Association des Townshippers Inc./
Townshippers' Association Inc.

Financial Statements
March 31, 2026

Independent Auditor's Report

To the Directors of
Association des Townshippers Inc./Townshippers' Association Inc.

Opinion

We have audited the financial statements of Association des Townshippers Inc./Townshippers' Association Inc. (hereafter "the Association"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations and net assets and of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies, and the schedules.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2026, and the results of its 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 report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 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 Association'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 Association'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 Association 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.

[1]

Sherbrooke
June 18, 2026

[1] CPA auditor, public accountancy permit no.

Association des Townshippers Inc./Townshippers' Association Inc.
Operations and Net Assets
Year ended March 31, 2026

	2026	2025
	$	$
Revenues		
Contributions		
Grants	**2,020,841**	1,119,145
Donations (Note 3)	**8,972**	32,510
Other	**11,381**	21,550
Membership fees	**982**	835
Amortization of deferred contributions related to tangible capital assets	**8,662**	
	2,050,838	1,174,040
Expenses		
Salaries	**904,087**	715,737
Fringe benefits	**162,381**	106,485
Contract services	**510,673**	71,686
Rent	**128,657**	38,266
Publicity	**60,487**	23,788
Professional development	**51,942**	29,831
Materials and supplies	**45,734**	9,606
Events	**43,067**	25,470
Hospitality	**31,710**	15,649
Travel and meetings	**27,296**	24,747
Computer services	**28,563**	8,861
Professional fees	**25,209**	10,886
Telecommunications	**7,934**	7,982
Repairs and maintenance	**5,251**	5,155
Postage and courier	**4,464**	3,218
Photocopies and printing	**3,254**	7,126
Subscriptions and publications	**3,148**	1,043
Registration fees	**2,529**	1,140
Insurance	**2,332**	2,188
Miscellaneous	**2,296**	6,940
Bank charges	**2,264**	747
Amortization of equipment	**12,455**	4,456
	2,065,733	1,121,007
Excess (deficiency) of revenues over expenses	**(14,895)**	53,033
Net assets, beginning of year	**250,691**	197,658
Net assets, end of year	**235,796**	250,691

The accompanying notes and schedules are an integral part of the financial statements.

Association des Townshippers Inc./Townshippers' Association Inc.
Cash Flows
Year ended March 31, 2026

	2026	2025
	$	$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	**(14,895)**	53,033
Non-cash items		
Amortization of deferred contributions related to capital assets	**(8,662)**	
Amortization of equipment	**12,455**	4,456
Net change in working capital items		
Deferred contributions	**371,491**	(32,030)
Grants receivable	**7,611**	3,704
Trade and other receivables	**(48,584)**	5,446
Prepaid expenses		(47,393)
Trade payables and other operating liabilities	**38,550**	(74,124)
Cash flows from operating activities	**357,966**	(86,908)
INVESTING ACTIVITIES		
Equipment and cash flows from investing activities	**(80,071)**	(12,366)
FINANCING ACTIVITIES		
Deferred contribution related to tangible capital assets and cash flows from financing activities	**77,183**	
Net increase (decrease) in cash	**355,078**	(99,274)
Cash, beginning of year	**296,605**	395,879
Cash, end of year	**651,683**	296,605

The accompanying notes and schedules are an integral part of the financial statements.

Association des Townshippers Inc./Townshippers' Association Inc.
Financial Position
March 31, 2026

	2026	2025
	$	$
ASSETS		
Current		
Cash	**651,683**	296,605
Grants receivable	**76,200**	83,811
Trade and other receivables (Note 4)	**55,638**	7,054
Prepaid expenses (Note 5)	**47,393**	47,393
	830,914	434,863
Long-term		
Equipment (Note 6)	**76,664**	9,048
	907,578	443,911
LIABILITIES		
Current		
Trade payables and other operating liabilities (Note 8)	**177,999**	139,449
Deferred contributions - operations (Note 9)	**425,262**	53,771
	603,261	193,220
Long-term		
Deferred contributions related to tangible capital assets (Note 10)	**68,521**	
	671,782	193,220
NET ASSETS		
Unrestricted	**235,796**	250,691
	907,578	443,911

The accompanying notes and schedules are an integral part of the financial statements.

