

Community Living Association for South Simcoe

Management Note – Bad Debt Write-Off, Year Ended March 31, 2026

The audited financial statements for the year ended March 31, 2026 include a bad debt expense of \$294,660. This note is provided to explain this item.

This amount represents money owed to the Association that built up between 2009 and 2025. After a thorough review, management concluded that these amounts are unlikely to be collected. As required by Canadian accounting standards for not-for-profit organizations, the Association has removed these amounts from its records this year and recorded them as an expense (a process known as a write-off).

Please note:

1. **No cash was lost this year.** The write-off is a bookkeeping entry only. It removes amounts that are no longer expected to be collected from the Association's balance sheet (the Statement of Financial Position), so that it more accurately shows what the Association can realistically expect to receive. The Association's cash balance was not affected.
2. **It is a one-time clean-up of past balances, not a sign of a change in the Association's ongoing financial health.** Without this write-off, the Association's income and expenses for the year would have been roughly equal. The write-off is the main reason the financial statements show expenses exceeding revenues for the year (reported as a “deficiency of revenues over expenses”).

The Board of Directors and management reviewed and approved this write-off as part of the year-end audit process. We are happy to answer any questions about the financial statements generally; however, individual account details are not disclosed publicly to protect the privacy of the individuals we support.

Wole Adefila

Director of Finance

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