Financial Statements of

BEACON COMMUNITY ASSOCIATION

And Independent Auditor's Report thereon

Year ended March 31, 2026

Beacon COMMUNITY SERVICES

LIGHTING THE WAY FOR 50 YEARS.

KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250 480 3500
Fax 250 480 3539

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Beacon Community Association

Opinion

We have audited the financial statements of Beacon Community Association (the Entity), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

Basis for Opinion

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

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 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 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 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 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.
- 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.

Reporting on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

KPMG LLP

Victoria, Canada
June 18, 2026

Beacon Community Association
Statement of Financial Position
(expressed in $000s)

March 31	2026	2025
Assets		
Current		
Cash and cash equivalents	$ **5,422**	$ 4,936
Receivables	**281**	894
Inventory (Note 3)	**11**	14
Prepaids	**366**	378
	6,080	6,222
Capital assets (Notes 4, 5 and 17)	**22,621**	15,466
	$ **28,701**	$ 21,688
Liabilities		
Current		
Accounts payables and accrued liabilities	$ **1,377**	$ 1,869
Deferred contributions (Note 6)	**2,372**	1,435
Current portion of forgivable loan (Note 8)	**–**	40
Current portion of long-term debt (Note 10)	**198**	130
	3,947	3,474
Deferred capital contributions (Note 7 and 17)	**7,160**	3,566
Long-term debt (Note 10)	**4,859**	2,159
	15,966	9,199
Net Assets		
Invested in capital assets	**10,352**	9,571
Replacement reserve (Note 11)	**654**	488
Unrestricted	**1,729**	2,430
	12,735	12,489
	$ **28,701**	$ 21,688

Commitments (Notes 12)

See accompanying notes to the financial statements.

Approved by the Board:

J E M Easton Director

Director

Beacon Community Association
Statements of Operations and Changes in Net Assets
(expressed in $000s)

Year ended March 31	2026	2025
Revenue		
Government contracts (Note 13)	**$ 10,479**	$ 13,155
Fees for services and rental income	**3,042**	3,726
Thrift store sales	**2,560**	2,350
Municipal and other grants	**2,410**	2,313
Donations and fundraising	**371**	209
Investment income	**160**	322
Miscellaneous	**132**	131
Gaming	**112**	112
	19,266	22,318
Expenses		
Salaries and benefits	**12,919**	15,535
Program costs	**2,287**	2,209
Building occupancy costs	**1,832**	2,017
Office and administrative	**1,166**	1,396
Amortization	**911**	754
Contract fees	**335**	721
Miscellaneous	**125**	44
Interest on long-term debt	**110**	92
Training and professional development	**103**	131
Fundraising	**39**	12
Loss on disposal of assets	**3**	–
	19,830	22,911
Deficiency of revenue over expenses	**(564)**	(593)
Net assets, beginning of year	**12,489**	13,082
Contribution of Parry Place land (Note 17)	**810**	–
Net assets, end of year	**$ 12,735**	$ 12,489

See accompanying notes to the financial statements.

Beacon Community Association
Statement of Cash Flows
(expressed in $000s)

Year ended March 31		2026		2025
Cash flows from (used by) operating activities:				
Deficiency of revenue over expenses	$	**(564)**	$	(593)
Amortization		**911**		754
Amortization of deferred capital contributions		**(309)**		(231)
Forgivable loan		**(40)**		(40)
Loss on disposal		**3**		132
Changes in working capital:				
Receivables		**613**		(464)
Inventory		**3**		–
Prepaids		**12**		(23)
Accounts payables and accrued liabilities		**130**		731
Deferred contributions		**263**		(1,343)
		1,022		(1,077)
Cash flows from (used by) financing				
Deferred capital contributions		**21**		251
Repayment of long-term debt		**(130)**		(152)
		(109)		99
Cash flows from (used by) investing				
Proceeds from sale of tangible capital assets		**32**		–
Purchase of tangible capital assets		**(459)**		(632)
		(427)		(632)
Net increase in cash and cash equivalents		**486**		(1,610)
Cash and cash equivalents, beginning of year		**4,936**		6,546
Cash and cash equivalents, end of year	$	**5,422**	$	4,936

See accompanying notes to the financial statements.

1. Purpose of the Association

Beacon Community Association (the “Association”) provides a variety of community services to the Capital Regional District. The Association is incorporated under the Society Act of British Columbia and is a registered charity in accordance with the Income Tax Act of Canada.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO). The Association’s significant accounting policies are as follows:

a) Revenue recognition

The Association follows the deferral method of accounting for contributions. 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 or restrictions met.

