

**PATHWAYS TO INDEPENDENCE
FINANCIAL STATEMENTS
AS AT MARCH 31, 2025**

PATHWAYS TO INDEPENDENCE
TABLE OF CONTENTS
AS AT MARCH 31, 2025

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Fund Balance	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7-24
Schedule 1 - Dedicated Supportive Housing	25
Schedule 2 - Ministry of Children, Community and Social Services	26

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, 2025 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, 2025, 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 23, 2025

Chartered Professional Accountants
Licensed Public Accountants

WILKINSON & COMPANY LLP - CHARTERED PROFESSIONAL ACCOUNTANTS

Telephone 613-966-5105 • Toll Free 1-888-728-3890 • Fax 613-962-7072
888 Sidney Street, Belleville, Ontario K8N 4Z5 • www.wilkinson.net

PATHWAYS TO INDEPENDENCE
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2025

	2025	2024
	\$	\$
ASSETS		
CURRENT		
Cash	5,039,900	2,603,891
Accounts receivable	1,131,670	917,081
Due from Ministry - Note 3	23,204	114,224
Prepaid expenses	323,145	155,125
	6,517,919	3,790,321
TANGIBLE CAPITAL ASSETS - at cost		
less accumulated amortization - Note 4	8,822,327	9,283,272
OTHER		
Cash - restricted for capital purchases and other - Note 9	1,290,654	1,269,749
	16,630,900	14,343,342
LIABILITIES AND FUND BALANCE		
CURRENT		
Accounts payable and accrued liabilities	6,980,573	5,464,478
Government remittances payable	341,029	462,315
Deferred revenue	320,945	131,881
Due to Ministry - Note 3		98,328
Current portion of long-term debt	538,862	901,755
	8,181,409	7,058,757
LONG-TERM		
Accrued termination benefit liability - Note 6	2,854,628	2,333,557
Accrued post-retirement benefit liability - Note 6	2,602,800	1,834,600
Long-term debt - Note 7	1,316,267	1,192,300
Deferred contributions - Note 8	3,720,617	4,034,829
	10,494,312	9,395,286
	18,675,721	16,454,043
FUND BALANCE - Note 9	(2,044,821)	(2,110,701)
COMMITMENTS - Note 10		
APPROVED ON BEHALF OF THE BOARD		
<i>Jackie Redmond</i> _____ Director		
<i>Bob Tate</i> _____ Director		
	16,630,900	14,343,342

The accompanying notes form an integral part of these financial statements

**PATHWAYS TO INDEPENDENCE
STATEMENT OF FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2025**

	2025 \$	2024 \$
FUND BALANCE - BEGINNING OF YEAR	(2,110,701)	(1,108,752)
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR	1,886,180	(387,699)
REMEASUREMENT AND OTHER ITEMS RELATING TO EMPLOYEE FUTURE BENEFITS	(1,820,300)	(614,250)
FUND BALANCE - END OF YEAR - Note 9	(2,044,821)	(2,110,701)

The accompanying notes form an integral part of these financial statements

**PATHWAYS TO INDEPENDENCE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2025**

	2025	2024
	\$	\$
REVENUE		
Government operating grants and subsidies - Note 12	42,973,550	43,149,042
Service recipient revenue	1,939,816	1,819,642
Private fees	793,497	873,154
Other income	973,021	804,892
Interest earned	24,511	25,958
Amortization of deferred contributions	314,212	320,982
Gain on disposal of tangible capital assets	24,530	
	47,043,137	46,993,670
EXPENDITURES		
Salaries and benefits	36,246,349	36,469,651
Advertising	34,311	18,243
Amortization of tangible capital assets	569,537	605,848
Bad debt expense	2,662	18,420
Food and supplies	754,362	794,672
General and administrative	185,171	201,490
Insurance	133,429	119,999
New furniture and equipment	75,781	161,192
Interest on long-term debt	102,579	109,252
Program expenditures	166,757	173,936
Purchased services	3,960,506	5,474,183
Rent	446,280	468,585
Repairs and maintenance	812,203	991,957
Staff training	105,343	74,680
Travel and automotive	886,805	959,706
Utilities and taxes	674,882	739,555
	45,156,957	47,381,369
EXCESS OF REVENUE OVER EXPENDITURES		
(EXPENDITURES OVER REVENUE) FOR YEAR	1,886,180	(387,699)

