THE PARTICIPATION HOUSE PROJECT (DURHAM REGION)

Client Year End Audit Package

THE PARTICIPATION HOUSE PROJECT

GRAHAM SCOTT ENNS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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THE PARTICIPATION HOUSE PROJECT (DURHAM REGION)

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March 31, 2026

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The Participation House Project (Durham Region)

Consolidated Financial Statements

March 31, 2026

The Participation House Project (Durham Region)

Consolidated Financial Statements

For The Year Ended March 31, 2026

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INDEPENDENT AUDITORS' REPORT

To the Members of **The Participation House Project (Durham Region)**:

Opinion
We have audited the consolidated financial statements of **The Participation House Project (Durham Region)**, which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the organization's 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 its 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 *Auditors' 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 the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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. Thomas, Ontario

June 30, 2026

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

The Participation House Project (Durham Region)

Consolidated Statement of Financial Position
As At March 31, 2026

	Operating $	Property, Plant and Equipment $	Board $	**The Participation House Project (Durham Region) $**	Campbell Court $	**2026 $**	2025 $
		ASSETS					
CURRENT ASSETS							
Cash	214,268	-	73,397	**287,665**	133,972	**421,637**	335,481
Short-term investments (Note 2)	-	-	338,765	**338,765**	-	**338,765**	297,804
Accounts receivable	147,213	-	4,087	**151,300**	15,401	**166,701**	171,524
Government remittances receivable	83,559	-	-	**83,559**	18,444	**102,003**	108,459
Prepaid expenses	67,739	-	-	**67,739**	17,038	**84,777**	67,190
Interfund receivable (payable)	324,234	(447,182)	122,948	**-**	-	**-**	-
Due from Replacement Reserve Fund	-	-	-	**-**	29,678	**29,678**	72,166
	837,013	(447,182)	539,197	**929,028**	214,533	**1,143,561**	1,052,624
RESTRICTED ASSETS							
Cash	-	-	-	**-**	34	**34**	34
Reserve fund investments (Note 3)	-	-	-	**-**	127,333	**127,333**	170,077
Government remittances receivable	-	-	-	**-**	31,682	**31,682**	15,295
Accounts receivable - COCHI funding (Note 4)	-	-	-	**-**	7,057	**7,057**	32,807
Due to Operating Fund	-	-	-	**-**	(29,678)	**(29,678)**	(72,166)
	-	-	-	**-**	136,428	**136,428**	146,047
TANGIBLE CAPITAL ASSETS (NOTE 6)	-	383,952	-	**383,952**	2,971,098	**3,355,050**	3,052,847
TOTAL ASSETS	837,013	(63,230)	539,197	**1,312,980**	3,322,059	**4,635,039**	4,251,518

See accompanying notes to the consolidated financial statements

The Participation House Project (Durham Region)

Consolidated Statement of Financial Position (Continued)
As At March 31, 2026

	Operating $	Property, Plant and Equipment $	Board $	**The Participation House Project (Durham Region) $**	Campbell Court $	**2026 $**	2025 $
			LIABILITIES				
CURRENT LIABILITIES							
Accounts payable and accrued liabilities	426,399	-	-	**426,399**	70,328	**496,727**	524,345
Payroll payable	56,378	-	-	**56,378**	-	**56,378**	57,794
Subsidy repayable	-	-	-	**-**	63,996	**63,996**	53,692
Deferred revenue and rental deposits (Note 7)	74,218	-	-	**74,218**	26,011	**100,229**	67,703
Current portion of long-term debt (Note 8)	-	-	-	-	278,847	**278,847**	1,706,504
	556,995	-	-	**556,995**	439,182	**996,177**	2,410,038
LONG-TERM DEBT (NOTE 8)	-	-	-	-	1,174,254	**1,174,254**	-
TOTAL LIABILITIES	556,995	-	-	**556,995**	1,613,436	**2,170,431**	2,410,038
			NET ASSETS (LIABILITIES)				
TOTAL NET ASSETS (LIABILITIES) (PAGE 5)	280,018	(63,230)	539,197	**755,985**	1,708,623	**2,464,608**	1,841,480
TOTAL LIABILITIES AND NET ASSETS (LIABILITIES)	837,013	(63,230)	539,197	**1,312,980**	3,322,059	**4,635,039**	4,251,518

