

HOPEWELL SUPPORT SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026

HOPEWELL SUPPORT SERVICES
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YEAR ENDED MARCH 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of: Hopewell Support Services

Qualified Opinion

We have audited the accompanying financial statements of Hopewell Support Services, which comprise the statement of financial position as at March 31, 2026 and the statements of changes in net assets, operations 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 paragraph, these financial statements present fairly, in all material respects, the financial position of Hopewell Support Services as at March 31, 2026 and the results of its operations and its cash flows for the then ended in accordance with the financial reporting provisions of the Ministry of Children, Community and Social Services as disclosed in Notes 2 and 3.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives some of the revenues from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures 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 Hopewell Support Services 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 qualified audit opinion.

Basis of Accounting and Restriction on Use

We draw attention to Notes 2 and 3 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist Hopewell Support Services to meet the requirements 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 use of the Directors of Hopewell Support Services and the Ministry of Children, Community and Social Services and should not be used by parties other than the Directors of Hopewell Support Services or the Ministry of Children, Community and Social Services. Our opinion is not qualified in respect of this matter.

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 the financial reporting provisions of the Ministry of Children, Community and Social Services as disclosed in Notes 2 and 3 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 a 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.

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 judgement 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 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.



HOPEWELL SUPPORT SERVICES
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2026

	2026	2025
ASSETS		
CURRENT		
Cash	\$ 1,737,969	\$ 1,872,413
Accounts receivable	182,147	249,569
Prepaid expenses	<u>119,291</u>	<u>79,415</u>
	<u>2,039,407</u>	<u>2,201,397</u>
TANGIBLE CAPITAL ASSETS (note 5)	3,779,162	3,519,469
DESIGNATED AND TRUST FUNDS (note 6)	<u>178,689</u>	<u>152,114</u>
	<u><u>\$ 5,997,258</u></u>	<u><u>\$ 5,872,980</u></u>
LIABILITIES		
OPERATING FUND		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,141,747	\$ 1,282,040
Deferred income	37,550	67,579
Current portion of long term debt (note 8)	<u>629,863</u>	<u>179,564</u>
	<u>1,809,160</u>	<u>1,529,183</u>
MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES GRANT (note 7)	875,324	875,324
DEFERRED CAPITAL CONTRIBUTIONS (note 12)	<u>1,054,653</u>	<u>1,286,411</u>
	<u>3,739,137</u>	<u>3,690,918</u>
FUND BALANCES		
Internally Restricted Invested in Capital Assets	1,219,322	1,178,170
Externally Restricted Designated and Trust (note 6)	178,689	152,114
Unrestricted	<u>860,110</u>	<u>851,778</u>
	<u>2,258,121</u>	<u>2,182,062</u>
	<u><u>\$ 5,997,258</u></u>	<u><u>\$ 5,872,980</u></u>

HOPEWELL SUPPORT SERVICES
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2026

	Internally Restricted Invested in Capital Assets	Externally Restricted Designated and Trust	Unrestricted	2026 Total	2025 Total
BALANCE , beginning of year	\$ 1,178,170	\$ 152,114	\$ 851,778	\$ 2,182,062	\$ 1,974,611
(Deficiency) excess of revenues over expenditures	(285,714)	0	335,198	49,484	177,410
Net investment in capital assets in the year	145,165	0	(145,165)	0	0
Repayment of mortgage principal	181,701	0	(181,701)	0	0
Designated and Trust:					
- expenditures	0	(46,036)	0	(46,036)	(36,164)
- contributions and interest	<u>0</u>	<u>72,611</u>	<u>0</u>	<u>72,611</u>	<u>66,205</u>
BALANCE , end of year	<u>\$ 1,219,322</u>	<u>\$ 178,689</u>	<u>\$ 860,110</u>	<u>\$ 2,258,121</u>	<u>\$ 2,182,062</u>

HOPEWELL SUPPORT SERVICES
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2026

