Financial Statements of

BANYAN COMMUNITY SERVICES INC.

And Independent Auditor’s Report thereon

Year ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Banyan Community Services Inc.

Opinion

We have audited the financial statements of Banyan Community Services Inc. (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the combined 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 Entity as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility 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 Entity 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.

Responsibility 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 Entity'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 Entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Entity'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 the events or conditions that may cast significant doubt on the Entity'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 Entity 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 will 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
June 25, 2026

BANYAN COMMUNITY SERVICES INC.

Statement of Financial Position

March 31, 2026, with comparative information for 2025

		2026		2025
Assets				
Current assets:				
Cash	$	3,523,777	$	2,585,900
Accounts receivable (note 2)		261,532		233,222
Due from affiliate (note 3)		494,952		494,952
Inventories		103,364		104,504
Prepaid expenses and deposits		384,591		149,676
		4,768,216		3,568,254
Capital assets (note 4)		4,544,587		4,709,452
	$	9,312,803	$	8,277,706
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	2,284,039	$	1,985,622
Deferred revenue (note 11)		484,976		120,775
Current portion of mortgage payable (note 7)		43,351		40,918
		2,812,366		2,147,315
Mortgage payable (note 7)		1,808,495		1,851,846
Deferred capital contributions (note 8)		2,603,726		2,673,181
Total liabilities		7,224,587		6,672,342
Net assets:				
Invested in capital assets (note 9)		89,015		143,507
Unrestricted net assets		1,776,441		1,239,097
Replacement reserve fund		222,760		222,760
		2,088,216		1,605,364
Commitments (note 6)				
	$	9,312,803	$	8,277,706

See accompanying notes to combined financial statements.

On behalf of the Board:

APPROVED

Director Director

BANYAN COMMUNITY SERVICES INC.

Statement of Operations

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

	2026	2025
Revenues:		
Province of Ontario (note 11)	$ 18,881,296	$ 16,483,409
Transitional Home Client Fees	936,999	801,675
Program fees	247,167	212,983
Other income	307,595	381,974
	20,373,057	17,880,041
Less: funding for deferred capital contributions (note 8)	(146,928)	(433,263)
Less: funding deferred to future periods	(409,435)	(143,900)
	19,816,694	17,302,878
Expenses (note 11):		
Salaries and benefits	15,105,596	13,055,875
Administration costs	560,761	454,259
Professional services	679,649	243,661
Maintenance	519,266	696,232
Program expenses	592,805	511,928
Rent and utilities	420,317	440,156
Food and personal needs	545,876	418,637
Medical and clinical support	388,917	418,112
Insurance	174,227	154,073
Mortgage interest	108,498	110,794
Training and recruitment	65,044	54,758
Promotion and publicity	38,281	18,982
Travel	11,931	11,124
	19,211,168	16,588,591
Excess of revenues over expenses before the following:	605,526	714,287
Program surpluses repayable to Ministry of Children, Community and Social Services	(5,013)	(55,126)
Program surpluses repayable to others (note 11)	–	(23,829)
	(5,013)	(78,955)
Amortization of deferred capital contributions	286,126	197,907
Amortization of capital assets	(403,787)	(392,202)
	(117,661)	(194,295)
Excess of revenues over expenses	$ 482,852	$ 441,037

See accompanying notes to combined financial statements.

BANYAN COMMUNITY SERVICES INC.

Statement of Changes in Net Assets

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

	Invested in capital assets	Unrestricted	Replacement reserve fund	2026 Total	2025 Total
Net assets, beginning of year	$ 143,507	$ 1,239,097	$ 222,760	$ 1,605,364	$ 1,164,327
Excess (deficiency) of revenues over expenses	(117,661)	600,513	–	482,852	441,037
Investment in capital assets	63,169	(63,169)	–	–	–
Net assets, end of year	$ 89,015	$ 1,776,441	$ 222,760	$ 2,088,216	$ 1,605,364

See accompanying notes to combined financial statements.

