

THE TERESA GROUP - CHILD AND FAMILY AID

FINANCIAL STATEMENTS

MARCH 31, 2025

HILBORN_{LLP}

Independent Auditor's Report

To the Members of The Teresa Group - Child and Family Aid

Qualified Opinion

We have audited the financial statements of The Teresa Group - Child and Family Aid (the "Teresa Group"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Teresa Group as at March 31, 2025, 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 Qualified Opinion

In common with many similar organizations, the Teresa Group derives revenue from fund-raising events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recognized in the records of the Teresa Group. Therefore, we were not able to determine whether, as at and for the year ended March 31, 2025, any adjustments might be necessary to revenues, deficiency of revenues over expenses reported in the statement of operating fund revenues and expenses and assets and net assets reported in the statements of financial position. This same matter also caused us to qualify our audit opinion on the financial statement as at and for the year ended March 31, 2024.

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 Teresa Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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 ability of the Teresa Group 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 Teresa Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Teresa Group.

Independent Auditor's Report (continued)

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 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 internal control of the Teresa Group.
- 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 ability of the Teresa Group 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 Teresa Group 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario
July 25, 2025

Chartered Professional Accountants
Licensed Public Accountants

THE TERESA GROUP - CHILD AND FAMILY AID

Statement of Financial Position

March 31	2025 \$	2024 \$
ASSETS		
Current assets		
Cash	370,879	317,950
Accounts receivable	7,583	20,473
Prepaid expenses	3,246	4,136
	<u>381,708</u>	<u>342,559</u>
Capital assets (note 3)	44,096	63,274
	<u>425,804</u>	<u>405,833</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	141,912	65,980
Deferred contributions (note 5)	40,000	137,666
	<u>181,912</u>	<u>203,646</u>
Deferred capital contributions (note 6)	31,200	52,000
	<u>213,112</u>	<u>255,646</u>
NET ASSETS		
Operating fund	88,901	82,018
Invested in capital assets	12,896	11,274
Contingency reserve	110,895	56,895
	<u>212,692</u>	<u>150,187</u>
	<u>425,804</u>	<u>405,833</u>

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

For President
Treasurer



Zahid Somani

Vice - Chair July 30/25

THE TERESA GROUP - CHILD AND FAMILY AID

Statement of Revenues and Expenses

Year ended March 31

	2025 \$	2024 \$
Revenues		
Funding from Ontario Ministry of Health		
General operations (note 7)	600,954	387,444
Infant formula (note 7)	400,000	363,510
Public Health Agency of Canada (note 8)	13,391	115,794
City of Toronto grant	66,664	57,686
Private sector donations	205,997	272,263
Amortization of deferred capital contributions (note 6)	20,800	-
Other	-	20,057
	1,307,806	1,216,754
Expenses		
Program		
Family support	316,383	205,576
Counselling	158,309	73,804
Infant formula (note 7)	554,270	472,277
Women Speak	19,590	115,148
	1,048,552	866,805
Administrative support and fundraising		
Fundraising	131,842	44,826
General and administration (note 9)	43,458	69,093
Amortization of capital assets	21,449	5,310
	196,749	119,229
	1,245,301	986,034
Excess of revenues over expenses for the year	62,505	230,720

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets

2025

2024

The accompanying notes are an integral part of these financial statements

THE TERESA GROUP - CHILD AND FAMILY AID

Statement of Cash Flows

Year ended March 31

	2025 \$	2024 \$
Cash flows from operating activities		
Cash received from government sources	1,098,130	1,031,600
Cash received from other contributors	175,997	331,973
Interest received	-	57
Cash paid to employees and suppliers	(1,218,927)	(996,767)
	55,200	366,863
Cash flows from investing and financing activities		
Purchase of capital assets	(2,271)	(53,767)
Loan repayment	-	(40,000)
	(2,271)	(93,767)
Change in cash during the year	52,929	273,096
Cash - at beginning of year	317,950	44,854
Cash - at end of year	370,879	317,950

The accompanying notes are an integral part of these financial statements

THE TERESA GROUP - CHILD AND FAMILY AID

Notes to Financial Statements

March 31, 2025

Nature of operations

The Teresa Group - Child and Family Aid (the "Teresa Group") is a registered charitable organization incorporated without share capital under the laws of Ontario. The Teresa Group advances the dignity and well-being of children and their families affected by HIV and AIDS.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. These financial statements have been prepared within the framework of the significant accounting policies summarized below.

(a) Basis of accounting

General

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the accrual method of accounting. Under the accrual method of accounting, revenues are recorded when earned and expenses are recorded when incurred.

Operating Fund

The operating fund accounts for the day-to-day program delivery and administrative activities funded by various government and private sector organizations. All interest income earned is recognized in the operating fund.

Internally Restricted Fund

Contingency Reserve Fund was established to ensure the long term financial security of The Teresa Group. This fund is financed by appropriations from the operating fund. During the 2025 fiscal year, the Board of Directors approved the transfer of \$54,000 from the Operating Fund to the Contingency Reserve Fund (\$56,895 - 2024).

