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COMMUNITY LIVING ASSOCIATION FOR SOUTH SIMCOE

Financial Statements

Year Ended March 31, 2026

COMMUNITY LIVING ASSOCIATION FOR SOUTH SIMCOE
Index to Financial Statements
Year Ended March 31, 2026

TRUSTER
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INDEPENDENT AUDITOR'S REPORT

To the Directors of Community Living Association For South Simcoe

Qualified Opinion

We have audited the financial statements of Community Living Association For South Simcoe (the organization), which comprise the statement of financial position as at March 31, 2026, and the statements of revenues and expenditures, changes in operating fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization 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 Qualified Opinion

In common with many charitable organizations, the organization derives revenue from fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and fund balance.

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 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 qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

(continues)

Truster Zweig Raithatha LLP, Chartered Professional Accountants
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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Truster Zweig Raithatha LLP

Markham, Ontario
August 19, 2026

Chartered Professional Accountants
Licensed Public Accountants

COMMUNITY LIVING ASSOCIATION FOR SOUTH SIMCOE

Statement of Financial Position

March 31, 2026

	2026	2025
ASSETS		
CURRENT		
Cash *(Note 3)*	**$ 34,502**	$ 1,007,592
Grants and accounts receivable *(Note 4)*	**1,257,209**	1,144,517
Inventory	**-**	6,699
Government remittances	**278,460**	655,946
Prepaid expenses and deposits	**460,754**	456,111
	2,030,925	3,270,865
CASH HELD FOR REPLACEMENT RESERVE *(Note 5)*	**35,516**	33,484
PROPERTY AND EQUIPMENT *(Note 6)*	**9,073,032**	9,321,050
	$ 11,139,473	$ 12,625,399
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 1,781,421**	$ 2,657,829
Current portion of loans payable *(Note 7)*	**173,614**	147,446
Current portion of mortgage payable	**-**	17,122
	1,955,035	2,822,397
LONG TERM		
Loans payable *(Note 7)*	**2,661,962**	2,852,095
Deferred grants *(Note 8)*	**3,397,603**	3,523,155
	8,014,600	9,197,647
FUND BALANCES		
REPLACEMENT RESERVE FUND *(Note 5)*	**35,516**	33,484
OPERATING FUND BALANCES	**3,089,357**	3,394,268
	3,124,873	3,427,752
	$ 11,139,473	$ 12,625,399

APPROVED ON BEHALF OF THE BOARD

Signed by:
Lorri Eagan *Director*
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Alan Dresser Alan Dresser *Director*
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COMMUNITY LIVING ASSOCIATION FOR SOUTH SIMCOE
Statement of Revenues and Expenditures
Year Ended March 31, 2026

	2026	2025
REVENUES		
Ministry of Children, Community and Social Services		
-Operational Support	**$ 19,585,362**	$ 18,577,723
-Supported Housing	**29,840**	31,135
Deferred grants earned	**309,720**	320,192
Total grants	**19,924,922**	18,929,050
Family benefits allowance	**1,197,422**	1,211,009
Expense recovery	**2,954,318**	2,543,931
Fundraising	**434,269**	457,167
Rental revenue	**16,400**	21,150
Community Fridge	**3,349**	33,461
Ontario Trillium Foundation	**5,166**	-
	24,535,846	23,195,768
EXPENSES		
Amortization	**474,224**	492,410
Bad debts	**294,660**	-
Community Fridge	**-**	43,284
Food	**518,450**	544,468
Fundraising	**338,049**	62,047
Insurance	**214,558**	195,068
Interest on long-term debt	**154,229**	161,710
New furnishings	**151,167**	192,140
Ontario Trillium Foundation	**6,968**	-
Other program cost	**51,536**	53,499
Personal needs	**226,495**	242,102
Premises, rent and utilities	**390,719**	474,693
Purchased services and advertising	**1,624,879**	1,884,517
Repairs and maintenance	**229,460**	189,892
Replacement reserve	**1,933**	1,933
Salaries and employee benefits	**19,366,672**	17,830,934
Staff training	**110,029**	122,941
Staff travel	**65,530**	70,028
Supplies	**244,629**	250,092
Vehicles	**374,930**	398,655
	24,839,117	23,210,413
DEFICIENCY OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING	**(303,271)**	(14,645)
(Loss) Gain on disposal of property and equipment	**(1,640)**	8,512
DEFICIENCY OF REVENUES OVER EXPENSES	**$ (304,911)**	$ (6,133)

