

Financial Statements of

KARIS DISABILITY SERVICES

And Independent Auditor's Report thereon

Year ended March 31, 2025



KPMG LLP
120 Victoria Street South
Suite 600
Kitchener, ON N2G 0E1
Canada
Telephone 519 747 8800
Fax 519 747 8811

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Karis Disability Services

Opinion

We have audited the financial statements of Karis Disability Services (the Organization), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations and changes in fund balances 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, 2025, and its results of operations, its changes in fund balances 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.



Emphasis of Matter – Restatement of Financial Statements

We draw attention to Note 13 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2024 has been restated. Note 13 explains the reason for the restatement.

Our opinion is not modified in respect to this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended March 31, 2025, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended March 31, 2024. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.



Page 3

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's 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, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 24, 2025

KARIS DISABILITY SERVICES

Statement of Financial Position

March 31, 2025, with comparative information for 2024

	Government			2025	2024
	Operating	Capital	Restricted	Total	Total
					(Restated, note 13)
Assets					
Current assets:					
Cash	\$ 16,297,597	\$ 813,274	\$ 469,703	\$ 17,580,574	\$ 12,048,855
Investments (note 2)	6,284,865	—	905,755	7,190,620	6,933,502
Accounts receivable	3,500,233	—	—	3,500,233	3,336,942
Prepaid expenses	156,832	—	—	156,832	361,488
	26,239,527	813,274	1,375,458	28,428,259	22,680,787
Capital assets (notes 3 and 4)	—	38,290,688	—	38,290,688	38,801,210
	\$ 26,239,527	\$ 39,103,962	\$ 1,375,458	\$ 66,718,947	\$ 61,481,997
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities (note 5)	\$ 20,011,789	\$ —	\$ —	\$ 20,011,789	\$ 16,153,891
Subsidies payable	1,003,031	—	—	1,003,031	584,738
Interfund payable (receivable)	708,157	(52,329)	(655,828)	—	—
Deferred revenue (note 6)	1,514,011	—	—	1,514,011	696,991
Current portion of long-term debt (note 7)	—	362,967	—	362,967	2,226,213
	23,236,988	310,638	(655,828)	22,891,798	19,661,833
Long-term debt (note 7)	—	3,082,538	—	3,082,538	1,474,789
	23,236,988	3,393,176	(655,828)	25,974,336	21,136,622
Fund balances	3,002,539	35,710,786	2,031,286	40,744,611	40,345,375
Commitments and contingencies (note 9)					
	\$ 26,239,527	\$ 39,103,962	\$ 1,375,458	\$ 66,718,947	\$ 61,481,997

See accompanying notes to financial statements.

Approved on Behalf of the Board

 Director

 Director

KARIS DISABILITY SERVICES

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2025, with comparative information for 2024

