

**FIVE COUNTIES CHILDREN'S CENTRE**

**FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2026**

**FIVE COUNTIES CHILDREN'S CENTRE**

**FINANCIAL STATEMENTS**

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## **INDEPENDENT AUDITOR'S REPORT**

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### **To the Directors of Five Counties Children's Centre**

**www.bakertilly.ca**

#### *Qualified Opinion*

We have audited the financial statements of Five Counties Children's Centre (the Centre), which comprise the statement of financial position as at March 31, 2026, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

#### *Basis for Qualified Opinion*

In common with most not-for-profit organizations, Five Counties Children's Centre derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Centre. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donations revenue, excess (deficiency) of revenue over expenses, assets and fund balances, and cash flows from operations for the years ended March 31, 2026 and 2025 and assets and fund balances as at March 31, 2026 and 2025. Our opinion on the financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this scope limitation.

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

#### *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 Accounting Standards for Not-for-Profit Organizations, 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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

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

### *Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 16, 2026

# FIVE COUNTIES CHILDREN'S CENTRE

## STATEMENT OF FINANCIAL POSITION

As at March 31, 2026

	General Fund 2026 \$	Capital Asset Fund 2026 \$	Restricted Fund 2026 \$	Fundraising Fund 2026 \$	Total 2026 \$	Total 2025 \$
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	4,829,949	27,396	295,692	2,250,925	7,403,962	7,031,808
Investments (note 4)	-	-	-	1,307,836	1,307,836	1,152,707
Accounts receivable	178,931	-	-	-	178,931	304,788
Prepaid expenses	240,680	-	-	-	240,680	129,665
Interfund receivable (payable)	167,918	(202,672)	-	34,754	-	-
	5,417,478	(175,276)	295,692	3,593,515	9,131,409	8,618,968
<b>Long-term Assets</b>						
Tangible capital assets (note 3)	-	6,388,406	-	-	6,388,406	6,591,806
Investments (note 4)	-	-	-	423,278	423,278	325,794
Interfund investment (note 11)	-	(780,000)	-	780,000	-	-
	-	5,608,406	-	1,203,278	6,811,684	6,917,600
<b>TOTAL ASSETS</b>	5,417,478	5,433,130	295,692	4,796,793	15,943,093	15,536,568

The accompanying notes are an integral part of these financial statements

# FIVE COUNTIES CHILDREN'S CENTRE

## STATEMENT OF FINANCIAL POSITION, continued

As at March 31, 2026

	General Fund 2026 \$	Capital Asset Fund 2026 \$	Restricted Fund 2026 \$	Fundraising Fund 2026 \$	Total 2026 \$	Total 2025 \$
<b>LIABILITIES AND FUND BALANCES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued liabilities	583,375	-	-	-	583,375	584,814
Accrued vacation and overtime payable	284,976	-	-	6,792	291,768	302,660
Deferred revenue (note 7)	336,630	-	-	-	336,630	605,921
Amounts refundable (note 5)	3,327,661	-	-	-	3,327,661	2,976,976
Current portion of mortgage payable (note 6)	-	61,490	-	-	61,490	74,109
	4,532,642	61,490	-	6,792	4,600,924	4,544,480
<b>LONG TERM LIABILITIES</b>						
Mortgage payable (note 6)	-	-	-	-	-	61,490
<b>FUND BALANCES</b>						
Unrestricted	884,836	-	-	-	884,836	618,087
Invested in capital assets	-	5,344,244	-	-	5,344,244	5,473,535
Externally restricted (note 8)	-	-	295,692	1,478,336	1,774,028	1,792,775
Internally restricted	-	27,396	-	3,311,665	3,339,061	3,046,201
	884,836	5,371,640	295,692	4,790,001	11,342,169	10,930,598
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>5,417,478</b>	<b>5,433,130</b>	<b>295,692</b>	<b>4,796,793</b>	<b>15,943,093</b>	<b>15,536,568</b>

The accompanying notes are an integral part of these financial statements

# FIVE COUNTIES CHILDREN'S CENTRE

## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the Year Ended March 31, 2026

