

KINARK CHILD AND FAMILY SERVICES

FINANCIAL STATEMENTS

MARCH 31, 2025

Independent Auditor's Report

To the Directors of Kinark Child and Family Services

Opinion

We have audited the financial statements of Kinark Child and Family Services (the "Organization"), which comprise the statement of financial position as at March 31, 2025, and the statement of operations and changes in fund balances and cash flow statement 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 Organization as at March 31, 2025, 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 Organization 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 Matter

The financial statements for the year ended March 31, 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 4, 2024.

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

Management is responsible for the preparation and fair presentation of these 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Organization'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 Organization'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 Organization 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
June 20, 2025

KINARK CHILD AND FAMILY SERVICES


Statement of Financial Position

Year ended March 31	2025 \$	2024 \$
ASSETS		
Current assets		
Cash	22,563,143	34,971,178
Accounts receivable (Note 2)	1,021,934	667,523
Prepaid expenses and deposits	358,908	189,872
Due from Ministry of Children, Community and Social Services and Ministry of Health	476,578	3,379,458
	24,420,563	39,208,031
Property and equipment (Note 5)	12,946,770	12,894,171
	37,367,333	52,102,202
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	4,473,393	4,664,010
Accrued salaries payable	2,389,871	4,293,525
Employee payroll deductions payable	9,710	23,210
Government remittances payable	550,095	577,357
Due to Ministry of Children, Community and Social Services and Ministry of Health (Note 6)	14,123,011	23,793,265
Deferred revenue (Note 7)	2,069,846	2,381,478
Demand instalment loan (Note 8)	-	58,138
Current portion of loan payable (Note 9)	341,041	317,981
	23,956,967	36,108,964
Loan payable (Note 9)	710,188	1,051,237
Deferred lease incentives (Note 10)	1,707,923	1,921,401
	2,418,111	2,972,638
	26,375,078	39,081,602
FUND BALANCES		
Capital Assets	10,187,618	9,545,413
Community Mental Health Services	(2,685,050)	(2,739,911)
Forensics	(1,112,605)	(899,605)
Autism Services	4,596,215	7,108,627
General	6,077	6,076
	10,992,255	13,020,600
	37,367,333	52,102,202


