F I N A N C I A L S T A T E M E N T S

For

BELLWOODS CENTRES FOR COMMUNITY LIVING INC.

For year ended

MARCH 31, 2026

INDEPENDENT AUDITOR'S REPORT

To the directors of

BELLWOODS CENTRES FOR COMMUNITY LIVING INC.

Opinion

We have audited the financial statements of Bellwoods Centres for Community Living Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations and 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2026 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

Emphasis of Matter - Comparative Information

We draw attention to Note 14 to the financial statements, which describes a prior period adjustment relating to the reclassification of amounts previously recorded as a liability to net assets. As described in Note 14, the adjustment has been recorded as an increase to opening net assets of the current period, and the comparative amounts have been reclassified to conform to the current period presentation. Our opinion is not modified in respect of this matter.

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

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

Welch LLP - Chartered Professional Accountants
36 Toronto Street, Suite 1070, Toronto, Ontario M5C 2C5
T: 647-288-9200 F: 647-288-7600 W: welchllp.com
An Independent Member of BKR International

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization’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 Organization’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 Organization 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.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 23, 2026.

BELLWOODS CENTRES FOR COMMUNITY LIVING INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2026

	2026	2025
ASSETS		
CURRENT ASSETS		
Cash	$ 636,131	$ 1,048,850
Investments (note 3)	9,129,517	8,548,355
Accounts receivable	442,678	732,830
Prepaid expenses	132,417	131,452
	10,340,743	10,461,487
CAPITAL ASSETS (note 4)	2,679,820	3,317,258
DEPOSITS AND OTHER ASSETS (note 7(b))	635,361	675,510
	$ 13,655,924	$ 14,454,255
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 9)	$ 2,288,433	$ 2,514,970
Due to Ontario Ministry of Health and Long-Term Care and Ontario Health	3,538,622	3,848,432
Due to City of Toronto	221,046	97,891
Current portion of mortgage payable (note 5)	75,807	73,757
Current portion of loan payable - City of Toronto (note 6)	32,059	31,584
Current portion of deferred rental contributions (note 7(b))	60,635	59,670
Deferred service contributions (note 7(c))	107,172	107,172
Deferred revenue	67,089	50,459
	6,390,863	6,783,935
MORTGAGE PAYABLE (note 5)	1,127,501	1,203,307
LOAN PAYABLE - CITY OF TORONTO (note 6)	68,350	100,409
DEFERRED CAPITAL CONTRIBUTIONS (note 7(a))	1,961,065	2,314,574
DEFERRED RENTAL CONTRIBUTIONS (note 7(b))	368,784	429,419
	9,916,563	10,831,644
NET ASSETS		
Jean Lauder Memorial Fund - internally restricted (note 8)	91,251	91,251
Capital asset reserve - internally restricted (note 8)	1,801,053	1,740,379
Unrestricted	1,847,057	1,790,981
	3,739,361	3,622,611
	$ 13,655,924	$ 14,454,255

Approved by the Board:

. . . . Director

. . . . Director

(See accompanying notes)

BELLWOODS CENTRES FOR COMMUNITY LIVING INC.

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2026

	2026	2025
Revenue		
Ontario Ministry of Health and Long-Term Care and Ontario Health grants	$ 18,913,415	$ 18,468,936
City of Toronto grants	776,005	753,704
Rental income from tenants	581,963	500,324
Investment income	233,583	272,887
Rental contributions	59,670	58,735
Other income	268,991	396,734
	20,833,627	20,451,320
Expenses		
Salaries	13,325,021	12,185,343
Employee benefits	2,989,485	2,785,404
Administrative	1,963,588	2,385,773
Purchased services and other	1,095,532	1,521,462
Repairs and maintenance	810,171	1,187,459
Utilities	213,270	198,652
Interest on long-term debt	35,881	38,344
	20,432,948	20,302,437
Excess of revenue over expenses before amortization	400,679	148,883
Amortization of deferred capital contributions and capital assets		
Amortization of deferred capital contributions	(353,509)	(402,002)
Amortization of capital assets	637,438	880,872
	283,929	478,870
Excess of revenues over expenses (expenses over revenue)	$ 116,750	$ (329,987)

(See accompanying notes)

BELLWOODS CENTRES FOR COMMUNITY LIVING INC.

