

FINANCIAL STATEMENTS

A NEW STANDARD

Financial Statements

**PETAWAWA MILITARY FAMILY RESOURCE
CENTRE INCORPORATED**

March 31, 2026

FINANCIAL STATEMENTS - INDEX

PETAWAWA MILITARY FAMILY RESOURCE CENTRE INCORPORATED

March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
PETAWAWA MILITARY FAMILY RESOURCE CENTRE INCORPORATED

Qualified Opinion

We have audited the financial statements of **PETAWAWA MILITARY FAMILY RESOURCE CENTRE INCORPORATED** (the "Organization"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2026, and its 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 Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2026, current assets as at March 31, 2026, and net assets as at March 31, 2025 and March 31, 2026. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified opinion.

Other Matter

The financial statements for the year ended March 31, 2025 were audited by another auditor who expressed a qualified opinion on those financial statements on September 17, 2025 for reasons described in the *Basis for Qualified Opinion* section.

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 these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

Ottawa, ON
September 23, 2026


Chartered Professional Accountants
Licensed Public Accountants

STATEMENT OF FINANCIAL POSITION**PETAWAWA MILITARY FAMILY RESOURCE CENTRE INCORPORATED**As at March 31, 2026

	2026	2025
ASSETS		
CURRENT ASSETS		
Cash	\$ 4,153,774	\$ 3,188,769
Accounts receivable	71,317	101,273
Investments (Note 3)	1,501,812	1,419,186
Prepaid expenses	39,494	34,966
	5,766,397	4,744,194
TANGIBLE CAPITAL ASSETS (Note 4)	59,707	80,407
	\$ 5,826,104	\$ 4,824,601
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 51,812	\$ 113,730
Government remittances payable	22,683	29,270
Salaries and employee benefits payable	153,364	317,897
Deferred contributions (Note 5)	1,079,514	1,173,224
Contributions repayable (Note 5)	257,001	-
	1,564,374	1,634,121
NET ASSETS		
Invested in tangible capital assets	59,707	80,407
Internally restricted - Capital and contingency reserve (Note 6)	2,315,083	2,315,083
Unrestricted	1,886,940	794,990
	4,261,730	3,190,480
	\$ 5,826,104	\$ 4,824,601

Approved by the Board:



.....Chair


Elizabeth Urso

.....Vice-Chair

(See accompanying notes)

STATEMENT OF CHANGES IN NET ASSETS**PETAWAWA MILITARY FAMILY RESOURCE CENTRE INCORPORATED**For the year ended March 31, 2026

	Invested in tangible capital assets	Internally restricted - Capital and contingency reserve	Unrestricted	2026	2025
Balance, beginning of year	\$ 80,407	\$ 2,315,083	\$ 794,990	\$ 3,190,480	\$ 2,988,632
Excess of revenues over expenses	-	-	1,071,250	1,071,250	201,848
Amortization of tangible capital assets	(20,700)	-	20,700	-	-
Balance, end of year	\$ 59,707	\$ 2,315,083	\$ 1,886,940	\$ 4,261,730	\$ 3,190,480

(See accompanying notes)

STATEMENT OF OPERATIONS

PETAWAWA MILITARY FAMILY RESOURCE CENTRE INCORPORATED

For the year ended March 31, 2026

	2026	2025
Revenues		
Contributions		
County of Renfrew	\$ 3,185,408	\$ 2,689,214
Directorate of Military Family Support	1,912,801	1,846,351
Ministry of Labour, Immigration, Training and Skills Development		
- Employment services, Serco Canada Inc.	809,870	678,894
Garrison Petawawa	615,394	615,394
	6,523,473	5,829,853
Day care fees	1,115,024	1,045,666
Interest income	100,264	119,910
Donations and fundraising	43,044	34,465
United Way	10,423	5,000
Other income	2,211	2,959
	7,794,439	7,037,853
Expenses		
Salaries and employee benefits	5,362,565	5,435,632
Program expenses	848,430	893,174
Professional development and travel	174,320	112,679
Home day care expenses	166,561	179,525
Office and supplies	73,982	86,252
Professional fees	64,581	32,400
Bank charges	12,050	19,489
Amortization	20,700	76,854
	6,723,189	6,836,005
Excess of revenues over expenses	\$ 1,071,250	\$ 201,848

(See accompanying notes)

