Financial Statements of

LINCK CHILD, YOUTH AND FAMILY SUPPORTS

Year ended March 31, 2026

LINCK CHILD, YOUTH AND FAMILY SUPPORTS

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Year ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Members of LINCK Child, Youth and Family Supports

Opinion

We have audited the financial statements of LINCK Child, Youth and Family Supports (the Entity), which comprise:

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

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

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

Basis for Opinion

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

We are independent of the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Entity has a working capital deficiency as a result of current and prior years' deficiencies of revenues over expenses.

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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

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

In preparing the financial statements, management is responsible for assessing the 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

Windsor, Canada

June 23, 2026

LINCK CHILD, YOUTH AND FAMILY SUPPORTS

Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash (note 3)	$ 850,360	$ 706,001
Accounts receivable - Trade	181,191	342,879
Prepaid expenses	649,018	148,472
	1,680,569	1,197,352
Capital assets (note 4)	6,805,196	7,028,443
	$ 8,485,765	$ 8,225,795
Liabilities and Net Assets		
Current liabilities:		
Bank indebtedness (note 9)	$ 1,193,221	$ 1,323,450
Accounts payable and accrued charges (note 6)	2,634,498	2,330,052
Funding repayable (note 7)	144,747	103,003
Deferred revenue (note 8)	422,385	294,638
Current portion of long-term debt (note 10)	-	54,000
	4,394,851	4,105,143
Deferred capital contributions (note 12)	29,938	-
	4,424,789	4,105,143
Net assets:		
Operating deficit	(2,907,368)	(3,046,877)
Internally restricted (note 11)	193,086	193,086
Invested in capital assets (note 13)	6,775,258	6,974,443
	4,060,976	4,120,652
Going concern (note 2)		
Commitments (note 15)		
Contingencies (note 18)		
	$ 8,485,765	$ 8,225,795

See accompanying notes to financial statements.

On behalf of the Board:

Marianne Willson

Board of Directors-Chair

LINCK CHILD, YOUTH AND FAMILY SUPPORTS

Statement of Operations

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

	2026	2025
Revenue:		
Province of Ontario	$ 22,356,113	$ 22,393,595
Municipality of Chatham-Kent	2,369,808	2,396,865
Other agencies	67,527	417,057
Expenditure recoveries and other	1,349,649	1,522,693
Amortization of deferred capital contributions	3,327	-
Fundraising	34,586	161,658
	26,181,010	26,891,868
Expenditures:		
Salaries and benefits	16,588,061	17,759,521
Travel	551,988	619,945
Boarding payments	4,954,336	5,987,968
Amortization	512,159	497,949
Other	3,634,142	4,083,547
	26,240,686	28,948,930
Deficiency of revenue over expenditures	$ (59,676)	$ (2,057,062)

See accompanying notes to financial statements.

LINCK CHILD, YOUTH AND FAMILY SUPPORTS

Statement of Changes in Net Assets

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

2026		Operations		Internally restricted		Invested in capital assets		Total
Balance, beginning of year	$	(3,046,877)	$	193,086	$	6,974,443	$	4,120,652
Excess (deficiency) of revenue over expenditures (note 13 b)		449,156		-		(508,832)		(59,676)
Interfund transfers		(309,647)		-		309,647		-
Balance, end of year	$	(2,907,368)	$	193,086	$	6,775,258	$	4,060,976

2025		Operations		Internally restricted		Invested in capital assets		Total
Balance, beginning of year	$	(2,158)	$	(784,009)	$	6,963,881	$	6,177,714
Deficiency of revenue over expenditures (note 13b)		(1,559,113)		-		(497,949)		(2,057,062)
Interfund transfers		(1,485,606)		977,095		508,511		-
Balance, end of year	$	(3,046,877)	$	193,086	$	6,974,443	$	4,120,652