The accompanying notes form an integral part of these financial statements

**PATHWAYS TO INDEPENDENCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2025**

	2025 \$	2024 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenue) for year	1,886,180	(387,699)
Adjustment for items which do not affect cash		
Amortization of tangible capital assets	569,537	605,848
Gain on disposal of tangible capital assets	(24,530)	
Amortization of deferred contributions	(314,212)	(320,982)
Pension, termination and post-retirement benefits expense	1,863,771	1,783,578
Employer benefit contributions	(2,394,800)	(2,214,700)
	1,585,946	(533,955)
Net change in non-cash working capital balances related to operations - Note 14	1,173,051	2,200,174
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	2,758,997	1,666,219
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(108,592)	(335,503)
Proceeds on disposal of tangible capital assets	24,530	
CASH FLOWS USED IN INVESTING ACTIVITIES	(84,062)	(335,503)
FINANCING ACTIVITIES		
Increase in deferred contributions		38,696
Repayment of long-term debt	(238,926)	(275,977)
CASH FLOWS USED IN FINANCING ACTIVITIES	(238,926)	(237,281)
INCREASE IN CASH AND CASH EQUIVALENTS FOR YEAR	2,436,009	1,093,435
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,603,891	1,510,456
CASH AND CASH EQUIVALENTS - END OF YEAR	5,039,900	2,603,891
REPRESENTED BY:		
Cash	5,039,900	2,603,891

The accompanying notes form an integral part of these financial statements

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025**

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, 2025**

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, 2025, net of management estimates of final settlements for the year.

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025**

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 the 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) Cloud Computing Arrangements

Payments for cloud computing arrangements are accounted for using the simplification approach under Accounting Guideline AcG-20 and recognized as an expense as services are received.

(h) Investments

Investments are recorded at amortized cost.

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025**

2. ACCOUNTING POLICIES (Cont'd)

(i) 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.

(j) 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, 2025.
- (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, 2025.
- (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, 2025**

2. ACCOUNTING POLICIES (Cont'd)

(j) 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, 2025.
- (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.

(k) 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 these financial statements.

3. MINISTRY

Included in these financial statements are references to the "Ministry". This reference relates to one or both 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, 2025

4. TANGIBLE CAPITAL ASSETS

	2025		2024	
	Cost	Accumulated	Cost	Accumulated
	\$	\$	\$	\$
Land and buildings				
Main Office - Pinnacle	3,488,858	2,390,977	3,488,858	2,250,826
Bethesda	631,355	456,178	631,355	441,592
McGovern Road	773,595	101,375	773,595	76,031
Cloverleaf Drive	576,108	239,776	576,108	221,331
Emily Street	429,120	325,442	429,120	319,967
Fry Road	300,780	184,710	300,780	181,309
Lake Street	292,757	201,244	292,757	198,050
Frankford	472,971	361,037	472,971	353,308
Lesley Street	365,556	266,298	365,556	260,234
North Park Street	982,613	243,118	982,613	208,387
Crofton	408,234	273,489	408,234	260,086
Clothier	691,470	406,950	691,470	381,891
Mitchell	960,000	123,520	960,000	92,640
William Street	445,944	289,311	445,944	280,866
West Moira	287,478	200,232	287,478	197,642
Whites Road	273,834	179,886	273,834	176,600
Mark Crescent	289,134	191,337	289,134	187,882
West Street	575,477	247,125	575,477	232,026
Cannifton Road North	281,774	205,961	281,774	203,256
Bridge Street	207,275	157,694	200,106	156,481
Bridge Street West (122)	169,114	135,227	169,114	135,162
Bridge Street West (139)	145,222	118,001	145,222	117,386
Burnham Street	512,581	212,410	466,232	199,586
Charles Street	305,494	215,609	305,494	212,929
Chatham Street	243,922	149,047	243,922	144,773
Coleman Street	130,485	103,292	130,485	103,112
College Street (34)	178,052	140,202	178,052	139,658
Foster Avenue	133,045	104,134	133,045	103,702
Bachman Terrace	1,336,939	409,160	1,336,939	368,041
Napanee ABI	1,407,561	472,939	1,407,561	425,311
College Street (198)	349,152	68,026	294,074	56,211
Haig Road	281,100	71,962	281,100	62,966
	17,927,000	9,245,669	17,818,404	8,749,242
Computer equipment	449,732	407,079	449,732	364,427
Furniture and fixtures	542,483	505,953	542,483	489,882
Leasehold improvements	245,564	210,132	245,564	209,324
Automotive equipment	405,333	391,155	503,920	482,653
Parking area	64,942	52,739	64,942	46,245
	19,635,054	10,812,727	19,625,045	10,341,773
Cost less accumulated amortization	\$ 8,822,327		\$ 9,283,272	

