

**PATHWAYS TO INDEPENDENCE
FINANCIAL STATEMENTS
AS AT MARCH 31, 2024**

PATHWAYS TO INDEPENDENCE
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AS AT MARCH 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Pathways to Independence

Opinion

We have audited the financial statements of Pathways to Independence (the Organization), which comprise the statement of financial position as at March 31, 2024 and the statements of fund balance, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, 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 Opinion

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 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 these 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 AUDITOR'S REPORT
(CONT'D)**

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.

Wilkinson & Company LLP

BELLEVILLE, Canada
June 24, 2024

Chartered Professional Accountants
Licensed Public Accountants

WILKINSON & COMPANY LLP - CHARTERED PROFESSIONAL ACCOUNTANTS

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PATHWAYS TO INDEPENDENCE
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

	2024 \$	2023 \$
ASSETS		
CURRENT		
Cash	2,603,891	1,510,456
Accounts receivable	917,081	801,867
Due from Ministry - Note 3	114,224	240,361
Prepaid expenses	155,125	141,373
	3,790,321	2,694,057
TANGIBLE CAPITAL ASSETS - at cost		
less accumulated amortization - Note 4	9,283,272	9,553,617
OTHER		
Cash - restricted for capital purchases and other - Note 9	1,269,749	1,258,177
	14,343,342	13,505,851
LIABILITIES AND FUND BALANCE		
CURRENT		
Accounts payable and accrued liabilities	5,464,478	3,437,718
Government remittances payable	462,315	331,443
Deferred revenue	131,881	74,938
Due to Ministry - Note 3	98,328	98,328
Current portion of long-term debt	901,755	503,252
	7,058,757	4,445,679
LONG-TERM		
Accrued termination benefit liability - Note 6	2,333,557	2,442,829
Accrued post-retirement benefit liability - Note 6	1,834,600	1,542,200
Long-term debt - Note 7	1,192,300	1,866,780
Deferred contributions - Note 8	4,034,829	4,317,115
	9,395,286	10,168,924
	16,454,043	14,614,603
FUND BALANCE - Note 9	(2,110,701)	(1,108,752)
COMMITMENTS - Note 10		
	14,343,342	13,505,851

The accompanying notes form an integral part of these financial statements

**PATHWAYS TO INDEPENDENCE
STATEMENT OF FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2024**

	2024	2023
	\$	\$
FUND BALANCE - BEGINNING OF YEAR	(1,108,752)	(827,191)
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR	(387,699)	258,439
REMEASUREMENT AND OTHER ITEMS RELATING TO EMPLOYEE FUTURE BENEFITS	(614,250)	(540,000)
FUND BALANCE - END OF YEAR - Note 9	(2,110,701)	(1,108,752)

The accompanying notes form an integral part of these financial statements

**PATHWAYS TO INDEPENDENCE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2024**

	2024 \$	2023 \$
REVENUE		
Government operating grants and subsidies - Note 11	43,149,042	39,394,965
Service recipient revenue	1,819,642	1,714,682
Private fees	873,154	873,301
Other income	804,892	692,229
Interest earned	25,958	10,810
Amortization of deferred contributions	320,982	355,592
Gain on sale of tangible capital assets		24,614
	46,993,670	43,066,193
EXPENDITURES		
Salaries and benefits	36,469,651	33,356,113
Advertising	18,243	27,666
Amortization of tangible capital assets	605,848	638,723
Bad debt expense	18,420	
Food and supplies	794,672	796,654
General and administrative	201,490	181,401
Insurance	119,999	110,019
New furniture and equipment	161,192	135,402
Interest on long-term debt	109,252	81,036
Program expenditures	173,936	177,326
Purchased services	5,474,183	3,413,451
Rent	468,585	455,584
Repairs and maintenance	991,957	1,684,401
Staff training	74,680	78,727
Travel and automotive	959,706	924,209
Utilities and taxes	739,555	747,042
	47,381,369	42,807,754
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR	(387,699)	258,439