On Behalf of the Board

Michael Ceci
Michael Ceci (Jul 8, 2026 12:43:01 EDT)
Director

Susan Richardson
Susan Richardson (Jul 2, 2026 11:55:37 EDT)
Director

See accompanying notes to the consolidated financial statements

The Participation House Project (Durham Region)

Consolidated Statement of Changes In Net Assets (Liabilities)
For The Year Ended March 31, 2026

	Operating $	Property, Plant and Equipment $	Board $	**The Participation House Project (Durham Region) $**	Campbell Court $	**2026 $**	2025 $
NET ASSETS (LIABILITIES), BEGINNING OF YEAR, AS PREVIOUSLY STATED	154,278	(40,615)	495,213	**608,876**	1,232,604	**1,841,480**	1,491,497
Prior period adjustment (Note 12)	-	-	-	-	-	-	(43,016)
NET ASSETS (LIABILITIES), BEGINNING OF YEAR	154,278	(40,615)	495,213	**608,876**	1,232,604	**1,841,480**	1,448,481
Excess (deficiency) of revenues over expenditures	125,740	(22,615)	43,984	**147,109**	476,019	**623,128**	392,999
NET ASSETS (LIABILITIES), END OF YEAR	280,018	(63,230)	539,197	**755,985**	1,708,623	**2,464,608**	1,841,480
INVESTED IN TANGIBLE CAPITAL ASSETS	-	383,952	-	**383,952**	1,517,997	**1,901,949**	1,346,343
INTERNALLY RESTRICTED	-	-	539,197	**539,197**	-	**539,197**	495,213
EXTERNALLY RESTRICTED	-	(447,182)	-	**(447,182)**	136,428	**(310,754)**	(193,796)
UNRESTRICTED	280,018	-	-	**280,018**	54,198	**334,216**	193,720
TOTAL NET ASSETS (LIABILITIES)	280,018	(63,230)	539,197	**755,985**	1,708,623	**2,464,608**	1,841,480

See accompanying notes to the consolidated financial statements

The Participation House Project (Durham Region)

Consolidated Statement of Operations
For The Year Ended March 31, 2026

	Operating	Property, Plant and Equipment	Board	**The Participation House Project (Durham Region)**	Campbell Court	**2026**	2025
	$	$	$	**$**	$	**$**	$
REVENUES							
MCCSS funding - annualized	5,317,871	-	-	**5,317,871**	-	**5,317,871**	5,445,484
MCCSS funding - fiscal	737,995	-	-	**737,995**	-	**737,995**	413,836
Fees from supported people	555,911	-	39,660	**595,571**	-	**595,571**	578,759
Sales	527,373	-	-	**527,373**	-	**527,373**	535,017
Region of Durham	-	-	-	**-**	514,140	**514,140**	519,534
Other	366,176	-	-	**366,176**	3,570	**369,746**	229,302
COCHI funding (Note 4)	-	-	-	**-**	280,313	**280,313**	72,644
Rentals - market	-	-	-	**-**	279,705	**279,705**	252,759
Other government	193,576	-	-	**193,576**	-	**193,576**	202,423
Rentals - geared to income	-	-	-	**-**	61,677	**61,677**	50,268
Gain on disposal of tangible capital assets	18,709	-	-	**18,709**	-	**18,709**	-
Investment income	-	-	9,401	**9,401**	7,256	**16,657**	25,944
Donations & events	11,270	-	-	**11,270**	-	**11,270**	7,793
MCCSS - capital	-	-	-	**-**	-	**-**	27,951
Administrative fee for service income	-	-	-	**-**	-	**-**	18,856
TOTAL REVENUES	7,728,881	-	49,061	**7,777,942**	1,146,661	**8,924,603**	8,380,570

