CATHOLIC FAMILY SERVICES OF DURHAM/
SERVICES À LA FAMILLE CATHOLIQUES DE DURHAM

FINANCIAL STATEMENTS

MARCH 31, 2026

Smith
Chappell
Marsh
Vilander LLP

H. Howard Smith, FCPA (Retired)
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INDEPENDENT AUDITOR'S REPORT

To the Members of
Catholic Family Services of Durham/Services à la famille catholiques de Durham:
OSHAWA, ONTARIO

Qualified Opinion

We have audited the financial statements of Catholic Family Services of Durham/Services à la famille catholiques de Durham (the Agency), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency 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 Qualified Opinion

In common with many charitable organizations, the Agency derives revenue from clients on a non-compulsory, fee-for-service basis as well as donations from the general public and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Agency. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2026 and 2025, current assets as at March 31, 2026 and 2025, and net assets as at April 1 and March 31 for both the 2026 and 2025 years.

We conducted our audits 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 Agency in accordance with the ethical requirements that are relevant to our audits 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 qualified 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.

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In preparing the financial statements, management is responsible for assessing the Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Smith Chappell Mark Vilander LLP

Oshawa, Ontario
September 2, 2026

Chartered Professional Accountants
Licensed Public Accountants

CATHOLIC FAMILY SERVICES OF DURHAM/
SERVICES À LA FAMILLE CATHOLIQUES DE DURHAM

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31,	2026	2025
ASSETS		
Current		
Cash	$ 1,356,684	$ 1,437,448
Accounts receivable	36,562	46,667
Prepaid expenses	44,751	54,345
	1,437,997	1,538,460
Capital Assets - at net book value (Note 3)	2,801,377	2,856,256
	$ 4,239,374	$ 4,394,716
LIABILITIES		
Current		
Accounts payable	$ 153,780	$ 150,416
Deferred revenues (Note 4)	979,574	932,282
Mortgage payable due within one year (Note 8)	69,602	66,416
	1,202,956	1,149,114
Deferred Contributions Related to Capital Assets (Note 5)	1,257,166	1,312,587
Long Term		
Mortgage payable (Note 8)	283,157	352,562
	2,743,279	2,814,263
NET ASSETS		
Invested in Capital Assets (Note 2)	1,191,452	1,124,691
Internally Restricted Funds (Note 2)	258,415	294,756
Unrestricted	46,228	161,006
	1,496,095	1,580,453
	$ 4,239,374	$ 4,394,716

APPROVED ON BEHALF OF THE BOARD:

Bowyer ______________________ Director

Henry Nenis ______________________ Director

CATHOLIC FAMILY SERVICES OF DURHAM/
SERVICES À LA FAMILLE CATHOLIQUES DE DURHAM

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2026	2025
Revenue		
Ministry of Children, Community and Social Services	**$ 916,994**	$ 901,570
Catholic Charities of the Archdiocese of Toronto	**1,235,926**	1,126,450
Rental income	**37,341**	37,341
United Way	**-**	28,227
Rose of Durham (Note 10)	**-**	308,270
Client fees	**22,868**	17,670
Donations and fundraising	**265,072**	227,826
Amortization of deferred capital contributions	**57,421**	55,716
Grants and other revenue	**461,883**	839,270
Interest	**19,392**	28,627
	3,016,897	3,570,967
Expenses		
Salaries and benefits	**2,339,015**	2,234,366
Rent and occupancy costs	**202,105**	213,209
Purchased services	**141,587**	129,979
Office	**113,216**	119,128
Mortgage interest	**18,447**	20,148
Amortization	**109,686**	101,659
Fundraising	**43,074**	35,779
Fees and dues	**17,924**	18,705
Training and education	**10,166**	3,101
Program and project (Note 11)	**86,344**	230,210
Transportation	**16,074**	11,457
Advertising and promotion	**3,617**	3,044
	3,101,255	3,120,785
Excess (Deficiency) of Revenue over Expenses	**$ (84,358)**	$ 450,182

CATHOLIC FAMILY SERVICES OF DURHAM/ SERVICES À LA FAMILLE CATHOLIQUES DE DURHAM

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31,	2026	2025
Invested in Capital Assets		
Opening balance	$ 1,124,691	$ 850,001
Amortization	(109,686)	(101,659)
Purchase of capital assets	54,807	3,115
Amortization of deferred contributions related to capital assets	57,421	55,716
Additions to deferred contributions related to capital assets	(2,000)	(3,115)
Decrease in mortgage and loan payable	66,219	320,633
Closing balance	$ 1,191,452	$ 1,124,691
Internally Restricted Funds		
Playground Fund		
Opening balance	$ 2,500	$ -
Transfer from (to) operations	(2,500)	2,500
Closing balance	$ -	$ 2,500
Internally Restricted - Rose of Durham		
Opening balance	$ 292,256	$ 183,986
Transfer from operations	(33,841)	108,270
Closing balance	$ 258,415	$ 292,256
	$ 258,415	$ 294,756
Unrestricted Net Assets		
Beginning of year	$ 161,006	$ 96,284
Excess (Deficiency) of Revenue over Expenses	(84,358)	450,182
	76,648	546,466
Transfer (to) Invested in Capital Assets - net	(66,761)	(274,690)
Transfer from (to) Internally Restricted - Rose of Durham	33,841	(108,270)
Transfer from (to) Playground Fund	2,500	(2,500)
Closing balance	$ 46,228	$ 161,006

