

Algoma Family Services
Financial Statements
For the year ended March 31, 2026

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Financial Statements
For the year ended March 31, 2026

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Tel: (705) 945-0990
Fax: +(705) 942-7979

www.bdo.ca

BDO Canada LLP
747 Queen Street East
P.O. Box 1109
Sault Ste. Marie, Ontario
P6A 5N7

Independent Auditor's Report

To the Members of Algoma Family Services

Opinion

We have audited the accompanying financial statements of Algoma Family Services (the Organization), 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 a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Algoma Family Services as at March 31, 2026 and the results of its operations and 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.

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.

Independent Auditor's Report (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
Sault Ste. Marie, Ontario
June 26, 2026

Algoma Family Services

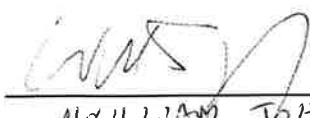
Statement of Financial Position

March 31	2026	2025
Assets		
Current		
Cash	\$ 3,301,248	\$ 2,488,088
Receivables	610,837	473,683
Prepaid expenses	388	388
	<u>3,912,473</u>	<u>2,962,159</u>
Capital assets (Note 2)	5,533,929	5,193,679
Restricted cash (Note 3)	62,831	62,831
	<u>\$ 9,509,233</u>	<u>\$ 8,218,669</u>

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 741,475	\$ 1,249,456
Grants repayable (Note 6)	388,312	117,281
Deferred revenue (Note 7)	1,521,492	807,785
Current portion of long-term debt (Note 9)	2,998	2,843
	<u>2,654,277</u>	<u>2,177,365</u>
Deferred capital contributions (Note 8)	2,233,211	1,814,458
Long-term debt (Note 9)	262,903	265,901
	<u>5,150,391</u>	<u>4,257,724</u>
Net assets		
Reserves (Note 10)	678,522	368,063
Investment in capital assets	3,034,817	3,110,477
Unrestricted net assets	582,672	419,574
Restricted	62,831	62,831
	<u>4,358,842</u>	<u>3,960,945</u>
	<u>\$ 9,509,233</u>	<u>\$ 8,218,669</u>

On behalf of the Board:


 _____ Director
 WILLIAM JOHNSON President


 _____ Director

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

Algoma Family Services Statement of Operations

For the year ended March 31	2026	2025
Revenue		
Government grants	\$ 13,453,794	\$ 12,924,911
Operational revenue - other	317,621	371,718
Rental income	30,954	32,754
Donations from Algoma Family Services Foundation (Note 12)	209,063	-
Fees - other	15,217	40,832
Live in Treatment user fees	1,609,100	1,119,989
Amortization of deferred capital contributions (Note 8)	91,064	98,357
Cost recoveries	300,303	245,443
Other	410,159	216,078
	<u>16,437,275</u>	<u>15,050,082</u>
Expenses		
Advertising and promotion	55,403	72,944
Amortization	316,116	325,769
Contracted services	1,013,434	909,456
Insurance	63,856	57,375
Memberships	30,785	31,035
Occupancy costs	474,743	623,014
Office	142,641	142,301
Professional fees	374,235	255,942
Program costs	1,487,697	1,074,616
Salaries, wages and employee benefits	11,732,133	11,058,105
Travel and training	348,334	344,352
	<u>16,039,377</u>	<u>14,894,909</u>
Excess of revenue over expenses	\$ 397,898	\$ 155,173

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

Algoma Family Services Statement of Changes in Net Assets

	Reserves	Invested in Capital Assets	Unrestricted Net Assets	Restricted Assets	Total
Balance at March 31, 2024	\$ 309,530	\$ 3,197,342	\$ 236,069	\$ 62,831	\$ 3,805,772
2025					
Excess (deficiency) of revenues over expenses	-	(325,769)	480,942	-	155,173
Capital assets acquired	-	409,290	(409,290)	-	-
Deferred capital grants	-	98,357	(98,357)	-	-
Deferred contribution of capital assets	-	2,257	(2,257)	-	-
Transfer to reserve	58,533	-	(58,533)	-	-
Long term debt acquired	-	(271,000)	271,000	-	-
Balance at March 31, 2025	368,063	3,110,477	419,574	62,831	3,960,945
2026					
Excess (deficiency) of revenues over expenses	-	(316,116)	714,014	-	397,898
Capital assets acquired	-	656,365	(656,365)	-	-
Deferred capital grants	-	(509,817)	509,817	-	-
Deferred contribution of capital assets	-	91,064	(91,064)	-	-
Principal payments on debt	-	2,844	(2,844)	-	-
Transfer to reserve	310,460	-	(310,460)	-	-
Balance at March 31, 2026	\$ 678,523	\$ 3,034,817	\$ 582,672	\$ 62,831	\$ 4,358,843

