

Community Living St. Catharines
Financial Statements
For the year ended March 31, 2026

Community Living St. Catharines

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To the Members of Community Living St. Catharines:

Qualified Opinion

We have audited the financial statements of Community Living St. Catharines (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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters 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 its financial performance and its 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 not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the years ended March 31, 2026 and 2025, current assets as at March 31, 2026 and 2025, and net assets as at April 1 and March 31 for both the 2026 and 2025 years.

As disclosed in Note 2 of the financial statements, purchases of capital assets, other than land and buildings, that are funded by government subsidy or grants are recorded in the statement of operations of the various operating fund programs as an expense in the year acquired. Purchases of land and buildings are recorded at cost with the corresponding grant revenue set up as a liability; neither of which is amortized. This constitutes a departure from Canadian accounting standards for not-for-profit organizations. The impact of this departure from Canadian accounting standards for not-for-profit organizations on these financial statements have not been determined and therefore we were not able to determine the adjustments necessary to expenditures, excess of revenues over expenditures and cash flows from operations for the year ended March 31, 2026 and 2025, assets and liabilities at March 31, 2026 and 2025 and net assets as at April 1 and March 31 for both the 2026 and 2025 years.

As disclosed in Note 10, sick leave entitlement is available to unionized employees and the Organization expenses this entitlement in the period which payments are made. No provision has been made in the financial statements for this liability. This constitutes a departure from Canadian accounting standards for not-for-profit organizations. The estimated liability has not been determined and therefore we were not able to determine the adjustments necessary to expenditures, excess of revenues over expenditures and cash flows from operations for the year ended March 31, 2026 and 2025, liabilities at March 31, 2026 and 2025, and net assets as at April 1 and March 31 for both the 2026 and 2025 years.

The predecessor's audit opinion on the financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this limitation in scope and departures from Canadian accounting standards for not-for-profit organizations.

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 qualified opinion.

Other Matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The schedule of ministry program revenue and expenses on page 10 is presented for purposes of additional information and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

The financial statement for the year ended March 31, 2025 were audited by another auditor who expressed a modified opinion on those statements on July 2, 2025 for the reasons described in the Basis for Qualified opinion paragraph.

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.

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.

St. Catharines, Ontario

June 30, 2026

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Community Living St. Catharines

Statement of Financial Position

As at March 31, 2026

	2026	2025
Assets		
Current		
Cash (Note 3)	2,874,669	2,045,587
Accounts receivable (Note 4)	72,587	192,600
Sales tax recoverable	142,475	109,256
Prepaid expenses	20,724	3,747
	3,110,455	2,351,190
Capital assets (Note 5)	7,066,952	7,009,559
	10,177,407	9,360,749
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	2,711,281	2,837,997
Deferred revenue (Note 7)	491,680	62,548
Current portion of long-term debt (Note 8)	1,774,677	273,367
	4,977,638	3,173,912
Long-term debt (Note 8)	360,001	2,130,041
Ministry capital grant (Note 9)	941,961	941,961
	6,279,600	6,245,914
Contingencies (Note 10)		
Net Assets		
Unrestricted	3,897,807	3,114,835
	10,177,407	9,360,749

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

Community Living St. Catharines
Statement of Operations
For the year ended March 31, 2026

	2026	2025
Revenue		
Province of Ontario	14,170,550	14,323,140
Regional Municipality of Niagara	483,432	610,356
Room and board recoveries	1,042,896	1,057,502
Third party fee for service	802,655	835,454
Resident fees and recoveries	101,797	126,128
Grants and other income	53,662	49,961
	16,654,992	17,002,541
Expenses		
Administrative costs	28,807	38,673
Amortization	19,575	9,391
Communications	54,061	71,248
Furniture, equipment and computers	112,802	177,734
Insurance	176,969	207,433
Interest on long-term debt	147,659	132,257
Other purchased services	333,079	466,390
Purchased client services	382,051	602,908
Rent and property taxes	253,400	250,812
Repairs and maintenance	275,534	327,063
Salaries and benefits	13,079,059	13,092,281
Staff training	94,763	105,653
Supplies	840,519	815,138
Utilities	183,362	179,995
Vehicle operation and travel	144,813	402,522
	16,126,453	16,879,498
Excess of revenue over expenses before other income	528,539	123,043
Other items		
Donations and fundraising	56,224	228,597
Interest income	77,722	85,113
Workplace safety and Insurance Board surplus	113,487	116,794
Gain on sale of vehicle	7,000	-
	254,433	430,504
Excess of revenue over expenses	782,972	553,547

The accompanying notes are an integral part of these financial statements

Community Living St. Catharines
Statement of Changes in Net Assets
For the year ended March 31, 2026

	2026	2025
Unrestricted net assets, beginning of year	3,114,835	2,561,288
Excess of revenue over expenses	782,972	553,547
Unrestricted net assets, end of year	3,897,807	3,114,835

The accompanying notes are an integral part of these financial statements

Community Living St. Catharines
Statement of Cash Flows
For the year ended March 31, 2026