CATHOLIC FAMILY SERVICES OF DURHAM/
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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31,	**2026**	2025
Operating Activities		
Excess of Revenue over Expenses	**$ (84,358)**	$ 450,182
Charges (credits) to income not involving cash		
Amortization	**109,686**	101,659
Amortization of deferred contributions	**(57,421)**	(55,716)
Provided from working capital (Note 9)	**70,355**	93,693
	38,262	589,818
Financing Activities		
(Decrease) in loan payable	**-**	(50,000)
(Decrease) in mortgage payable	**(66,219)**	(270,633)
Increase in deferred contributions related to capital assets	**2,000**	3,115
	(64,219)	(317,518)
Investing Activities		
Additions to capital assets	**(54,807)**	(3,115)
Increase (Decrease) In Cash	**(80,764)**	269,185
Cash, beginning of period	**1,437,448**	1,168,263
Cash, end of period	**$ 1,356,684**	$ 1,437,448

1. Nature of Business

Catholic Family Services of Durham/Services à la famille catholiques de Durham (the Agency) commenced operations in 1981 under the auspices of Catholic Charities of the Archdiocese of Toronto. The Agency was incorporated in 1983 in Ontario as a corporation without share capital. The mission of the Agency is to provide help, hope and healing to individuals, young parents, couples and families, regardless of beliefs, through evidence-based psychotherapy and counselling, education and support. The Agency is a charitable organization in accordance with the Income Tax Act (Canada) and, as such, does not pay 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:

Revenue Recognition

The Agency follows the deferral 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 receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fundraising activities are recorded in the financial statements when the event is held.

Revenues from the Ministry of Children, Community and Social Services are reported based on the contracts.

Grants received from Catholic Charities are reported based on the funding agreement.

Client fees are recognized when the services are provided.

Rental income is due and recognized at the beginning of each month for that month.

Revenue from Rose of Durham is recognized when it is able to be transferred from Rose of Durham.

Capital Assets

Capital assets are recorded at cost and amortized on a straight-line basis over their average useful life. Computer hardware and software acquired are being amortized over three years, office furniture and equipment and playground equipment acquired are being amortized over ten years to better reflect their useful lives. The building at 707 Simcoe Street South, Oshawa, Ontario is being amortized over 30 years.

Invested in Capital Assets

This fund represents the net book value of capital assets (cost less accumulated amortization) less deferred contributions related to capital assets, loan payable and mortgage payable.

Internally Restricted Funds

The Playground Fund was established by the Board of Directors to accumulate funds donated for the building of a playground at the Oshawa site. During the year, $2,500 was utilized towards the playground. The Playground Fund has been closed by the Board of Directors as the project is complete.

The Internally Restricted - Rose of Durham are funds received on the asset transfer from Rose of Durham which the Board of Directors set aside for the purchase or rental of capital property, including real estate, and cannot be used for ongoing operations without authorization from the Board. During the year, $33,841 was utilized towards a retrofit at their building.

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results may differ from those estimates.

Contributed Goods and Services

The Agency would not be able to carry out its activities without the services of the volunteers who donate a number of hours. The value of these hours has not been calculated by management and are not audited nor reflected in the financial statements.

Contributed goods are recorded at fair market value as part of revenue and expenditures when fair value can be reasonably estimated and when goods are used in the normal course of the Agency's operations and would otherwise have been purchased. Donated goods provided for fundraising purposes are not recognized in the financial statements.

Cash and Cash Equivalents

The Agency's policy is to disclose bank balances and term deposits under cash and cash equivalents.

Financial Instruments

Measurement of financial instruments

The Agency initially measures its financial assets at fair value.
The Agency subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.
Financial assets measured at amortized cost include cash and accounts receivable.
Financial liabilities measured at amortized cost include accounts payable and mortgage payable.
The Agency has no financial assets measured at fair value.

Impairment

Financial assets measured at cost are reviewed annually to determine whether there are indicators of impairment. When there is an indication of impairment the amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The Agency recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

2. Summary of Significant Accounting Policies (continued)

Pension Plan

Defined contribution accounting is applied for The Colleges of Applied Arts and Technology Pension Plan (CAAT), a multi-employer pension plan, whereby contributions are expensed when due, as the Agency has insufficient information to apply defined benefit plan accounting.

3. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2026	Net Book Value 2025
Land	$ 500,000	$ -	$ 500,000	$ 500,000
Building	3,016,540	745,654	2,270,886	2,336,465
Office furniture and equipment	2,374	2,374	-	-
Playground equipment	22,389	7,952	14,437	16,676
Computer hardware and software	62,279	46,225	16,054	3,115
	$ 3,603,582	$ 802,205	$ 2,801,377	$ 2,856,256

The land and building at 707 Simcoe Street South, Oshawa, Ontario have been purchased and renovated with significant funds provided by the Province of Ontario through the Ministry of Children, Community and Social Services, who have invested $1,671,626 in 2017/2018 and 2018/2019 which represents a 48% interest in the property.

4. Deferred Revenues

Deferred revenues represent specific operating funding received in the current year that is related to subsequent years.

	2026	2025
Opening balance	$ 932,282	$ 1,313,630
Received	534,108	47,495
Earned	(486,816)	(428,843)
Closing balance	$ 979,574	$ 932,282

5. Deferred Contributions Related to Capital Assets

Deferred contributions related to specific capital assets represent the unamortized amount of funds received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations on the same basis as the amortization expense related to these capital assets.

6. Pension Costs and Obligations

Substantially all of the employees are members of The Colleges of Applied Arts and Technology Pension Plan (CAAT) which is a multi-employer, defined benefit, contributory pension plan. All members are contributing to and earning a pension under CAAT's DBplus plan design. As noted in Note 2, CAAT is accounted for as a defined contribution plan. For 2026, the employer contributions to the DB plan were $131,104 ($129,008 for 2025). These amounts are included in salaries and benefits in the statement of operations. The most recent valuation for financial reporting purposes completed by CAAT as of December 31, 2025 disclosed net assets available for benefits of $25,447 million with pension obligations of $18,068 million resulting in a surplus of $7,379 million.

The most recent valuation as of January 1, 2026 showed that the DB Plan had a surplus on a going concern basis and was fully funded on a solvency basis.

7. Commitments

The Agency is committed to annual amounts under lease agreements with respect to the Ajax premises as follows:

2027	$ **82,384**
2028	**84,897**
2029	**79,934**

The Agency entered into an agreement for the retrofit of the second floor of the property in Oshawa. The estimated cost of the full project is $143,000 with an estimated $111,000 of the work yet to be completed as of March 31, 2026.

8. Mortgage Payable

	2026	2025
Royal Bank of Canada, bearing interest at 4.74%, repayable in monthly payments of principal and interest of $7,055.49, due December 23, 2027	$ 352,759	$ 418,978

Principal repayments over the next 2 years are as follows:

2027	$ 69,602
2028	283,157

Security pledged with the Royal Bank of Canada consists of a general security agreement on Accounts Receivable. In addition, the Royal Bank of Canada has a First Collateral Mortgage over the property located at 707 Simcoe Street South, Oshawa, Ontario of $1,270,000. The carrying value of the real property is $2,770,886.

9. Cash Provided From (Used For) Working Capital

The net change in non-cash working capital balances related to operations is as follows:

	2026	2025
Accounts receivable	$ 10,105	$ 571,479
Prepaid expenses	9,594	(11,085)
Accounts payable	3,364	(85,353)
Deferred revenues	47,292	(381,348)
	$ 70,355	$ 93,693

10. Agreement with Rose of Durham

The Agency entered into an asset transfer agreement with Rose of Durham effective February 11, 2022. In fiscal 2025, Rose of Durham had transferred to the Agency the remaining assets and liabilities associated with its operations and activities.

11. Program and Project

Program and project expenses include amounts incurred (excluding staff-related costs) to support the Durham Children's Nutrition Program, the Food Insecurity Program, and supplies required to support therapy, group programming and client support activities.

12. Financial Instruments

Risks and concentrations

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

Liquidity risk

Liquidity risk is defined as the risk that the Agency may not be able to meet or settle its obligations as they become due. The Agency has taken steps to ensure that it will have sufficient working capital to meet its obligations.

Credit risk

Credit risk arises from the potential that counterparties including clients will fail to perform their obligations. The Agency is subject to credit risk through its receivables. Account monitoring procedures are utilized to minimize risk of loss.

Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. The Agency is subject to interest rate risk through their mortgage payable. The Agency monitors the current interest rate to ensure that their interest rates do not vary much from market rate.

13. Economic Dependence

In common with other publicly funded agencies, the Agency derives the majority of its revenue from the Province of Ontario and Catholic Charities of the Archdiocese of Toronto. Further, the Province of Ontario through the Ministry of Children, Community and Social Services has an encumbrance on the property held in the name of the Agency.