On behalf of the Board,

Director

Director

Association des Townshippers Inc./Townshippers' Association Inc.
Notes to Financial Statements
March 31, 2026

1 - GOVERNING STATUTES AND PURPOSE OF THE ASSOCIATION

The Association is incorporated under Part III of the Companies Act (Quebec), with the clear objective of creating, supporting, and promoting ideas and actions that contribute to the vitality of the English-speaking community of the Eastern Townships. It is a not-for-profit organization under the Income Tax Act.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Association's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements, notes to financial statements and schedules. These estimates are based on management's knowledge of current events and actions that the Association may undertake in the future. Actual results may differ from these estimates.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Association's financial assets and liabilities from transactions not concluded with related parties 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.

Subsequent measurement

At each reporting date, the Association measures its financial assets and liabilities from transactions not concluded with related parties at amortized cost (including any impairment in the case of financial assets).

With respect to financial assets measured at amortized cost, the Association assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Association 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 earnings. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in earnings in the year the reversal occurs.

Tangible capital assets

Tangible capital assets acquired are recorded at cost. When the Association receives contributions of tangible capital assets, their cost is equal to their 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.

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amortization

Equipment is amortized over its estimated useful life according to the straight-line method over the following periods:

	Periods
Furniture and fixtures	5 years
Computer equipment	3 years

Signs will be amortized over 9 years, once they are installed.

Revenue recognition

Contributions

The Association follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses 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.

3 - DONATIONS

	2026	2025
	$	$
Not-for-profit organizations	**3,253**	21,500
Businesses	**3,000**	9,010
City	**2,719**	
Provincial government		2,000
	8,972	32,510

4 - TRADE AND OTHER RECEIVABLES

	2026	2025
	$	$
Sales taxes receivable	**49,731**	7,054
Trade accounts receivable	**5,907**	
	55,638	7,054

5 - PREPAID EXPENSES

The prepaid expenses consist of amounts paid in advance for a service contract over 3 years for the installation and operation of a new CRM system. The expenses will be recognized in operations as the services are rendered.

Association des Townshippers Inc./Townshippers' Association Inc.
Notes to Financial Statements
March 31, 2026

6 - EQUIPMENT

			2026	2025
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	$	$	$	$
Furniture and fixtures	**22,975**	**4,105**	**18,870**	4,821
Computer equipment	**50,991**	**11,669**	**39,322**	4,227
Signs	**18,472**		**18,472**	
	92,438	**15,774**	**76,664**	9,048

7 - CREDIT FACILITIES

The Association has a bank line of credit for a maximum of $50,000 and a $25,000 credit card. The credit facilities bear interest at prime rate plus 5% (9.45%; 9.95% as at March 31, 2025) and are renewable annually.

8 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	2026	2025
	$	$
Trade and other payables	**102,372**	42,023
Salaries and vacation payable	**75,627**	97,426
	177,999	139,449

9 - DEFERRED CONTRIBUTIONS - OPERATIONS

	2026	2025
	$	$
Balance, beginning of year	**53,771**	85,801
Amount recognized in operations	**(53,771)**	(85,801)
Amount received relating to the following year	**425,262**	53,771
	425,262	53,771

Deferred contributions related to operations represent unused resources which, as a result of external restrictions, are intended to cover operating expenses for the coming year.

10 - DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

	2026	2025
	$	$
Balance, beginning of year	**-**	-
Amount recognized in operations	**-**	-
Amount received relating to the following years	**68,521**	-
Balance, end of year	**68,521**	

During the year, the organization received contributions from Emploi et Développement social Canada (ESDC) for the acquisition of tangible capital assets related to the GUIDE project.

11 - COMMITMENTS

The Association has entered into long-term lease agreements which calls for minimum lease payments of $537,462 for the rental of office space.

The leases for office space expire at various dates between March 30, 2030 and November 30, 2030 and contain a renewal option for an additional period of five years which the Association can opt out of by giving a 12 month notice.

Minimum lease payments for the next five years are $124,306 in 2027, $126,831 in 2028, $129,433 in 2029, $132,126 in 2030 and 24,766 in 2031.

Furthermore, the Association has entered into two subcontracting agreements which call for minimum payments of $625,000. These agreements expire March 31, 2030.

Minimum payments for the next four years are $325,000 in 2027 and $100,000 from 2028 to 2030.

12 - FINANCIAL RISKS

Credit risk

The Association is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Association has determined that the financial assets with more credit risk exposure are grants receivable and trade accounts receivable since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Association.

