CHOICES Association Inc.
Financial Statements
For the year ended March 31, 2026

CHOICES Association Inc.
Financial Statements
For the year ended March 31, 2026

Contents

BDO

Tel: 289 881 1111
Fax: 905 845 8615
www.bdo.ca

BDO Canada LLP
360 Oakville Place Drive, Suite 500
Oakville ON L6H 6K8 Canada

Independent Auditor's Report

To the Directors of CHOICES Association Inc.

Opinion

We have audited the financial statements of CHOICES Association Inc. (the "Association"), which comprise the statement of financial position as at March 31, 2026, and the statements of changes in net assets, revenue and expenses and cash flow 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 Association as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the Program Guidelines of the Ministry of Children, Community and Social Services as described in Note 1.

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 Association 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Association to comply with the financial reporting provisions of the Ministry of Children, Community and Social Services. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Association and the Ministry of Children, Community and Social Services and should not be distributed to or used by parties other than the Association or the Ministry of Children, Community and Social Services.

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 the financial reporting provisions of the Program Guidelines of the Ministry of Children, Community and Social Services as described in Note 1, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 23, 2026

CHOICES Association Inc.
Statement of Financial Position

March 31	2026	2025
Assets		
Current		
Cash	$ 369,830	$ 121,879
Investments (Note 7)	305,296	691,955
Accounts receivable	27,601	70,916
HST receivable	132,529	200,919
Prepaid expenses	64,253	201,130
	899,509	1,286,799
Capital assets (Note 2)	5,764,276	4,979,149
Cash - restricted (Note 3)	71,329	68,581
	$ 6,735,114	$ 6,334,529
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	$ 933,611	$ 1,227,247
Current portion of long-term debt (Note 4)	55,913	39,170
Ministry of Housing capital reserve (Note 3)	71,329	68,581
	1,060,853	1,334,998
Long-term debt (Note 4)	811,583	199,672
Deferred capital contributions (Note 8)	1,150,983	1,044,158
	3,023,419	2,578,828
Net assets		
Net assets in Nevada lottery fund (Note 6)	-	8,319
Net assets internally restricted reserve fund (Note 5)	291,955	291,955
Net assets in operating fund	3,419,740	3,455,427
	3,711,695	3,755,701
	$ 6,735,114	$ 6,334,529

On behalf of the Board:

_______________ Director

_______________ Director

CHOICES Association Inc.
Statement of Changes in Net Assets

For the year ended March 31	Nevada Lottery Fund	Internally Restricted Reserve Fund (Note 5)	Operating Fund	2026	2025
Net assets, beginning of year	$ 8,319	$ 291,955	$ 3,455,427	$ 3,755,701	$ 3,730,129
Excess (deficiency) of revenue over expenses for the year	-	-	(44,006)	(44,006)	25,572
Interfund transfer (Note 6)	(8,319)	-	8,319	-	-
Net assets, end of year	$ -	$ 291,955	$ 3,419,740	$ 3,711,695	$ 3,755,701

The accompanying notes are an integral part of these financial statements.

CHOICES Association Inc.
Statement of Revenue and Expenses

For the year ended March 31	2026	2025
Revenue		
Provincial subsidy (Schedule)	**$ 12,723,381**	$ 12,347,219
Special needs funding	**83,193**	443,391
Ontario disability support program (Schedule)	**583,309**	558,862
Fee for service	**43,291**	36,687
Dedicated supportive housing (Schedule)	**81,276**	80,116
Donations	**-**	5,167
Interest income	**7,385**	19,733
Rent (Schedule)	**36,000**	36,000
Amortization of deferred capital contribution	**33,153**	28,413
	13,590,988	13,555,588
Expenses		
Administration (Note 10)	**1,638,731**	1,370,468
Amortization	**84,500**	67,407
Employee benefits	**1,354,768**	1,268,607
Employee salaries	**6,896,592**	6,386,773
Food and supplies	**682,169**	738,524
Insurance	**82,815**	75,536
Interest expense	**8,337**	7,192
Miscellaneous	**109**	1,466
Purchased services	**1,339,560**	1,751,979
Purchased services - out paid resources	**428,525**	558,830
Rent	**188,032**	174,008
Repairs and maintenance	**646,120**	881,019
Motor vehicle	**81,347**	95,139
Staff training	**35,888**	9,141
Staff travel	**8,568**	10,363
Supplies	**48,011**	21,683
Utilities	**108,174**	109,133
	13,632,246	13,527,268
Capital reserve allowance	**2,748**	2,748
	13,634,994	13,530,016
Excess (deficiency) of revenue over expenses for the year	**$ (44,006)**	$ 25,572

