

Lambton County Developmental Services
Financial Statements

March 31, 2025

Lambton County Developmental Services

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For the year ended March 31, 2025

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Lambton County Developmental Services

Statement of Financial Position

As at March 31, 2025

	Operating Fund	Capital Fund	2025	2024
Assets				
Current				
Cash	\$ 20,368	\$ -	\$ 20,368	\$ 97,584
Accounts receivable	106,023	-	106,023	73,652
Inventory	26,995	-	26,995	29,005
Prepaid expenses	24,734	-	24,734	198,255
HST recoverable	71,001	-	71,001	86,506
Funds held in trust (Note 3)	325,944	-	325,944	404,014
	575,065	-	575,065	889,016
Property and equipment (Note 4)	-	2,549,761	2,549,761	2,110,468
Due from building fund	1,032,328	-	1,032,328	1,027,393
Restricted cash	429,831	-	429,831	77,929
	\$ 2,037,224	\$ 2,549,761	\$ 4,586,985	\$ 4,104,806
Liabilities				
Current				
Bank indebtedness (Note 5)	\$ 200,000	\$ -	\$ 200,000	\$ -
Accounts payable and accrued liabilities	819,473	-	819,473	1,167,444
Wages payable	535,414	-	535,414	667,609
Deferred revenue	30,942	-	30,942	5,000
Due to LCDS Foundation (Note 8)	547,929	-	547,929	2,657
Current portion of long term debt (Note 6)	95,199	38,683	133,882	127,883
	2,228,957	38,683	2,267,640	1,970,593
Long-term debt (Note 6)	151,346	414,354	565,700	\$ 761,413
Due to operating fund	-	1,032,328	1,032,328	1,027,393
Restricted deferred revenue	455,006	-	455,006	25,315
	2,835,309	1,485,365	4,320,674	3,784,714
Net Assets				
Fund balances	(850,664)	(320,996)	(1,171,660)	(683,521)
Net assets invested in capital assets	-	1,385,392	1,385,392	951,034
Restricted	52,579	-	52,579	52,579
	(798,085)	1,064,396	266,311	320,092
	\$ 2,037,224	\$ 2,549,761	\$ 4,586,985	\$ 4,104,806

Approved by the Board:


Director

Director

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

Lambton County Developmental Services

Statement of Changes in Net Assets

For the year ended March 31, 2025

	Operating Fund	Capital Fund	2025	2024
Unrestricted Net Assets				
Balance beginning of year	\$ (324,473)	\$ (359,048)	\$ (683,521)	\$ (839,166)
Excess (deficiency) of revenues over expenses	31,425	(85,206)	(53,781)	(78,477)
Loss on disposal of property and equipment	-	267	267	2,203
Amortization	-	122,991	122,991	116,639
Interfund transfers (Note 11)	(557,616)	-	(557,616)	115,280
	<u>(850,664)</u>	<u>(320,996)</u>	<u>(1,171,660)</u>	<u>(683,521)</u>
Net Assets Invested in Capital Assets				
Balance - beginning of year	-	951,034	951,034	1,185,156
Loss on disposal of assets	-	(267)	(267)	(2,203)
Amortization	-	(122,991)	(122,991)	(116,639)
Interfund transfers (Note 11)	-	557,616	557,616	(115,280)
	<u>-</u>	<u>1,385,392</u>	<u>1,385,392</u>	<u>951,034</u>
Restricted Net Assets				
Balance - beginning of year	52,579	-	52,579	52,579
	<u>52,579</u>	<u>-</u>	<u>52,579</u>	<u>52,579</u>
Net Assets - End of Year	<u>\$ (798,085)</u>	<u>\$ 1,064,396</u>	<u>\$ 266,311</u>	<u>\$ 320,092</u>