See notes to financial statements

COMMUNITY LIVING ASSOCIATION FOR SOUTH SIMCOE
Statement of Changes in Operating Fund Balance
Year Ended March 31, 2026

	2026	2025
OPERATING FUND BALANCE - BEGINNING OF YEAR	**$ 3,394,268**	$ 3,400,401
Deficiency of revenues over expenses	**(304,911)**	(6,133)
OPERATING FUND BALANCE - END OF YEAR	**$ 3,089,357**	$ 3,394,268

See notes to financial statements

COMMUNITY LIVING ASSOCIATION FOR SOUTH SIMCOE
Statement of Cash Flows
Year Ended March 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	$ (304,911)	$ (6,133)
Items not affecting cash:		
Amortization	474,224	492,410
Loss (gain) on disposal of property and equipment	1,640	(8,512)
Deferred grants earned	(309,720)	(320,192)
	(138,767)	157,573
Changes in non-cash working capital:		
Grants and accounts receivable	(112,692)	203,203
Inventory	6,699	29,324
Government remittances	377,486	(494,801)
Prepaid expenses and deposits	(4,643)	(262,730)
Accounts payable and accrued liabilities	(876,407)	256,506
Deferred revenue	-	(47,059)
	(609,557)	(315,557)
Cash flow used by operating activities	(748,324)	(157,984)
INVESTING ACTIVITIES		
Purchase of property and equipment	(231,496)	(440,418)
Proceeds on disposal of property and equipment	3,650	13,032
Deferred grants related to acquisition of property and equipment	184,168	422,752
Cash flow used by investing activities	(43,678)	(4,634)
FINANCING ACTIVITIES		
Loans payable	(163,965)	(133,139)
Mortgage payable	(17,123)	(16,885)
Cash flow used by financing activities	(181,088)	(150,024)
DECREASE IN CASH FLOW	(973,090)	(312,642)
Cash - beginning of year	1,007,592	1,320,234
CASH - END OF YEAR	$ 34,502	$ 1,007,592

1. PURPOSE OF THE ORGANIZATION

Community Living Association for South Simcoe (the "organization") is a non-share capital, not-for-profit organization, incorporated under the Business Corporations Act of Ontario on April 6, 1971 to provide residential and support services to developmentally delayed individuals in the South Simcoe region of Ontario. As a charity registered under the Income Tax Act (Canada), the organization is not subject to income taxes and is authorized to issue tax receipts for donations received.

2. SIGNIFICANT ACCOUNTING POLICIES

Management has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, using the deferral method. These standards are in accordance with the Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Fund accounting

These financial statements include the following funds:

Replacement reserve fund comprises amounts that are to be used for specific eligible capital expenditures as agreed to by the Ministry of Children, Community and Social Services (MCCSS).

Operating fund balance comprises amounts available for immediate use for the general purposes of the organization as determined by the Board of Directors.

(b) Financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arms's length transactions, which are recorded at the carrying or exchange amount depending on the circumstances. The organization subsequently measures all financial assets and financial liabilities at cost or amortized cost. Changes in fair value are recognized in net earnings.

Financial assets measured at cost or amortized cost include cash, grants and accounts receivable, government remittances and cash held for replacement reserve.

Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities and loans payable.

(continues)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Revenue recognition

Restricted contributions (represented by grants) 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.

Revenue from certain capital contributions and grants is deferred and recognized in the year the related expenses are incurred.