The accompanying notes form an integral part of these financial statements

**PATHWAYS TO INDEPENDENCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024**

	2024 \$	2023 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenue) for year	(387,699)	258,439
Amortization of tangible capital assets	605,848	638,723
Gain on disposal of tangible capital assets		(24,614)
Amortization of deferred contributions	(320,982)	(355,592)
Pension, termination and post-retirement benefits expense	1,783,578	1,617,899
Employer benefit contributions	(2,214,700)	(2,173,300)
Net change in non-cash working capital balances related to operations - Note 13	2,200,174	222,298
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	1,666,219	183,853
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(335,503)	(260,884)
Proceeds on disposal of tangible capital assets		24,614
CASH FLOWS USED IN INVESTING ACTIVITIES	(335,503)	(236,270)
FINANCING ACTIVITIES		
Increase in deferred contributions	38,696	281,671
Issuance of long-term debt		665,000
Repayment of long-term debt	(275,977)	(278,293)
CASH FLOWS PROVIDED FROM (USED IN) FINANCING ACTIVITIES	(237,281)	668,378
INCREASE IN CASH AND CASH EQUIVALENTS FOR YEAR	1,093,435	615,961
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,510,456	894,495
CASH AND CASH EQUIVALENTS - END OF YEAR	2,603,891	1,510,456
REPRESENTED BY:		
Cash	2,603,891	1,510,456

The accompanying notes form an integral part of these financial statements

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

1. PURPOSE OF THE ORGANIZATION

- (a) Pathways to Independence was incorporated under the Ontario Corporations Act in March, 1990 as a not-for-profit organization without share capital. The Organization provides support to individuals with disabilities by providing low income housing which allows them to live in communities of their choice.
- (b) Due to the nature of its operations, the Organization is not subject to corporate income taxes.
- (c) In the event of dissolution of the Organization, the payment of all debts and liabilities and its remaining property shall be distributed or disposed of to another organization with similar goals and objectives.

2. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the Organization considered to be particularly significant:

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

The financial statements disclose the activities of the Organization's operating fund. The operating fund reflects all the activities of the Organization's day-to-day operations including short and long-term capital requirements.

(b) Accounting 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. Significant items subject to such estimates and assumptions include valuation of accounts receivable, accounts payable and accrued liabilities, employee future benefits, deferred revenue and the estimated useful life of tangible capital assets. Actual results could differ from those estimates.

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

2. ACCOUNTING POLICIES (Cont'd)

(c) Financial Instruments

(i) Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and due from Ministry.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable and due to Ministry.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write down is reflected in excess (deficiency) of revenue over expenditures. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess (deficiency) of revenue over expenditures, up to the amount previously recognized as impaired.

(d) Revenue Recognition

(i) Government Subsidies

The Organization follows the deferral method of accounting for contributions.

Subsidies received to finance operating costs are recognized in the fiscal period to which the approved funding contribution agreements relate. Funds received that are designated for specific capital purposes are deferred and recognized as revenue at the same rate the related asset is amortized and the amount of the asset that will not be amortized is recognized as a direct increase in net assets. Funds received that are designated for capital reserve are recognized in the year received and added to the capital reserve fund.

Under agreements signed by the Organization and provincial authorities, the Organization receives substantial funding from the Ministry of Children, Community and Social Services and Ontario Health. These financial statements reflect the interim funding arrangements which were approved for the year ended March 31, 2024, net of management estimates of final settlements for the year.

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

2. ACCOUNTING POLICIES (Cont'd)

(d) Revenue Recognition (Cont'd)

(ii) Private and Program Management Fees

Fees are recognized as revenue at the time services are supplied to clients. Provision is made for expected collection losses based on the Organization's past experience.

(iii) Rents

Rents are recognized as revenue at the time services are supplied to clients. Provisions are made for expected collection losses based on the Organization's past experience.

(iv) Interest Income

Interest income is recognized at the time it is earned.

(e) Tangible Capital Assets and Amortization

Tangible capital assets are recorded at cost. Gains and losses on the sale of individual assets are charged to operations in the year of disposal. Amortization of tangible capital assets, which is based on estimated useful life, is calculated on the following bases and at the rates set out below:

Asset	Basis	Rate
Buildings	Straight-line	25 years
Computer equipment	Straight-line	3 years
Furniture and fixtures	Straight-line	5 years
Leasehold improvements	Straight-line	25 years
Automotive equipment	Straight-line	4 years
Parking area	Straight-line	10 years

(f) Donations

Cash donations are recognized strictly on a cash-received basis. Donated tangible capital assets are recorded at fair market value when the value can be reasonably estimated, or value is greater than \$5,000 and the Organization would have paid for the item if it had not been donated. Donated tangible capital assets that will not be amortized will be recognized as direct increases in net assets.

