

**COMPASSION SOCIETY OF HALTON
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025**

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INDEPENDENT AUDITORS' REPORT

To the Directors
Compassion Society of Halton

Qualified Opinion

We have audited the financial statements of Compassion Society of Halton, which comprise the statement of financial position as at December 31, 2025, and the statements of changes in net assets and operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the 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 organization as at December 31, 2025, 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 Qualified Opinion

In common with many charitable organizations, the organization derived revenues from fundraising and donations, the completeness of which are not susceptible to satisfactory audit verification. The organization also derives revenue and incurs expenses from donated food products, of which the accuracy of the weight or value is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues and expenses and verification of the accuracy of the donated food and distribution of donated food was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to donated food, donations and fundraising revenue, distribution of donated food, excess of revenue over expenditure, cash flows from operations, general fund or net assets for the year ended December 31, 2025 and the year ended December 31, 2024. Our audit opinion on the financial statements for the year end December 31, 2024 was modified because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

INDEPENDENT AUDITORS' REPORT, continued

Auditors' Responsibility 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 auditors' 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 auditors' 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 auditors' 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.

Glenn Graydon Wright LLP

Chartered Professional Accountants
Licensed Public Accountants
Oakville, Ontario
May 21, 2026

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)

Statement of financial position**As at December 31, 2025**

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 220,264	161,678
Short-term investments (Note 4)	237,746	239,772
Accounts receivable	648	648
Donations receivable	29,024	14,217
HST receivable	10,279	12,650
Prepaid expenses	24,441	20,928
	522,402	449,893
Capital assets (Note 5)	112,836	145,742
	\$ 635,238	595,635
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 22,013	15,678
Deferred operating contributions (Note 6)	74,718	38,217
	96,731	53,895
Deferred capital contributions (Note 7)	76,737	108,537
	173,468	162,432
Net assets		
General fund (Note 2(b)(i))	405,403	378,730
Contingency fund (Note 2(b)(ii))	56,367	54,473
	461,770	433,203
	\$ 635,238	595,635

Approved by the Board

Director_____
Director

COMPASSION SOCIETY OF HALTON**(Incorporated without share capital)****Statement of changes in net assets****For the year ended December 31, 2025**

		General fund	Contingency fund	2025	2024
Net assets, beginning of year	\$	378,730	54,473	433,203	333,679
Excess of revenue over expenditure		26,673	1,894	28,567	99,524
Net assets, end of year	\$	405,403	56,367	461,770	433,203

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)

Statement of operations**For the year ended December 31, 2025**

	General fund	Contingency fund	2025	2024
Revenue				
Donations	\$ 2,190,100	-	2,190,100	1,786,475
Fundraising	7,888	-	7,888	-
Grants	169,831	-	169,831	198,577
Interest income	7,063	1,894	8,957	10,428
Property tax rebate	10,235	-	10,235	9,562
	2,385,117	1,894	2,387,011	2,005,042
Expenditure				
Amortization	41,653	-	41,653	40,849
Automobile	6,388	-	6,388	3,649
Bank charges and interest	288	-	288	370
Client food and hygiene purchases	1,782,072	-	1,782,072	1,339,563
Client gift card disbursements	57	-	57	436
Client special programs	77,860	-	77,860	71,170
Communication	2,397	-	2,397	2,638
Computer supplies and services	7,660	-	7,660	6,768
Education and training	507	-	507	-
Fundraising	7,881	-	7,881	4,086
Insurance	3,830	-	3,830	3,446
Office supplies	3,759	-	3,759	3,112
Professional fees	8,748	-	8,748	9,444
Rent and occupancy	120,186	-	120,186	119,098
Repairs and maintenance	12,006	-	12,006	8,822
Salaries and benefits	270,117	-	270,117	275,732
Supplies and materials	948	-	948	731
Volunteer appreciation	12,087	-	12,087	15,604
	2,358,444	-	2,358,444	1,905,518
Excess of revenue over expenditure	\$ 26,673	1,894	28,567	99,524

