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**FAMILY AND CHILDREN'S SERVICES OF LANARK,  
LEEDS AND GRENVILLE**

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**FINANCIAL STATEMENTS**

**MARCH 31, 2025**

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# **FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE**

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**MARCH 31, 2025**

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In preparing those financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to a 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**

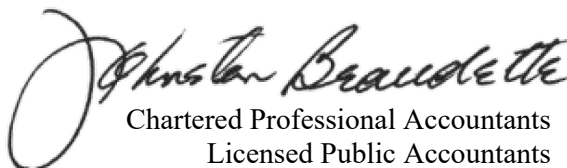
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 concluded 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.

June 17, 2025  
Cornwall, Ontario

  
Chartered Professional Accountants  
Licensed Public Accountants

# FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE


## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2025

	Operating Fund	Capital Fund	Donation Fund	2025	2024
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 27,944	\$ -	\$ 1,034,504	\$ 1,062,448	\$ 1,334,434
Short-term investments	700,000	-	-	700,000	-
Accounts receivable (Note 5)	939,788	-	-	939,788	646,197
Due from capital and donation funds	536,954	-	-	536,954	402,107
Prepaid expenses	400,196	-	-	400,196	345,040
	2,604,882	-	1,034,504	3,639,386	2,727,778
<b>CAPITAL ASSETS</b> (Note 6)	-	2,966,177	-	2,966,177	2,703,649
<b>CAPITAL ASSETS HELD FOR SALE</b> (Note 6)	-	-	-	-	1,204,384
	\$ 2,604,882	\$ 2,966,177	\$ 1,034,504	\$ 6,605,563	\$ 6,635,811
<b>CURRENT LIABILITIES</b>					
Bank indebtedness (Note 7)	\$ 1,280,000	\$ -	\$ -	\$ 1,280,000	\$ -
Accounts payable and accrued liabilities (Note 8)	4,856,871	-	-	4,856,871	4,023,102
Due to operating fund	-	398,023	138,931	536,954	402,107
Deferred contributions (Note 9)	127,053	1,733,116	18,253	1,878,422	1,568,655
Current portion of long term debt (Note 11)	-	774,860	-	774,860	807,823
	6,263,924	2,905,999	157,184	9,327,107	6,801,687
<b>FUND BALANCES</b>					
Invested in capital assets	-	60,178	-	60,178	1,345,392
Internally restricted	-	-	877,320	877,320	616,824
Unrestricted	(3,659,042)	-	-	(3,659,042)	(2,128,092)
	(3,659,042)	60,178	877,320	(2,721,544)	(165,876)
	\$ 2,604,882	\$ 2,966,177	\$ 1,034,504	\$ 6,605,563	\$ 6,635,811

APPROVED ON BEHALF OF THE BOARD:



Director



Director

The accompanying notes are an integral part of these financial statements

# FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2025

	Operating Fund	Capital Fund	Donation Fund	2025	2024
<b>REVENUES</b>					
Ministry funding:					
Child welfare base funding	\$18,475,319	\$ -	\$ -	\$18,475,319	\$17,798,788
Ready Set Go funding	929,475	-	-	929,475	898,200
One-time deficit assistance	-	-	-	-	50,920
Recoveries and other income	1,235,482	-	-	1,235,482	1,350,435
Donations and grants	4,485	-	349,806	354,291	410,028
Interest income	38,199	-	39,373	77,572	104,449
Amortization of deferred revenue	-	110,382	-	110,382	80,826
	20,682,960	110,382	389,179	21,182,521	20,693,646
<b>EXPENSES</b>					
Salaries and benefits	12,423,408	-	-	12,423,408	12,188,657
Direct services for children	6,744,543	-	127,447	6,871,990	6,067,751
Administration	1,683,560	-	1,236	1,684,796	1,751,601
Travel and training	861,790	-	-	861,790	730,186
Occupancy	500,609	-	-	500,609	488,730
Interest on long term debt	-	53,460	-	53,460	43,686
Amortization		157,623	-	157,623	131,566
	22,213,910	211,083	128,683	22,553,676	21,402,177
<b>EXCESS OF (EXPENSES OVER REVENUES)</b>					
<b>REVENUES OVER EXPENSES BEFORE</b>					
<b>    UNDERNOTED ITEMS</b>	(1,530,950)	(100,701)	260,496	(1,371,155)	(708,531)
Loss on sale of capital assets	-	(253,216)	-	(253,216)	-
<b>EXCESS OF (EXPENSES OVER REVENUES)</b>					
<b>REVENUES OVER EXPENSES</b>	\$(1,530,950)	\$ (353,917)	\$ 260,496	\$(1,624,371)	\$ (708,531)

