PARENTS FOR COMMUNITY LIVING KITCHENER-WATERLOO INC.

FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2026

MARCH 31, 2026
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Graham
Mathew

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Parents for Community Living Kitchener-Waterloo Inc.

Opinion

We have audited the accompanying financial statements of **Parents for Community Living Kitchener-Waterloo Inc.** (the Organization), which comprise the statement of financial position as at March 31, 2026, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and explanatory financial notes, including a summary of significant accounting policies.

In our opinion, 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 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 these 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 the Board of Directors 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 auditors' 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 auditors' 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.

Graham Mathew Professional Corporation

Cambridge, Ontario
June 22, 2026

Chartered Professional Accountants, authorized to practise public accounting by the Chartered Professional Accountants of Ontario

STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED MARCH 31, 2026

	2026 $	2025 $
Revenues		
Grants (note 15)	**11,731,957**	11,173,643
Resident rent	**796,357**	780,216
Fee for service	**866,906**	556,406
Amortization of deferred contributions (note 6)	**97,965**	94,599
Other income	**100,236**	91,540
Fundraising	**86,758**	100,882
	13,680,179	12,797,286
Operating expenses		
Salaries and benefits	**11,677,278**	11,021,031
Training	**35,762**	13,352
Groceries and supplies	**403,933**	381,180
Interest on long-term debt	**1,979**	3,006
Interest on demand loan	**46,289**	50,576
Repairs and maintenance	**117,353**	116,545
Rent (note 10)	**299,980**	246,129
Vehicle expense (note 10)	**251,726**	234,625
Utilities	**128,954**	118,472
Office expenses	**144,449**	125,196
Purchased services	**126,623**	101,854
Insurance	**27,300**	25,806
Telephone	**36,757**	36,556
Professional fees	**28,874**	22,286
Interest and bank charges	**5,450**	5,319
Advertising and promotion	**201**	213
Property tax rebate	**(8,795)**	(8,308)
Amortization	**195,082**	186,561
	13,519,195	12,680,399
Excess of revenues over expenditures for year	**160,984**	116,887

The explanatory financial notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2026

	2026			2025
	Unrestricted **$**	**Internally restricted** **$**	**Total** **$**	**Total** **$**
Balance beginning of year	**3,371,106**	**210,054**	**3,581,160**	3,464,273
Excess of revenues over expenditures for year	**160,984**	**NIL**	**160,984**	116,887
Interfund transfers (note 14)	**(8,083)**	**8,083**		
Balance end of year	**3,524,007**	**218,137**	**3,742,144**	3,581,160

The explanatory financial notes form an integral part of these financial statements.

FINANCIAL POSITION
MARCH 31, 2026

	2026	2025
	$	$
ASSETS		
Cash	**423,073**	1,033,499
Short-term deposits (note 7)	**700,000**	383,015
Accounts receivable	**338,979**	298,597
Prepaid expenses	**55,853**	49,208
Current assets	**1,517,905**	1,764,319
Capital assets (note 3)	**6,312,246**	6,166,478
	7,830,151	7,930,797
LIABILITIES		
Demand bank loans (note 4)	**775,589**	813,203
Accounts payable and accrued liabilities (note 12)	**392,574**	629,780
Capital reserve fund (note 9)	**27,599**	25,583
Deferred revenue	**34,127**	32,219
Long-term debt (note 5)	**24,059**	27,504
Current liabilities	**1,253,948**	1,528,289
Long-term debt (note 5)	**31,637**	55,561
Deferred contributions related to capital assets (note 6)	**2,802,422**	2,765,787
	4,088,007	4,349,637
NET ASSETS		
Internally restricted (note 14)	**218,137**	210,054
Unrestricted	**3,524,007**	3,371,106
	3,742,144	3,581,160
	7,830,151	7,930,797

APPROVED BY THE BOARD:

_______________ Director

_______________ Director

The explanatory financial notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2026