The accompanying notes are an integral part of these financial statements

Lambton County Developmental Services

Statement of Revenues and Expenses

For the year ended March 31, 2025

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>2025</i>	<i>2024</i>
Revenue				
MCCSS funding	\$ 14,650,514	- \$	14,650,514	14,208,059
Other grants and subsidies	630,171	-	630,171	675,044
Rent	402,777	43,589	446,366	425,735
Sales - Petrolia enterprises	242,659	-	242,659	264,205
Other income	1,013,619	-	1,013,619	884,162
Donations and fundraising	71,406	-	71,406	32,245
Total Revenues	17,011,146	43,589	17,054,735	16,489,450
Expenses				
Amortization	-	122,991	122,991	116,639
Advertising and promotion	39,544	-	39,544	60,145
Interest and bank charges	-	5,537	5,537	5,515
Interest on mortgages	31,577	-	31,577	30,436
Office	143,718	-	143,718	152,616
Program costs	495,949	-	495,949	234,843
Quality enhancement	590,280	-	590,280	678,306
Buildings	1,382,811	-	1,382,811	1,381,700
Client purchased services	1,301,680	-	1,301,680	1,369,900
Purchased services	278,966	-	278,966	94,049
Other expenses and fundraising	480,669	-	480,669	450,573
Equipment repairs and maintenance	68	-	68	325
Wages and benefits	11,928,996	-	11,928,996	11,753,051
Travel	305,463	-	305,463	237,626
Total Expenses	16,979,721	128,528	17,108,249	16,565,724
Deficiency of revenues over expenses from operations before other item	\$ 31,425	\$ (84,939)	\$ (53,514)	\$ (76,274)
Other Item				
Loss on disposal of property and equipment	-	(267)	(267)	(2,203)
Deficiency of revenues over expenses	\$ 31,425	\$ (85,206)	\$ (53,781)	\$ (78,477)

The accompanying notes are an integral part of these financial statements

Lambton County Developmental Services

Statement of Cash Flows

For the year ended March 31, 2025

	2025	2024
Operating activities		
Deficiency of revenues over expenses	\$ (53,781)	\$ (78,477)
Items not affecting cash:		
Amortization	122,991	116,639
Loss on disposal of property and equipment	267	2,203
	69,477	40,365
Changes in non-cash working capital balances:		
Accounts receivable	(32,371)	103,448
Inventory	2,010	(3,689)
Prepaid expenses	173,521	(177,370)
HST recoverable	15,505	46,046
Fund held in trust	78,070	-
Accounts payable and accrued liabilities	(347,971)	(368,697)
Wages payable	(132,195)	21,433
Deferred revenue	455,633	4,239
	281,679	(334,225)
Financing activities		
Operating loan advances	200,000	-
Repayment of long-term debt	(189,714)	(175,178)
Repayment of obligations under capital lease	-	(578)
Repayment of advances from LCDS Foundation	(120,443)	(62,538)
Advances from LCDS Foundation	665,715	217,521
	555,558	(20,773)
Investing activities		
Purchase of property and equipment	(562,551)	-
Increase (decrease) in cash	274,686	(354,998)
Cash, beginning of year	175,513	530,511
Cash, end of year	\$ 450,199	\$ 175,513

The accompanying notes are an integral part of these financial statements

Lambton County Developmental Services
Schedule 1 - Statement of Revenue and Expenses - Operating Fund
For the year ended March 31, 2025

	Administration	Group Homes	Community Participation	SIL	Host Family	Other Programs (schedule 2)	2025	2024
Revenues								
MCSS funding	\$ -	\$ 8,225,653	\$ 2,383,412	\$ 1,676,107	\$ 1,505,658	\$ 859,684	\$ 14,650,514	\$ 14,208,059
Other grants and subsidies	-	2,300	575,491	-	-	52,380	630,171	675,044
Other income	797,046	11,800	14,217	-	15,975	174,581	1,013,619	884,162
Sales - Petrolia Enterprises	-	-	164,436	-	-	78,223	242,659	264,205
Rent	48,574	248,079	-	15,735	-	90,389	402,777	386,506
Donations and fundraising	41,499	-	4,907	-	-	25,000	71,406	32,245
	887,119	8,487,832	3,142,463	1,691,842	1,521,633	1,280,257	17,011,146	16,450,221
Administrative allocations	1,107,440	(634,856)	(170,609)	(120,970)	(116,861)	(64,144)	-	-
Expenses								
Advertising and promotion	37,016	-	447	-	-	2,081	39,544	60,145
Buildings	237,087	156,108	116,248	45,307	560,752	267,309	1,382,811	1,381,700
Client purchased services	-	87,876	638,804	41,342	449,029	84,629	1,301,680	1,369,900
Equipment repairs and maintenance	-	-	68	-	-	-	68	325
Interest on mortgages	7,494	-	1,067	-	-	23,016	31,577	30,436
Office	53,417	41,128	12,133	15,447	13,465	8,128	143,718	152,616
Other expenses and fundraising	150,861	170,443	69,212	42,071	24,041	24,041	480,669	450,573
Program costs	17,508	28,966	233,878	143,851	31,833	39,913	495,949	234,843
Purchased services	278,966	-	-	-	-	-	278,966	94,049
Quality enhancement	97,960	274,556	82,212	56,797	44,061	34,694	590,280	678,306
Travel	6,292	3,674	248,538	32,451	13,161	1,347	305,463	237,626
Wages and benefits	1,096,452	6,764,909	1,372,901	1,253,727	756,203	684,804	11,928,996	11,753,051
	1,983,053	7,527,660	2,775,508	1,630,993	1,892,545	1,169,962	16,979,721	16,443,570
Excess (deficiency) of revenues over expenses	11,506	325,316	196,346	(60,121)	(487,773)	46,151	\$ 31,425	\$ 6,651