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2026

	2026			
	Jean Lauder Memorial Fund	Capital Asset Reserve Fund	Unrestricted	Total
Balance, beginning of year	$ 1,740,379	$ 1,740,379	$ 1,790,981	$ 3,622,611
Excess of expenses over revenue	-	-	116,750	116,750
Transfers during the year	-	60,674	(60,674)	-
Balance, end of year	$ 1,740,379	$ 1,801,053	$ 1,847,057	$ 3,739,361

	2025			
	Jean Lauder Memorial Fund	Capital Asset Reserve Fund	Unrestricted	Total
Balance, beginning of year (note 14)	$ 91,251	$ 1,740,379	$ 2,120,968	$ 3,952,598
Excess of expenses over revenue	-	-	(329,987)	(329,987)
Balance, end of year	$ 91,251	$ 1,740,379	$ 1,790,981	$ 3,622,611

(See accompanying notes)

BELLWOODS CENTRES FOR COMMUNITY LIVING INC.

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2026

	2026	2025
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	$ 116,750	$ (329,987)
Items not involving cash and cash equivalents:		
Amortization of tangible capital assets	637,438	880,872
Amortization of deferred capital contributions	(353,509)	(402,002)
Rental contributions	(59,670)	(58,735)
	341,009	90,148
Changes in non-cash working capital components:		
Accounts receivable	290,152	794,026
Prepaid expenses	(965)	1,137
Deposits and other assets	40,149	41,872
Accounts payable and accrued liabilities	(226,537)	(701,226)
Due to Ontario Ministry of Health and Long-Term Care and Ontario Health	(309,810)	(30,522)
Due to City of Toronto	123,155	29,400
Deferred revenue	16,630	20,579
	273,783	245,414
INVESTING ACTIVITIES		
Net changes in investments	(581,162)	(505,096)
FINANCING ACTIVITIES		
Repayment of mortgage payable	(73,757)	(71,764)
Repayment of loan payable - City of Toronto	(31,583)	(31,115)
Contribution for capital asset replacement reserve	-	57,987
	(105,340)	(44,892)
DECREASE IN CASH	(412,719)	(304,574)
CASH, BEGINNING OF YEAR	1,048,850	1,353,424
CASH, END OF YEAR	$ 636,131	$ 1,048,850

(See accompanying notes)

1. NATURE OF OPERATIONS

Bellwoods Centres for Community Living Inc. (the "Organization") is is a community-based not-for-profit organization committed to enabling adults with physical disabilities to live as independently as possible in the community.

The Organization is incorporated without share capital under the Laws of Ontario. The Organization is a registered charity under the Income Tax Act (Canada) and, as such is exempt from income taxes and able to issue income tax receipts to donors.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

The Organization follows the deferral method of accounting for contributions and funding that are externally restricted by the contributor or funder for identified and/or specified purposes. Upon receipt of such contributions or funding, the amount received or recognized as receivable (if the amount to be received can be reasonably estimated and collection is reasonably assured), is initially recorded as a liability as deferred revenue until such time as the identified and/or specified expenses or expenditures are incurred by the Organization, at which time an equal amount of deferred revenue is recognized and recorded as revenue corresponding to such expenses or expenditures.

Contributions or funding externally restricted by the contributor or funder for the purchase and acquisition of depreciable capital assets are similarly deferred and recognized as revenue on the same basis as amortization of the related capital asset.

Donations and unrestricted contributions are recorded as revenue on receipt.

Rents paid or owing by tenants is recognized as earned and recorded as revenue as housing services are provided or delivered.