	General Fund 2026 \$	Capital Asset Fund 2026 \$	Restricted Fund 2026 \$	Fundraising Fund 2026 \$	Total 2026 \$	Total 2025 \$
<b>Revenue</b>						
Ministry of Children, Community and Social Services (MCCSS) - Rehabilitation Services	9,538,037	51,616	-	-	9,589,653	9,762,214
MCCSS - Preschool Speech & Language, Coordinated Service Planning and Ontario Autism Program	2,182,644	-	-	-	2,182,644	1,961,861
City of Peterborough - Family and Child Care (note 10)	2,682,309	-	-	-	2,682,309	2,474,130
County of Northumberland (note 9)	1,381,487	-	-	-	1,381,487	1,302,760
Urgent Response program	236,442	-	-	-	236,442	142,754
Infant Hearing and Blind Low Vision program	107,936	-	-	-	107,936	103,434
Other	235,529	-	-	-	235,529	324,055
Investment income	203,705	-	-	160,105	363,810	379,373
Fundraising and donations	-	-	85,958	661,325	747,283	2,141,073
<b>Total revenue</b>	<b>16,568,089</b>	<b>51,616</b>	<b>85,958</b>	<b>821,430</b>	<b>17,527,093</b>	<b>18,591,654</b>
<b>Expenses</b>						
Treatment	13,556,863	-	110,872	-	13,667,735	13,074,774
Administration	1,516,662	-	-	478,245	1,994,907	2,025,585
Plant operations and maintenance	717,118	15,922	-	16,422	749,462	804,318
Amortization	-	254,708	-	-	254,708	253,754
Information technology and communication	446,758	-	-	1,952	448,710	462,716
<b>Total expenses</b>	<b>16,237,401</b>	<b>270,630</b>	<b>110,872</b>	<b>496,619</b>	<b>17,115,522</b>	<b>16,621,147</b>
<b>Excess (Deficiency) of Revenue over Expenses Before Transfers for the Year</b>	<b>330,688</b>	<b>(219,014)</b>	<b>(24,914)</b>	<b>324,811</b>	<b>411,571</b>	<b>1,970,507</b>
<b>Interfund Transfers During The Year (note 11)</b>	<b>(63,939)</b>	<b>89,723</b>	<b>-</b>	<b>(25,784)</b>	<b>-</b>	<b>-</b>
<b>Change in Fund Balances</b>	<b>266,749</b>	<b>(129,291)</b>	<b>(24,914)</b>	<b>299,027</b>	<b>411,571</b>	<b>1,970,507</b>
<b>FUND BALANCES</b>						
<b>- beginning of year</b>	<b>618,087</b>	<b>5,500,931</b>	<b>320,606</b>	<b>4,490,974</b>	<b>10,930,598</b>	<b>8,960,091</b>
<b>FUND BALANCES - end of year</b>	<b>884,836</b>	<b>5,371,640</b>	<b>295,692</b>	<b>4,790,001</b>	<b>11,342,169</b>	<b>10,930,598</b>

The accompanying notes are an integral part of these financial statements

# FIVE COUNTIES CHILDREN'S CENTRE

## STATEMENT OF CASH FLOWS For the Year Ended March 31, 2026

	2026	2025
	\$	\$
<b>CASH PROVIDED FROM (USED FOR):</b>		
<b>Operating Activities</b>		
Excess (Deficiency) of revenue over expenses	411,571	1,970,507
Non-cash charges to operations		
Unrealized gain on investments	100,737	41,049
Amortization	254,708	253,754
	<u>767,016</u>	<u>2,265,310</u>
Changes in non-cash working capital items		
Accounts receivable	125,857	(99,320)
Prepaid expenses	(111,013)	28,561
Deferred revenue	(269,291)	291,251
Accounts payable and accrued liabilities	(12,331)	13,791
Amounts refundable	350,685	360,736
	<u>83,907</u>	<u>595,019</u>
Net increase in cash from operating activities	<u>850,923</u>	<u>2,860,329</u>
<b>Investing Activities</b>		
Purchase of tangible capital assets	(51,308)	(659,482)
Purchase of investments	(582,072)	(605,330)
Redemption of investments	228,720	323,791
Net decrease in cash from investing activities	<u>(404,660)</u>	<u>(941,021)</u>
<b>Financing Activities</b>		
Repayment of mortgage payable	(74,109)	(401,398)
Change in cash	372,154	1,517,910
Cash - beginning of year	<u>7,031,808</u>	<u>5,513,898</u>
Cash - end of year	<u>7,403,962</u>	<u>7,031,808</u>

