PRESTON HEIGHTS COMMUNITY GROUP

FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2026

MARCH 31, 2026
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Graham Mathew

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Preston Heights Community Group

Qualified Opinion

We have audited the accompanying financial statements of **Preston Heights Community Group** (the Organization), which comprise the statement of financial position as at March 31, 2026, and the statements of revenue and expenses, 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 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 its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from public donations and fundraising, 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 donation and fundraising revenues, excess (deficiency) of revenue over expenses and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' 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 auditors' 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 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 auditors' 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 auditors' 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.

Graham Mathew Professional Corporation

Cambridge, Ontario
August 10, 2026

Chartered Professional Accountants, authorized to practise public accounting by the Chartered Professional Accountants of Ontario

STATEMENT OF REVENUE AND EXPENSES
YEAR ENDED MARCH 31, 2026

	Reserve for Program Expansion	Capital Asset Fund	OLG	Unrestricted	2026 Total	2025 Total (Restated note 8)
	$	$	$	$	$	$
Revenue						
Grants and donations				363,292	363,292	394,478
OLG revenue			38,151		38,151	23,613
Fees, interest and fundraising				12,831	12,831	23,817
Other income				31,380	31,380	846
			38,151	407,503	445,654	442,754
Operating expenses						
Advertising				1,883	1,883	1,852
Insurance				5,799	5,799	5,161
Office supplies				17,545	17,545	14,775
Program supplies				36,896	36,896	49,748
Professional fees				16,221	16,221	18,195
Rent				5,613	5,613	5,613
Repairs and maintenance						103
Special events				61,633	61,633	28,388
Staff and volunteer training				8,574	8,574	10,553
Utilities				717	717	1,465
Wages and employee benefits				279,922	279,922	281,321
Amortization		25,313			25,313	25,749
		25,313		434,803	460,116	442,923
Excess (deficiency) of revenue over expenses	NIL	(25,313)	38,151	(27,300)	(14,462)	(169)

The explanatory financial notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2026

	Reserve for Program Expansion	Capital Asset Fund	Capital Reserve Fund	OLG	Unrestricted	2026 Total	2025 Total (Restated note 8)
	$	$	$	$	$	$	$
Fund balances, beginning of year as restated (note 8)	16,248	91,378		37,313	261,488	406,427	406,596
Excess (deficiency) of revenue over expenses		(25,313)		38,151	(27,300)	(14,462)	(169)
Capital asset purchases and other transfers			9,343		(9,343)		
Fund balances, end of year	16,248	66,065	9,343	75,464	224,845	391,965	406,427

The explanatory financial notes form an integral part of these financial statements.

FINANCIAL POSITION
MARCH 31, 2026

	2026	2025 (Restated note 8)
	$	$
ASSETS		
Cash		
Unrestricted	**525,956**	375,988
Other - restricted	**17,664**	17,664
OLG - restricted	**13,329**	23,728
Accounts receivable		
Unrestricted	**6,638**	9,867
Prepaid expenses	**1,339**	1,178
Current assets	**564,926**	428,425
Capital assets (note 3)	**66,065**	91,378
	630,991	519,803
LIABILITIES		
Accounts payable and accrued liabilities (note 4)		
Unrestricted	**10,343**	8,376
Advanced program funding (note 5)	**228,683**	105,000
Current liabilities	**239,026**	113,376
FUND BALANCES		
Reserve for program expansion	**16,248**	16,248
Capital asset fund	**66,065**	91,378
Capital reserve fund	**9,343**	
OLG	**75,464**	37,313
Unrestricted	**224,845**	261,488
	391,965	406,427
	630,991	519,803

APPROVED BY THE BOARD:

______________________________ Director

______________________________ Director

The explanatory financial notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2026

	2026	2025 (Restated note 8)
	$	$
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses for year:		
Unrestricted fund	**(27,300)**	1,967
OLG fund	**38,151**	23,613
Capital asset fund	**(25,313)**	(25,749)
Items not involving cash:		
Amortization	**25,313**	25,749
	10,851	25,580
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	**3,229**	39,303
Accounts payable and accrued liabilities	**1,966**	1,617
Advanced program funding	**123,683**	(118,875)
Prepaid expenses	**(161)**	(83)
	139,568	(52,458)
Cash flows from investment activities:		
Capital asset purchases		(13,808)
Net increase (decrease) in cash	**139,568**	(66,266)
Cash, beginning of year	**417,380**	483,645
Cash, end of year	**556,949**	417,380
Cash position includes:		
Cash - Unrestricted	**525,956**	375,988
Cash - Restricted	**17,664**	17,664
Cash - OLG Restricted	**13,329**	23,728
	556,949	417,380

The explanatory financial notes form an integral part of these financial statements.

