Nanaimo Association For Community Living

Financial Statements

March 31, 2026

Doane Grant Thornton LLP
201-1825 Bowen Rd
Nanaimo, BC
V9S 1H1

T +1 250 754 6396
F +1 250 754 1903

Independent auditor's report

To the members of Nanaimo Association for Community Living

Qualified Opinion

We have audited the financial statements of the Nanaimo Association for Community Living ("the Society"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters 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 Nanaimo Association for Community Living as at March 31, 2026, and its results of 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

As discussed in Note 10 to the financial statements, debt due on demand has not been presented as a current liability in the financial statements, which constitutes a departure from Canadian accounting standards for not-for-profit organizations. This is the result of a decision taken by management since the commencement of the loans. Had the debt due on demand been reclassified, the current portion of long-term debt would increase and the long-term portion of long-term debt would decrease by $5,953,941 in 2026 and $3,826,250 in 2025. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2025 was modified because of the effect of this departure from Canadian accounting standards for not-for-profit organizations.

In common with many charitable organizations, the Society derives revenues from donations, 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and other grants, excess of revenues over expenses and cash flows from operations for the year ended March 31, 2026, current assets as at March 31, 2026 , and net assets as at April 1, 2025 and March 31, 2026. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2025 was not modified accordingly because of the possible effect 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 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.

Other matter

The financial statements of the Society for the year ended March 31, 2025 were audited by another auditor who expressed a qualified opinion on those financial statements on August 18, 2025 for reasons described in the Basis for Qualified Opinion section.

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 Organization 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 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 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 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.

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 3, 2026

Chartered Professional Accountants

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Management's Responsibility

To the Members of Nanaimo Association For Community Living:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Society. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Society's external auditors.

Doane Grant Thornton LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

August 24, 2026

Executive Director

Nanaimo Association for Community Living
Statement of Financial Position
As at March 31, 2026

	Operating Fund	*Gaming Fund*	*Capital Asset Fund*	*Reserve Fund*	***2026***	*2025*
Assets						
Current						
Cash	1,827,978	-	-	-	**1,827,978**	5,124,873
Accounts receivable	474,539	-	-	-	**474,539**	247,463
Goods and Services Tax receivable	10,848	-	-	-	**10,848**	21,793
Prepaid expenses and deposits	232,470	-	-	-	**232,470**	137,785
Assets held for sale	-	-	-	-	**-**	910,572
Investments (Note 5)	1,011,759				**1,011,759**	-
Interfund loans	(2,323,462)	(16,656)	2,162,555	177,563	**-**	-
	1,234,132	(16,656)	2,162,555	177,563	**3,557,594**	6,442,486
Cash - internally restricted *(Note 4)*	-	-	-	215,223	**215,223**	209,908
Cash - externally restricted *(Note 4)*	-	51,656	282,738	92,796	**427,190**	388,591
Investments *(Note 5)*	2,413,297	-	-	-	**2,413,297**	378,602
Capital assets *(Note 6)*	-	-	16,614,309	-	**16,614,309**	13,629,136
	3,647,429	35,000	19,059,602	485,582	**23,227,613**	21,048,723
Liabilities						
Current						
Accounts payable	482,749	-	-	-	**482,749**	457,616
Wages and benefits payable *(Note 7)*	1,473,533	-	-	-	**1,473,533**	1,422,972
Deferred contributions *(Note 8)*	350,089	27,200	-	-	**377,289**	439,142
Demand loan *(Note 9)*	-	-	-	-	**-**	1,215,034
Current portion of long-term debt *(Note 10)*	-	-	232,162	-	**232,162**	188,292
	2,306,371	27,200	232,162	-	**2,565,733**	3,723,056
Long-term debt *(Note 10)*	-	-	5,955,717	-	**5,955,717**	3,838,027
	2,306,371	27,200	6,187,879	-	**8,521,450**	7,561,083
Contingencies *(Note 15)*						
Commitments *(Note 16)*						
Fund Balances						
Invested in capital assets	-	-	4,972,875	-	**4,972,875**	3,103,792
Internally restricted *(Note 17)*	-	-	-	236,197	**236,197**	221,956
Externally restricted *(Note 17)*	-	7,800	7,898,848	249,385	**8,156,033**	6,864,865
Unrestricted	1,341,058	-	-	-	**1,341,058**	3,297,027
	1,341,058	7,800	12,871,723	485,582	**14,706,163**	13,487,640
	3,647,429	35,000	19,059,602	485,582	**23,227,613**	21,048,723