	2026	2025
REVENUES		
MCCSS operating subsidies	\$ 8,969,236	\$ 8,610,702
Service fees	703,880	920,356
Recoveries	511,387	486,299
Passport revenue	331,110	324,569
Deferred capital contribution revenue recognized (note 12)	247,758	172,354
General donations, fundraising and other	125,197	171,313
	<u>10,888,568</u>	<u>10,685,593</u>
EXPENDITURES		
Wages and benefits	7,935,904	7,784,055
Other program/service expenses	921,556	991,438
Building occupancy	830,044	887,726
Amortization	533,472	298,617
Travel and communication	343,456	230,770
Supplies and equipment	274,652	315,577
	<u>10,839,084</u>	<u>10,508,183</u>
EXCESS OF REVENUES OVER EXPENDITURES for the year	<u>\$ 49,484</u>	<u>\$ 177,410</u>

HOPEWELL SUPPORT SERVICES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2026

	2026	2025
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 49,484	\$ 177,410
Increase in designated and trust funds	(26,575)	(30,041)
Items not requiring an outlay of cash		
Amortization	533,472	298,617
Deferred capital contribution revenue recognized	(247,758)	(172,354)
Gain on disposal of tangible capital assets	<u>0</u>	<u>(22,156)</u>
	308,623	251,476
Changes in non-cash working capital		
Accounts receivable	67,422	(15,563)
Prepaid expenses	(39,876)	(59,506)
Accounts payable and accrued liabilities	(140,293)	166,492
Deferred revenue	<u>(30,029)</u>	<u>18,098</u>
	<u>165,847</u>	<u>360,997</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Repayment of mortgage principal	(181,701)	(16,236)
Capital contributions received	16,000	576,300
Issuance of long term debt	<u>632,000</u>	<u>0</u>
	<u>466,299</u>	<u>560,064</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Purchase of capital assets	(793,165)	(576,549)
Increase in designated and trust funds balance	26,575	30,041
Maturity of investments	0	100,000
Proceeds on disposal of tangible capital assets	<u>0</u>	<u>28,332</u>
	<u>(766,590)</u>	<u>(418,176)</u>
NET (DECREASE) INCREASE IN CASH	(134,444)	502,885
NET CASH, BEGINNING OF YEAR	<u>1,872,413</u>	<u>1,369,528</u>
NET CASH, END OF YEAR	<u>\$ 1,737,969</u>	<u>\$ 1,872,413</u>

HOPEWELL SUPPORT SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026

1. NATURE OF ORGANIZATION

Hopewell Support Services is a provincial not-for-profit organization incorporated under the Ontario Not-for-Profit Corporations Act without share capital and is a registered charity under the Income Tax Act. Hopewell Support Services is exempt from income tax. Its purpose is to provide residential, respite, and recreational services for children and adults with multiple and complex needs. Effective August 1, 2024, the organization changed its legal name to Hopewell Support Services (previously Hopewell Children's Homes Inc.).

2. BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the Organization's agreements with 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 because:

- (a) Capital expenditures:
 - i) purchased using government grants designated as operating funding are charged to operations in the year the expenditure is incurred, and
 - ii) purchased using government grants designated as capital funding are capitalized on the statement of financial position, and are amortized over their estimated useful lives.
- (b) Building assets that have received a government grant will have the non-government grant portion amortized based on the annual principal payment schedule when there is a mortgage on the remaining building asset.
- (c) The amounts owing back to MCCSS related to the purchases of land and buildings are presented at cost. Therefore, this portion of the property is not amortized

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the financial reporting provisions of the Ministry of Children, Community and Social Services as disclosed in Notes 2 and 3 and include the following significant accounting policies:

(a) FUND ACCOUNTING

The invested in capital assets fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets. This fund is internally restricted.

Designated and trust funds represent monies which have been allocated for a specific use and are not available for the general operation of the organization. This fund is externally restricted.

The unrestricted fund reports the donations, fundraising and recoveries received against operations and administration of the organization.

HOPEWELL SUPPORT SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions. Externally restricted contributions, comprised of specified donations and government grant revenue are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

Recoveries are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Service fees are recognized when earned and collection is reasonably assured.

