

Financial Statements of

**NUCLEUS INDEPENDENT
LIVING**

And Independent Auditor's Report thereon

Year ended March 31, 2026



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nucleus Independent Living

Opinion

We have audited the financial statements of Nucleus Independent Living (the Organization), 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 Organization 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 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.



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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 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.

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 Organization's internal control.



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- 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 25, 2026

NUCLEUS INDEPENDENT LIVING


Statement of Financial Position


March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 2,384,023	\$ 3,585,281
Accounts receivable	519,773	221,707
Prepaid expenses	84,224	39,380
	<u>2,988,020</u>	<u>3,846,368</u>
Capital assets (note 3)	121,122	76,755
	<u>\$ 3,109,142</u>	<u>\$ 3,923,123</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 2,270,183	3,351,004
Deferred contributions (note 5)	49,881	42,892
	<u>2,320,064</u>	<u>3,393,896</u>
Deferred capital contributions (note 6)	121,122	76,755
	<u>2,441,186</u>	<u>3,470,651</u>
Net assets:		
Operating fund - unrestricted	665,705	450,221
McCallen Fund	2,251	2,251
	<u>667,956</u>	<u>452,472</u>
Lease commitments (note 9)		
Commitments and contingencies (note 10)		
Economic dependence (note 11)		
	<u>\$ 3,109,142</u>	<u>3,923,123</u>

See accompanying notes to financial statements.

On behalf of the Board:

DocuSigned by:

 C1D83CEE5E80486... Director

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 0A1F785898A142B... Director

NUCLEUS INDEPENDENT LIVING

Statement of Operations

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

	2026	2025
Revenue:		
Ontario Health funding	\$ 21,512,480	\$ 21,588,205
Interest income (note 2)	62,704	222,599
Other contributions	459,368	257,013
Funding from United Way Halton & Hamilton	75,000	165,250
	<u>22,109,552</u>	<u>22,233,067</u>
Expenses:		
Attendant, housekeeping and administrative wages	13,433,214	13,559,584
Purchased client services	3,856,095	3,375,676
Employee benefits (note 8)	2,124,051	2,006,654
General and office	1,071,804	1,472,644
Occupancy costs	537,569	557,196
Travel associated with delivery of services	327,960	402,292
Legal, audit and accounting	139,921	212,038
Meetings, workshops and conferences	60,009	72,909
Telephone, postage and deliveries	76,482	75,782
Professional fees	205,792	156,294
Insurance	31,830	53,208
Depreciation	29,341	14,157
	<u>21,894,068</u>	<u>21,958,434</u>
Excess of revenue over expenses for the year	\$ 215,484	\$ 274,633

See accompanying notes to financial statements.

NUCLEUS INDEPENDENT LIVING

Statement of Changes in Net Assets

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

	Operating Fund		McCallen Fund		2026 Total		2025 Total	
Balance, beginning of year	\$	450,221	\$	2,251	\$	452,472	\$	177,839
Excess of revenue over expenses		215,484		–		215,484		274,633
Balance, end of year	\$	665,705	\$	2,251	\$	667,956	\$	452,472

See accompanying notes to financial statements.

NUCLEUS INDEPENDENT LIVING

Statement of Cash Flows

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

	2026	2025
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 215,484	\$ 274,633
Items not involving cash:		
Deferred contributions recognized	6,989	(90,249)
Depreciation	29,341	14,157
Amortization of deferred capital contributions	(29,341)	(14,157)
	222,473	184,384
Change in non-cash operating working capital:		
Increase in accounts receivable	(298,066)	(40,296)
(Increase) decrease in prepaid expenses	(44,844)	56,301
Decrease in accounts payable and accrued liabilities	(1,080,821)	(3,082,954)
	(1,423,731)	(3,066,949)
Financing activities:		
Deferred capital contributions received	73,708	85,284
	73,708	85,284
Investing activities:		
Purchase of capital assets	(73,708)	(85,284)
	(73,708)	(85,284)
Net decrease in cash	(1,201,258)	(2,882,565)
Cash, beginning of year	3,585,281	6,467,846
Cash, end of year	\$ 2,384,023	\$ 3,585,281

See accompanying notes to financial statements.