BANYAN COMMUNITY SERVICES INC.

Statement of Cash Flows

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

	2026	2025
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	$ 482,852	$ 441,037
Items not involving cash:		
Amortization of deferred capital contributions	(286,126)	(197,907)
Amortization of capital assets	403,787	392,202
Changes in non-cash operating working capital:		
Accounts receivable	(28,310)	21,857
Inventories	1,140	25,016
Prepaid expenses	(234,915)	(84,022)
Accounts payable and accrued liabilities	298,417	288,213
Deferred revenue	364,201	(77,502)
	1,001,046	808,894
Financing:		
Contributions received related to capital assets	216,671	459,935
Principal repayments on mortgage loan	(40,918)	(38,622)
	175,753	421,313
Investing:		
Acquisition of capital assets	(238,922)	(459,935)
Increase in cash	937,877	770,272
Cash, beginning of year	2,585,900	1,815,628
Cash, end of year	$ 3,523,777	$ 2,585,900

See accompanying notes to combined financial statements.

Banyan Community Services Inc. (the "Organization") was formed by Letter of patent as a Corporation without share capital under the laws of Ontario on October 1, 1996 and is exempt from income tax under the Income Tax Act of Canada. Its purpose is to promote the health, social, recreational and character development of people of all ages in the Province of Ontario.

The Organization legally dissolved George R. Force Group Homes Incorporated, which was previously combined into the Organization’s financial statements. All net assets of the organization have been transferred to Banyan Community Services Inc. as of March 31, 2025. The completion of the legal dissolution of George R. Force Group Homes Incorporated occurred April 1, 2026.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. Significant accounting policies adopted by the Organization are as follows:

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions.

The Organization is funded by the Province of Ontario in accordance with budget arrangements established by the Ministry of Children, Community & Social Services and the Ministry of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized as revenue in the period in which the related expenditures are incurred. Any adjustments to the annual grant on final approval by the Provincial government will be reflected in the year of settlement.

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.

1. Significant accounting policies (continued):

(a) Revenue recognition (continued):

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Program fees are recognized in the period in which the related services are provided.

(b) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Building and improvements	Declining balance and straight-line	4-20%
Equipment	Declining balance	20-33%
Vehicles	Declining balance	20-30%
Computer equipment	Declining balance	30%
Computer software	Declining balance	33-50%

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.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

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

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(e) Replacement reserve fund:

The replacement reserve fund represents a historical reserve as set out in the commitment letters with Canada Mortgage and Housing Corporation (“CMHC”) pursuant to the agreement with CMHC. The commitment no longer exists but the internal reserve continues to be carried by the Board.

(f) Contributed services:

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

(g) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

2. Accounts receivable:

		2026		2025
HST rebate receivable	$	91,124	$	84,098
Other		170,408		149,124
	$	261,532	$	233,222

3. Related party transactions:

The Organization and affiliates of the Banyan Group of Organizations are related by virtue of a common Board of Directors. Amounts due from affiliates are receivable from the Banyan Community Services Foundation in the amount of $494,952 (2025 - $494,952). Current balances are non-interest bearing, unsecured and due on demand.

4. Capital assets:

			2026	2025
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 1,008,281	$ –	$ 1,008,281	$ 1,008,281
Building and improvements	9,008,453	5,710,200	3,298,253	3,396,746
Equipment	1,398,562	1,266,486	132,076	171,953
Vehicles	437,925	331,948	105,977	132,472
Computer equipment	137,111	137,111	–	–
Computer software	152,280	152,280	–	–
	$12,142,612	$ 7,598,025	$ 4,544,587	$ 4,709,452

5. Bank operating line of credit:

The Organization has an operating line of credit in the amount of $250,000 that is due on demand and bears interest at the bank's prime rate plus 1.25% per annum. It is secured by a general security agreement covering all assets of Banyan Community Services Inc. The amount outstanding on the operating line of credit at March 31, 2026 is $nil (2025 - $nil).