(g) Investments

Investments are classified at amortized cost.

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

2. ACCOUNTING POLICIES (Cont'd)

(h) Cash and Equivalents

Cash and equivalents consist of cash on deposit (revolving bank overdrafts), demand loans and bank term deposits in money market instruments with maturity dates of less than three months from the date they are acquired.

(i) Employee Future Benefits

(a) Pension Benefits

The Organization has adopted the following policies for the defined benefit plan:

- (i) The cost of pensions earned by employees is determined using an actuarial valuation for funding purposes. The most recent actuarial valuation of the obligation was performed December 31, 2022 with extrapolated results to March 31, 2024.
- (ii) Changes in the fair value of plan assets and in the measurement of the plan obligation, including past service costs, gains and losses arising from settlement and curtailments and changes in the valuation allowance are recognized in the Statement of Fund Balance in the period in which they occur. The current service cost and finance cost are recognized in the Statement of Operations in the period in which they occur.

(b) Termination Benefits - Severance Pay Program

The Organization has adopted the following policies for the defined benefit plan:

- (i) The cost of termination benefits earned by employees who have completed a minimum of one year of continuous service and who cease to be an employee due to death, retirement, permanent lay-off or resignation is determined using an actuarial valuation for accounting purposes. The most recent actuarial valuation of the obligation was performed March 31, 2024.
- (ii) Changes in the fair value of plan assets and in the measurement of the plan obligation, including past service costs, gains and losses arising from settlement and curtailments and changes in the valuation allowance are recognized in the Statement of Fund Balance in the period in which they occur. The current service cost and finance cost are recognized in the Statement of Operations in the period in which they occur.

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

2. ACCOUNTING POLICIES (Cont'd)

(i) Employee Future Benefits (Cont'd)

(c) Post-Retirement Benefits

The Organization has adopted the following policies for the defined benefit plan:

- (i) The cost of post-retirement life insurance benefits, extended health benefits and dental benefits is determined using an actuarial valuation for accounting purposes. The most recent actuarial valuation of the obligation was performed March 31, 2024.
- (ii) Changes in the fair value of plan assets and in the measurement of the plan obligation, including past service costs, gains and losses arising from settlement and curtailments and changes in the valuation allowance are recognized in the Statement of Fund Balance in the period in which they occur. The current service cost and finance cost are recognized in the Statement of Operations in the period in which they occur.

(j) Contributed Services

Directors and committee members volunteer their time to assist in the Organization's activities. While these services benefit the Organization considerably, a reasonable estimate of their amount and fair value cannot be made, and accordingly, these contributed services are not recognized in the financial statements.

3. MINISTRY

Included in these financial statements are references to the "Ministry". This reference relates to one of or all of the following: Ministry of Children, Community and Social Services and Ontario Health. The balances due to/from the Ministry are payable/receivable on demand.

PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

4. TANGIBLE CAPITAL ASSETS

	2024		2023	
	Cost	Accumulated	Cost	Accumulated
	\$	\$	\$	\$
Land and buildings				
Main Office - Pinnacle	3,488,858	2,250,826	3,472,182	2,110,674
Bethesda	631,355	441,592	631,355	426,468
McGovern Road	773,595	76,031	773,595	50,688
Cloverleaf Drive	576,108	221,331	576,108	202,887
Emily Street	429,120	319,967	429,120	314,492
Fry Road	300,780	181,309	285,657	177,909
Lake Street	292,757	198,050	276,958	194,855
Frankford	472,971	353,308	472,971	344,140
Lesley Street	365,556	260,234	358,072	254,170
North Park Street	982,613	208,387	982,613	173,656
Crofton	408,234	260,086	408,234	246,683
Clothier	691,470	381,891	638,432	356,832
Mitchell	960,000	92,640	960,000	61,760
William Street	445,944	280,866	421,440	272,421
West Moira	287,478	197,642	287,478	195,052
Whites Road	273,834	176,600	256,424	173,314
Mark Crescent	289,134	187,882	289,134	184,426
West Street	575,477	232,026	575,477	216,927
Cannifton Road North	281,774	203,256	281,774	200,550
Bridge Street	200,106	156,481	200,106	155,269
Bridge Street West (122)	169,114	135,162	169,114	135,098
Bridge Street West (139)	145,222	117,386	145,222	116,770
Burnham Street	466,232	199,586	466,232	188,617
Charles Street	305,494	212,929	305,494	210,248
Chatham Street	243,922	144,773	243,922	140,498
Coleman Street	130,485	103,112	130,485	102,932
College Street (34)	178,052	139,658	178,052	139,115
Foster Avenue	133,045	103,702	133,045	103,271
Bachman Terrace	1,336,939	368,041	1,336,939	326,923
Napanee ABI	1,407,561	425,311	1,407,561	377,683
College Street (198)	294,074	56,211	286,798	46,600
Haig Road	281,100	62,966	281,100	53,971
	17,818,404	8,749,242	17,661,094	8,254,899
Computer equipment	449,732	364,427	321,776	308,188
Furniture and fixtures	542,483	489,882	520,606	459,851
Leasehold improvements	245,564	209,324	245,564	203,728
Automotive equipment	503,920	482,653	475,564	469,513
Parking area	64,942	46,245	64,942	39,750
	19,625,045	10,341,773	19,289,546	9,735,929
Cost less accumulated amortization	\$ 9,283,272		\$ 9,553,617	

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

4. TANGIBLE CAPITAL ASSETS (Cont'd)

Certain tangible capital assets, including Bethesda, Clothier, Emily Street, Fry Road, Lake Street, Frankford, Leslie Street, North Park Street, the Pinnacle Street main office, some furniture and fixtures and some vehicles have been funded by capital grants from the Government of Ontario. The Organization is restricted in its ability to sell, mortgage or otherwise encumber these assets, as the Government of Ontario maintains its interest in these assets.

5. CREDIT FACILITIES

The Organization has a credit facility agreement with the Royal Bank of Canada whereby it can draw on a demand operating loan to a maximum of \$1,065,000. The loan bears interest at prime plus 1% and is secured by a general security agreement and the first charge on properties held by the Organization totalling \$3,206,000 which are secured concurrently with the demand loans as outlined in Note 7 to these financial statements. Any unused portion of the \$1,065,000 operating loan may be cancelled or restricted by the bank without notice. At year-end the balance is \$Nil (2023 - \$Nil).

6. EMPLOYEE FUTURE BENEFITS

(a) Pension Benefits

Included in the Organization's accounts payable and accrued liabilities are pension liabilities totalling \$165,397 (2023 - \$166,330).

The Organization contributes to a defined benefit plan for its employees. Pension fund assets consist primarily of pooled funds, valued at market value as at March 31, 2024. The following information is provided on pension asset funds:

	2024 \$	2023 \$
Fair value of plan assets, beginning of year	46,231,400	45,419,900
Actual return on plan assets	3,083,100	(213,600)
Contributions on behalf of employees	1,425,200	1,612,800
Contributions by employees	1,425,200	1,611,700
Benefits paid	(2,641,100)	(2,199,400)
Fair value of plan assets, end of year	49,523,800	46,231,400
Less: Accrued benefit obligation	(47,535,500)	(43,482,000)
Jointly sponsored plan surplus	1,988,300	2,749,400
Less: Valuation allowance	(1,988,300)	(2,749,400)
Accrued benefit asset (liability)	NIL	NIL

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

6. EMPLOYEE FUTURE BENEFITS (Cont'd)

(a) Pension Benefits (Cont'd)

As at March 31, 2024, based on the extrapolation from the results of the December 31, 2022 actuarial valuation for funding purposes, the pension plan is projected to have a surplus of \$1,988,300. The Pension Plan is a jointly sponsored plan, and as such, the Organization is restricted in its ability to utilize any estimated surplus.

