COMMUNITY INCLUSIONS LTD.

Financial Statements

March 31, 2026

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COMMUNITY INCLUSIONS LTD.

Index to Financial Statements

March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Community Inclusions Ltd.

Qualified Opinion

We have audited the financial statements of Community Inclusions Ltd. (the Organization), 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 and schedule 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 Organization as at March 31, 2026, and the results of its operations and 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 Organization derives revenue from fundraising activities, the completeness of which is not susceptible of 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 fundraising revenues, excess of revenues over expenditures, and cash flows from operations for the years ending March 31, 2026 and 2025, and the net assets as of 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 of 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 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 qualified audit 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.

(continues)

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 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.

MRSB Chartered Professional Accountants Inc.

MRSB CHARTERED PROFESSIONAL ACCOUNTANTS INC.

Summerside, PE

June 24, 2026

COMMUNITY INCLUSIONS LTD.

Statement of Financial Position

March 31, 2026

	2026	2025
ASSETS		
Current		
Cash	$ 212,639	$ 54,221
Accounts receivable (Note 4)	39,050	45,282
Inventory	14,120	8,185
Prepaid expense	63,366	63,218
	329,175	170,906
Tangible capital assets (Note 5)	994,666	1,033,311
	$ 1,323,841	$ 1,204,217
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 154,516	$ 142,316
Government remittances payable	29,300	27,822
Damage deposits payable	1,437	1,707
Deferred revenue (Note 6)	582,678	383,366
Current portion of long term debt (Note 7)	1,802	11,300
Current portion of severance pay payable (Note 8)	34,290	10,621
	804,023	577,132
Long term debt (Note 7)	-	1,802
Deferred government assistance (Note 9)	678,890	715,125
Severance pay payable (Note 8)	50,313	73,981
	1,533,226	1,368,040
Contingent liability (Note 10)		
NET ASSETS		
General fund (Statement 4)	(523,358)	(468,905)
Capital asset fund (Statement 4)	313,973	305,082
	(209,385)	(163,823)
	$ 1,323,841	$ 1,204,217

On behalf of the Board

Allan Clark _______________ Director

Joanie Chislett _______________ Director

Notes 1 - 15 are an integral part of these financial statements

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COMMUNITY INCLUSIONS LTD.
Statement of Changes in Net Assets
Year Ended March 31, 2026

	General fund	Capital asset fund	**2026**	2025
Net assets - beginning of year	$ (468,905)	$ 305,082	**$ (163,823)**	$ (117,422)
Deficiency of revenues over expenditures (Statement 5)	(45,562)	-	**(45,562)**	(46,401)
Amortization of tangible capital assets and deferred government assistance	22,120	(22,120)	-	-
Purchase of tangible capital assets	(19,918)	19,918	-	-
Repayment of long term debt	(11,300)	11,300	-	-
Proceeds on disposal of tangible capital assets	300	(300)	-	-
Gain on disposal of tangible capital assets	(93)	93	-	-
Net assets - end of year	$ (523,358)	$ 313,973	**$ (209,385)**	$ (163,823)

Notes 1 - 15 are an integral part of these financial statements

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COMMUNITY INCLUSIONS LTD.
Statement of Operations
Year Ended March 31, 2026

