding received plus interest	2,662	3,052
Amount recognized as revenue	(3,371)	(4,214)
Balance, end of year	$ 473	$ 1,182

(In thousands of dollars)

8. Deferred contributions (continued):

(b) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount of restricted contributions received for the purchase of capital assets. The amortization of these capital contributions is recorded as revenue in the statement of operations.

	2026	2025
Balance, beginning of year	$ 10,720	$ 11,200
Additions	2	32
Amount recognized as revenue	(471)	(512)
Balance, end of year	$ 10,251	$ 10,720

9. Employee future benefits:

(a) Sick leave liability:

The employee future benefit liability includes $3,155 (2025 - $3,093) for accumulated sick leave benefits. Under the accumulated sick leave benefit plan, employees earn 18 days per year of service and are allowed to accumulate unused sick day credits up to a maximum of 100 days. Employees are not entitled to a cash payment on termination or retirement. The accrual is calculated based on historic usage of this benefit.

(b) Multi-employer defined benefit plan:

All regular full-time and part-time employees of the Society are eligible to be members of OMERS (the "Plan"), which is a multi-employer defined benefit plan. Employer contributions made to the Plan during 2026 by the Society for current and past service amounted to $6,198 (2025 - $7,197) and $66 (2025 - $91), respectively.

Since the Plan is a multi-employer plan, the Society's contributions are accounted for as if the Plan were a defined contribution plan with the Society's contributions being expensed in the period, they come due.

(In thousands of dollars)

9. Employee future benefits (continued):

Any pension surplus or deficit is a joint responsibility of members and employers and may affect future contribution rates related to members. The Society does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the Society's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at December 31, 2025 indicated an actuarial deficit of $1,300,000.

10. Children's Aid Foundation of Canada:

The CAFC raises money from the public and corporate sectors and provides grants to the Society for preventive programs, as well as research-oriented child welfare projects for which regular government funding is not available.

(a) Grants from CAFC - Special Purposes Fund:

	2026	2025
Balance, beginning of year	$ 810	$ 2,067
Reclassified from Non-Foundation Program	94	–
Funding received from CAFC	2,311	2,735
Amount recognized as revenue	(2,950)	(3,992)
Balance, end of year	$ 265	$ 810

The unspent balance at year end is included in deferred contributions (note 8(a)).

(b) Grants from CAFC - Operating Fund:

Properties are leased from CAFC for rent of $70 (2025 - $119). CAFC donated $70 (2025 - $119) to the Society in connection with this rent. The leases are for a one-year term, renewable annually. In addition, $883 (2025 - $507) was donated for other programs. Total donations to the Operating Fund are $953 (2025 - $626).

Certain administration functions are performed by the Society for CAFC for $12 (2025 - $11) which is included in Grants from CAFC.

(In thousands of dollars)

10. Children's Aid Foundation of Canada (continued):

Included in receivable from CAFC is $10,000 (2025 - $10,000) held by CAFC for the Real Estate Fund under an agreement between the two parties. This agreement limits the use of these funds solely for real estate expenses and stipulates that it cannot be used for any other services that the Society is mandated to provide.

11. Commitments:

(a) The Society continues to hold an operating lease up to March 31, 2027 for a premise other than those leased from CAFC (note 10(b)).

Future minimum lease payments under the operating lease are as follows:

2027	$ 2,030

(b) The Society has entered into agreements with certain adoptive parents to provide financial assistance for the care of adopted children. Each agreement has a one-year term, with an estimated annual commitment of $2,118 in aggregate.

12. Contingencies:

The Society is party to legal actions arising in the ordinary course of operations. While it is not feasible to predict the outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the operations of the Society. The Society maintains a level of insurance coverage.

Contingent liabilities are recognized when a probable legal obligation exists and a reasonable estimate of the amount can be established. The liability recorded represents management's best estimate based on the facts and circumstances known at year-end. The eventual resolution of these matters is subject to inherent uncertainty. The amounts that may ultimately be payable, if any, and the timing of any settlement or payment cannot be determined with certainty at the date of the financial statements.

13. Custodial assets:

The Society holds funds on behalf of children and youth who are or had been in care of the Society in the amount of $2,001 (2025 - $2,016).

The Society, as the subscriber, held registered education savings plans on behalf of children, as the beneficiary, in the amount of $5,321 as at March 31, 2026 (2025 - $5,266). These amounts are not included in these financial statements.

14. Indemnification of officers and directors:

The Society's by-law states that the Society will indemnify its directors, officers and other persons undertaking any liability on behalf of the Society from any costs, charges and expenses whatsoever which such person sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against him or her or in respect of any act, deed, matter, or thing whatsoever made, done or permitted by him or her in or about the execution of duties of his or her office, except such costs, charges or expenses as are occasioned by his or her own wilful neglect or default.

The Society's basic errors and omissions insurance policy covers directors, officers and other persons for up to $15,000 annually in the aggregate, with respect to liability for damages imposed by a court of law in connection with the execution of their duties on behalf of the Society. In addition, the Society's insurance provides up to $15,000 annual aggregate coverage for directors and officers with respect to claims made against them in the discharge of their duties for the Society where no protection exists under the Society's basic errors and omissions policy.