The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Jun 25, 2025

Director Sharon Cochran, Chair 

Jun 30, 2025

Director Morlan Reddock, Treasurer 

KINARK CHILD AND FAMILY SERVICES

Statement of Operations and Changes in Fund Balances

Year ended March 31	Capital Assets		Community Mental Health Services		Forensics		Autism Services		General		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating revenues												
Government funding	-	-	29,765,813	29,822,663	11,513,180	12,671,900	15,879,864	36,446,259	1,573,740	1,665,840	58,732,597	80,606,662
Other contract funding and user fees (Note 7)	-	-	744,503	858,052	973,257	465,373	8,761,952	7,909,509	2,082,378	1,685,208	12,562,090	10,918,142
Other	-	-	470,311	406,914	186,989	180,457	820,492	1,784,197	44,744	44,941	1,522,536	2,416,509
Government funding repayable (Note 6)	-	-	(652,003)	(1,614,093)	(2,582)	(400,294)	(41,817)	(3,170,479)	-	-	(696,402)	(5,184,866)
	-	-	30,328,624	29,473,536	12,670,844	12,917,436	25,420,491	42,969,486	3,700,862	3,395,989	72,120,821	88,756,447
Operating expenses												
Salaries and benefits	-	-	19,437,274	19,165,252	8,040,695	7,609,356	14,387,662	14,061,552	2,886,425	2,193,411	44,752,056	43,029,571
Clinical, professional and other client	-	-	1,731,889	839,842	1,230,170	1,510,256	6,696,510	11,126,186	69,735	78,210	9,728,304	13,554,494
Building occupancy	-	-	1,602,476	1,562,665	145,563	195,966	1,706,676	1,306,199	46,361	76,709	3,501,076	3,141,539
Telephone, technology and equipment	-	-	1,015,277	1,063,371	296,710	247,337	243,461	1,334,479	99,849	198,833	1,655,297	2,844,020
General agency (Note 12)	-	-	5,153,579	5,451,471	1,922,870	1,928,338	4,064,150	7,055,938	531,384	727,678	11,671,983	15,163,425
Staff travel and training	-	-	279,656	305,056	132,546	130,779	268,364	276,316	35,763	76,652	716,329	788,803
Legal, audit and insurance	-	-	21,300	72,483	244,466	144,446	135,555	72,572	8,420	5,848	409,741	295,349
Amortization	-	-	966,620	858,139	367,385	236,887	301,093	144,083	79,282	90,928	1,714,380	1,330,037
	-	-	30,208,071	29,318,279	12,380,405	12,003,365	27,803,471	35,377,325	3,757,219	3,448,269	74,149,166	80,147,238
Excess (deficiency) of revenues over expenses for year	-	-	120,553	155,257	290,439	914,071	(2,382,980)	7,592,161	(56,357)	(52,280)	(2,028,345)	8,609,209
Fund balances, beginning of year	9,545,413	7,823,886	(2,739,911)	(2,806,178)	(899,605)	(945,304)	7,108,627	366,560	6,076	(27,573)	13,020,600	4,411,391
Purchase of property and equipment, net of tenant inducements and loan payable	1,766,979	2,426,242	(662,187)	(749,496)	(775,021)	(1,085,186)	(329,771)	(591,560)	-	-	-	-
Amortization of deferred lease incentives	213,478	213,489	(145,854)	(85,081)	(29,518)	(6,027)	(31,043)	(120,880)	(7,063)	(1,501)	-	-
Demand loan and loan payments	376,128	411,833	(224,271)	(112,552)	(66,285)	(14,046)	(69,711)	(281,737)	(15,861)	(3,498)	-	-
Amortization	(1,714,380)	(1,330,037)	966,620	858,139	367,385	236,887	301,093	144,083	79,282	90,928	-	-
Fund balances, end of year	\$ 10,187,618	\$ 9,545,413	\$ (2,685,050)	\$ (2,739,911)	\$ (1,112,605)	\$ (899,605)	\$ 4,596,215	\$ 7,108,627	\$ 6,077	\$ 6,076	\$ 10,992,255	\$ 13,020,600

The accompanying notes are an integral part of these financial statements

KINARK CHILD AND FAMILY SERVICES

Statement of Cash Flows

Year ended March 31	2025 \$	2024 \$
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses for year	(2,028,345)	8,609,209
Adjustments to determine net cash provided by (used in) operating activities		
Amortization	1,714,380	1,330,037
Gain on sale-leaseback	-	(11,727)
Amortization of deferred lease incentive	(213,478)	(213,489)
	(527,443)	9,714,030
Changes in non-cash working capital balances		
Decrease (increase) in accounts receivable	(354,411)	536,011
Decrease (increase) in prepaid expenses and deposits	(169,036)	97,604
Decrease (increase) in due from Ministry of Children, Community and Social Services and Ministry of Health	2,902,880	(2,940,086)
Decrease in accounts payable and accrued liabilities	(190,617)	(1,444,496)
Increase (decrease) in accrued salaries payable	(1,903,654)	2,460,960
Increase (decrease) in employee payroll deductions payable	(13,500)	19,043
Increase (decrease) in government remittances payable	(27,262)	161,023
Decrease in deferred revenue	(311,632)	(3,087,757)
Funding repaid to Ministry of Children, Community and Social Services and Ministry of Health	(9,670,254)	1,025,894
	(10,264,929)	6,542,226
Cash flows from investing activity		
Purchase of property and equipment	(1,766,979)	(2,426,242)
Cash flows from financing activities		
Demand instalment loan payments	(58,138)	(81,791)
Loan payable payments	(317,989)	(330,042)
	(376,127)	(411,833)
Net change in cash	(12,408,035)	3,704,151
Cash, beginning of year	34,971,178	31,267,027
Cash, end of year	22,563,143	34,971,178

The accompanying notes are an integral part of these financial statements

KINARK CHILD AND FAMILY SERVICES

Notes to Financial Statements

March 31, 2025

Nature and description of the organization

Kinark Child and Family Services ("Kinark") was incorporated as a not-for-profit corporation under the Ontario Business Corporations Act. Kinark is an Ontario community based organization whose mission is helping children and youth with complex needs achieve better outcomes. Kinark has three primary program streams: community mental health services, forensics/youth justice services, and autism services.