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

Algoma Family Services Statement of Cash Flows

For the year ended March 31	2026	2025
Cash flows from operating activities		
Excess of revenue over expenses	\$ 397,898	\$ 155,173
Items not involving cash		
Amortization of capital assets	316,116	325,769
Amortization of deferred contributions	(91,064)	(98,357)
	<u>622,950</u>	<u>382,585</u>
Changes in non-cash working capital balances		
Receivables	(137,154)	(204,707)
Accounts payable and accrued liabilities	(507,983)	(529,962)
Grants repayable	271,031	(96,879)
Deferred revenue	713,707	554,176
	<u>962,551</u>	<u>105,213</u>
Cash flows from investing activities		
Purchase of capital assets	(656,365)	(409,290)
Deferred capital contributions	509,817	-
	<u>(146,548)</u>	<u>(409,290)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(2,843)	(2,257)
Acquisition of long-term debt	-	271,000
	<u>(2,843)</u>	<u>268,743</u>
Increase in cash	813,160	35,334
Cash, beginning of year	2,488,088	2,523,422
Cash, end of year	\$ 3,301,248	\$ 2,488,088

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

Algoma Family Services

Notes to Financial Statements

March 31, 2026

1. Summary of significant accounting policies

Nature of Operations Algoma Family Services was incorporated under the Ontario Business Corporations Act on April 1, 2001. The Organization is principally involved in providing children's mental health, treatment and crisis response, adult and family counselling, employee assistance programs, family support services, substance abuse counselling and young offender's services to the District of Algoma. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes under section 149(1)(f) of the Act.

Basis of Accounting These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Restricted assets Certain amounts, as approved by the Board of Directors, are set aside as restricted net assets for future operating expenditures.

Capital Assets Capital assets are recorded at cost less accumulated amortization. Amortization, based on the estimated useful life of the asset, is provided by the declining balance basis using the following rates:

Land improvements	- 5%
Buildings	- 5%
Furniture and equipment	- 10% - 30%
Computer equipment	- 30%
Computer software	- 50%
Automotive	- 30%

Financial Instruments Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, they 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.

Use of Estimates The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Algoma Family Services

Notes to Financial Statements

March 31, 2026

1. Summary of significant accounting policies (continued)

Retirement benefits	The organization provides pension benefits to specified employees through The Colleges of Applied Arts and Technology Pension Plan (CAAT), which is a multi-employer defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The organization's contributions due during the year are expensed as incurred.
Cloud Computing Arrangements	The organization applies the simplification approach to account for expenses in cloud computing arrangements. The expenses in the arrangements are treated as supply of services and recognized as an expense as incurred.

2. Capital assets

	2026		2025	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 233,476	\$ -	\$ 233,476	\$ -
Land improvements	31,219	14,575	31,219	13,930
Buildings	8,170,263	3,246,076	7,668,910	3,013,163
Furniture and equipment	666,399	535,953	619,880	525,539
Computer equipment	907,336	862,339	907,336	843,056
Computer software	378,041	360,642	378,041	343,243
Automotive	322,690	155,910	214,197	120,449
	\$ 10,709,424	\$ 5,175,495	\$ 10,053,059	\$ 4,859,380
Net book value		\$ 5,533,929		\$ 5,193,679

3. Restricted cash

The Organization holds cash which has been either internally or externally restricted for specific purposes. The funds on hand from the sale of the Residential Treatment Unit have been externally restricted by the funder. The other restricted cash has been internally restricted by the Board of the Organization.

The restricted cash balances include the following:

	2026	2025
Residual funds from sale of Clarica shares	\$ 18,106	\$ 18,106
Residual funds from sale of MacKenzie shares	681	681
Residual funds from sale of Residential Treatment Unit	44,044	44,044
	\$ 62,831	\$ 62,831

Algoma Family Services

Notes to Financial Statements

March 31, 2026

4. Line of credit

The Organization has an authorized line of credit of \$500,000 with interest at a rate of prime plus 0.5%. At March 31, 2026, the credit is unused.

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$15,755 (2025 - \$112,835).