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025**

4. TANGIBLE CAPITAL ASSETS (Cont'd)

Certain tangible capital assets, including Bethesda, Clothier, Emily Street, Fry Road, Lake Street, Frankford, Leslie Street, Crofton, 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 (2024 - \$Nil).

6. EMPLOYEE FUTURE BENEFITS

(a) Pension Benefits

Included in the Organization's accounts payable and accrued liabilities are pension liabilities totalling \$161,726 (2024 - \$165,397).

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, 2025. The following information is provided on pension fund asset:

	2025 \$	2024 \$
Fair value of plan assets, beginning of year	49,523,800	46,231,400
Actual return on plan assets	3,798,700	3,083,100
Contributions on behalf of employees	1,448,200	1,425,200
Contributions by employees	1,448,200	1,425,200
Benefits paid	(2,715,800)	(2,641,100)
Fair value of plan assets, end of year	53,503,100	49,523,800
Less: Accrued benefit obligation	49,422,000)	47,535,500)
Jointly sponsored plan surplus	4,081,100	1,988,300
Less: Valuation allowance	(4,081,100)	(1,988,300)
Accrued benefit asset (liability)	NIL	NIL

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025**

6. EMPLOYEE FUTURE BENEFITS (Cont'd)

(a) Pension Benefits (Cont'd)

As at March 31, 2025, 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 \$4,081,100. 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 as a result of death, retirement, permanent lay-off or resignation is entitled to severance pay. This pay is either one or one and a half weeks 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, 2025, based on the results of the March 31, 2025 actuarial valuation for accounting purposes, the termination benefit plan is projected to have a deficit of \$2,901,200.

	2025	2024
	\$	\$
Fair value of plan assets, end of year	NIL	NIL
Accrued benefit obligation	2,901,200	2,528,000
Plan deficit	2,901,200	2,528,000
Less: Termination benefits included in accounts payable and accrued liabilities	(46,572)	(194,443)
Accrued termination benefit liability	2,854,628	2,333,557

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025**

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, 2025, based on the results of the March 31, 2025 actuarial valuation for accounting purposes, the post-retirement benefit plan is projected to have a deficit of \$2,602,800.

	2025 \$	2024 \$
Fair value of plan assets, end of year	NIL	NIL
Accrued benefit obligation	2,602,800	1,834,600
Plan deficit	2,602,800	1,834,600
Accrued post-retirement benefit liability	2,602,800	1,834,600

Annual cash requirements to fund termination benefits and ongoing post-retirement benefit obligations detailed in Notes 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, 2025**

7. LONG-TERM DEBT

Long-term debt consists of:

	2025 \$	2024 \$
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 \$209,138 at March 31, 2025.	173,826	182,617
Term loan payable bearing interest at a rate of 6.79%, repayable in blended monthly instalments of \$1,646 until March 2026 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 \$281,126 at March 31, 2025.	170,220	178,018
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 \$1,097,881 at March 31, 2025. This mortgage was repaid in full during the year.		65,923
Term loan payable bearing interest at a rate of 3.88%, repayable in blended monthly instalments of \$1,998 until March 2026 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 \$927,779 at March 31, 2025.	197,131	213,387
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 \$336,332 at March 31, 2025.	56,933	62,864
	598,110	702,809