Liquidity risk

The Association's liquidity risk represents the risk that the Association could encounter difficulty in meeting obligations associated with its financial liabilities. The Association is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

Association des Townshippers Inc./Townshippers' Association Inc.
Schedule A - Canadian Heritage
Year ended March 31, 2026

	Core									
	Canadian Heritage									
	Program	Organization	Total	CHSSN (Schedule B)	Quebec Projects (Schedule C)	McGill Bursaries & Retention	Federal Projects (Schedule D)	Others	Total	Grand Total
	$	$	$	$	$	$	$	$	$	$
REVENUES										
Grants	342,000	1,584	343,584	353,650	337,713	48,872	935,522	1,500	1,677,257	2,020,841
Donations		7,472	7,472					1,500	1,500	8,972
Other		2,113	2,113	185				9,083	9,268	11,381
Membership fees		982	982							982
Amortization of deferred contributions related to tangible capital assets							8,662		8,662	8,662
	342,000	12,151	354,151	353,835	337,713	48,872	944,184	12,083	1,696,687	2,050,838
EXPENSES										
Salaries	185,715		185,715	231,029	255,705	24,270	206,365	1,003	718,372	904,087
Fringe benefits	61,795		61,795	46,603	28,169	2,488	23,207	119	100,586	162,381
Honoraria	32,221	300	32,521	32,125	11,709	21,275	411,496	6,216	482,821	515,342
Travel	2,964	664	3,628	9,046	4,358	158	5,911		19,473	23,101
Publicity	7,514	2,454	9,968	3,723	3,050		43,746		50,519	60,487
Operating costs	56,569	5,905	62,474	24,700	28,923	681	187,935	1,264	243,503	305,977
Other	11,226	1,758	12,984	6,394	5,997		65,524	3,459	81,374	94,358
	358,004	11,081	369,085	353,620	337,911	48,872	944,184	12,061	1,696,648	2,065,733
Excess (deficiency) of revenues over expenses	(16,004)	1,070	(14,934)	215	(198)	–	–	22	39	(14,895)

Association des Townshippers Inc./Townshippers' Association Inc.
Schedule B - Community Health & Social Services Network (CHSSN)
Year ended March 31, 2026

		Other				
	Network & Partnership Initiative	Youth Mental Health Initiative	HEY	Senior Wellness	Bright Beginnings	Total
	$	$	$	$	$	$
REVENUES						
Grants	213,750	27,000	15,000	62,900	35,000	353,650
Other				185		185
	213,750	27,000	15,000	63,085	35,000	353,835
EXPENSES						
Salaries	141,598	14,775	11,017	43,358	20,281	231,029
Fringe benefits	36,938	1,403	1,183	4,904	2,175	46,603
Honoraria	15,008	7,585	–	6,106	3,426	32,125
Travel	2,555	698	727	2,383	2,683	9,046
Publicity	1,342		301	1,430	650	3,723
Operating costs	13,197	2,539	1,622	4,973	2,369	24,700
Other	2,828		150		3,416	6,394
	213,466	27,000	15,000	63,154	35,000	353,620
Excess of revenues over expenses	284	–	–	(69)	–	215

Association des Townshippers Inc./Townshippers' Association Inc.
Schedule C - Quebec Projects
Year ended March 31, 2026

	SRQEA	PAJR	RDN History	Educaloi	CDC HSF	Total
	$	$	$	$	$	$
REVENUES						
Grants	239,151	64,800	1,000	2,389	30,373	337,713
Donations						
Other						
	239,151	64,800	1,000	2,389	30,373	337,713
EXPENSES						
Salaries	180,800	50,163	872		23,870	255,705
Fringe benefits	20,117	5,236	128		2,688	28,169
Honoraria	10,559	650			500	11,709
Travel	2,819	1,363		6	170	4,358
Publicity	2,775	275				3,050
Operating costs	18,720	4,477		2,383	3,343	28,923
Other	3,361	2,636				5,997
	239,151	64,800	1,000	2,389	30,571	337,911
Excess of revenues over expenses					(198)	(198)

Association des Townshippers Inc./Townshippers' Association Inc.
Schedule D - Federal Projects
Year ended March 31, 2026

	GUIDE - ESDC	New Horizons - ESDC	Youth Summer Employment	Total
	$	$	$	$
REVENUES				
Grants	896,080	18,107	21,335	935,522
Amortization of deferred contributions related to tangible capital assets	8,662			8,662
	904,742	18,107	21,335	944,184
EXPENSES				
Salaries	186,986		19,379	206,365
Fringe benefits	21,251		1,956	23,207
Honoraria	393,389	18,107		411,496
Travel	5,911			5,911
Publicity	43,746			43,746
Operating costs	187,935			187,935
Other	65,524			65,524
	904,742	18,107	21,335	944,184
Excess of revenues over expenses				