The accompanying notes are an integral part of these financial statements.

CHOICES Association Inc.
Statement of Cash Flows

For the year ended March 31		2026		2025
Cash flows from operating activities				
Excess (deficiency) of revenue over expenses for the year	**$**	**(44,006)**	$	25,572
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities				
Amortization of capital assets		**84,500**		67,407
Amortization of deferred capital contributions		**(33,153)**		(28,413)
Changes in non-cash working capital balances				
Accounts receivable		**43,315**		65,897
HST receivable		**68,390**		44,968
Prepaid expenses		**136,877**		(152,871)
Accounts payable and accrued liabilities		**(293,636)**		(188,361)
Ministry of Housing capital reserve		**2,748**		2,748
		(34,965)		(163,053)
Cash flows from investing activities				
Change in cash - restricted		**(2,748)**		(2,748)
Purchase of capital assets		**(869,627)**		-
Proceeds (purchases) of investments, net		**386,659**		(412,528)
		(485,716)		(415,276)
Cash flows from financing activities				
Repayment of long-term debt		**(39,170)**		(277,837)
Proceeds of long-term debt		**667,824**		238,842
Capital contributions		**139,978**		-
		768,632		(38,995)
Increase (decrease) in cash during the year		**247,951**		(617,324)
Cash, beginning of year		**121,879**		739,203
Cash, end of year	**$**	**369,830**	$	121,879

The accompanying notes are an integral part of these financial statements.

1. Significant Accounting Policies

Purpose of the Association
CHOICES Association Inc. (the "Association") was incorporated without share capital on June 15, 1981 under the laws of the Province of Ontario and is a registered charity exempt from tax under the *Income Tax Act*.

The Association's mission is to actively pursue a continuum of service that will enhance the quality of life for individuals with developmental disabilities and to promote the worth and self-worth of the individuals they serve.

Basis of Presentation
These financial statements have been prepared in accordance with the financial reporting provisions of the Program Guidelines of the Ministry of Children, Community and Social Services (the "MCCSS"). The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations ("ASNPO") as follows:

a) Allocations to the Ministry of Housing (the "MOH") capital reserve fund are made through the statement of revenue and expenses rather than the statement of funds;

b) Amortization is provided on restricted capital assets in an amount equal to the reduction in the principal balance outstanding on mortgage funds in accordance with the Ministry of Housing guidelines. Similarly, amortization is provided on unrestricted capital assets with outstanding mortgage balances equal to the reduction in principal balance on the outstanding mortgages. Other unrestricted capital assets are amortized in accordance with ASNPO;

c) Major repairs, upgrades, expenditures and replacement of capital assets that are either funded as an allocation from the MOH capital reserve fund, or funded by MCCSS are expensed in the year of acquisition.

Capital Assets
Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution, unless fair value is not determinable in which case they are recorded at nominal value. Amortization on capital assets is provided as follows:

Restricted buildings	equal to the reduction in principal balance on outstanding mortgage
Unrestricted buildings with mortgages	equal to the reduction in principal balance on outstanding mortgage
Unrestricted non-mortgaged buildings	straight-line over 40 years
Vehicles	straight- line over 6 years

1. Significant Accounting Policies (Continued)

Revenue Recognition
The Association follows the deferral method of accounting for contributions. Restricted contributions, including subsidies and special needs funding are deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received.