Approved by the Board:

Colin

Director **Director**

The accompanying notes are an integral part of the financial statements

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2026

	Operating Fund	*Gaming Fund*	*Capital Asset Fund*	*Reserve Fund*	***2026***	*2025*
Revenues						
Community Living British Columbia	18,098,151	-	934,975	-	**19,033,126**	18,510,349
Ministry of Children and Family Development	4,231,246	-	-	-	**4,231,246**	2,917,396
Ministry of Social Development and Social Innovation	571,974	-	-	-	**571,974**	539,833
Rental	400,847	-	-	-	**400,847**	366,223
Donations and other grants	205,986	-	-	-	**205,986**	338,315
Canada Mortgage Housing Corporation	-	-	721,910	-	**721,910**	-
BC Housing	-	-	325,000	-	**325,000**	324,068
Interest	178,996	714	-	7,613	**187,323**	247,256
Users fees	229,618	-	-	-	**229,618**	86,960
City of Nanaimo - Grant in Lieu *(Note 11)*	86,938	-	-	-	**86,938**	78,574
Miscellaneous	109,953	-	-	-	**109,953**	35,864
Gaming	-	-	-	-	**-**	27,500
	24,113,709	714	1,981,885	7,613	**26,103,921**	23,472,338
Expenses						
Administration	1,394,414	-	-	-	**1,394,414**	977,135
Amortization	-	-	551,584	-	**551,584**	442,074
Homeshare contractor fees	4,041,839	-	-	-	**4,041,839**	3,826,394
Living costs	977,654	-	-	-	**977,654**	999,519
Occupancy	1,552,634	-	-	-	**1,552,634**	1,444,692
Wages and benefits	16,282,985	-	-	-	**16,282,985**	14,507,161
	24,249,526	-	551,584	-	**24,801,110**	22,196,975
Excess of revenues over expenses before other item	(135,817)	714	1,430,301	7,613	**1,302,811**	1,275,363
Gain (loss) on disposal of capital assets	-	-	(84,288)	-	**(84,288)**	(319)
Excess of revenues over expenses	(135,817)	714	1,346,013	7,613	**1,218,523**	1,275,044
Interfund transfers						
Payment of principal portion of long-term debt by operations	(193,006)	-	193,006	-	**-**	-
Replacement reserve provision	(35,240)	-	-	35,240	**-**	-
Funding of capital asset purchases	(1,582,982)	-	1,582,982	-	**-**	-
Transfers to other reserves	(8,924)	-	-	8,924	**-**	-
	(1,820,152)	-	1,775,988	44,164	**-**	-
Net change in fund balance	(1,955,969)	714	3,122,001	51,777	**1,218,523**	1,275,044
Fund balances, beginning of year	3,297,027	7,086	9,749,722	433,805	**13,487,640**	12,212,596
Fund balances, end of year	1,341,058	7,800	12,871,723	485,582	**14,706,163**	13,487,640

The accompanying notes are an integral part of the financial statements

Nanaimo Association For Community Living
Statement of Cash Flows
For the year ended March 31, 2026

	2026	*2025*
Cash provided by (used for) the following activities		
Operating		
Cash receipts from operations	**25,639,993**	23,043,445
Cash receipts from investment income	**187,323**	247,255
Cash paid for operating expenses	**(8,036,063)**	(7,067,975)
Cash paid for wages and benefits	**(16,232,424)**	(14,510,799)
Cash paid for interest	**(232,271)**	(227,884)
Cash for operating activities	**1,326,558**	1,484,042
Financing		
Proceeds of long-term debt	**1,151,685**	-
Repayment of long-term debt	**(205,158)**	(223,543)
	946,527	(223,543)
Investing		
Purchase of capital assets	**(3,552,382)**	(921,550)
Proceeds on disposal of capital assets	**885,447**	800
Purchase of investments	**(2,859,131)**	-
Change in restricted cash	**(43,914)**	(26,152)
	(5,569,980)	(946,902)
Increase (decrease) in cash resources	**(3,296,895)**	313,597
Cash resources, beginning of year	**5,124,873**	4,811,276
Cash resources, end of year	**1,827,978**	5,124,873