Kinark is a charitable organization registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting

Funds are held and presented in accordance with the objectives specified by funders. For financial reporting purposes, the following funds have been presented:

The Capital Assets Fund accounts for Kinark's property and equipment. As a condition of receiving capital funding for property, Kinark has agreed to certain restrictions on the use and disposition of the property. The property cannot be transferred or charged without the consent of the Ministry of Children, Community and Social Services ("MCCSS") and the Ministry of Health ("MOH").

The Capital Assets Fund comprises the net book value of property and equipment less demand instalment loan, loan payable and deferred lease incentives.

The Community Mental Health Services ("CMH") Fund captures operations relating to a range of assessment and treatment services, including individual, family and group counselling services, in the Central and East regions of Ontario including the Kinark Outdoor Centre and Supervised Access programs.

The Forensics/Youth Justice Services Fund captures operations relating to the following programs: Secure Treatment (Syl Apps Youth Centre), Intensive Supervision and Support Program ("ISSP") and Multi-Systematic Therapy - Youth Justice ("MST YJ").

The Autism Services Fund captures operations relating to the Ontario Autism Program, the Autism Spectrum Disorder School Support Program ("ASD SSP"), the York Simcoe Autism Network ("YSAN") and to the delivery of fee for service client-based services.

The General Fund includes CMH Lead Agency responsibilities and other programs.

KINARK CHILD AND FAMILY SERVICES

Notes to Financial Statements (Continued)

March 31, 2025

1. **Significant accounting policies (Continued)**

(b) **Revenue recognition**

Kinark follows the restricted fund method of accounting for contributions.

Restricted contributions for which a corresponding restricted fund is presented are recognized as revenue of that fund in the period, when received or receivable and the amount to be received can be reasonably estimated and its collection is reasonably assured.

Restricted contributions for which no corresponding restricted fund is presented are recognized as revenue of the General Fund in the period in which the related expenses are incurred. Prior to incurring the related expenses, the contributions are recorded as deferred revenue.

Unrestricted contributions are recognized as revenue of the General Fund in the period when received or receivable and the amount to be received can be reasonably estimated and its collection is reasonably assured.

Government funding consists of restricted contributions from MCCSS and MOH.

Other contract funding consists of restricted and unrestricted contributions received from various funding agencies.

User fees are recognized as revenue when the services are rendered.

Autism fee for service revenue is recognized when the service is rendered. Fees received in advance of the services being rendered are recorded as deferred revenue. This is included in other contract funding and user fee revenue.

KINARK CHILD AND FAMILY SERVICES

Notes to Financial Statements (Continued)

March 31, 2025

1. Significant accounting policies (Continued)

(c) Property and equipment

The costs of property and equipment are capitalized upon meeting the criteria for recognition as a capital asset, otherwise, costs are expensed as incurred. The cost of property and equipment comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Property and equipment are measured at cost less accumulated amortization, if any, and accumulated impairment losses.

Amortization is provided for, upon the commencement of the utilization of the assets, using methods and rates designed to amortize the cost of property and equipment over their estimated useful lives. The methods and annual amortization rates are as follows:

Computer equipment	30%	declining balance
Buildings	4%	declining balance
Furniture and fixtures	20%	declining balance
Computer software	55%	declining balance
Vehicles	30%	declining balance

Amortization of leasehold improvements is recorded on a straight-line basis over the remaining term of the lease.

Amortization expense is reported in the various funds and the amounts are transferred to the Capital Assets Fund.

Kinark capitalizes all property for which it receives grants or special funding from Health Capital Branch, MCCSS and MOH.

Property and equipment are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the property and equipment to its fair value. Any impairment of property and equipment is recognized in income in the year in which the impairment occurs.

An impairment loss is not reversed if the fair value of the property and equipment subsequently increases.

(d) Deferred lease incentives

Lease incentives comprise tenant inducements received in cash or paid for directly by the landlord for the purchase of capital assets.

Lease incentives received in connection with original leases are amortized to income on a straight-line basis over the terms of the original leases. Lease incentives received in connection with re-negotiated leases are amortized to income on a straight-line basis over the period from the expiration date of the original lease to the expiration date of the re-negotiated lease.