The accompanying notes are an integral part of these financial statements

Lambton County Developmental Services
Schedule 2 - Statement of Revenue and Expenses - Other Programs
For the year ended March 31, 2025

	Caregiver Respite	Recreation	Social Enterprise	Habitat Homes	Skills Development Fund	Safer and Vital Communities	2025	2024
Revenues								
MCSS funding	\$ 12,184	\$ -	\$ -	\$ 847,500	\$ -	\$ -	\$ 859,684	\$ 894,887
Other grants and subsidies	-	-	-	-	12,380	40,000	52,380	152,490
Other income	-	28,680	145,901	-	-	-	174,581	142,618
Sales - Petrolia Enterprises	-	-	78,223	-	-	-	78,223	71,021
Rent	-	-	-	90,389	-	-	90,389	88,334
Donations and fundraising	-	25,000	-	-	-	-	25,000	20,000
	12,184	53,680	224,124	937,889	12,380	40,000	1,280,257	1,369,350
Administrative allocations	(913)	-	-	(63,231)	-	-	(64,144)	(67,115)
Expenses								
Advertising and promotion	-	-	2,081	-	-	-	2,081	438
Buildings	-	-	49,675	108,817	-	-	267,309	261,970
Client purchased services	8,543	-	-	76,086	-	-	84,629	83,603
Interest on mortgages	-	-	23,016	-	-	-	23,016	20,243
Office	-	-	4,141	2,987	-	1,000	8,128	6,914
Other expenses and fundraising	-	-	6,010	18,031	-	-	24,041	153,969
Program costs	-	285	38,548	1,080	-	-	39,913	34,617
Quality enhancement	-	-	-	33,194	-	1,500	34,694	35,741
Travel	-	2,050	-	(703)	-	-	1,347	(1,428)
Wages and benefits	1,269	22,129	36,472	587,434	-	37,500	684,804	725,354
	9,812	24,464	159,943	826,926	-	40,000	1,169,962	1,321,421
Excess (deficiency) of revenues over expenses	\$ 1,459	\$ 29,216	\$ 64,181	\$ 47,732	\$ 12,380	\$ -	\$ 46,151	\$ (19,186)

The accompanying notes are an integral part of these financial statements

Lambton County Developmental Services

Notes to the Financial Statements

For the year ended March 31, 2025

1. Nature of Operations

Lambton County Developmental Services (the "Organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Organization was founded in 1955 to provide support services to individuals with developmental disabilities residing in the County of Lambton.

2. Significant accounting policies

These financial statements have been prepared in accordance with the significant accounting policies set out by the Ontario Ministry of Children, Community and Social Services (the Ministry) funding agreement. The basis of accounting used in these financial statements is in accordance with Canadian accounting standards for not-for-profit organizations, except for:

i) Property and equipment

The funding model utilized by the Ministry in providing funds to the organization provides for the funding of capital expenditures. Capital expenditures of the Operating Fund, with the exception of land and building, are recorded as Operating Fund expenditures in the year incurred.

ii) Accrued Liabilities

The modified accrual accounting method requires the inclusion of short term accruals of revenue and normal operating expenditures in the determination of operating results for a given time period. Short term accruals are defined as payable or receivable within 30 days of the budget year end.

iii) Vacation Pay Accrual

The Ministry funding model accounts for vacation pay on a cash basis. As a result, a vacation pay accrual is not recorded in these financial statements.

iv) Long Term Debt

The amount of principal repaid during the year is charged to reduce the carrying value of the debt, and is added to fund balances.

v) Revenue Recognition

Contributions received for capital assets are recognized in the year received as revenue instead of being deferred and amortized on the same basis as the related property and equipment.

a) Fund accounting

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Building Fund reports the assets, liabilities, revenues, and expenses related to LCDS's capital assets. It provides for the use of assets to various operating programs in return for recovery payments equal to the principal payments required on the assets' related loans.

