Non-Consolidated Financial Statements of

THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

And Independent Auditor's Report thereon

Year ended March 31, 2026

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the non-consolidated financial statements of The Catholic Children's Aid Society of Toronto (the Entity), which comprise:

- the non-consolidated statement of financial position as at March 31, 2026
- the non-consolidated statement of operations for the year then ended
- the non-consolidated statement of changes in net debt for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated 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 non-consolidated financial position of the Entity as at March 31, 2026, and its non-consolidated results of operations, its non-consolidated changes in net debt and its non-consolidated 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 Entity 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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor’s report thereon, included in Annual Report 2025/26.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor’s report thereon, included in the Annual Report 2025/26 as at the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor’s report.

We have nothing to report in this regard.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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.

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 Entity'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 Entity'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 Entity 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 23, 2026

THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Non-Consolidated Statement of Financial Position
(In thousands of dollars)

March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash	$ 8,029	$ 7,542
Accounts receivable	762	1,044
Government remittances receivables	754	804
Prepaid expenses and other assets	1,718	2,043
	11,263	11,433
Due from related party (note 3)	202	582
Capital assets, net (note 4)	5,299	6,103
	$ 16,764	$ 18,118
Liabilities and Net Debt		
Current liabilities:		
Accounts payable and accrued liabilities	$ 9,375	$ 7,967
Deferred contributions (note 5)	595	30
Current portion of loan payable (note 6)	962	593
	10,932	8,590
Employee future benefits and accrued liabilities (note 8)	26,670	27,570
Loan payable (note 6)	3,400	3,641
Deferred capital contributions (note 9)	22	23
Deferred lease inducement (note 10)	1,066	1,204
	42,090	41,028
Net debt	(25,326)	(22,910)
	$ 16,764	$ 18,118

Commitments and contingencies (notes 12 and 13)
Economic dependence (note 19)

See accompanying notes to non-consolidated financial statements.

On behalf of the Board:

Vanessa Cocco
_________________________ Chair

_________________________ Treasurer

THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Non-Consolidated Statement of Operations
(In thousands of dollars)

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

	2026	2025
Revenue:		
Province of Ontario (note 15)	$ 80,269	$ 80,977
Investment income and other revenue (note 3)	2,174	819
Grants (note 3)	1,484	1,642
Government of Canada children's special allowances	1,112	1,102
Amortization of deferred capital contributions (note 9)	1	1
	85,040	84,541
Expenses:		
Boarding rate payments	27,714	25,081
Child and family services:		
Salaries and employee benefits	39,919	40,109
Financial assistance, scholarships and special programs	2,604	2,407
Personal needs	876	824
Health and related	860	781
Travel	803	721
Professional services	330	555
	45,392	45,397
Administrative and infrastructure:		
Salaries and employee benefits	6,664	6,695
Information, technology and professional services	2,833	2,002
Building occupancy (note 10)	2,399	2,459
Office administration and other (note 6)	1,425	1,443
Amortization of capital assets	804	841
Training and recruitment	152	226
Promotion and publicity	58	49
Amortization of actuarial gains/losses and interest (note 8)	15	57
	14,350	13,772
Total expenses	87,456	84,250
Excess (deficiency) of revenue over expenses	$ (2,416)	$ 291

See accompanying notes to non-consolidated financial statements.

THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Non-Consolidated Statement of Changes in Net Debt
(In thousands of dollars)

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

	2026	2025
Net debt, beginning of year	$ (22,910)	$ (23,201)
Excess (deficiency) of revenue over expenses	(2,416)	291
Net debt, end of year	$ (25,326)	$ (22,910)

See accompanying notes to non-consolidated financial statements.

THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Non-Consolidated 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:		
Excess (deficiency) of revenue over expenses	$ (2,416)	$ 291
Items not involving cash:		
Loan interest	128	135
Amortization of capital assets	804	841
Amortization of deferred capital contributions	(1)	(1)
Deferred lease inducement	(138)	(138)
Change in non-cash operating working capital (note 18)	1,730	(2,757)
	107	(1,629)
Financing activities:		
Repayment of long-term debt	–	(1,260)
Investing activities:		
Repayment from (advances to) related party	380	(511)
Increase (decrease) in cash	487	(3,400)
Cash, beginning of year	7,542	10,942
Cash, end of year	$ 8,029	$ 7,542

See accompanying notes to non-consolidated financial statements.