6. Commitments:

The Organization is committed under an agreement to lease commercial office space for a ten-year period beginning October 1, 2017, with monthly payments of $8,332. The Organization also has a lease commitment for program space for a two-year period beginning November 6, 2025, with monthly payments of $3,368. Lastly, the Organization has a vehicle lease commitment for the period beginning August 12, 2024 for a three-year period, with monthly payments of $463. The total commitment amounts are as follows:

2027	$ 151,559
2028	88,056
	$ 239,615

7. Mortgage payable:

	2026	2025
Mortgage, bearing interest at prime plus 0.50% repayable in monthly instalments of $12,451 including interest, maturing in May 2028	$ 1,851,846	$ 1,892,764
Less: current portion of mortgage payable	(43,351)	(40,918)
	$ 1,808,495	$ 1,851,846

During the year ended March 31, 2024, the Organization secured a mortgage in the amount of $1,980,000 which has a carrying amount of $1,851,846 as at March 31, 2026 (2025 - $1,892,764). The purpose of the mortgage and property is to facilitate the delivery of new programming, including Developmental Services, Family Counselling Services and Partner Assault Response. The loan is secured by a property at 500 Mohawk Road West, Hamilton, Ontario.

The loan contains a covenant stating that the Organization is required to maintain a debt service ratio at or more than 1.0 at all times, to be assessed on an annual basis. As at March 31, 2026, the Organization was in compliance with the covenant.

7. Mortgage payable (continued):

Scheduled principal repayments are as follows:

2027	$	43,351
2028		45,932
2029		48,662
2030 and thereafter		1,713,901
	$	1,851,846

8. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of grants and donations received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The change in the deferred capital contributions balance is as follows:

		2026		2025
Balance, beginning of year	$	2,673,181	$	2,411,153
Add: deferred capital contributions received during the year		146,928		433,263
deferred revenue capitalized during the current year		69,743		26,672
Less: amortization of deferred capital contributions		(286,126)		(197,907)
Balance, end of year	$	2,603,726	$	2,673,181

9. Invested in capital assets:

Invested in capital assets is calculated as follows:

		2026		2025
Capital assets, net book value	$	4,544,587	$	4,709,452
Mortgage payable		(1,851,846)		(1,892,764)
Deferred capital contributions		(2,603,726)		(2,673,181)
	$	89,015	$	143,507

10. Defined contribution pension plan:

Employees of the Organization are eligible to be members of a defined contribution pension plan. The Organization's contribution to the plan for the year was $426,914 (2025 - $ 383,620).

11. Partner Assault Response program:

Included within these financial statements are the operating results of the Partner Assault Response program, as follows:

	2026 Budget	2026 Actual
Revenue:		
MAG Allocation 2025-26	$ 434,503	$ 434,503
MAG Funding – Deferred from 2024-25	73,822	73,822
Client fees	25,000	37,832
	533,325	546,157
Expenditures:		
Salaries and benefits	377,454	377,454
Other operating expenditures		
Rent and utilities	43,633	43,633
Telecommunications	4,010	4,010
Office supplies and equipment	4,872	4,872
Advertising	1,059	1,059
Client expenses	3,594	3,594
Administration/Administrative costs	51,686	59,518
	486,308	494,140
Annual surplus	47,017	52,017
Revenue deferred to 2025-26 approved by Ministry	–	52,013
Surplus repayable	$ –	$ 4

12. Financial instruments:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements and maintaining available credit facilities. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2025.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable and due from affiliates. The Organization assesses, on a continuous basis, accounts receivable and due from affiliates and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(c) Interest rate risk:

The Organization's mortgage loan bears interest at a variable rate (note 7). As a result, the Organization is exposed to interest rate risk due to fluctuations in interest rates. There has been no change to the risk exposure from 2025.