Payments on loans reported in Building Fund liabilities are recorded as expenses of the Operating Fund. The principal portion of the payments is shown in the Building Fund as receipts from the Operating Fund.

Lambton County Developmental Services
Notes to the Financial Statements
For the year ended March 31, 2025

2. Significant accounting policies, continued

a) Fund accounting, continued

Where the full purchase price of a long-lived asset is funded by a program, the purchase price is reported as a direct operating expense of the Operating Fund and as receipts from operating funds to the Building Fund.

b) 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

c) Donations

Donations specifically contributed for operating purposes are recognized as revenue of the Operating Fund. Donations made for capital purposes are recorded as revenue of the Building Fund.

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty in determining the fair value of volunteer hours, contributed services are not recognized in the financial statements.

d) Property and equipment

Certain property and equipment purchased are expensed when acquired. Other property and equipment purchased are capitalized to the extent the cost exceeds any grants or subsidies received and are recorded in the Building Fund.

Amortization is provided on the diminishing balance basis over the asset's estimated useful lives at the following annual rates:

Buildings and improvements	5%
Furniture and equipment	20%
Vehicles	30%

e) Financial instruments

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

Arm's length financial instruments

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

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

2. Significant accounting policies, continued

e) *Financial instruments, continued*

The Organization 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 Organization'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 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 Organization 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 Organization 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 Organization has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Organization 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.

2. Significant accounting policies, continued

e) Financial instruments, continued

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization 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 Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

f) 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.

g) Accounting for Cloud Computing Arrangement

The Organization has applied the simplification approach to account for expenditures in a cloud computing arrangement. Under the simplification approach, the Organization recognizes expenditures related to the elements in the cloud computing arrangement as an expense as incurred.

Lambton County Developmental Services
Notes to the Financial Statements
For the year ended March 31, 2025

3. Funds Held in Trust

The funds held in trust are held and distributed on behalf of the Organization by Pooran Law Professional Corporation. The amounts in trust are being held for future settlement claims. As at March 31, 2025 the trust funds consist of cash in the amount of \$325,944 (2024 - \$404,014).

4. Property and Equipment

	Cost	Accumulated Amortization	2025 Net Book Value	2024 Net Book Value
Land, buildings, and improvements	\$6,038,459	\$3,736,876	\$2,532,689	\$2,088,633
Furniture and equipment	359,189	343,392	15,798	19,746
Vehicles	30,084	37,809	1,275	2,089
	\$6,667,838	\$4,118,077	\$2,549,761	\$2,110,468

5. Bank Debt

In addition to various fixed term loans described in Note 6, RBC Royal Bank has agreed to lend the Organization the following credit facilities:

A revolving demand facility of \$200,000. Interest is at the Royal Bank Prime rate + 0.9%, payable monthly in revolving increments of \$5,000. At year end, \$200,000 is outstanding on this facility (2024 - \$Nil).

A revolving term facility in the amount of \$149,999, the terms of which are set as and when drawn upon. At year end there was no balance outstanding.

Collateral for the Organization's debts are as follows:

- a. General security agreement constituting a first ranking security interest in all personal property of the Borrower;
- b. Collateral mortgage in the amount of \$490,000, constituting a first fixed charge on the lands and improvements located at 4189 Petrolia Line, Petrolia, ON, supported by Priority Agreement between the Bank, the Borrower and the Corporation of the County of Lambton;
- c. Certificate of insurance evidencing fire and other perils coverage on the property located at 4189 Petrolia Line, Petrolia, ON, showing the Bank as first mortgage;
- d. Certificate of insurance evidencing fire and other perils coverage on the property located at 339 and 339 1/2 Centre Street, Petrolia, ON, showing the Bank as first mortgage;
- e. Certificate of insurance evidencing fire and other perils coverage on the property located at 432 Albany Street, Petrolia, ON, showing the Bank as first mortgage.