The accompanying notes are an integral part of these financial statements

# FIVE COUNTIES CHILDREN'S CENTRE

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2026

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### 1. NATURE OF OPERATIONS

Five Counties Children's Centre ('the Centre') is a non-profit outpatient treatment centre, which provides therapy and support services to children and youth with physical, developmental and communication needs and their families. The Centre provides services in the City of Peterborough, County of Peterborough, County of Northumberland, County of Haliburton and the City of Kawartha Lakes. The Centre was incorporated on March 21, 1972 without share capital and commenced operations in July 1975.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. Significant aspects of the accounting policies are as follows:

#### (a) *Fund accounting*

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Centre, the accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting purposes into funds that are in accordance with particular activities or objectives specified.

These funds are classified as follows:

- (i) General fund - accounts for the Centre's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants;
- (ii) Capital asset fund - includes the Centre's assets, liabilities, revenue and expenses related to the capital and restricted resources for capital purchases;
- (iii) Restricted fund - reports only restricted resources that are used for program operating purposes; and
- (iv) Fundraising Fund (FRF) - includes the Centre's assets, liabilities, revenue and expenses related to fundraising activities, and is comprised of four sub-funds: Endowment, Donations, Gaming, and Fulford & Kahn.

#### (b) *Income taxes*

The Centre qualifies as a non-profit organization as defined by the Federal and Ontario Income Tax Acts and, as such, is not subject to federal and provincial income taxes.

# FIVE COUNTIES CHILDREN'S CENTRE

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2026

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### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) *Recognition of revenue*

The Centre follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the general fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received.

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

Unrestricted donations from individual donors and from other fundraising activities are recognized as revenue of the Fundraising Fund (FRF) when received. Interest and dividend investment income derived from Endowment assets is recognized as revenue of the FRF fund when earned.

Investment income is recognized as revenue of the general fund when earned.

The Centre claims each year from The Ministry of Children, Community and Social Services and from the City of Peterborough and County of Northumberland grants equivalent to its net allowable operating costs. While these claims for allowable operating costs are recorded as income in the current year, the reimbursement for the costs is dependant ultimately upon their acceptance by the funders. Any reduction in the amounts claimed, upon final settlement, is reflected in that year as an adjustment to revenue.

(d) *Contributed services*

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

(e) *Amounts refundable*

Amounts refundable represents grants which have been received but for which the allowable program expenditures have yet to be spent and are refundable if the allowable program expenditures are not spent in accordance with the funding agreements. These amounts are recognized as revenue in the fiscal period the services are performed.

(f) *Tangible capital assets*

Tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. The Centre provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Site services	20 years
Building service equipment	15 years
Leaseholds	15 years
Buildings	50 years
Minor equipment	5 years
Major equipment	10 years

# FIVE COUNTIES CHILDREN'S CENTRE

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2026

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### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (g) *Management estimates*

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations 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 date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, useful lives of tangible capital assets and amortization. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

#### (h) *Financial instruments*

##### (i) Measurement

The Centre initially measures its financial assets and financial liabilities at fair value adjusted by the amount of transaction costs directly attributable to the instrument.

The Centre subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, accrued vacation and overtime payable, amounts refundable and mortgage payable.

Financial assets measured at fair value include investments.

##### (ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations.

#### (i) *Cloud computing arrangements*

The Centre applies the simplification approach to account for the costs for cloud computing arrangements. The cost of these services are expensed as incurred.