	2026 $	2025 $
Cash flows from operating activities:		
Excess of revenues over expenditures for year	160,984	116,887
Items not involving cash:		
Amortization of capital assets	195,082	186,561
Amortization of deferred contributions	(97,965)	(94,599)
	258,101	208,849
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	(40,382)	20,914
Prepaid expenses	(6,645)	(15,860)
Deferred revenue	1,908	(602)
Accounts payable and accrued liabilities	(237,207)	(87,821)
Capital reserve fund	2,016	2,386
	(22,209)	127,866
Cash flows from investment activities:		
Net additions to capital assets	(340,849)	(65,614)
Cash flows from financing activities:		
Repayment of demand bank loans	(37,614)	(29,415)
Repayment of long-term debt	(27,369)	(26,687)
Deferred contributions related to capital assets	134,600	65,000
	69,617	8,898
Net increase (decrease) in cash	(293,441)	71,150
Cash, beginning of year	1,416,514	1,345,364
Cash, end of year	1,123,073	1,416,514
Cash position includes:		
Cash	423,073	1,033,499
Short-term deposits	700,000	383,015
	1,123,073	1,416,514

The explanatory financial notes form an integral part of these financial statements.

1. Nature of Business

Parents for Community Living Kitchener-Waterloo Inc. (The Organization) is incorporated under the laws of Ontario as a corporation without share capital. The mission of the corporation is to offer meaningful services and supports for persons with exceptional needs.

The Organization is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. Summary of Significant Accounting Policies

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

(a) Amortization of capital assets

The Organization amortizes capital assets using the straight-line method which will amortize the assets over their estimated useful lives:

Buildings	40 years
Furniture and equipment	5 years
Computers	3 years
Leasehold improvements	5 years

(b) Contributed services

During the year, several volunteers contribute a significant amount of their time. Because of the difficulty in determining the fair value, contributed services are not recorded in the financial statements.

(c) Revenue recognition

Contributions are recognized using the deferral method, under which restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue as received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Rental revenue is recorded monthly in accordance with rental agreements. Service fee revenue is recorded when the service is provided.

Contributions related to capital assets are deferred and amortized over the useful life of the related assets on a straight-line basis.

(d) Fund accounting

To ensure observation of restrictions placed on the use of resources available to Parents for Community Living Kitchener-Waterloo Inc., the accounts are maintained in accordance with the principles of fund accounting. The resources are classified for accounting and reporting purposes into the following funds which have been established according to their nature and purpose:

The **Internally Restricted fund** consists of funds internally restricted by the Board of Directors for specific purposes.

The **Unrestricted fund** accounts for the Organization's program delivery and administrative activities.

2. Summary of Significant Accounting Policies (Continued)

(e) Financial instruments

All financial assets and liabilities are recorded at amortized cost less any discovered impairment. The Organization's financial instruments consist of cash and short-term deposits, accounts receivable, accounts payable, demand bank loans and long-term debt. The fair value of these financial instruments approximates their carrying values unless otherwise noted.

(f) Use of estimates

The preparation of these 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

3. Capital Assets

	2026 **$**	2025 $
Cost		
Land	**1,424,210**	1,424,210
Buildings	**7,039,250**	6,698,400
Furniture, equipment, computers and leasehold improvements	**326,775**	326,775
	8,790,235	8,449,385
Accumulated amortization		
Buildings	**2,196,833**	2,038,631
Furniture, equipment, computers and leasehold improvements	**281,156**	244,276
	2,477,989	2,282,907
Net Book Value	**6,312,246**	6,166,478

4. Demand Bank Loans and Credit Facilities

4.66% Revolving bank loan, payable in blended monthly payments of $4,402, secured by land and building on St. Charles Street, Breslau, Ontario.	**615,686**	639,009
5.13% Revolving bank loan, payable in blended monthly payments of $1,908, secured by land and building on Forestlawn Road, Waterloo, Ontario.	**159,903**	174,194
	775,589	813,203

4. Demand Bank Loans and Credit Facilities (Continued)

The Organization also has access to a $300,000 ($300,000 in 2025) line of credit with its bank.

The demand bank loans, and the line of credit have a general security agreement covering all property of the Organization pledged as security, subordinate to the holders of the first mortgages.

