Surex Community Services
Financial Statements
March 31, 2026

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To the Members of Surex Community Services:

Opinion

We have audited the financial statements of Surex Community Services (the "Organization"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in fund balances and 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 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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization’s financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Mississauga, Ontario

Chartered Professional Accountants

June 25, 2026

Licensed Public Accountants

Surex Community Services
Statement of Financial Position
As at March 31, 2026

	2026	*2025*
Assets		
Current		
Cash	**646,537**	1,004,897
Accounts receivable	**51,469**	59,938
Sales tax receivable	**79,734**	65,601
Prepaid expenses	**83,921**	90,693
Investments *(Note 3)*	**-**	300,000
	861,661	1,521,129
Capital assets *(Note 4)*	**2,808,329**	2,488,045
	3,669,990	4,009,174
Liabilities		
Current		
Accounts payable and accrued liabilities	**681,629**	1,464,852
Current portion of deferred contributions related to capital assets *(Note 5)*	**38,675**	40,939
	720,304	1,505,791
Deferred contributions related to capital assets *(Note 5)*	**722,615**	761,290
	1,442,919	2,267,081
Commitments *(Note 7)*		
Fund Balances		
Operating fund	**(1,287,258)**	(1,181,331)
Capital asset fund	**3,395,428**	2,923,424
Reserve fund	**118,901**	-
	2,227,071	1,742,093
	3,669,990	4,009,174

Approved on behalf of the Board

Director   **Director**

The accompanying notes are an integral part of these financial statements

Surex Community Services
Statement of Operations
For the year ended March 31, 2026

	Capital Assets Fund	*Operating Fund*	*2026*	*2025*
Revenues				
Grants *(Note 5)*	**40,939**	**6,541,637**	**6,582,576**	6,601,230
Ontario disability support plan	**-**	**718,740**	**718,740**	672,579
Government assistance	**-**	**419,215**	**419,215**	455,661
Other	**-**	**417,708**	**417,708**	222,521
Fundraising	**-**	**110,782**	**110,782**	125,061
Interest income	**-**	**22,009**	**22,009**	30,273
Sales tax refund	**-**	**-**	**-**	127,749
	40,939	**8,230,091**	**8,271,030**	8,235,074
Expenses				
Salaries	**-**	**5,740,003**	**5,740,003**	5,715,696
Employee benefits	**-**	**753,823**	**753,823**	1,057,324
Premises	**-**	**268,074**	**268,074**	284,960
Purchased services	**-**	**261,264**	**261,264**	346,950
Food	**-**	**175,589**	**175,589**	167,255
Utilities and taxes	**-**	**147,068**	**147,068**	156,679
Supplies	**-**	**98,529**	**98,529**	90,592
Insurance	**-**	**49,576**	**49,576**	47,764
Personal needs	**-**	**41,118**	**41,118**	51,167
Vehicle	**-**	**37,200**	**37,200**	46,681
Staff training	**-**	**25,229**	**25,229**	19,748
Repairs and maintenance	**-**	**24,065**	**24,065**	17,156
Staff travel	**-**	**18,763**	**18,763**	19,555
Advertising	**-**	**1,761**	**1,761**	1,763
Amortization	**143,990**	**-**	**143,990**	122,029
	143,990	**7,642,062**	**7,786,052**	8,145,319
(Deficiency) excess of revenue over expenses before other items	**(103,051)**	**588,029**	**484,978**	89,755
Other items				
Loss on disposal of capital assets	**-**	**-**	**-**	(7,100)
(Deficiency) excess of revenue over expenses	**(103,051)**	**588,029**	**484,978**	82,655

The accompanying notes are an integral part of these financial statements

Surex Community Services
Statement of Changes in Fund Balances
For the year ended March 31, 2026

	Capital Assets Fund	*Operating Fund*	*Reserve Fund*	***2026***	*2025*
Fund balances, beginning of the year	**2,923,424**	**(1,181,331)**	**-**	**1,742,093**	1,659,438
(Deficiency) excess of revenue over expenses	**(103,051)**	**588,029**	**-**	**484,978**	82,655
Allocated from fund raising and other	**110,782**	**(229,683)**	**118,901**	**-**	-
Capital assets purchases	**464,273**	**(464,273)**	**-**	**-**	-
Fund balances, end of year	**3,395,428**	**(1,287,258)**	**118,901**	**2,227,071**	1,742,093

The accompanying notes are an integral part of these financial statements

Surex Community Services
Statement of Cash Flows
For the year ended March 31, 2026

	2026	*2025*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**484,978**	82,655
Amortization	**144,990**	122,029
Loss on disposal of capital assets	**-**	7,100
Amortization of deferred contributions related to capital assets	**(40,940)**	(43,422)
	589,028	168,362
Changes in working capital accounts		
Accounts receivable	**8,469**	33,546
Sales tax receivable	**(14,133)**	(5,259)
Prepaid expenses	**6,772**	(5,571)
Accounts payable and accrued liabilities	**(783,222)**	578,973
	(193,086)	770,051
Investing		
Purchase of investments	**-**	(300,000)
Proceeds on disposal of investments	**300,000**	400,000
Purchase of capital assets	**(465,274)**	(227,798)
Additions to deferred contributions related to capital assets	**-**	49,100
	(165,274)	(78,698)
Increase (decrease) in cash	**(358,360)**	691,353
Cash, beginning of year	**1,004,897**	313,544
Cash, end of year	**646,537**	1,004,897

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Surex Community Services (the “Organization”) was incorporated under the laws of the Province of Ontario as a non-share capital corporation. It is a registered charitable organization and is exempt from income taxes providing certain requirements of the Income Tax Act.