See accompanying notes to the consolidated financial statements

The Participation House Project (Durham Region)

Consolidated Statement of Operations (Continued)
For The Year Ended March 31, 2026

	Operating $	Property, Plant and Equipment $	Board $	**The Participation House Project (Durham Region) $**	Campbell Court $	**2026 $**	2025 $
EXPENDITURES							
Wages and benefits	5,898,632	-	-	**5,898,632**	-	**5,898,632**	5,671,479
Occupancy	661,050	-	-	**661,050**	400,724	**1,061,774**	930,121
Program	523,771	-	-	**523,771**	-	**523,771**	581,276
Professional Fees	160,642	-	-	**160,642**	11,390	**172,032**	164,335
Amortization	-	22,615	-	**22,615**	127,684	**150,299**	146,945
Mortgage interest	-	-	-	**-**	97,914	**97,914**	118,430
Technology	92,912	-	-	**92,912**	-	**92,912**	92,982
Insurance	53,807	-	-	**53,807**	24,089	**77,896**	75,576
Communication	70,965	-	-	**70,965**	-	**70,965**	66,626
Transportation	62,332	-	-	**62,332**	-	**62,332**	65,485
Staff development	27,368	-	-	**27,368**	-	**27,368**	32,069
Office	15,472	-	-	**15,472**	8,841	**24,313**	17,602
Other	18,803	-	-	**18,803**	-	**18,803**	8,656
Interest and finance charges	17,387	-	-	**17,387**	-	**17,387**	15,094
Board expense	-	-	5,077	**5,077**	-	**5,077**	-
Bad debt	-	-	-	-	-	-	895
TOTAL EXPENDITURES	7,603,141	22,615	5,077	**7,630,833**	670,642	**8,301,475**	7,987,571
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FOR THE YEAR	125,740	(22,615)	43,984	**147,109**	476,019	**623,128**	392,999

See accompanying notes to the consolidated financial statements

The Participation House Project (Durham Region)

Consolidated Statement of Cash Flows
For The Year Ended March 31, 2026

	2026 $	2025 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	**623,128**	392,999
Adjustments for non-cash items:		
Amortization of tangible capital assets	**150,299**	146,945
	773,427	539,944
Changes in non-cash working capital:		
Accounts receivable	**30,573**	(119,347)
Government remittances receivable	**(9,931)**	37,689
Prepaid expenses	**(17,587)**	(9,791)
Funding receivable/payable	**10,304**	(6,131)
Accounts payable and accrued liabilities	**(27,618)**	18,141
Payroll payable	**(1,416)**	21,495
Rental deposits and deferred revenue	**32,526**	44,347
	16,851	(13,597)
Cash flows from operating activities	**790,278**	526,347
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of short-term investments	**(40,961)**	(297,804)
Purchase of reserve fund investments	**(7,256)**	(14,778)
Sale of reserve fund investments	**50,000**	-
Additions to tangible capital assets	**(452,502)**	(150,947)
Cash flows used in investing activities	**(450,719)**	(463,529)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Net repayments of long-term debt	**(253,403)**	(235,774)
NET CHANGE IN CASH DURING THE YEAR	**86,156**	(172,956)
CASH, BEGINNING OF YEAR	**335,515**	508,471
CASH, END OF YEAR	**421,671**	335,515
CASH IS COMPRISED OF:		
Cash	**421,637**	335,481
Replacement Reserve Fund - Cash	**34**	34
	421,671	335,515

See accompanying notes to the consolidated financial statements

NATURE OF THE ORGANIZATION

The Participation House Project (Durham Region) (the "organization") is incorporated, without share capital, by a Supplementary Letters Patent that was issued under the Ontario Corporations Act. The organization is a registered charity that provides a wide range of services to adults and children with a developmental disability. The organization is exempt from income tax pursuant to Section 149(1)(f) of the Income Tax Act, Canada. The organization consolidates the financial statements of Campbell Court (The Participation House Project (Durham Region)), which is a program fully controlled by the organization.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Consolidation

The organization's consolidated financial statements include the Operating, Property, Plant and Equipment, and Board Funds of The Participation House Project (Durham Region), as well as Campbell Court (The Participation House Project (Durham Region)), which is controlled by The Participation House Project (Durham Region).

