Doane Grant Thornton

Financial Statements

Clements Centre Society

March 31, 2026

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Doane Grant Thornton

Independent Auditors' Report

Doane Grant Thornton LLP
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To the members of the Clements Centre Society

Qualified Opinion

We have audited the accompanying financial statements of Clements Centre Society ("the Society"), 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 effects of the matter described in the Basis of Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Clements Centre Society 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 Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donations was limited to the amounts recorded in the records of the Society, and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, assets and fund balances.

Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, deficiency 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. Our audit opinion on the financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this limitation in scope.

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 Society 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

Report on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

Doane Grant Thornton LLP

Nanaimo, Canada

September 8, 2026

Chartered Professional Accountants

Clements Centre Society
Statement of Financial Position

As at March 31

	Operating Fund	Capital Asset Fund	2026 Total	2025 Total
Assets				
Current				
Cash and cash equivalents	$ 2,227,734	$ -	$ **2,227,734**	$ 2,521,270
Term deposits (Note 3)	518,308	-	**518,308**	457,900
Accounts receivable	22,447	-	**22,447**	113,398
Goods and services tax receivable	38,581	-	**38,581**	41,550
Inventory	7,291	-	**7,291**	5,327
Prepaid expenses and deposits	100,639	-	**100,639**	92,973
	2,915,000	-	**2,915,000**	3,232,419
Restricted cash (Note 3 & 8)	10,000	878,438	**888,438**	617,321
Tangible capital assets (Note 4)	-	5,056,635	**5,056,635**	5,167,389
	$ 2,925,000	$ 5,935,073	$ **8,860,073**	$ 9,017,129
Liabilities				
Current				
Accounts payables and accrued liabilities (Note 5)	$ 1,141,351	$ -	$ **1,141,351**	$ 1,500,101
Government remittances - Worksafe BC	52,161	-	**52,161**	53,956
Demand loans (Note 7)	-	491,614	**491,614**	502,641
Deferred contributions (Note 6)	1,132,140	-	**1,132,140**	1,005,055
	2,325,652	491,614	**2,817,266**	3,061,753
Long term				
Accrued sick leave	354,536	-	**354,536**	331,823
Accrued severance	75,580	-	**75,580**	78,522
Obligations under capital lease	-	15,291	**15,291**	19,589
	430,116	**15,291**	**445,407**	429,934
Fund Balances				
Invested in tangible capital assets	-	4,549,730	**4,549,730**	4,645,159
Internally restricted (Note 8)	10,000	878,438	**888,438**	617,321
Unrestricted	159,232	-	**159,232**	262,963
	169,232	5,428,168	**5,597,400**	5,525,442
	$ 2,925,000	$ 5,935,073	$ **8,860,073**	$ 9,017,129

Subsequent event (Note 14)

_____________________ Director

_____________________ Director

See accompanying notes to the financial statements.

Clements Centre Society
Statement of Changes in Net Assets

For the year ended March 31 **2026** 2025

		Operating Fund		Capital Asset Fund		**Total**		Total
Fund Balances, beginning of year	$	359,488	$	5,165,955	**$**	**5,525,442**	$	5,651,945
Excess (deficiency) of revenue over expenses		297,632		(225,673)		**71,959**		(126,503)
Interfund Transfers								
Transfer of funds		(300,000)		300,000				
Proceeds of capital lease obligation		(4,297)		4,297		**-**		
Repayment of long-term debt		(11,027)		11,027		**-**		-
Tangible capital assets purchased		(172,564)		172,564		**-**		-
Fund Balances, end of year	$	169,232	$	5,428,168	**$**	**5,597,400**	$	5,525,442

See accompanying notes to the financial statements.

