CLH DEVELOPMENTAL SUPPORT SERVICES

FINANCIAL STATEMENTS

MARCH 31, 2026

INDEX

INDEPENDENT AUDITOR'S REPORT

To the Members and Board of Directors
CLH Developmental Support Services

Opinion
We have audited the financial statements of CLH Developmental Support Services which comprise the statement of financial position as at March 31, 2026, and the statement of operations and changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, 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 entity 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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.

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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 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 entity'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 entity'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 entity 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.

Norton McMullen LLP

NORTON McMULLEN LLP
Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada
June 16, 2026

CLH DEVELOPMENTAL SUPPORT SERVICES

STATEMENT OF FINANCIAL POSITION

As at March 31,	2026	2025
ASSETS		
Current		
Cash	$ 1,105,949	$ 920,325
Cash - restricted (Note 2)	175,509	164,246
Short-term investment	117,476	110,942
Accounts receivable	293,724	273,679
Prepaid expenses	239,135	115,586
Due from CLH Foundation (Note 7)	13,009	57,579
	$ 1,944,802	$ 1,642,357
Capital Assets (Note 3)	6,813,251	6,880,700
	$ 8,758,053	$ 8,523,057
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 2,024,895	$ 1,836,880
Government remittances payable	106,119	93,299
Deferred revenue and subsidies	310,784	367,304
Current portion of long-term debt (Note 5)	68,509	107,675
	$ 2,510,307	$ 2,405,158
Long-Term Debt (Note 5)	-	68,622
Deferred Capital Contributions (Note 6)	2,808,101	2,622,057
	$ 5,318,408	$ 5,095,837
NET ASSETS	3,439,645	3,427,220
	$ 8,758,053	$ 8,523,057

Commitments (Note 9)
Contingencies (Note 10)
Subsequent Events (Note 11)

Approved by the Board:

____________________ Director ____________________ Director

CLH DEVELOPMENTAL SUPPORT SERVICES

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended March 31,	2026	2025
REVENUES		
Operating grants - Province of Ontario	$ 17,659,813	$ 17,687,052
Operating grants - County of Simcoe	6,773,969	6,457,709
Rental income	1,543,595	1,499,142
Amortization of deferred capital contributions (Note 6)	230,225	183,457
Program and management fees	144,252	162,430
Contribution from CLH Foundation (Note 7)	143,416	157,996
Contribution from other organizations	79,057	354,785
Interest income	51,342	53,951
Other income	941	33,528
	$ 26,626,610	$ 26,590,050
EXPENSES		
Salaries	$ 16,847,553	$ 16,959,875
Benefits	3,414,972	3,515,194
Purchased services	3,259,080	2,934,736
Repair, maintenance and replacements	751,390	714,931
Rent (Note 7)	535,056	519,973
Materials and supplies	553,912	516,253
Amortization	483,718	500,001
Utilities, property taxes and insurance	464,163	524,464
Transportation and vehicle	331,487	385,241
Food	315,051	309,508
Travel	162,640	170,550
Personal needs	131,274	138,811
Training	94,742	129,354
Sundry	47,347	41,275
Mortgage interest	5,947	10,627
Health & Wellness committee	5,469	10,325
	$ 27,403,801	$ 27,381,118
DEFICIENCY OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING:	$ (777,191)	$ (791,068)
Expense recoveries	$ 713,495	$ 744,238
Unrealized gain on investments	6,534	10,882
Gain on disposal of capital assets	69,587	9,985
	$ 789,616	$ 765,105
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 12,425	$ (25,963)
NET ASSETS - Beginning	3,427,220	3,453,183
NET ASSETS - Ending	$ 3,439,645	$ 3,427,220

See accompanying notes

CLH DEVELOPMENTAL SUPPORT SERVICES

STATEMENT OF CASH FLOWS

For the year ended March 31,	2026	2025
CASH WAS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	$ 12,425	$ (25,963)
Items not affecting cash:		
Amortization of capital assets	483,718	500,001
Gain on disposal of capital assets	(69,587)	(9,985)
Unrealized gain on investments	(6,534)	(10,882)
Amortization of deferred capital contributions	(230,225)	(183,457)
	$ 189,797	$ 269,714
Net change in non-cash working capital balances:		
Accounts receivable	(20,045)	500,908
Prepaid expenses	(123,549)	31,450
Accounts payable and accrued liabilities	188,015	328,708
Government remittances payable	12,820	(1,987)
Deferred revenue and subsidies	359,749	499,475
	$ 606,787	$ 1,628,268
INVESTING ACTIVITIES		
Redemption of short-term investments	$ -	$ 216,206
Purchase of capital assets	(416,269)	(618,688)
Proceeds on disposal of capital assets	69,587	9,985
Advance from CLH Foundation	44,570	5,426
	$ (302,112)	$ (387,071)
FINANCING ACTIVITIES		
Repayment of line of credit	$ -	$ (215,000)
Repayment of long-term debt	(107,788)	(107,472)
	$ (107,788)	$ (322,472)
INCREASE IN CASH	$ 196,887	$ 918,725
CASH - Beginning	1,084,571	165,846
CASH - Ending	$ 1,281,458	$ 1,084,571
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash is allocated as follows:		
Cash - unrestricted	$ 1,105,949	$ 920,325
Cash - restricted (Note 2)	175,509	164,246
	$ 1,281,458	$ 1,084,571

See accompanying notes

NATURE OF OPERATIONS

CLH Developmental Support Services ("CLH" or the "Organization") (formerly Community Living Huronia) is incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered charity under the Canadian Income Tax Act. The Organization is exempt from income tax pursuant to the Canadian Income Tax Act.

