

The Teresa Group - Child and Family Aid

Financial Statements

For the year ended March 31, 2026



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, 2026, and the statements of revenues and expenses, 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, 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 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, 2026, any adjustments might be necessary to revenues, excess 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.

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 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 audit opinion.

Other Matter

The financial statements of the Teresa Group for the year ended March 31, 2025 were audited by another auditor who expressed a similar qualified opinion on those financial statements on July 25, 2025.

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 Teresa Group'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 Teresa Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Teresa Group'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.

A further description of the auditor's responsibilities for the audit of the financial statements is located in the attached Appendix to the Auditor's Report. This description forms part of our auditor's report.



Kazmierski Professional Corporation
Authorized to practice public accounting by the
Chartered Professional Accountants of
Ontario ID: 61229778
Toronto, Canada
June 23, 2026

Appendix to the Auditor's Report

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 Teresa Group'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 Teresa Group'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 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.

The Teresa Group - Child and Family Aid
Statement of Financial Position
As at March 31,

	2026	2025
Assets		
Current		
Cash	\$ 295,882	\$ 370,879
HST recoverable	6,355	7,583
Prepaid expenses	3,059	3,246
	305,296	381,708
Capital assets (Note 3)	26,639	44,096
	331,935	425,804
Liabilities		
Current		
Accounts payable and accrued liabilities	53,339	141,912
Deferred contributions (Note 5)	45,558	40,000
	98,897	181,912
Deferred capital contributions (Note 6)	10,400	31,200
	109,297	213,112
Net Assets		
Operating fund	95,505	88,901
Invested in capital assets	16,238	12,896
Contingency reserve	110,895	110,895
	222,638	212,692
	\$ 331,935	\$ 425,804

APPROVED ON BEHALF OF THE BOARD:

 _____, Director, *Chair of the Board*

 _____, *Treasurer of the Board*

The Teresa Group - Child and Family Aid
Statement of Revenues and Expenses
For the year ended March 31,

	2026	2025
Revenues		
Funding from Ontario Ministry of Health		
General operations (Note 7)	\$ 562,954	\$600,954
Infant formula (Note 7)	478,100	400,000
Public Health Agency of Canada	-	13,391
City of Toronto grant	37,947	66,664
Private sector donations	263,965	205,997
Amortization of deferred capital contributions (Note 6)	20,800	20,800
	1,363,766	1,307,806
Expenses		
Program		
Counselling	180,270	158,309
Family support	333,257	316,383
Infant formula (Note 7)	634,738	554,270
Women Speak	-	19,590
	1,148,265	1,048,552
Administrative Support and Fundraising		
Fundraising	139,814	131,842
General and administration (Note 9)	44,292	43,458
Amortization of capital assets	21,449	21,449
	205,555	196,749
	1,353,820	1,245,301
Excess of revenues over expenses for the year	\$9,946	\$62,505

The Teresa Group - Child and Family Aid
Statement of Changes in Net Assets
For the year ended March 31, 2026

	Operating Fund		Internally Restricted		
	Invested in Capital Assets	Unappropriated Balance	Total	Contingency Reserve	Total
Balance, beginning of year	\$12,896	\$88,901	\$101,797	\$110,895	\$212,692
Excess of revenues over expenses for the year	-	9,946	9,946	-	9,946
Inter-fund transfers represented by:					
Purchase of capital assets	3,991	(3,991)	-	-	-
Amortization of capital assets	(21,449)	21,449	-	-	-
Amortization of deferred capital contributions	20,800	(20,800)	-	-	-
Inter-fund transfer (note 1(a))	-	-	-	-	-
Balance, end of year	\$16,238	\$95,505	\$111,743	\$110,895	\$222,638

The Teresa Group - Child and Family Aid
Statement of Changes in Net Assets
For the year ended March 31, 2025

	Operating Fund		Internally Restricted		
	Invested in Capital Assets	Unappropriated Balance	Total	Contingency Reserve	Total
Balance, beginning of year	\$11,274	\$82,018	\$93,292	\$56,895	\$150,187
Excess of revenues over expenses for the year	-	62,505	62,505	-	62,505
Inter-fund transfers represented by:					
Purchase of capital assets	2,271	(2,271)	-	-	-
Amortization of capital assets	(21,449)	21,449	-	-	-
Amortization of deferred capital contributions	20,800	(20,800)	-	-	-
Inter-fund transfer (note 1(a))	-	(54,000)	(54,000)	54,000	-
Balance, end of year	\$12,896	\$88,901	\$101,797	\$110,895	\$212,692

The Teresa Group - Child and Family Aid
Statement of Cash Flows
For the year ended March 31,

	2026	2025
Cash flows from operating activities		
Cash received from government sources	\$1,079,001	\$1,098,130
Cash received from other contributors	253,965	175,997
Cash paid to employees and suppliers	(1,403,972)	(1,218,927)
	(71,006)	55,200
Cash flows from investing and financing activities		
Purchase of capital assets	(3,991)	(2,271)
Net change in cash	(74,997)	52,929
Cash, beginning of year	370,879	317,950
Cash, end of year	\$ 295,882	\$ 370,879

The Teresa Group - Child and Family Aid
Notes to the Financial Statements
For the year ended March 31, 2026

1. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These standards are in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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. As at March 31, 2026, the Teresa Group held \$110,895 (2025 – \$110,895) in the Contingency Reserve Fund. There was \$Nil (2025 – \$54,000) transferred from the Operating Fund to the Contingency Reserve Fund during the year.