The Catholic Children's Aid Society of Toronto (the "Society") was incorporated in October 1894 and operates as a corporation without share capital under the Corporations Act (Ontario). On behalf of the Catholic Community of Toronto, the Society is committed to provide social services that protect children and youth and strengthen family life. The Society provides these services in fulfillment of its mandate under the Child and Family Services Act. The Society derives substantially all of its funding from the Province of Ontario (Ministry of Children, Community and Social Services ("MCCSS")).

The Society is a registered charity under the Income Tax Act (Canada) and is, therefore, exempt from income taxes.

1. Significant accounting policies:

The non-consolidated financial statements of the Society are prepared in accordance with the Canadian public sector accounting standards, which sets out generally accepted accounting principles for government not-for-profit organizations in Canada. The Society has chosen to use the standards for not-for-profit organizations that include sections PS 4200 to PS 4270. The significant accounting policies are summarized below.

(a) Basis of presentation:

These non-consolidated financial statements include the assets, liabilities and activities of the Society. The Society controls The Catholic Children's Aid Foundation (the "Foundation"). The Society has chosen the accounting policy option to disclose the required information for the Foundation in note 17.

(b) Use of estimates:

The preparation of non-consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates. Significant estimates made by management are used for, but not limited to, the estimated useful life of capital assets, the liability for employee future benefits, vacation accrual, accumulated and non-vesting sick leave and contingent losses.

1. Significant accounting policies (continued):

(c) Contributed services:

Volunteers contribute a large number of hours per week to assist the Society in carrying out its activities. Despite the fact that without these volunteer hours certain activities would have to be cut back or possibly cancelled, and these services would not otherwise be purchased, the value of contributed services has not been recognized in these non-consolidated financial statements.

(d) Financial instruments:

The Society's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and loan payable.

Financial assets and liabilities are recognized when the Society becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights and obligations to receive or repay cash flows from the assets and liabilities have expired or have been transferred and the Society has transferred substantially all the risks and rewards of ownership.

The Society initially recognizes all its financial assets and liabilities at fair value and subsequently at amortized cost.

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.

(e) Revenue recognition:

The Society follows the deferral method of accounting for contributions, which includes grants and donations. Grants and bequests are recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Other donations and unrestricted contributions are recognized as revenue when received since pledges are not legally enforceable. Externally restricted contributions, except endowment contributions, are recorded as deferred contributions when initially received, and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets when received.

1. **Significant accounting policies (continued):**

Contributions of externally restricted capital assets are recorded as deferred capital contributions and are amortized to operations on the same basis as the related asset is amortized.

Revenue related to income from services rendered and interest income is recorded as it is earned.

Revenue from transactions with no performance obligations is recognized when the organization:

(i) has the authority to claim or retain an inflow of economic resources; and

(ii) identifies a past transaction or event that gives rise to an asset.

Unrestricted contributions are recognized as revenue of the appropriate fund when monies are receivable.

(f) Capital assets:

Capital assets are carried at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	25 years
Furniture and equipment	4 to 10 years
Computer hardware	3 years
Vehicles	5 years
Leasehold improvements	Over term of lease

1. Significant accounting policies (continued):

(g) Pension plan:

Contributions to multi-employer defined benefit pension plans are expensed on an accrual basis.

(h) Employee future benefits:

The Society provides certain employee benefits which create an obligation in future periods. These benefits include sick leave and employee recognition awards for active employees, certain specific benefits to past employees and life insurance, extended health and dental benefits for retirees. The costs of sick leave, employee recognition awards, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days, insurance and health care cost trends, long term inflation rates and discount rates. Under the accounting cost method, the benefit costs are recognized over the expected average service life of the employee. Actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life. The impact of plan amendments is immediately recognized.

(i) PS 1300, Government reporting entity:

The Society maintains cash and investments on behalf of children in trust. In accordance with PS 1300, Government Reporting Entity, these amounts are not included in these non-consolidated financial statements. The Society has chosen the accounting policy option to disclose the required information in note 2 and 14.

1. Significant accounting policies (continued):

(j) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended March 31, 2026, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of these standards on the future financial statements:

(i) The conceptual framework for financial reporting in the public sector was revised and 2024-2025 Annual Improvements to Public Sector Accounting Standards were issued. The PSAB approved amendments providing terminology updates to align various sections of the PSAS Handbook with PSAB's Conceptual Framework and Reporting Model. These revisions and amendments are effective for fiscal years beginning on or after April 1, 2026 (the Society's March 31, 2027 year end).