COMPASSION SOCIETY OF HALTON**(Incorporated without share capital)****Statement of cash flows****For the year ended December 31, 2025**

	2025	2024
Cash flows from (used in) operating activities		
Excess of revenue over expenditure for year		
General fund	\$ 26,673	94,027
Contingency fund	1,894	2,157
Amortization of deferred contribution related to capital assets (Note 7)	(35,800)	(33,077)
Adjustment for		
Amortization of capital assets	41,653	40,849
	34,420	103,956
Changes in non-cash working capital		
Decrease (increase) in short-term investments	2,026	(7,734)
Increase in accounts receivable	-	(648)
Increase in donations receivable	(14,807)	(6,665)
Decrease in HST receivable	2,371	752
(Increase) decrease in prepaid expenses	(3,513)	491
Increase (decrease) in accounts payable and accrued liabilities	6,335	(3,708)
Increase (decrease) in deferred operating contributions	36,501	(60,884)
Cash flows from operating activities	63,333	25,560
Cash flows from (used in) investing activities		
Acquisition of capital assets	(8,747)	(72,787)
Cash flows used in investing activities	(8,747)	(72,787)
Cash flows from (used in) in financing activities		
Deferred capital contributions	4,000	36,000
Cash flows from financing activities	4,000	36,000
Net increase (decrease) in cash and cash equivalents during year	58,586	(11,227)
Cash and cash equivalents, beginning of year	161,678	172,905
Cash and cash equivalents, end of year	\$ 220,264	161,678

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2025

1. Purpose of the corporation

The Compassion Society of Halton (the "Society") is a not-for-profit organization, incorporated without share capital under the laws of the Province of Ontario and is a registered charity under the Income Tax Act.

The purpose of the Society is to respond to the needs of the community by providing support, clothing, food and referrals to local connections when needed.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies where alternatives are available:

a) Management estimates

The preparation of the 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 financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

b) Basis of accounting

The Society follows the deferral method of accounting for contributions. The accounts have been classified into the following funds:

i) General fund

The General fund represents accounts used for the Society's program delivery and other charitable and administrative activities. The Society is dependent on community donations for a significant portion of its operating revenues. The balance of funds held in this fund are used to fund current and future normal operating activities.

ii) Contingency fund

The Contingency fund is an internally restricted fund established at the discretion of the Board of Directors. It represents funds available for purposes as specified by the Board of Directors from time-to-time. The Contingency fund was established to mitigate risk related to future operations and to ensure continuity of the Society. The balance in the fund is to be maintained at a level which approximates three months of operational costs.

c) Cash and cash equivalents

Cash and cash equivalents are defined as cash and highly liquid investments. These consist primarily of cash held for operating purposes, in demand current accounts and term deposits with terms to maturity of three months or less at the date of purchase.

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2025

2. Significant accounting policies – continued

d) Short-term investments

Short-term investments are recorded at fair market value.

e) Food inventory

As food is distributed at no charge, no inventory value has been recorded on the statement of Financial Position for food on-hand at year end.

f) Revenue recognition

Unrestricted contributions, donations and grant revenue are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred and in the year specified in the terms and conditions of each respective agreement.

Fundraising revenue is recognized when the corresponding event takes place. During the year, fundraising activities were limited fundraising events.

Donated food is valued at an average price per pound based on the rate set by Food Banks Canada of \$3.64 per pound. Donated hygiene products, where recognized, are assigned a monetary value based on estimated fair value and are not measured using a weight-based methodology. Clothing donations are not recognized in the financial statements. These donated food products are reflected in the statement of operations as donated food offsetting distribution of donated food. The Society recognizes donated food in the year in which it is distributed. For the year ended December 31, 2025, management estimates, when measured, that approximately 482,658 pounds of food was distributed. Based on this valuation, the total amount donated and distributed during the year was \$1,756,875. This revenue and expenditure is respectively reflected in Donations and Client Food and Hygiene Purchases on the Statement of Operations.

