

**Children's Treatment Centre of Chatham-Kent**  
**Financial Statements**  
*March 31, 2026*

# Children's Treatment Centre of Chatham-Kent Contents

*For the year ended March 31, 2026*

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To the Board of Directors of Children's Treatment Centre of Chatham-Kent:

## Opinion

We have audited the financial statements of Children's Treatment Centre of Chatham-Kent (the "Centre"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the 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 Opinion

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

Wallaceburg, Ontario

June 15, 2026

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

# Children's Treatment Centre of Chatham-Kent Statement of Financial Position

As at March 31, 2026

	General Fund	Capital Asset Fund	2026	2025
<b>Assets</b>				
<b>Current</b>				
Cash and bank	1,023,192	9,411,560	10,434,752	8,629,855
Investments (Note 3)	272,038	-	272,038	245,413
Accounts receivable	544,936	3,050,416	3,595,352	2,077,587
Due from Foundation (Note 4)	37,637	136,972	174,609	688,483
Prepaid expenses	122,506	-	122,506	128,412
Interfund balance (Note 5)	1,143,613	(1,143,613)	-	-
	<b>3,143,922</b>	<b>11,455,335</b>	<b>14,599,257</b>	<b>11,769,750</b>
<b>Long-term investments (Note 3)</b>	<b>491,000</b>	<b>-</b>	<b>491,000</b>	<b>485,000</b>
<b>Capital assets (Note 6)</b>	<b>-</b>	<b>35,892,637</b>	<b>35,892,637</b>	<b>17,320,702</b>
	<b>3,634,922</b>	<b>47,347,972</b>	<b>50,982,894</b>	<b>29,575,452</b>
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities (Note 7)	2,304,189	3,044,979	5,349,168	4,755,287
Deferred contributions (Note 8)	90,755	-	90,755	102,309
	<b>2,394,944</b>	<b>3,044,979</b>	<b>5,439,923</b>	<b>4,857,596</b>
<b>Deferred capital contributions (Note 9)</b>	<b>-</b>	<b>43,212,717</b>	<b>43,212,717</b>	<b>22,196,844</b>
	<b>2,394,944</b>	<b>46,257,696</b>	<b>48,652,640</b>	<b>27,054,440</b>
<b>Commitments (Note 12)</b>				
<b>Fund balances</b>				
Invested in capital assets	-	1,090,276	1,090,276	1,061,629
Internally restricted (Note 10)	67,685	-	67,685	67,685
Unrestricted	1,172,293	-	1,172,293	1,391,698
	<b>1,239,978</b>	<b>1,090,276</b>	<b>2,330,254</b>	<b>2,521,012</b>
	<b>3,634,922</b>	<b>47,347,972</b>	<b>50,982,894</b>	<b>29,575,452</b>

Approved on behalf of the Board

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Director

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Director

The accompanying notes are an integral part of these financial statements

# Children's Treatment Centre of Chatham-Kent Statement of Operations

For the year ended March 31, 2026

	General Fund	Capital Asset Fund	2026	2025
<b>Revenue</b>				
Core program funding	3,281,046	-	3,281,046	3,393,300
School Based Rehab	1,867,478	-	1,867,478	1,788,881
Ontario Autism Program	1,610,808	-	1,610,808	1,603,932
Early Words	571,168	-	571,168	572,592
Other revenue	527,390	-	527,390	486,030
Special needs funding	359,248	-	359,248	344,536
Special needs funding (Municipal)	141,000	-	141,000	141,000
Amortization of deferred capital contributions (Note 9)	-	93,848	93,848	82,307
Skills Development program	76,393	-	76,393	70,442
Respite programs	71,680	-	71,680	71,680
Investment income	32,148	-	32,148	31,277
	<b>8,538,359</b>	<b>93,848</b>	<b>8,632,207</b>	<b>8,585,977</b>
<b>Expenses</b>				
Salaries and benefits	6,675,296	-	6,675,296	6,484,888
Operations	1,575,058	-	1,575,058	1,632,185
Other expenses	257,410	-	257,410	292,940
Amortization	-	65,201	65,201	125,865
	<b>8,507,764</b>	<b>65,201</b>	<b>8,572,965</b>	<b>8,535,878</b>
<b>Excess of revenue over expenses before other items</b>	<b>30,595</b>	<b>28,647</b>	<b>59,242</b>	<b>50,099</b>
<b>Other items</b>				
Contributions from community partners (Note 4)	400,000	-	400,000	-
Contribution to Children's Treatment Centre Foundation of Chatham-Kent (Note 4)	(650,000)	-	(650,000)	-
	<b>(250,000)</b>	<b>-</b>	<b>(250,000)</b>	<b>-</b>
<b>(Deficiency) excess of revenue over expenses</b>	<b>(219,405)</b>	<b>28,647</b>	<b>(190,758)</b>	<b>50,099</b>