	Government			2025	2024
	Operating	Capital	Restricted	Total	Total
					(Restated, note 13)
Revenue:					
Provincial subsidy	\$ 202,840,811	\$ —	\$ —	\$202,840,811	\$ 192,820,303
Residents	13,900,975	—	—	13,900,975	12,974,551
Third party funding	8,632,619	—	—	8,632,619	8,122,110
Miscellaneous revenue	1,159,172	609,331	39,863	1,808,366	2,269,695
Transfers	(5,601,810)	5,530,248	71,562	—	—
	220,931,767	6,139,579	111,425	227,182,771	216,186,659
Expenses:					
Salaries	151,534,786	—	—	151,534,786	145,376,169
Benefits	27,787,470	—	—	27,787,470	27,483,813
Purchased services	9,354,754	—	3,599	9,358,353	8,601,386
Premises rental	6,596,052	—	—	6,596,052	6,127,114
Amortization	—	6,125,565	—	6,125,565	5,924,214
Repairs and maintenance	4,465,722	—	12,161	4,477,883	3,800,863
Supplies and miscellaneous	3,795,309	—	4,014	3,799,323	3,304,594
Food	3,375,637	—	—	3,375,637	3,284,725
Utilities and taxes	3,344,426	—	—	3,344,426	3,372,276
Personal needs	2,868,061	—	—	2,868,061	2,466,842
Vehicles	2,328,271	—	—	2,328,271	2,403,903
Management fee	2,111,728	—	—	2,111,728	1,898,505
Insurance	1,891,669	—	—	1,891,669	1,775,015
Travel	1,477,882	—	—	1,477,882	1,118,723
Interest on long-term debt	—	130,747	—	130,747	150,135
Loss on disposal of capital assets	—	70,115	—	70,115	1,928
Recovery from Karis Community Initiatives (note 11(a))	—	—	—	—	(287,791)
	220,931,767	6,326,427	19,774	227,277,968	216,802,414
Excess (deficiency) of revenue over expenses before the undernoted	—	(186,848)	91,651	(95,197)	(615,755)
Write-down of capital assets (note 3)	—	—	—	—	(105,845)
Change in fair value of investments	494,433	—	—	494,433	521,747
Excess (deficiency) of revenue over expenses	494,433	(186,848)	91,651	399,236	(199,853)
Fund balances, beginning of year, as previously reported	2,508,106	22,110,065	1,939,635	26,557,806	26,999,891
Restatement (note 13)	—	13,787,569	—	13,787,569	13,545,337
Fund balance, beginning of year, as restated	2,508,106	35,897,634	1,939,635	40,345,375	40,545,228
Fund balances, end of year	\$ 3,002,539	\$ 35,710,786	\$ 2,031,286	\$ 40,744,611	\$ 40,345,375

See accompanying notes to financial statements.

KARIS DISABILITY SERVICES

Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
		(Restated, note 13)
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 399,236	\$ (199,853)
Items not involving cash:		
Change in fair value of investments	(494,433)	(521,747)
Amortization of capital assets	6,125,565	5,924,214
Write-down of capital assets	—	105,845
Loss on disposal of capital assets	70,115	1,928
Change in non-cash operating working capital (note 10)	5,134,576	726,245
	11,235,059	6,036,632
Financing:		
Repayment of long-term debt	(2,149,955)	(981,176)
Advance of long-term debt	1,894,458	—
	(255,497)	(981,176)
Investments:		
Purchase of capital assets	(5,689,348)	(4,266,109)
Proceeds on disposal of capital assets	816,318	—
Ministry recovery of capital asset disposal proceeds	(812,128)	—
Purchase of investments	(1,449,649)	(1,617,420)
Sale of investments	1,686,964	1,365,642
	(5,447,843)	(4,517,887)
Increase in cash	5,531,719	537,569
Cash, beginning of year	12,048,855	11,511,286
Cash, end of year	\$ 17,580,574	\$ 12,048,855

See accompanying notes to financial statements.

KARIS DISABILITY SERVICES

Notes to Financial Statements

Year ended March 31, 2025

Karis Disability Services (the "Organization") is a non-profit faith-based charitable organization founded in 1965. The Organization works with people who experience disabilities through residential and ancillary programs which are funded primarily through contracts with provincial governments. The Organization is incorporated under the Ontario Not-for-Profit Corporations Act, 2010 as a non-profit organization without share capital. The Organization is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

1. Significant accounting policies:

These financial statements are prepared in accordance with the Chartered Professional Accountants of Canada Handbook Part III - Canadian accounting standards for not-for-profit organizations. The Organization's significant accounting policies are as follows:

(a) Fund accounting:

The Organization follows the restricted fund method of accounting for contributions using the following funds:

The government operating fund represents funds received under contractual arrangements with the Province of Ontario and the Province of Saskatchewan for the purpose of supporting people who experience disabilities.

The government capital fund reflects the assets, liabilities, revenue and expenses related to the capital assets acquired under capital contracts or other receipts from the Province of Ontario and the Province of Saskatchewan.