(c) TANGIBLE CAPITAL ASSETS

Building assets that have received a government grant will have the non-government grant portion amortized based on the annual principal payment schedule when there is a mortgage on the remaining building asset. The government funded portions of these buildings are not amortized. Amortization on other assets is provided using the following methods and annual rates.

Buildings	- 30	years straight line basis
Building renovations	- 5	years straight line basis
Roof	- 15	years straight line basis
Furniture and equipment	- 5	years straight line basis
Pool	- 15	years straight line basis
Vehicles	- 5	years straight line basis
Storage shed	- 10	years straight line basis
Parking lot and landscaping	- 15-20	years straight line basis

Capital in progress is not amortized as it is not yet in use.

Amortization is taken on a prorated basis in the year of acquisition

(d) USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include the useful lives of capital assets and deferred capital contributions. Actual results could differ from those estimates.

(e) FINANCIAL INSTRUMENTS

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, unless otherwise noted below.

HOPEWELL SUPPORT SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) FINANCIAL INSTRUMENTS (continued)

Impairment

At the end of each reporting period, the organization assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. If there are indicators of impairment, and the organization determines there has been a significant adverse change in the expected amount or timing of future cash flows, an impairment is recognized. If circumstances change, a previously recognized impairment may be reversed.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(f) CONTRIBUTED MATERIALS AND SERVICES

During the year, a number of volunteers contributed a significant amount of their time. Because of the difficulty in determining the fair value, contributed services are not recorded in the financial statements.

Contributed materials, used in the normal course of operations, are recognized in the financial statements when the fair value can be reasonably estimated and the materials would otherwise have been purchased.

(g) LEASES

Leases are classified as either capital or operating leases. A lease that transfers substantially all the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are amortized on a straight-line basis over the term of the lease to rental expense. At the inception of a capital lease, an asset and obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease.

(h) CLOUD COMPUTING ARRANGEMENTS

The organization has elected to account for its cloud computing arrangements using the simplification approach and such arrangements are therefore accounted for as service contracts. Costs related to cloud computing arrangements are expensed as services are received or over the contractual term of the arrangement, where applicable.

HOPEWELL SUPPORT SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026

4. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from its financial instruments.

The extent of the organization's exposure to these risks did not change in 2026 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2026	Net 2025
Land	\$ 457,457	\$ 0	\$ 457,457	\$ 299,457
Buildings	2,931,932	779,291	2,152,641	1,727,619
Building renovations	1,822,590	1,033,089	789,501	1,067,249
Roof	112,250	19,430	92,820	100,303
Furniture and equipment	89,534	56,165	33,369	51,274
Pool	129,230	129,230	0	0
Vehicles	319,548	312,637	6,911	13,822
Storage shed	24,509	24,509	0	0
Parking lot and landscaping	292,259	45,796	246,463	80,710
Capital in progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>179,035</u>
	<u>\$ 6,179,309</u>	<u>\$ 2,400,147</u>	<u>\$ 3,779,162</u>	<u>\$ 3,519,469</u>

6. DESIGNATED AND TRUST

The organization administers personal accounts for residents who are able to use the funds for personal items. The balance represents the net obligation to the residents, payable upon request.

7. MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES GRANTS FOR REAL PROPERTY

The Ministry of Children, Community and Social Services (the "MCCSS") has funded the purchase of real property with grants that are conditional. The proportionate share of the MCCSS funding received must be repaid on the disposal of the property. Therefore, this portion of the property is not amortized.