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

# FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2025

	Operating Fund	Capital Fund	Donation Fund	2025	2024
<b>FUND BALANCES</b> , beginning of year	\$(2,128,092)	\$ 1,345,392	\$ 616,824	\$ (165,876)	\$ 542,655
Ministry investment in Perth building	-	(931,297)	-	(931,297)	-
Excess of (expenses over revenues) revenues over expenses	(1,530,950)	(353,917)	260,496	(1,624,371)	(708,531)
<b>FUND BALANCES</b> , end of year	\$(3,659,042)	\$ 60,178	\$ 877,320	\$(2,721,544)	\$ (165,876)

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



# FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

## STATEMENT OF CASH FLOW MARCH 31, 2025

	2025	2024
<b>CASH USED IN OPERATING ACTIVITIES</b>		
Excess of expenses over revenues	\$(1,624,371)	\$ (708,531)
Amortization of capital assets	157,623	131,566
	(1,466,748)	(576,965)
Change in non-cash working capital:		
(Increase) decrease in accounts receivable	(293,591)	109,086
(Increase) decrease in prepaid expenses	(55,156)	87,431
Increase in accounts payable and accrued liabilities	833,769	934,955
Increase in deferred contributions	309,766	15,402
	(671,960)	569,909
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>		
Net proceeds on sale of capital assets	273,087	-
Purchase of capital assets	(420,150)	(60,640)
	(147,063)	(60,640)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in investments	(700,000)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in line of credit	1,280,000	-
Mortgage principal repayments	(32,963)	(23,329)
	1,247,037	(23,329)
<b>(DECREASE) INCREASE IN CASH</b>	(271,986)	485,940
<b>CASH, beginning of year</b>	1,334,434	848,494
<b>CASH, end of year</b>	\$ 1,062,448	\$ 1,334,434

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

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# FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

### 1. DESCRIPTION OF OPERATIONS

Family and Children's Services of Lanark, Leeds and Grenville ("the Society") is committed to engaging families and the community in the safety, permanency and well being of our children and youth. The Society's operations are governed by the Child, Youth and Family Services Act (S.O. 2017)

The Society is a corporation incorporated without share capital under the Ontario Not-for-profit Corporations Act. The Society is a registered charity under the Income Tax Act (Canada) and is exempt from income taxes.

The Society was established on August 2, 2011 pursuant to Letters Patent of Amalgamation and an amalgamation agreement between the former Children's Aid Society of Brockville and the United Counties of Leeds and Grenville and the former Children's Aid Society of the County of Lanark and the Town of Smiths Falls.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations and include the following significant accounting policies:

#### (a) Revenue recognition

The Society follows the deferral method of accounting for contributions, which includes donations and government grants.

Under the *Child, Youth and Family Services Act and Regulations* thereto, the Society is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Children, Community and Social Services. 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 when they are 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 in the year in which the related expenses are incurred.

Grants and donations received for capital purposes are deferred and amortized on a basis and rate corresponding with the amortization rate for the related capital assets.

#### (b) Cash and cash equivalents

Cash consists of cash on deposit with a Canadian chartered bank less cheques issued and outstanding.

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# FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Capital assets

Acquisitions of capital assets are recorded at cost in the Capital Fund. Amortization expense is reported in the Capital Fund and is provided using the straight line method over the following periods, other than in the year of acquisition when one-half of the rate is applied.

Building	30 years
Computer equipment	3 and 5 years
Furniture and equipment	10 years
Leasehold improvements	2 years

#### (d) Vacation entitlements

Vacation entitlements are recorded as accrued liabilities when earned.

#### (e) Fund accounting

The financial statements separately disclose the activities of the following funds maintained by the Society:

Revenues and expenses for service delivery activities and administration are reported in the Operating Fund.

The Capital Fund reports the assets, liabilities, revenues and expenses related to capital assets.

The Donation Fund reports the Society's fund-raising activities and expenditures not funded by the Ministry of Children, Community and Social Services ("MCCSS").