The CLH mission is to facilitate the community’s acceptance, inclusion, and support of individuals with developmental disabilities as valued citizens. CLH strives to ensure the availability of supports and services which address the needs of the individuals and their families.

1. **SIGNIFICANT ACCOUNTING POLICIES**

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

a) **Use of Estimates**

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management’s best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to the deficiency of revenues over expenses as appropriate in the year they become known.

Items subject to significant management estimates include the estimated useful life of capital assets.

b) **Capital Assets**

Capital assets are stated at cost less accumulated amortization and impairment. They are amortized on a straight-line basis over their estimated useful lives at the following rates:

	Rate
Buildings	2.5%
Equipment	10% and 20%
Vehicles	15%
Paving	4%
Leasehold improvements	20%

1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

c) **Impairment of Capital Assets**

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

d) **Deferred Capital Contributions**

Deferred capital contributions represent restricted contributions relating to the purchase of capital assets and are recognized in revenue on the same basis as the amortization of the corresponding capital asset.

e) **Revenue Recognition**

The Organization follows the deferral method of accounting for contributions which include grants and donations. Under this method, 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. Restricted contributions related to future periods are deferred and recognized as revenue in the year in which the related expenses are incurred.

The amortization of deferred capital contributions is recorded as revenue on the statement of operations on the same basis as the amortization of the underlying capital assets.

Rental income is recognized as revenue on the first day of each month.

Expense recoveries are recognized as revenue once the related expenditures have been incurred and the recoveries are earned.

f) **Cash**

Cash consists of cash on hand only.

g) **Contributed Goods and Services**

Volunteers contribute significant hours per year to assist the Organization in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

h) **Financial Instruments**

Measurement of Financial Instruments
The Organization initially measures its financial assets and liabilities originating or exchanged in arm's length transactions at fair value. 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. The initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Changes in fair value are recognized in the excess (deficiency) of revenues over expenses.

Financial assets subsequently measured at amortized cost include cash, accounts receivable and due from CLH Foundation. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and long term debt.

Other than equity instruments traded in an active market, the Organization has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Impairment
Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the deficiency of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

2. **CASH - RESTRICTED**

These restricted funds can only be used for capital improvements to houses funded under the Ontario Ministry of Children, Community and Social Services (MCCSS) - Dedicated Supportive Housing contract.

	2026	2025
Balance - Beginning	$ **164,246**	$ 158,586
Annual contribution by MCCSS	**6,663**	6,663
MCCSS-approved transfer to operating account	-	(8,095)
Interest earned	**4,600**	7,092
Balance - Ending	$ **175,509**	$ 164,246

3. **CAPITAL ASSETS**

Capital assets consist of the following:

	2026			2025
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	**$ 798,028**	**$ -**	**$ 798,028**	$ 798,028
Buildings	**10,117,726**	**4,904,717**	**5,213,009**	5,361,691
Equipment	**3,108,164**	**2,711,574**	**396,590**	380,400
Vehicles	**790,390**	**529,117**	**261,273**	129,846
Paving	**43,996**	**43,996**	**-**	-
Leasehold improvements	**885,410**	**741,059**	**144,351**	210,735
	$ 15,743,714	**$ 8,930,463**	**$ 6,813,251**	$ 6,880,700

Included in land and buildings above are two residential properties, 239 Jeanne Street, Midland and 816 Ottawa Street, Midland, with a combined net book value of $395,573 (2025 - $409,678) that were assumed by CLH in prior years from another organization. Although the Organization has title to these properties, the other organization retains the right to reacquire them should CLH decide, with Ministry approval, to sell them. This first right of refusal can be exercised at amounts ranging from $1 - $10. However, due to the large amount of capital and maintenance costs incurred by the Organization and MCCSS over the years, it is unclear whether the option would ever be exercised.

4. **CREDIT FACILITIES**

The Organization maintains an unsecured operating line of credit with an available amount of $500,000. Interest is charged at the bank's prime rate of lending plus 0.75%. The operating line of credit balance outstanding on March 31, 2026 is $Nil (2025 - $Nil). The Organization incurred $Nil (2025 - $285) in interest expense on this operating line.