(ii) PS 1202, Financial Statement Presentation, will replace the current section PS 1201. This guideline is effective for fiscal years beginning on or after April 1, 2026 (the Society's March 31, 2027 year end).

(iii) PS 3251, Employee Benefits, will replace the current sections PS 3250 and PS 3255. The proposed section was recently approved, with an effective date of April 1, 2029 (the Society's March 31, 2030 year end). The new standard mandates a funding-status-based approach to discount rates and requires the use of year end actuarial measurements. The expected impact of adoption of the new standard to the Society's financial statements, due to the participation in the Ontario Municipal Employees Retirement System multi-employer pension plan currently accounted for as a defined contribution (see Note 11), will be enhanced disclosure requirements and the possibility of higher reported liabilities which have not yet been quantified.

(iv) PS 3150, Tangible Capital Assets. The PSAB has issued amendments related to PS 3150 in May 2025 as a result of implementing its Government Not-for-Profit Strategy, which incorporates the PS 4200 series into public sector accounting standards with potential customization. The amendments to this section are effective for fiscal periods beginning on or after April 1, 2030 (the Society's March 31, 2031 year end).

(In thousands of dollars)

1. Significant accounting policies (continued):

(v) PS 3155, Intangible Assets, will replace the current section PSG 8, Purchased Intangibles. The proposed section is currently pending final approval and an effective date for the proposed standard is currently not known.

2. Cash held for children in care:

The Society holds cash for children in care as directed by the Ministry of Children and Youth Services. These balances are not recorded in the non-consolidated financial statements for the Society due to the in-trust nature of these balances. These amounts were received by the Society from the following government programs:

	2026	2025
Child Tax Benefit	$ 1,925	$ 1,926
Ontario Child Benefit equivalent program	661	673
Other	141	135
	$ 2,727	$ 2,734

The Ontario Child Benefit equivalent program provides opportunities to children and youth in care to participate in recreational, educational, cultural, and social activities and establishes a savings program for youth in care with an objective to achieve better outcomes in higher education, a higher degree of resiliency and a smoother transition to adulthood.

The activity of the program is as follows:

	2026	2024
Balance, beginning of year	$ 673	$ 795
Amounts received	290	276
Disbursements	(302)	(398)
Balance, end of year (note 2)	$ 661	$ 673

3. Related party transactions with the Catholic Children’s Aid Foundation:

During the fiscal year ended March 31, 2021, as part of a restructuring, The Catholic Children's Aid Foundation (the "Foundation") transferred endowments, scholarship funds for children in care, as well as other related assets and liabilities to the Society. This was done with the intention for the Foundation to assume the operations of the charitable components for children that were previously administered by the Society.

Additionally, the Society and the Foundation entered into a gift agreement where the Society contributed the real estate function, all outstanding legal entitlements to the properties and operations as well as the related assets to the Foundation.

Donations made out to the Society or gift arrangements such as estate settlements or bequests are instructed to be redirected to the Foundation on the basis that the Foundation is the charitable arm of the Society since the restructuring. As part of this arrangement, the Foundation has also assumed the donor relations from the Society.

The Foundation is affiliated to the Society and relies on it to provide services related to Human Resources, Finance and Information Technology (IT). The Society and the Foundation exchange goods and services as determined by a service level agreement. These transactions occur in the normal course of business and are recorded at their exchange amounts, which is the amount agreed upon by the parties.

(a) Administrative:

Included in investment income and other revenue of the Society are charges for these services in the amount of $128 (2025 - $118).

(b) Use of the Foundation's properties:

The Society pays the Foundation for the right to use the properties to provide services to children in care. During the year $242 (2025 - $238) was paid for the use of properties.

3. Related party transactions with the Catholic Children’s Aid Foundation (continued):

(c) Other services:

During the year, the Foundation provided funds to the Society to support services to children in care, the amount of $550 (2025 - $472). The funds received were recorded under investment income and other revenue in the non-consolidated statement of operations of the Society. The related disbursements were included under financial assistance, scholarships and special programs in the non-consolidated statement of operations.

Additionally, the Foundation provided funds, in the amount of $1,484 (2025 - $1,642) for special projects. Investment income and other revenue includes $1,200 (2025 - nil) received as a one-time, unrestricted gift, as well as additional funding of $69.

(d) Due from related party:

As at the year end, the Society has a receivable from the Foundation of $202 (2025 - $582). The amount represents transactions that have occurred between the Society and Foundation during the normal course of operation. The due from related party is non-interest bearing and has no specified repayment term.

THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

4. Capital assets:

Capital assets consist of the following:

	2026		2025	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Buildings	$ 232	$ 211	$ 232	$ 210
Furniture and equipment	1,742	1,304	1,742	1,161
Computer hardware	490	447	490	426
Vehicles	40	40	40	40
Leasehold improvements	9,056	4,259	9,056	3,620
	11,560	6,261	11,560	5,457
Less accumulated amortization	6,261		5,457	
Net book value	$ 5,299		$ 6,103	

5. Deferred contributions:

Deferred contributions represent unspent externally restricted funding for various programs. The changes in the deferred contributions balance are as follows:

	2026	2025
Balance, beginning of year	$ 30	$ 98
Amounts received	119,955	87,186
Amounts spent	(119,390)	(87,254)
Balance, end of year	$ 595	$ 30

Amounts spent are recorded in Province of Ontario revenue and grants revenue.

(In thousands of dollars)

6. Loan payable:

On October 1, 2020, the Foundation issued a loan to the Society for the principal amount of $10,818. The loan is due on demand and bears interest at the rate of 3.3% per annum. Unless demand is made earlier, the loan shall be repaid no later than October 1, 2035.

During the year, a repayment in the amount of nil (2025 - $1,260) was made by the Society for the loan and interest. The Foundation has waived its right to demand repayment of $3,400 prior to April 1, 2027. The Foundation is an entity controlled by the Society and as a result the risk associated with this loan being called on demand is remote.

Interest expense of $128 (2025 - $135) is recognized in the non-consolidated statement of operations and included in office administration and other expenses.

The following table summarizes the mortgage principal and estimated interest payments for the next five years and thereafter:

Current portion	$ 962
Long-term portion	3,400
	$ 4,362

	Principal	Estimated interest	Total
2027	$ 962	$ 120	$ 1,082
2028	249	112	361
2029	257	104	361
2030	265	96	361
2031	274	87	361
Thereafter	2,355	276	2,631
	$ 4,362	$ 795	$ 5,157

(In thousands of dollars)

6. Loan payable (continued):

The current portion of $962 encompasses the $361 due for the year ended March 31, 2025, $361 due for the year ended March 31, 2026, and $240 for the year ending March 31, 2027.

As the Society controls the Foundation by way of common board members, repayments on the loan are made based on planning allocations and agreed upon parameters between the Society and the Foundation.

7. Credit facility:

The Society has an unsecured demand line of credit of $8,000. As at March 31, 2026, the Society has drawn nil (2025 - nil) on this line of credit.

8. Employee future benefits and accrued liabilities:

Employee future benefits and accrued liabilities, reported on the non-consolidated statement of financial position, are comprised of the following:

	2026	2025
Post retirement benefits	$ 20,758	$ 21,374
Non-vested sick leave benefits	2,820	2,858
Long service recognition	2,746	2,950
Other	346	388
	$ 26,670	$ 27,570

THE CATHOLIC CHILDREN'S AID SOCIETY OF TORONTO

Notes to Non-Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 2026

8. Employee future benefits and accrued liabilities (continued):

The benefit obligation continuity is as follows:

	Post-retirement benefits	Non-vested sick leave	Long service recognition	Other	2026 Total	2025 Total
Accrued benefit obligation						
Obligation, beginning of year	$ 13,774	$ 2,742	$ 2,551	$ 351	$ 19,418	$ 19,053
Current period benefit cost	209	217	69	–	495	642
Benefit payments	(668)	(356)	(337)	(48)	(1,409)	(1,337)
Interest on obligation	635	117	105	14	871	925
Expected obligation, end of year	13,950	2,720	2,388	317	19,375	19,283
Actuarial gain	(429)	(22)	(27)	(2)	(480)	134
Actual obligations, end of year	$ 13,521	$ 2,698	$ 2,361	$ 315	$ 18,895	$ 19,417
Benefit Expense:						
Current year benefit cost	$ 209	$ 217	$ 69	$ –	$ 495	$ 642
Amortization of actuarial gains	(789)	(16)	(42)	(8)	(855)	(867)
Post employment benefit expense	(580)	201	27	(8)	(360)	(225)
Post employment benefit interest expense	635	117	105	14	871	925
Total expense	$ 55	$ 318	$ 132	$ 6	$ 511	$ 700
Reconciliation between funded position						
Accrued benefit obligation	$ 13,521	$ 2,698	$ 2,361	$ 315	$ 18,895	$ 19,417
Unamortized actuarial gains	7,237	122	385	31	7,775	8,153
Accrued benefit liability	$ 20,758	$ 2,820	$ 2,746	$ 346	$ 26,670	$ 27,570

The following benefits provided by the Society are based on the most recent actuarial valuation as of March 31, 2026:

(a) Retiree benefits such as health, dental and life insurance to qualified retirees.