The accompanying notes are an integral part of these financial statements

1. Purpose of the society

Nanaimo Association For Community Living (the “Society”) was incorporated under the laws of the Societies Act of British Columbia as a not-for-profit organization on July 22, 1986. The Society is a registered charity under the Income Tax Act and is exempt from income tax as long as certain conditions are met. It is management’s opinion that these conditions have been met.

The purposes of the Society are:

1) To relieve conditions associated with disability by providing and operating:
- Athletic, recreational, and social programs to support the physical, mental, and emotional well-being of persons with developmental disabilities residing on Vancouver Island, British Columbia;
- Job training and job placement assistance to persons with developmental disabilities residing on Vancouver Island;
- Non-profit employment programs to offer long-term, meaningful employment to persons with developmental disabilities;
- Trained personnel and specialized services that assist persons with developmental disabilities in their daily activities;
- Life management counselling and other supportive services to assist persons with developmental disabilities to become and remain more independent and integrated within the community; and
- Specially adapted and integrated residential accommodation, incidental facilities, and support to persons with developmental disabilities;

2) To relieve poverty by providing residential accommodation at below market rate, and by providing support and incidental facilities to individuals or families who are in need; and

3) To do all such other things as are incidental and ancillary to the attainment of the foregoing purposes and the exercise of the powers of the Society.

The Society currently operates various residential programs, a day program, employment services, a Snoezelen Room, and administers numerous homeshare funding and contractor agreements. The Society also provides respite care and community respite by referral, and is accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF).

2. Significant accounting policies

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

Fund accounting

The Society follows the restricted fund method of accounting for contributions, and maintains four funds: Operating Fund, Gaming Fund, Capital Asset Fund and Reserve Fund.

The Operating Fund reports the unrestricted and restricted operating grants, revenues and expenses related to the Society’s program delivery and administrative activities.

The Capital Asset Fund is used to account for all capital assets of the Society and to present the flow of funds related to their acquisition and disposal, unexpended capital resources and debt commitments.

The Gaming Fund reports revenues from the Society’s participation in gaming activities and contributions to the operating fund for a specific program and contributions to the capital fund for capital asset acquisitions relating to that program.

The Reserve Fund reports the assets, equity, revenues and expenses related to internally and externally restricted reserves for future capital asset repair and replacement activities and other future expenditures.

Contributed materials and services

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

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

Revenue recognition

Restricted operating contributions including Community Living British Columbia, the Ministry of Children and Family Development, the Ministry of Social Development and Social Innovation, and BC Housing are recognized in the year in which the related services are provided. All other restricted contributions are recognized as revenues of the appropriate restricted fund when the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Gaming revenues are recognized when received or when the amount becomes receivable.

Rental income and user fees are recognized as revenues in the year that the service is provided.

Interest income is recognized as revenues in the year in which the investment income is earned.

Donations are recognized when received in the appropriate fund.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets down to their residual values over their estimated useful lives. Capital assets not yet placed into use, such as construction in progress, are not amortized until they are put into use.

	Rate
Buildings	25 and 40 years
Vehicles	10 years
Computer equipment	3 years
Computer software	5 years
Furniture and fixtures	3 years
Fences	10 years

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable and note receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated residual values of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Financial instruments

The Society recognizes financial instruments when the Society becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Society may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Society has made such an election during the year.

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

Financial instruments *(Continued from previous page)*

The Society subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Society's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

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

Financial asset impairment

The Society assesses impairment of all its financial assets measured at cost or amortized cost. The Society groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Society reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Society reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

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

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

Investment in a not-for-profit subsidiary

The Society's financial statements do not include the accounts of Woodgrove Senior Citizens Housing Society, which is controlled by the Society. The required disclosures have been provided in Note 19.

All transactions with the subsidiary are disclosed as related party transactions.