Clements Centre Society
Statement of Operations

For the year ended March 31

		Operating Fund		Capital Asset Fund		Total 2026		2025
Revenue								
Government contracts and grants (Note 10)	$	14,077,184	$	131,140	**$**	**14,208,324**	$	13,116,151
Fees for services		48,919		-		**48,919**		52,548
Contract and product sales		172,850		-		**172,850**		157,670
Gaming grant		51,000		-		**51,000**		53,400
Donations		147,983		-		**147,983**		127,651
Interest		39,119		-		**39,119**		50,745
Other income		63,753		-		**63,753**		88,237
Rental		41,441		-		**41,441**		40,353
		14,642,250		131,140		**14,773,390**		13,686,754
Expenses								
Salaries and benefits		10,584,878		-		**10,584,878**		9,905,408
Program		2,860,937		-		**2,860,937**		2,757,241
Occupancy		451,495		-		**451,495**		420,095
Amortization		-		356,813		**356,813**		313,707
Office		266,091		-		**266,091**		226,188
Transportation		167,581		-		**167,581**		185,350
Interest on demand loan		13,635		-		**13,635**		5,266
		14,344,617		356,813		**14,701,430**		13,813,255
Excess (deficiency) of revenue over expenses	$	297,632	$	(225,673)	**$**	**71,959**	$	(126,501)

See accompanying notes to the financial statements

Clements Centre Society
Statement of Cash Flows

For the year ended March 31		2026		2025
Operating Activities				
Cash received from:				
Provincial government for operations	$	**14,446,127**	$	12,886,307
Services, contracts and product sales		**221,770**		210,218
Gaming funds		**51,000**		53,400
Donations		**147,983**		127,651
Interest		**39,118**		50,744
Miscellaneous, rentals and memberships		**105,195**		128,590
		15,011,193		13,456,909
Cash paid for:				
Salaries and benefits		**(10,477,649)**		(9,796,543)
Programs		**(3,328,223)**		(2,509,291)
Occupancy		**(459,162)**		283
Transportation and office		**(393,764)**		(376,761)
Interest		**(51,681)**		(40,043)
Net cash generated through operating activities		**300,715**		734,554
Financing and investing activities				
Proceeds from demand loan	$	**-**	$	505,535
Proceeds from/(purchase of) term deposits, net		**(77,481)**		(367,234)
Purchase of tangible capital assets		**(172,564)**		(1,468,822)
Repayment of demand loan		**(11,027)**		(2,894)
Repayment of capital lease		**(4,297)**		(9,785)
Transfer (to)/from restricted cash to/(from) cash and cash equivalents		**(328,882)**		329,990
Net cash used by financing and investing activities		**(594,251)**		(1,013,210)
(Decrease) increase in cash and cash equivalents		**(293,536)**		(278,656)
Cash and cash equivalents, beginning of year		**2,521,270**		2,799,927
Cash and cash equivalents, end of year	$	**2,227,734**	$	2,521,270

See accompanying notes to the financial statements

1. Status and purpose of the Society

The Clements Centre Society (the "Society") is a registered non-profit charitable organization incorporated in 1957 under the Society Act of British Columbia. The Society envisions a community in which all individuals are included, accepted and valued. The Society offers programs and services to individuals with developmental needs and their families to promote participation and engagement.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO"). As a result, these financial statements are in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and include the following significant accounting policies:

Fund accounting

The Society follows the restricted fund method of accounting for contributions.

The Operating Fund reports internally restricted and unrestricted assets, liabilities, revenues and expenses related to the Society's operating activities.

The Tangible Capital Asset Fund reports the ownership and equity related to the Society's tangible capital assets. The Tangible Capital Asset Fund also includes the Replacement Reserve Fund which reports the externally restricted assets, liabilities, revenues, and expenses related to capital asset replacement activities for certain housing operations.

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund. Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Contract and product sales are recognized in the period which they are earned.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revisions 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.

The estimates are reviewed periodically, and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include the collectability of accounts receivable, valuation of inventory, useful lives of tangible capital assets, amounts of accrued liabilities, and amounts of sick leave and severance.

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and term deposits with a maturity period of three months or less at the date of acquisition.

Inventory

Inventory is valued at the lower of cost and net realizable value. The determination of cost is on a first in first out basis. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable costs.

Tangible capital assets

Tangible capital assets are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is provided on a declining balance and straight-line over the estimated useful life of the asset.