Investment income is recognized as earned and, as applicable, either recorded as revenue in the statement of operations or added to the Capital Asset Reserve (Note).

Capital assets

Capital assets are stated at acquisition cost less accumulated amortization. Capital assets are amortized on a straight-line basis over the following periods:

Building	20 years
Buildings improvements	18 to 25 years
Furniture and equipment	5 to 10 years
Computer equipment	3 years
Leasehold improvements	Term of lease

2. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.

Employee benefits

The Organization recognizes contributions to its defined contribution pension plan and group RRSP as an expense of the year to which the contributions relate.

Contributed volunteer services and contributed materials

The Organization depends on the donation of volunteer services and supplies. Given the difficulty of valuing donated services and supplies, such services and supplies are not accounted for in the accompanying financial statements.

Controlled not-for-profit entity

The Organization does not consolidate a not-for-profit entity that it controls in the accompanying financial statements. Financial information of the controlled entity is disclosed in Note 12.

Financial instruments

Long-term debt is initially measured at fair value (net of transaction costs) and subsequently measured at amortized cost. Transaction costs are amortized using the straight-line method.

All other financial instruments, including accounts receivable, fixed income investments and accounts payable are initially recorded at their fair value and subsequently measured at amortized cost (less any provisions for impairment in value).

Use of estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are primarily used in determining the allowance for doubtful accounts, useful lives of capital assets, and certain accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. **INVESTMENTS**

Investments consist of Guaranteed Investment Certificates ("GICs") issued by the Organization's bank maturing in April 2026 (2025 - July 2025 to August 2025). All GICs are classified as current since they can be promptly liquidated.

	2026	2025
Guaranteed investment certificates earning interest from 2.0% to 2.5% (2025 - 2.70% to 4.75%)	$ 9,129,517	$ 8,548,355

4. CAPITAL ASSETS

Capital assets represent the following:

	2026		2025	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	$ 1	$ -	$ 1	$ -
Buildings	9,021,532	7,977,966	9,021,532	7,563,076
Building improvements	3,419,154	2,246,367	3,419,154	2,138,230
Furniture and equipment	1,052,900	795,468	1,052,900	751,027
Computer equipment	173,148	173,146	173,148	173,146
Leasehold improvements	780,431	574,399	780,431	504,429
	14,447,166	$ 11,767,346	14,447,166	$ 11,129,908
Accumulated amortization	(11,767,346)		(11,129,908)	
	$ 2,679,820		$ 3,317,258	

Land represents the land at 300 Shaw Street in Toronto. This land was donated to the Organization by the City of Toronto and recorded at the nominal value of $1. In accordance with the terms of the City of Toronto's donation, the Organization must maintain a residence for persons with cerebral palsy (or similar disabilities) on the property.

Buildings and building improvements represent apartment buildings located at 1082 Dundas Street West and 300 Shaw Street in Toronto that ease independent living for persons with physical disabilities.

5. MORTGAGE PAYABLE

Mortgage payable represents a first mortgage on the Organization's building at 1082 Dundas Street West in Toronto.

	2026	2025
First National Financial GP Corporation ("FNF") mortgage	$ 1,203,308	$ 1,277,064
Less current portion	(75,807)	(73,757)
	$ 1,127,501	$ 1,203,307

The first mortgage is held by First National Financial GP Corporation ("FNF) and bears interest at 2.76% per annum. The mortgage requires monthly payments of principal and interest of $8,990 and is due on June 1 2030. The mortgage is secured by a first charge on the building at 1082 Dundas Street West and guaranteed by the Canada Mortgage and Housing Corporation (CMHC).

Principal repayments are as follows:

2027	$ 75,807
2028	77,914
2029	80,079
2030	82,304
Thereafter	887,203
	$ 1,203,307

6. LOAN PAYABLE - CITY OF TORONTO

	2026	2025
Loan payable due on April 1, 2029	$ 100,409	$ 131,993
Less current portion	(32,059)	(31,584)
	$ 68,350	$ 100,409

The loan payable from the City of Toronto is unsecured and bears interest at 1.50% requiring monthly payments of principal and interest of $2,778.