Other revenue is recognized when earned.

(d) Divisional Results

These financial statements represent the combined results of the various programs as at March 31, 2026 and the results of their operations for the year then ended.

(e) Property and equipment

Property and equipment are recorded at cost.

Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Buildings	5%	diminishing balance method
Furniture and fixtures	20%	diminishing balance method
Office equipment	20%	diminishing balance method
Vehicles	30%	diminishing balance method
Computers and Phones	30%	diminishing balance method

Management reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is assessed by comparing the carrying amount to the estimated future net cash flows that the assets are expected to generate. Where the carrying value exceeds estimated net cash flows, the assets are written down to fair value.

(f) Capital management

The organization's objective is to have sufficient resources to continue operations in accordance with its mission. The need for sufficient resources is considered when preparing an annual budget and monitoring its cash flows.

(continues)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include the measurement of accrued liabilities, revenue recognition and amortization. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(h) Contributed goods and services

Volunteers and members of the community contribute time and goods to assist the organization in carrying out its' service delivery activities. Because of the difficulty of determining their fair value, the value of contributed goods and services is not recognized in the financial statements. Volunteer hours representing administrative and other activities for the year were approximately 68 hours (2025 - 549 hours).

(i) Employee pension plan

The organization has a defined contribution plan, wherein it is required to match employee contributions up to 5% of annual earnings (for eligible employees). The costs of the organization's defined contribution plan are charged to salaries and employee benefits during the year. The organization's total contribution expense for this plan in the current year is $366,237 (2025 - $335,546).

Since November 30, 2025 and as at January 1, 2026, the organization offers additional pension plan option with CAAT Pension Plan, under a Master plan "The Colleges of Applied Arts and Technology Pension Plan". The organization's total contribution expense for this plan in the current year is $95,167 (2025 - $Nil).

3. CREDIT FACILITY

The organization has available an operating loan facility in connection with financing of day to day requirements.

The operating loan up to $800,000 bears interest at the Toronto Dominion Bank's prime rate plus 0.35% per annum and no terms of repayment. As at March 31, 2026 the organization borrowed $81,923 (2025 - $Nil) which was repaid subsequent to the year end.

4. GRANTS AND ACCOUNTS RECEIVABLE

	2026	2025
Grants receivable	**$ -**	$ 16,951
Accounts receivable	**1,257,209**	1,127,566
	$ 1,257,209	$ 1,144,517

5. CASH HELD FOR REPLACEMENT RESERVE

Replacement reserve funds are provided by MCCSS and are held in interest bearing accounts. These reserve funds are restricted and can only be used for specific eligible capital expenditures.

There were no capital expenditures during the year. The fund earned interest of $100 (2025 - $988) and received $1,933 (2025 - $1,933) from MCCSS.

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	**2026 Net book value**	2025 Net book value
Land	$ 2,839,253	$ -	**$ 2,839,253**	$ 2,839,253
Buildings	12,059,773	6,429,390	**5,630,383**	5,832,105
Furniture and fixtures	2,221,968	1,822,735	**399,233**	376,347
Office equipment	358,934	293,476	**65,458**	85,265
Vehicles	1,925,835	1,832,138	**93,697**	123,783
Computers and Phones	711,746	666,738	**45,008**	64,297
	$ 20,117,509	$ 11,044,477	**$ 9,073,032**	$ 9,321,050

Purchases of property and equipment in the current year of $184,168 (2025 - $422,752) were financed by deferred grants contributions (Note 8).

7. LOANS PAYABLE

The organization has available a fixed rate loans facility in connection with financing of certain property and equipment.

The fixed rate loans bear interest at prime rate plus 0.25% per annum and are due from March 26, 2029 to March 20, 2034.