6. Grants repayable

	<u>2026</u>	<u>2025</u>
Ministry of Attorney General	\$ 24,300	\$ 64,130
Ministry of Children and Youth Services	226,742	-
Ministry of Community and Social Services	131,897	53,151
Ministry of Health	5,373	-
	<u>\$ 388,312</u>	<u>\$ 117,281</u>

7. Deferred revenue

	<u>2026</u>	<u>2025</u>
Balance, beginning of year	\$ 807,785	\$ 253,609
Grants deferred in the year	1,194,150	608,832
Amounts included in revenue	(480,443)	(54,656)
	<u>\$ 1,521,492</u>	<u>\$ 807,785</u>

8. Deferred capital contributions

Government grants were received to finance the purchase of certain capital assets. Deferred grants related to capital assets represent the unamortized amount of grants received.

	<u>2026</u>	<u>2025</u>
Balance, beginning of year	\$ 1,814,458	\$ 1,912,815
Capital grants deferred in the year	509,817	-
Amortization of deferred capital contributions	(91,064)	(98,357)
	<u>\$ 2,233,211</u>	<u>\$ 1,814,458</u>

Algoma Family Services

Notes to Financial Statements

March 31, 2026

9. Long-term debt

	2026	2025
District of Sault Ste. Marie Administration Board mortgage take back, payable \$1,427 monthly which includes interest at 5.47% per annum with an open payment option, secured by Dennis Street land and building, maturing May 1, 2034	\$ 265,901	\$ 268,744
Less current portion	2,998	2,843
	\$ 262,903	\$ 265,901

Principal payments required on long term debt for the next five years are due as follows:

Year	Amount
2027	\$ 2,998
2028	3,162
2029	3,335
2030	3,518
2031	3,710
Thereafter	249,178
	\$ 265,901

10. Reserves

	2026	2025
Energy break	\$ 25,758	\$ 25,758
EAP / Fee for service	30,087	30,087
Triple P	85,118	40,018
Supervised Access Program	4,263	4,263
Miscellaneous	46,150	80,803
Live in Treatment	201,354	155,601
Youth Hub	70,783	31,533
Community Wellness Bus	63,375	-
Psychological Assessments	151,634	-
	\$ 678,522	\$ 368,063

11. Economic dependence

The Organization has a number of agreements with the Provincial Government. As a result of the amount of funding received under these agreements, the Organization was financially dependent on the Provincial Government.

Algoma Family Services Notes to Financial Statements

March 31, 2026

12. Algoma Family Services Foundation

The Organization has an economic interest in the Algoma Family Services Foundation as the purpose of the Foundation is to receive and maintain funds to enhance or supplement the children's mental health programs and services available through the Organization.

During the year the Foundation utilized office space of the Organization at no cost.

	2026	2025
Funding received	\$ 209,063	\$ -

13. Retirement benefits

Starting January 1, 2024 substantially all of the employees of the Organization are members of the Colleges of Applied Arts and Technology ("CAAT") Pension Plan (the "Plan"), which is a multi-employer jointly-sponsored defined benefit pension plan available to all employees of the participating members of the CAAT. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the highest five consecutive years prior to retirement, termination, or death. The Organization makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan's governors to ensure the long-term viability of the Plan.

Since the plan is a multi-employer plan the Organization's contributions are accounted for as if the Plan were a defined contribution plan with the Organization's contributions being expensed in the period they come due.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing Plan assets in trust and through the Plan investment policy. Any pension surplus or deficit is a joint responsibility of the members and employers and may affect future contribution rates. The Organization does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the College's share of the underlying pension asset and liabilities. As of January 1, 2026, the CAAT Pension Plan has increased its funding reserve to \$6.7 billion and is currently 124% funded on a going-concern basis.

The Organization's contributions to the pension plan for the current year totaled \$445,757 (2025 - \$426,699).

March 31, 2026

14. Financial instrument risk

The Organization's management monitors, evaluates and manages the principal risks assumed with financial instruments on a daily basis. The risks that arise from transacting financial instruments include liquidity risk, credit risk and interest rate risk.

Liquidity risk

Liquidity risk arises from the organization's management of accounts payable and other current liabilities. It is the risk that the organization will encounter difficulty in meeting its financial obligations as they fall due. The organization's policy to minimize this risk is to ensure an adequate line of credit exists for the organization.

Credit risk

Credit risk arises principally from the organization's cash and receivables. The cash is exposed to concentration risk as it is held with one institution and is in excess of the Canadian Deposit Insurance Corporation limits, however the cash is held at a reputable institution from which management believes the risk of loss to be remote. The organization is also exposed to credit risk resulting from the possibility that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Interest rate risk

Interest rate risk arises principally from the organization's credit facility. It 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 credit facility has a variable interest rate. Changes in the bank's prime lending rate can cause fluctuations in interest payments and cash flows. The organization does not use derivative financial instruments to alter the effect of this risk.

There have not been any changes in the risks from the prior year.

15. Comparative figures

Comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.