(b) Financial instruments

(i) Measurement of financial instruments

The Teresa Group initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. The Teresa Group subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities.

THE TERESA GROUP - CHILD AND FAMILY AID

Notes to Financial Statements (continued)

March 31, 2025

1. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment. The amount of the reversal is recognized in income in the period that the reversal occurs.

(c) Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as capital assets, otherwise, costs are expensed as incurred. The cost of capital assets comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided for, upon the commencement of the utilization of the assets, using methods and rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Computers	25% straight line
Furniture and other equipment	10% straight line
Leasehold improvements	straight line over the term of the lease

THE TERESA GROUP - CHILD AND FAMILY AID

Notes to Financial Statements (continued)

March 31, 2025

1. **Significant accounting policies (continued)**

(e) **Capital assets (continued)**

Capital assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the property and equipment to its fair value. Any impairment of property and equipment is recognized in income in the year in which the impairment occurs.

An impairment loss is not reversed if the fair value of the capital assets subsequently increases. There were no impairment indicators in 2025.

(d) **Revenue recognition**

The Teresa Group follows the deferral method of accounting for contributions. Contributions include funding from governments and other funding agencies. 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. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Externally restricted contributions for depreciable property and equipment are deferred and amortized over the life of the related capital assets. Externally restricted contributions for depreciable property and equipment that have not been expended are recorded as deferred capital contributions on the balance sheet.

Interest income is recognized as revenue when earned.

All other revenues are recognized when the service is provided.

Pledges receivable are not recorded in the accounts.

(e) **Allocation of expenses**

The Teresa Group provides programs to assist children and families affected by HIV/AIDS. The cost of these services includes direct salaries and benefits and other expenses that are directly related to providing the programs and services. The Teresa Group also incurs general and administrative support services that are common to the administration and programs.

The Teresa Group allocates certain general support expenses to the programs as follows:

Human resources	• Proportionately based on the direct salaries and benefits of the program
Occupancy	• Based on space occupied by the personnel and/or program
Other operating expenses	• Based on usage of the program

THE TERESA GROUP - CHILD AND FAMILY AID

Notes to Financial Statements (continued)

March 31, 2025

1. Significant accounting policies (continued)

(g) Allocation of expenses (continued)

The expenses reported in the Statement of Operating Fund Revenues and Expenses for programs include allocations of human resources of \$511,327 (\$269,880 - 2024), occupancy costs of \$78,330 (\$76,889 - 2024) and other operating costs of \$63,575 (\$48,234 - 2024).

(f) Donated goods and services

Donated goods are recorded in the financial statements provided that a reasonable estimate of fair value can be made.

Volunteers contribute significant amounts of time to assist the Teresa Group in carrying out its service delivery activities. Because of the difficulty in determining fair value, contributed services are not recorded in the financial statements.

(g) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the year end. Revenues and expenses are translated from foreign currencies at the rate of exchange prevailing on the transaction date. Any resulting gains or losses are included in income for the year.

(h) Funding from Ontario Ministry of Health

The Teresa Group receives its core funding from the Ontario Ministry of Health. Funds are advanced on the basis of an approved budget; actual expenses are reviewed by the funder after the end of the fiscal year and any unexpended funds are to be refunded. These financial statements reflect the expected settlement with the funders at the end of the fiscal year.

(i) Management 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these and other estimates, the impact of which would be recorded in future affected periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

2. Financial instrument risk management

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Teresa Group's financial instruments.

THE TERESA GROUP - CHILD AND FAMILY AID

Notes to Financial Statements (continued)

March 31, 2025

2. Financial instrument risk management (continued)

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Teresa Group's main credit risk relates to accounts receivable. The Teresa Group is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Teresa Group cannot repay its obligations when they become due to its creditors. The Teresa Group is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Teresa Group expects to meet these obligations as they come due by generating sufficient cash flow from operations, the continued support from government funding and receipt of funds from corporate and individual donations.

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 Teresa Group is not exposed to significant market risk.

Changes in risk

There has been no significant changes in the Teresa Group's risk profile from that of the prior year.

THE TERESA GROUP - CHILD AND FAMILY AID

Notes to Financial Statements (continued)

March 31, 2025

3. Capital assets

Details of capital assets are as follows:

	2025		
	Cost	Accumulated	Net Book
	\$	Amortization	Value
	\$	\$	\$
Computers	63,973	39,653	24,320
Furniture and equipment	5,987	806	5,181
Leasehold improvements	24,326	9,731	14,595
	94,286	50,190	44,096

	2024		
	Cost	Accumulated	Net Book
	\$	Amortization	Value
	\$	\$	\$
Computers	62,773	28,533	34,240
Furniture and other equipment	4,916	208	4,708
Leasehold improvements	24,326	-	24,326
	92,015	28,741	63,274

4. Bank indebtedness

The Teresa Group has a credit card facility to a maximum amount of \$50,000. No advances have been made against the facility at March 31, 2025.