(b) Termination Benefits - Severance Pay Program

In alignment with the Collective Agreement and the Organization's policies, an employee who has completed a minimum of one year of continuous service and ceases to be an employee because of death, retirement, permanent lay-off or resignation is entitled to severance pay. This pay is either one or one and a half week's pay for each year of continuous service, dependent on the hire date. The severance pay will not exceed twenty-six weeks of regular pay. The Organization recognizes these benefits as they are earned during the employees' tenure of service.

As at March 31, 2024, based on the results of the March 31, 2024 actuarial valuation for accounting purposes, the termination benefit plan is projected to have a deficit of \$2,528,000.

	2024	2023
	\$	\$
Fair value of plan assets, end of year	NIL	NIL
Accrued benefit obligation	2,528,000	2,674,400
Plan deficit	2,528,000	2,674,400
Less: Termination benefits included in accounts payable and accrued liabilities	(194,443)	(231,571)
Accrued termination benefit liability	2,333,557	2,442,829

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

6. EMPLOYEE FUTURE BENEFITS (Cont'd)

(c) Post-Retirement Benefits

The Organization offers post-retirement life insurance benefits, extended health benefits and dental benefits to employees subsequent to their retirement, until the age of sixty-five. The Organization recognizes these benefits as they are earned during the employees' tenure of service.

As at March 31, 2024, based on the results of the March 31, 2024 actuarial valuation for accounting purposes, the post-retirement benefit plan is projected to have a deficit of \$1,834,600.

	2024	2023
	\$	\$
Fair value of plan assets, end of year	NIL	NIL
Accrued benefit obligation	1,834,600	1,542,200
Plan deficit	1,834,600	1,542,200
Accrued post-retirement benefit liability	1,834,600	1,542,200

Annual cash requirements to fund Termination Benefits and ongoing Post-Retirement Benefit obligations detailed in Note 6(b) and 6(c) are anticipated by the Organization's management each year and form part of the Organization's funding submissions in accordance with the Ministry's budget process each fiscal year. Accordingly, plan assets to fund these employee future benefits are not accumulated separately because the Organization's annual service contracts with the Ministry provide funding sufficient to satisfy these obligations in the years they become payable.

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

7. LONG-TERM DEBT

Long-term debt consists of:

	2024 \$	2023 \$
Term Loans		
Term loan payable bearing interest at a rate of 6.08%, repayable in blended monthly instalments of \$1,637 until December 2026 for 257 Haig Road and secured in conjunction with the credit facility agreement detailed in Note 5 to these financial statements, which has a net book value of \$218,134 at March 31, 2024.	182,617	190,890
Term loan payable bearing interest at a rate of 6.57%, repayable in blended monthly instalments of \$1,626 until January 2025 for 198 College Street and secured in conjunction with the credit facility agreement detailed in Note 5 to these financial statements, which has a net book value of \$237,863 at March 31, 2024.	178,018	185,564
Term loan payable bearing interest at a rate of 7.06%, repayable in blended monthly instalments of \$5,733 until February 2025 for 289 Pinnacle Street and secured in conjunction with the credit facility agreement detailed in Note 5 to these financial statements, which has a net book value of \$1,238,032 at March 31, 2024.	65,923	127,676
Term loan payable bearing interest at a rate of 3.73%, repayable in blended monthly instalments of \$1,991 until March 2025 for Bachman Terrace and secured in conjunction with the credit facility agreement detailed in Note 5 to these financial statements, which has a net book value of \$968,898 at March 31, 2024.	213,387	228,972
Term loan payable bearing interest at a rate of 6.00%, repayable in blended monthly instalments of \$795 until December 2027 for Cloverleaf Drive, and secured in conjunction with the credit facility agreement detailed in Note 5 to these financial statements, which has a net book value of \$354,777 at March 31, 2024.	62,864	68,451
	702,809	801,553