	2026	2025
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	782,972	553,547
Amortization	19,575	9,391
	802,547	562,938
Changes in working capital accounts		
Accounts receivable	120,013	69,166
Sales tax recoverable	(33,219)	(27,636)
Prepaid expenses	(16,977)	-
Accounts payable and accrued liabilities	(126,716)	873,496
Deferred revenue	429,132	(1,500)
	1,174,780	1,476,464
Financing		
Repayment of long-term debt	(268,730)	(119,998)
Advances of long-term debt	-	720,000
	(268,730)	600,002
Investing		
Purchase of capital assets	(76,968)	(926,211)
Interfund transfer of dedicated housing project reserve	-	45,828
	(76,968)	(880,383)
Increase in cash	829,082	1,196,083
Cash, beginning of year	2,045,587	849,504
Cash, end of year	2,874,669	2,045,587

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Community Living St. Catharines is a non-profit organization, incorporated without share capital under the Ontario Business Corporations Act and is exempt from income taxes under section 149(1)(l) of the Canadian Income Tax Act. The Organization is a registered charity under the Income Tax Act.

The Organization's primary purpose is to provide educational, rehabilitation and residential services for persons with developmental disabilities in the St. Catharines area.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, except as explained below under capital assets and as explained in Note 10 for sick leave entitlement. The financial statements include the following significant accounting policies:

Fund accounting

The Organization utilizes fund accounting whereby financial statement elements are reported by fund. Resources are classified for accounting and reporting purposes by the activity or objective specified. The restricted fund has stipulations that specify how resources must be used. External restrictions have been stipulated by an arm's length third party. Unrestricted funds have no such stipulations. Internal restrictions have been applied by the Directors of the Organization.

The unrestricted net assets accounts for the funding received and the expenses incurred for general operations. This represents net unrestricted funds available to the Organization.

Revenue recognition

The Organization follows the deferral method of accounting for contributions, in which restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period 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.

Subsequent adjustment by the government, if any, based on their review of actual expenses versus the approved budget will be reflected by the Organization in the year of adjustment to the statement of operations.

Room and board recoveries are recorded in the period of occupancy. Third party fee for service, resident fees and recoveries, fundraising and other income are recorded in the period the services are rendered.

Capital assets

Purchases of furniture, equipment and vehicles that are funded by government subsidy or grants are recorded in the statement of operations of the various operating fund programs as an expense in the year acquired. Purchases of land and buildings are recorded at cost and are not amortized as management believes there will be no decline in property value with proper upkeep and maintenance.

Purchases of furniture, equipment and vehicles that are not funded by government subsidy or grants are recorded at cost. Amortization on the furniture, equipment and vehicles is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Furniture and equipment	declining balance	20 %
Vehicles	declining balance	30 %

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization's ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

2. Significant accounting policies *(Continued from previous page)*

Contributed materials and services

The Organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Due to the difficulty of compiling these hours, contributed services are not recognized in the financial statements. Contributions of capital assets are recognized as donation revenue in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased.

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/acquired or issued/assumed 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 its fair value. The Organization has not made such an election during the year.

Financial assets measured at amortized cost include cash, accounts receivable and sales tax recoverable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, long-term debt and ministry capital grants.

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.

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. Management considers whether the issuer is having significant financial difficulty 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.

The Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

Community Living St. Catharines
Notes to the Financial Statements
For the year ended March 31, 2026

2. Significant accounting policies *(Continued from previous page)*

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 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 reporting period.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Significant estimates and assumptions are used when accounting for items such as impairment of long lived assets, determination of useful lives of capital assets, revenue recognition, contingent liabilities and allowances for accounts receivable.

3. Cash

The Organization has an authorized revolving demand facility by way of demand loans to a maximum of \$575,000 (2025 - \$500,000) with Royal Bank. The loans bears interest prime rate and are secured together with long-term debt as described in Note 8. At March 31, 2026, the revolving demand facility is unused.

4. Accounts receivable

	2026	2025
Accounts receivable	19,096	50,762
Accrued assets	43,885	46,518
Workplace Safety and Insurance Board surplus	9,606	95,320
	72,587	192,600

5. Capital assets

	Cost	Accumulated amortization	2026 Net book value	2025 Net book value
Land and buildings	6,972,783	-	6,972,783	6,972,783
Furniture and equipment	911,614	887,587	24,027	30,033
Vehicles	191,576	121,434	70,142	6,743
	8,075,973	1,009,021	7,066,952	7,009,559

6. Accounts payable and accrued liabilities

	2026	2025
Trade accounts payable	333,610	538,901
Accrued wages and salaries	1,400,518	1,602,928
Other accrued liabilities	977,153	696,168
	2,711,281	2,837,997

Community Living St. Catharines
Notes to the Financial Statements
For the year ended March 31, 2026

7. Deferred revenue

Deferred revenue consists of unspent funding for expenditures in future periods. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred revenue balance are as follows:

	2026	2025
Balance, beginning of year	62,548	64,048
Amount received during the year	478,461	49,329
Less: Amount recognized as revenue during the year	(49,329)	(50,829)
Balance, end of year	491,680	62,548