	2026	2025
MCCSS Grant - Building Ariss	\$ 601,324	\$ 601,324
MCCSS Grant - Building Elmira	150,000	150,000
MCCSS Grant - Building Wilton	75,000	75,000
MCCSS Grant - Building Stephanie	<u>49,000</u>	<u>49,000</u>
	<u>\$ 875,324</u>	<u>\$ 875,324</u>

HOPEWELL SUPPORT SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026

8. LONG TERM DEBT

	2026	2025
CIBC - term loan, repayable in blended monthly payments of \$1,744, interest calculated at prime, due May 2026. Secured by land and buildings located at 66 Wilton Road, Guelph ON with a carrying value of \$147,487 (2025 - \$373,410).	\$ 2,962	\$ 179,564
CIBC - term loan, repayable in blended monthly payments of \$4,032, interest calculated at prime, due December 2026. Secured by land and buildings located at 6 Youngman Drive, Guelph ON with a carrying value of \$784,901	<u>626,901</u>	<u>0</u>
Less current portion:	<u>(629,863)</u>	<u>(179,564)</u>
	<u>\$ 0</u>	<u>\$ 0</u>

It is management's intention to renegotiate the loan when it comes due in December 2026.

The organization has utilized \$0 (2025 - \$0) of an authorized revolving line of credit with a limit up to a maximum of \$150,000. The line of credit bears interest at prime plus 1%.

The organization has utilized \$0 (2025 - \$0) of a term loan with a limit up to a maximum of \$150,000. The term loan bears interest at prime.

The organization is required to maintain a minimum debt service ratio.

The above is secured by a general security agreement and a collateral mortgage for \$2,275,000 on land and buildings.

9. COMMITMENTS

The organization has various operating leases for the premises, furniture and equipment. Future minimum lease payments are as follows:

2027	\$ 115,225
2028	99,379
2029	55,751
2030	30,258
2031	<u>2,530</u>
	<u>\$ 303,143</u>

HOPEWELL SUPPORT SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026

10. ENDOWMENT FUND

Hopewell Support Services Inc. established an Endowment Fund through The Guelph Community Foundation. The Guelph Community Foundation invests contributions to the fund in accordance with its investment policy and provisions of its Asset Management Plan. Changes in value during the year were as follows:

Balance, beginning of year	\$ 90,926
Increase in value of investments	7,194
Distribution to Hopewell Support Services Inc.	<u>(4,434)</u>
Balance, end of year	<u>\$ 93,686</u>

11. SUBSEQUENT EVENTS

During the year, the organization received confirmation of an estate donation of \$2,000,000, anticipated to be received in full in 2027 or 2028.

12. DEFERRED CAPITAL CONTRIBUTIONS

The organization has deferred contribution balances related to funding for the purchase of capital assets as follows:

	Opening Balance	Contributions	Recognized in Revenue	2026
Ariss parking lot	\$ 56,613	\$ 0	\$ 5,147	\$ 51,466
Furniture	5,730	0	2,865	2,865
Equipment - Hope Home	22,722	0	6,492	16,230
Gas Meter - Hope Home	6,289	0	1,935	4,354
Generator - Hope Home	11,400	0	4,560	6,840
Grange renovations	20,636	0	5,269	15,367
Windows - Hope Home	20,250	0	8,100	12,150
Pool	101,296	0	21,272	80,024
Roof - Hope Home	100,303	0	7,476	92,827
Snoezelen room	22,500	0	10,000	12,500
Sprinkler system - Elmira	290,648	0	55,300	235,348
Sprinkler system - Stephanie	201,783	0	51,519	150,264
Sprinkler system - Wilton	190,746	0	48,701	142,045
Wheelchair van	27,220	0	0	27,220
Windows - Grange	4,880	0	1,220	3,660
Windows - Hope Home	11,997	0	3,348	8,649
Foundation repair - Stephanie	22,098	0	4,824	17,274
Outdoor space - Ontario Trillium	166,200	16,000	9,110	173,090
Lighting - Wilton	<u>3,100</u>	<u>0</u>	<u>620</u>	<u>2,480</u>
	<u>\$ 1,286,411</u>	<u>\$ 16,000</u>	<u>\$ 247,758</u>	<u>\$ 1,054,653</u>

13. ECONOMIC DEPENDENCE

The organization is economically dependent on the MCCSS as the organization receives approximately 82% (2025 - 81%) of its revenues from this Ministry.