Lambton County Developmental Services
Notes to the Financial Statements
For the year ended March 31, 2025

6. Long-term debt

	2025	2024
RBC Royal Bank loan bearing interest at 3.93% per annum, repayable in monthly blended payments of \$8,578. The loan matures on December 21, 2026 and is secured by lands and improvements described in Note 5, which have a carrying value of \$1,955,226 (2024 - \$2,058,133).	\$246,545	\$398,207
Less: current portion of Operating Fund debt	(95,199)	(89,289)
Long term debt of the Operating Fund	151,346	308,918
Habitat for Humanity - Sarnia/Lambton loan bearing interest at 0% per annum, repayable in monthly blended payments of \$641. The loan matures on October 1, 2041, and is secured by land and improvements at 774 Devine St., Sarnia, which has a carrying value of \$115,111 (2024 - \$121,169).	127,359	135,051
LCDS Organization loan bearing interest at 4.12% per annum, repayable in monthly blended payments of \$1,491. The loan matures on August 18, 2032, and is secured by land and improvements at 433 King St., Petrolia, which has a carrying value of \$201,241 (2024 - \$211,833).	114,752	127,112
Habitat for Humanity - Sarnia/Lambton loan bearing interest at 0% per annum, repayable in monthly blended payments of \$500. The loan matures on April 10, 2042, and is secured by land and improvements at 386 Northridge St., Sarnia, which has a carrying value of \$93,901 (2024 - \$98,843).	102,085	108,085
Habitat for Humanity - Sarnia/Lambton loan bearing interest at 0% per annum, repayable in monthly blended payments of \$1,000. The loan matures on August 1, 2032, and is secured by land and improvements at 388 Northridge St., Sarnia, which has a carrying value of \$138,618 (2024 - \$145,914).	108,841	120,841
Less: current portion of Building Fund debt	(38,683)	(38,594)
Long term debt of the Building Fund	\$414,354	\$452,495
	\$699,582	\$889,296

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2026	\$ 133.882
2027	138.231
2028	92.926
2029	41.229
2030	42.184
Thereafter	251,130
	<u>\$ 699,582</u>

Lambton County Developmental Services
Notes to the Financial Statements
For the year ended March 31, 2025

7. Lease commitments

The Organization leases premises for use as residences from Nainstay Non-Profit Buildings Inc., a related party. Annual lease payments are \$130,593 (2024 - \$174,019).

8. Related Party transactions

The following is a summary of the Organization's related party transactions:

	2025	2024
LCDS Foundation		
<i>Organization incorporated for the support of LCDS</i>		
Principal and interest payments	(18,292)	(17,395)
Donations	34,113	-
Recovery of fund development costs	-	30,000
Fundraising payments to the Organization	-	(2,657)
	15,821	9,948
Nainstay Non-Profit Building Inc.		
<i>Owns properties used in LCDS program delivery</i>		
Rents paid	(130,593)	(174,019)
Management fees received	64,205	60,000
	(66,388)	(114,019)
Total	(50,567)	(104,072)

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As at March 31, 2025, the Organization had \$547,929 (2024 - \$2,657) payable to the LCDS Foundation.

Advances from related organizations are non-interest bearing and have no set repayment terms.

9. Economic Dependence

LCDS received approximately 86% of its total revenue for the year (2024 - 89%) from the Ministry of Children, Community and Social Services. It would be difficult to continue operations without the support of these funds.

10. Financial risk

The Organization is exposed to various risks through its financial instruments without being exposed to concentrations of risk. The following analysis presents the Organization's exposure to significant risk at March 31, 2025:

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. The Organization manages its exposure to liquidity risk by constantly monitoring forecasted and actual cash flows.

There has been no change in this risk exposure from the prior year.

Lambton County Developmental Services
Notes to the Financial Statements
For the year ended March 31, 2025

10. Financial risk, continued

Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization's accounts receivable are subject to credit risk.

The Organization regularly reviews its credit exposure to monitor credit risk. As part of this review, the Organization assess collectability of accounts receivable. As at March 31, 2025, the allowance for doubtful account balance is \$5,000 (2024 - \$5,000).

11. Interfund transactions

During the year, the Organization transferred \$557,616 from the Capital fund to the Operating fund. The Board of Directors has approved this transfer.