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025**

7. LONG-TERM DEBT (Cont'd)

	2025	2024
	\$	\$
Term Loans (Cont'd)		
Term loans balance carried forward	598,110	702,809
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 \$697,564 at March 31, 2025.	622,311	641,350
Term loan payable bearing interest at a rate of 3.16%, repayable in blended monthly instalments of \$847 until 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 \$37,850 at March 31, 2025. This mortgage was repaid in full during the year.		5,949
Term loan payable bearing interest at a rate of 5.74%, repayable in blended monthly instalments of \$2,154 until October 2026 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 \$739,495 at March 31, 2025.	253,213	265,918
Term loan payable bearing interest at a rate of 2.65%, repayable in blended monthly instalments of \$2,040 until 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 \$328,352 at March 31, 2025.	130,087	150,820
	1,603,721	1,766,846

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025**

7. LONG-TERM DEBT (Cont'd)

	2025 \$	2024 \$
Mortgages		
Mortgage payable bearing interest at a rate of 2.248% per annum, repayable in blended monthly instalments until 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 \$156,633 at March 31, 2025.	21,683	32,979
Mortgage payable bearing interest at a rate of 6.49%, repayable in blended monthly instalments until 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 \$87,246 at March 31, 2025.	42,212	55,161
Mortgage payable bearing interest at a rate of 4.69%, repayable in blended monthly instalments until 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 \$93,948 at March 31, 2025.	34,363	43,134
Mortgage payable bearing interest at a rate of 3.74%, repayable in blended monthly instalments until 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 \$97,797 at March 31, 2025.	39,964	48,457
Mortgage payable bearing interest at a rate of 4.305%, repayable in blended monthly instalments until September 2029 of \$861 and secured by a first charge on land and building at 169 West Street (Napanee), which has a net book value of \$328,352 at March 31, 2025.	42,265	50,842
Mortgage payable bearing interest at a rate of 4.38%, repayable in blended monthly instalments until 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 \$75,813 at March 31, 2025.	43,513	52,246
	224,000	282,819

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025**

7. LONG-TERM DEBT (Cont'd)

	2025 \$	2024 \$
Mortgages (Cont'd)		
Mortgages balance carried forward	224,000	282,819
Mortgage payable bearing interest at a rate of 2.38%, repayable in blended monthly instalments until 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 \$33,887 at March 31, 2025. This mortgage was repaid during the year.		3,437
Mortgage payable bearing interest at a rate of 5.25%, repayable in blended monthly instalments until May 2027 of \$1,111 and secured by a first charge on land and building at 247 Charles Street, which has a net book value of \$89,885 at March 31, 2025	27,408	39,547
Mortgage payable bearing interest at a rate of 5.755%, repayable in blended monthly instalments until 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 \$28,911 at March 31, 2025. This mortgage was repaid in full during the year.		1,406
	251,408	327,209
Total long-term debt	1,855,129	2,094,055
Less: Current portion of long-term debt	(538,862)	(901,755)
	1,316,267	1,192,300
The requirements for future repayment of long-term debt obligations are as follows:		
	\$	
2026	538,862	
2027	604,266	
2028	679,158	
2029	27,686	
2030	5,157	
	1,855,129	

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025**

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:

	2025 \$	2024 \$
Balance - Beginning of year	4,034,829	4,317,115
Additional contributions received		38,696
Less: Amounts amortized to revenue	(314,212)	(320,982)
Balance - End of year	3,720,617	4,034,829

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 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:

	2025 \$	2024 \$
Investment in tangible capital assets	3,246,581	3,154,387
Restricted (deficiency)	(6,582,056)	(6,534,837)
Internally restricted	667,661	646,809
Capital Reserve Fund	447,297	482,058
Trustee Program	175,696	140,882
	(2,044,821)	(2,110,701)

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025**

10. COMMITMENTS

The Organization has twenty-seven vehicle lease agreements that expire at various times between April 2025 and April 2029. The future payments of these operating leases are as follows:

	\$
2026	158,599
2027	89,104
2028	40,379
2029	23,483
2030	11,465

The Organization has a number of premise lease agreements that expire at various times between July 2025 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:

	\$
2026	185,284
2027	119,196
2027	111,196
2028	111,196
2029	111,196

The Organization has three technology agreements that expire at various times between March 2026 and January 2029. The future payments of these technology agreements are as follows:

	\$
2026	160,533
2027	160,533
2028	60,468
2029	7,703

11. CLOUD COMPUTING ARRANGEMENTS

During the year, payments under cloud computing arrangements were paid at an aggregate cost of \$56,570 (2024 - \$57,669), which is included in purchased services on the statement of operations, as described in Note 2(g) to these financial statements.

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025**

12. GOVERNMENT OPERATING GRANTS AND SUBSIDIES

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

	2025 \$	2024 \$
Ministry of Children, Community and Social Services	34,865,825	34,854,954
Dedicated Supportive Housing	234,794	279,464
Ontario Health	7,872,931	7,684,431
Covid Residential Relief Fund and Wage Enhancement		330,193
	42,973,550	43,149,042

13. 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.

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

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

	2025 \$	2024 \$
(INCREASE) DECREASE IN CURRENT ASSETS		
Accounts receivable	(214,589)	(115,214)
Due from Ministry	91,020	126,137
Prepaid expenses	(168,020)	(13,752)
Funds restricted for capital purchases and other	(20,905)	(11,572)
	(312,494)	(14,401)
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	1,516,095	2,026,760
Government remittances payable	(121,286)	130,872
Deferred revenue	189,064	56,943
Due to Ministry	(98,328)	
	1,485,545	2,214,575
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	1,173,051	2,200,174

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025**

15. 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 \$1,855,129 (2024 - \$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 (2024 - \$Nil).

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

**PATHWAYS TO INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025**

15. 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 this risk or policies, procedures and methods used to measure the risk.

16. 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

	2025	2024
	\$	\$
Partner Facility Renewal - Minor Capital		(94,116)
Current year receivable	NIL	(94,116)
Add: Balance from prior year(s) not yet paid		3,123
	NIL	(90,993)

SCHEDULE 1

**PATHWAYS TO INDEPENDENCE
DEDICATED SUPPORTIVE HOUSING
FOR THE YEAR ENDED MARCH 31, 2025**

	2025 \$	2024 \$
REVENUE		
Government operating grants	234,794	279,464
Interest earned	11,326	13,118
Private fees	102,094	99,800
Other income	10,985	
	359,199	392,382
EXPENSES		
Salaries and benefits	21,865	11,935
General and administrative	5,619	8,835
Insurance	16,297	15,284
Interest on long-term debt	12,633	14,038
Interest on short-term debt	1,888	2,369
Repairs and maintenance	94,740	123,485
Utilities	105,974	123,456
	259,016	299,402
	100,183	92,980

The accompanying notes form an integral part of these financial statements

SCHEDULE 2

PATHWAYS TO INDEPENDENCE
MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES
FOR THE YEAR ENDED MARCH 31, 2025

	2025 \$	2024 \$
REVENUE		
Government operating grants and subsidies	34,865,825	35,185,147
Interest earned	118	52
Program management fees	179,373	170,903
Service recipient revenue	1,501,325	1,363,677
Other revenue	150,578	145,942
	36,697,219	36,865,721
EXPENSES		
Salaries and benefits	30,000,627	28,046,384
Advertising	21,993	13,939
Food and supplies	608,111	631,512
General and administrative	145,961	173,922
Insurance	102,124	90,084
Interest on long-term debt	71,284	74,336
New furniture and equipment	48,354	124,498
Program expenditures	122,801	128,387
Purchased services	3,494,072	5,039,932
Rent	140,047	130,880
Repairs and maintenance	645,463	803,366
Staff training	55,962	23,780
Travel and automotive	698,200	767,217
Utilities and taxes	424,507	453,849
	36,579,506	36,502,086
	117,713	363,635

The accompanying notes form an integral part of these financial statements