(b) Non-vested sick leave benefits which accumulate during employment and do not vest upon termination.

(In thousands of dollars)

8. Employee future benefits and accrued liabilities (continued):

(c) Employee recognition awards for long service employees which are received upon completing respective years of service. These awards include a paid leave of absence and other awards at service milestones.

(d) Other - discontinued post-employment supplements for former employees.

The significant assumptions used in the actuarial valuations are as follows:

	2026	2025
Discount rate	4.90%	4.90%
Inflation rate	2.00%	2.00%
Healthcare cost increases	6.00%	6.00%
Vision care	2.00%	2.00%
Dental care	4.50%	4.50%
Expected average remaining service life	11.7 years	11.7 years

9. Deferred capital contributions:

Deferred capital contributions represent unspent unamortized contributions received. Changes in the deferred capital contributions balance for the year are as follows:

	2026	2025
Balance, beginning of year	$ 23	$ 24
Less amortization of deferred capital contributions	1	1
Balance, end of year	$ 22	$ 23

(In thousands of dollars)

10. Deferred lease inducement:

The lease inducement relates to the lease agreement of 2206 Eglinton Avenue and is written off over the life of the lease.

Deferred lease inducement represents the balance of unamortized lease inducements accruing to the Society as at March 31, 2026. The balance will be amortized over the remaining term of the lease.

	2026	2025
Deferred lease inducement	$ 1,204	$ 1,342
Less:		
Amortization of deferred lease inducement	138	138
	$ 1,066	$ 1,204

Included in Building occupancy is a reduction of $138 (2025 - $138) for amortization of deferred lease inducement.

11. Pension plan:

Substantially all employees of the Society are eligible to be members of the Ontario Municipal Employees' Retirement Plan (the "Plan"), which is a multi-employer defined benefit pension plan. The Society makes contributions to the Plan. The Plan specifies the amount of the retirement benefit to be received by employees based on the length of service and rates of pay.

The most recent actuarial valuation of the Plan as of December 31, 2025 indicates the Plan has an unfunded liability. The Plan's funding deficit as at December 31, 2025 decreased to $1.3 billion (2024 - $2.9 billion). The Society is current with all payments to the Plan; therefore, there is neither a surplus nor a deficit with the pension plan contributions.

The Plan is accounted for as a defined contribution since the Society has insufficient information to apply defined benefit plan accounting. Employer contributions made to the Plan for the year amounted to $3,760 (2025 - $3,868) and are included in salaries and employee benefits expense in the non-consolidated statement of operations.

(In thousands of dollars)

12. Commitments:

The Society has entered into certain operating lease agreements for its premises and office equipment. The future minimum annual lease payments under these agreements are as follows:

In addition to minimum rentals, property leases generally provide for the payments of various operating costs.

2027	$ 1,087
2028	1,023
2029	993
2030	1,098
2031	1,098
Thereafter	3,020
	$ 8,319

13. Contingencies:

The Society has been named as co-defendant in lawsuits, some of which are not covered by insurance. Some of these actions remain at preliminary stages and, therefore, management and counsel are unable to provide estimates as to the outcomes of these claims. When a reasonable estimate can be determined regarding the outcome of a case, an appropriate reserve/liability, if required is reflected in the non-consolidated financial statements. Should the Society be found liable for any amount in addition to what has been determined by management as a result of such claims, such loss would be recorded in the year in which it is incurred. The Society has insurance to cover the majority of legal claims.

(In thousands of dollars)

14. Investments held for children in care:

A summary of amounts held in trust in Registered Education Savings Plans ("RESPs") and Registered Disability Savings Plans ("RDSPs") that are not recorded in these non-consolidated financial statements are as follows:

RESPs

	2026	2025
Total value of all RESPs, opening balance	$ 3,180	$ 2,990
Changes during the year:		
Contributions to RESPs	79	102
Canada Education Savings grants received	3	6
Canada Learning Bonds paid	(31)	(5)
Redemption of RESPs	(126)	(37)
Increase in investments	100	124
Total value of all RESPs, ending balance	$ 3,205	$ 3,180

RDSPs

	2026	2025
Total value of all RDSPs, opening balance	$ 503	$ 494
Increase in investments	6	9
Total value of all RDSPs, ending balance	$ 509	$ 503