Revenue from unrestricted donations is recognized as donation revenue as it is received and is receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions of depreciable capital assets are deferred and amortized into revenue on the basis that corresponds with the amortization of the related capital asset. Contributions of non-depreciable capital assets are recognized as direct increases in net assets.

Revenue from programs and services is recognized as revenue when the service is provided and if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed Goods and Services
The Association, from time to time, receives donations of goods. Additionally volunteers contribute extensive time each year to assist the Association in carrying out its activities. Contributed goods and services are only recognized in the financial statements when the fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

Deferred Contributions Related to Capital Assets
Deferred contributions related to capital assets represent the unamortized portion of contributed depreciable capital assets.

Use of Estimates
The preparation of the financial statements in accordance with the financial reporting provisions established by the MCCSS 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 revenue and expenditures during the year. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known. Actual results could differ from management's best estimates as additional information becomes available in the future.

Allocation of Central Administration Expenses
The Association allocates central administration costs to programs in accordance with the MCCSS financial policy directive. Central administration expenses (Note 10), which do not pertain specifically to a project, are allocated based on management's best estimate on the service or effort expended, the amount of revenue related to the project and are expected not to exceed 10% of total expenditures. During the year, allocated central administration costs exceeded the 10% threshold. Management is aware of this and is currently working with MCCSS to address this matter.

1. **Significant Accounting Policies (Continued)**

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Subsequently, all financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

2. **Capital Assets**

Capital assets (unrestricted):

	2026		2025	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land and buildings				
Westfield Residence	**$ 780,420**	**$ -**	$ 780,420	$ -
Silver Court Residence	**391,497**	**391,497**	391,497	391,497
Dennis Residence	**1,109,000**	**43,456**	1,109,000	33,231
Mohawk Residence	**745,074**	**745,074**	745,074	745,074
Huron Residence	**869,627**	**16,917**	-	-
Vehicles	**125,898**	**125,898**	125,898	125,898
	$ 4,021,516	**$ 1,322,842**	$ 3,151,889	$ 1,295,700

Capital assets (restricted):

Capital assets acquired through funds provided by the Government of Ontario consist of the following:

	2026		2025	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land and buildings				
Orkney Road Residence	**$ 416,741**	**$ -**	$ 416,741	$ -
Harvest Road Residence	**473,986**	**-**	473,986	-
Carlisle Residence	**462,522**	**343,500**	462,522	323,914
Rockton Residence	**554,301**	**473,651**	554,301	454,066
Meaghan Residence	**1,088,000**	**43,881**	1,088,000	33,556
Duncan Residence	**964,500**	**33,416**	964,500	25,554
	$ 3,960,050	**$ 894,448**	$ 3,960,050	$ 837,090
Total net book value		**$ 5,764,276**		$ 4,979,149

2. Capital Assets (Continued)

The Association operates several group homes, the acquisition of which was funded by the Province of Ontario through its respective Ministries: the MCCSS and the MOH. Accordingly, the Province of Ontario has registered its financial interest on title thereby restricting the disposition of these facilities. The Association is required under the Portfolio Operating Agreement, Section 7.1, to obtain written consent prior to the disposition of these residences, to which consent may be withheld. In the event of such disposition, the excess of proceeds less any encumbrances against the respective project would be payable to the Province of Ontario through the respective Ministries. Due to fluctuations in market values and the uncertainty regarding the timing of any disposition, the extent of such liability is not determinable and has not been recorded in the financial statements. During the year, there were no dispositions which would require a liability to be recorded to MCCSS or the MOH.

3. Ministry of Housing Capital Reserve

The Ministry of Housing Capital Reserve Fund has been established to provide for the future major expenditures of the residences. The Association increases this reserve each year by $2,748.