	Budget 2026	Actual 2026	Actual 2025
Revenues			
Provincial government funding (Schedule 1)	$ 2,037,724	$ 2,142,392	$ 2,067,989
Respite and one-on-one	657,296	506,517	551,196
Bakery and cafe	450,000	290,366	299,104
Rent - O'Leary	39,712	38,666	34,934
Interest and other	17,500	22,339	5,270
Donations	17,500	8,083	19,824
Meals on Wheels	-	7,980	9,103
Federal government funding (Schedule 1)	-	4,898	4,907
Cleaning	5,993	3,839	3,565
Gain on disposal of tangible capital assets	-	93	2,747
Resource Abilities wage grant	-	-	11,475
	3,225,725	3,025,173	3,010,114
Expenditures			
Advertising and promotion	1,500	6,466	1,831
Amortization of tangible capital assets and deferred government assistance	-	22,120	22,437
Bakery and cafe purchases	156,691	111,531	125,228
Dues and fees	-	7,747	11,019
Groceries and household supplies	51,489	55,786	61,635
Insurance	14,610	18,949	17,585
Interest and bank charges	4,000	9,506	9,850
Interest on long term debt	12,843	335	919
Office	13,770	26,504	31,869
Professional fees	20,000	26,002	19,785
Property tax	28,000	29,944	28,796
Rent	24,345	21,724	21,756
Repairs and maintenance	76,539	68,657	72,990
Travel	75,756	69,721	67,089
Utilities	106,447	95,693	96,002
Wages and wage levies	3,107,840	2,500,050	2,467,724
	3,693,830	3,070,735	3,056,515
Deficiency of revenues over expenditures	$ (468,105)	$ (45,562)	$ (46,401)

COMMUNITY INCLUSIONS LTD.

Statement of Cash Flows

Year Ended March 31, 2026

	2026	2025
Cash flows from operating activities		
Deficiency of revenues over expenditures	$ (45,562)	$ (46,401)
Items not affecting cash:		
Amortization of tangible capital assets and deferred government assistance	22,120	22,437
Gain on disposal of tangible capital assets	(93)	(2,747)
	(23,535)	(26,711)
Changes in non-cash working capital:		
Accounts receivable	6,231	11,490
Inventory	(5,935)	1,146
Prepaid expense	(148)	(12,941)
Accounts payable and accrued liabilities	12,203	2,971
Government remittances payable	1,478	(1,563)
Damage deposits payable	(270)	310
Deferred revenue	199,312	(134,015)
	212,871	(132,602)
	189,336	(159,313)
Cash flows from investing activities		
Purchase of tangible capital assets	(19,918)	(51,397)
Proceeds on disposal of tangible capital assets	300	4,500
	(19,618)	(46,897)
Cash flows from financing activities		
Repayment of long term debt	(11,300)	(10,763)
Proceeds from deferred government assistance	-	35,475
	(11,300)	24,712
Increase (decrease) in cash	158,418	(181,498)
Cash - beginning of year	54,221	235,719
Cash - end of year	$ 212,639	$ 54,221

1. PURPOSE OF THE ORGANIZATION

Community Inclusions Ltd. (the "Organization") was incorporated under Part II of the Prince Edward Island Business Corporations Act as a not-for-profit entity and is a registered charity for federal income tax purposes. Incorporating in this manner exempts the Organization from income taxes providing ongoing compliance requirements are met. The objective and purpose of the Organization is to provide supports to adults (aged 18 - 65) with intellectual disabilities. Services range from residential, employment, supportive and recreational, and include the following objectives:

Vision

Communities where people with intellectual disabilities contribute to and are included in all aspects of community life.

Goal

To provide opportunities and services to support adults with intellectual disabilities in their chosen endeavours.

Values

Communities as a place of welcome.
Community works together as a team.
People with intellectual disabilities have rights and responsibilities.
An aware community is one of integration and friendship.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO).

3. SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash is comprised of cash on hand and cash in Credit Unions.

Accounts receivable

Accounts receivable arise from fees and services, government grants and other funding, and HST receivable. An allowance for bad debts has been calculated through discussions with management, assessment of the other circumstances influencing the collectibility of amounts, and using historical loss experience. Amounts deemed uncollectible are written off and deducted from the carrying value of the receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

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3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventory

Inventories are stated at the estimated lower of cost and net realizable value. Cost includes the costs to purchase and other costs directly attributable to the inventories. Cost is determined using the average cost method. Net realizable value represents the amount that may be realized from the sale of an inventory item under normal business conditions. When inventories are sold, the carrying amount of those inventories are recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the loss or write-down occurs. The amount of reversal of any write-downs, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Buildings	5%
Pavement	8%
Equipment	20%
Computer equipment	55%
Motor vehicles	30%

Tangible capital assets acquired before 2011 were appraised and recorded at fair market value at that date.