The following rates applied on the following methods will apply the cost over the estimated useful life of tangible capital assets:

Building	5% declining balance
Furniture and equipment	20% declining balance
Computers	3 years, straight-line
Paving and fencing	5% declining balance
Automotive	30% declining balance

Leases

Leases that substantially transfer all the benefits of and risks of ownership of property to the Society are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded along with its related long-term obligations. Equipment recorded under capital lease is being amortized on the same basis as described in the capital assets note above. Rental payments under operating leases are expensed as incurred.

Impairment of long-lived assets

When conditions indicate that a tangible capital asset no longer contributes to the Society's ability to provide goods and services, or that the value of the future economic benefit or service potential associated with the tangible capital asset have been reduced, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. The write-down of tangible capital assets is accounted for as an expense in the statement of operations. A write-down shall not be reversed.

2. Summary of significant accounting policies (continued)

Donated materials, and services

Donated materials, tangible capital assets and services are recognized in the financial statements when their fair value can be reasonably determined, and they are used in the normal course of the Society's operations and would otherwise have been purchased.

Allocation of expenses

The Society engages in various programs that meet their internal mandate. The costs of each program include personnel, premises and other expenses that are directly related to providing the program. In addition, the Society incurs a number of general support expenses that are common to the administration of the organization and each of its programs. It is the policy of the Society to allocate the administrative costs to the various programs based on either the programs usage of administration or at the level required by the organization that provides the program funding to the Society.

During the year ended March 31, 2026 the Society allocated administration expenses at a rate of 8% to 10% of the programs revenues.

Accrued sick leave

Accrued sick leave represents the funding for sick days provided by Government funding that has not been used as of March 31, 2026. Under the terms of employment, unionized employees are allocated one sick day per month of employment and any sick leave not taken in a year is carried forward to a maximum accumulation of 156 days for each employee.

Financial instruments

The Society considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Society accounts for the following as financial instruments:

- cash and cash equivalents
- term deposits
- accounts receivable
- restricted cash
- accounts payable and accrued liabilities
- demand bank loan
- obligations under capital lease

Financial instruments in arm's length transactions

Initial measurement

The Society initially measures financial assets and financial liabilities originating, acquired, issued or assumed in arm's length transactions at fair value

Subsequent measurement

The Society subsequently measures all its financial assets and financial liabilities at amortized cost less any reduction for impairment.

Derecognition

The Society removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when indicators of impairment exist at the end of the reporting period. Previously recognized impairment losses are reversed to the extent of the improvement provided the financial asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Clements Centre Society
Notes to the Financial Statements
March 31, 2026

3. Term Deposits

Included in term deposits and restricted cash is the following:

- Term deposit of $250,000 maturing January 12, 2027, with an interest rate of 2.70%
- Term deposit of $135,000 maturing January 19, 2027 with an interest rate of 2.75%
- Term deposit of $710,169 maturing October 8, 2027 with an interest rate of 2.75%

4. Tangible Capital Assets

			2026	2025
	Cost	Accumulated amortization	**Net book value**	Net book value
Building	$ 5,608,994	$ 2,416,329	**$ 3,192,665**	$ 3,290,591
Land	893,990	-	**893,990**	893,990
Furniture and equipment	1,674,570	1,312,375	**362,195**	313,712
Paving and fencing	271,198	82,562	**188,636**	198,565
Automotive	776,006	608,064	**167,942**	239,871
Construction in progress	251,207	-	**251,207**	230,660
	$ 9,224,758	$ 4,419,330	**$ 5,056,635**	$ 5,167,389

Included in construction in progress is $251,207 (2025: $230,660) of assets not in use at March 31, 2026, and thus are not being amortized.

5. Accounts Payable and Accrued Liabilities

	2026	2025
Accounts payable and accrued liabilities	**$ 527,664**	$ 995,956
Accrued wages payable	**288,357**	237,813
Accrued vacation payable	**325,331**	266,329
	$ 1,141,353	$ 1,500,100

Included in accounts payable and accrued liabilities is an estimated $304,875 (2025: $815,187) due back to government agencies for under delivered service hours under the government contract.