The restricted fund represents the assets, liabilities, revenue and expenses related to both internally and externally restricted activities.

(b) Revenue recognition:

Provincial subsidy is recognized as revenue of the appropriate fund as costs are incurred. Any surplus is recorded as subsidy payable on the statement of financial position, or as an excess of revenue over expenses and transferred to the restricted fund. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. Funds related to capital purchases are transferred from the operating fund and recognized in the capital fund.

Restricted contributions such as third-party revenue are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred.

Unrestricted contributions such as resident and miscellaneous revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured and when the services are provided or the events have taken place.

KARIS DISABILITY SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2025

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. 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	Rate
Buildings	5%
Vehicles, furniture and equipment	20%
Building and leasehold improvements	10%

(d) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(e) Measurement uncertainty:

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 dates 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, accounts payable and accrued liabilities and valuation allowances for receivables. Actual results could differ from those estimates.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost. Equity instruments that are quoted in an active market are subsequently measured 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.

KARIS DISABILITY SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2025

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

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.

(g) Cloud computing arrangements:

On April 1, 2024, the Organization adopted AcG-20, Customer's accounting for cloud computing arrangements ("AcG-20"). In accordance with AcG-20, the Organization has elected to apply the simplification approach in accounting for its expenditures in a cloud computing arrangement.

The Organization recognizes the expenditures in the cloud computing arrangements as a supply of services. As such, the Organization recognizes the costs related to the elements in the arrangement as an expense as incurred.

Included in purchased services is \$1,569,637 (2024 - \$1,063,366) of software licensing and subscription costs.

2. Investments:

	2025	2024
Fixed income	\$ 1,554,715	\$ 1,669,307
Equities - Canada	2,378,145	2,106,999
Equities - US	1,140,284	1,097,341
Equities - Global	714,535	661,034
Preferred shares	644,415	656,921
Other investments	758,526	741,900
	<u>\$ 7,190,620</u>	<u>\$ 6,933,502</u>

Fixed income investments have interest rates ranging from 1.51% to 5.59% (2024 - 1.51% to 4.6%) and maturity dates ranging from August 14, 2025 to December 10, 2031 (2024 - April 18, 2024 to November 13, 2031).

KARIS DISABILITY SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2025

3. Capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
				(Restated, note 13)
Land	\$ 15,412,624	\$ —	\$ 15,412,624	\$ 15,461,624
Buildings	53,564,016	46,732,049	6,831,967	8,094,497
Furniture, equipment and vehicles	10,647,537	8,337,171	2,310,366	1,607,130
Building and lease improvements	35,075,032	21,339,301	13,735,731	13,637,959
	\$ 114,699,209	\$ 76,408,521	\$ 38,290,688	\$ 38,801,210

In 2024, the Organization wrote down \$105,845 of capital assets which relates to the discontinued North Bay Affordable Housing Project.

4. Asset restrictions:

By virtue of the agreements under which provincial funding is received, the Organization cannot alter or dispose of property acquired entirely or partially with provincial funds without approval from the appropriate Provincial Ministry. On the disposal of property, a portion of the provincial funding used to acquire the property may be repayable. For the Province of Ontario, no approval is required where the asset is moveable and has a residual value of less than \$5,000.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$1,842,755 (2024 - \$3,368,834) which consist primarily of payroll-related taxes.

6. Deferred revenue:

Deferred revenue related to expenses of future periods represents unspent externally restricted grants and specific program funding.