# FIVE COUNTIES CHILDREN'S CENTRE

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2026

### 3. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	Cost	Accumulated	Net Book Value	
	\$	\$	2026	2025
			\$	\$
Land	770,056	-	770,056	770,056
Site services	1,123,636	432,573	691,063	699,284
Building service equipment and leaseholds	1,077,162	852,077	225,085	250,590
Buildings	7,570,100	2,914,518	4,655,582	4,802,622
Minor equipment	2,831,286	2,810,497	20,789	40,194
Major equipment	245,860	220,029	25,831	29,060
	13,618,100	7,229,694	6,388,406	6,591,806

### 4. INVESTMENTS

Investments consist of the following:

	Market Value 2026	Market Value 2025
	\$	\$
<b>Short term investments</b>		
Mutual funds, bonds, debentures and equities managed by RBC Dominion Securities	1,307,836	1,152,707
<b>Long-term investments</b>		
Bonds and debentures managed by RBC Dominion Securities	423,278	325,794
	1,731,114	1,478,501

Interest rates on investments managed by RBC Dominion Securities range from 0.50% to 5.10%. Fair value is equal to stated market value.

### 5. AMOUNTS REFUNDABLE

Amounts refundable consists of the following:

	2026	2025
	\$	\$
City of Peterborough	2,871,242	2,616,300
County of Northumberland	456,419	360,676
	3,327,661	2,976,976

# FIVE COUNTIES CHILDREN'S CENTRE

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2026

### 6. MORTGAGE PAYABLE

Mortgage payable consists of the following:

	2026	2025
	\$	\$
Mortgage secured by a General Assignment of Rents, principal repayments required in monthly installments of \$6,663 bearing interest at 5.73% per annum, due January 30, 2027.	61,490	135,599
Less principal payments due within one year	(61,490)	(74,109)
Due beyond one year	-	61,490

The principal and interest payments due in the remaining year.

	Principal	Interest	Total
	\$	\$	\$
2027	61,490	1,550	63,040

### 7. DEFERRED REVENUE

Included in deferred revenue are the following amounts:

	2026	2025
	\$	\$
Northumberland workforce	75,000	400,558
Other	6,880	62,416
City of Peterborough	254,750	142,947
	336,630	605,921

### 8. EXTERNALLY RESTRICTED FUNDS

Externally Restricted Funds consist of the following

	Restricted Fund	Fundraising Fund	Total	Total
	2026	2026	2026	2025
	\$	\$	\$	\$
Endowment	-	1,372,853	1,372,853	1,367,441
Gaming	-	57,362	57,362	55,758
Fulford and Kahn trusts	-	48,121	48,121	48,970
Other donations	295,692	-	295,692	320,606
	295,692	1,478,336	1,774,028	1,792,775

# FIVE COUNTIES CHILDREN'S CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended March 31, 2026

### 9. COUNTY OF NORTHUMBERLAND SUBSIDIES

The County of Northumberland has requested that organizations providing child care services disclose subsidy information on a calendar year basis. This information for Five Counties Children's Centre with respect to the calendar year 2025 compared to the fiscal year 2026, is as follows:

	Calendar 2025 \$	Fiscal 2025-2026 \$
Regular program	1,109,556	1,552,230
Unused regular program	-	(170,743)
	1,109,556	1,381,487

### 10. CITY OF PETERBOROUGH SUBSIDIES

The City of Peterborough has requested that organizations providing child care services disclose subsidy information on a calendar year basis. This information for Five Counties Children's Centre with respect to the calendar year 2025 compared to the fiscal year 2026, is as follows:

	Calendar 2025 \$	Fiscal 2025-2026 \$
Special Needs Resourcing - Core Funding	2,660,000	2,610,000
Capacity Building - Core Funding	177,100	177,100
Workforce strategy	319,468	207,665
Wage subsidy	84,542	84,542
Pay equity	20,975	20,975
EF expenses	(42,006)	(163,031)
Previous years' unused funds expensed in current year	-	(254,942)
	3,220,079	2,682,309

# FIVE COUNTIES CHILDREN'S CENTRE

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2026

### 11. INTERFUND TRANSFERS AND INTERFUND LOANS DURING THE YEAR

The interfund transfers during the year are as follows:

	General Fund \$	Capital Asset Fund \$	Restricted Fund \$	Fundraising Fund \$
From general fund - mortgage payments	(79,953)	79,953	-	-
From fundraising fund	25,784	-	-	(25,784)
From general fund - capital purchases	(9,770)	9,770	-	-
	(63,939)	89,723	-	(25,784)

There is a \$780,000 (2025 - \$880,000) investment from the Endowment Fund made to the Capital Asset Fund and this investment represents the Endowment Fund's investment in the Cobourg property. There was a repayment of \$100,000 during the year.