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

7. LONG-TERM DEBT (Cont'd)

	2024	2023
	\$	\$
Term Loans (Cont'd)		
Term loans balance carried forward	702,809	801,553
Term loan payable bearing interest at a rate of 6.09%, repayable in blended monthly instalments of \$4,798 until November 2027 for McGovern Road and secured in conjunction with the credit facility agreement detailed in Note 5 to these financial statements, which has a net book value of \$722,907 at March 31, 2024.	641,350	659,266
Term loan payable bearing interest at a rate of 2.25%, repayable in blended monthly instalments of \$631 to April 2023 for 247 Coleman Street and secured in conjunction with the credit facility agreement detailed in Note 5 to these financial statements, which has a net book value of \$27,373 at March 31, 2024. This mortgage was repaid during the year.		610
Term loan payable bearing interest at a rate of 3.16%, repayable in blended monthly instalments of \$847 to October 2024 for 34 College Street and secured in conjunction with the credit facility agreement detailed in Note 5 to these financial statements, which has a net book value of \$38,394 at March 31, 2024.	5,949	15,764
Term loan payable bearing interest at a rate of 3.16%, repayable in blended monthly instalments of \$1,801 to October 2024 for 110 North Park Street and secured in conjunction with the credit facility agreement detailed in Note 5 to these financial statements, which has a net book value of \$774,226 at March 31, 2024.	265,918	278,915
Term loan payable bearing interest at a rate of 2.65%, repayable in blended monthly instalments of \$2,040 to January 2027 for 169 West Street (Napanee) and secured in conjunction with the credit facility agreement detailed in Note 5 to these financial statements, which has a net book value of \$343,451 at March 31, 2024.	150,820	171,011
	1,766,846	1,927,119

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

7. LONG-TERM DEBT (Cont'd)

	2024	2023
	\$	\$
Mortgages		
Mortgage payable bearing interest at a rate of 2.248% per annum, repayable in blended monthly instalments to January 2027 of \$999 and secured by a first charge on land and building at 248 William Street, which has a net book value of \$165,078 at March 31, 2024.	32,979	43,998
Mortgage payable bearing interest at a rate of 6.49%, repayable in blended monthly instalments to January 2026 of \$1,348 and secured by a first charge on land and building at 155 West Moira Street, which has a net book value of \$89,836 at March 31, 2024.	55,161	67,298
Mortgage payable bearing interest at a rate of 4.69%, repayable in blended monthly instalments to September 2028 of \$884 and secured by a first charge on land and building at 342 Whites Road (Quinte West), which has a net book value of \$97,234 at March 31, 2024.	43,134	51,712
Mortgage payable bearing interest at a rate of 3.74%, repayable in blended monthly instalments to June 2027 of \$847 and secured by a first charge on land and building at 9 Mark Crescent (Quinte West), which has a net book value of \$101,252 at March 31, 2024.	48,457	56,639
Mortgage payable bearing interest at a rate of 2.22%, repayable in blended monthly instalments to September 2024 of \$819 and secured by a first charge on land and building at 169 West Street (Napanee), which has a net book value of \$343,451 at March 31, 2024.	50,842	59,441
Mortgage payable bearing interest at a rate of 4.38%, repayable in blended monthly instalments to April 2029 of \$970 and secured by a first charge on land and building at 122 Cannifton Road North, which has a net book value of \$78,518 at March 31, 2024.	52,246	62,769
	282,819	341,857

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

7. LONG-TERM DEBT (Cont'd)

	2024	2023
	\$	\$
Mortgages (Cont'd)		
Mortgages balance carried forward	282,819	341,857
Mortgage payable bearing interest at a rate of 3.75%, repayable in blended monthly instalments to January 2024 of \$854 and secured by a first charge on land and building at 98 Bridge Street, which has a net book value of \$43,625 at March 31, 2024. This mortgage was repaid during the year.		8,421
Mortgage payable bearing interest at a rate of 2.38%, repayable in blended monthly instalments to July 2024 of \$858 and secured by a first charge on land and building at 122 Bridge Street West, which has a net book value of \$33,952 at March 31, 2024.	3,437	13,522
Mortgage payable bearing interest at a rate of 0.52%, repayable in blended monthly instalments to February 2024 of \$609 and secured by a first charge on land and building at 139 Bridge Street West, which has a net book value of \$27,836 at March 31, 2024. This mortgage was repaid during the year.		6,682
Mortgage payable bearing interest at a rate of 9.85%, repayable in blended monthly instalments to April 2024 of \$1,015 and secured by a first charge on land and building at 179 Burnham Street, which has a net book value of \$266,646 at March 31, 2024. This mortgage was repaid during the year.		10,874
Mortgage payable bearing interest at a rate of 2.42%, repayable in blended monthly instalments to May 2025 of \$1,080 and secured by a first charge on land and building at 247 Charles Street, which has a net book value of \$92,565 at March 31, 2024.	39,547	51,395
	325,803	432,751