	2025	2024
Deferred revenue, beginning of year	\$ 696,991	\$ 755,161
Contributions received	1,072,914	220,565
Revenue recognized in statement of operations	(105,455)	(278,735)
Recovered by Province of Saskatchewan	(150,439)	—
Deferred revenue, end of year	\$ 1,514,011	\$ 696,991

KARIS DISABILITY SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2025

7. Long-term debt:

	2025	2024
Secured by restricted assets (note 4)		
Funded by Provincial Ministries:		
Banking facility:		
2.72% term loan, secured by land and buildings, repayable in monthly payments of \$9,001, including principal and interest, due on May 15, 2024	\$ —	\$ 1,620,024
2.60% term loan secured by land and buildings, repayable in monthly payments of \$4,272, including principal and interest, due on March 31, 2024	—	171,591
4.72% mortgage on land and building, repayable in monthly payments of \$1,741, including principal and interest, due on June 1, 2024.	—	5,182
0.82%, mortgage on land and building, repayable in monthly payments of \$807, including principal and interest, due on September 1, 2024	—	4,833
2.22% mortgage on land and building, repayable in monthly payments of \$2,764, including principal and interest, due on September 1, 2024	—	16,478
1.83%, mortgage on land and building, repayable in monthly payments of \$732, including principal and interest, due on March 1, 2025	—	8,693
4.98% mortgage, repayable in monthly payments of \$1,309, including principal and interest, due on December 1, 2024, Essex III	—	11,543
2.22% mortgage, repayable in monthly payments of \$2,115, including principal and interest, due on September 1, 2024, Hamilton II & IV	—	108,639
6.058% mortgage, repayable in monthly payments of \$2,280, including principal and interest, due on September 1, 2028, Hamilton II & IV	86,185	—
2.15% mortgage, repayable in monthly payments of \$1,515, including principal and interest, due on February 1, 2026, York II	16,481	34,097
2.15% mortgage, repayable in monthly payments of \$1,563, including principal and interest, due February 1, 2026, Simcoe V	17,005	35,180
1.40% mortgage, repayable in monthly payments of \$1,301, including principal and interest, due March 1, 2026, Simcoe VI	15,496	30,779
Balance forward	135,167	2,047,039

KARIS DISABILITY SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2025

7. Long-term debt (continued):

	2025	2024
Balance forward	\$ 135,167	\$ 2,047,039
Other lenders:		
1.40% mortgage, repayable in monthly payments of \$2,050, including principal and interest, due on March 1, 2026, Toronto VIII	28,452	52,474
1.628% mortgage, repayable in monthly payments of \$1,324 including principal and interest, due on April 1, 2026, Ottawa VI.	47,724	62,697
2.75% mortgage, repayable in monthly payments of \$1,681, including principal and interest, due on April 1, 2027, Oxford II	112,970	129,809
4.61% mortgage, repayable in monthly payments of \$3,474, including principal and interest, due on May 1, 2029, Durham IX	228,895	259,169
4.61% mortgage, repayable in monthly payments of \$2,180, including principal and interest, due on May 1, 2029, Cobourg III	143,690	162,699
4.61% mortgage, repayable in monthly payments of \$2,575, including principal and interest, due on May 1, 2029, Peterborough VI	177,328	199,425
4.61% mortgage, repayable in monthly payments of \$2,692, including principal and interest, due on May 1, 2029, Peterborough VII	177,389	200,855
4.61% mortgage, repayable in monthly payments of \$6,804, including principal and interest, due on May 1, 2029, Durham VII & VIII	463,457	522,047
2.42% mortgage, repayable in monthly payments of \$1,773, including principal and interest, due on May 1, 2025, Peterborough V	44,859	64,788
Related party lender:		
Demand loan, bearing interest at 6%, repayable in monthly payments of \$11,677, including principal and interest, due October 30, 2029	1,885,574	—
Total	3,445,505	3,701,002
Less current portion of long-term debt	362,967	2,226,213
Long-term debt	\$ 3,082,538	\$ 1,474,789

KARIS DISABILITY SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2025

7. Long-term debt (continued):

The above mortgages are secured by the respective land and building, chattel mortgages and an assignment of fire insurance. The value of capital assets secured by land and buildings has a net book value of \$3,960,200 (2024 - \$4,345,120).

The aggregate amount of principal payments for long-term debt are as follows:

2026	\$ 362,967
2027	2,105,670
2028	280,712
2029	198,823
2030	497,333
	\$ 3,445,505

During the year, the Organization obtained a loan from Karis Community Initiatives. The loan is available for up to \$2,000,000 of which \$1,894,458 was advanced on December 2, 2024. The loan is secured with a first ranking security on three properties held by the Organization in Saskatchewan and a second ranking security ranking security on one property in Saskatchewan.

Karis Community Initiatives has agreed that it will not demand payment the remaining balance of the loan, prior to April 1, 2026, therefore the loan payable of \$1,885,574, has been classified as a long-term liability.

8. Credit facility:

The Organization has available an aggregate borrowing facility of \$10,000,000 which includes a \$4,000,000 operating demand facility, a \$250,000 revolving demand facility for letters of guarantee and \$250,000 revolving lease line of credit. This facility is secured by a general security agreement, and a first charge over real property and bears interest at bank prime plus up to 1.00%. Fees for letters of guarantee are provided on a transaction-by-transaction basis.

As at March 31, 2025, \$nil (2024 - \$nil) is drawn against the operating demand facility. At year end \$10,000,000 (2024 - \$8,379,975) under the aggregate borrowing facility is available for use.

As part of the Karis Disability Services Foundation (KDSF) purchase of 20 & 26 Peppler St., Waterloo (leased head office of Karis Disability Services), the Organization provided a guarantee of \$6,500,000 to KDSF's lender for the properties commencing March 31, 2019. The guarantee remains until the mortgage is fully repaid. In the event the KDSF defaults on payments of the mortgage the Organization would be required to pay the guarantee if there is a deficiency between the mortgage less any proceeds of sale of the property.

KARIS DISABILITY SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2025

9. Commitments and contingencies:

(a) Operating lease commitments:

The Organization is obligated under various contracts for the rental of vehicles, facilities and cloud computing arrangements. The annual commitments under these contracts for the next five years are as follows:

2026	\$ 3,817,979
2027	3,284,083
2028	2,353,795
2029	1,428,753
2030	744,064
	\$ 11,628,674

(b) Contingencies:

The nature of the Organization's activities is such that there may be litigation pending or in process at any time. With respect to claims at March 31, 2025, management believes that the Organization has valid defenses and appropriate insurance coverage in place. In the event claims are successful, management believes that such claims are not expected to have a material effect on the Organization's financial position.

10. Change in non-cash operating working capital:

The change in non-cash operating working capital items is comprised of the following:

	2025	2024
Decrease (increase) in current assets:		
Accounts receivable	\$ (163,291)	\$ 244,293
Prepaid expenses	204,656	1,084,090
	41,365	1,328,383
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	3,857,898	(196,901)
Subsidies payable	418,293	(347,067)
Deferred revenue	817,020	(58,170)
	5,093,211	(602,138)
	\$ 5,134,576	\$ 726,245

KARIS DISABILITY SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2025

11. Related party transactions:

(a) Karis Community Initiatives:

Karis Community Initiatives is an independent organization that works with people who experience disabilities through residential and ancillary programs. Karis Community Initiatives is incorporated under the laws of the Canada Not-for-Profit Corporation Act as a non-profit organization without share capital, is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

Karis Community Initiatives and the Organization are related parties as the Board of Directors of Karis Community Initiatives is also the Board of Directors of the Organization.

The following transactions occurred in the year ended March 31:

	2025	2024
Management fee paid to Karis Community Initiatives	\$ 2,111,728	\$ 1,898,505
Program costs charged to Karis Community Initiatives	—	287,791
Payment on properties held by Karis Community Initiatives	96,613	96,613
Loan advanced from Karis Community Initiatives	1,894,458	—
Loan principal and interest payments to Karis Community Initiatives	46,707	—

(b) Karis Global Partnerships:

Karis Global Partnerships is an independent organization that seeks to respond to the needs of children and adults at risk throughout the world. Karis Global Partnerships is incorporated under the laws of Canada as a Non-Profit Organization without share capital. Karis Global Partnerships is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

Karis Global Partnerships and the Organization are related parties as the Board of Directors of Karis Global Partnerships is also the Board of Directors of the Organization.