The accompanying notes are an integral part of these financial statements

## Children's Treatment Centre of Chatham-Kent Statement of Changes in Net Assets

*For the year ended March 31, 2026*

	<i>Internally restricted</i>	<i>Unrestricted</i>	<i>Invested in Capital Assets</i>	<b>2026</b>	<b>2025</b>
<b>Balance, beginning of year</b>	67,685	1,391,698	1,061,629	2,521,012	2,470,913
<b>(Deficiency) excess of revenue over expenses</b>	-	(219,405)	28,647	(190,758)	50,099
	<b>67,685</b>	<b>1,172,293</b>	<b>1,090,276</b>	<b>2,330,254</b>	<b>2,521,012</b>
<b>Investment in capital assets</b>	-	-	18,637,136	18,637,136	13,086,414
<b>Deferred capital contributions (Note 9)</b>	-	-	(21,109,721)	(21,109,721)	(15,281,666)
<b>Transfers from deferred contributions to deferred capital contributions (Note 8)</b>	-	-	-	-	(4,947)
<b>Funds received and receivable</b>	-	-	2,472,585	2,472,585	2,200,199
<b>Balance, end of year</b>	<b>67,685</b>	<b>1,172,293</b>	<b>1,090,276</b>	<b>2,330,254</b>	<b>2,521,012</b>

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

**Children's Treatment Centre of Chatham-Kent**  
**Statement of Cash Flows**  
*For the year ended March 31, 2026*

	<b>2026</b>	<b>2025</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
(Deficiency) excess of revenue over expenses	<b>(190,758)</b>	50,099
Amortization	<b>65,201</b>	125,865
Amortization of deferred capital contributions	<b>(93,848)</b>	(82,307)
	<b>(219,405)</b>	93,657
Changes in working capital accounts		
Accounts receivable	<b>(1,517,765)</b>	1,345,651
Prepaid expenses	<b>5,906</b>	12,019
Accounts payable and accrued liabilities	<b>593,880</b>	3,128,612
Deferred contributions	<b>(11,554)</b>	30,909
Due from Foundation	<b>513,875</b>	-
	<b>(635,063)</b>	4,610,848
<b>Financing</b>		
Deferred capital contributions	<b>21,109,721</b>	15,281,666
<b>Investing</b>		
Purchase of investments - net	<b>(32,625)</b>	(26,414)
Purchase of capital assets	<b>(18,637,136)</b>	(13,086,415)
	<b>(18,669,761)</b>	(13,112,829)
<b>Net increase in cash and bank</b>	<b>1,804,897</b>	6,779,685
<b>Cash and bank, beginning of the year</b>	<b>8,629,855</b>	1,850,170
<b>Cash and bank, end of the year</b>	<b>10,434,752</b>	8,629,855

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

# Children's Treatment Centre of Chatham-Kent

## Notes to the Financial Statements

For the year ended March 31, 2026

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### 1. Incorporation and nature of the organization

Children's Treatment Centre of Chatham-Kent (the "Centre") is a non-profit organization incorporated without share capital under the Corporations Act of Ontario. The Centre's principal activities include audiology and children's rehabilitation.

The Centre is a registered charity under the Income Tax Act, and, as such, is exempt from income taxes provided certain requirements of the Income Tax Act are met and may issue income tax receipts to donors.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### ***Fund accounting***

The Centre follows the deferral method of accounting for contributions and reports using fund accounting, and maintains two funds, the General Fund and Capital Asset Fund.

The General Fund reports the Centre's revenue and expenses related to program delivery and administrative activities.

The Capital Asset Fund reports the Centre's assets, liabilities, revenue and expenses related to Children's Treatment Centre of Chatham-Kent's capital assets and building expansion campaign.

#### ***Revenue recognition***

The Centre uses the deferral method of accounting for contributions and reports on a fund accounting basis.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized in the appropriate deferred fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue in the General Fund when earned.