Contributions restricted for the purchase of tangible capital assets and the fair value of contributed capital assets are deferred and amortized to revenue on a basis consistent with the amortization of the capital assets acquired. Contributed land is recognized as a direct increase to net assets.

The Association does not include the value of donated goods and services in these financial statements unless a fair value can be reasonably estimated and they would otherwise be purchased by the Association. The Association does not include the value of pledges in these financial statements.

Forgivable loans are recognized as revenue in accordance with the above when the Association becomes entitled to receive a forgivable loan.

b) Restricted fund

The Replacement Reserve Fund represents restricted funds related to capital asset replacement activities for BC Housing and Mortgage Corporation (BCHMC) properties (see Note 11). These funds are required to be reported as replacement reserve funds based on the Association’s agreement with BCHMC.

c) Deferred capital contributions

The Association receives contributions to acquire tangible capital assets. These contributions are amortized into revenue on the same basis as the related tangible capital assets. If the contributions are used to purchase tangible capital assets that are not subject to amortization net assets are directly increased.

2. Significant accounting policies (continued)

d) Contributed goods and services

Some of the activities of the Association are carried out by volunteers. The value of this contributed time is not reflected in these financial statements. In addition, the organization relies on contributed materials for the Thrift Stores. Contributed materials which are sold through the Thrift Stores are not recorded in the financial statements due to the difficulty in determining the fair value of the contributed materials.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

f) Capital assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives at the following rates:

Buildings, except Marguerite Court and Wakefield Manor	25 to 40 years
Equipment and computer hardware	3-5 years
Vehicles	3-5 years
Leasehold improvements	Lease term
Software	3 years

Amortization is not provided on capital work in progress until the assets are available for use.

When a capital asset no longer contributes to the Association's ability to provide services, its carrying value is written down to its residual value.

g) Financial instruments

The Association's financial instruments consist of cash and cash equivalents, receivables, payables and accrued liabilities, and long term debt. Financial instruments are recorded at fair value on initial recognition. Any investments 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 Association has not elected to carry any such financial instruments at fair value. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

(expressed in $000s)

2. Significant accounting policies (continued)

h) Use of estimates

In preparing the Association's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. The more subjective of such estimates are the amortization period of capital assets. Actual results could differ from these estimates.

3. Inventory

Inventory for kitchen supplies are recorded at the lower of cost and net realizable value.

4. Capital assets

			2026	2025
	Cost	Accumulated amortization	**Net book value**	Net book value
Land	$ 6,126	$ –	**$ 6,126**	$ 4,816
Land lease (Note 5)	139	139	**–**	–
Building	23,323	7,872	**15,451**	9,732
Leasehold improvements	474	147	**327**	396
Vehicles	132	132	**–**	4
Furniture & equipment	315	156	**159**	218
Computer hardware	329	245	**84**	96
Computer software	139	81	**58**	102
Intangible assets	89	35	**54**	71
Work in progress	362	–	**362**	31
	$ 31,428	$ 8,807	**$ 22,621**	$ 15,466

Land with a cost of $577 and buildings with a cost of $3,846 and accumulated amortization of $1,620 are leased to Vancouver Island Health Authority.

5. Land lease

On November 1, 2003, the Association assumed a Lease Agreement with the Corporation of the District of Saanich. The Marguerite Court Building is situated on the leased land located in Victoria, British Columbia. The original term of the lease commenced on April 1, 1987 and is for 60 years. The rental for the term is $167 and was paid in full in advance at that time.

(expressed in $000s)

6. Deferred contributions

Deferred contributions represent unspent funds restricted for the provision of services in future periods.

		2026		2025
Balance, beginning of year	**$**	**1,435**	**$**	2,778
Restricted contributions received		**7,405**		10,162
Transfer of accounts payable amounts reclassified to a new program		**674**		–
Recognition of deferred contributions		**(7,142)**		(11,505)
Balance, end of year	**$**	**2,372**	**$**	1,435

7. Deferred capital contributions

		2026		2025
Balance, beginning of year	**$**	**3,566**	$	3,546
Restricted contributions received		**21**		251
Acquisition of Parry Place Assisted Living (Note 17)		**3,882**		–
Recognition of deferred capital contributions		**(309)**		(231)
Balance, end of year	**$**	**7,160**	$	3,566

In April 2020, the Association entered into an operating agreement with BCHMC to renovate and retrofit the Marguerite Court Building. Contributions received of $3,277 were in the form of a forgivable loan which have been recognized as deferred capital contributions and amortized in line with the useful life of the assets. The loan is forgivable provided the Association fulfills the terms of the agreement. These terms require the Association to use the building to provide affordable housing until April 2030. The Association expects to meet this condition over the 10-year period. Should the property cease to be used for its intended purpose, the loan will become due and interest will be calculated from that date at bank prime plus 2%.