STATEMENT OF CASH FLOWS**PETAWAWA MILITARY FAMILY RESOURCE CENTRE INCORPORATED**

For the year ended March 31, 2026

	2026	2025
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 1,071,250	\$ 201,848
Non-cash item		
Amortization	20,700	76,854
	1,091,950	278,702
Net changes in non-cash working capital		
Accounts receivable	29,956	216,143
Prepaid expenses	(4,528)	6,009
Accounts payable and accrued liabilities	(61,918)	25,564
Government remittances payable	(6,587)	(1,852)
Salaries and employee benefits payable	(164,533)	69,108
Deferred contributions	(93,710)	368,859
Contributions repayable	257,001	-
	1,047,631	962,533
INVESTING ACTIVITIES		
Purchase of term deposit	(1,501,812)	(1,430,798)
Proceeds from maturity of term deposit	1,419,186	1,336,032
	(82,626)	(94,766)
INCREASE IN CASH	965,005	867,767
CASH AT BEGINNING OF YEAR	3,188,769	2,321,002
CASH AT END OF YEAR	\$ 4,153,774	\$ 3,188,769

(See accompanying notes)

NOTES TO FINANCIAL STATEMENTS

PETAWAWA MILITARY FAMILY RESOURCE CENTRE INCORPORATED

March 31, 2026

1. STATUS AND PURPOSE OF THE ORGANIZATION

The Organization is incorporated without share capital under the Ontario Corporations Act as a not-for-profit organization. The Organization's principal activities include the provision of family support services for the military community. The Organization is a registered charity under the Income Tax Act and is therefore exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization's financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

Contributions

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

Day care fees

Revenue from day care fees is recognized in the period in which the services are provided.

Net investment income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting. Interest income is recognized on a time apportionment basis.

Cash

Cash consists of cash on hand and balances with financial institutions.

Contributed services

Volunteers contribute a significant number of hours per year to assist the Organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Contributed facilities

Under its funding agreement with Garrison Petawawa, the Organization is provided with the use of certain facilities at no cost to support the delivery of its mandated programs and services. These facilities include office space, meeting rooms, community program space, and licensed childcare facilities. Because the fair value of the contributed use of these facilities cannot be reasonably determined, no amount has been recognized in the financial statements.

NOTES TO FINANCIAL STATEMENTS

PETAWAWA MILITARY FAMILY RESOURCE CENTRE INCORPORATED

March 31, 2026

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd.

Financial assets and liabilities

Initial measurement

Upon initial recognition, the Organization's financial assets and liabilities arising from arm's length transactions are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. The Organization's financial assets and liabilities from related party transactions are measured at cost.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities as follows: the term deposit is measured at fair value; cash, accounts receivable, accounts payable and accrued liabilities, salaries and employee benefits payable, government remittances payable, and repayable contributions are measured at amortized cost. Financial assets and liabilities from related party transactions are measured using the cost method (including any impairment in the case of financial assets). Changes in fair value of the term deposit are recognized in operations.

With respect to financial assets measured at amortized cost or using the cost method, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost or using the cost method is recognized in operations in the year the reversal occurs.

Tangible capital assets

Tangible capital assets acquired are recorded at cost. Contributed tangible capital assets are recorded at fair value at the contribution date plus all costs directly attributable to the acquisition of the tangible capital assets, or at a nominal value if fair value cannot be reasonably determined.

Tangible capital assets are amortized over their estimated useful lives according to the straight-line method over the following periods:

	<u>Period</u>
Furniture and fixtures	5 years
Leasehold improvements	Lease term
Computer equipment	3 years

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to its fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. Significant estimates include the estimated useful lives of tangible capital assets used in determining amortization, the determination of the allowance for doubtful accounts, and the determination of accrued liabilities. Actual results may differ from these estimates.

NOTES TO FINANCIAL STATEMENTS

PETAWAWA MILITARY FAMILY RESOURCE CENTRE INCORPORATED

March 31, 2026

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Net assets

Invested in capital assets

The net assets invested in capital assets include amounts used for the purchase of capital assets net of accumulated amortization expense.

Unrestricted net assets

The unrestricted net assets represent an operating reserve, available to support the general operation of the Organization.

Internally restricted net assets - Capital and contingency reserve

The internally restricted net assets reflect the amounts that have been formally set aside by the Organization for capital expenditures and contingencies, as approved by the Board of Directors.

3. INVESTMENTS

	2026			2025
	<u>Cost</u>	<u>Accrued Interest</u>	<u>Fair Value</u>	<u>Fair Value</u>
Term deposit, 4.7%, due July 18, 2026	\$ 1,452,122	\$ 49,690	\$ 1,501,812	\$ -
Term deposit, 4.7%, due July 18, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,419,186</u>
	<u>\$ 1,452,122</u>	<u>\$ 49,690</u>	<u>\$ 1,501,812</u>	<u>\$ 1,419,186</u>