4. Long-term Debt

	2026	2025
Mortgage - $3,959 monthly payments of principal and interest at 3.802%, secured by Carlisle and Rockton Residences, maturing November 2029	$ 199,672	$ 238,842
Mortgage - $3,859 monthly payments of principal and interest at 4.7%, secured by Huron Residence, maturing May 2028	667,824	-
	867,496	238,842
Less: Current portion	55,913	39,170
	$ 811,583	$ 199,672

The principal payments due over the next five years are as follows:

2027	$ 55,913
2028	58,213
2029	680,463
2030	72,907
	$ 867,496

The Organization has an unused (2025 - unused) revolving line of credit from its bank in the amount of $350,000. Interest is charged at prime rate plus 0.5% per annum. The line of credit is secured by a general security agreement.

5. Internally Restricted Reserve Fund

The internally restricted fund has been created for to be used for future real estate purchases or as directed by the Board of Directors. Any interest earned on these funds are transferred into the internally restricted fund.

6. Nevada Lottery Fund

During the year, the remaining balance in the Nevada lottery fund was reclassified to the operating fund to close out the fund.

7. Investments

The investments held are a Guaranteed Investment Certificate earning interest of 2.70% (2025 - 2.50 to 3.10%), maturing July 2026 (2025 - May and December 2025).

8. Deferred capital contribution

	2026	2025
Balance, beginning of year	**$ 1,044,158**	$ 1,072,571
Capital contributions	**139,978**	-
Amortization of deferred capital contribution	**(33,153)**	(28,413)
Balance, end of year	**$ 1,150,983**	$ 1,044,158

9. Financial Instrument Risks

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 Association is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Association is subject to credit risk through its accounts receivable. This risk has not changed from the prior year.

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 Association is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the fair value of its long-term debt. This risk has not changed from the prior year.

9. Financial Instrument Risks (Continued)

Liquidity Risk

Liquidity risk is the risk that the Association encounters difficulty in meeting its obligations associated with its financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Association will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the Association's accounts payable and accrued liabilities, contingencies and long-term debt. This risk has not changed from the prior year.

10. Administrative Expenses

The Association's administrative expenses are allocated based on project costs, which are based on management's best estimate on the service or effort expended, as follows:

	2026	2025
Expenses		
Employee salaries	**$ 948,448**	$ 703,532
Employee benefits	**253,992**	215,177
Insurance	**14,231**	11,739
Motor vehicle	**21,562**	18,795
Miscellaneous	**261**	-
Purchased services	**222,360**	93,400
Rent	**-**	-
Repairs and maintenance	**57,255**	99,924
Staff training	**26,393**	33,468
Staff travel	**3,660**	21,135
Supplies	**65,535**	149,553
Utilities	**25,034**	23,745
	$ 1,638,731	$ 1,370,468
Allocation to programs		
Community Support Services Program	**$ 103,158**	$ 107,638
Adult Community Accommodation Program	**1,535,573**	1,262,830
	$ 1,638,731	$ 1,370,468

11. Comparative Amounts

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

CHOICES Association Inc.
Schedule - Ministry Funded Programs

For the year ended March 31	Adult Community Accomodation	Community Support Services	Dedicated Housing Support	2026	2025
Revenue					
Provincial subsidy	$ 11,690,459	$ 1,032,922	$ -	$ 12,723,381	$ 12,347,219
ODSP revenue	583,309	-	-	583,309	558,862
Interest/investment income	4,420	-	-	4,420	-
Rent	-	-	36,000	36,000	36,000
First Aid & CPR	5,640	-	-	5,640	4,200
Dedicated supportive housing	-	-	81,276	81,276	80,116
Other fees	72,327	52,343	-	124,670	468,378
	12,356,155	1,085,265	117,276	13,558,696	13,494,775
Expenses					
Employee salaries and benefits	9,798,948	735,670	-	10,534,618	9,160,455
Operating expenses	2,334,964	304,704	100,966	2,740,634	4,080,993
Motor Vehicle expenses	92,186	15,605	-	107,791	95,198
Utilities	130,173	29,286	16,310	175,769	158,419
	12,356,271	1,085,265	117,276	13,558,812	13,495,065
Deficiency of revenue over expenses for the year	$ (116)	$ -	$ -	$ (116)	$ (290)