LINCK CHILD, YOUTH AND FAMILY SUPPORTS

Statement of Cash Flows

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

		2026		2025
Cash provided by (used in):				
Operations:				
Deficiency of revenue over expenditures	$	(59,676)	$	(2,057,062)
Items not involving cash:				
Amortization expense		512,159		497,949
Amortization of deferred capital contributions		(3,327)		-
Change in non-cash operating working capital (note 14)		135,079		71,802
		584,235		(1,487,311)
Investing:				
Additions to capital assets		(288,912)		(197,511)
Financing:				
Repayment of long-term debt		(54,000)		(311,000)
Receipt of deferred capital contributions		33,265		-
		(20,735)		(311,000)
Increase (decrease) in cash		274,588		(1,995,822)
Cash (bank indebtedness), beginning of year		(617,449)		1,378,373
Bank indebtedness, end of year	$	(342,861)	$	(617,449)
Cash (bank indebtedness) consists of:				
Cash (note 3)	$	850,360	$	706,001
Bank indebtedness (note 9)		(1,193,221)		(1,323,450)
	$	(342,861)	$	(617,449)

See accompanying notes to financial statements.

The Chatham-Kent Children's Services (the "Service") was incorporated under the laws of Ontario on March 5, 1998 without share capital and is a registered charity under the Income Tax Act. It provides support services to the children and youth of Chatham-Kent and their families in accordance with service and financing agreements in place with its funding partners. The Service operates under the regulations and financial policies of the Ministry of Children, Community and Social Services, the Ministry of Health, the Broader Public Sector Accountability Act, 2010, Ministry of Education and the Municipality of Chatham-Kent. On April 5, 2022, the Service filed articles of amendment to change the corporation name to LINCK Child, Youth and Family Supports.

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements of the Service have been prepared in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for profit organizations.

(b) Cash:

Cash consists of cash on hand and the balance on account any investments with maturity dates of less than three months.

(c) Capital assets:

Capital assets are reported at their original cost and amortized using the straight-line method over the estimated following useful lives:

Asset	Estimated useful life
Buildings	40 years
Equipment and furnishing:	
Technology equipment	3 years
Communication equipment	5 years
Vehicles	5 years
Furniture and other equipment	10 years
Leasehold improvements	15 years

Amortization is not taken until assets are placed in use.

1. Significant accounting policies (continued):

(d) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefit will be given up; and
- A reasonable estimate of the amount can be made.

(e) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

(f) Revenue recognition:

Contributions from funding organizations are recognized as revenue in the year of receipt except in the following:

(i) Contributions relating to approved expenditures not yet incurred are credited to deferred revenue to match the funding organization's fiscal year.

(ii) Unexpended funds at the end of the year from contributions to the operating fund, reduce contribution revenue and are reported as amounts repayable, unless approval has been received to use excess funds for specific upcoming expenditures. Over expenditures may not be recovered.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record any future interest rate swaps at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. As the Service has no financial instruments recognized at fair value, the Service does not have a statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

LINCK CHILD, YOUTH AND FAMILY SUPPORTS

Notes to Financial Statements

Year ended March 31, 2026

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

   (g) Financial instruments (continued):

   All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of revenue and expenditures.

   (h) Use of estimates:

   The preparation of the financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates include the valuation of accounts receivable and capital assets. Actual results could differ from those estimates.

2. **Going concern:**

   These financial statements have been prepared on a going concern basis, which assumes that the Service will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of operations. There is significant doubt about the appropriateness of the use of the going concern assumption because the Service has an operations deficit for the year ended March 31, 2026 and a working capital deficiency at March 31, 2026.

   The ability of the Service to continue as a going concern and realize its assets and discharge its liabilities in the normal course of operations is dependent upon the continued support of the Ministry of Children, Community and Social Services and on its ability to restore and maintain sustainable operations in the future. No assurance can be given that additional funding will be available in the future from the Ministry of Children, Community and Social Services or other sources or that, if available, it can be obtained on terms favourable to the Service.

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

3. Cash:

Cash includes the following amounts, some of which are restricted.

