

Leamington Mennonite Home and Apartments

**Financial Statements
Consolidated
December 31, 2025**

INDEPENDENT AUDITOR'S REPORT

**To the Directors and Members
Leamington Mennonite Home and Apartments**

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Leamington Mennonite Home and Apartments, which comprise:

- the consolidated statement of financial position, as at December 31, 2025
- the consolidated statement of operations for the year then ended,
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of funded reserves for the year then ended
- the consolidated statement of cash flow for the year then ended
- and notes to the consolidated financial statements, including a summary of accounting policies

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

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Leamington Mennonite Home and Apartments as at December 31, 2025, and its results of consolidated operations and its consolidated 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 charitable organizations, Leamington Mennonite Home and Apartments derives revenue from fundraising, donations and various activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of Leamington Mennonite Home and Apartments and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2025 and 2024, current assets as at December 31, 2025 and 2024 and net assets as at January 1 and December 31 for both the 2025 and 2024 years.

Our audit opinion on the consolidated financial statements for the years ended December 31, 2025 and December 31, 2024 were 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 Consolidated Financial Statements* section of our report. We are independent of Leamington Mennonite Home and Apartments in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the consolidated financial statement and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Leamington Mennonite Home and Apartments' 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 Leamington Mennonite Home and Apartments or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Leamington Mennonite Home and Apartments' financial reporting process. When individuals responsible for the oversight of the financial reporting process are the same as those responsible for the preparation of the financial statements, no reference to oversight responsibilities is required.

Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 consolidated 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 Leamington Mennonite Home and Apartments' 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 Leamington Mennonite Home and Apartments' 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 consolidated 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 Leamington Mennonite Home and Apartments to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

**HICKS, MacPHERSON, IATONNA
& DRIEDGER LLP**

*Hicks, MacPherson, Iatonna
& Driedger LLP*

Chartered Professional Accountants
Licensed Public Accountants

Leamington, Ontario
May 4, 2026

Leamington Mennonite Home and Apartments

Consolidated Statement of Financial Position as at December 31

	2025	2024
Assets		
Current		
Cash and cash equivalents (note 1)	\$ 535,211	\$ 1,116,397
Trust funds on deposit	6,165	5,432
Accounts receivable	488,599	831,251
Inventory (note 1)	70,848	72,525
Prepaid expenses	129,681	110,416
	1,230,504	2,136,021
Restricted Cash and Deposits		
Designated replacement reserves (note 1 and 2)	2,187,737	1,980,182
Property, Plant and Equipment (note 1 and 3)	7,240,796	6,888,225
	\$ 10,659,037	\$ 11,004,428
Liabilities		
Current		
Due to replacement reserves	\$ 137,871	\$ 262,219
Accounts payable and accrued liabilities	309,289	818,533
Government remittances payable	139,269	125,610
Deferred revenue (note 5)	215,427	88,462
Due to Ministry of Health	179,063	713,665
Deferred funding (note 11)	13,200	89,264
Trust funds on deposit	6,165	5,432
	1,000,284	2,103,185
Deferred Medical/Diagnostic Grants (note 4)	523,142	370,856
	1,523,426	2,474,041
Net Assets		
Net assets invested in property, plant and equipment	6,704,454	6,428,107
Designated replacement reserves (note 1 and 2)	2,187,737	1,980,182
General surplus	243,420	122,098
	9,135,611	8,530,387
	\$ 10,659,037	\$ 11,004,428