KINARK CHILD AND FAMILY SERVICES

Notes to Financial Statements (Continued)

March 31, 2025

1. **Significant accounting policies (Continued)**

(e) **Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument.

(f) **Management estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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 current year. Actual results may differ from the estimates, the impact of which would be recorded in future years.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

(g) **Donated services**

The work of Kinark is dependent on the voluntary service of many individuals. Since these services are not normally purchased by Kinark and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

(h) **General agency**

General agency consists of administrative expenses specific to the programs within the funds and corporate and general expenses, not directly related to client service delivery, which are allocated to the programs within the funds based on funding received and usage.

KINARK CHILD AND FAMILY SERVICES

Notes to Financial Statements (Continued)

2. Financial risk management

Kinark is exposed to various financial risks as detailed below:

Credit Risk

Kinark is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that Kinark could incur a financial loss.

The maximum exposure of Kinark to credit risk is as follows:

	2025 \$	2024 \$
Cash	22,563,143	34,971,178
Accounts receivable	1,021,934	667,523
Due from MCCSS and MOH	476,578	3,379,458
	<u>24,061,655</u>	<u>39,018,159</u>

Kinark reduces its exposure to the credit risk of cash by maintaining balances with a Canadian financial institution. Kinark's reduces its exposure to the credit risk of accounts receivable as its major source of revenue is derived from government sources.

Liquidity Risk

Liquidity risk is the risk that Kinark will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk arises from Kinark's accounts payable and accrued liabilities, accrued salaries payable, due to MCCSS and MOH, and loan payable.

The liquidity of Kinark is monitored by management to ensure sufficient cash is available to meet liabilities as they become due. Kinark has available a revolving bank demand credit facility as described in note 4.

Changes In Risk

There have been no significant changes in the risk profile of the financial instruments of Kinark from that of the prior year.

KINARK CHILD AND FAMILY SERVICES

Notes to Financial Statements (Continued)

March 31, 2025

3. **Accounts receivable**

Fiscal 2025

The accounts receivable balance includes \$608,345 that is related to grants supporting Syl Apps operations, and \$254,524 receivable from Autism clients funded by governmental and insured payors.

Fiscal 2024

The accounts receivable balance includes \$325,047 that is related to the settlement of Autism subcontracting agreements with partner agencies and \$250,296 receivable from a Federal agency in connection with providing payment on behalf of certain Autism clients.

4. **Credit facility**

Kinark has entered into a credit facility, the terms of which include:

- (a) a revolving bank demand credit facility for \$10,000,000 (2024 - \$10,000,000), bearing interest at CORRA rate plus 1.31%. At each March 31, 2025, and March 31, 2024, the bank facility had not been drawn upon.
- (b) a commercial letter of credit in the amount of \$344,000 (2024 - \$344,000) in respect of one of Kinark's leased properties. The amount available under the letter of credit reduces by \$43,000 on December 1 of each year. At March 31, 2025, the letter of credit, in the amount of \$129,000 (2024 - \$172,000) was undrawn.
- (c) a demand instalment loan in the amount of \$400,000 (2024 - \$400,000) (see note 8), which has been fully paid off as of March 31, 2025.

The facility is secured by a general security agreement.

KINARK CHILD AND FAMILY SERVICES

Notes to Financial Statements (Continued)

March 31, 2025

5. Property and equipment

	Cost \$	Accumulated Amortization \$	2025 Net \$
Land	1,116,743	-	1,116,743
Computer equipment	5,955,625	5,389,476	566,149
Buildings	5,813,274	2,678,685	3,134,589
Furniture and fixtures	6,877,104	4,969,913	1,907,191
Leasehold improvements	7,950,356	2,001,540	5,948,816
Computer software	2,168,103	1,957,210	210,893
Vehicles	368,135	305,746	62,389
	30,249,340	17,302,570	12,946,770
	Cost \$	Accumulated Amortization \$	2024 Net \$
Land	1,116,743	-	1,116,743
Computer equipment	5,773,999	5,218,208	555,791
Buildings	5,690,303	2,551,402	3,138,901
Furniture and fixtures	6,493,857	4,578,871	1,914,986
Leasehold improvements	7,195,762	1,156,574	6,039,188
Computer software	1,843,562	1,804,128	39,434
Vehicles	368,135	279,007	89,128
	28,482,361	15,588,190	12,894,171

KINARK CHILD AND FAMILY SERVICES

Notes to Financial Statements (Continued)

March 31, 2025

6. Due to Ministry of Children, Community and Social Services and Ministry of Health

	2025 \$	2024 \$
Balance, beginning of year	23,793,265	22,767,371
Funding received in the current year in excess of the funding spent	696,402	5,184,866
Funding repaid in current year	(10,366,656)	(4,158,972)
Balance, end of year	14,123,011	23,793,265

The funding received in the current year in excess of the funding spent is repayable to the Ministry and is recorded as government funding repayable in the statement of operations and changes in fund balances.