NUCLEUS INDEPENDENT LIVING

Notes to Financial Statements

Year ended March 31, 2026

Nucleus Independent Living (the "Organization") is a not-for-profit organization incorporated without share capital under the laws of the Province of Ontario. The Organization enables adults who require assistance in their daily activities to live independently in their own homes. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

The Organization provides 24 hour support services for persons with physical disabilities and seniors over 65 years of age. The first consumer moved into the Nucleus I premises in 1983. A second project, Nucleus II, commenced operations in February 1991. Both services are in Toronto, Ontario. An Attendant Outreach Program was started in 1999. It provides attendant services to people in their homes in Mississauga and Brampton. The Supports for Daily Living (SDL) Program was launched in January 2009 to provide mobile attendant services to seniors living in the Mississauga – Halton area. The In-Home Respite Care Program began in January 2010 which provides community support services to seniors living in the Mississauga Halton area as an alternative to Long-Term Care home replacement.

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 CPA Handbook.

(a) Net assets:

Operating fund

The Operating Fund accounts for the day-to-day program delivery and administrative activities funded by Ontario Health and other contributors.

McCallen Fund

The McCallen fund is internally restricted by the Board of Directors to support customer independent living activities and any other such activities not funded with the Organization's operating funds. The fund will only be utilized where all other funding opportunities have been exhausted.

(b) Revenue recognition:

The Organization follows the deferral method of accounting for contributions.

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

Externally restricted contributions which include donations and contributions from Ontario Health are recognized as revenue in the year in which the related expenses are incurred. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Donations are recognized as revenue when received.

Interest and other income is recognized as revenue when earned.

NUCLEUS INDEPENDENT LIVING

Notes to Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

(c) Ontario Health – Operating grant:

Ontario Health provides financial support to the Organization on the basis of an approved operating budget for the year. These financial statements reflect approved funding arrangements with Ontario Health, together with estimated adjustments, if any, on year end settlement.

(d) Contributed goods and services:

Volunteers (including directors and officers of the Organization) contributed significant amounts of time to assist the Organization in carrying out its service delivery activities. The Organization also, from time to time, receives donations of goods. Because of the difficulty in determining their fair value, contributed goods and services are not recognized in the financial statements.

(e) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

(f) Capital assets:

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

Capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Method	Rate
Office furniture and equipment	Straight line	5 years
Computer equipment and software	Straight line	3 years
Leasehold improvements	Straight line	over the term of the lease

The Organization assesses capital assets for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. When circumstances indicate that the carrying amount of an asset may not be recoverable, an impairment loss is recognized as a non-reversible impairment expense.

(g) Deferred capital contributions:

Externally restricted contributions for the acquisition of capital assets that will be depreciated or amortized are deferred and amortized over the life of the related capital assets. Externally restricted capital contributions that have not been expended are recorded as part of the deferred capital contributions on the statement of financial position.

NUCLEUS INDEPENDENT LIVING

Notes to Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of the 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. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, accrued liabilities and provision for impairment of accounts receivable. Actual results could differ from those estimates.

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market 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.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are 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 carrying value.

2. Cash and cash equivalents:

Cash and cash equivalents includes a high-interest savings account with a balance of \$2,178,793 (2025 - \$3,416,554) earning interest at an annual rate of prime minus 2.4% (2025 – prime minus 2.4%).

NUCLEUS INDEPENDENT LIVING

Notes to Financial Statements (continued)

Year ended March 31, 2026

3. Capital assets:

Property, plant and equipment consist of the following:

	Cost	Accumulated amortization	2026 Net book value	2025 Net book value
Office furniture and equipment	\$ 383,007	\$ 323,309	\$ 59,698	\$ 76,755
Computer equipment and software	342,110	342,110	–	–
Leasehold improvements	102,450	41,026	61,424	–
	<u>\$ 827,567</u>	<u>\$ 706,445</u>	<u>\$ 121,122</u>	<u>\$ 76,755</u>