#### (f) Post-employment benefits

The Society provides post-employment health and dental benefits to its employees as well as life insurance benefits for pre-amalgamation non-union retirees.

The cost of post-employment future 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 changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employees on a straight line basis.

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# FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Donated material and services

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

(h) Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectability.

Amortization is based on the estimated useful lives of capital assets.

By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements from changes in such estimates in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

(i) Financial instruments

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized when they are transferred to the Statement of Operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

When a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Long term debt is recorded at amortized cost.

Financial instruments are classified into fair value hierarchy levels 1, 2 or 3 for the purpose of describing the basis of the inputs used to determine the fair market value of those amounts recorded at fair value, as described below:

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# FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- 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.

### 3. MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

At March 31, 2025 the Society had a negative working capital of \$5,687,721 and the operating fund expenses exceeded revenues by \$1,530,950, which when added to the operating fund opening fund balance resulted in an accumulated operating fund deficit of \$3,659,042. During the year, the Society withdrew \$1,280,000 from the operating line of credit to meet its cash flow obligations. Shortly after year end, the Society received a temporary funding advance of \$500,000 from MCCSS.

The Society continues to be dependent on MCCSS to obtain budget advances to meet its obligations and the bank to provide temporary increases to its line of credit as needed. Therefore, the Society's ability to continue as a going concern is dependent on the continued financial support from both MCCSS and the bank.

The deficit reflects activities associated with the Society's mandate under the Child, Youth and Family Services Act (S.O. 2017). Management awaits direction from MCCSS with regard to additional funding to support these legislated activities. The accompanying financial statements have been prepared on a going-concern basis, which assumes the realization of assets, and liquidation of liabilities, in the normal course of business.

### 4. ECONOMIC DEPENDENCE

The Society is dependent upon the Ministry of Children, Community and Social Services for most of its current program funding.

### 5. ACCOUNTS RECEIVABLE

	2025	2024
Due from other societies	\$ 472,562	\$ 279,452
Ministry of Children, Community and Social Services	269,838	236,725
General	197,388	130,020
	<u>\$ 939,788</u>	<u>\$ 646,197</u>

# FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

### 6. CAPITAL ASSETS

	2025		2024	
	Cost	Accumulated Amortization	Net Carrying amount	Net Carrying Amount
Land	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
Buildings	3,377,144	796,947	2,580,197	2,474,576
Furniture and equipment	98,399	79,166	19,233	29,073
Computer equipment	248,471	174,207	74,264	-
Leasehold improvements	123,311	30,828	92,483	-
	4,047,325	1,081,148	2,966,177	2,703,649
Capital Assets held for sale:				
Land	-	-	-	86,800
Building	-	-	-	1,117,584
	-	-	-	1,204,384
	\$ 4,047,325	\$ 1,081,148	\$ 2,966,177	\$ 3,908,033

The Society received financial assistance from the Province of Ontario for the construction of the building in Brockville. As a consequence, the Society may not sell, lease, mortgage or encumber or otherwise dispose of the building without the approval of the Province. Further, the Province may require, as a condition of that approval, that the Society reimburse the Province based on its proportionate share of the acquisition cost. The reimbursement, if required, would be 60% of the greater of the current market value or the proceeds of disposition.

The Society received financial assistance from the Province of Ontario to purchase the property at 8 Herriott St., Perth, Ontario. As a result, the Province has a 98% interest in the property. The Province of Ontario contributed \$2,201,595 when the property was acquired in 2004. As a consequence, the Society may not sell or otherwise dispose of the property without the approval of the Province. Further, the Province may require, as a condition of that approval, that the Society reimburse the Province based on its proportionate share of the acquisition cost.

The Perth property was sold in August 2024. The net sale proceeds were \$951,168, of this \$931,297 is repayable to the Ministry. From the proceeds repayable to the Ministry, the Society was permitted to use \$123,311 for leasehold improvements for their Perth premises and \$215,000 for renovations to their Smith Falls building, leaving \$592,986 repayable to MCCSS.

At the direction of the Ministry, the Society held \$700,000 of the sale proceeds in a term deposit pending approval by the Ministry of the disposition of these funds. On March 31, 2025, the Ministry approved the use of these funds for capital expenditures and operating purposes.

# FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

### 7. BANK INDEBTEDNESS

The Society has an operating line available to a maximum of \$1,800,000. The interest rate is Royal Bank Prime minus 0.25%, calculated and payable monthly. The balance of the bank indebtedness as at March 31, 2025 is \$1,280,000 (2024 - \$Nil). The operating loan is secured as described in Note 11.

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
Trade and accrued liabilities	\$ 1,318,623	\$ 1,076,743
Salaries and benefits	221,006	180,688
Vacation entitlement	345,462	405,563
Post-employment benefits	888,600	860,700
Ontario child tax benefit equivalent	193,920	204,456
Due to Ministry	1,798,116	1,176,026
Due to children's RESPs	91,144	118,926
	<b>\$ 4,856,871</b>	<b>\$ 4,023,102</b>

### 9. DEFERRED CONTRIBUTIONS

	2025	2024
Operating fund, beginning of year	\$ 127,054	\$ 91,466
Net increase in Ontario child tax benefit equivalent program	-	35,588
Operating fund, end of year	127,054	127,054
Capital fund, beginning of year	1,423,348	1,443,534
Amortization of deferred contributions for capital assets	(110,382)	(80,826)
Funding received for capital asset additions	420,150	60,640
Capital fund, end of year	1,733,116	1,423,348
Donation fund	18,253	18,253
	<b>\$ 1,878,423</b>	<b>\$ 1,568,655</b>

# FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

### 10. POST-EMPLOYMENT BENEFITS

The Society extends post-employment health and dental benefits to all employees as well as life insurance benefits to pre-amalgamation non-union retirees only. The Society recognizes these benefits as they are earned during the employees' tenure of service. The related benefit liability was determined by an actuarial valuation study commissioned by the Society. The most recent actuarial valuation of the post-employment benefits was as of March 31, 2025.

The major actuarial assumptions are as follows:

(a) Discount rate

The present value as at March 31, 2025 of the future benefits was determined using a discount rate of 4.8%.

(b) Dental costs trend rates

Dental costs were assumed to increase at 4% per annum.

(c) Extended health care trend rates

Extended health care costs assumed an initial rate of 5.5% per annum in fiscal 2025, decreasing by 0.10% per annum to an ultimate rate of 4% per annum.

Post-employment benefits liability of the Society is as follows:

	2025	2024
Liability for post-retirement benefits, opening balance	\$ 860,700	\$ 828,900
Expense related to post-retirement benefits	67,500	65,500
Funding contributions	(39,600)	(33,700)
	\$ 888,600	\$ 860,700

Post-employment benefit expense of the Society is as follows:

	2025	2024
Current year benefit cost	\$ 35,500	\$ 34,800
Amortization of actuarial gains	(6,400)	(5,900)
Post-retirement benefit interest expense	38,400	36,600
	\$ 67,500	\$ 65,500



# FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

### 11. LONG-TERM DEBT

	2025	2024
Smiths Falls mortgage, repayable \$3,498 monthly excluding interest, 5.95%, due August 2025	\$ 774,860	\$ 807,823
Less current portion	(774,860)	(807,823)
	\$ -	\$ -

The loan is secured by the Smith Falls land and building with a carrying value of \$1,883,291 (2024 - \$1,739,161) and a general security interest in all personal property.

The principal payments totaling \$774,860 required in each of the next five years are as follows:

2026	\$ 774,860
2027	-
2028	-
2029	-
2030	-

### 12. PENSION PLAN

The Society makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer, defined benefit pension plan. The Plan specifies the amount of the retirement benefit to be received by the employees, based on the length of service and rates of pay. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits.

The amounts contributed to OMERS during the year ended March 31, 2025 was \$932,675 (2024 - \$911,443) for current service and is included as an expense in the operating fund, on the Statement of Operations. As at March 31, 2025 the Society has no unfunded liability under the past service provisions of the agreement.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The Plan's 2024 Annual Report indicates the plan is funded at 97%.

# FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

### 13. OBLIGATIONS

The Society acts as an agent which holds resources and makes disbursements on behalf of various unrelated groups. The Society has no discretion over such group transactions. Resources received on behalf of the groups are reported as liabilities, not revenue and subsequent distributions on behalf of the groups are reported as decreases to this liability.