	2026	2025
Operating:		
Ontario Child Benefit equivalent	$ 279,207	$ 213,404
Deferred revenue	149,369	81,235
RESP funds	220,820	212,420
Trust funds	–	5,856
Internally restricted (note 11)	200,964	193,086
	$ 850,360	$ 706,001

4. Capital assets:

			2026	2025
	Cost	Accumulated amortization	Net book value	Net book value
Buildings:				
495 Grand Avenue West Chatham	$ 12,021,389	$ 5,505,691	$ 6,515,698	$ 6,671,231
Equipment and furnishing	1,007,313	751,868	255,445	201,229
Vehicles	687,574	658,435	29,139	155,983
Leasehold improvements	5,083	169	4,914	–
	$ 13,721,359	$ 6,916,163	$ 6,805,196	$ 7,028,443

5. Other assets - RESPs:

The Service has received from the Ministry of Children, Community and Social Services funds equivalent to the amounts received as Universal Child Care Benefits to be used to establish Registered Education Savings Plans (RESP's) for qualifying children ages birth to seventeen in the care of the agency. These funds have been invested in accordance with the directions from the Ministry of Children, Community and Social Services. At March 31, 2026, the Service holds RESPs in the amount of $1,639,335 (2025 - $1,534,560). These funds are not shown in the financial statements of the Service.

LINCK CHILD, YOUTH AND FAMILY SUPPORTS

Notes to Financial Statements

Year ended March 31, 2026

6. Accounts payable and accrued charges:

	2026	2025
Accounts payable and accrued charges	$ 1,865,014	$ 1,458,867
Accrued vacation payable	749,568	852,507
Government remittances payable	19,916	18,678
	$ 2,634,498	$ 2,330,052

7. Funding repayable:

The Service has several contracts with the Ministry of Children, Community and Social Services and the Ministry of Health. A reconciliation report summarizes, by detailed code, all revenues and expenditures and identifies any resulting surplus or deficit that relates to the contracts. A review of this report shows the following services to be in a surplus (deficit) position as at March 31. Any surplus amounts are reflected in funding repayable including adjustments from reconciliations with the Ministry.

	2026	2025
Youth Justice Programs	$ 144,642	$ 112,963
Counselling/Therapy	(5,325)	(4,820)
Crisis Services	11,389	11,389
Family Capacity Building Support	8,539	(58,446)
Intensive Treatment Services	15,959	15,959
Specialized Consultation	30,261	32,205
C&FI Operating Residents	2,026	2,026
Tele-Mental Health	2,949	2,949
Child Welfare	(99,556)	(2,750)
Brief Services	–	270
DS Supported Group Living Residences	8,064	31
Partner Facility Renewal	1,227	1,227
Coordinated Access and Intake	–	(10,000)
Children Assessment and Counselling Developmental	24,572	–
	$ 144,747	$ 103,003

8. Deferred revenue:

Deferred revenue consists of the following including a carry-forward of funding from the Ministry of Health to use in the next fiscal year:

		2026		2025
Province of Ontario:				
Ontario Child Benefit equivalent	$	279,207	$	213,403
Ministry of Health		131,500		–
Other funders:				
Special needs resourcing and others		11,678		81,235
	$	422,385	$	294,638

9. Bank indebtedness:

The Service has available a revolving credit limit of $2,000,000 available to them. The credit limit bears interest on Canadian dollar loans which will be calculated on the basis of the provisions of the CIBC offsetting banking agreement for the Chatham-Kent Lambton Administrators Group ("CKLAG"). The balance at year end was $1,193,221 (2025 - $1,323,450). The Service also has available a $50,000 overdraft protection. The balance at year end was $ nil (2025 - $nil).

10. Long-term debt:

		2026		2025
5.98% fixed term facility, banker's acceptance plus a 1.80% acceptance fee, payable in scheduled monthly instalments of interest rate and principal of $19,000 - $24,000, fixed portion of the interest rate and monthly payments are permanent for the term of the facility, secured by buildings. Repaid in full June 1, 2025.	$	–	$	54,000
Less: current portion		–		(54,000)
	$	–	$	–

11. Internally restricted and non-operating funds:

Internally restricted funds represent amounts contributed or designated for special projects or specific use as determined. Amounts received or disbursed are included in the statement of operations.

Non-operating funds represent amounts earned by the Service from fundraising activities. These amounts are available for use as directed by the Board of Directors. Amounts received or disbursed are included in the statement of operations.

During the year specific funds for capital purchases may be received.