6. Deferred Contributions

Deferred contributions reported in the Operating Fund represent amounts received that are externally restricted for subsequent years. Changes in the deferred contributions balance are as follows:

	2026	2025
Balance, beginning of year	**$ 1,005,055**	$ 1,205,935
Amount recognized as revenue in the year	**(577,798)**	(531,527)
Amounts received for next years operations	**704,883**	330,648
Balance, end of year	**$ 1,132,140**	$ 1,005,055

Included in the amount recognized as revenue in the year is $141,951 from CLBC (2025: $104,146) and $101,830 from MCFD (2025: $93,000).

Included in amounts received in the year to be used for next year's operations is $23,355 from CLBC (2025: $10,026) and $10,000 from MCFD (2025: $38,000).

Included in the balance at end of year is $334,143 from CLBC (2025: $168,028) and $322,321 from MCFD (2025: $391,719).

7. Demand Loans

	2026	2025
BMO - payable in monthly instalments of $1,632 including interest calculated at a rate of 4.97% maturing on October 31, 2028.	**$ 271,157**	$ 277,106
BC Housing interest free demand loan up to a maximum of $243,857 with no set terms of repayment	**220,457**	225,535
Total	**491,614**	502,641

Estimated principal repayments as follows:

2027	**$ 6,219**
2028	**6,536**
Thereafter	**478,859**
Total	**$ 491,614**

8. Restricted Assets

During the 2009 fiscal year, the Society's board of directors approved the implementation of internally restricted reserve funds, where the maximum target as of March 31, 2026, was $1,619,445 (2025: $1,059,825) based on the following:

- Building, furnishings and equipment: 5% of insured value
- Automotive: 10% of the replacement cost of all vehicles owned, excluding vehicles purchased via external funding.
- Contingency: 0.5 months of non-subcontract revenue

The purpose of the reserve is to provide sufficient funds for the future replacement of certain capital assets and for future contingencies.

9. Pension Liability

The Society and certain employees contribute to the Municipal Pension Plan (the plan), a jointly trusteed pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The plan is a multiemployer defined benefit pension plan. Basic pension benefits are based on a formula. The plan has approximately 396,000 active, inactive, and retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary’s calculated contribution rate is based on the entry- age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation as at December 31, 2024 indicated a surplus of $2.675 million basic pension benefits on a going concern basis. The actuary does not attribute portions of the unfunded liability to individual employers. The Society paid $582,457 (2025: $509,926) for employer contributions to the plan for the year ended March 31, 2026.

10. Economic Dependence

The Society has a significant amount of revenues derived from government contracts. Revenues from government contracts represent 96% (2025: 96%) of total revenues.

11. Employee Remuneration

As required by the Societies Act of British Columbia, the Society paid $2,083,496 (2025: $1,630,955) in employment remuneration to 23 (2025: 18) staff whose remuneration was at least $75,000 during the fiscal year.

12. Credit facility

The Society has an overdraft agreement to a maximum of $75,000 (2025: $75,000) which bears interest at the Bank's prime lending rate plus 0.75% per annum. As at March 31, 2026 the balance utilized was $nil (2025: $nil).

13. Financial instruments

The Society's main financial instrument risk exposure is detailed below and has not changed significantly from the prior year:

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 Society's main credit risk relates to accounts receivable. The accounts receivable balance consists substantially of government receivables, reducing credit risk as government organizations are generally reliable.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates.

I. To the extent that prevailing market interest rates differ from the interest rate on the Society's monetary assets and liabilities
II. To the extent that payments made or received on the Society's monetary assets or liabilities are affected by changes in the prevailing market interest rates.

The Society is not exposed to interest rate cash flow risk with respect to its term deposits. The Society is exposed to interest rate price risk with respect to its term deposits. The risk is mitigated by the term deposits being shorter term.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting the obligations associated with its financial liabilities. The Society is exposed to this risk mainly in respect of its demand loan, accrued sick leave, accrued severance, and accounts payable and accrued liabilities. A substantial portion of cash flow requirements comes from operations, reducing liquidity risk. Additionally, the Society has an overdraft arrangement, which also reduces liquidity risk.

14. Subsequent Event

Subsequent to year-end, the Society acquired land for $270,000. The acquired land has an estimated fair value of approximately $511,000. As the transaction occurred after the reporting date, it has not been reflected in these financial statements. Management expects the acquired assets to be used in the Society's ongoing operations.