See accompanying notes to financial statements

On Behalf of the Board of Management

_____ Director

_____ Director

Leamington Mennonite Home and Apartments

Consolidated Statement of Operations for the years ended December 31

	2025	2024
Revenue		
Ministry of Health and Long Term Care	\$ 5,852,024	\$ 5,352,012
Ministry of Health and Long Term Care construction subsidy (note 1)	47,672	318,197
Residents' fees	3,874,061	3,785,867
Rent and maintenance fees	1,288,869	1,229,982
Donations, bequests	159,800	83,281
Governing Mennonite church contributions	11,536	70,350
Healthy Communities Initiative funding	-	1,000
Fundraising revenue	222,006	220,634
Amortization of deferred grants (note 4)	69,825	47,614
Investment income	23,349	15,691
Life lease units	4,280,000	2,020,000
Emergency response and congregate dining funding - MOH	427,492	442,335
Donation in kind	150	5,106
George C. Hunt Family Foundation grant	-	138,647
Other income	2,969,339	3,031,355
	19,226,123	16,762,071
Expenses		
Resident care	11,826,101	10,878,848
Facility overhead	2,337,011	2,394,795
Life lease units	3,882,288	1,853,288
Long-term interest	898	11,855
Miscellaneous	73,497	56,609
	18,119,795	15,195,395
Excess Revenue Over Expenses Before Amortization	1,106,328	1,566,676
Amortization	397,540	394,737
Ministry of Health - funding adjustment	103,564	834,419
	605,224	337,520
Excess of Revenue Over Expenses	\$ 605,224	\$ 337,520

Consolidated Statement of Changes in Net Assets for the years ended December 31

	Invested in Property, Plant & Equipment	Designated Replacement Reserves	General Surplus	Total 2025	Total 2024
Net Assets					
Balance, beginning of year	\$ 6,428,107	\$ 1,980,182	\$ 122,098	\$ 8,530,387	\$ 8,192,867
Excess revenue over expenses (expenses over revenue)	(214,451)	(439,775)	1,259,450	605,224	337,520
Invest in property, plant and equipment	490,798	(108,912)	(381,886)	-	-
Internal transfers	-	756,242	(756,242)	-	-
	\$ 6,704,454	\$ 2,187,737	\$ 243,420	\$ 9,135,611	\$ 8,530,387

See accompanying notes to financial statements

Leamington Mennonite Home and Apartments

Consolidated Statement of Funded Reserves for the years ended December 31

	2025	2024
Designated Facility Reserves		
Balance, beginning of year	\$ 1,980,182	\$ 1,686,400
Interest and other income	23,349	15,690
Difference on sale and repurchase	397,712	166,712
Facility equipment renewals	(155,944)	(244,455)
Transfer to Property, Plant and Equipment	(108,912)	(10,064)
	2,136,387	1,614,283
Due (to) from General	51,350	365,899
Balance, End of Year	\$ 2,187,737	\$ 1,980,182

See accompanying notes to financial statements

Leamington Mennonite Home and Apartments

Consolidated Statement of Cash Flow for the years ended December 31

	2025	2024
Cash flow from operating activities		
Cash receipts from ministry, residents, etc.	\$ 18,944,078	\$ 16,642,093
Cash paid to suppliers, employees, etc.	(18,735,484)	(15,809,230)
Ministry of Health construction subsidy received	47,672	318,197
Interest received	23,349	15,691
Interest paid	(898)	(11,855)
	278,717	1,154,896
Cash flow from investing activities		
Acquisition of property, plant and equipment	(750,111)	(455,194)
Transfers to (from) reserve funds facility equipment revenues	(124,348)	136,494
Grants received for property, plant and equipment	222,111	207,758
	(652,348)	(110,942)
Cash flow from financing activities		
Principal payments on long-term debt	-	(385,682)
Net Change in Cash and Cash Equivalents for Year	(373,631)	658,272
Cash and Cash Equivalents, Beginning of Year	3,096,579	2,438,307
Cash and Cash Equivalents, End of Year	\$ 2,722,948	\$ 3,096,579
Cash and Cash Equivalents is comprised of:		
Cash and Cash Equivalents	\$ 535,211	\$ 1,116,397
Cash designated replacement reserves	2,187,737	1,980,182
	\$ 2,722,948	\$ 3,096,579

During the year donations in kind of \$150 (2024 - \$5,106) were obtained and used in fundraising activities.

See accompanying notes to financial statements

Leamington Mennonite Home and Apartments

Notes to the Consolidated Financial Statements for the year ended December 31, 2025

Nature of the Organization

Leamington Mennonite Home and Apartments is a not-for-profit charitable organization incorporated without share capital under the laws of the province of Ontario and is a registered charity under the Income Tax Act.

The organization owns and operates a long term care home, a retirement residence, residential apartment buildings and life lease residential units providing a wide range of care to the elderly.