(expressed in $000s)

8. Forgivable loan

		2026		2025
Interest free loan, from the British Columbia Housing Management Commission, for renovations at the Wakefield Manor senior supportive housing facility, forgivable over a period of 17 years, beginning October 2009	**$**	**–**	$	40
Less: current portion		**–**		40
	$	**–**	$	–

During the year $40 (2025: $40) of the forgivable loan for Wakefield Manor was recognized as revenue. The loan continues to be forgivable if specific conditions as set out in the respective agreement are fulfilled.

9. Credit facility

The Association has arranged a $5 million credit facility with the Bank of Montreal. This facility includes a $2.5 million operating line of credit, with interest at the bank's prime rate plus 0.625% payable monthly. The balance consists of an additional demand loan facility available to the Association at the discretion of the Board of Directors. At March 31, 2026 $nil has been drawn (2025: $nil).

(expressed in $000s)

10. Long-term debt

		2026		2025
Wakefield Manor:				
Canada Mortgage and Housing Corporation, mortgage payable in monthly instalments of $6 including interest at 0.74%, due November 1, 2025	$	**–**		50
Wakefield Manor: Mortgage MCAP Financial Corporation payable in monthly instalments of $1 including interest at 2.95%, due October 1, 2027		**218**		224
Shoal Assisted Living:				
At 10030 Resthaven Drive, Scotia Mortgage Corporation mortgage payable in monthly instalments of $13 including interest at 4.23%, due August 1, 2033		**1,941**		2,015
Parry Place (Note 17): Assumed Scotiabank mortgage from acquisition payable in monthly installments of $20 including interest at 4.54%, due May 2045		**2,898**		–
		5,057		2,289
Less: current portion		**198**		130
	$	**4,859**	$	2,159

The Association has provided mortgages over various buildings as security. Principal repayments in each of the next five years are due as follows:

2027	$	198
2028	$	411
2029	$	209
2030	$	218
2031	$	228

(expressed in $000s)

11. Replacement reserve fund

The replacement reserve fund was established and is maintained pursuant to an agreement with British Columbia Housing and Mortgage Corporation (BCHMC) for four properties – Marguerite Court, Wakefield Manor, SHOAL Assisted Living and 834 Johnson Street (Note 4). The Association was required to fund $50 in 2026 (2025: $50) to invest in funds and accumulate capital and interest income for replacement of capital assets which BCHMC may authorize and approve.

Cash and cash equivalents of $654 (2025: $488) are restricted to fund replacement reserves in accordance with the BCHMC operating agreement.

	2026	2025
Balance, beginning of year	**$ 488**	$ 474
Contributions in the year	**50**	50
Acquisition of Parry Place replacement reserve (Note 17)	**187**	–
Interest	**11**	22
Reserves available for replacement costs	**736**	546
Current year expenditure of replacement costs	**82**	58
Balance, end of year	**$ 654**	$ 488

12. Commitments

The Association has entered into agreements to lease certain operating premises, equipment and to secure parking and grounds maintenance services. The minimum annual payments over the next five years are as follows:

2027	$ 478
2028	$ 247
2029	$ 164
2030	$ 76
2031	$ 73

(expressed in $000s)

13. Government contracts

The Association receives funding from many funders including the Provincial and Federal Governments. Island Health provides funding towards the Association's Long Term Care facilities and BC Housing provides rental subsidies for the Association's affordable housing. The Association and Island Health terminated the contract for the Long Term Care facilities on January 31, 2025.

The Association has rental subsidy agreements for Marguerite Court (expires in 2028) and Wakefield Manor (expires in 2028). Any excess of revenue over expenses must be repaid to BC Housing.

Other government funding includes funds for our employment and counselling services programs.