The Organization is a community based not-for-profit organization providing support and assistance for adults with developmental disabilities. It provides long-term group living support and day programming to adults (over the age of 18) with a developmental disability. Currently all the group living programs operate on a 24 hours per day, 7 days a week basis.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund accounting

The Organization follows the deferral method of accounting for contributions, and presents its financial statements using fund accounts. The funds reflected in the financial statements are as follows:

The Operating Fund reports the Organization’s unrestricted resources and all other activities related to revenues and expenses which are not capital in nature.

The Capital Assets Fund reports the Organization’s real estate and other capital assets. The Organization's operations are primarily funded through various agreements with the Government of Ontario.The Ontario Ministry of Children, Community and Social Services ('MCCSS") provides major funding for the acquisition of all land and buildings. The Organization is therefore not free to dispose of these facilities, nor to use the assets for other purposes without consent of the Ministry.

The Reserve Fund represents amounts internally restricted by the Board of Directors to provide for operating contingencies, emergency requirements, and planned and unplanned capital expenditures. The Board has established a target reserve equal to three months of average recurring operating expenditures. The Reserve Fund is internally restricted and may be used or redesignated by resolution of the Board of Directors.

Revenue recognition

The Organization uses the deferral fund method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or when the amount to be received can be reasonably estimated and its collection is reasonably assured.

Government funding is primarily received from the MCCSS and is recognized as qualifying costs are incurred.

Capital grants are initially recognized as deferred contributions related to capital assets when received. Revenue is recognized in the capital asset fund as the related assets are amortized.

Ontario Disability Support Plan ("ODSP"), formerly known as, family benefits allowance, is revenue paid by residents in respect of accommodation and care service provided and is recognized when the services are provided.

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

Financial instruments

All financial instruments are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost. Financial assets measured at amortized cost include cash, and grants and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue and deferred contributions related to capital assets.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment:

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. The amount of the write-down is recognized in excess (deficiency) of revenues over costs.

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

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

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the following method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	**Rate**
Buildings	declining balance	5 %
Automotive	declining balance	30 %
Computer equipment	declining balance	30 %
Computer software	declining balance	45 %
Furniture and fixtures	declining balance	20 %
Leasehold improvements	straight-line	term of lease

Accounting for Cloud Computing Arrangement

A software intangible asset for a cloud computing arrangement has been accounted for in accordance with Goodwill and Intangible Assets, Section 3064. Expenditures that are directly attributable to implementing the software service are capitalized to capital assets and expensed in accordance with the amortization policy for computer software. Expenditures related to the subsequent operation and maintenance for cloud computing arrangements are expensed as incurred.

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

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in the preparation of these financial statements include allowance for receivables, amortization of capital assets, accounts payable and accrued liabilities, and deferred contributions related to capital assets.

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

Contributed materials

Contributions of services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased.

Donated services assist the Organization in carrying out its program activities. Due to the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

Impairment of long-lived assets

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

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets, may not be recoverable. The carrying amount of a group of long-lived assets is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from their use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the assets' carrying amount exceeds its fair value. Fair value is measured using discounted future cash flows. Any impairment is included in excess (deficiency) of revenues over expenses for the year.

Government assistance

The Organization follows the income approach to recognize government assistance. This approach requires government assistance to be credited to income when related to current expenditures. Wage subsidies are accounted for as other income in the year the related wages are incurred.

3. Investments

	2026	*2025*
GIC, bearing interest rate at 2.75% per annum and matured during the year.	**-**	300,000

4. Capital assets

	Cost	Accumulated amortization	2026 Net book value	2025 Net book value
Land	**861,270**	**-**	**861,270**	861,270
Buildings	**3,619,833**	**1,999,108**	**1,620,725**	1,450,302
Automotive	**302,571**	**137,972**	**164,599**	37,430
Computer equipment	**91,700**	**37,078**	**54,622**	28,394
Computer software	**42,251**	**19,013**	**23,238**	42,250
Furniture and fixtures	**241,875**	**186,817**	**55,058**	50,770
Leasehold improvements	**472,531**	**443,714**	**28,817**	17,629
	5,632,031	**2,823,702**	**2,808,329**	2,488,045

5. Deferred contributions related to capital assets

Deferred contributions related to capital assets consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred contributions related to capital assets are as follows:

	2026	2025
Balance, beginning of year	**802,229**	796,551
Add: amounts received during the year	**-**	49,100
Less: amounts recognized as revenue during the year	**(40,939)**	(43,422)
Balance, end of year	**761,290**	802,229
Less: current portion	**(38,675)**	(40,939)
	722,615	761,290

6. Bank overdraft

The Organization maintains a bank overdraft facility available under an Operating Account Agreement from the Bank of Montreal ("BMO") for $250,000 (2025 - $250,000). Interest is calculated at the BMO's prime plus 1% per annum. The overdraft facility is secured by a general security agreement. As of March 31, 2026, the amount outstanding at year end is $Nil (2025 - $Nil).

7. Commitments

The Organization has entered into various lease agreements with estimated minimum annual payments as follows:

2027	160,653
2028	49,905
2029	18,158
	228,716

8. Financial instruments

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

Credit risk

The Organization is exposed to credit risk with respect to its grants and accounts receivable. The Organization assesses, on a continuous basis, amounts it is certain to receive. The Organization continually monitors the financial condition of its accounts receivable to reduce the risk of loss. The Organization maintains provisions for potential credit losses, and any such losses to date have been within management's expectations.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of accounts payable and accrued liabilities. This risk is mitigated by the Organization’s access to the bank overdraft facility as described in Note 6.

9. Economic dependence

In common with other publicly funded agencies, the Organization derives the majority of its revenue from the Ministry of Children, Community and Social Services ("MCCSS"). The Organization's ability to continue viable operations is dependent upon maintaining its compliance with the criteria within the Service Contract.