(In thousands of dollars)

15. Province of Ontario revenue:

Included in revenue from the Province of Ontario is MCCSS Non-Child Welfare Programs:

					2026	2025
MCCSS Components	Child Welfare Community and Prevention Supports	Children's Development Services Community Support Services	Children's Provincial Initiatives	Community accommodation	Total	Total
MCCSS funding	$ 822	$ 70	$ 136	$ 1,287	$ 2,315	$ 1,463
Expenses:						
Salaries and benefits	240	70	122	–	432	204
Boarding rate payments	–	–	–	1,287	1,287	1,224
Supplies and equipment	–	–	14	–	14	22
Other program/service expenditure	519	–	–	–	519	13
Total expenses	759	70	136	1,287	2,252	1,463
Excess of revenue over expenses	$ 63	$ –	$ –	$ –	$ 63	$ –

The excess of revenue over expenses of $63 related to Child Welfare Community and Prevention Supports has been recorded in deferred contributions.

16. Financial instruments and risk management:

The Society's activities expose it to a range of financial risks. These risks include credit risk and liquidity risk.

(a) Credit risk:

Credit risk is the risk associated with the inability of a third party to fulfill payment obligations. The Society is exposed to credit risk in connection with its accounts receivable because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. This risk is mitigated by the stable operating environment in which the other party operates.

(In thousands of dollars)

16. Financial instruments and risk management (continued):

(b) Liquidity risk:

Liquidity risk refers to the Society's ability to meet financial obligations as they come due. The Society is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The Society derives a significant portion of its operating revenue from the Ontario government with no firm commitment of funding amounts in future years. This risk is mitigated by the stable operating environment in which the Province of Ontario operates.

Undiscounted contractual cash flows:

2026	Carrying value	Within 1 year	1-5 years	>5 years	Total
Accounts payable and accrued liabilities	$ 9,375	$ 9,375	$ –	$ –	$ 9,375
Loan payable	4,362	1,082	1,803	2,272	5,157
	$ 13,737	$ 10,457	$ 1,803	$ 2,272	$ 14,532

2025	Carrying value	Within 1 year	1-5 years	>5 years	Total
Accounts payable and accrued liabilities	$ 7,967	$ 7,967	$ –	$ –	$ 7,967
Loan payable	4,234	721	1,803	2,633	5,157
	$ 12,201	$ 8,688	$ 1,803	$ 2,633	$ 13,124

17. The Catholic Children's Aid Foundation:

The Foundation is an organization with a purpose to raise funds for the exclusive benefit of financial aid in the form of grants to the Society and partners, in addition to support for educational, enrichment and prevention programs for children, youth and families known to the Society.

(In thousands of dollars)

17. The Catholic Children's Aid Foundation (continued):

The Foundation became a registered charity on May 15, 2019 and began operations on April 1, 2020. As the Foundation is a registered charity, it is exempt from income taxes under the Income Tax Act (Canada). Control is exercised over the Foundation through a governance structure managed by the Society.

The summarized assets, liabilities, and results of operations for the Foundation are as follows:

	2026	2025
Financial position		
Total assets	$ 55,755	$ 56,761
Total liabilities	$ 1,577	$ 2,380
Accumulated remeasured gain	487	1,086
Unrestricted	51,125	50,769
Endowment	2,566	2,526
Total net assets	54,178	54,381
Total liabilities and net assets	$ 55,755	$ 56,761
Results of operations		
Total revenue	$ 5,602	$ 8,593
Total expenses	(5,246)	(3,855)
Excess (deficiency) of revenue over expenses	$ 356	$ 4,738
Cash flows		
Operating activities	$ (692)	$ 5,764
Financing activities	(380)	511
Investing activities	(2,227)	(2,760)
	$ (3,299)	$ 3,515

(In thousands of dollars)

18. Changes in non-cash operating working capital:

	2026	2025
Increase (decrease) in accounts receivable	$ 282	$ (352)
Decrease in government remittances receivables	50	74
Decrease in grants receivable from Province of Ontario	–	308
Decrease (increase) in prepaid expenses and other assets	325	(52)
Increase (decrease) in accounts payable and accrued liabilities	1,408	(2,030)
Increase (decrease) in deferred contributions	565	(68)
Decrease in employee future benefits and accrued liabilities	(900)	(637)
	$ 1,730	$ (2,757)

19. Economic dependence:

The Society is dependent on funding from the Province of Ontario (MCCSS) to meet its obligations and to finance its continued operations.