Principal repayments are as follows:

2027	$ 32,059
2028	32,542
2029	33,032
2030	2,776
	$ 100,409

7. DEFERRED CAPITAL, RENTAL AND SERVICES CONTRIBUTIONS

(a) Deferred capital contributions

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

	2026	2025
Balance, beginning of year	$ 2,314,574	$ 2,716,576
Contributions received for capital purposes	-	-
Less amounts recognized as revenue during the year	(353,509)	(402,002)
Balance, end of year	$ 1,961,065	$ 2,314,574

Deferred capital contributions include a forgivable loan received from the Canada Mortgage and Housing Corporation ("CMHC") in 2006. Provided the Organization abides by all the terms and conditions of this loan until maturity, the loan will be forgiven and interest waived when it comes due on June 21, 2031.

To date, management has fulfilled its program obligations with respect to this CMHC arrangement. The funds have been recorded as deferred capital contributions and amortized accordingly.

(b) Deferred rental contributions

Deferred rental contributions represent funds received from the Toronto Central Community Care Access Centre for the buy-down of the rental charges at the Deauville Place Apartments and 180 Sudbury Project II. The purpose of these units is to provide affordable rental housing to alternate level of care patients. For the Deauville Place Apartments, the monthly rental charges are bought down for a period of 20 years commencing April 1, 2012. For the 180 Sudbury Project II, the monthly rental charges are bought down for a period of 20 years, commencing in fiscal 2013.

7. **DEFERRED CAPITAL, RENTAL AND SERVICES CONTRIBUTIONS** - Cont'd.

The changes in the deferred rental contributions balance are as follows:

	2026	2025
Balance, beginning of year	$ 489,089	$ 547,824
Less rental contributions recognized during the year	(59,670)	(58,735)
Balance, end of year	429,419	489,089
Less current portion	(60,635)	(59,670)
	$ 368,784	$ 429,419

As at March 31, 2026, prepaid rent for the Deauville Place Apartments of $171,319 (2025 - $201,954) and $200,000 (2025 - $230,000) for the 180 Sudbury Project II is included in non-current deposits and other assets.

(c) Deferred service contributions

Deferred service contributions represent funds received from Toronto Central Community Care Access Centre to provide services to the tenants of the 180 Sudbury Project II once the units have been occupied. As at March 31, 2026, $107,172 (2025 - $107,172) of the contributions can be utilized relating to services to be provided in future years.

8. **INTERNALLY RESTRICTED FUNDS**

Internally restricted funds consist of the following:

i) CAPITAL ASSET RESERVE

During the year it was determined that the capital asset reserve is an internally restricted (no external restrictions). As a result it has been reclassified as an internally restricted fund within net assets.

The Organization's capital asset reserve represents funds set aside annually and held for the repair and maintenance of the Organization's apartment building located at 300 Shaw Street, Toronto.

	2026	2025
Balance, beginning of year	$ 1,740,379	$ 1,740,379
Funds set aside during the year	60,674	-
Balance, end of year	$ 1,801,053	$ 1,740,379

Annually, the Organization sets aside and adds approximately $25,500 of approved funding to the capital asset reserve.

In addition, under the terms of the Organization's mortgage payable and loan payable to the city of Toronto, the Organization sets aside and adds 8% of its effective rental income to its capital asset reserve (4% is held in escrow by FNF and 4% is held by the Organization for the City of Toronto).

8. **INTERNALLY RESTRICTED FUNDS** - Cont'd.

As of March 31, 2026, FNF held $264,043 in escrow (2025 - $243,557) for the Organization recorded as non-current deposits and other assets.

ii) JEAN LAUDER MEMORIAL FUND

Unrestricted net assets includes $91,251 (2025 - $91,251) for the Jean Lauder Memorial Fund.