Contributed assets are recorded at fair value at the date of contribution.

The Organization regularly reviews its tangible capital assets to eliminate obsolete items.

Impairment of long lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Fund accounting

Community Inclusions Ltd. follows the deferral method of accounting for contributions.

Revenues and expenditures related to program delivery and administrative activities are reported in the General Fund.

The Capital Asset Fund reports the assets, liabilities, revenues, and expenditures related to Community Inclusions Ltd.'s tangible capital assets.

(continues)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government assistance

Government assistance for current expenditures is recorded as revenues.

Government assistance for acquiring tangible capital assets is recorded as deferred government assistance, and is amortized using the same rate and method as the related asset.

Government grants are recorded when there is a reasonable assurance that the Organization has complied with and will continue to comply with, all the necessary conditions to obtain the grants.

During the year, the Organization received $2,713,452 (2025 - $2,370,849) from the Department of Social Development and Housing for operations, $142,881 (2025 - $136,383) from Skills PEI for wage grants, and $4,898 (2025 - $4,907) from the Government of Canada Summer Jobs for wage grants.

Revenue recognition

The Organization follows the deferral method of accounting for revenues. Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

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

Rent revenue is recognized on a monthly basis in accordance with lease agreements.

Interest revenue is recognized on a time proportionate basis.

Donations and cash from fundraising activities are recognized as revenue when received or receivable if the amount to be received can be reasonably determined.

Employee future benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, vacation time, banked time, severance pay and defined contributions to employee benefit plans when it is probable that settlement will be required and they are capable of being measured reliably.

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all of its financial assets and financial liabilities at cost or 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 of these financial instruments are recognized in excess of revenues over expenditures.

Financial assets measured at amortized cost on a straight-line basis include cash and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities, long term debt and severance pay payable.

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3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services

The operations of the Organization depend on the contribution of time by volunteers. The fair value of donated services cannot be reasonably determined and is therefore not reflected in these financial statements.

Measurement uncertainty

When preparing financial statements according to Canadian ASNPO, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenditures
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Organization may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts, inventory values, useful lives of tangible capital assets, asset impairments, legal and other contingencies.

4. ACCOUNTS RECEIVABLE

	2026	2025
Grants and other funding receivable	**$ 20,616**	$ 23,844
HST receivable	**12,003**	17,582
Fees and services receivables	**6,431**	3,856
	$ 39,050	$ 45,282

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	**2026 Net book value**	2025 Net book value
Land	$ 112,806	$ -	**$ 112,806**	$ 112,806
Buildings	1,671,735	848,390	**823,345**	864,066
Pavement	15,119	11,137	**3,982**	4,329
Equipment	312,760	259,298	**53,462**	49,730
Computer equipment	35,304	34,233	**1,071**	2,380
	$ 2,147,724	$ 1,153,058	**$ 994,666**	$ 1,033,311

6. DEFERRED REVENUE

		2026		2025
Province of PEI - Core funding	$	**286,650**	$	157,500
Province of PEI - one time grants		**127,700**		127,700
Province of PEI - DSP and rent		**46,913**		29,860
Government of Canada - local food infrastructure fund		**45,168**		-
Canadian Mental Health Association		**41,171**		41,172
Province of PEI - future preparedness		**15,895**		15,895
Meals on Wheels		**11,992**		10,000
Easter Seals - capital projects		**4,609**		-
Rent		**2,580**		1,239
	$	**582,678**	$	383,366

7. LONG TERM DEBT

		2026		2025
West Prince Ventures Ltd. - 4%; repayable in monthly blended installments of $662. The loan matures on June 27, 2026 and is secured by present and future property and general security agreement which has a carrying value of $442,289.	$	**1,802**	$	9,509
Provincial Credit Union Limited - 6.48%; repaid during the year.		**-**		3,593
		1,802		13,102
Current portion		**(1,802)**		(11,300)
	$	**-**	$	1,802

8. SEVERANCE PAY

Under the terms of a collective agreement with its employees, the Organization is liable for severance pay under the following terms and conditions:

- Employees with ten or more years of continuous employment are entitled to one week of pay for each year of service where the employee dies, is terminated because of layoff or retires upon reaching the age of 55.