5. LONG-TERM DEBT

Long-term debt consists of the following:

	2026	2025
TD Canada Trust loan bearing interest at 5.98% per annum, repayable in monthly blended payments of $5,118. The loan matures on February 28, 2027. Secured by properties including equipment with a net book value of $1,537,023, and a general security agreement.	**$ 55,080**	$ 111,500
Scotia Mortgage Corporation loan bearing interest at 1.718% per annum, repayable in monthly blended payments of $3,369. The loan matures on August 1, 2026. Secured by properties with a net book value of $564,573.	**13,429**	53,259
Peoples Trust loan bearing interest at 4.05% per annum, calculated semi-annually, repayable in monthly blended payments of $1,304. The loan was repaid on December 1, 2025.	**-**	11,538
	$ 68,509	$ 176,297
Less: Current portion	**68,509**	107,675
	$ -	$ 68,622

Excluding the TD Canada Trust loan, mortgages were arranged by the Ministry of Municipal Affairs and Housing and are secured by residential properties purchased with Ministry of Housing funding. Payments are funded by MCCSS - Dedicated Supportive Housing.

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of government funding or donations received for the purchase of capital assets. The changes in the deferred capital contributions balance are as follows:

	2026	2025
Balance - Beginning	**$ 2,622,057**	$ 2,186,825
Add: Restricted capital asset contributions received	**416,269**	618,689
Less: Amortization of deferred capital contributions	**(230,225)**	(183,457)
Balance - Ending	**$ 2,808,101**	$ 2,622,057

7. ECONOMIC INTEREST

The Organization has an economic interest in another not-for-profit organization, CLH Foundation ("the Foundation"). An economic interest exists as the Foundation holds resources intended for the benefit of CLH. The purpose of the Foundation is to receive and maintain a fund or funds and to apply all or part of the principal and income, from time to time, to CLH. The Foundation is incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered charity under the Canadian Income Tax Act.

The Foundation contributed $143,416 (2025 - $157,996) to the Organization during the year which has been recognized as revenue on the statement of operations.

The Organization has agreed to lease the land and building at 661 Yonge Street, Midland from the Foundation for $1 per year plus the payment of all operating expenses including, but not limited to utilities, insurance, property taxes and repairs and maintenance.

The Organization has also agreed to lease the land and building at 283 King Street, Midland from the Foundation for $3,000 per month. The lease agreement expires April 2028. Rent payments to the Foundation during the year were $36,000 (2025 - $36,000).

The amount owed from the Foundation of $13,009 (2025 - $57,579) consists of funds to support CLH activities per the disbursement agreement with the Foundation, donations for building repairs and maintenance paid by CLH, and other program expenses. The balance is non-interest bearing with no specific terms of repayment.

8. ECONOMIC DEPENDENCE

The operations of the Organization are funded primarily through grants provided directly by MCCSS. During the current year, these grants were 62% of total revenues (2025 - 63%).

9. COMMITMENTS

The Organization leases office space at a number of different locations with expiry dates up to June 2029. Future minimum annual rental payments (excluding property taxes, maintenance, and insurance) for each of the next four years are as follows:

2027	$ **388,057**
2028	**231,580**
2029	**94,512**
2030	**12,247**
	$ **726,396**

10. **CONTINGENCIES**

The Organization was involved in various employment-related legal matters and grievances. While some of these may result in financial or other remedies, no reliable estimate of any potential obligations can be determined at this time. Management, based on legal advice, believes that the outcome of these matters is uncertain and accordingly no provision has been recorded.

11. **SUBSEQUENT EVENTS**

Collective Bargaining Agreement
The Organization's collective bargaining agreement with OPSEU expired March 31, 2026. Negotiations for a new agreement are ongoing. The financial impact of a new agreement has not been determined.

12. **FINANCIAL INSTRUMENTS**

Risks and Concentrations
The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentrations of risk at March 31, 2026:

a) **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party. The Organization does not directly hold any collateral as security for financial obligations. Credit risk at the Organization is limited as rents are generally collectible as tenants are supported, and revenue is assured as the majority of amounts are from government agencies with contracts negotiated in advance. The Organization manages its credit risk by investing in marketable securities. There has been no change in the assessment of credit risk from the prior year.

b) **Liquidity Risk**

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly with respect to its accounts payable and accrued liabilities, and long-term debt. The Organization manages this risk by preparing and monitoring detailed forecasts of cash flows from operations and anticipated investing and financing activities and holding assets that can be readily converted into cash. The Organization has a short-term unsecured bank financing facility in place should it be required to meet temporary fluctuations in cash requirements. There has been no change in the assessment of liquidity risk from the prior year.

12. **FINANCIAL INSTRUMENTS** - Continued

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 price risk. The Organization is exposed to interest rate risk as follows:

i) **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. As described in Notes 4 and 5, the Organization is exposed to interest rate risk with respect to its credit facility and long-term debt. The exposure to this risk fluctuates as the debt and related interest rates change from year to year. The Organization manages its exposure to the interest rate risk of its long-term debt by negotiating terms of at least 5 years in duration, thereby minimizing the short-term fluctuations in interest rates and stabilizing cash flow requirements. The majority of long-term debt is negotiated by the Ontario Ministry of Municipal Affairs and Housing, in consultation with the Organization.

13. **COMPARATIVE FIGURES**

Certain of the comparative figures have been restated in order to conform with the presentation adopted in the current year.