Financial Statements of

SCARBOROUGH CENTRE FOR HEALTHY COMMUNITIES

And Independent Auditor's Report thereon

Year ended March 31, 2026

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Scarborough Centre for Healthy Communities

Opinion

We have audited the financial statements of Scarborough Centre for Healthy Communities (the Entity), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for 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 auditor's report.

We are independent of the Entity 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 the financial statements, management is responsible for assessing the Entity'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 Entity or cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 Entity'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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 24, 2026

SCARBOROUGH CENTRE FOR HEALTHY COMMUNITIES

Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash	$ 4,638,863	$ 4,866,451
Accounts receivable	636,659	1,273,964
Prepaid expenses and deposits	239,214	220,608
	5,514,736	6,361,023
Capital assets (note 2)	1,553,296	1,227,802
	$ 7,068,032	$ 7,588,825
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	$ 3,485,050	$ 4,426,349
Ontario Health grant repayable (note 10)	1,694,759	1,539,947
Deferred revenue	64,019	85,609
	5,243,828	6,051,905
Deferred capital contributions (note 4)	1,327,948	1,006,474
Net assets:		
Funds invested in capital assets (note 8)	225,348	221,328
Internally Restricted Reserve Fund	352,163	352,163
Unrestricted Reserve Fund (deficit)	(81,255)	(43,045)
	496,256	530,446
Commitments (note 9)		
Economic dependence (note 13)		
Contingency (note 14)		
	$ 7,068,032	$ 7,588,825

See accompanying notes to financial statements.

On behalf of the Board:

Atiqa Mohammad (Jun 29, 2026 14:52:45 EDT) Director

Heer Pasha (Jun 29, 2026 11:07:15 EDT) Director

SCARBOROUGH CENTRE FOR HEALTHY COMMUNITIES

Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Revenue:		
Transfer payments and grants (notes 5, 6 and 7)	$ 31,662,943	$ 25,425,077
Other	1,759,909	2,086,091
Amortization of deferred capital contributions	315,594	304,242
Investment	67,599	199,697
	33,806,045	28,015,107
Expenses:		
Salaries and benefits (notes 12 and 15)	24,028,316	19,929,417
Building occupancy	2,549,077	2,924,103
General program expenses	2,802,924	1,858,359
Other outside services	2,314,701	1,345,935
Office and general	1,280,666	1,147,059
Amortization of capital assets	374,015	337,063
Professional fees	128,124	126,937
Staff training	203,611	90,233
Non-insured:		
Diagnostic	80,888	138,178
Specialist	39,013	41,262
Outreach and promotion	38,900	51,261
	33,840,235	27,989,807
Excess (deficiency) of revenue over expenses	$ (34,190)	$ 25,300

See accompanying notes to financial statements.

SCARBOROUGH CENTRE FOR HEALTHY COMMUNITIES

Statement of Changes in Net Assets

Year ended March 31, 2026, with comparative information for 2025

	Invested in capital assets (note 8)	Internally Restricted Reserve Fund	Unrestricted Reserve Fund	2026 Total	2025 Total
Balance, beginning of the year	$ 221,328	$ 352,163	$ (43,045)	$ 530,446	$ 505,146
Excess (deficiency) of revenue over expenses	(58,421)	–	24,231	(34,190)	25,300
Interfund transfers	62,441	–	(62,441)	–	–
Balance, end of year	$ 225,348	$ 352,163	$ (81,255)	$ 496,256	$ 530,446

See accompanying notes to financial statements.

SCARBOROUGH CENTRE FOR HEALTHY COMMUNITIES

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (34,190)	$ 25,300
Items not involving cash:		
Amortization of capital assets	374,015	337,063
Amortization of deferred capital contributions	(315,594)	(304,242)
Change in non-cash operating working capital:		
Accounts receivable	637,305	(625,238)
Prepaid expenses and deposits	(18,606)	61,533
Accounts payable and accrued liabilities	(941,299)	2,062,452
Ontario Health grant repayable	154,812	(1,240,182)
Deferred revenue	(21,590)	(1,075,741)
	(165,147)	(759,055)
Financing activities:		
Deferred capital contributions received	637,068	249,123
Investing activities:		
Purchase of capital assets	(699,509)	(451,232)
Decrease in cash	(227,588)	(961,164)
Cash, beginning of year	4,866,451	5,827,615
Cash, end of year	$ 4,638,863	$ 4,866,451

See accompanying notes to financial statements.

Scarborough Centre for Healthy Communities (the "Organization") was incorporated as a corporation without share capital by letters patent under the Ontario Corporations Act on June 15, 1977. The Organization is exempt from the payment of income taxes as provided under the Income Tax Act (Canada) as a registered charity.