### 12. ALLOCATED EXPENSES

The Centre uses a centralized cost allocation method similar to other comparable centres. Administrative, occupancy costs, information technology and communication are allocated to program operations based on the negotiated amounts, approved by either the funding source (Ministry or Municipality) or by the contracted agency (Access Centre).

### 13. PENSION PLAN

Substantially all of the full-time and some part-time employees of the Centre are eligible to be members of the Healthcare of Ontario Pension Plan ('HOOPP'), which is a multi-employer final average pay contributory pension plan. Employer contributions made to the plan by the Centre during the year amounted to \$954,532 (2025 - \$894,384), while employee contributions amounted to \$757,563 (2025 - \$709,827). The Centre's employer contributions are included in the employee benefits expense in the statement of operations. The most recent valuation for financial reporting purposes completed by HOOPP as of December 31, 2025 disclosed net assets available for benefits of \$131,936 million with pension obligations of \$120,833 million, resulting in a surplus of \$11,103 million. As HOOPP is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of member organizations and their employees. As a result, the Centre does not recognize any share of the HOOPP surplus or deficit.

# FIVE COUNTIES CHILDREN'S CENTRE

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2026

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### 14. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. The Centre is not subject to significant cash flow or concentration risk.

#### (a) Interest rate and market risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if market interest rates fall and conversely fall when rates rise.

The Centre has interest rate exposure on its investments and mortgage payable. This exposure is low on the fixed-rate mortgage payable. This exposure is moderate on the fixed-rate bonds and mutual funds held in the Fundraising Fund as these holdings have medium to long-term maturity dates.

Price risk is the risk that the value of financial instruments will fluctuate due to changes in market values. In the opinion of management, there is moderate price risk on the equity instruments held in the Fundraising Fund, having a market value of \$1,168,521 as at March 31, 2026 (2025 - \$1,004,998).

#### (b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

The Centre has credit risk related to accounts receivable which amounts to \$178,931 (2025 - \$304,788).

In the opinion of management, the credit risk exposure to the Centre is low as most of the receivables are due from various levels of government.

#### (c) Currency risk

Currency risk is the risk that the exchange rates of foreign currencies versus the Canadian dollar (CAD) will change, causing a fluctuation in the CAD value of financial instruments denominated in other currencies.

The Centre has currency risk related to its holdings of foreign-currency-denominated financial instruments in the Endowment investment portfolio. As at March 31, 2026, the total value of such holdings at current exchange rates is \$160,268 (2025 - \$151,420).

# FIVE COUNTIES CHILDREN'S CENTRE

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended March 31, 2026

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### 14. FINANCIAL INSTRUMENTS, continued

#### (d) Liquidity risk

Liquidity risk is the risk that the Centre cannot repay its obligations when they become due to its creditors.

The Centre has liquidity risk related to accounts payable and accrued liabilities, accrued vacation pay and overtime payable, amounts refundable and mortgage payable of \$4,264,294 (2025 - \$4,000,049).

The Centre reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains an adequate amount of cash to cover operating expenses.

In the opinion of management the liquidity risk exposure to the Centre is low and is not material.

### 15. CONTINGENCY

Five Counties Children's Centre entered into an agreement with the Ministry of Children, Community and Social Services, for the purchase of 800 Division Street, Cobourg. The proportionate share of the Ministry is 63%, while Five Counties is 37%. Should the Centre decide to offer it for sale in the future, these proportions would then be applied to all proceeds.

### 16. SUBSEQUENT EVENTS

On April 30, 2026, Five Counties Children Centre acquired a parcel of land at a cost of \$1,100,000. During the year a deposit of \$100,000 was paid and is included in prepaid expenses on the statement of financial position. Of the total acquisition cost, \$100,000 will be financed using the Centre's internal resources. The balance was funded through a new non-revolving demand loan. This loan, totaling \$1,019,286, was obtained subsequent to year-end.

### 17. CLOUD COMPUTING ARRANGEMENTS

During the year the Centre has utilized cloud computing arrangements for Office 365, 2 client information systems and a donor information system for the purpose of operating software and storage capabilities for a total of \$133,853 (2025 - \$105,421). These costs are reported in the technology and communication expense line on the statement of operations.