3. Financial instruments

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

Credit concentration

As at March 31, 2026, three parties accounted for 70% (2025 - one party for 62%) of the total accounts receivable. The Society believes that there is no unusual exposure associated with the collection of these amounts.

4. Restricted cash

	2026	*2025*
Cash - internally restricted		
Future expenditures reserve	**123,273**	120,229
Vehicle replacement reserve	**382**	372
General capital reserve	**91,568**	89,307
	215,223	209,908
Cash - externally restricted		
BC Housing replacement reserve	**92,796**	90,498
Gaming	**51,656**	23,742
Capital asset funding	**282,738**	274,351
	427,190	388,591
Total	**642,413**	598,499

5. Investments

	2026	*2025*
Guaranteed investment certificates	**3,425,056**	378,602
Less: Current portion	**(1,011,759)**	-
	2,413,297	378,602

The investments consist of GICs with various maturities from November 2026 to December 2029, with interest rates between 2.75% and 3.05%.

6. Capital assets

	Cost	Accumulated amortization	2026 Net book value	2025 Net book value
Land	**3,077,726**	**-**	**3,077,726**	2,941,737
Buildings	**15,611,407**	**3,992,898**	**11,618,509**	9,512,140
Vehicles	**1,335,770**	**781,943**	**553,827**	531,585
Computer equipment	**96,854**	**96,854**	**-**	-
Computer software	**48,779**	**32,494**	**16,285**	-
Furniture and fixtures	**529,357**	**523,120**	**6,237**	1
Fences	**114,503**	**46,496**	**68,007**	62,362
Construction in progress	**1,273,718**	**-**	**1,273,718**	581,312
	22,088,114	**5,473,805**	**16,614,309**	13,629,137

Construction in progress includes capital assets with a carrying value of $1,273,718 (2025 - $581,312). No amortization of this asset has been recorded during the current year because it is currently under construction.

7. Wages and benefits payable

Included in wages and benefits payable is $408,636 (2025 - $407,768) owing for government remittances.

8. Deferred contributions

Deferred contributions represent operating funds received in the current or previous years that relate to a subsequent year.

	2026	2025
Balance, beginning of year	**439,142**	391,333
Amounts received during the year	**205,468**	349,242
Amounts recognized as revenues during the year	**(267,321)**	(301,433)
Balance, end of year	**377,289**	439,142
Balances at end of year are comprised of:		
Ministry of Children and Family Development	**246,574**	256,348
Gaming	**27,200**	-
Craig Evans Legacy Fund	**32,921**	31,827
Inclusion BC	**8,631**	11,964
BC Housing	**-**	84,288
Other	**61,963**	54,715
	377,289	439,142

9. Demand loan

	2026	2025
BC Housing construction mortgage loan on 3425 Uplands property - converted to long-term debt (see Note 10)	**-**	1,215,034