In 1999, the Organization received an unrestricted donation of $140,000 from the Estate of Jean Lauder.

Since then, the Organizations' Board of Directors has restricted these funds internally as The Jean Lauder Memorial Fund ("Fund"), approved the expenditure of $70,799 of this gift on specified capital projects in 2019 and increased the Fund by designating additional unrestricted net assets of $22,050 as part of the Fund.

9. **GOVERNMENT REMITTANCES**

As of March 31, 2026, government remittances of $42,624 (2025 - $41,322) for employees' withholding taxes payable are included in accounts payable and accrued liabilities.

10. **ECONOMIC DEPENDENCE**

The continuation of the Organization is substantially dependant upon the ongoing financial support from Ontario Health. In 2026, approximately 91% (2025 - 90%) of all funding was received from Ontario Health.

11. **COMMITMENTS**

The future minimum annual lease payments under operating leases are as follows:

2027	$ 510,297
2028	512,836
2029	462,341
2030	243,416
2031	94,563
	$ 1,823,453

12. **BELLWOODS HOUSING**

Bellwoods (Dundas Street West) Community Housing Complex Inc. ("Bellwoods Housing") is a separate not-for-profit entity and registered charity incorporated without share capital under the laws of Ontario. Bellwoods is the sole member of Bellwoods Housing and, as a result, Bellwoods Housing is controlled by Bellwoods Centres for Community Living.

In 2006, the Organization donated and leased back its land at 1082 Dundas Street West to Bellwoods Housing for the nominal value of $1 for 50 years at $1 per year. At the end of the lease on March 21, 2056, ownership of the Organization's building at 1082 Dundas Street West will transfer to Bellwoods Housing.

Given the only asset of Bellwoods Housing is donated land recorded at the nominal value of $1, and the only source of income of Bellwoods Housing is $1 per year in annual lease payments by Bellwoods Centres, the accounts of Bellwoods Housing have not been consolidated with the accounts of Bellwoods Centres in the accompanying financial statements.

13. FINANCIAL INSTRUMENTS

Credit risk

The Organization is exposed to credit risk in connection with its accounts receivable and fixed income investments whereby one party to such financial instruments may cause a loss for the other party by failing to discharge its obligation. At March 31, 2026 the provision for doubtful accounts was $38,855 (2025 - $38,855).

Liquidity risk

The Organization is exposed to minimal liquidity risk given it does not anticipate any significant difficulties in meeting its financial liabilities.

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 is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Organization's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

The Organization is exposed to interest rate risk whereby the fair value of its long term, fixed rate debt and fixed income investments may fluctuate due to changes in market interest rates. Interest rate risk refers to the risk that the fair value of the financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates. The Organization has investments in guaranteed investment certificates that earn interest at fixed rates. The Organization manages its interest rate risk exposure by investing in fixed income securities with staggered maturity dates.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument, its issuers, or factors affecting all similar instruments traded in the market. The Organization does not have investments in publicly traded securities, and therefore is not exposed to significant other price risk.

Changes in risk

There are no significant changes in the Organization's risk exposure from the prior year.

14. PRIOR PERIOD ADJUSTMENT

During the year, the Organization determined that the capital asset reserve, previously presented as a liability, represents an internally restricted net asset. Accordingly, the comparative figures have been restated to reclassify this balance from liabilities to net assets.

The net impact of the correction on ending net assets as of March 31, 205 is as follows:

Net assets, as previously reported	$ 1,882,232
Adjustment - reclassification of capital asset reserve	1,740,379
Net assets, as restated	$ 3,622,611

Total liabilities for the year ended March 31, 2025 were decreased by $1,740,379 and the opening net assets of the prior year increased by $57,987, as a result of this change.

There are no other impacts on the statement of financial position nor statement of operations for the year ended March 31, 2025.