	2026	2025
Federal Government Funding	$ **10**	**$** 10
Provincial Government Funding		
Island Health	**517**	4,281
BC Housing	**4,257**	3,732
Ministry of Social Development & Poverty Reduction	**2,892**	2,587
Ministry of Children and Family Development	**735**	1,125
Ministry of Education & Childcare	**2,061**	1,419
Ministry of Public Safety & Solicitor General	**7**	1
Total Provincial Government Funding	**10,469**	13,145
Total Government Contracts Funding	**$ 10,479**	$ 13,155

14. Employee pension plan

The Association and certain of its employees contribute to the Municipal Pension Plan. The Plan is a multi-employer defined benefit plan. The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits on behalf of employers and employees in accordance with the Public Sector Pension Plans Act and the Municipal Pension Plan Rules. The risks and rewards associated with the Plan's unfunded liability or surplus are shared between the employers and the Plan's members and may be reflected in their future contributions.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. Based on the most recent actuarial valuation as of December 2024, the Municipal Pension Plan is fully funded as of that date. During the year, the Association contributed $719 (2025: $766) on behalf of the employees. Portions of any surplus or deficiency are not attributed to individual employers.

14. Employee pension plan (continued)

Effective April 1, 2022, the Association extended coverage to all eligible regular full-time staff, and casual and part-time employees who meet length of service and annual earnings criteria to improve recruitment and retention.

15. Remuneration

Under the British Columbia Societies Act, societies must disclose remuneration paid to directors, and to employees and contractors whose remuneration was at least $75 for the fiscal year.

During the year, there were 53 (2025: 59) employees who met this criterion, and the total amount of remuneration paid to these persons was $5,256 (2025: $5,893).

During the year, the Association paid $nil (2025: $nil) to directors.

16. Financial instruments

In the normal course of operations, the Association is exposed to liquidity risk, interest rate risk and credit risk. The Association's primary risk management objective is to protect earnings and cash flow, and ultimately to continue to provide diverse community, health and social services to the Capital Regional District.

Risks are managed within limits established by the Association's Board of Directors and implemented by management. These risks and actions taken to manage them are as follows:

Liquidity risk

Liquidity risk is limited as all investments are held in instruments that are liquid and can be disposed of to settle commitments. The Association also maintains a line of credit arrangement to enable short-term borrowing if needed. The Association establishes budgets and cash flow projections to ensure it has the necessary funds.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Association's main interest rate exposure relates to its long-term debt. The Association minimizes its exposure to interest rate risk whenever possible by entering into fixed term mortgage contracts.

Credit risk

Credit risk arises from the possibility that a debtor is unable to discharge its obligations to the Association in a timely manner. The Association minimizes its risk through regular monitoring and follow up of its outstanding receivables.

(expressed in $000s)

16. Financial instruments (continued)

The imposition of U.S. tariffs on cross-border trade will result in increased costs for goods and services procured from U.S. suppliers, impacting operations and infrastructure projects. While the long-term impact remains uncertain, the Association is actively working to monitor and mitigate the risks and impacts of the tariffs.

17. Acquisition of Parry Place Assisted Living

On March 1, 2026, the Association acquired the land, building and chattels for nominal consideration. The property's fair market value as at March 1, 2026 was $7,590.

The Association assumed a mortgage with Scotiabank for $2,898 for the land and buildings. The difference between the fair market value of the building and the portion of the assumed mortgage of $3,882 has been recognized as a deferred capital contribution and will be amortized in line with the remaining useful life of the building.

The Association also received a contribution for the land in the form of a forgivable loan for $430. The forgivable loan has been recognized as an increase in net assets. The difference between the fair market value of the land and the portion of the assumed mortgage and forgivable loan of $380 has been recognized as an increase in net assets.

The loan is forgivable provided the Association fulfils the terms of the agreement. These terms require the Association to use the land for specific purposes until March 31, 2042. The Association expects to meet this condition over the remaining 16-year period.

Commencing March 1, 2026 the Association entered into contracts to provide Assisted Living to 21 residents of Parry Place. These operations consist of contracted hospitality services with BC Housing and assisted living care with Island Health. The combined services are expected to increased revenues and expenditures for the year ending March 31, 2027 by $1,120.

The following table summarizes the assets acquired and liabilities assumed at the date of acquisition.

Assets:		
Restricted cash (Replacement Reserve)	$	188
Land		1,310
Building		6,280
		7,778
Liabilities:		
Mortgage payable		2,898
Identifiable assets and liabilities assumed	$	4,880