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

7. LONG-TERM DEBT (Cont'd)

	2024	2023
	\$	\$
Mortgages (Cont'd)		
Mortgages balance carried forward	325,803	432,751
Mortgage payable bearing interest at a rate of 5.755%, repayable in blended monthly instalments to May 2024 of \$760 and secured by a first charge on land and building at 281 Foster Avenue, which has a net book value of \$29,343 at March 31, 2024.	1,406	10,162
	327,209	442,913
Total long-term debt	2,094,055	2,370,032
Less: Current portion of long term debt	(901,755)	(503,252)
	1,192,300	1,866,780
The requirements for future repayment of long-term debt obligations are as follows:		
	\$	
2025	901,755	
2026	166,299	
2027	340,732	
2028	667,466	
2029	17,803	
	2,094,055	

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

8. DEFERRED CONTRIBUTIONS

Deferred contributions related to tangible capital assets represent the remaining unamortized balances of donations and grants received for tangible capital asset acquisitions. Details of the continuity of these funds are as follows:

	2024	2023
	\$	\$
Balance - Beginning of year	4,317,115	4,391,036
Additional contributions received	38,696	281,671
Less: Amounts amortized to revenue	(320,982)	(355,592)
Balance - End of year	4,034,829	4,317,115

9. RESTRICTIONS ON FUND BALANCE

The Organization is restricted in the future use of any surpluses arising from those programs which receive Ministry of Children, Community and Social Services, Ministry of Health or Ontario Health funding. These amounts represent excess funding which may be expended only at the direction of the designated Ministry with the exception of the internally restricted fund which is managed by the Board.

The Organization's fund balance is comprised of the following:

	2024	2023
	\$	\$
Investment in tangible capital assets	3,154,387	2,866,470
Restricted (deficiency)	(6,534,837)	(5,233,400)
Internally restricted	646,809	631,102
Capital reserve	482,058	526,349
Trustee Program	140,882	100,727
	(2,110,701)	(1,108,752)

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

10. COMMITMENTS

The Organization has thirty-seven vehicle lease agreements that expire at various times between June 2024 and April 2029. The future payments of these operating leases are as follows:

	\$
2025	195,267
2026	113,863
2027	76,427
2028	27,702
2029	10,805

The Organization has a number of premise lease agreements that expire at various times between April 2024 and March 2037. In addition to the payments outlined below, the lease expiring in March 2037 has annual payments of \$111,996. The future payments of these operating leases are as follows:

	\$
2025	181,185
2026	136,473
2027	119,196
2028	111,996
2029	111,996

The Organization has three technology agreements that expire at various times between April 2024 and January 2025. The future payments of these technology agreements are as follows:

	\$
2025	5,356

11. GOVERNMENT OPERATING GRANTS AND SUBSIDIES

The Organization's government operating grants and subsidies are comprised of the following:

	2024 \$	2023 \$
Ministry of Children, Community and Social Services	34,854,954	28,113,021
Dedicated Supportive Housing	279,464	297,856
Ministry of Health		1,170,129
Ontario Health	7,684,431	5,332,720
Covid Residential Relief Fund and Wage Enhancement	330,193	4,481,239
	43,149,042	39,394,965

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

12. ECONOMIC DEPENDENCE

The Organization relies on the Government of Ontario for substantially all of its income, and accordingly, is economically dependent for the continuation of its operations on funding from this source.

13. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

Cash provided from (used in) non-cash working capital is compiled as follows:

	2024	2023
	\$	\$
(INCREASE) DECREASE IN CURRENT ASSETS		
Accounts receivable	(115,214)	77,301
Due from Ministry - Note 3	126,137	(162,197)
Prepaid expenses	(13,752)	(16,897)
Funds restricted for capital purchases and other	(11,572)	(34,454)
	(14,401)	(136,247)
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	2,026,760	551,464
Government remittances payable	130,872	91,035
Deferred revenue	56,943	65,898
Due to Ministry - Note 3		(349,852)
	2,214,575	358,545
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	2,200,174	222,298

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

14. FINANCIAL RISKS AND CONCENTRATION OF RISK

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, liquidity risk, and market (other price) risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk, and equity risk. It is in management's opinion that the Organization is not exposed to currency and equity risk as it does not hold amounts denominated in foreign currency or equities.