Campbell Court operates a property located at 114 Concession Street East, Bowmanville, Ontario that provides affordable housing.

Fund Accounting

The accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The organization uses the following funds:

Operating Fund
The Operating Fund represents the excess (deficiency) of revenues over expenditures that are related to ongoing programs and activities of the organization.

Property, Plant and Equipment Fund
The Property, Plant and Equipment Fund represents the tangible capital assets owned by the organization, funds that are received from the sale of tangible capital assets and funds that are set aside for capital expenditures. The spending of these funds may be restricted due to the manner in which the original funding was received. The Ministry of Children, Community and Social Services Ontario ("MCCSS") must approve, to the extent that they are originally funded by them, the use of any funds realized from the sale of any properties that are owned by the organization.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (continued)

Board Fund
The Board Fund was established by the Board of Directors and it represents funds that are accumulated from non-recurring bequests and donations in order to provide a source of funds for capital and special projects, which are provided by the organization.

Campbell Court
Campbell Court represents the operations of Campbell Court (The Participation House Project Durham Region) and includes the excess (deficiency) of revenues over expenditures that are related to the affordable housing operations, and the funds that are set aside in the Replacement Reserve Fund for significant maintenance and repairs to properties that are owned by Campbell Court (The Participation House Project (Durham Region)).

Use of Estimates

The preparation of these consolidated financial statements in accordance 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 and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amount of revenues and expenditures during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in excess of revenues over expenditures in the period in which they become known.

In particular, the organization uses estimates when accounting for certain items, including:

- Useful lives of tangible capital assets
- Asset impairments

Tangible Capital Assets and Amortization

Tangible capital assets are recorded at cost in the Property, Plant and Equipment Fund and Campbell Court. The costs of repairs and replacements are charged to the operating fund when incurred. When an asset is sold or otherwise disposed of, the original cost and related accumulated amortization are removed from the accounts and the gain or loss is recognized in excess of revenues over expenditures. Amortization is calculated using the straight-line method over the estimated useful lives of the assets. The annual amortization rates are as follows:

Buildings	40 years
Leasehold improvements	Over term of lease plus one renewal period
Vehicles	5 years
Furniture and equipment	5 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services and Materials

Due to the difficulty in determining the fair value of materials contributed to the organization, contributed materials are not recognized in the financial statements.

Volunteers contribute hours each year to assist the organization in carrying out its activities. Due to the difficultly of determining their fair value, contributed services are not recognized in the financial statements.

Revenue Recognition

The organization follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the operating fund in the year that they are received or receivable if the amounts to be received can be reasonably estimated and the collection is reasonably assured.

Rental revenues are recognized as revenue at the time that the properties are rented to the tenant.

Investment income and other revenues, including sales and fees from support people, are recognized when earned and the amounts to be received can be reasonably estimated and the collection is reasonably assured.

Deferred Revenue

Deferred revenue represents funding received that is related to a specific project or program. These funds are to be recognized as revenue in the same period as the related expenses are incurred.

Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include accounts receivable and prepaid expenses. Financial assets measured at fair value include cash and investments.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenditures.