7. Deferred revenue

	2025 \$	2024 \$
Deferred revenue, beginning of year	2,381,478	5,480,962
Funding received during the year	6,392,870	3,690,432
Funding recognized as revenue in the year	(6,704,502)	(6,789,916)
Deferred revenue, end of year	2,069,846	2,381,478

The funding recognized as revenue in the year is recorded in other contract funding and user fees in the statement of operations and changes in fund balances.

KINARK CHILD AND FAMILY SERVICES

Notes to Financial Statements (Continued)

March 31, 2025

8. Demand instalment loan

Kinark acquired, in a prior year, a property in Oshawa to serve as a community hub to fill a regional service gap and effectively serve high risk and high needs mental health and autistic youth.

Kinark financed the property in the amount of \$400,000 through a five year fixed rate demand instalment loan which bears interest at an annual rate of 2.044% and is repayable in monthly blended payments of \$3,688 with the option of making a pre-payment of up to 10% of the original principal amount once per year.

The loan was fully paid off at March 31, 2025 (2024 - \$58,138).

9. Loan payable

Construction financing payable, bearing interest at 7% per annum, repayable in monthly blended payments of \$33,647, due March 2028.

	2025 \$	2024 \$
Balance, beginning of year	1,369,218	1,344,870
Advances	-	354,390
Repayments	(317,989)	(330,042)
Balance end of year	1,051,229	1,369,218
Less: current portion	341,041	317,981
Due beyond one year	710,188	1,051,237

Annual principal repayments are as follows:

	\$
2026	341,041
2027	365,639
2028	344,549
	1,051,229

KINARK CHILD AND FAMILY SERVICES

Notes to Financial Statements (Continued)

March 31, 2025

10. Deferred lease incentives

	Cost \$	Accumulated Amortization \$	2025 Net \$
Tenant inducements - Peterborough	718,840	143,757	575,083
Tenant inducements - Warden Avenue	1,416,050	283,210	1,132,840
	2,134,890	426,967	1,707,923

	Cost \$	Accumulated Amortization \$	2024 Net \$
Tenant inducements - Peterborough	718,840	71,884	646,956
Tenant inducements - Warden Avenue	1,416,050	141,605	1,274,445
	2,134,890	213,489	1,921,401

Pursuant to the lease agreement for the Peterborough premises of Kinark, entered into during fiscal 2023, Kinark was entitled to lease incentives, comprised of tenant inducements, in the amount of \$718,840.

Pursuant to the lease agreement for the Warden Avenue premises of Kinark, entered into during fiscal 2023, Kinark was entitled to lease incentives, comprised of tenant inducements, up to a maximum amount of \$1,416,050 and construction financing up to a maximum amount of \$1,699,260 for a total maximum improvement limit of \$3,115,310. All construction costs and activities were incurred and completed in prior years

Amortization of lease incentives is being recognized over the ten year term of the respective leases for the Peterborough premises and Warden Avenue premises.

11. Pension plan

Kinark provides a defined contribution pension plan for its employees. In accordance with the Plan Agreement, employees in the plan may contribute 4%, 5% or 6% of their salary to the plan. Kinark is required to match their contributions. Included in salaries and benefits and general agency in the statement of operations and changes in fund balances is \$1,706,164 (2024 - \$1,564,902) of pension plan contributions made by Kinark during the year.

KINARK CHILD AND FAMILY SERVICES

Notes to Financial Statements (Continued)

March 31, 2025

12. General agency

General agency consists of administrative expenses specific to the programs within the funds and corporate and general expenses, not directly related to client service delivery, which are allocated to the programs within the funds based on funding received and usage. The table below details the nature of these expenses.