Severance pay payable, recorded in the financial statements is as follows:

		2026		2025
Current portion of severance pay payable	$	**34,290**	$	10,621
Long term portion of severance pay payable		**50,313**		73,981
	$	**84,603**	$	84,602

9. DEFERRED GOVERNMENT ASSISTANCE

	Total contribution	Accumulated amortization	**2026**	2025
Alberton Project	$ 392,522	$ 211,636	**$ 180,886**	$ 190,407
O'Leary Project	582,806	299,981	**282,825**	297,710
Maple House Project	298,198	128,875	**169,323**	178,235
Tignish Project	48,350	13,048	**35,302**	37,159
Greenmount Home Project	8,303	3,420	**4,883**	5,140
Shed	6,773	1,532	**5,241**	5,517
Computer hardware	10,500	10,069	**430**	957
	$ 1,347,452	$ 668,561	**$ 678,890**	$ 715,125

10. CONTINGENT LIABILITY

Sick pay payable

Under the terms of a collective agreement, employees can accumulate sick time at a rate of 9.375 hours for each 162.5 hours worked, to a maximum of 1,000 hours. Sick hours accumulated and unused by employees at March 31, 2026 total 7,225 hours (2025 - 6,306) with a potential payroll cost of $193,240 (2025 - $189,061).

It is not known whether employees would actually use the sick hours because the use depends on future possible events. Therefore, there has been no accrual in the accounting records for sick pay payable.

There is no entitlement to unused sick pay, upon a termination of employment due to retirement, voluntary or involuntary dismissal, or death.

11. LINE OF CREDIT AVAILABILITY

The Organization has an approved line of credit with Provincial Credit Union Limited of $75,000, which is due for renewal on December 31, 2050 and was not utilized at the year end. The rate is 7.45% and as security the Organization has provided a general security agreement. The Organization has agreed to the following covenants:

- To promptly pay and satisfy the obligations as they become due;
- To defend the collateral for the benefit of the Credit Union and all other persons;
- To maintain appropriate insurance;
- To maintain its corporate existence;
- To provide a copy of the audited financial statements within 120 days of the year end; and
- To comply with all restrictions outlined in the covenants and general security agreement.

12. COMPANY PENSION

The Organization has a defined contribution plan available to most of its employees. The total plan expense for its defined contribution is as follows:

	2026	2025
Pension expense	$ 41,379	$ 35,444

13. BUDGET FIGURES

Budget figures are provided for information purposes only and were not subject to review or audit.

14. FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, long term debt and severance pay payable.

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2026.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Organization has a significant number of customers which minimizes concentration of credit risk.

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 its receipt of funds from its customers and other related sources, long-term debt and accounts payable.

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14. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its floating interest rate Credit Union indebtedness and credit facilities.

15. ECONOMIC DEPENDENCE

The Organization funds its operations with program grants provided by various government agencies. The Organization's ability to continue to administer its programs and discharge its liabilities is dependent on receipt of these grants.

COMMUNITY INCLUSIONS LTD.
Schedule to Financial Statements (Schedule 1)
Year Ended March 31, 2026

	Budget 2026	Actual 2026	Actual 2025
Provincial Government funding			
Core funding	$ 1,208,800	$ 1,298,800	$ 1,208,794
Greenmount House funding	258,200	258,200	258,200
MacLeod House funding	254,000	254,000	254,000
Financial Assistance and Disability Support	174,384	188,511	198,181
Skills PEI - Employment program	142,340	129,025	128,534
Wage grants	-	13,856	20,280
	$ 2,037,724	$ 2,142,392	$ 2,067,989

	Budget 2026	Actual 2026	Actual 2025
Federal Government funding			
Wage grants	$ -	$ 4,898	$ 4,907