THE TERESA GROUP - CHILD AND FAMILY AID

Notes to Financial Statements (continued)

March 31, 2025

5. Deferred contributions

Deferred contributions represent the amount of funding received in the current fiscal year that is related to a subsequent fiscal year. Details of the deferred contributions balance are as follows:

	2025 \$	2024 \$
Deferred contributions - at beginning of year	137,666	28,500
Contributions received during the year:		
Public Health Agency of Canada	108,178	160,794
Less: Public Health Agency of Canada payable	(94,787)	(10,000)
Less: Public Health Agency of Canada unspent funding repaid	(23,000)	-
Less: Public Health Agency of Canada deferred capital contribution	-	(12,000)
City of Toronto	21,998	79,852
Private sector donations	175,997	336,263
	326,052	583,409
Transferred to revenue during the year:		
Public Health Agency of Canada	(13,391)	(115,794)
City of Toronto	(66,664)	(57,686)
Private sector donations	(205,997)	(272,263)
Deferred contributions - at end of year	40,000	137,666

6. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. The changes in deferred capital contributions are as follows:

	2025 \$	2024 \$
Balance - at beginning of year	52,000	-
Capital contributions received during the year	-	52,000
Amortization of deferred capital contributions	(20,800)	-
Balance - at end of year	31,200	52,000

THE TERESA GROUP - CHILD AND FAMILY AID

Notes to Financial Statements (continued)

March 31, 2025

7. Funding from Ontario Ministry of Health

In the 2025 and 2024 fiscal years, actual expenses were equal to or exceeded the approved funding from the Ontario Ministry of Health, and it is not anticipated that any portion will be refundable to the Ministry. Details of the approved funding and amounts spent are as follows:

	2025		2024	
	Approved Funding	Expenses Incurred	Approved Funding	Expenses Incurred
	\$	\$	\$	\$
General operations				
Salaries	400,000	394,769	243,614	223,949
Benefits	75,000	71,927	32,969	36,181
Rent and utilities	85,000	79,650	84,307	83,972
Supplies and other expenses	35,954	43,511	26,538	35,942
Protected allocations - staff development	5,000	10,641	4,800	7,400
	600,954	600,498	392,228	387,444
Infant formula	400,000	400,456	358,726	363,510
One-time infrastructure	-	-	40,000	40,000

THE TERESA GROUP - CHILD AND FAMILY AID

Notes to Financial Statements (continued)

March 31, 2025

8. Public Health Agency of Canada Program

Details are as follows:

	2025		2024	
	Budget \$	Actual \$	Budget \$	Actual \$
Revenue				
Funding for operations	150,000	108,178	160,794	160,764
Less: funding for capital assets	-	-	(12,000)	(12,000)
	150,000	108,178	148,794	148,764
Expenditures				
Personnel	129,912	6,996	107,381	87,254
Travel	5,250	-	13,000	516
Materials	500	375	2,500	2,500
Rent	6,768	4,326	4,384	4,384
Equipment	4,800	-	2,400	2,400
Evaluation	512	-	18,000	18,000
Other	2,258	1,694	1,129	1,129
	150,000	13,391	148,794	116,183
Excess of revenues over expenditures	-	94,787	-	32,611
Approved to carry forward to 2025	-	-	-	(23,000)
Amount recoverable to funder - at end of year	-	94,787	-	9,611

During the 2025 fiscal year, the Teresa Group informed Public Health Agency of Canada that it was terminating the Women Speak program and its contract with Public Health.

9. General and administration expenses

Details of these expenses are as follows:

	2025	2024
	\$	\$
Salaries and benefits	25,549	23,346
Rent and hydro	7,366	11,533
Telephone and fax	1,361	2,271
Office supplies	1,178	2,175
Professional fees	1,687	20,508
Equipment maintenance	2,841	5,363
Insurance and bonding	1,476	1,897
Memberships	2,000	2,000
	43,458	69,093

THE TERESA GROUP - CHILD AND FAMILY AID

Notes to Financial Statements (continued)

March 31, 2025

10. Lease commitments

The Teresa Group entered into a office premise lease, which expires on August 31, 2026. The minimum future annual lease payments are as follows:

	\$
2026	77,097
2027	32,425
	<u>109,522</u>

11. Guarantees and indemnification of officers and directors

The Teresa Group has indemnified its past, present and future directors, officers and employees and volunteers against expenses (including legal expenses), judgments, suits or proceedings in which they are sued as a result of their involvement with the Teresa Group, if they acted honestly and in good faith with a view to the best interest of the Teresa Group. The Teresa Group has purchased directors' and officers' liability insurance with respect to this indemnification. The maximum amount of any potential future payment cannot be reasonably estimated; however, there have been no claims against the Teresa Group's liability insurance in the past.

In the normal course of business, the Teresa Group has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, the Teresa Group agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Teresa Group. The maximum amount of any potential liability cannot be reasonably estimated.

12. Contingent liabilities

The Teresa Group is a defendant in one lawsuit for alleged wrongful dismissal from employment. Management is working with legal counsel to actively defend this claim. The outcome of this claim is not determinable at this time, nor are any settlement costs. Settlement costs, if any, will be recorded in the year of settlement

HILBORN

LISTENERS. THINKERS. DOERS.