(b) Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Organization is exposed to interest rate risk on its long-term debt, as discussed in Note 7 to these financial statements. The Organization is exposed to this risk in two respects;

- (a) Fixed rate long-term debt; as prevailing interest rates increase or decrease, the Organization may not be able to renew the long-term debt at similar rates. Long-term debt with fixed rates held by the Organization at year end total \$2,094,055.
- (b) Variable rate long-term debt; as current market interest rates increase or decrease, the interest expense of the Organization will fluctuate. Long-term debt with variable rates held by the Organization at year end total \$Nil.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

(c) Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet all cash outflow obligations as they come due.

The Organization mitigates this risk by monitoring cash activities and expected outflows and through its access to its credit facility.

Management is of the opinion that the Organization will be able to meet all of its cash flow obligations as they come due and is not subject to significant liquidity risk.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

14. FINANCIAL RISKS AND CONCENTRATION OF RISK (Cont'd)

(d) Credit Risk

Credit risk is the risk of financial loss to the Organization if a debtor fails to make payments of interest and principal when due.

Accounts receivable are short term in nature and are not subject to material credit risk. The maximum exposure to credit risk and concentration of this risk is limited to the carrying value of these instruments.

There have been no significant changes from the previous period in the exposure to risk or policies used to measure risk.

15. SERVICE CONTRACT/CFSA APPROVAL WITH THE MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES

The Organization has a Service Contract/CFSA Approval with the Ministry of Children, Community and Social Services. One requirement of the Service Contract/CFSA Approval is the production by management of a report, ARR, which shows a summary by service of all revenues and expenditures and any resulting surplus or deficit that relates to the Service Contract/CFSA Approval. Any surplus amounts are reflected in Due to Ministry on the Statement of Financial Position.

A review of these reports shows the following services to be in a payable (receivable) position as follows:

Ministry of Children, Community and Social Services

	2024	2023
	\$	\$
Covid Residential Relief Fund (CRRF)		(189,723)
Partner Facility Renewal - Minor Capital	(94,116)	
Current year receivable	(94,116)	(189,723)
Add: Balance from prior year(s) not yet paid (received)	3,123	(25,773)
	(90,993)	(215,496)

SCHEDULE 1

**PATHWAYS TO INDEPENDENCE
DEDICATED SUPPORTIVE HOUSING SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2024**

	2024 \$	2023 \$
REVENUE		
Government operating grants	279,464	297,856
Interest earned	13,118	5,369
Private fees	99,800	99,800
	392,382	403,025
EXPENSES		
Salaries and benefits	11,935	
General and administrative	8,835	8,834
Insurance	15,284	14,838
Interest on long-term borrowing	14,038	17,494
Interest on short-term borrowing	2,369	2,226
Repairs and maintenance	123,485	81,130
Utilities	123,456	121,160
	299,402	245,682
	92,980	157,343

The accompanying notes form an integral part of these financial statements

SCHEDULE 2

**PATHWAYS TO INDEPENDENCE
MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2024**

	2024 \$	2023 \$
REVENUE		
Government operating grants and subsidies	35,185,147	32,152,440
Interest earned	52	108
Program management fees	170,903	143,657
Service recipient revenue	1,363,677	1,288,603
Other revenue	145,942	248,169
	36,865,721	33,832,977
EXPENSES		
Salaries and benefits	28,046,384	26,681,485
Advertising	13,939	23,845
Food and supplies	631,512	627,045
General and administrative	173,922	157,316
Insurance	90,084	77,737
Interest on long-term debt	74,336	42,442
New furniture and equipment	124,498	113,393
Program expenditures	128,387	145,198
Purchased services	5,039,932	2,977,522
Rent	130,880	153,396
Repairs and maintenance	803,366	1,479,059
Staff training	23,780	30,013
Travel and automotive	767,217	754,281
Utilities and taxes	453,849	466,596
	36,502,086	33,729,328
	363,635	103,649

The accompanying notes form an integral part of these financial statements