10. Long-term debt

	2026	*2025*
BC Housing mortgage on Kennedy home. Repayable in monthly instalments of $889 including interest at 1.01% with a maturity date of May 2026, secured by real property with a net book value of $49,074 (2025 - $48,500).	**1,776**	12,366
Coastal Community Credit Union line of credit used for vehicle purchases. Interest is charged at 5.45%. Due on demand. Secured by a GIC with a book value of $388,968 (2025 - $378,602).	**6**	7
Demand Loan - Coastal Community Credit Union term mortgage on Victoria Crescent building. Repayable in monthly instalments of $7,105 including interest at 4.76% with a maturity date of February 2031, secured by real property with a net book value of $1,342,882 (2025 - $1,348,406).	**372,623**	441,707
Demand loan - Coastal Community Credit Union term mortgage on Caspers Way home. Repayable in monthly instalments of $1,845 including interest at 4.76% with a maturity date of February 2031, secured by real property with a net book value of $349,221 (2025 - $365,942).	**113,629**	131,364
Scotiabank vehicle loans. Repaid during the year.	**-**	377
Demand loan - Coastal Community Credit Union term mortgage on Evans Road Property. Repayable in monthly instalments of $7,280 including interest at 4.47% with a maturity date of November 2030, secured by real property with a net book value of $2,034,845 (2025- $1,862,733).	**1,234,052**	1,260,273
Demand Loan - Coastal Community Credit Union term mortgage on 3405 Uplands and 4224 Jingle Pot properties. Repayable in monthly instalments of $2,930 including interest at 4.47% with a maturity date of November 2030, secured by real property with a net book value of $887,543 (2025 - $881,496).	**445,120**	460,851
Demand loan - Coastal Community Credit Union commercial mortgage on Maxey Road home. Repayable in monthly instalments of $2,840 including interest at 3.0% with a maturity date of April 2031. Secured by real property with a net book value of $819,594 (2025 - $768,817).	**454,533**	474,646
Demand Loan - Coastal Community Credit Union term mortgage on Hammond Bay duplex. Repayable in monthly instalments of $2,710 including interest at 4.47%, with a maturity date of November 2030. Secured by real property with a net book value of $641,268 (2025 - $654,633).	**399,639**	413,457
Demand Loan - Coastal Community Credit Union term mortgage on 3425 Uplands property. Repayable in monthly instalments of $550 including interest at 4.47%, with a maturity date of November 2030. Secured by real property with a net book value of $6,233,956 (2025 - $6,414,924).	**82,664**	85,610
Demand loan - Coastal Community Credit Union term mortgage on 2974 Haslam Rd property. Repayable in monthly instalments of $4,315 including interest at 4.47%, with a maturity date of November 2030. Secured by real property with a net book value of $2,299,419 (2025 - 910,572)	**729,270**	745,661
Demand loan - Scotiabank term mortgage on 3425 Uplands Dr. Repayable in monthly instalments of $5,373, with a maturity date of December 2035. Secured by real property with a net book value of $6,233,936	**1,202,882**	-

10. Long-term debt *(Continued from previous page)*

	2026	*2025*
Demand loan - Coastal Community Credit Union term mortgage on 2974 Haslam Rd property. Repayable in monthly instalments of $6,475 including interest at 4.61%, with a maturity date of March 2031. Secured by real property with a net book value of $2,299,419	**1,151,685**	-
	6,187,879	4,026,319
Less: Current portion	**232,162**	188,292
	5,955,717	3,838,027

Principal repayments on long-term debt in each of the next five years have been calculated on the assumption that no demand for immediate repayments will be made by the credit union, and that interest will be renewed at comparable rates, and are as follows:

2027	232,162
2028	244,775
2029	255,543
2030	266,790
2031	278,538
Total	1,277,808
Thereafter	4,910,072

Interest on long-term debt of $235,636 (2025 - $225,814) is included in occupancy expenses.

All of the above BC Housing mortgages are secured by a registered first charge and an assignment of fire insurance proceeds on specific land and buildings.

Loans and notes with repayment terms extending beyond one year with a demand feature have not been classified as current liabilities despite the ability of the credit union to demand repayment at any time. Canadian accounting standards for not-for-profit organizations require the reclassification of long-term debt to current liabilities when the debt has a demand feature. The financial statements do not reflect any adjustments to reclassify these Coastal Community Credit Union debt amounts, totalling $5,953,941 (2025 - $3,835,250), to current liabilities.

The Coastal Community Credit Union debt is subject to certain financial covenants with respect to the ratios of debt service coverage, debt to equity and working capital ratio. As at March 31, 2026, the Society was in compliance with all financial covenants.

11. Grant in lieu

The Society receives a grant in lieu of property taxes from the City of Nanaimo on the properties at 83 Victoria Crescent and 3425 Uplands Drive.

12. Economic dependence

The Society is dependent on operating and mortgage subsidy assistance as contributed by Community Living British Columbia on behalf of the Provincial Government and BC Housing. The Society is also dependent upon operating subsidy assistance as contributed by the BC Ministry of Social Development and Social Innovation and the BC Ministry of Children and Family Development.

13. Remuneration

During the year, employee remuneration for positions paid more than $75,000 totalled $2,123,225 for twenty three positions (2025 - $2,130,978 for twenty three positions).

The members of the Board of Directors did not receive remuneration in the current or prior year.

14. Employee pension benefits

The Society and its employees contribute to the Municipal Pension Plan (a jointly trusteed pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 contributors from local governments.