The Organization is a non-for-profit community health and social services organization. The Organization addresses the physical, mental, social, financial and environmental aspects of health needs of the communities of Scarborough. The Organization operates over 50 services across 12 sites, including inter-professional primary care, services for children, youth and seniors, hospice palliative care, social support programs and health education. For almost 50 years, the Organization has worked closely with a variety of community stakeholders to cultivate vital and connected communities.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the Chartered Professional Accountants of Canada Handbook. The significant accounting policies followed by the Organization are outlined below:

(a) Revenue recognition:

The Organization follows the deferral method of accounting for revenue, whereby restricted sources of revenue are recognized as revenue in the year in which the related expenses are incurred. Unrestricted sources of revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is assured.

Contributions restricted for the purchase of capital assets are deferred and amortized on a straight-line basis, at a rate corresponding with the amortization rate for the related capital asset.

User fees are recognized when the services are provided and when collectability is reasonably assured.

1. Significant accounting policies (continued):

(b) Capital assets:

Purchased capital assets with a cost exceeding $5,000 are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expenses. Betterments which extend the estimated useful 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. Capital assets are amortized over their estimated useful lives on a straight-line basis, as follows:

Office equipment	5 years
Medical equipment	5 years
Vehicles	5 years
Leasehold improvements	Over term of lease

(c) Net assets:

The (Strategically Driven) Internally Restricted Reserve Funds shall be used to advance and expand the Organization's strategic mission, vision and interests.

The (Social Accountability) Unrestricted Reserve Funds shall be used to enhance and/or address gaps in funding for service delivery of the Organization's programs.

The funds invested in capital assets represents the net investment in capital assets.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are any indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(e) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the year. In particular, the amount of revenue recognized from Ontario Health and the related grant repayable requires estimation.

2. Capital assets:

			2026	2025
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	$ 1,440,631	$ 1,440,631	$ –	$ –
Medical equipment	761,993	636,228	125,765	99,434
Assets under construction	–	–	–	252,543
Vehicles	1,252,030	862,192	389,838	96,340
Leasehold improvements	7,675,387	6,637,694	1,037,693	779,485
	$ 11,130,041	$ 9,576,745	$ 1,553,296	$ 1,227,802

3. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities include the following:

	2026	2025
Payroll deductions	$ 483,717	$ 213,147
Workplace Safety and Insurance Board payable	26,388	29,964
	$ 510,105	$ 243,111

4. Deferred capital contributions:

Deferred capital contributions represent funding received for capital asset acquisitions that are being amortized.

Revenue is recognized over the life of the capital assets on the same basis as amortization. Accordingly, deferred capital contributions equal the corresponding net book value of funded capital assets.

	2026	2025
Balance, beginning of year	$ 1,006,474	$ 1,061,593
Funding received	637,068	249,123
Amortization of deferred capital contributions	(315,594)	(304,242)
Balance, end of year	$ 1,327,948	$ 1,006,474

5. Ontario Health funding:

Funding provided by Ontario Health relates to the following:

	2026	2025
Inter-professional Primary Care	$ 18,999,567	$ 14,549,390
Community Support Services	2,700,612	2,777,870
Other	1,925,025	1,512,997
Acquired Brain Injury	804,012	819,566
Assisted Living	877,765	914,661
Mental Health and Addictions	451,528	451,174
Palliative Care	347,343	376,775
	$ 26,105,852	$ 21,402,433

6. City of Toronto funding:

Funding provided by the City of Toronto relates to the following:

	2026	2025
Community Service Partnership	$ 147,340	$ 162,583
Furniture Bank	329,473	298,909
EarlyON Program (note 15)	343,992	178,434
EarlyON Innovation	–	77,234
City Serve	596,948	–
Integrated Housing Services	756,214	372,793
TO Wards Peace	942,610	697,729
Other	1,138,218	1,058,605
	$ 4,254,795	$ 2,846,287

7. Transfer payments and grants:

Transfer payments and grants include the following:

	2026	2025
Grants	$ 635,825	$ 638,024
United Way Greater Toronto	477,989	477,532
Federal funding	188,482	60,801
	$ 1,302,296	$ 1,176,357

8. Invested in capital assets:

(a) Investment in capital assets is calculated as follows:

	2026	2025
Capital assets	$ 1,553,296	$ 1,227,802
Amounts funded by deferred capital contributions	(1,327,948)	(1,006,474)
	$ 225,348	$ 221,328

8. Invested in capital assets (continued):

(b) Change in net assets invested in capital assets is calculated as follows:

	2026	2025
Excess of expenses over revenue:		
Amortization of deferred capital contributions	$ 315,594	$ 304,242
Amortization of capital assets	(374,015)	(337,063)
	$ (58,421)	$ (32,821)
Net change in investment in capital assets:		
Purchase of capital assets	$ 699,509	$ 451,232
Amounts funded by deferred capital contributions	(637,068)	(249,123)
	$ 62,441	$ 202,109

9. Commitments:

The Organization has entered into commitments for property leases, office equipment and internet services, with minimum annual payments for the next five years and thereafter as follows:

2027	$ 1,751,229
2028	1,363,808
2029	1,157,520
2030	1,161,888
2031	1,183,049
Thereafter	4,514,822
	$ 11,132,316

10. Ontario Health grant repayable:

The Organization receives funding from Ontario Health to assist with the expenses of the Organization based on a pre-approved budget. The amount of funding provided to the Organization is subject to final review and approval by Ontario Health.

As at the date of these financial statements, funding for the period of April 1, 2024 to March 31, 2026 has not been subject to Ontario Health's review process. Any adjustments required as a result of this review, will be accounted for in the year of settlement. As at March 31, 2026, the Organization has recorded a repayable to Ontario Health totaling $1,694,759 (2025 - $1,539,947) on account of unspent funding.

	2026	2025
Unspent funding - 2018/2019	$ 6,410	$ 6,410
Unspent funding - 2021/2022	696,154	696,154
Unspent funding - 2022/2023	285,771	285,771
Unspent funding - 2023/2024	4,229	4,229
Unspent funding - 2024/2025	547,383	547,383
Unspent funding - 2025/2026	154,812	–
	$ 1,694,759	$ 1,539,947

In 2025, Ontario Health has assessed the amount of unspent funding for 2018/2019 as recorded and will be clawing the funding back over the period stipulated.

11. Financial instrument risk:

Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk arising from its accounts receivable. This risk is not changed from the prior year.

12. Pension plan:

The Organization participates in a Group Registered Pension Plan. The assets of the plan are held separately from those of the Organization in an independently administered fund. The pension expense is equal to the contributions paid by the Organization. The contributions paid and expensed by the Organization for the year amounted to $30,589 (2025 - $35,307).

During 2021, the Organization became a member of Healthcare of Ontario Pension Plan, which is a defined benefit multi-employer contributory pension plan. The plan is accounted for as a defined contribution plan. Contributions to the plan made during the year by the Organization on behalf of its employees amounted to $1,528,819 (2025 - $1,208,929) and are included in salaries and benefits expenses in the statement of operations.

13. Economic dependence:

The Organization receives the majority of its revenue in the form of grants from Ontario Health. In management's opinion, the Organization's continued operations are dependent on the continuance of these grants.

14. Contingency:

As at the year end, the Organization has two pending legal claims, which management has indicated an objection to these claims. It is not possible at this time to determine whether any liability will result from these claims, and therefore, no provision has been made in the financial statements.

15. City of Toronto EarlyON Program:

Statement of Revenue and Expenses:

2026	EarlyON budget	EarlyON actual	Variance
Revenue:			
EarlyON and Indigenous-led funding	$ 180,409	$ 182,804	$ (2,395)
EarlyON one-time funding	112,392	112,392	–
Other	35,942	48,796	(12,854)
Total revenue	328,743	343,992	(15,249)
Expenses:			
Salaries and wages	212,858	212,970	(112)
Benefits	48,957	48,363	594
Administration salaries	17,631	17,631	–
Total salaries and benefits	279,446	278,964	482
Program related	14,639	14,639	–
Utilities and maintenance	18,707	18,707	–
Office related	10,160	10,856	(696)
Professional fees	5,040	5,040	–
Professional development	750	1,536	(786)
Total program costs	49,296	50,778	(1,482)
Total operating expenses	328,742	329,742	(1,000)
Excess of revenue over expenses	$ 1	$ 14,250	$ (14,249)

15. City of Toronto EarlyON Program (continued):

2025	EarlyON budget	EarlyON actual	Variance
Revenue:			
EarlyON and Indigenous-led funding	$ 180,409	$ 178,434	$ 1,975
Other	107,855	107,855	–
Total revenue	288,264	286,289	1,975
Expenses:			
Salaries and wages	180,394	179,779	615
Benefits	41,491	39,250	2,241
Administration salaries	28,320	28,320	–
Total salaries and benefits	250,205	247,349	2,856
Program related	8,000	11,749	(3,749)
Utilities and maintenance	8,900	12,912	(4,012)
Office related	10,460	8,336	2,124
Professional fees	5,040	5,424	(384)
Professional development	750	519	231
Other	3,123	–	3,123
Total program costs	36,273	38,940	(2,667)
Total operating expenses	286,478	286,289	189
Excess of revenue over expenses	$ 1,786	$ –	$ 1,786