The Society's obligations consist of the following:

(a) Registered educational savings program ("RESP")

	2025	2024
<b>RESP OBLIGATIONS</b> , beginning of year	\$ 118,926	\$ 62,696
MCCSS Directed amount from Child Special Allowance	57,600	62,760
Transfer to individual RESP accounts	(85,382)	(6,530)
<b>RESP OBLIGATIONS</b> , end of year	\$ 91,144	\$ 118,926

(b) Ontario child tax benefit equivalent ("OCBe")

	2025	2024
<b>OCBe OBLIGATIONS</b> , beginning of year	\$ 204,456	\$ 177,896
Grants received	47,450	62,350
Disbursements	(57,986)	(35,790)
<b>OCBe OBLIGATIONS</b> , end of year	\$ 193,920	\$ 204,456

### 14. DONATION FUND

The following individual fund balances comprise the Donation Fund:

	Opening balance	Revenues	Expenses	Closing balance
Donation Funds				
General Fund	\$ 300,326	\$ 349,553	\$ 42,629	\$ 607,250
United Way	-	31,250	31,250	-
Chris Tyson Fund	88,476	-	12,209	76,267
Vivian O'Neil Fund	143,826	-	5,118	138,708
Christmas Fund	62,040	3,828	2,323	63,545
Snowsuit Fund	(17,775)	4,260	34,154	(47,669)
Education Fund	39,931	288	1,000	39,219
	\$ 616,824	\$ 389,179	\$ 128,683	\$ 877,320

# FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025

### 15. SUPPLEMENTARY PROGRAMS

The following individual programs expenditures are included in the operating fund:

	<b>Gross</b>	<b>Recoveries</b>	<b>Net</b>
Broader Public Service - Pay Equity	\$ 10,783	\$ 10,783	\$ -
Education Liaison	91,886	91,886	-
Preparation for Independence	61,344	61,344	-
	<b>\$ 164,013</b>	<b>\$ 164,013</b>	<b>\$ -</b>

### 16. FINANCIAL RISKS

#### (a) Credit risk

Credit risk is the risk of financial loss to the Society if a counterparty to a contract fails to perform according to the terms of that contract. The Society is exposed to this risk relating to its cash and accounts receivable. The carrying value of the Society's main financial assets represents the maximum credit risk to which the Society is exposed.

#### (b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk. Other price risk arises from changes in market prices caused by factors specific to the financial instruments or its issuer, or factors affecting all similar financial instruments in the market.

#### (c) Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its obligations associated with its financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long term debt. During the year, the Society's exposure to liquidity risk changed from the previous year as a result of the increase in its financial liabilities. The liquidity risk is mitigated in part by the strong cash balance at year end.

#### (d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest risk on its long term debt. It mitigates interest rate risk on its term debt through a fixed interest rate. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt.

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# **FAMILY AND CHILDREN'S SERVICES OF LANARK, LEEDS AND GRENVILLE**

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025**

### **17. CONTINGENT LIABILITIES**

Due to the nature of the work, from time to time, the Society receives notice of legal claims seeking compensation and damages. While some do not get filed, some do, and the Society maintains liability insurance coverage to cover potential costs..

- (a) On August 12, 2022 the Society was served with a lawsuit. The plaintiff is claiming General Damages in the amount of \$2,000,000.
- (b) On February 23, 2024 the Society was served with a lawsuit. The plaintiff is is claiming General Damages in the amount of \$5,000,000; Aggravated Damages in the amount of \$250,000; Punitive Damages in the amount of \$1,000,000.
- (c) On June 7, 2024 the Society was served with a lawsuit. The plaintiff is claiming General Damages in the amount of \$35,000.
- (d) On July 10, 2024 the Society was served with a lawsuit. The plaintiff is claiming General Damages in the amount of \$5,000,000.
- (e) On August 27, 2024 the Society was served with a lawsuit. The plaintiff is claiming General Damages in the amount of \$4,250,000.
- (f) On August 27, 2024 the Society was served with an additional lawsuit. The plaintiff is claiming General Damages in the amount of \$4,250,000.

The claims are covered by the Society's liability insurance which would not however cover special, punitive, aggravated and exemplary damages, if any were to be awarded. Management intends to defend the claims. The outcome of these legal actions in not determinable as at the date of the audit report. Management would seek support from the funder in the event special, punitive, aggravated and exemplary damages are awarded.

It is not possible to determine the amount of the damage, if any, that will be assessed against the Society for the above claims. Accordingly, no provision for the possible losses have been included in these financial statements.