	Community Mental Health Services	Forensics/ Youth Justice Services	Autism Services	General	Total 2025
	\$	\$	\$	\$	\$
Salaries and benefits (note 11)	2,607,280	1,798,567	2,689,374	369,674	7,464,895
Clinical, professional and other client	535	(145)	(285)	(33)	72
Building occupancy	343,169	-	-	-	343,169
Telephone, technology and equipment	372,406	15,267	313,149	1,666	702,488
Office and general	1,198,540	92,085	1,041,632	158,510	2,490,767
Staff travel and training	147,353	15,869	18,928	1,483	183,633
Legal, audit and insurance	484,296	1,227	1,352	84	486,959
	5,153,579	1,922,870	4,064,150	531,384	11,671,983

	Community Mental Health Services	Forensics/ Youth Justice Services	Autism Services	General	Total 2024
	\$	\$	\$	\$	\$
Salaries and benefits (note 11)	3,802,148	1,335,815	4,656,098	324,342	10,118,403
Clinical, professional and other client	10,359	2,281	4,853	704	18,197
Building occupancy	221,431	101,114	246,232	25,181	593,958
Telephone, technology and equipment	227,531	77,889	283,848	17,893	607,161
Office and general	956,463	309,789	1,631,735	336,137	3,234,124
Staff travel and training	103,635	42,313	89,416	8,748	244,112
Legal, audit and insurance	129,904	59,137	143,756	14,673	347,470
	5,451,471	1,928,338	7,055,938	727,678	15,163,425

Notes to Financial Statements (Continued)

March 31, 2025

13. Commitments

Future annual premises lease payments, including an estimate of common area expenses, and other operating lease payments are as follows:

2026	\$	2,875,474
2027		2,551,376
2028		2,298,182
2029		1,674,627
2030		1,649,822
Thereafter		3,596,339

14. Contingencies

Kinark is party to legal actions arising in the ordinary course of operations. While it is not feasible to predict the outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the operations of Kinark. Kinark maintains insurance coverage which includes error and omission provisions to mitigate against potential outcomes from these legal proceedings.

15. Economic Dependence

Kinark received 81% (2024 – 91%) of its funding from MCCSS and MOH. In management's opinion, the Centre's continued operations are dependent on the continuance of MCCSS and MOH funding.

KINARK CHILD AND FAMILY SERVICES

Notes to Financial Statements (Continued)

March 31, 2025

16. Additional information

Kinark has service contracts with MCCSS and MOH. The following is a reconciliation report which summarizes all revenue and expenses and identifies any resulting surplus or deficit that relates to its services contracts.

2025

<u>Line</u>	<u>Kinark MOH</u>	<u>Kinark MCCSS</u>	<u>Total</u>
	\$	\$	\$
400 Total Gross Revenues per Audited Financial Statements	72,120,821	72,120,821	
430 Total Funding for Settlement Purposes	41,539,694	18,859,978	
450 Total Gross Expenditures per audited financial statements	74,149,166	74,149,166	
464 Adjustments for AFS Reconciliation purposes	444,066	444,066	
485 Less: Other Adjustments for other activities and contracts	(33,705,540)	(55,777,652)	
480 Total Expenditures for Settlement Purposes	40,887,692	18,815,580	
Balance due to MCCSS and MOH	652,003	44,398	696,402

2024

<u>Line</u>	<u>Kinark MOH</u>	<u>Kinark MCCSS</u>	<u>Total</u>
	\$	\$	\$
400 Total Gross Revenues per Audited Financial Statements	88,756,447	88,756,447	
430 Total Funding for Settlement Purposes	42,633,385	39,326,293	
450 Total Gross Expenditures per audited financial statements	80,147,238	80,147,238	
464 Adjustments for AFS Reconciliation purposes	1,855,436	1,855,436	
485 Less: Other Adjustments for other activities and contracts	(41,162,873)	(46,067,663)	
480 Total Expenditures for Settlement Purposes	40,839,801	35,935,011	
Balance due to MCCSS and MOH	1,793,584	3,391,282	5,184,866

KINARK CHILD AND FAMILY SERVICES

Notes to Financial Statements (Continued)

March 31, 2025

17. **Comparative figures**

Comparative figures have been reclassified in order to comply with the current year's method of presentation.