The following transactions occurred in the year ended March 31:

	2025	2024
Shared services paid by Karis Global Partnerships	\$ 15,112	\$ 49,500

(c) Karis Disability Services Foundation:

Karis Disability Services Foundation is an independent organization that provides funding to support individuals with developmental disabilities, through the Karis Group of charities, including Karis Disability Services. Karis Disability Services Foundation is incorporated under the laws of Canada as a public charitable foundation. Karis Disability Services Foundation is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

The Organization and Karis Disability Services Foundation are related parties due to common Board members and Officers.

KARIS DISABILITY SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2025

11. Related party transactions (continued):

- (c) Karis Disability Services Foundation (continued):

The following transactions occurred in the year ended March 31:

	2025	2024
Property rental fees paid to Karis Disability Services Foundation	\$ 759,225	\$ 739,344

12. Financial risks:

- (a) Market risk:

Market price risk is the risk that a value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Organization believes that it is not exposed to significant market risk arising from its financial instruments due to mix of investment types designed to achieve optimal return with reasonable risk tolerances.

- (b) Interest rate risk:

The Organization manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policy approved by the Board of Directors.

The Organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Organization to a fair value risk while the floating-rate instruments subject it to a cash flow risk. Further details about the fixed rate investments are included in note 2 and the long-term debt are included in note 7.

- (c) Liquidity risk:

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its long-term debt. This risk is reduced because of the investments held.

- (d) Credit risk:

The Organization does not have a significant exposure to any individual customer or counterparty other than the Province of Ontario and the Province of Saskatchewan. No allowance for impairment of receivables has been recorded at March 31, 2025 and 2024.

The Organization is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Organization purchases investments in U.S. and foreign currency dollars. The Organization does not currently enter into forward contracts to mitigate this risk.

KARIS DISABILITY SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2025

13. Restatement:

(a) Restatement:

The Organization changed its accounting policy from expensing minor capital to capitalization and amortization of the costs in order to comply with Canadian accounting standards for not-for-profit organizations. The change in accounting policy is applied on a retrospective basis.

(b) Change in comparative information:

The financial statements have been reclassified where applicable, to conform to the presentation used in the current year in the statement of operations for purchased services, vehicles, supplies and miscellaneous. These changes do not affect the prior year deficiency of revenue over expenses

The Organization made adjustments to the comparative information for 2024 as follows:

	March 31, 2024, as previously reported	Restatement	Change in comparative information	March 31, 2024 as restated
Financial Position:				
Capital assets	\$ 25,013,640	\$ 13,787,569	\$ —	\$ 38,801,209
Fund balance, beginning of the year	26,999,891	13,545,337	—	40,545,228
Fund balance, end of the year	26,557,806	13,787,569	—	40,345,375
Statement of Operations:				
Purchased services	8,019,171	—	582,215	8,601,386
Repairs and maintenance	6,845,183	(3,044,320)	—	3,800,863
Furniture and equipment	2,280,740	(924,402)	(1,356,338)	—
Vehicles	2,016,908	—	386,995	2,403,903
Supplies and miscellaneous	1,948,256	—	1,356,338	3,304,594
Training	582,215	—	(582,215)	—
Rent - other	386,995	—	(386,995)	—
Amortization	2,197,724	3,726,490	—	5,924,214
Deficiency of revenue over expenses	(442,085)	242,232	—	(199,853)
Statement of Cashflows:				
Deficiency of revenue over expenses	(442,085)	242,232	—	(199,853)
Amortization of capital assets	2,197,724	3,726,490	—	5,924,214
Addition to capital assets	(297,387)	(3,968,722)	—	(4,266,109)