2. INVESTMENTS

	2026	2025
	$	$
Mutual funds	**155,074**	148,902
Non-redeemable guaranteed investment certificate, maturing August 2026, with interest at 3.46%	**100,000**	-
Non-redeemable guaranteed investment, maturing August 2026, with interest at 3.45%	**83,691**	-
Redeemable guaranteed investment certificate, with interest at 4.30%, matured	**-**	148,902
	338,765	297,804

3. RESTRICTED ASSETS

As required, by the Housing Services Act 2011, the Reserve Fund for Replacement of Capital Equipment has been maintained separately from the general operating accounts and is being held at the Social Services Corporation's investment with the World Source Financial Management Inc. The restricted investments consist of the following:

	2026	2025
	$	$
	Market Value	Market Value
Canadian Short Term Bond Fund	**40,250**	39,343
Canadian Bond Fund	**68,730**	67,733
Canadian Equity Fund	**18,353**	63,001
	127,333	170,077

4. CONTINGENT LIABILITY - COCHI

The organization entered into a Housing Provider Contribution Agreement dated December 15, 2024 with The Regional Municipality of Durham under the Canada-Ontario Community Housing Initiative (COCHI) for eligible capital repairs for barrier free shower replacements, and paving replacement. On June 8, 2026, an amending agreement was issued by The Regional Municipality of Durham. The funding approved in the amending agreement for the shower replacement project is $79,701, and $291,094 for the paving replacement for a total of $370,795. The funding is to be received in the legal form of a non-interest bearing forgivable loan. During the year, the paving project was started and funding of $273,256 was received. During the prior year, the shower replacement project was completed, and $72,644 of the funding was received, and $7,057 is receivable - for a total of $79,701. The Service Manager has directed the loan proceeds be reflected as revenue of the Capital Reserve Fund to offset the related expenses which are also reflected through the Capital Reserve Fund.

Under the terms of the agreement, the Co-operative is required to maintain the funded units as a social housing project under the Housing Services Act, 2011 for a minimum of ten years. The Co-operative is also required to have the funded units remain as affordable to targeted households over the ten year period.

The loan is to be forgiven 10 years from the completion date of the related projects, providing the organization is not in default of the terms of the agreement. Management is of the opinion that the organization was in compliance with all of the terms of the agreement during the year. The Co-operative remains contingently liable for the forgivable loan in the amount of $352,957 (2025 - 72,644). The loan is to be forgiven December 15, 2034 providing the Co-operative is not in default of the terms of the agreement.

5. BANK FACILITY

The organization has a revolving line of credit to a maximum of $100,000 that bears interest at the prime rate plus 1.0%. The balance drawn on the line of credit at year end was $nil (2025 - $nil). The line of credit is subject to the same security as the long-term debt disclosed in Note 8.

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	**2026**	2025
	$	$	**$**	$
The Participation House Project (Durham Region)				
Land	100,000	-	**100,000**	100,000
Buildings	200,832	91,601	**109,231**	114,247
Leasehold improvements	508,788	508,788	**-**	-
Furniture and equipment	35,859	-	**35,859**	-
Vehicles	265,400	126,538	**138,862**	52,797
	1,110,879	726,927	**383,952**	267,044
Campbell Court				
Land	979,743	-	**979,743**	979,743
Buildings	5,046,285	3,073,848	**1,972,437**	1,786,665
Equipment	95,771	76,853	**18,918**	19,395
	6,121,799	3,150,701	**2,971,098**	2,785,803
Total Tangible Capital Assets	7,232,678	3,877,628	**3,355,050**	3,052,847

7. DEFERRED REVENUE

Deferred revenue represents funding received that is related to a specific project or program. These funds are to be recognized as revenue in the same period as the related expenses are incurred. Changes in the deferred revenue balance are as follows:

	2026	2025
	$	$
Beginning balance, related to deferred revenue	**67,703**	23,356
Add: Additions to deferred revenue	**418,506**	329,141
Less: Amount recognized as revenue in the year	**(385,980)**	(284,794)
Ending balance, related to deferred revenue	**100,229**	67,703

8. LONG-TERM DEBT

	2026 $	2025 $
Campbell Court		
Mortgage payable, interest at 4.37% compounded semi-annually, repayable in monthly blended payments of $28,073, due January 2031	**1,453,101**	1,706,504
Less: Current portion	**(278,847)**	(1,706,504)
	1,174,254	-

The Campbell Court long-term debt is secured by a first charge at 114 Concession Street East, Bowmanville, Ontario with a net book value of $2,952,180, a general assignment of rents and an assignment of insurance.