The loans facilities are secured as follows:

- General Security Agreement representing a second charge on all present and after acquired personal property;
- Small Business Banking Security Agreement;
- Continuing Collateral Mortgages representing a first charge on the following properties:

  181 Barrie Street, Bradford;
  2169 Adjala-Tecumseth, Tecumseth;
  6164 Fourth Line, Tecumseth;
  70 Mills Court, Bradford;
  75 Church Street North, Alliston;
  80 Church Street North, Alliston;
  125 Dufferin Street South, Alliston;
  4609 Adjala-Tecumseth Townline, New Tecumseth;
  6486 4th Concession Rd, Adjala-Tosorontio;
  233 Church Street South, New Tecumseth;
  114-247 King Street North, Alliston;
- Assignment of $6,000,000 in fire insurance on the above properties.

As at March 31, 2026 the organization was in compliance with the Debt Service Coverage ratio covenant relating to these loans.

Future required minimum principal payments in the next four years are as follows:

2027	$ 173,614
2028	182,778
2029	192,426
2030	2,286,758
	$ 2,835,576

8. DEFERRED GRANTS

Certain capital contributions and grants are recognized as revenue in the year the related expenses are incurred. The following lists the unearned portion of these grants by related category of assets:

	2026	2025
Buildings	**$ 2,830,181**	$ 2,915,333
Furniture and fixtures	**395,459**	370,515
Office equipment	**66,072**	86,034
Vehicles	**69,786**	99,694
Computers	**36,105**	51,579
	$ 3,397,603	$ 3,523,155

The continuity of deferred grants is as follows:

	2026	2025
Balance, beginning of year	**$ 3,523,155**	$ 3,420,595
Contributions received during the year	**184,168**	422,752
Revenue recognized in the year	**(309,720)**	(320,192)
Balance, end of year	**$ 3,397,603**	$ 3,523,155

Revenue is recognized in the year in the same manner as amortization is recorded for the corresponding assets.

9. ECONOMIC DEPENDENCE

The organization's operations are primarily funded through various agreements with the Governments of Ontario and Canada.

The Ontario Government has provided funding for the acquisition of the majority of land and buildings. The organization is therefore not free to dispose of these facilities, nor to use these assets for other purposes without the consent of the Ontario Government.

10. CONTRACTS WITH MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES

The organization has a number of contracts with the MCCSS. One requirement of the contracts is the production by Management of a Transfer Payment Annual Reconciliation report which shows a summary of all revenues and expenditures and any resulting surplus or deficit that relates to the contract. As at March 31, 2026 the organization was in compliance with the above requirement.

11. LEASE OBLIGATIONS

The organization has leased vehicles and equipment under various leasing contracts the latest of which ends in December 2029. Total annual lease payments for each of the next three years are as follows:

2027	$	99,479
2028		99,479
2029		56,421

12. COMMITMENTS AND CONTINGENCIES

(a) The organization has agreed to indemnify its past, present and future directors, officers, employees and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to the best interests of the organization.

The nature of the indemnity prevents the organization from reasonably estimating the maximum exposure. The organization has purchased directors' and officers' liability insurance with respect to this indemnification. Historically, the organization has not made any payments under such or similar indemnification agreements. At this time, the organization is not aware of any claims under these guarantees and, therefore, no amount has been accrued in the financial statements with respect to these guarantees.

(b) The organization was informed that lawsuits have been filed against it in respect to employment matters. Management intends to defend against these claims. The amount of loss, if any, arising from these claims cannot be determined at this time. Should any loss result from the resolution of the claims, such loss will be charged to operations in the year of resolution.

13. FINANCIAL RISK MANAGEMENT

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the statement of financial position date.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. The organization is exposed to credit risk with respect to accounts receivable from funders. The organization believes there is minimal risk associated with these amounts which primarily consist of funding receivable from the Government of Ontario.

(b) Liquidity risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, loans payable, mortgage payable and deferred grants. The organization manages its liquidity risk by constantly monitoring its cash flow and financial liabilities maturities. Accounts payable and accrued liabilities are normally paid within the payment terms and other current liabilities are satisfied within the next fiscal year.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market rates. The organization is exposed to interest rate risk in respect to its loans payable.