1. Nature of Organization

The Organization provides affordable, accessible, recreational, social and educational programs/services to the people living in Preston Heights and was incorporated by letters patent on February 12, 1997.

The Organization is a registered charity for income tax purposes, and as such, its income is not taxable and it is eligible to issue official income tax receipts for charitable donations.

2. Summary of Significant Accounting Policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting

To ensure observation of restrictions placed on the use of resources available to Preston Heights Community Group, the accounts are maintained in accordance with the principles of fund accounting. The resources are classified for accounting and reporting purposes into the following funds which have been established according to their nature and purpose:

The **Reserve for program expansion fund**, represents amounts to be used for future rental opportunities and funding of future programs.

The **Capital asset fund**, represents the net book value of the current capital assets.

The **Capital reserve fund**, represents amounts to fund future equipment purchases.

The **OLG fund**, which is externally restricted, represents monies received by the Organization as a result of being granted operating licenses by the Alcohol and Gaming Commission of Ontario. These monies are to be used exclusively for program supplies and expenses, transportation costs, printing costs, facility rentals, accounting, police checks and youth education.

The **Unrestricted fund**, accounts for the revenue and expenditures relating to the operating and administration of Preston Heights Community Group.

(b) Revenue recognition

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

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Amortization of capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

2. Summary of Significant Accounting Policies (Continued)

(c) Amortization of capital assets (continued)

The Organization amortizes capital assets using the straight-line method at annual rates which will amortize the assets over their estimated useful lives:

Computer hardware	25%
Computer software	50%
Leasehold improvements	20%
Equipment	20%

(d) Financial instruments

All financial assets and liabilities are recorded at amortized cost less any discovered impairment.

(e) Contributed services and materials

Donations of materials and services are not reflected in these financial statements because of the impracticality of the record keeping and valuation of them.

(f) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

3. Capital Assets

	2026 $	2025 (Restated note 8) $
Cost		
Computer hardware	**26,887**	26,887
Computer software	**1,269**	1,269
Leasehold improvements	**119,195**	119,195
Equipment	**28,509**	28,509
	175,860	175,860
Accumulated amortization		
Computer hardware	**24,458**	23,649
Computer software	**1,269**	1,269
Leasehold improvements	**58,217**	34,378
Equipment	**25,851**	25,186
	109,795	84,482
Net Book Value	**66,065**	91,378

4. Accounts Payable and Accrued Liabilities

There were no amounts payable with respect to government remittances as of the year end date.

5. Advanced Program Funding

Funding received from community sponsors which, by their direction, relates to the next fiscal year for specific expenditures, has been deferred as advanced program funding.

6. Fund Balances

Pursuant to the Organization's letters patent and non-profit status, the corporation must, upon dissolution and the payment of all liabilities, distribute any remaining property to charitable organizations which carry on their work solely in Ontario.

7. Financial Instruments

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity’s risk exposure and concentrations at the year end date.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Credit risk

The entity is exposed to credit risk with respect to accounts receivable. The entity provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on these clients and virtually never has any bad debts.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The entity is not exposed to significant market risk.

8. Prior Period Adjustments

During 2026, it was discovered that funding received in a previous year should have been recognized as revenue rather than as advanced program funding, and revenue was recorded in the capital asset fund that should have been recorded in the unrestricted fund.

These errors have been corrected retrospectively, and the comparative statements for 2025 have been restated. In 2025, the captial asset fund revenue and ending fund balance decreased by $25,749, advanced program funding decreased by $101,146 and the unrestricted fund ending balance increased by $126,895.