In the unlikely event that a director or officer, in the execution of his or her duties, becomes liable for costs in excess of the Society's insurance coverage, the Society by-law described above obligates the Society to indemnify the individual for such costs. The nature of this indemnity prevents the Society from reasonably estimating the maximum exposure. Historically, the Society has not made significant payments nor does it expect to make any significant payments under such indemnity. While this may be a potential liability, in the Society's view, it is highly unlikely to occur.

(In thousands of dollars)

15. Additional information:

(a) Ontario MCCSS Child Welfare Program:

The Society has service contracts and CYFSA approvals with the MCCSS. The following is a reconciliation report which summarizes by service, on a modified cash basis, all revenue and expenses and identifies any resulting surplus or deficit that relates to the service contracts and CYFSA approvals.

The program was in a deficit position as at March 31, 2026.

Revenue:	
Current year allocated Child Welfare Program funding	$ 150,359
MCCSS one-time financial assistance grant for Child Welfare Program	13,000
Non-MCCSS revenue	6,529
	169,888
Expenses:	
Salaries and benefits	81,078
Board rate payments	69,095
Client-related	6,775
Occupancy and office	7,849
Travel	1,862
Purchased services	1,316
Training and recruitment	90
Other	2,111
	170,176
Deficiency of revenue over expenses	$ (288)

(In thousands of dollars)

15. Additional information (continued):

Reconciliation of statement of operations to funding report provided to MCCSS:

Total Operating Fund revenue	$ 173,600
Add:	
Internally Restricted Fund	1,560
	175,160
Less:	
MCCSS one-time financial assistance grant for Child Welfare Program	13,000
MCCSS non-Child Welfare Program funding	4,663
Non-MCCSS revenue for Child Welfare Program	6,774
Non-MCCSS revenue for non-Child Welfare Program	275
Amortization of deferred capital contributions	47
Other	42
	24,801
Total current year allocated Child Welfare Program funding	$ 150,359
Total Operating Fund expenses	$ 182,365
Add:	
Purchase of capital assets	420
	182,785
Less:	
MCCSS non-Child Welfare Programs expenses	4,938
Amortization of capital assets	1,473
Changes in certain accrued liabilities	5,042
Changes in certain prepaid expenses	1,156
	12,609
Total current year Child Welfare Program expenses	$ 170,176

(b) Ontario MCCSS One-time Financial Assistance Grant for the Child Welfare Program:

During the year, MCCSS provided the Society with a $13,000 one-time Financial Assistance Grant to reduce Child Welfare Program deficits, and to address short-term liquidity needs (in relation to note 1). The grant was fully recognized as revenue.

CHILDREN'S AID SOCIETY OF TORONTO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

15. Additional information (continued):

(c) Ontario MCCSS Non-Child Welfare Programs:

	MCCSS Multi-Year Programs							MCCSS Other Program	
Program Description	Children's Community Accomo-dation	Adults' Community Accomo-dation	Children's Development Services Community Support Services	Community and Prevention Supports	Broader Public Sector Other Children's Services	Provincial Initiatives	Multi-Year Programs Sub-total	Partner Facility Renewal	Grand Total
Revenue:									
MCCSS funding	$ 299	$ 1,152	$ 68	$ 1,074	$ 11	$ 2,056	$ 4,660	$ 3	$ 4,663
Boarding rate charges	–	–	–	–	–	–	–	–	–
Non-MCCSS revenue	–	–	–	275	–	–	275	–	275
Total revenue	299	1,152	68	1,349	11	2,056	4,935	3	4,938
Expenses:									
Salaries and benefits	103	–	64	619	11	1,010	1,807	–	1,807
Board rate payments	193	1,152	–	–	–	849	2,194	–	2,194
Client-related	–	–	2	497	–	178	677	–	677
Occupancy and office	–	–	1	35	–	–	36	3	39
Travel	3	–	1	4	–	19	27	–	27
Purchased services	–	–	–	175	–	–	175	–	175
Training	–	–	–	19	–	–	19	–	19
Total expenses	299	1,152	68	1,349	11	2,056	4,935	3	4,938
Excess of revenue over expenses	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –

16. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

The contractual maturities of mortgages payable are disclosed in note 7.

(b) Interest rate risk:

Interest rate risk is the potential for loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Society's line of credit facility has a variable interest rate based on the prime rate less 0.5% per annum. The Society's mortgages payable have a variable interest rate based on the CORRA rates plus a spread. As a result, the Society is exposed to interest rate risk due to fluctuations in the bank prime rate and CORRA rate.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to the funding receivable, accounts receivable and receivable from CAFC.

The Society assesses, on a continuous basis, amounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Society at March 31, 2026 is the carrying value of these assets. Currently there is no allowance for doubtful accounts.

There have been no significant changes to the risk exposures from 2025.

17. Economic dependence:

The Society is funded primarily by the Province of Ontario in accordance with funding policies established by the MCCSS. Any excess of funding revenue over expenses earned during a fiscal year may not be retained by the Society. There is currently no commitment by the MCCSS to fully fund deficits incurred by the Society. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected.

18. Subsequent event:

Subsequent to year-end, the Society announced a voluntary exit incentive program for eligible employees. Applications were accepted over a defined period, and agreements will be entered shortly after. Amounts related to this program will be reported in future periods when obligations arise.