8. Long-term debt

	2026	2025
Term loan - Royal Bank of Canada, repayable in blended monthly payments of \$10,345, with interest at 6.43% per annum, maturing July 2026.	999,450	1,052,521
Vendor take-back mortgage - payable to an individual, bearing monthly interest only payments at 6.00% and an annual principal payment of \$180,000, maturing August 2028.	540,000	720,000
Mortgage - Royal Bank of Canada, repayable in blended monthly payments of \$6,279, with interest at 6.43% per annum, maturing June 2026.	595,228	630,887
	2,134,678	2,403,408
Less: Current portion	1,774,677	273,367
	360,001	2,130,041

Principal repayments on long-term debt in each of the next three years, assuming long-term debt subject to refinancing is renewed are estimated as follows:

	<i>Principal</i>
2027	1,774,677
2028	180,000
2029	180,001
Total	2,134,678
Thereafter	-

The debt held with Royal Bank of Canada is secured by a general agreement covering all assets, a first fixed charge on the property located at 77 Welland Avenue, St. Catharines, a second fixed charge on property located at 79 Welland Avenue, 7 Henry Street and 26 & 28 (South Side) Elizabeth Street in St. Catharines.

9. Ministry capital grants

The Province of Ontario has provided funding for certain properties with a provision that it is entitled to a portion of the proceeds in the event that the Organization sells any of these properties. The Province has imposed conditions on the disposition or alternations of these properties.

The Ministry capital grants represent the amount of funding received on the acquisition of these properties and is not amortized.

10. Contingencies

The Organization pays unionized employees for time lost due to sickness up to an earned entitlement of time based on formulas outlined in the agency's union agreement. During the course of normal operations, staff will draw upon their entitled sick leave, however, upon retirement at the age of 55 or over, these employees are entitled to 50% of the unused sick day entitlement. If these employees leave the Organization under any other circumstance, there is no obligation to pay the unused sick day entitlement. It is the policy of the Organization to expense such payments in the year which they are made. As such, no provision has been made in the financial statements for this liability. Notwithstanding the above, as at March 31, 2026, the maximum exposure for accumulated sick leave liability amounts to \$1.22 million (2025 - \$1.34 million).

The Organization receives funding from the Ontario Ministry of Children, Community and Social Services ("Ministry"). The Organization must submit an annual report (Transfer Payment Ontario Reconciliation -TPON) to the Ministry regarding the spending of this funding in accordance with contractual guidelines. The Ministry's assessed amounts could differ significantly from what has been reported in these financial statements. Any differences in the estimated amounts owing will be recorded in other income or expense in the year of assessment.

11. Economic dependence

The Organization receives a significant portion of its revenue for operations pursuant to a service contact with the Ontario Ministries of Community and Social Services and Children and Youth Services. Should these contributions cease, the Organization would need to consider its ability to continue its current operations.

12. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization monitors the collection efforts to ensure sufficient cash flows are generated from operations to meet the current debt obligations. The Organization monitors cash flows on a daily basis and in aggregate through its' annual budget process. The Organization expects that cash flow from operations in fiscal 2027 along with the continued support of its lenders will be adequate to fund ongoing investments in working capital and capital expenditures.

Interest rate risk

Interest rate risk 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 Organization is exposed to interest rate risk since changes in interest rates may impact the Organization's borrowing costs. The Organization does not use any derivative instrument to reduce its exposure to interest rate risk.

Community Living St. Catharines
Schedule of Ministry Program Revenue and Expenses

(Unaudited)

Year ended March 31, 2026

	24/7 Adult Services	BPS	Partner Renewal	Host Family	Supported Living	Community Participation	CSN	SSAH	Non MCCSS	Total
REVENUE										
Government funding	11,605,542	1,906	-	204,913	742,551	1,339,710	265,812	10,116		14,170,550
Grants, donations, and other income	-								53,662	53,662
Program funding	22,273				-		1,490		1,262,325	1,286,088
ODSP	899,030			99,749	38,716				5,400	1,042,895
PAP recoveries	16,081				932	84,784				101,797
	12,542,926	1,906	-	304,662	782,199	1,424,494	267,302	10,116	1,321,387	16,654,992
EXPENSES										
Wages and benefits	10,246,864			147,715	430,581	1,066,059	227,997	10,116	949,727	13,079,059
Training	21,080				250	2,500			70,933	94,763
Travel and communication	137,070			2,459	13,526	23,100	6,249		16,470	198,874
Supplies and equipment	626,803			3,289	15,218	22,354	3,750		169,105	840,519
Allocated central administrative	902,729			19,666	53,305	123,035	26,500		(1,125,235)	-
Purchased client services	-			125,690		16,562			239,799	382,051
Other expenses	473,522			680	108,425	20,722	-		18,997	622,346
Depreciation									19,576	19,576
Occupancy	633,509	1,906	-	5,163	160,894	64,411	6,065		17,317	889,265
	13,041,577	1,906	-	304,662	782,199	1,338,743	270,561	10,116	376,689	16,126,453
EXCESS OF REVENUE OVER EXPENSES	(498,651)	-	-	0	-	85,751	(3,259)	-	944,698	528,539