

Combined Financial Statements of

**BANYAN COMMUNITY
SERVICES INC. AND
GEORGE R. FORCE GROUP
HOMES INCORPORATED**

And Independent Auditor's Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Directors of Banyan Community Services Inc. and George R. Force Group Homes Incorporated

Opinion

We have audited the combined financial statements of Banyan Community Services Inc. and George R. Force Group Homes Incorporated (the Entity), which comprise:

- the combined statement of financial position as at March 31, 2023
- the combined statement of operations for the year then ended
- the combined statement of changes in net assets for the year then ended
- the combined 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 combined financial position of the Entity as at March 31, 2023, and its combined results of operations, combined changes in net assets, and its combined 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.



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- 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 27, 2023

BANYAN COMMUNITY SERVICES INC. AND GEORGE R. FORCE GROUP HOMES INCORPORATED

Combined Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and short-term deposits (note 2)	\$ 1,104,909	\$ 896,512
Accounts receivable (note 3)	102,692	121,314
Due from affiliates (note 4)	494,952	494,952
Inventories	57,910	61,250
Prepaid expenses and deposits	35,241	32,357
	<u>1,795,704</u>	<u>1,606,385</u>
Capital assets (note 5)	2,847,172	3,062,490
	<u>\$ 4,642,876</u>	<u>\$ 4,668,875</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 858,774	\$ 832,196
Deferred revenue	95,935	29,698
	<u>954,709</u>	<u>861,894</u>
Deferred capital contributions (note 8)	2,380,962	2,556,008
Total liabilities	<u>3,335,671</u>	<u>3,417,902</u>
Net assets:		
Invested in capital assets (note 9)	466,210	506,482
Unrestricted net assets	618,235	521,731
Replacement reserve fund	222,760	222,760
	<u>1,307,205</u>	<u>1,250,973</u>
Commitments (note 7)		
	<u>\$ 4,642,876</u>	<u>\$ 4,668,875</u>

See accompanying notes to combined financial statements.

On behalf of the Board:

Director

Director

APPROVED

BANYAN COMMUNITY SERVICES INC. AND GEORGE R. FORCE GROUP HOMES INCORPORATED

Combined Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Revenues:		
Province of Ontario	\$ 10,452,976	\$ 10,146,691
Program fees	129,258	143,537
Other income	188,611	149,255
	<u>10,770,845</u>	<u>10,439,483</u>
Expenses:		
Salaries and benefits	8,407,354	8,322,561
Rent and utilities	433,106	377,345
Maintenance	397,156	320,229
Administration costs	340,457	415,085
Food and personal needs	297,621	248,991
Professional services	233,858	270,910
Medical and clinical support	191,423	132,791
Program expenses	139,372	100,658
Insurance	121,010	98,550
Training and recruitment	61,957	31,133
COVID-19 expenses	22,994	51,787
Promotion and publicity	15,672	10,977
Travel	12,361	9,645
	<u>10,674,341</u>	<u>10,390,662</u>
Excess of revenues over expenses before the following:	96,504	48,821
Amortization of deferred capital contributions	175,046	212,837
Amortization of capital assets	(215,318)	(260,697)
	<u>(40,272)</u>	<u>(47,860)</u>
Excess of revenues over expenses	\$ 56,232	\$ 961

See accompanying notes to combined financial statements.

BANYAN COMMUNITY SERVICES INC. AND GEORGE R. FORCE GROUP HOMES INCORPORATED

Combined Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

	Invested in capital assets	Unrestricted	Replacement reserve fund	2023 Total	2022 Total
Net assets, beginning of year	\$ 506,482	\$ 521,731	\$ 222,760	\$ 1,250,973	\$ 1,250,012
Excess (deficiency) of revenues over expenses	(40,272)	96,504	–	56,232	961
Net assets, end of year	\$ 466,210	\$ 618,235	\$ 222,760	\$ 1,307,205	\$ 1,250,973

See accompanying notes to combined financial statements.

BANYAN COMMUNITY SERVICES INC. AND GEORGE R. FORCE GROUP HOMES INCORPORATED

Combined Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 56,232	\$ 961
Items not involving cash:		
Amortization of deferred capital contributions	(175,046)	(212,837)
Amortization of capital assets	215,318	260,697
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	18,622	(14,291)
Decrease in inventories	3,340	48,861
Increase in prepaid expenses	(2,884)	(13,858)
Increase in accounts payable and accrued liabilities	26,578	106,337
Increase (decrease) in deferred revenue	66,237	(30,105)
	208,397	145,765
Financing:		
Repayment of mortgage payable	-	(2,067)
Increase in cash	208,397	143,698
Cash, beginning of year	896,512	752,814
Cash, end of year	\$ 1,104,909	\$ 896,512

See accompanying notes to combined financial statements.