#### ***Deferred contributions related to capital assets***

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Centre's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

#### ***Capital assets***

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. Amortization is reported in the Capital Asset Fund.

Amortization is not recorded until the asset acquired is available for its intended use.

Buildings	40 years
Equipment	5-10 years
Land improvements	12.5 years

#### ***Contributed services***

Contributed materials and services are not recognized in the financial statements.

# Children's Treatment Centre of Chatham-Kent

## Notes to the Financial Statements

For the year ended March 31, 2026

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### 2. Significant accounting policies (Continued from previous page)

#### **Financial instruments**

The Centre recognizes financial instruments when the Centre becomes party to the contractual provisions of the financial instrument.

#### **Arm's length financial instruments**

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Centre may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Centre has made such an election during the year. Fair value is determined by recent arm's length transactions.

The Centre subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Centre's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in (deficiency) excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

#### **Related party financial instruments**

The Centre initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Centre may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Centre subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in (deficiency) excess of revenues over expenses.

# Children's Treatment Centre of Chatham-Kent

## Notes to the Financial Statements

For the year ended March 31, 2026

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### 2. Significant accounting policies (Continued from previous page)

#### **Financial instruments** (Continued from previous page)

##### **Financial asset impairment**

The Centre assesses impairment of all its financial assets measured at cost or amortized cost. The Centre groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group, there are numerous assets affected by the same factors or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty and whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Centre determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Centre reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Centre reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Centre reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year (deficiency) excess of revenues over expenses.

The Centre reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in (deficiency) excess of revenues over expenses in the year the reversal occurs.

##### **Use of 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 reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in (deficiency) excess of revenues over expenses in the years in which they become known.

##### **Customer's accounting for cloud computing arrangement**

The Centre has applied the simplification approach to account for expenditures in a cloud computing arrangement. Under the simplification approach, the Centre recognizes expenditures related to the elements in the cloud computing arrangement as an expense as incurred. In the current year and prior year, the Centre has no cloud computing arrangements.

# Children's Treatment Centre of Chatham-Kent

## Notes to the Financial Statements

*For the year ended March 31, 2026*

### 3. Investments

Investments in the General Fund are comprised of the following:

	2026	2025
Guaranteed investment certificates and other fixed income investments, average yield of 4.20% (2025 - 4.49%), maturing between April 2026 and October 2028 (2025 - April 2025 and January 2028)	<b>763,038</b>	730,413
Less: investments maturing in one year	<b>272,038</b>	245,413
	<b>491,000</b>	485,000

### 4. Related party transactions

During the current year, the Children's Treatment Centre of Chatham-Kent collected funds and paid for expenditures on behalf of the Children's Treatment Centre Foundation of Chatham-Kent. These transactions are in the normal course of operations and are measured at the carrying value. As at March 31, 2026, the Centre has a receivable of \$174,609 (2025 - \$38,483) from the Children's Treatment Centre Foundation of Chatham-Kent. There are no fixed repayment terms or security.

In the 2020 fiscal year, the Centre transferred \$250,000 to the Children's Treatment Centre Foundation of Chatham-Kent ("Foundation") to facilitate the purchase of land for the eventual construction of a new facility. In the 2022 fiscal year, the land for the new facility was transferred from the Foundation to the Centre. The funds have remained on deposit with the Foundation to assist with the funding of construction costs of the new facility.

In the 2023 fiscal year, the Centre received \$400,000 from community partners to assist with the construction of the new facility. The amount received was recorded as a deferred capital contribution.

All amounts described in the two preceding paragraphs were to be repaid by the Foundation if the new Facility project did not move forward. The Centre would have also repaid the community partners their initial support if this had occurred. In fiscal 2026, it is clear that the new facility project has moved forward with occupancy scheduled for some time in fiscal 2027. As a result, these amounts have been recognized in the current year as income and expense. Accordingly, as at March 31st, 2026, the Centre has a receivable of \$NIL (2025 - \$650,000) related to these funds.

### 5. Interfund transactions

This interfund amount represents amounts owing to the General Fund by the building and equipment fund for capital assets paid for by the general fund. The balance is expected to be settled when funds received in the building and equipment fund through fundraising or grants are available to transfer to the General Fund.