12. Deferred capital contributions:

The movement of the deferred capital contributions balance during the year is as follows:

	2026	2025
Balance, beginning of year	$ –	$ –
Additions	33,265	–
Less: amortization of deferred capital contributions	(3,327)	–
Balance, end of year	$ 29,938	$ –

13. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2026	2025
Capital assets	$ 6,805,196	$ 7,028,443
Less: long-term debt	–	(54,000)
Less: deferred capital contributions	(29,938)	–
	$ 6,775,258	$ 6,974,443

13. Invested in capital assets (continued):

(b) Change in net assets invested in capital assets is calculated as follows:

		2026		2025
Deficiency of revenue over expenditures:				
Amortization	$	(512,159)	$	(497,949)
Amortization of deferred capital contributions		3,327		–
		(508,832)		(497,949)
Capital assets purchased		288,912		197,511
Repayment of long-term debt		54,000		311,000
Receipt of deferred capital contributions		(33,265)		–
		309,647		508,511
	$	(199,185)	$	10,562

14. Net change in non-cash working capital items:

		2026		2025
Accounts receivable	$	161,688	$	704,438
Prepaid expenses		(500,546)		65,316
Accounts payable and accrued changes		304,446		(377,895)
Funding repayable		41,744		(43,746)
Deferred revenue		127,747		(270,711)
Trust funds		–		(5,600)
	$	135,079	$	71,802

15. Commitments:

The Service leases land at 495 Grand Avenue West, Chatham; under the terms of the lease expiring December 2053, the future minimum annual lease payments are $68,000.

The Service leases a residential home for youth in Chatham-Kent from the Linck Child, Youth & Family Supports Foundation, a related party. Th commitment is a 5 year lease ending June 4, 2029 with monthly lease payments totaling $30,933 annually.

16. Pension agreements:

The Service makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan. The Plan is a defined benefit plan, with contributions made by both the employee and employer. As a result, $2,279,791 (2025 - $2,371,419) was contributed to OMERS in the current year. The OMERS plan is currently 99% funded.

17. Financial risks:

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.

(a) Credit risk:

In management's opinion the Service is not exposed to significant credit risk.

(b) Concentration of risk:

In management's opinion the Service is not exposed to any significant concentrations of risk.

(c) Interest rate risk (cash flow, risk and price risk):

The Service is exposed to interest rate risk. Interest rate risk is the risk that the Service has on interest rate exposure on a portion of its long-term debt, which is variable based on the bank's prime rates. This exposure may have an effect on its cash flows in future periods. The Service reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. In the opinion of management the interest rate risk exposure to the Service is low and is not material. There has been no change to the risk exposures from 2025.

(d) Liquidity risk:

The Service has significant financial liabilities outstanding including accounts payable and accrued charges. The Service is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities. The Service manages its liquidity risk by monitoring operating requirements and prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. The Service's ability to access liquid resources is dependent upon the continued support of the Ministry of Children, Community and Social Services.

(e) Market risk:

In management's opinion the Service is not exposed to significant market risk.

(f) Foreign currency risk:

In management's opinion the Service is not exposed to significant foreign currency risk.

18. Contingencies:

Due to the nature of its operations, the Service and/or its directors or employees are periodically subject to lawsuit(s) in which they are defendants. In the opinion of management, the ultimate resolution of any current lawsuit(s) would not have a material effect on the financial position or results of operations of the Service.

LINCK CHILD, YOUTH AND FAMILY SUPPORTS

Schedule - Operating

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

	2026	2025
Revenue:		
Province of Ontario	$ 22,356,113	$ 22,393,595
Municipality of Chatham-Kent	2,369,808	2,396,865
Other agencies	67,527	417,057
Expenditure recoveries and other	1,343,131	1,515,047
	26,136,579	26,722,564
Expenditures:		
Salaries and benefits	16,588,061	17,759,521
Travel	551,988	619,945
Boarding payments	4,954,336	5,987,968
Amortization	512,159	497,949
Other	3,609,307	3,913,276
Total expenditures	26,215,851	28,778,659
Deficiency of revenue over expenditures	$ (79,272)	$ (2,056,095)

LINCK CHILD, YOUTH AND FAMILY SUPPORTS

Schedule - Non-Operating

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

		2026		2025
Revenue:				
Fundraising	$	34,586	$	161,658
Amortization of deferred capital contributions		3,327		-
Expenditure recoveries and other		6,518		7,646
		44,431		169,304
Expenditures:				
Program expenses		24,835		170,271
Excess (deficiency) of revenue over expenditures	$	19,596	$	(967)