These financial statements represent the consolidated financial position and results of operations for the following funds:

- Long Term Care Home
- Gardens Apartments
- Retirement Residence
- Capital Fund - Long Term Care Home
- Pickwick Apartments
- Townhouses
- Homeview Apartments

1. Summary of Accounting Policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and include the following accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations (ASNFPO) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant items subject to such estimates and assumptions include the carrying value of property, plant and equipment, the valuation of accounts receivable, deferred revenue, inventory and accounts payable and accrued liabilities. Although these estimates are based on management's best knowledge of current events and actions that the organization may undertake in the future, actual results could differ from the estimates.

Revenue Recognition

The organization follows the restricted fund method of accounting. The organization recognizes residents' fees and rent and maintenance fees when the earnings process is complete, evidenced by an agreement between the organization and the resident and by the resident having occupied the unit. The organization receives a substantial portion of its funding from the Ministry of Health (Long Term Care Division). These financial statements reflect agreed funding arrangements approved by the Ministry with respect to the year ending December 31, 2025. The organization completed construction in 2005 of a new 84 bed facility, and as per the agreement with Ministry of Health (Long Term Care Division), the organization is to receive \$869 (2024 - \$869) per day for the next 20 years which ended in February 2025.

Leamington Mennonite Home and Apartments

Notes to the Consolidated Financial Statements for the year ended December 31, 2025

1. Summary of Accounting Policies (Cont'd)

Revenue Recognition (Cont'd)

Fundraising and donations, and grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. The organization recognizes sale of units at the time of title transfer. Other income is recognized as it is earned and collection is reasonably assured. Emergency response and congregate dining funding - MOH and other funding is recognized in the period agreed to in the funding arrangements. Deferred revenue is the portion of revenue that has been received that relates to a future period. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services are performed.

Designated Replacement Reserve

The organization sets aside funds received from donations, fundraising activities, as well as net revenues earned from the rest home care beds and a portion of preferred accommodation revenue that, consistent with CMHC: Ministry of Health guidelines, they retain. In keeping with their mandate, the Board of Management requires these funds be set aside for future facility equipment replacements and other capital requirements as they may approve. The balance consists of cash and short term Guaranteed Investment Certificates, with all interest earned added directly to this fund.

Donated Services

The work of the organization benefits from the voluntary service of many individuals. Where these services are not normally purchased by the organization and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost and amortized on a straight-line basis over their estimated useful lives.

Building	20, 40 years
Equipment	5, 10 years

Inventory

Inventories including food and supplies are valued at lower of cost or net realizable value. Net realizable value is the market price of the inventory. Cost is determined on a first-in first-out basis.

Leamington Mennonite Home and Apartments

Notes to the Consolidated Financial Statements for the year ended December 31, 2025

1. Summary of Accounting Policies (Cont'd)

Financial Instruments

Measurement of Financial Instruments

The organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, trust funds on deposit, accounts receivable and designated replacement reserves.

Financial assets measured at fair value include cash equivalents and the GIC's included in designated replacement reserves.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to replacement reserves, government remittances payable, due to Ministry of Health and trust funds on deposit.

Transaction Costs

The organization recognizes its transaction costs in the net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. At the present time there are no indications of impairment.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances and short term guaranteed investment certificates with interest rates of 2.4% - 3.3% and maturity dates of March and October 2026.

Leamington Mennonite Home and Apartments

Notes to the Consolidated Financial Statements for the year ended December 31, 2025

2. Designated Replacement Reserves

Reserve funds are represented by cash and cash equivalents of \$996,158 (2024 - \$703,544) and amounts in the general accounts of \$1,191,578 (2024 - \$1,276,637). During the year, funds from the reserve were moved into short term Guaranteed Investment Certificates with interest rates from 2.4% - 3.3% and maturity dates of March and October 2026.