Interest and other income is recognized in the year in which it is earned.

Gifts-in-kind are recorded at fair market value when received.

Deferred operating contributions consist of funds collected from activities that will take place in a subsequent year. The revenue for these deferred operating contributions will take place when the corresponding activities occurs. Deferred capital contributions consist of funds collected for capital expenditures. The revenue for these deferred capital contributions is recognized at the same rate of amortization of the corresponding capital assets.

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2025

2. Significant accounting policies – continued

g) Capital assets

Capital assets are recorded at acquisition cost. Amortization is recorded in the accounts at rates intended to write off the cost of the assets over their estimated useful life beginning in the month of acquisition. Methods and rates are:

Computers

30% diminishing balance basis

Furniture and equipment

30% diminishing balance basis

Automobiles

30% diminishing balance basis

Leasehold improvements

20% straight-line basis

h) Contributed materials and services

The Society receives contributions of clothing and materials as part of its regular operations. Because of the difficulty of determining their fair value, these contributions are not recognized in the financial statements. Other contributions of materials are recognized in the financial statements where the fair value is reasonably determinable and is readily available. The value of volunteer time is not reflected in these financial statements.

3. Financial instruments

a) Fair value

The Society initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in underlying market factors. The Society is not exposed to significant market risks arising from its financial instruments. There have been no changes in the organization's financial instruments risk exposures from December 31, 2022.

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)

Notes to financial statements**As at December 31, 2025****3. Financial instruments – continued****c) Liquidity risk**

Liquidity risk is the risk that the Society cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, the Society is not subject to significant liquidity risk.

The Society manages liquidity risk by:

- maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.
- investing in liquid fixed income securities and cash equivalents that, if necessary, can be sold to generate cash flow.

4. Short-term investments

Short-term investments, inclusive of accrued interest earned, are comprised of term deposits maturing between February 26, 2026 to December 8, 2026 with interest rates between 2.55% to 3.00%.

5. Capital assets

		2025		2024
	Cost	Accumulated amortization	Net	Net
Computers	\$ 8,575	7,102	1,473	2,105
Furniture and equipment	89,188	46,442	42,746	47,494
Automobiles	60,730	37,022	23,708	33,868
Leasehold improvements	104,016	59,107	44,909	62,275
	<u>\$ 262,509</u>	<u>149,673</u>	<u>112,836</u>	<u>145,742</u>

Amortization recorded during the year amounted to \$41,653 (2024 – \$40,849).

During the year, capital assets were acquired for cash at an aggregate cost of \$8,747 (2024 - \$72,787).

6. Deferred operating contributions

Deferred operating contributions result from grants, ticket sales and donations collected during the year that relate to activities expected to take place subsequent to year end as follows:

	2025	2024
Balance, beginning of year	\$ 38,217	99,101
Grants received	169,927	108,550
Revenue recognized	(133,426)	(169,434)
Balance, end of year	<u>\$ 74,718</u>	<u>38,217</u>

COMPASSION SOCIETY OF HALTON

(Incorporated without share capital)

Notes to financial statements

As at December 31, 2025

7. Deferred capital contributions

Deferred capital contributions result from donations and grants collected during the year that relate to capital expenditures as follows

	2025	2024
Balance, beginning of year	\$ 108,537	105,614
Donations and grants received	4,000	36,000
Revenue recognized	(35,800)	(33,077)
Balance, end of year	<u>\$ 76,737</u>	<u>108,537</u>

8. Operating lease commitments

Future minimum rental payments (net of refundable HST) required under operating leases for office premises and equipment that have remaining terms in excess of one year are:

2026	\$ 101,653
2027	<u>25,413</u>
	<u>\$ 127,066</u>

9. Income taxes

The Society is a registered charity and is therefore exempt from income taxes under Section 149(1)(f) of the Income Tax Act.