4. TANGIBLE CAPITAL ASSETS

	2026			2025
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 243,286	\$ 212,372	\$ 30,914	\$ 46,371
Furniture and fixtures	62,220	47,507	14,713	18,391
Leasehold improvements	<u>206,481</u>	<u>192,401</u>	<u>14,080</u>	<u>15,645</u>
	<u>\$ 511,987</u>	<u>\$ 452,280</u>	<u>\$ 59,707</u>	<u>\$ 80,407</u>

NOTES TO FINANCIAL STATEMENTS

PETAWAWA MILITARY FAMILY RESOURCE CENTRE INCORPORATED

March 31, 2026

5. DEFERRED CONTRIBUTIONS

	Garrison Petawawa	County of Renfrew	Directorate of Military Family Support	Daycare fees & Ministry of Labour, Immigration, Training & Skills Development	2026	2025
Balance, beginning of year	\$ -	\$ 632,706	\$ 536,153	\$ 4,365	\$ 1,173,224	\$ 804,365
Contributions received in year	615,394	3,328,365	1,937,500	809,870	6,691,129	568,859
Day care fees received in year	-	-	-	1,110,659	1,110,659	1,045,666
Day care fees recognized as revenue	-	-	-	(1,115,024)	(1,115,024)	(1,045,666)
Contributions recognized as revenue	(615,394)	(3,185,408)	(1,912,801)	(809,870)	(6,523,473)	(200,000)
Contributions repayable	-	(175,663)	(81,338)	-	(257,001)	-
Balance, end of year	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ 479,514</u>	<u>\$ -</u>	<u>\$ 1,079,514</u>	<u>\$ 1,173,224</u>

Deferred contributions represent externally restricted funding received for specific programs and services:

- Garrison – Funding for personal and family services
- County of Renfrew – Funding for day care services
- Directorate of Military Family Support – Funding for program services
- Ministry of Labour, Immigration, Training & Skills Development - Funding for employment services

During the year, funding agencies determined that certain contributions received exceeded eligible program expenditures. As at March 31, 2026, contributions of \$257,001 were repayable to the funding agencies.

6. CAPITAL AND CONTINGENCY RESERVE

The Capital and contingency reserve is an internally restricted reserve that was established by the Board of Directors of the Organization on June 17, 2015. These net assets are reserved for capital purchases and to ensure adequate funds are available to cover costs and outstanding payables should the Organization discontinue operations.

During the year, the Organization's Board of Directors restricted \$nil (2025 - \$134,565) of unrestricted net assets by transfer to the capital and contingency reserve.

NOTES TO FINANCIAL STATEMENTS

PETAWAWA MILITARY FAMILY RESOURCE CENTRE INCORPORATED

March 31, 2026

7. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations as at March 31, 2026. The organization does not use derivative financial instruments to manage its risks. There have been no significant changes in the organization's risk exposures from the prior year.

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's maximum exposure to credit risk is the sum of the carrying value of its cash, accounts receivable, and term deposit. The organization's cash and term deposit are maintained with a Canadian chartered bank, and the Organization regularly monitors outstanding accounts receivable. Management believes the Organization's exposure to credit risk is minimal. The Organization has recorded an allowance for doubtful accounts of \$63,121 (2025 - \$63,121) in respect of accounts receivable.

Liquidity risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. Management ensures that the organization has sufficient liquid assets and resources available and closely monitors upcoming cash flow requirements to minimize liquidity risk. The liquidity risk is therefore considered not to be significant.

Market risk

Market risk is the risk that the fair value or future cash flows related to a financial instrument will fluctuate because of changes in underlying market factors, namely interest rate risk, currency risk, and other price risk from fluctuations in equity prices and market volatility.

i) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization's term deposit bears interest at a fixed rate. As a result, the organization is exposed to fair value interest rate risk; however, management considers the exposure to be minimal.

ii) *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization operates entirely in Canadian dollars and is therefore not exposed to currency risk.

iii) *Other price risk*

Other price risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices, other than those arising from currency risk or interest rate risk. Management considers the Organization's exposure to other price risk to be minimal.

NOTES TO FINANCIAL STATEMENTS

PETAWAWA MILITARY FAMILY RESOURCE CENTRE INCORPORATED

March 31, 2026

8. RELATED PARTY TRANSACTIONS

During the year, the Organization earned day care fee revenue of \$2,489 (2025 - \$1,452) from members of the Board of Directors. These transactions were concluded in the normal course of operations and are measured at the exchange amount.

9. COMMITMENTS

The Organization has entered into two long-term lease agreements for the rental of buildings which expire in August 2026 and August 2033. Minimum lease payments for the next five years are: \$44,215 in 2027, and \$26,400 for the fiscal years 2028 to 2031.

10. COMPARATIVE FIGURES

Certain figures for the year ended March 31, 2025, presented for comparative purposes, have been reclassified in order to conform with the current year's financial statement presentation.