The aggregate amount of principal payments required in each of the next five years and thereafter to meet debt retirement provisions is as follows:

	$
2027	278,847
2028	291,166
2029	304,029
2030	317,460
2031	261,599
	1,453,101

9. EMPLOYEE RETIREMENT BENEFITS

The organization has defined contribution plans (registered retirement savings plan and multi-sector pension plan) which provides pension benefits. Total contributions to the plans during the year were approximately $162,442 (2025 - $160,438). There were no significant changes to contribution levels during the year which would affect comparability.

10. COMMITMENTS

The organization lease it's premises and has contractual agreements for the provision of certain services. The minimum annual payments required in each of the next five years in respect of operating leases are as follows:

	$
2027	169,727
2028	121,283
2029	121,283
2030	121,283
2031	23,988

11. ECONOMIC DEPENDENCE

The majority of the organization's revenues are derived from the Ministry of Children, Community and Social Services ("MCCSS"). These contracts are reviewed annually and the organization is dependant on this funding to continue operations. The organization is required to file various reports to ensure compliance with the funding agreements. If the organization does not spend funding according to the agreements or is not in compliance with the agreements the organization may be required to repay some of the funding. At year end, the organization was in compliance with these agreements. The organization's management does not foresee any issues that would cause this funding to be discontinued.

12. PRIOR PERIOD ADJUSTMENT

During the year, the 2022 Annual Information Returns were amended upon review by the Regional Municipality of Durham and the subsidy entitlement was reduced by $43,016. This resulted in a decrease of $43,016 in accounts receivable - subsidy, a decrease in the opening Operating Fund balance of $21,508 and a decrease in the Replacement Reserve Fund balance of $21,508 for Campbell Court.

13. RECONCILIATION OF EXCESS OF REVENUES OVER EXPENDITURES FOR MCCSS PURPOSES

Under the financial reporting guidelines of the Ministry of Children, Community and Social Services, certain adjustments are made to excess of revenues over expenditures for purposes of calculating the excess of revenues over expenditures to be reported to the Ministries. See below for a reconciliation of the excess of revenues over expenditures reported for Ministry purposes:

	2026	2025
	$	$
Total unconsolidated revenues from the Statement of Operations	**7,777,942**	7,466,866
Total revenues for MCCSS - reporting	**7,777,942**	7,466,866
Total unconsolidated expenditures from the Statement of Operations	**7,630,833**	7,310,564
Expenditures capitalized, adjusted to tangible capital assets	**35,859**	-
Total expenditures for MCCSS reporting	**7,666,692**	7,310,564

14. FINANCIAL INSTRUMENT RISKS

Risks and Concentrations

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

Liquidity Risk

Liquidity risk is the risk that a 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, obligations under capital lease and long-term debt.

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 an obligation. The organization does not have any significant exposure to any individual funder other than the MCCSS.

14. FINANCIAL INSTRUMENT RISKS (CONTINUED)

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 corporation is mainly exposed to interest rate risk.

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 on its long-term debt where there are variable interest rates, since these rates are affected by changes in the prime rate. It is management's opinion that this exposure is not significant.

It is management's opinion that the entity is not exposed to any significant foreign currency or other price risk.

No financial liabilities of the organization were in default during the period.

The organization was not subject to any covenants during the period.

There were no changes in these assessments from the prior year.

15. COMPARATIVE FIGURES

Certain comparative figures presented in the financial statements have been reclassified to conform to the presentation adopted in the current year.