4. Accounts payable and accrued liabilities:

	2026	2025
Trade payables and accrued liabilities	\$ 1,000,328	\$ 1,956,983
Due to Ontario Health - 2026	19,187	–
Due to Ontario Health - 2025	44,723	44,723
Due to Ontario Health - 2024	247,444	288,893
Due to Ontario Health - 2023	–	173,201
Employee payroll obligations	943,173	852,301
Government remittances payable	15,328	34,903
	<u>\$ 2,270,183</u>	<u>\$ 3,351,004</u>

5. Deferred contributions:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for specific programs.

	Balance at March 31, 2025	Funds received in 2026	Recognized as revenue in 2026	Balance at March 31, 2026
Nukability Fund	\$ 17,892	\$ –	\$ –	\$ 17,892
Community Care Access Centre	25,000	–	–	25,000
Healthcare Excellence Centre	–	6,989	–	6,989
	<u>\$ 42,892</u>	<u>\$ 6,989</u>	<u>\$ –</u>	<u>\$ 49,881</u>

NUCLEUS INDEPENDENT LIVING

Notes to Financial Statements (continued)

Year ended March 31, 2026

6. Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as other contributions in the statement of operations. The changes in deferred capital contributions are as follows:

	2026	2025
Balance, beginning of year	\$ 76,755	\$ 5,628
Additional contributions received	73,708	85,284
Less amortization of deferred capital contributions	(29,341)	(14,157)
Balance, end of year	\$ 121,122	\$ 76,755

7. Investment in capital assets:

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

	2026	2025
Capital assets, net book value	\$ 121,122	\$ 76,755
Amount financed by deferred capital contributions	(121,122)	(76,755)
	\$ —	\$ —

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

	2026	2025
Excess of revenues over expenses:		
Amortization of deferred capital contributions	\$ 29,341	\$ 14,157
Amortization of capital assets	(29,341)	(14,157)
	\$ —	\$ —
Net change in investment in capital assets:		
Purchase of capital assets	\$ 73,708	\$ 85,284
Amounts funded by deferred capital contributions	(73,708)	(85,284)
	\$ —	\$ —

NUCLEUS INDEPENDENT LIVING

Notes to Financial Statements (continued)

Year ended March 31, 2026

8. Pension expense:

The Organization contributes to either the Nursing Homes and Related Industries Pension Plan (“NHRIPP”) or the Healthcare of Ontario Pension Plan (“HOOPP”) depending on the employee. These contributions are recorded as an expense in the Statement of Operations. Pension expense for the year was \$282,282 (2025 - \$152,568). This amount includes \$117,140 of pension expenses under HOOPP which was introduced to employee as of January 5, 2026. The remaining expense of \$165,142 (2025 - \$152,268) includes pension expenses under the previously existing NHRIPP. The most recent actuarial valuation of HOOPP and NHRIPP plans as at December 31, 2025 indicates the plans have a 9% surplus and 0% surplus, respectively, in disclosed actuarial assets and are fully funded on a solvency basis.

9. Lease commitments:

The Organization has operating lease commitments in respect of its office premises and office equipment. The minimum annual lease payments for the next five years are as follows:

2027	\$ 268,871
2028	277,001
2029	285,133
2030	293,267
2031	293,357

10. Commitments and contingencies:

The Organization has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually and reasonably incurred by them in connection with any actions, suite or proceeding, subject to certain restrictions in which they are sued as a result of their involvement with the Organization, if they acted honestly and in good faith with a view to the best interest of the Organization. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Organization has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts and purchase contracts. In these agreements, the Organization agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Organization. The terms of these indemnities are not explicitly defined and the maximum amount of any potential liability cannot be reasonably estimated. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NUCLEUS INDEPENDENT LIVING

Notes to Financial Statements (continued)

Year ended March 31, 2026

11. Economic dependence:

Operations of the Organization depend to a large extent upon the funding that it receives from Ontario Health. Any significant reduction in this source would significantly curtail the Organization's ability to offer a complete range of programs.

12. Financial risks and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The Organization's management does not expect any financial loss on the March 31, 2026 receivable balance. There has been no change in risk exposure from fiscal 2025.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and lease commitments. The Organization's management expects to meet these obligations as they become due from the operating grants it receives from Ontario Health and other funders. There has been no change in risk exposure from fiscal 2025.

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rates will affect the Organization's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment. There has been no change to the risk exposure from fiscal 2025.

13. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.