BANYAN COMMUNITY SERVICES INC. AND GEORGE R. FORCE GROUP HOMES INCORPORATED

Notes to Combined Financial Statements

Year ended March 31, 2023

Banyan Community Services Inc. and George R. Force Group Homes Incorporated (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.

1. Significant accounting policies:

These combined 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) Basis of presentation:

These combined financial statements include the accounts of Banyan Community Services Inc. and George R. Force Group Homes Incorporated. The Organizations, although without share capital, are governed by the same Board of Directors and operate under common management. All intercompany accounts and transactions have been eliminated.

(b) Cash and short-term deposits:

Cash and short-term deposits include cash on hand and short-term deposits which are highly liquid with original maturities of less than one year.

(c) 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.

BANYAN COMMUNITY SERVICES INC. AND GEORGE R. FORCE GROUP HOMES INCORPORATED

Notes to Combined Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(c) 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.

(d) 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.

(e) 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.

BANYAN COMMUNITY SERVICES INC. AND GEORGE R. FORCE GROUP HOMES INCORPORATED

Notes to Combined Financial Statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

(e) 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.

(f) Replacement reserve fund:

The replacement reserve fund represents the accumulation of the annual provision for this reserve as set out in the commitment letters with Canada Mortgage and Housing Corporation ("CMHC") net of any CMHC approved replacement expenditures, pursuant to the agreement with CMHC.

(g) 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 combined financial statements.

(h) Use of estimates:

The preparation of combined 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 combined 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. Cash and short-term deposits:

Cash and short-term deposits include Guaranteed Investment Certificates ("GICs") in the amount of \$76,745 (2022 - \$75,397). The effective interest rate on the GICs held at March 31, 2023 is 2.40% (2022 - 0.40%). The maturity date of the GICs is July 2023. Included in cash and short-term deposits is accrued interest on the GICs in the amount of \$1,348 (2022 - \$686).

BANYAN COMMUNITY SERVICES INC. AND GEORGE R. FORCE GROUP HOMES INCORPORATED

Notes to Combined Financial Statements (continued)

Year ended March 31, 2023

3. Accounts receivable:

	2023		2022	
HST rebate receivable	\$	54,582	\$	46,747
Other		48,110		74,567
	\$	102,692	\$	121,314

4. 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 (2022 - \$494,952). Current balances are non-interest bearing, unsecured and due on demand.

5. Capital assets:

	2023		2022	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 326,187	\$ –	\$ 326,187	\$ 326,187
Building and improvements	6,981,086	4,605,534	2,375,552	2,537,082
Equipment	1,199,176	1,105,010	94,166	117,708
Vehicles	305,453	273,431	32,022	40,735
Computer equipment	137,111	134,302	2,809	4,074
Computer software	152,280	135,844	16,436	36,704
	\$ 9,101,293	\$ 6,254,121	\$ 2,847,172	\$ 3,062,490

6. 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, 2023 is \$nil (2022 - \$nil).

BANYAN COMMUNITY SERVICES INC. AND GEORGE R. FORCE GROUP HOMES INCORPORATED

Notes to Combined Financial Statements (continued)

Year ended March 31, 2023

7. Commitments:

The Organization is committed under an agreement to lease commercial office space for a ten-year period beginning October 1, 2017. The commitment amounts are as follows:

2024	\$	99,978
2025		99,978
2026		99,978
2027		49,978
	\$	349,912

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 combined statement of operations. The change in the deferred capital contributions balance is as follows:

	2023	2022
Balance, beginning of year	\$ 2,556,008	\$ 2,768,845
Less: amortization of deferred capital contributions	(175,046)	(212,837)
	\$ 2,380,962	\$ 2,556,008

9. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2023	2022
Capital assets, net book value	\$ 2,847,172	\$ 3,062,490
Deferred capital contributions	(2,380,962)	(2,556,008)
	\$ 466,210	\$ 506,482

BANYAN COMMUNITY SERVICES INC. AND GEORGE R. FORCE GROUP HOMES INCORPORATED

Notes to Combined Financial Statements (continued)

Year ended March 31, 2023

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 \$242,579 (2022 - \$235,187).

11. 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 2022.

(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 is exposed to interest rate risk on its fixed interest rate financial instruments. As the mortgage payable was repaid in full during 2022, the Organization is no longer exposed to interest rate risk in this regard. The Organization's risk has been mitigated through the use of GIC's as described in note 2.

12. Subsequent event:

Subsequent to the year-ended March 31, 2023, the Organization has entered into discussions with the Province of Ontario to provide additional programming beginning in fiscal year 2023-24. The scope and related funding for these new programs are not yet finalized. In connection with this development, the Organization is in the process of finalizing an agreement to purchase new land and buildings.