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 for the Municipal Pension Plan as at December 31, 2021, indicated a $3.761 billion funding surplus for basic pension benefits on a going concern basis.

The Society paid $672,541 (2025 - $593,364) for employer contributions to the plan in the year ended March 31, 2026.

The next valuation will be as at December 31, 2024, with results available in 2025.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

15. Contingencies

BC Housing holds a second priority mortgage on the 3425 Uplands property for the sole purpose of ensuring the Society complies with the specific use of the building under the terms of the operating agreement. The interest rate is prime plus 2% which is compounded semi-annually. Payments on account of principal and interest will not be required unless there is default under the mortgage or operating agreement. If the Society uses the building for the intended purpose, and operates the project for eligible occupants, the loan will be forgiven 1/25 each year, commencing in the 11th year, which would be after June 2030. Interest does not start to accrue until after the loan is deemed to be in default and would be payable only on the balance outstanding at that time. The balance at March 31, 2025 is $6,194,562 (2025 - $6,194,562).

As at March 31, 2026 there were other outstanding claims against the Society, however no liability has been recorded because the likely outcome is undeterminable.

16. Commitments

The Uplands Phase Two project is funded through a forgivable grant, subject to an affordability covenant requiring the project to remain affordable for approximately 25 years. The grant is not a conventional mortgage and does not require repayment, with the covenant registered on title.

The total project cost is $16,192,666. As of the audit report date, a draw of $396,000 was received on March 26, representing a portion of the grant funding.

The remaining amount required to complete the project is $15,796,666.

17. Restricted fund balances

Internally restricted fund balances:

The Society has restricted funds to provide for the replacement of capital assets (General capital reserve), replacement of motor vehicles (Vehicle replacement reserve) and for other major replacement and repair costs and operating expenses (Future expenditures reserve). These internally restricted amounts are not available for other purposes without the approval of the Board of Directors.

Externally restricted fund balances:

The Society is required under terms of its operating agreement with BC Housing to establish reserves for major capital replacements and repairs for certain of the Society's residences. Under the terms of the agreement with BC Housing, the replacement reserve accounts are to be credited in the amount determined by the budget provision per annum plus interest earned. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or the Credit Union Deposit Insurance Corporation; in investments guaranteed by a Canadian Government; or in other investment instruments as agreed upon with BC Housing.

The BC Housing replacement reserves are required to be fully funded.

	2026	*2025*
Internally restricted fund balances		
Future expenditures reserve	**137,692**	134,647
Vehicle replacement reserve	**384**	373
General capital reserve	**98,121**	86,936
	236,197	221,956
Externally restricted fund balances		
BC Housing replacement reserves	**249,385**	211,849
Unspent Gaming Fund working capital	**7,800**	7,086
Capital Asset Fund working capital	**1,704,286**	451,368
BC Housing Forgivable Mortgage recognized as revenue in the Capital Asset Fund	**6,194,562**	6,194,562
	8,156,033	6,864,865
	8,392,230	7,086,821

18. Funding review and subsidy adjustment

Community Living British Columbia may conduct a compensation increase review in order to determine whether the Society was over or under funded during the year. Any amount determined to be receivable or payable by the Society will be reflected in the accounts in the year of settlement.

BC Housing conducts an annual review of the financial statements and may adjust for any operating surplus or deficit. Prior year's funding adjustments are recognized in the fiscal year they are determined. $Nil (2025 - $nil) for prior year net funding adjustments were received from BC Housing during the year.

19. Assumption of control - Woodgrove Senior Citizens Housing Society

Effective January 1, 2026, the Board of Directors of the Society assumed control of the Board of Woodgrove Senior Citizens Housing Society ("Woodgrove"). The Society is responsible for the assets, liabilities and operations of Woodgrove on an ongoing basis. A summary of financial information for Woodgrove is provided below, as of its September 30, 2025 year-end.

	2025
Assets	10,357,698
Liabilities	9,944,011
Net Assets	413,687
Revenue	909,545
Expenses	(904,981)
Annual surplus	4,564

Included in Accounts receivable at March 31, 2026 is $24,210 receivable from Woodgrove.

All amounts owing between Woodgrove and the Society are unsecured, with no repayment terms or interest rate.

20. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.