	2025	2024
Pickwick Apartments	\$ 152,287	\$ 95,117
Homeview Apartments	1,262	23,285
Townhouses	533,243	403,622
Gardens Apartments	309,365	181,521
Capital Fund - Long Term Care Home	856,274	880,459
Capital Fund - Lifeline	15,379	15,378
Retirement Residence	319,927	380,800
	\$ 2,187,737	\$ 1,980,182

3. Property, Plant and Equipment

	Cost	Accum. Amort.	2025 Net	2024 Net
Land	\$ 253,748	\$ -	\$ 253,748	\$ 253,748
Building	13,900,708	8,022,438	5,878,270	5,810,326
Equipment	2,415,405	1,486,659	928,746	753,031
Construction in Progress	180,032	-	180,032	71,120
	\$ 16,749,893	\$ 9,509,097	\$ 7,240,796	\$ 6,888,225

Construction in Progress consists of planning costs incurred related to future apartment renovations. When renovations are complete and apartments are available for use, the assets will be amortized.

4. Deferred Medical/Diagnostic Grants

Ministry of Health grants for special medical/diagnostic supplies are deferred and credited to income at the same rate as the related asset is being amortized.

5. Deferred Revenue

Included in deferred revenue are memorial donations received that were not for a specific purpose. These funds were allocated to the Retirement Residence Rebuild Fund per board approval, in the amount of \$124,395 (2024 - \$36,481). These amounts will be deferred and recognized as revenue as project costs are incurred.

Leamington Mennonite Home and Apartments

Notes to the Consolidated Financial Statements for the year ended December 31, 2025

6. Interfund Transfers

During the year, the organization made transfers between funds to allocate resources in accordance with board-approved budgets and strategic priorities. These transfers were authorized by the Board of Directors and reflect the funding of capital expenditures, the support of operating activities and the movement of resources in accordance with donor restrictions or board designations.

All interfund transfers were conducted in accordance with the Organization's policies and applicable restrictions and carry no repayment terms. These transfers are reflected in the Statement of Changes in Net Assets.

7. Financial Instruments

Risks and Concentrations

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the organization's risk exposure at the financial position date.

Liquidity Risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, government remittances payable and due to Ministry of Health. The organization manages its liquidity risk by constantly monitoring cash flows and financial liability maturities, and by holding assets that can be readily converted into cash. Management believes the organization has sufficient funds to meet liabilities as they come due. There have been no significant changes in exposure to liquidity risk from the prior year.

Credit Risk

Credit risk is that 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 main credit risks relate to its accounts receivable. The organization provides credit to its tenants in the normal course of its operations. The organization does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and accordingly, does not anticipate significant loss for non-performance. There have been no significant changes in the organization's policies and procedures for managing credit risk and no significant change in the composition of accounts receivable from the prior year.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The organization is mainly exposed to interest rate risk.

Leamington Mennonite Home and Apartments

Notes to the Consolidated Financial Statements for the year ended December 31, 2025

7. Financial Instruments (Cont'd)

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 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. Management believes that the risk of material changes to the interest rate in the short to medium term is remote and therefore does not hedge its interest rate risk. There have been no significant changes in exposure to interest rate risk from the prior year.

8. Line of Credit

Line of credit Kindred Credit Union includes the operating bank overdraft to a maximum of \$450,000 (currently at \$nil (2024 - \$nil)) with an interest rate of Prime + 0% (currently 4.45%). The overdraft is secured by a general security agreement over the assets of Long Term Care with a net book value of \$6,502,759 (2024 - \$7,289,871).

9. Net Rental Revenue Reconciliation

The organization provides housing accommodation to tenants through units bearing market rental rates and units bearing rental amounts which are geared to the tenant's income through subsidies, some of which are approved by the City of Windsor and others which are approved by the Board of Directors. A reconciliation of revenue from full market potential to net rental revenue is as follows:

	2025	2024
Potential Revenue	\$ 505,144	\$ 492,488
Less: Vacancy adjustment	(3,133)	(16,213)
Less: Tenant subsidies	(26,368)	(34,712)
	<u>\$ 475,643</u>	<u>\$ 441,563</u>

10. Economic Dependence

Long Term Care receives a significant portion of its revenue from the Ministry of Health and Long-Term Care.

11. Deferred Revenue - Funding

Minor capital funding was underspent by \$13,200 (2024 - \$89,264) at the end of the fiscal period.

The balance has been set up as deferred revenue as management is confident they will be able to utilize the amount by the March 31, 2026 deadline.