Financial Instruments

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 equivalent, amounts receivable and accounts payable and accrued liabilities.

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 excess of revenues over expenses. The write down reflects the difference

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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 statement of financial position.

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.

The Teresa Group - Child and Family Aid
Notes to the Financial Statements
For the year ended March 31, 2026

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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:

- a) Human resources: Proportionately based on the direct salaries and benefits of the program
- b) Occupancy: Based on space occupied by the personnel and/or program
- c) Other operating expenses: Based on usage of the program

The expenses reported in the Statement of Revenues and Expenses for programs include allocations of human resources of \$512,105 (2025 – \$511,327), occupancy costs of \$80,134 (2025 – \$78,330) and other operating costs of \$71,400 (2025 – \$63,575).

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%
Furniture and equipment	10%
Leasehold improvements	straight line over the lease term

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 capital asset to its fair value. Any impairment of capital assets is recognized in excess of revenues over expenses 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 2026.

Impairment of long-lived assets

The Teresa Group tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value. In the current year, no events or circumstances have occurred that warranted testing for impairment.

Income taxes

As a not-for-profit organization, the Organization is not subject to income taxes. Accordingly, no provision for income taxes has been made in these financial statements.

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.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate.

Foreign exchange gains and losses on monetary assets and liabilities are included in the statement of revenues and expenses.

The Teresa Group - Child and Family Aid
Notes to the Financial Statements
For the year ended March 31, 2026

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 amount 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 period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The Teresa Group is specifically subject to measurement uncertainty through its amortization of capital assets in the amount of \$21,449 (2025 – \$21,449), and accrued liabilities in the amount of \$36,204 (2025 – \$29,854).

Contributed 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.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2026 Net Book Value	2025 Net Book Value
Computers	\$ 48,469	\$ 31,277	\$ 17,192	\$ 24,320
Furniture and equipment	5,987	1,405	4,582	5,181
Leasehold improvements	24,326	19,461	4,865	14,595
	\$ 78,782	\$ 52,143	\$ 26,639	\$ 44,096

The Teresa Group - Child and Family Aid
Notes to the Financial Statements
For the year ended March 31, 2026

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, 2026.

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:

	2026	2025
Balance, beginning of year	\$ 40,000	\$ 137,666
Contributions received during the year:		
Public Health Agency of Canada	-	108,178
Less: Public Health Agency of Canada payable	-	(94,787)
Less: Public Health Agency of Canada unspent funding repaid	-	(23,000)
City of Toronto	53,505	21,998
Private sector donations	253,965	175,997
	\$ 347,470	\$326,052
Transferred to revenue during the year:		
Public Health Agency of Canada	-	(13,391)
City of Toronto	(37,947)	(66,664)
Private sector donations	(263,965)	(205,997)
Balance, end of year	\$ 45,558	\$ 40,000

6. DEFERRED CAPITAL CONTRIBUTIONS

	2026	2025
Balance, beginning of year	\$ 31,200	\$ 52,000
Amounts received in the year	-	-
Amortization of deferred capital contributions	(20,800)	(20,800)
Balance, end of year	\$ 10,400	\$ 31,200

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets.

The Teresa Group - Child and Family Aid
Notes to the Financial Statements
For the year ended March 31, 2026

7. FUNDING FROM ONTARIO MINISTRY OF HEALTH

	2026		2025	
	Approved Funding	Expenses Incurred	Approved Funding	Expenses Incurred
General operations				
Salaries	\$362,000	\$ 363,100	\$ 400,000	\$ 394,769
Benefits	75,000	79,000	75,000	71,927
Rent and utilities	85,000	89,000	85,000	79,650
Supplies and other expenses	35,954	39,954	35,954	43,511
	557,954	571,054	595,954	589,857
Infant formula	\$478,100	\$470,000	\$ 400,000	\$ 400,456

8. FINANCIAL INSTRUMENT RISKS

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.

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.

The Teresa Group - Child and Family Aid
Notes to the Financial Statements
For the year ended March 31, 2026

8. FINANCIAL INSTRUMENT RISKS (Cont'd)

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.

9. GENERAL AND ADMINISTRATION EXPENSES

	2026	2025
Salaries and benefits	\$26,704	\$25,549
Rent and hydro	7,513	7,366
Telephone and fax	1,377	1,361
Office supplies	1,261	1,178
Professional fees	1,924	1,687
Equipment maintenance	2,433	2,841
Insurance and bonding	1,080	1,476
Memberships	2,000	2,000
	\$44,292	\$43,458

10. COMMITMENTS

The Teresa Group entered into a office premise lease, which expires on August 31, 2026

The Teresa Group is in the process of renewing the lease agreement, seeking a 5 year extended lease term. As of the date of the financial statements, the Organization has not yet signed a new lease agreement.

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.