5. Long-Term Debt

	2026 **$**	2025 $
3.85% Mortgage due October 1, 2026, payable in blended monthly payments of $870, secured by land and building on Blueridge Avenue, Kitchener, Ontario.	**6,012**	16,013
3.04% Mortgage due June 1, 2027, payable in blended monthly payments of $1,099, secured by land and building on Crimson Crescent, Waterloo, Ontario.	**15,588**	27,927
3.04% Mortgage due April 2, 2027, payable in blended monthly payments of $512, secured by land and building on Evelyn Crescent, Kitchener, Ontario.	**34,096**	39,125
	55,696	83,065
Current portion due within one year	**24,059**	27,504
	31,637	55,561

Principal repayments for the next two years are approximately as follows:

2027	**24,059**
2028	**31,637**
	55,696

6. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent restricted contributions with which capital assets were purchased. The changes in the deferred contribution balance for the year are as follows:

Balance beginning of year	**2,765,787**	2,795,386
Amortization of deferred contributions	**(97,965)**	(94,599)
Contributions received during the year	**134,600**	65,000
Balance end of year	**2,802,422**	2,765,787

Under the terms of agreements with the Province of Ontario, should the Organization dispose of certain properties which were funded by contributions from the Province of Ontario, the Province of Ontario is entitled to a proportionate share of the net proceeds, determined with reference to the initial down payment. Assets funded through other means would not be subject to this requirement. No such items were disposed of during the year.

7. Term Deposits

The Organization holds a non-redeemable GIC of $700,000 at March 31, 2026, bearing interest at 2.7% with a maturity date of January 14, 2027.

8. Financial Instruments

The Organization is exposed to various risks through its financial instruments. The following provides a description of the Organization's risk exposure and concentrations at the year end date.

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 demand bank loans, accounts payable and accrued liabilities, and long-term debt.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge its obligation. The Organization is exposed to credit risk with respect to accounts receivable. The Organization assesses, on a continuous basis, its amounts receivable and rarely incurs bad debts.

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.

Interest rate risk

The Organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Organization to a fair value risk while the floating-rate instruments subject it to a cash flow risk. The Organization is mainly exposed to this type of risk as a result of demand bank loans and long-term debt.

9. Capital Reserve Fund

Under the terms of an agreement with the Ministry of Municipal Affairs and Housing, a capital reserve fund is required to be maintained.

	2026 **$**	2025 $
Balance beginning of year	**25,583**	23,197
Annual fee - included in repairs and maintenance expense	**1,486**	1,486
Interest earned	**530**	900
Balance end of year	**27,599**	25,583

10. Commitments

The Organization has five operating leases for its premises that expire between November 30, 2026 and December 31, 2030. The leases include rent and monthly operating costs. In addition, the Organization is committed under certain operating leases for vehicles. Future minimum lease payments under these operating leases for the next five years are as follows:

	$
2027	**296,654**
2028	**195,265**
2029	**127,367**
2030	**118,029**
2031	**85,888**
	823,203

11. Service Contracts

The Organization has service contracts with the Ministry of Children, Community and Social Services and the Ministry of Municipal Affairs and Housing. Management believes that the programs funded by these service contracts have admissible expenditures in excess of revenues and, accordingly, no amounts have been accrued as repayable in these accounts.

	2026	2025
	$	$
12. Accounts Payable and Accrued Liabilities		
Accounts payable and accrued liabilities	**387,954**	526,424
Government remittances payable	**4,620**	103,356
	392,574	629,780

13. Robert Denomme Fund

The Organization's Robert Denomme Fund is held by the Waterloo Region Community Foundation. The expendable income from this fund shall be paid to the Organization annually on or before December 31 of the following year and shall be used for support of capital expenditures or seed money for new programs or projects. As of December 31, 2025, the fund balance was $154,000 ($142,020 in 2024). During the fiscal year, $6,700 ($6,200 in 2025) was received from the fund.

14. Internally Restricted Net Assets

The following balance, which is included in cash and short-term deposits, is governed by designations by the Board of Directors:

Balance beginning of year	**210,054**	195,378
Amounts designated by the Board of Directors as being held for potential future funding shortfall	**8,083**	14,676
Balance end of year	**218,137**	210,054

15. Economic Dependence

The Organization receives funding from the Ministry of Children, Community and Social Services to assist with offsetting costs incurred by the Organization. The Organization is dependent on receiving this funding for its day-to-day operations.

16. Comparative Figures

Comparative figures have, in some instances, been reclassified in order to present them in a form comparable to those for the current year.