### 6. Capital assets

	Cost	Accumulated amortization	2026 Net book value
Land - new Centre	1,126,108	-	1,126,108
Buildings	2,871,637	2,424,771	446,866
Equipment	1,906,509	1,725,054	181,455
Land improvements	225,686	225,686	-
Construction in progress - new Centre	34,138,208	-	34,138,208
	<b>40,268,148</b>	<b>4,375,511</b>	<b>35,892,637</b>

# Children's Treatment Centre of Chatham-Kent

## Notes to the Financial Statements

*For the year ended March 31, 2026*

**6. Capital assets** *(Continued from previous page)*

	Cost	Accumulated amortization	2025 Net book value
Land - new Centre	1,126,108	-	1,126,108
Buildings	2,853,826	2,411,872	441,954
Equipment	1,885,721	1,672,752	212,969
Land improvements	225,686	225,686	-
Construction in progress - new Centre	15,539,671	-	15,539,671
	<b>21,631,012</b>	<b>4,310,310</b>	<b>17,320,702</b>

The land was purchased by funds provided by the Ontario Ministry of Children, Community and Social Services and is to be used for a new Centre location. A restriction on the land title requires written consent of the Ministry for a transfer or charge of the land.

Construction in progress consists of costs to date related to the construction of the new Centre location.

**7. Accounts payable and accrued liabilities**

Included in accounts payable and accrued liabilities is \$61,337 (2025 - 46,800) in government remittances payable.

**8. Deferred contributions**

Deferred contributions consist of funds received from organizations and individuals to be used exclusively for the specialized assessment and treatment services of Centre clients as well as funding received for specific programs and other specified grants.

	2026	2025
Balance at beginning of year	102,309	76,347
Funds transferred to deferred capital contributions (Note 9)	-	(4,947)
Amounts received for specific programs and uses	37,811	77,493
Less: funds spent or repaid	(49,365)	(46,584)
Balance at end of year	<b>90,755</b>	102,309

The outstanding specified programs and services related to the above contributions have varying dates of completion.

**9. Deferred capital contributions**

Deferred capital contributions related to capital assets represents the unamortized portion of grants and donations received for the purchase of capital assets.

	2026	2025
Balance at beginning of year	22,196,844	6,992,538
Additional capital contributions	21,109,721	15,281,666
Plus: transfers from deferred contributions (Note 8)	-	4,947
Less: amounts amortized to revenue	(93,848)	(82,307)
Balance at end of year	<b>43,212,717</b>	22,196,844

# Children's Treatment Centre of Chatham-Kent

## Notes to the Financial Statements

*For the year ended March 31, 2026*

### 10. Internally restricted net assets

The Board of Directors has internally restricted the General Fund as follows:

	2026	2025
Employee Donations - Jeans Day	1,748	1,748
Fitness Fun Campaign	65,937	65,937
	67,685	67,685

These internally restricted amounts are not available for unrestricted purposes without approval of the Board of Directors.

### 11. Economic dependence

The Centre's primary source of revenue is from the Province of Ontario in accordance with budget arrangements established by the Ministry of Children, Community and Social Services. These financial statements reflect agreed upon arrangements approved by the Ministry with respect to the year ended March 31, 2026.

The Centre's building is located on municipal owned land. The Centre pays no rent for the use of this land. Ownership of the current facility will revert back to the Municipality once the Centre has achieved occupation of their new facility.

### 12. Commitments

The Centre has entered into a managed services agreement with estimated minimum annual payments as follows:

2027	54,847
2028	22,853
	77,700

The Centre has entered into a contract for the construction of a new facility which is expected to be completed within the next year. The total estimated cost of this project which includes project management, design, land, construction costs, relocating expenses and owner supplied equipment costs is \$65,910,000, of which \$35,264,316 has been incurred as of March 31, 2026 (2025 - \$16,665,779). The funding for the new facility will be sourced from the Ontario Ministry of Children, Community and Social Services, the Children's Treatment Centre Foundation of Chatham-Kent and other donations.

### 13. Financial instruments

The Centre, as part of its operations, carries a number of financial instruments. It is management's opinion that the Centre is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

#### **Credit Risk**

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. The majority of the Centre's receivables are from government sources and the Centre works to ensure they meet all eligibility criteria in order to qualify to receive the funding. Investments consist of guaranteed investment certificates.

#### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

# Children's Treatment Centre of Chatham-Kent

## Notes to the Financial Statements

For the year ended March 31, 2026

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### 13. Financial instruments *(Continued from previous page)*

#### **Liquidity risk**

Liquidity risk is the risk that the Centre encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Centre will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities.