

CPA Canada Illustrative Financial Statements (IFS)

NOVEMBER 2025



DISCLAIMER

The illustrative financial statements (“IFS”) are non-authoritative, for illustrative purposes only and do not explore all possible accounting scenarios. The IFS are not intended to be a substitute for reading and understanding the relevant standards contained in the *Handbook*, nor are they a substitute for the application of professional judgment required in applying accounting standards.

Use of the IFS is contingent on the application of professional judgment since the facts and circumstances assumed in preparing the IFS may differ and not be identical to circumstances faced by the preparer/practitioner. CPA Canada and the author(s) disclaim any responsibility or liability that may occur, directly or indirectly, as a consequence of the use and application of the IFS.

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Introduction

CPA Canada undertakes initiatives to support members in the application of standards in the *CPA Canada Handbook*. These illustrative financial statements (“IFS”) are designed to assist entities in preparing and presenting financial statements in accordance with Canadian Accounting Standards for Private Enterprises (“ASPE”) and Accounting Standards for Not-for-Profit Organizations (“ASNPO”) in Part II and III, respectively, of the *CPA Canada Handbook – Accounting* (“Handbook”), by demonstrating possible presentation formats based on fictional entities and scenarios.

Each scenario assumes certain circumstances and fact patterns, and accordingly, accounting policy choices are made where permitted by the relevant accounting standards. In selecting and evaluating accounting policy selections, preparers/practitioners should reflect on fair presentation of the specific circumstances of their respective scenarios.

As a reminder, the appearance of financial statements may vary due to the application of professional judgment and the preparer’s individual preferences within the framework of applicable accounting standards. These IFS should not be taken as the only style permitted.

Other applicable resources

The material in this publication addresses only the preparation and presentation of financial statements. Visit the [CPA Canada website](#) to access additional resources that address related matters, including illustrative assurance reports, which may be issued by practitioners in respect of audit and other assurance engagements over financial statements of an entity.

Practitioners who are subscribers to the Professional Engagement Guide (PEG) will also find the following financial reporting framework (FRF) presentation and disclosure checklists useful:

- FRF 900 — Read this first — Use of FRF
- FRF 906 — ASPE — General
- FRF 907 — First-time adoption of ASPE
- FRF 908 — ASPE — Income taxes
- FRF 909 — ASPE — Investments
- FRF 910 — ASPE — Leases
- FRF 911 — ASPE — Goodwill and intangible assets
- FRF 912 — ASPE — Employee future benefits
- FRF 913 — ASPE — Supplementary
- FRF 914 — ASPE — Agriculture
- FRF 915 — ASPE — Business combinations
- FRF 971 — First-time adoption of ASNPO
- FRF 972 — ASNPO — General
- FRF 973 — ASNPO — Combinations by not-for-profit organizations

Summary of Scenarios and Standards Coverage

The IFS reflect requirements in accounting standards and amendments that have been issued by the Canadian Accounting Standards Board as at November 2024 and that are required to be applied by entities with annual reporting periods beginning on or after January 1, 2025. However, FS 2 illustrates early adoption of Accounting Guideline-21, Accounting for life insurance contracts with cash surrender value (AcG-21) that is effective for annual reporting periods beginning on or after January 1, 2026. As accounting standards change over time, users should consider the publication date of the IFS and any other non-authoritative materials when referencing them. The IFS should not be used as a substitute for reading and referring to the requirements of the standards.

The left margin of each set of financial statements includes references to the applicable ASPE and ASNPO requirements in the *Handbook*.

The IFS have been prepared on the assumption that the entities have been applying their respective financial reporting framework for some time and are not first-time adopters.

Summary of Scenarios

The IFS include five example scenarios, as follows:

Name	Framework	Presentation	Nature of Operations
FS 1: Apple Orchard Limited	ASPE	Non-consolidated	Agriculture – apple orchard with manufacturing
FS 2: Consolidated Food Groups Inc.	ASPE	Consolidated	Restaurant franchise operations and service revenue
FS 3: Home for Hearts	ASNPO	Deferral method without fund accounting	Charity – community support organization
FS 4: Community Now	ASNPO	Consolidated, deferral method with fund accounting	Charity – community support organization
FS 5: Kids Access Foundation	ASNPO	Restricted fund method	Public foundation – support for children’s accessibility issues

Standards Coverage

To facilitate the use of the IFS, the following exhibits will help locate specific matters either by topic or by *Handbook* Section:

- [Exhibit 1](#) – Topic Coverage
- [Exhibit 2](#) – Standards Coverage – ASPE and ASNPO

EXHIBIT 1 – TOPIC COVERAGE

Illustrative financial statements (summary of topic coverage, alphabetically)

Topic (Alphabetical)	FS 1 Apple Orchard Limited (ASPE)	FS 2 Consolidated Food Groups Inc. (ASPE)	FS 3 Home for Hearts (ASNPO)	FS 4 Community Now (ASNPO)	FS 5 Kids Access Foundation (ASNPO)
Accounts payable	Note 15		Note 9	Note 13	
Accounts receivable	Note 6			Note 6	
Accounts receivable – Transfer of receivable		Note 12			
Adoption of new accounting standards		Note 4			
Allocation of expenses			Note 15		
Amounts receivable				Note 6	
Asset retirement obligation	Note 2(n) Note 19				
Business combinations		Note 2(l) Note 6			
Capital lease (lessee)	Note 2(k) Note 12 Note 13				
Capital lease (lessor)		Note 2(d) Note 10			
Cash	Note 5		Note 3(b)		
Cash surrender of life insurance policy		Note 2(g) Note 13			
Change in accounting policy	Note 3	Note 7			
Cloud-computing		Note 2(n) Note 4			
Collections				Note 3(f) Note 12	
Commitments	Note 23	Note 21			
Contingent event <ul style="list-style-type: none"> • Accrual • Disclosure 	Note 24	Note 22	Note 19		
Contributions/charitable donations			Note 3(e) Note 12	Note 3(g)	Note 2(f)
Controlled entities <ul style="list-style-type: none"> • Not-for-profit organization • Profit-oriented entity 				Note 8	
Credit facility		Note 17		Note 16	
Deferred contributions			Note 10	Note 14 Note 15	
Disposal of long-lived assets and discontinued operations	Note 11 Note 12	Note 26			
Economic dependence		Note 28	Note 17		

Topic (Alphabetical)	FS 1 Apple Orchard Limited (ASPE)	FS 2 Consolidated Food Groups Inc. (ASPE)	FS 3 Home for Hearts (ASNPO)	FS 4 Community Now (ASNPO)	FS 5 Kids Access Foundation (ASNPO)
Employee future benefits – Defined benefit plan			Note 3(g) Note 16		
Employee future benefits – Defined contribution plan				Note 19	
Expenses		Note 24 Note 25	Note 3(i)		Note 2(h) Note 7
Financial assets – Fair value equity instruments		Note 8		Note 7	
Financial assets <ul style="list-style-type: none"> • Amortized cost • Impairment 			Note 7		Note 4
Financial liability <ul style="list-style-type: none"> • Loan payable • Mortgage payable • Covenants 	Note 14	Note 17	Note 11		
Financial instruments	Note 2(j)	Note 2(o)	Note 3(c)	Note 3(c)	Note 2(e)
• Preferred shares (ROMRSs)		Note 2(i) Note 19 , when presented as liability			
Financial risks	Note 20	Note 5	Note 5	Note 5	Note 9
Hedge accounting	Note 2(p)		Note 3(h)		
Income tax – Future income taxes method	Note 2(l) Note 18				
Income tax – Taxes payable method		Note 2(h) Note 23			
Intangible assets <ul style="list-style-type: none"> • Capitalization • Amortization • Impairment 	Note 2(g) Note 9	Note 2(e) Note 15		Note 3(e) Note 11	
Intangible assets <ul style="list-style-type: none"> • Goodwill 		Note 2(m)			
Internal and external restrictions				Note 3(b)	Note 2(b) Note 5 Note 6
Inventory <ul style="list-style-type: none"> • Sale of goods (retail) • Agricultural inventories 	Note 2(d) Note 2(e) Note 8 Note 7	Note 2(b) Note 9			
Joint arrangements	Note 2(h) Note 22				
Measurement uncertainty	Note 4	Note 3	Note 4	Note 4	Note 3
Merger of not-for-profit organizations			Note 6		

Topic (Alphabetical)	FS 1 Apple Orchard Limited (ASPE)	FS 2 Consolidated Food Groups Inc. (ASPE)	FS 3 Home for Hearts (ASNPO)	FS 4 Community Now (ASNPO)	FS 5 Kids Access Foundation (ASNPO)
Net assets and inter-fund transfers				Note 17	Note 6
Non-monetary transactions				Note 10	
Operating lease			Note 18	Note 20	
Property, plant, and equipment/Capital assets <ul style="list-style-type: none"> Capitalization Amortization Impairment Capital assets charged to the statement of operations (small entity exemption) 	Note 2(f) Note 11	Note 2(c) Note 14	Note 3(d) Note 8	Note 3(d) Note 9	Note 2(g) Note 7
Productive biological assets	Note 2(c) Note 10				
Related-party transactions	Note 17	Note 11 Note 16	Note 14	Note 18	Note 8
Revenue – Contributions – Deferral method			Note 3(f)	Note 3(b)	
Revenue – Contributions – Restricted funds method					Note 2(d)
Revenue – Government assistance	Note 2(o) Note 21	Note 2(k) Note 27	Note 13		
Revenue – Long-term contract (percentage of completion)		Note 2(j) Note 20			
Revenue – Sale of goods	Note 2(m)				
Share capital	Note 16	Note 18			
Significant influence investment	Note 2(h) Note 22				
Subsequent events		Note 29	Note 20		

EXHIBIT 2 – STANDARDS COVERAGE – ASPE AND ASNPO

	FS 1 Apple Orchard Limited	FS 2 Consolidated Food Groups Inc.	FS 3 Homes for Hearts	FS 4 Community Now	FS 5 Kids Access Foundation
Applicable financial reporting framework	ASPE	ASPE	ASNPO	ASNPO	ASNPO
Method used to account for contributions (ASNPO only)	N/A	N/A	Deferral method without fund accounting	Deferral method with fund accounting	Restricted fund method
Consolidation status	Non-consolidated	Consolidated	N/A	Consolidated	N/A
Industry	Agriculture	Food service	Charity	Charity	Public foundation

Standards referenced in the notes to the financial statements

Notes: When marked as "Not specifically referenced," aspects of the standard have been applied in the financial statements but have not been specifically referenced due to their general nature.

BS = Balance sheet

CFS = Cash flow statement

IS = Income statement

SCF = Statement of cash flows

SCFB = Statement of changes in fund balances

SCN = Statement of changes in net assets

SFP = Statement of financial position

SOP = Statement of operations

SRE = Statement of changes in retained earnings

	FS 1 Apple Orchard Limited	FS 2 Consolidated Food Groups Inc.	FS 3 Homes for Hearts	FS 4 Community Now	FS 5 Kids' Access Foundation
ASPE					
General accounting [Sections 1000 – 1800]					
1000 Financial statement concepts					
1100 Generally accepted accounting principles					
1400 General standards of financial statement presentation	Note 2(a)	Note 2			
1500 First-time adoption					
1505 Disclosure of accounting policies	Note 2	Note 2			
1506 Accounting changes	Note 3 Note 19	Note 4 Note 7			
1508 Measurement uncertainty	Note 4	Note 3	Note 4	Note 4	Note 3
1510 Current assets and current liabilities	BS Note 15	BS	SFP Note 9	SFP Note 6 Note 13	SFP Note 5
1520 Income statement	IS Note 10 Note 11	IS	SOP	SOP	SOP
1521 Balance sheet	BS	BS	SFP	SFP	SFP
1540 Cash flow statement	CFS Note 5 Note 13 Note 19	CFS Note 6 Note 18	SCF Note 3(b)	SCF	SCF
1582 Business combinations		Note 2(l) Note 6			
1591 Subsidiaries	BS Note 2(h) Note 22				
1601 Consolidated financial statements		BS IS SRE CFS			
1602 Non-controlling interests					
1625 Comprehensive revaluation of assets and liabilities					
1651 Foreign currency translation					
1800 Unincorporated businesses					

	FS 1 Apple Orchard Limited	FS 2 Consolidated Food Groups Inc.	FS 3 Homes for Hearts	FS 4 Community Now	FS 5 Kids' Access Foundation
Specific items [Sections 3000 – 3870]					
3031 Inventories	Note 2(d) Note 8	Note 2(b) Note 9			
3041 Agriculture	Note 2(c)-(d) Note 7 Note 10				
3051 Investments	Note 2(h) Note 22				
3056 Interests in joint arrangements	Note 22				
3061 Property, plant and equipment	Note 2(f) Note 11	Note 2(c) Note 14	Note 3(d)		
3063 Impairment of long-lived assets		Note 2(f) Note 14			
3064 Goodwill and intangible assets	Note 2(g) Note 9	Note 2(e),(m) Note 15			
3065 Leases	Note 2(f),(k) Note 12 Note 13 Note 23	Note 2(d) Note 10 Note 21	Note 18	Note 20	
3110 Asset retirement obligations	Note 2(n) Note 19				
3240 Share capital	Note 16	Note 18			
3251 Equity					
3260 Reserves					
3280 Contractual obligations	Note 13 Note 19 Note 23	Note 21			
3290 Contingencies	Note 24	Note 22	Note 13 Note 19		
3400 Revenue	Note 2(m) Note 7 Note 8	Note 2(j) Note 20			
3462 Employee future benefits			Note 3(g) Note 16(a)	Note 19	
3465 Income taxes	Note 2(l) Note 18	Note 2(h) Note 23			
3475 Disposal of long-lived assets and discontinued operations	Note 11	Note 26			
3610 Capital transactions					
3800 Government assistance	Note 2(o) Note 21	Note 2(k) Note 27			
3805 Investment tax credits					

	FS 1 Apple Orchard Limited	FS 2 Consolidated Food Groups Inc.	FS 3 Homes for Hearts	FS 4 Community Now	FS 5 Kids' Access Foundation
3820 Subsequent events		Note 29	Note 20		
3831 Non-monetary transactions				Note 10	
3840 Related-party transactions	Note 17	Note 10 Note 15			
3841 Economic dependence		Note 27			
3850 Interest capitalized — Disclosure considerations					
3856 Financial instruments	Note 2(j),(p) Note 6 Note 14 Note 17 Note 20	Note 2(i),(o) Note 5 Note 7 Note 8 Note 12 Note 17 Note 19	Note 3(c), (h) Note 5 Note 11(b)	Note 3(c) Note 5	Note 2(e) Note 9
3870 Stock-based compensation and other stock-based payments					
Accounting Guidelines					
AcG-2 Franchise fee revenue					
AcG-14 Disclosure of guarantees					
AcG-16 Oil and gas accounting — Full cost					
AcG-18 Investment companies					
AcG-19 Disclosures by entities subject to rate regulation					
AcG-20 Customer's accounting for cloud computing arrangements		Note 2(n) Note 3			
AcG-21 Accounting for life insurance contracts with cash surrender value <i>Note: Issued but not yet effective: (adopted early in F/S 2). Applies to annual financial statements relating to fiscal years beginning on or after January 1, 2026, with earlier application permitted.</i>		Note 2(g) Note 4 Note 13			
ASNPO					
1001 Financial statement concepts for not-for-profit organizations			Not specifically referenced.		
1101 Generally accepted accounting principles for not-for-profit organizations			Not specifically referenced.		
1401 General standards of financial statement presentation for not-for-profit organizations			Note 2	Note 2	Note 2(a)
1501 First-time adoption by not-for-profit organizations			Not specifically referenced.		

	FS 1 Apple Orchard Limited	FS 2 Consolidated Food Groups Inc.	FS 3 Homes for Hearts	FS 4 Community Now	FS 5 Kids' Access Foundation
3032 Inventories held by not-for-profit organizations			Not specifically referenced.		
3463 Reporting employee future benefits by not-for-profit organizations			SCN Note 3(g) Note 16(a)	Note 19	
4400 Financial statement presentation by not-for-profit organizations			SFP SOP SCN SCF Note 1	SFP SOP SCFB SCF Note 1 Note 2 Note 17	SFP SOP SCFB SCF Note 1 Note 6
4410 Contributions — Revenue recognition			Note 3(e)-(f) Note 10 Note 12 Note 13	Note 3(b),(g) Note 14 Note 15	Note 2(b),(d),(f)
4420 Contributions receivable			Not specifically referenced.		
4433 Tangible capital assets held by not-for-profit organizations			Note 3(d) Note 8	Note 3(d) Note 9	Note 2(g)
4434 Intangible assets held by not-for-profit organizations				Note 3(e) Note 11	
4441 Collections held by not-for-profit organizations				Note 3(f) Note 12	
4449 Combinations by not-for-profit organizations			SFP Note 6		
4450 Reporting controlled and related entities by not-for-profit organizations				Note 8	
4460 Disclosure of related party transactions by not-for-profit organizations			Note 14	Note 18	Note 8
4470 Disclosure of allocated expenses by not-for-profit organizations			Note 3(i) Note 15		

Acknowledgements

CPA Canada expresses its appreciation to McGovern Hurley LLP for contributing to the development of the IFS.

We Invite Your Comments and Suggestions

CPA Canada aims to provide practical, up-to-date tools for financial statement preparers and public accounting practitioners. If you wish to comment on this publication or contribute ideas or material for future revisions or publications, please contact us at PEG@cpacanada.ca.

FS 1

Non-Consolidated Financial Statements of

Apple Orchard Limited

Year ended December 31, 2025

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Apple Orchard Limited

Non-Consolidated Balance Sheet

As at December 31, 2025

ASPE 1510.03-06, .08-12

ASPE 1521.03-06

ASPE 1591.28		December 31 2025 \$	(Restated - note 3) December 31 2024 \$
	Note		
ASSETS			
Current:			
Cash	5	6,398,943	1,529,946
Accounts receivable	6	5,860,149	4,990,637
Harmonized sales tax recoverable		-	12,096
Prepaid expenses		175,000	-
Portfolio equity investments		580,200	592,200
Agricultural inventories	7	1,991,179	1,531,518
Finished goods inventories	8	556,093	440,186
		15,561,564	9,096,583
Productive biological assets	10	6,748,151	4,907,058
Property and equipment	3,11,14	17,804,715	17,927,621
Assets under capital lease	12	21,487,011	16,623,551
Due from related company	17	340,060	260,792
Investment in subsidiary	22	100	100
Investment in joint arrangement	22	297,483	297,483
Significant influence investment	22	-	113,251
		62,239,084	49,226,439
LIABILITIES			
Current:			
Accounts payable and accrued liabilities	15,24	5,332,140	5,877,074
Harmonized sales tax payable		233,709	-
Income taxes payable		986,553	225,736
Due to shareholder	17	1,113,259	1,342,649
Current portion of obligations under capital lease	13	5,954,760	4,457,187
Current portion of long-term debt	14	1,091,265	2,065,959
		14,711,686	13,968,605
Obligations under capital lease	13	14,788,697	10,920,756
Long-term debt	14	12,729,815	13,821,080
Future income tax liabilities	18	1,555,703	1,363,056
Asset retirement obligation	19	900,686	586,368
		44,686,587	40,659,865
SHAREHOLDER'S EQUITY			
Share capital	16	9,100	9,100
Retained earnings	3	17,543,397	8,557,474
		17,552,497	8,566,574
		62,239,084	49,226,439

See accompanying [notes](#) to non-consolidated financial statements.

Apple Orchard Limited

Non-Consolidated Statements of Income and Retained Earnings

ASPE 1520.03-.04

Year ended December 31, 2025

		2025	(Restated – note 3) 2024
	Note	\$	\$
REVENUE	7, 8, 17	68,661,053	58,485,742
COST OF SALES			
Net change in goods for sale inventories		16,829,001	17,374,371
Direct wages		13,580,539	13,417,810
Fuel		4,821,775	5,220,026
Repairs and maintenance		1,068,886	1,229,480
Supplies		211,673	230,335
Rentals		56,147	286,202
Amortization	10, 11, 12	7,754,614	6,613,754
	7, 8	44,322,635	44,371,978
GROSS PROFIT		24,338,418	14,113,764
OPERATING EXPENSES			
Salaries and benefits		6,186,588	3,603,437
Subcontracts		2,246,776	1,179,227
Insurance		1,214,780	1,158,983
Professional fees		1,006,425	383,005
Interest on long-term debt	14	892,864	471,618
Dues, fees and licenses		703,283	911,428
Interest on obligations under capital lease	13	694,848	549,255
Office and general		578,648	533,533
Advertising and promotion		473,606	304,486
Bank charges and interest		406,035	401,149
Property maintenance		341,159	89,929
Utilities and property taxes		264,341	247,142
Rent	23	231,000	231,000
Bad debts (recovery)	6	130,214	(148,225)
Accretion expense	19	29,318	27,922
		15,399,885	9,943,889
INCOME FROM OPERATIONS		8,938,533	4,169,875
Other items:			
Gain on disposal of equipment	11	1,606,255	-
Impairment loss – investment	22	(113,251)	-
Impairment loss – intangible assets	9	-	(108,129)
Unrealized loss on portfolio equity investments		(12,000)	(35,800)
Contingent loss	24	(28,541)	-
Other income	21	9,668	13,710
INCOME BEFORE INCOME TAXES		10,400,664	4,039,656
Income taxes:			
Current		1,172,478	1,074,517
Future	18	192,647	118,662
NET INCOME FOR THE YEAR		9,035,539	2,846,477
Retained earnings – beginning of year		8,557,474	5,710,997
Refundable income taxes paid		(49,616)	-
Retained earnings – end of year		17,543,397	8,557,474

See accompanying [notes](#) to non-consolidated financial statements.

Apple Orchard Limited

Non-Consolidated Cash Flow Statement

Year ended December 31, 2025

ASPE 1540.12, 20, 23, 34

		2025	(Restated – note 3)
	Note	\$	2024
		\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Net income for the year		9,035,539	2,846,477
Adjustment for:			
Amortization	10,11,12	7,754,614	6,613,754
Gain on disposal of equipment	11	(1,606,255)	-
Unrealized loss on portfolio equity investments		12,000	35,800
Impairment loss – investment	22	113,251	-
Impairment loss – intangible asset	9	-	108,129
Future income taxes	18	192,647	118,662
Accretion expense	19	29,318	27,922
		15,531,114	9,750,744
Changes in non-cash working capital:			
Accounts receivable	6	(869,512)	(2,134,202)
Agricultural inventories	7	(459,661)	291,261
Finished goods inventories	8	(115,907)	118,260
Prepaid expenses		(175,000)	38,101
Accounts payable and accrued liabilities	15,24	(544,934)	200,218
Harmonized sales tax payable		245,805	615,904
Income taxes payable		711,201	150,927
		(1,208,008)	(719,531)
Cash flows from operating activities		14,323,106	9,031,213
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Purchase of property and equipment	11	(6,813,734)	(2,069,321)
Purchase of productive biological assets	10	(2,805,463)	(2,092,529)
Proceeds on disposal of property and equipment	11	2,661,901	-
Advances to related company	17	(79,268)	(219,884)
Cash flows used in investing activities		(7,036,564)	(4,381,734)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Acquisition of portfolio equity investments		-	(628,000)
Repayment of shareholder loans	17	(229,390)	-
Repayment of obligations under capital lease	13	(122,196)	(988,334)
Repayment of long-term debt	14	(2,065,959)	(2,234,695)
Cash flows used in financing activities		(2,417,545)	(3,851,029)
Change in cash		4,868,997	798,450
Cash – beginning of year		1,529,946	731,496
Cash – end of year		6,398,943	1,529,946

See accompanying [notes](#) to non-consolidated financial statements.

Apple Orchard Limited

Notes to the Non-Consolidated Financial Statements

Year ended December 31, 2025

1. Nature of operations

Apple Orchard Limited (the “Company”) is an agricultural company primarily involved in the operation of apple orchards, deriving revenue from the sale of apples and apple products. The Company was incorporated on December 1, 2010, under the *Business Corporations Act* of Ontario and has a registered head office in Ottawa, Ontario.

ASPE 1505.03

2. Summary of significant accounting policies

a) Basis of preparation

These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises (“ASPE”) of the *CPA Canada Handbook – Accounting*, and include the following significant accounting policies.

ASPE 1400.16

b) Use of estimates

The preparation of these non-consolidated financial statements in conformity with ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. These estimates are reviewed periodically, and adjustments are made as appropriate in the year they become known. Significant estimates include allowance for doubtful accounts, inventory obsolescence, useful lives of property and equipment, productive lives of productive biological assets, accrued liabilities, impairments, future income tax liabilities and fair value of asset retirement obligation. Actual results could differ from those estimates.

c) Productive biological assets

Productive biological assets, being the orchard apple trees, are recorded at cost less accumulated amortization and any impairments. The cost includes all costs directly attributable to the acquisition, development and betterment of the assets, including any asset retirement costs.

Amortization on productive biological assets begins once they become productive and is calculated on a straight-line basis over their estimated productive lives of 15 years.

ASPE 3041.89

d) Agricultural inventories

Agricultural inventories, being the harvested apples, are measured at the lower of cost and net realizable value. The cost of agricultural inventories is determined using the full cost method using the first-in, first-out (“FIFO”) cost formula. The cost of agricultural inventories includes all costs such as cost of seeds, fertilizer, pesticides, direct labour and allocation of fixed and variable production overheads.

ASPE 3031.35

ASPE 3041.84

ASPE 3041.86

ASPE 3041.87

e) Finished goods inventory

Finished goods inventory includes apple products manufactured by the Company. The Company applies the FIFO method of measuring inventory cost. The cost of finished goods inventory includes raw material costs of the apples used, packaging, conversion costs, direct labour, and an allocation of fixed and variable production overheads.

f) Property and equipment

Purchased property and equipment are recorded at cost less accumulated amortization and any impairments. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the assets are capitalized. Amortization is based on the estimated useful life of the asset and is calculated using the following annual rates using the declining balance method:

Building	10%
Furniture and fixtures	20%
Farming machinery	20%
Vehicles	30%
Equipment under capital lease	20%
Vehicles under capital lease	30%

Equipment under capital lease is amortized over the economic life of the respective assets.

g) Intangible asset

Patents are recorded at cost less accumulated amortization and any impairments. Amortization is recorded on a straight-line basis over the estimated useful life of 25 years.

h) Investments

Interests in joint arrangements, investments in subsidiaries and investments in significant influence investments are accounted for using the cost method. At the end of each reporting period, the Company assesses if there are any indications that an investment may be impaired. When there is an indication of impairment, the Company will determine whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the investment. When a significant adverse change in the expected timing or amount of future cash flows from an investment is identified, the carrying amount of the investment will be reduced to the higher of the present value of the cash flows expected to be generated by holding the investment and the amount that could be realized by selling the investment at the balance sheet date. The amount of the reduction is recognized as an impairment loss in net income.

ASPE 3061.24

ASPE 3065.17

ASPE 3065.73

ASPE 3064.91

ASPE 3051.34

ASPE 1591.36

When the extent of impairment of a previously written down investment decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement. The amount of the reversal is recognized in net income in the period the reversal occurs.

i) Impairment of long-lived assets

The Company's long-lived assets include productive biological assets, property and equipment, assets under capital lease, and intangible assets. Whenever events or circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, a test of recoverability would be performed. Such tests entail comparing the estimated future undiscounted cash flows associated with the asset's use and eventual disposition to the asset's carrying amount.

For the purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.

The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. An impairment loss is not reversed if the fair value subsequently increases.

j) Financial instruments

ASPE 3856.38

Measurement of financial instruments

The Company initially measures its financial assets and liabilities at fair value, other than financial instruments arising from related party transactions, which are measured at using the cost method less any reduction for impairment. The Company subsequently measures all its financial assets and financial liabilities at amortized cost, except for portfolio equity investments, which are measured at fair value with gains and losses recognized in net income.

Financial assets measured at amortized cost include cash, accounts receivable and due from related company.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to shareholder and long-term debt.

Financial instruments measured at fair value include portfolio equity investments, which are traded in an active market.

Impairment

Financial assets measured at amortized cost or using the cost method are tested for impairment when there are indicators of impairment. The amount of the write-down is in net income. The previously recognized impairment loss may be reversed to the extent of any improvement, directly or by adjusting the allowance account, provided

it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income in the period the reversal occurs.

Transaction costs

The carrying amount of a financial asset or liability carried at amortized cost is adjusted by the transaction costs, which are recognized in net income using the straight-line method.

k) Leases

ASPE 3065.04

ASPE 3065.09

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease.

Operating leases are recognized on a straight-line basis over the respective lease term when this treatment is more representative of the time pattern in which the user derives benefit from the leased property. Lease inducements are accounted for as a reduction of the lease expense over the term of the lease.

l) Income taxes

ASPE 3465.10

The Company uses the future income taxes method of accounting for income taxes. Under the future income taxes method, future tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the future potential benefit is taken and no net asset is recognized.

m) Revenue recognition

ASPE 3400.31

Revenue from sales to wholesalers of apples and apple products is recognized when goods are shipped.

Retail revenue from the sale of apples and apple products is recognized at the point of sale in the Company's store front when the customer receives and pays for their order. Retail orders satisfied through delivery methods are recognized at the time of delivery.

n) Asset retirement obligations

ASPE 3110.05

The Company records the present value of estimated costs of legal and constructive obligations required to restore properties in the period in which the obligation is incurred. The nature of these activities includes restoration, reclamation and re-vegetation of the affected areas.

The obligation generally arises when the ground or environment is first disturbed to prepare for farming. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related property.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the statement of income and retained earnings as accretion expense. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and asset retirement obligation when they occur.

o) Government assistance

ASPE 3800

Government assistance is not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the assistance will be received.

Government assistance with a primary condition that the Company should purchase, construct or otherwise acquire non-current assets is recognized as a reduction of the non-current assets in the balance sheet, and transferred to the statement of income and retained earnings on a systematic and rational basis over the useful lives of the related assets. Other government assistance is recognized in the statement of income and retained earnings as other income, in the period in which those expenses are incurred. Government assistance that is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in the statement of income and retained earnings in the period in which they become receivable.

p) Interest rate hedging

ASPE 3856.51

The Company uses interest rate swaps to manage fluctuations in interest rates on long-term mortgages and accounts for them on an accrual basis. Gains or losses realized on the settlement of the hedging item are deferred until the settlement of the hedged item.

At the inception of the hedging relationship, the Company designates that hedge accounting will be applied and formally documents the relationship between the hedging instruments and hedged items. The terms of the hedging item and hedged item remain the same from the inception of the hedge and throughout its life.

Hedge accounting is used only when the notional amount of the swap matches the principal amount of the hedged item, the fair value of the swap at the inception is nil, the fixed rate is the same throughout the swap, the variable rate is based on the same index and includes the same or no adjustment, the debt instrument cannot be settled before maturity, and the swap matures within two weeks of the maturity date of the debt.

3. Change in accounting policy for amortization

ASPE 1506.35

Effective for the year ended December 31, 2025, the Company changed its accounting policy to measure amortization of farming machinery using the declining balance method. Previously, the straight-line method was used. The change in policy reflects more reliable and relevant information as to how the benefits of the asset are consumed. The change has been applied retrospectively. Below is a summary of the impact of the change:

	January 1, 2024 As originally reported	Adjustment	January 1, 2024 Restated
Farming machinery – carrying value	\$ 5,237,246	\$ (467,548)	\$ 4,769,698
Retained earnings	6,178,545	(467,548)	5,710,997

4. Measurement uncertainty

ASPE 1508.05

Asset retirement obligation

The Company estimates the value of the asset retirement obligation. This is done using total estimated costs at the time the work is performed. The estimate is made using key assumptions, such as discount rates, cost inflation rates and time to maturity. There is measurement uncertainty regarding the amount recognized in the period.

Impairment of long-lived assets

The Company tests long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators are present, an asset will be reduced to the higher of the present value of expected cash flows and the amount that could be realized by selling the asset. There is measurement uncertainty regarding the present value of cash flows due to key assumptions, such as revenues, costs and discount rates, and the amount that could be realized by selling the asset, which impact the carrying amounts of long-lived assets.

Useful lives of property and equipment, and productive lives of biological assets

The Company estimates the useful and productive lives of property and equipment, and biological assets to calculate amortization. Useful and productive lives are based on the expected length of use of the asset. There is measurement uncertainty regarding the length of use due to obsolescence, which could cause assets to depreciate faster. Any changes in the estimated useful and productive lives of

property and equipment, and biological assets impact the carrying values of property and equipment, and biological assets and the related amortization expense.

5. Cash

Cash includes the following cash in bank and deposit accounts:

ASPE 1540.43

	2025	2024
Operating bank account	\$ 6,359,048	\$ 1,392,251
General deposit account	29,921	137,695
Petty cash advances	9,974	-
	\$ 6,398,943	\$ 1,529,946

Funds held in the general deposit account are available for withdrawal on demand for general operating purposes. See also [note 19](#).

6. Accounts receivable

ASPE 3856.39

ASPE 3856.42

	2025	2024
Accounts receivable	\$ 6,388,520	\$ 5,388,794
Allowance for doubtful accounts	(528,371)	(398,157)
	\$ 5,860,149	\$ 4,990,637

ASPE 3041.84

7. Agricultural inventories

ASPE 3041.86

ASPE 3400.33

As at December 31, 2025, the Company held 560 metric tonnes (2024 – 410 metric tonnes) of harvested apples held for sale. The carrying amount of agricultural inventories is \$1,991,179 (2024 – \$1,531,518), which represents all costs such as cost of seeds, fertilizer, pesticides, direct labour and allocation of fixed and variable production overheads.

During the year ended December 31, 2025, \$33,907,185 (2024 – \$34,181,015) was included in Cost of sales expense related to agricultural inventories consumed to generate apple sales of \$54,228,366 (2024 – \$47,958,308). See also [note 8](#).

8. Finished goods inventories

ASPE 3031.35

ASPE 3400.33

As at December 31, 2025, the Company held apple product inventories of \$556,093 (2024 – \$440,186). Inventory costs include all costs, such as the cost of apples, jars and containers, direct labour, and an allocation of fixed and variable production overheads.

During the year ended December 31, 2025, \$10,415,450 (2024 – \$10,201,267) was included in Cost of sales expense related to finished goods inventories consumed in the production of apple product sales of \$14,278,990 (2024 – \$10,527,434). See also [note 7](#).

9. Intangible assets

ASPE 3064.94

During the year ended December 31, 2024, the Company changed harvesting operations and no longer uses its patent. As a result, the Company recorded an impairment of \$108,129 in 2024.

10. Productive biological assets

ASPE 3041.89

ASPE 1520.04

	2025		2024	
Apple Trees	\$	9,867,352	\$	7,061,889
Accumulated amortization		(3,119,201)		(2,154,831)
	\$	6,748,151	\$	4,907,058

As at December 31, 2025, the Company owned 3,750 apple trees (2024 – 2,850). \$964,370 (2024 – \$652,363) was recognized in amortization expense.

11. Property and equipment

ASPE 3061.24

ASPE 3061.26

ASPE 1520.04

	Cost		Accumulated Amortization	2025 Net Book Value	
Land	\$	2,898,443	\$ -	\$	2,898,443
Building		6,491,156	(3,376,982)		3,114,174
Furniture and fixtures		6,238,490	(6,139,917)		98,573
Farming machinery		18,715,960	(9,966,950)		8,749,010
Vehicles		19,947,403	(17,002,888)		2,944,515
	\$	54,291,452	\$ (36,486,737)	\$	17,804,715

	Cost		Accumulated Amortization	2024 Net Book Value (restated – note 3)	
Land	\$	1,514,709	\$ -	\$	1,514,709
Building		5,991,156	(2,477,275)		3,513,881
Furniture and fixtures		4,949,239	(4,576,021)		373,218
Farming machinery		18,107,215	(8,886,088)		9,221,127
Vehicles		19,292,300	(15,987,614)		3,304,686
	\$	49,854,619	\$ (31,926,998)	\$	17,927,621

ASPE 3475.37

During the year, property and equipment was disposed of for proceeds of \$2,661,901, having a net book value of \$1,055,646, resulting in a gain on disposal of \$1,606,255. Amortization expenses of \$6,165,994 (2024 – \$5,508,270) were recognized on property and equipment during the year.

12. Assets under capital lease

ASPE 3065.73

		Cost		Accumulated Amortization		2025 Net Book Value
Equipment under capital lease	\$	21,017,248	\$	(7,652,295)	\$	13,364,953
Vehicles under capital lease		13,301,526		(5,179,468)		8,122,058
	\$	34,318,774	\$	(12,831,763)	\$	21,487,011

		Cost		Accumulated Amortization		2024 Net Book Value
Equipment under capital lease	\$	18,374,435	\$	(6,374,419)	\$	12,000,016
Vehicles under capital lease		11,301,526		(6,677,991)		4,623,535
	\$	29,675,961	\$	(13,052,410)	\$	16,623,551

During the year, capital leases for equipment having a net book value of \$4,490,688 were terminated early and the net book value of the related leased assets was derecognized. Amortization expenses of \$624,250 (2024 - \$453,121) were recognized for assets under capital lease during the year.

13. Obligations under capital lease

ASPE 3065.74

ASPE 3280.02

		2025		2024
Various capital leases of vehicles and equipment - repayable in varying monthly payments totalling \$656,781, bearing imputed interest rates between 1.02% to 7.85% (weighted average - 5.71%) per annum, maturing between June 1, 2026, and October 10, 2031	\$	20,743,457	\$	15,377,943
Less: Current portion		(5,954,760)		(4,457,187)
	\$	14,788,697	\$	10,920,756

ASPE 1540.48

During the year, the Company terminated various capital leases for equipment with obligations totaling \$4,490,688 and subsequently entered into a new capital lease agreement in the amount of \$9,978,498 to finance the acquisition of vehicles and equipment. Refer to [note 12](#) for the carrying amount of assets held under capital lease.

ASPE 3065.75

Future minimum lease payments of obligations under capital leases are as follows:

	\$
2026	8,458,937
2027	6,268,324
2028	4,184,567
2029	2,905,479
2030	1,125,689

Thereafter	953,148
Total minimum payments	23,896,144
Less amount representing interest	(3,152,687)
	20,743,457

14. Long-term debt

ASPE 3856.43

	2025	2024
Mortgage A, repayable in blended monthly instalments of \$73,969, bearing interest at 3.55% per annum, due October 31, 2027	\$ 8,503,509	\$ 9,066,855
Mortgage B, repayable in blended monthly instalments of \$35,168, bearing interest at 6.90% per annum, due June 30, 2029	3,158,043	3,388,847
Vehicle and equipment term loans, repayable in varying blended monthly instalments totalling \$109,074, bearing interest rates between 1.94% and 8.45% (weighted average - 5.33%) per annum, due between June 16, 2026, and February 15, 2030 ¹	2,159,528	3,431,337
	\$ 13,821,080	\$ 15,887,039
Amounts payable within one year	(1,091,265)	(2,065,959)
	\$ 12,729,815	\$ 13,821,080

Principal repayment terms are approximately:

ASPE 3856.45

	\$
2026	1,091,265
2027	8,718,934
2028	560,196
2029	3,249,860
2030	200,825
	13,821,080

ASPE 3856.44

The vehicle and equipment term loans are secured against certain vehicle and equipment having a carrying value of \$2,458,204. Mortgages A and B are secured against land and building with carrying values totaling \$6,012,617.

15. Accounts payable and accrued liabilities

ASPE 1510.15

Included in accounts payable and accrued liabilities are government remittances of \$135,805 (2024 - \$134,178), which include amounts payable for payroll related taxes.

¹ An interest rate swap agreement has been executed to convert the floating rate interest on term loans to a fixed rate of 5.25% per annum. Included in office and general is interest of \$5,988 (2024 - \$6,948).

16. Share capital

ASPE 3240.20		2025	2024
	1,300 Common shares	\$ 9,100	\$ 9,100

17. Related party transactions and balances

Transactions

ASPE 3840.51	During the year, the Company sold agricultural inventory to a director of the Company. The exchange amount agreed between the parties was \$153,697 and has been included in revenue.
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Due from related company

ASPE 3856.51		2025	2024
	Related Co. Inc.	\$ 340,060	\$ 260,792

Related Co. Inc. and the Company are owned by the same group of shareholders. The amounts due from the related company are unsecured, non-interest bearing and have no fixed terms of repayment. \$79,268 (2024 - \$219,884) was advanced to Related Co, Inc. during the year.

Due to shareholder

	2025	2024
Due to Shareholder	\$ 1,113,259	\$ 1,342,649

The amounts due to the shareholder of \$1,113,259 (2024 - \$1,342,649) are unsecured, non-interest bearing and have no fixed terms of repayment. During the year \$229,390 (2024 - NIL) was repaid to the shareholder.

Amounts due to Shareholder are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

18. Income taxes

ASPE 3465.89(e)		Future income tax assets (liabilities)	
		2025	2024
Temporary Differences			
Accrued Liabilities	\$	121,567	\$ 78,974
Property and Equipment		(1,746,708)	(1,434,210)
Impairment Losses		58,666	28,654
Other		10,772	(36,474)
Future income tax liabilities	\$	(1,555,703)	\$ (1,363,056)

19. Asset retirement obligation

ASPE 3110.23

ASPE 3280.02

The Company leases a portion of its farming land (see also [note 23](#)). Under the contract, the Company must restore the land to its original state at the end of the lease term. This is expected to include the extraction of any remaining apple trees and seeding the area. As at December 31, 2025, the obligation recorded is \$900,686 (2024 – \$586,368). The current lease term is 15 years with renewal options available. No payments have been made towards the obligation. Although no assets have been legally restricted for the settlement of this obligation, the Company maintains sufficient cash reserves to meet this obligation (see also [note 5](#)).

ASPE 1506.36

ASPE 1540.48

During the year, the cost expected for the restoration was revised resulting in a change in estimate of \$285,000 (2024 – \$Nil) and an accretion expense of \$29,318 (2024 – \$27,922) was recognized.

20. Financial instruments

ASPE 3856.53

ASPE 3856.53A

Risks and concentrations

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposure and concentrations at December 31, 2025.

ASPE 3856.54

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Company's exposure to credit risk increases if there is a concentration of transactions carried out with the same counterparty or if multiple financial obligations have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

The Company's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The Company may be exposed to losses in the future if customers fail to make payments. No one single party accounts for a significant balance of accounts receivable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's current trade financial liabilities generally have contractual maturities of 30–45 days and are subject to normal trade terms. See [note 14](#) for details regarding the Company's loans and credit facilities.

Market risk

Market risk incorporates a range of risks. Movements in risk factors, such as interest rate risk, currency risk and market price risk, affect the fair value of financial assets and liabilities. The Company is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily on its cash balance and the Company's mortgages, as disclosed in [note 14](#).

21. Government assistance

AgriInvest is a self-managed producer-government savings account designed to help program participants manage small income declines and make investments to manage risk and improve market income. Under the terms of this program, the Company is required to make investments in its AgriInvest account. Each AgriInvest account grows as participants make deposits, receive matching government contributions and earn interest. The Company receives government assistance at a rate of 1% of contributions made to the account. These contributions are unrestricted and can be withdrawn at any time.

In 2025, the Company received \$9,668 (2024 - \$13,710) from the Government of Canada as part of the AgriInvest program. Total deposits of \$966,800 (2024 - \$1,371,000) were made to the account.

ASPE 3800.31

As there are no conditions on the amounts received, the full amount received have been included in Other income in the statement of income and retained earnings.

22. Investments

ASPE 1591.36

Investment in subsidiary

ASPE 1591.38

The Company owns 100% of the common shares of Appleseed Holdings Inc.

This investment is recorded using the cost method. Appleseed Holdings Inc. holds vacant land and did not have active operations in 2025 or 2024.

ASPE 3051.37

Significant influence investment

The Company holds a 20% ownership interest in a local grocer in Ottawa, Ontario, ABC Grocer Co., and has been determined to have significant influence. The shares of ABC Grocer are privately held, and the investment is recorded using the cost method.

There were no transactions between the Company and ABC Grocer during the current or prior year.

ASPE 3051.38

Due to increasing competition in 2024, ABC Grocer began incurring losses and was unable to cover liabilities as they became due. During 2025, the full value of the investment of \$113,251 was impaired.

Investment in joint arrangement

ASPE
3056.37-.41

The Company is part of a jointly controlled enterprise, Tree Growth Inc. This investment represents a 12.5% interest in Tree Growth Inc., has been recorded using the cost method, and has a carrying amount of \$297,483 (2024 - \$297,483). No income or expenses have been recorded related to this investment during 2025 (2024 - \$Nil).

23. Commitments

The Company is committed to equipment and land leases, as follows:

ASPE 3065.77

ASPE 3280.02

		Equipment		Land	Total operating leases
2026	\$	62,500	\$	231,000	\$ 293,500
2027		62,500		231,000	293,500
2028		55,000		231,000	286,000
2029		52,500		231,000	283,500
2030		45,800		231,000	276,800
Thereafter		155,000		808,500	963,500
	\$	433,300	\$	1,963,500	\$ 2,396,800

24. Contingent liability

ASPE 3290.19

In June 2025, a customer filed a lawsuit against the Company totalling \$28,541 for damages allegedly resulting from a late delivery. The Company believes it is likely the claims will be successful resulting in the full amount of the claim becoming payable. As a result, a contingent loss has been recorded. The liability balance has been included in accounts payable and accrued liabilities.

FS 2

Consolidated Financial Statements of

Consolidated Food Groups Inc.

Year ended December 31, 2025

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Consolidated Food Groups Inc.

Consolidated Balance Sheet

As at December 31, 2025

ASPE 1510.03-06, .08-12
ASPE 1521.03-06A
ASPE 1601.06A

		(Restated – notes 4 , 7)	
	Note	2025	2024
		\$	\$
ASSETS			
Current:			
Cash		13,083,155	10,975,156
Portfolio equity investments	8	4,859,062	4,506,842
Franchisor assistance receivable		1,087,796	769,226
Inventory	9	485,381	302,015
Net investment in lease - current portion	10	135,981	145,789
Prepaid expenses		16,115	69,811
		19,667,490	16,768,839
Due from company under common control	11	1,907,753	1,082,381
Property and equipment	6,14	4,204,758	1,435,608
Goodwill	6	3,487,127	-
Intangible assets	6,15	10,199,563	81,126
Net investment in lease – long-term portion	10	1,796,540	1,957,431
Cash surrender value of life insurance	13	330,653	302,636
		41,593,884	21,628,021
LIABILITIES			
Current:			
Accounts payable and accrued liabilities	5	4,542,212	1,645,717
Government remittances payable		423,155	309,526
Income taxes payable	23	694,304	711,281
Due to shareholders	16	1,979,944	2,184,063
Deferred revenue	20	2,587,015	-
Preferred share liability – current portion	19	23,000	930,002
Callable debt – current portion	17	1,986,444	-
		12,236,074	5,780,589
Callable debt	17	10,428,723	-
Preferred share liability	19	2,277,000	-
		24,941,797	5,780,589
EQUITY			
Share capital:			
Preferred Shares			
2,000,000 Class B Special shares redeemable and retractable for \$1 per share at the option of the holder (total redemption amount of \$2,000,000)	18	100	-
100 Class V Special shares redeemable and retractable for \$1 per share at the option of the holder (total redemption amount of \$100)	18	100	-
Common shares	18	100	200
Adjustment for preferred shares	19	(2,299,900)	(929,982)
Retained earnings	4,7	18,951,687	16,777,214
		16,652,087	15,847,432
		41,593,884	21,628,021

See accompanying [notes](#) to non-consolidated financial statements.

Consolidated Food Groups Inc.

Consolidated Income Statement

Year ended December 31, 2025

ASPE 1520.03-04
ASPE 1601.06A

		2025	(Restated – notes 4, 7)
	Note	\$	2024
			\$
REVENUE			
Restaurant food sales		63,423,011	37,901,390
Consulting services	20	912,985	-
		64,335,996	37,901,390
COST OF SALES			
Food	9	15,266,464	8,945,204
Paper products	9	2,418,478	1,571,672
Other		300,560	169,094
		17,985,502	10,685,970
GROSS PROFIT		46,350,494	27,215,420
OPERATING EXPENSES			
Variable expenses	24	26,303,773	17,128,884
Fixed expenses	25	13,051,093	7,026,215
General and administrative expenses		1,634,994	1,209,189
Amortization of property and equipment	14	1,196,447	676,613
Amortization of intangible assets	15	548,304	11,137
		42,734,611	26,052,038
INCOME BEFORE OTHER ITEMS, INCOME TAXES AND DISCONTINUED OPERATIONS		3,615,883	1,163,382
Other items:			
Unrealized loss on portfolio equity investments	8	(316,492)	(433,497)
Loss on sale of portfolio equity investments	8	(65,900)	(189,389)
Write-down of property and equipment	14	(37,593)	(59,601)
Loss on transfer of receivables	12	(347,597)	(258,194)
Franchisor assistance		474,092	2,038,459
Government assistance	27	-	196,905
		(293,490)	1,294,683
INCOME BEFORE INCOME TAXES AND DISCONTINUED OPERATIONS		3,322,393	2,458,065
Income Taxes:			
Current	23	748,455	769,392
INCOME BEFORE DISCONTINUED OPERATIONS		2,573,938	1,688,673
Loss from discontinued operations	26	(162,452)	(142,272)
NET INCOME FOR THE YEAR		2,411,486	1,546,401

See accompanying [notes](#) to consolidated financial statements.

Consolidated Food Groups Inc.
Consolidated Statement of Retained Earnings

Year ended December 31, 2025

ASPE 1601.06A

		2025	(Restated – notes 4, 7)
	Note	\$	2024
Opening balance, beginning of year	4,7	16,777,214	15,560,171
Net income (loss) for the year		2,411,486	1,546,401
Dividends paid		(237,013)	(329,358)
Closing balance, end of year		18,951,687	16,777,214

See accompanying [notes](#) to consolidated financial statements.

Consolidated Food Groups Inc.

Consolidated Cash Flow Statement

Year ended December 31, 2025

ASPE 1540.12, 20,
23, 31, 34, 38
ASPE 1601.06A

		(Restated - notes 4, 7)
	2025	2024
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES BEFORE DISCONTINUED OPERATIONS		
Income before discontinued operations	2,573,938	1,688,673
Adjustment for:		
Amortization of property and equipment	14 1,196,447	676,613
Amortization of intangible assets	15 548,304	11,137
Write-down of property and equipment	14 37,593	59,601
Loss on transfer of receivables	12 347,597	258,194
Change in cash surrender value of life insurance	13 (28,017)	(28,683)
Loss on sale of portfolio equity investments	8 65,900	189,389
Unrealized loss on portfolio equity investments	8 316,492	433,497
	5,058,254	3,288,421
Changes in non-cash working capital:		
Proceeds from transfer of receivables	12 3,128,373	2,323,746
Government assistance receivable	-	365,472
Franchisor assistance receivable	(318,570)	(179,573)
Income taxes payable	23 (16,977)	(330,514)
Inventory	9 (183,366)	(33,963)
Prepaid expenses	53,696	74,470
Accounts payable and accrued liabilities	5 2,896,495	417,918
Government remittances payable	113,629	148,786
Deferred revenue	20 2,587,015	-
	8,260,295	2,786,342
Cash flows from operating activities before discontinued operations	13,318,549	6,074,763
CASH FLOWS FROM (USED IN) DISCONTINUED OPERATIONS		
Loss from discontinued operations	26 (162,452)	(142,272)
Adjustment for:		
Amortization of property and equipment	26 27,510	29,801
Amortization of intangible assets	26 25,468	29,795
Write-down of abandoned software and property and equipment	26 40,433	-
Cash flows used in discontinued operations	(69,041)	(82,676)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from sale of portfolio equity investments	8 718,314	1,306,559
Purchase of portfolio equity investments	8 (1,387,026)	(3,697,994)
Advances to company under common control	11 (825,372)	(4,797)
Purchase of property and equipment	14 (3,470,229)	(287,242)
Purchase of franchises	6 (13,905,000)	-
Purchase of intangible assets	15 (3,487,128)	-
Decrease (increase) in lease receivable	10 170,699	(2,103,220)
Cash flows used in investing activities	(22,185,742)	(4,786,694)

Consolidated Food Groups Inc.**Consolidated Cash Flow Statement** *(continued)*

Year ended December 31, 2025

		2025	(Restated - notes 4 , 7)
	Note	\$	2024
			\$
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of callable debt	17	13,905,000	-
Repayment of callable debt	17	(1,489,833)	-
Issuance of Class V Special and Class C Common shares	18	200	-
Extinguishment of Class A Special share debt	19	(930,002)	-
Advances from (repayment to) shareholders	16	(204,119)	1,869,429
Dividends paid		(237,013)	(329,358)
Cash flows from financing activities		11,044,233	1,540,071
Change in cash		2,107,999	2,745,464
Cash - beginning of year		10,975,156	8,229,692
Cash - end of year		13,083,155	10,975,156

See accompanying [notes](#) to consolidated financial statements.

Consolidated Food Groups Inc.

Notes to the Consolidated Financial Statements

Year ended December 31, 2025

1. Nature of operations

Consolidated Food Groups Inc. (the "Company") was incorporated on November 18, 2007, under the *Business Corporations Act of Ontario*. The Company is licensed by Pronto Pasta Ltd. (the "Franchisor") to operate six franchised restaurants in Toronto, Ontario. The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiary, Food Ontario Inc.

ASPE 1505.03

2. Basis of presentation and significant accounting policies

ASPE 1400.16

These consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for private enterprises (ASPE) in Part II of the *CPA Canada Handbook - Accounting*, and include the following significant accounting policies:

a) Use of estimates

The preparation of these consolidated financial statements in conformity with ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. These estimates are reviewed periodically, and adjustments are made as appropriate in the year they become known. Significant estimates include the purchase price allocation in the business combination completed on March 20, 2025 ([note 6](#)), useful lives of property and equipment ([notes 2\(c\), 14](#)), possible impairments of long-lived assets and accrued liabilities.

ASPE 3031.10

b) Inventory

ASPE 3031.27

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

ASPE 3031.33

Inventory is written down to its net realizable value when the cost of the inventory is not estimated to be recoverable. The cost of inventory may not be recoverable if those inventories have been damaged, selling prices have declined or the estimated costs to be incurred to make the sale have increased.

The amount of any write-downs of inventory to net realizable value and all losses of inventories are recognized as an expense and included in cost of sales, in the period the write-down or loss occurs.

When the circumstances that previously caused the inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of a changed economic circumstance, the amount of write-down is reversed in the period of change.

The amount of any reversal of write-down of inventories arising from an increase in net realizable value shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs. The reversal is limited to the amount of the original write-down.

ASPE 3061.24

c) Property and equipment

Property and equipment are recorded at acquisition cost less accumulated amortization and any impairment. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the assets are capitalized. Amortization applies the straight-line method based on the estimated useful life of the assets as follows:

Computer equipment	3 years
Furnishings and equipment	7 years
Leasehold improvements	10 years

ASPE 3065.05

d) Leases

ASPE 3065.29

Leases for which the Company is the lessor are classified as sales-type, direct financing or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as either a sales-type or direct financing lease.

ASPE 3065.37

Direct financing leases arise when the Company acts as a financing intermediary between a manufacturer or dealer and a lessee. At the inception of a direct financing lease, the capital asset is derecognized and a net investment in lease is recorded. Initial direct costs are expensed as incurred. Such leases result in income in the form of finance income.

Sales-type leases arise when a manufacturer or dealer uses leasing to effect a sale of its products. As at December 31, 2025, and 2024, the Company does not have any sales-type leases.

ASPE 3064.91

e) Intangible assets

License fees are recorded at cost less accumulated amortization and any impairment. Amortization of license fees is recorded on a straight-line basis over the respective lease and license agreement terms, including one available extension to the head lease held by the Franchisor. Lease and license durations vary from 2 to 10 years (see [note 21](#)).

Computer software is recorded at cost less accumulated amortization and any impairment. Amortization is recorded on a straight-line basis of the respective service agreement term. Contract terms vary from 2 to 6 years.

ASPE 3063.04

f) Impairment of long-lived assets

The Company's long-lived assets include property and equipment, and intangible assets. Whenever events or circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, a test of recoverability would be performed. Such test entails comparing estimated future undiscounted cash flows associated with the asset to the asset's carrying amount.

For the purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.

The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. An impairment loss is not reversed if the fair value subsequently increases.

AcG-21

g) Cash surrender value of life insurance

The cash surrender value of life insurance policies is measured based on amounts to be realized under the policies at the balance sheet date. Changes in cash surrender amount are presented in the consolidated income statement netted against insurance premiums paid.

ASPE 3465

h) Income taxes

The Company applies the taxes payable method as described in *Section 3465, Income Taxes*, to account for incomes taxes. Accordingly, only current income tax assets and liabilities are presented in these consolidated financial statements.

ASPE 3856

i) Redeemable preferred shares

Preferred shares issued in a tax planning arrangement, which are retractable or mandatorily redeemable, are classified as equity when the conditions in *Section 3856, Financial Instruments*, are met.

When additional arrangements, including redemption schedules or terms, are agreed to by the parties to the contract, preferred shares issued in tax planning arrangements which would otherwise have been classified as equity are reclassified as liabilities. These liabilities are measured at the redemption amount and differences arising from the reclassification are recorded as adjustments to retained earnings.

ASPE 3400.31

j) Revenue recognition

Revenue from sales is recognized when the significant risks and rewards of ownership are transferred to the customer, collectability is reasonably assured, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable, which generally coincides with the point of sale when the customer receives their order. Orders satisfied through third-party delivery models are recognized at the time of delivery.

ASPE 3400.06

ASPE 3400.17

The Company receives financial assistance from the Franchisor based on operating agreements. This financial assistance is recognized in income on an accrual basis, in the year to which it pertains when amounts are measurable and collectability is reasonably assured.

Revenue from consulting contracts is recognized when the requirements as to performance are satisfied. Performance is determined as the service is provided using the percentage of completion method. Performance generally consists of monthly services, and revenue is recognized proportionately with the passage of time.

ASPE 3800.17

k) Government assistance

ASPE 3800.21

Government assistance is recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and that the assistance will be received.

Government assistance whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets is recognized as a reduction of the non-current assets in the balance sheet, and transferred to the consolidated income statement on a systematic and rational basis over the respective useful lives of the related assets.

Other government assistance is recognized in the consolidated income statement as other income, in the period in which those expenses are incurred.

Government assistance that is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in the consolidated income statement in the period in which they become receivable.

ASPE 1582

l) Business combinations

The Company applies the acquisition method when accounting for business combinations. As such, the consideration transferred is recognized at its acquisition-date fair value. On the date of acquisition, the Company recognizes all identifiable assets acquired and liabilities assumed at their acquisition-date fair values.

The Company recognizes goodwill in a business combination when the purchase consideration exceeds the net assets acquired. As such, goodwill represents an asset with future economic benefit arising from other assets acquired in a business combination that cannot be individually identified or separately recognized. The Company recognizes a bargain purchase gain in a business

combination when the net assets acquired exceeds the purchase consideration. The bargain purchase gain is recorded in the consolidated income statement.

ASPE 3064

m) Goodwill

Goodwill is not amortized and is tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the reporting unit to which the goodwill is assigned may exceed the fair value of the reporting unit.

AcG-20

n) Cloud computing arrangements

The Company applies the simplification approach to account for cloud computing arrangements. Expenditures in cloud computing arrangements are treated as the supply of services and are expensed as incurred. The simplification approach is applied consistently to all arrangements.

ASPE 3856

o) Financial instruments

Measurement of financial instruments

The Company initially measures its financial assets and liabilities at fair value, except for related party transactions, which are measured using the cost method less any reduction for impairment. The Company subsequently measures all of its financial assets and financial liabilities at amortized cost, with the exception of portfolio equity investments, which are measured at fair value with gains and losses recognized in net income.

Financial assets measured at amortized cost include cash, franchisor assistance receivables and amounts due from company under common control.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, callable debt and amounts due to shareholders. The preferred share liability is measured at redemption amount.

Financial instruments measured at fair value include the portfolio of equity investments traded in an active market. The closing price at year end is used to determine the fair value of the investments in publicly traded companies.

Impairment

Financial assets measured at amortized cost or using the cost method are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the consolidated income statement. The previously recognized impairment loss may be reversed to the extent of any improvement, directly or by adjusting the allowance account, provided the adjusted carrying amount is no greater than the amount that would have been reported at the date

of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the consolidated income statement.

ASPE 3856.25

Transfer of receivables

ASPE 3856.B5

The Company derecognizes receivables transferred to another enterprise only when control has been surrendered. Control has been surrendered when the Company does not maintain effective control, the transferee has the right to pledge or exchange the receivables with no constraints and the receivables have been isolated from the Company.

3. Measurement uncertainty

ASPE 1508.05

Business combination

AcG-20

The Company estimated the fair value of assets acquired in the business combination (see [note 6](#) for further details and a list of the estimated fair value of assets acquired). The fair value is based on independent valuations based on current prices in an active market for similar items and discounted cash flow projections using estimates of future cash flows. There is measurement uncertainty regarding the amount that could be realized in an active market and the present value of future cash flows.

Impairment of long-lived assets

The Company tests long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators are present, an asset will be reduced to the higher of the present value of cash flows expected and the amount that could be realized by selling the asset. There is measurement uncertainty regarding the present value of cash flows due to key assumptions such as revenues, costs and discount rates and the amount that could be realized by selling the asset, which impact the carrying amounts of long-lived assets.

Useful lives of property and equipment

The Company estimates the useful lives of property and equipment to calculate amortization. Useful lives are based on the expected length of use of the asset. There is measurement uncertainty regarding the length of use due to technological obsolescence which could cause assets to depreciate faster. Any changes in the estimated useful lives of property and equipment impact the carrying value of property and equipment and the related amortization expense.

4. Adoption of new accounting standard

ASPE 1506.34

AcG-21

Beginning January 1, 2025, the Company has adopted Accounting Guideline-21, Accounting for life insurance contracts with cash surrender value (AcG-21) and has applied the requirements retrospectively. AcG-21 applies to annual financial statements relating to fiscal years beginning on or after January 1, 2026, with earlier adoption permitted. Accordingly, the Company has applied the requirements of AcG-21 early.

AcG-21 requires that the cash surrender value of a life insurance policy be recognized as an asset when the Company becomes the owner and beneficiary of the underlying insurance contract. The cash surrender value asset is measured initially and subsequently at each reporting date at the amount that would be immediately realized upon termination of the policy prior to the death of the insured as provided by the issuer of the policy. No adjustments to the aggregate policy premiums and the aggregate change in policy value were required by the Company on application of the requirements in AcG-21.

ASPE 3856.53

5. Financial instruments and related risks

ASPE 3856.54

Risks and concentrations

The Company is exposed to various risks associated with its financial instruments. The following analysis provides a measure of the Company's risk exposure and concentrations as at December 31, 2025.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations.

The Company is exposed to concentrations of credit risk primarily related to amounts due from related parties. The Company minimizes its credit risk by conducting due diligence on the credit worthiness of the counterparty before making any lending decisions. Credit risk with arm's length parties is managed by selling receivables (see [note 12](#)). There were no significant changes in credit risk exposure from the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable, government remittances, callable debt and preferred share liability. The Company manages liquidity risk by ensuring it will have sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's current trade financial liabilities generally have contractual maturities of 30 days and are subject to normal trade terms.

The Company has access to credit facilities to manage liquidity risk. The Company has a Canadian bank revolving line of credit with a credit limit of \$800,000. The operating line of credit is due on demand, with interest payable monthly at RS Bank's prime rate minus 0.70% per annum. The amount drawn against this credit facility as at December 31, 2025, was \$Nil (2024 - \$Nil).

The Company also has a business credit card facility available for miscellaneous purchases of goods and services to a maximum of \$125,000. As at December 31, 2025, the Company had drawn approximately \$83,539 (2024 - \$40,968) on this credit facility, which is included as a component of accounts payable and accrued liabilities.

See [note 17](#) for additional disclosure regarding the callable debt associated with these credit facilities.

Market risk

Market risk incorporates a range of risks. Movements in risk factors, such as interest rate risk, currency risk and market price risk, affect the fair value of financial assets and liabilities. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. The Company is mainly exposed to interest rate risk and market price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily on its variable interest rate financial instruments, which include its callable debt.

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company's investments in publicly traded securities exposes the Company to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets. This risk is managed through diversification of investments.

ASPE 1582

6. Business combination

ASPE 1540.47

Effective March 20, 2025, the Company acquired all of the assets relating to two locations of the same restaurant franchise in Toronto, Ontario (Airport 1 and Airport 2 restaurant locations). The business combination was accounted for using the acquisition method. The Company assumed control of operations after the purchase and the results of operations are included in the accounts from the effective date of acquisition. The fair value of the net assets acquired are as follows:

Furnishings and equipment	\$	2,177,791
Computer equipment		618,750
Leasehold improvements		416,250
Licenses		7,205,082
Fair Value net assets acquired	\$	10,417,873
Goodwill		3,487,127
Total net assets acquired	\$	13,905,000

The total consideration paid by the Company, in the amount of \$13,905,000, consists of one initial cash payment using the proceeds received from the callable debt ([note 17](#)).

ASPE 1506.35 7. Change in accounting policy

Effective for the year ended December 31, 2025, the Company changed its accounting policy related to income taxes. The Company previously applied the future income taxes method and changed to the taxes payable method. The consolidated financial statements have been restated to reflect this change retrospectively. Below is a summary of the impact of the change:

ASPE 3856.38

	January 1, 2024 As originally reported	Adjustment	January 1, 2024, Restated
Future income tax asset	\$ 82,125	\$ (82,125)	\$ -
Retained Earnings	15,642,296	(82,125)	15,560,171

ASPE 3856.52 8. Investments

	2025	2024
Portfolio equity investments, at cost	\$ 5,549,338	\$ 4,946,526
Unrealized loss	(690,276)	(439,684)
	\$ 4,859,062	\$ 4,506,842

During the year, the Company recognized realized losses on disposition of portfolio equity investments in the amount of \$65,900 (2024 - \$189,389).

ASPE 3031.35 9. Inventory

As at December 31, 2025, the Company held \$461,111 (2024 - \$286,914) in paper product inventories and \$24,270 (2024 - \$15,101) in food inventories.

During the year ended December 31, 2025, \$15,266,464 (2024 - \$8,945,204) of food and \$2,418,478 (2024 - \$1,571,672) of paper products were included in the cost of sales related restaurant activities.

ASPE 3065.78

10. Net investment in lease

During the year ended December 31, 2025, the Company purchased a corporate condominium unit in an office building and leased it to a third party. The lease has been classified as a direct financing lease as it covers substantially all the useful life of the building. Net investment in lease of \$1,932,521 (2024 - \$2,103,220) was recorded related to this contract with an implicit interest rate of 5.5%.

ASPE 3840.51

11. Due from company under common control

	2025		2024	
ABCDE Inc.	\$	1,907,753	\$	1,082,381

The amounts due from the company under common control are unsecured, non-interest bearing and have no fixed terms of repayment. Amounts loaned to ABCDE Inc. are measured at cost.

ASPE 3856.25

12. Transfer of receivables

ASPE 3856.B39

ASPE 3856.40

On December 31, 2025, and 2024, the Company sold the entirety of its accounts receivable balance to a third party. Full control of the balances has been surrendered, and the Company has no future rights or involvement related to these payments.

	2025		2024	
Sale proceeds	\$	3,128,373	\$	2,323,746
Less: Carrying value		(3,475,970)		(2,581,940)
Gain (Loss) on transfer of receivables	\$	(347,597)	\$	(258,194)

AcG-21

13. Cash surrender value of life insurance policy

The Company's life insurance policy insures the life of a shareholder of the Company. Changes to the cash surrender value of the Company's life insurance policy can be summarized as follows:

	2025		2024	
Balance, beginning of year	\$	302,636	\$	273,956
Adjustment to cash surrender value		28,017		28,680
Balance, end of year	\$	330,653	\$	302,636

The adjustment to cash surrender value is included in fixed expenses in the consolidated income statement, offset by insurance premiums paid (see [note 25](#)).

At December 31, 2025, the Company had one universal life insurance policy (2024 - one).

As at December 31, 2025, the aggregate death benefit of the universal insurance policy for the shareholder of the Company amounted to \$1,500,000 (2024 - \$1,500,000).

ASPE 3061

14. Property and equipment

ASPE 3063

		Cost	Accumulated Amortization	2025 Net Book Value
Furnishings and equipment	\$	7,008,404	\$ 4,073,159	\$ 2,935,245
Computer equipment		696,704	133,272	563,432
Leasehold improvements		5,066,015	4,359,934	706,081
	\$	12,771,123	\$ 8,566,365	\$ 4,204,758

		Cost	Accumulated Amortization	2024 Net Book Value
Furnishings and equipment	\$	4,427,932	\$ 3,390,505	\$ 1,037,427
Computer equipment		77,954	31,698	46,256
Leasehold improvements		4,649,765	4,297,840	351,925
	\$	9,155,651	\$ 7,720,043	\$ 1,435,608

During the year, restaurant furnishings and equipment having a net book value of \$37,593 (2024 - \$59,601) were damaged and written off in their entirety during the year. Additionally, property and equipment of \$38,433 was written-down related to the discontinued operations of the Downtown 2 restaurant (see also [note 26](#)).

Amortization expenses of \$1,223,957 (2024 - \$706,414) were recognized during the year, of which \$27,510 is included in the results of discontinued operations (see [note 26](#)).

ASPE 3064

15. Intangible assets

		Cost	Accumulated Amortization	2025 Net Book Value
License Fees	\$	8,929,600	\$ 826,478	\$ 8,103,122
Computer Software		2,548,456	452,015	2,096,441
	\$	11,478,056	\$ 1,278,493	\$ 10,199,563

		Cost	Accumulated Amortization	2024 Net Book Value
License Fees	\$	785,846	\$ 704,720	\$ 81,126
Computer Software		-	-	-
	\$	785,846	\$ 704,720	\$ 81,126

Computer software of \$2,000 was written-down related to the discontinued operations of the Downtown 2 restaurant (see also [note 26](#)). Amortization expenses of \$573,772 (2024 - \$40,932) were recognized during the year, of which \$25,468 is included in the results of discontinued operations (see [note 26](#)).

In addition to the license acquired as part of the business combination (note 6), the Company also acquired licenses of \$938,672 (2024 - \$Nil) and computer software of \$2,548,456 (2024 - \$Nil) for total additions to intangible assets of \$3,487,128 in the current year.

ASPE 3840.51

16. Due to shareholders

The amounts due to the shareholders are unsecured, non-interest bearing and have no fixed terms of repayment. \$204,119 was repaid to shareholders during the year (2024 - \$Nil).

17. Callable debt

ASPE 3856.43,45

	2025	2024
RS Bank CORRA ² term facility, non-revolving demand instalment loan, repayable in monthly principal instalments of \$165,537 plus interest at the CORRA rate plus 1% per annum, due April 2032	\$ 12,415,167	\$ -
Less: Scheduled repayments required within 12 months	1,986,444	-
	\$ 10,428,723	\$ -

During the year ended December 31, 2025, the Company secured a non-revolving demand instalment loan, in the amount of \$13,905,000 from RS Bank, repayable in monthly instalments of \$165,537 plus interest at the prime rate plus 0.70% per annum. The term facility described above is secured by a general security agreement constituting a first ranking security interest in all personal property of the Company, as well as a postponement and guarantee of claim from the controlling shareholder of the Company up to an unlimited amount.

Under terms of this debt agreement, the Company must maintain certain financial covenants relating to the funded debt. Covenants include a maximum debt to equity ratio, and a minimum level of earnings before interest, tax and depreciation. As at December 31, 2025, the Company is in compliance with these financial covenants. On December 1, 2025, RS Bank waived the right to exercise the demand features of the callable debt until at least December 31, 2026. Assuming payment of the callable debt is not demanded, regular principal payments for the next five years are due as follows:

2026	\$ 1,986,444
2027	1,986,444
2028	1,986,444
2029	1,986,444
2030	1,986,444
Thereafter	2,482,947
	\$ 12,415,167

2 Canadian Overnight Repo Rate Average (CORRA)

ASPE 3240.20

18. Share capital

ASPE 3240.22

ASPE 1540.48

Shares issued			2025	2024
a) Nil	Class B Common shares (2024 - 100)	\$	-	\$ 100
d) 100	Class C Common shares (2024 - Nil)		100	-
b) Nil	Class D Common shares (2024 - 100)		-	100
a) 2,000,000	Class B Special shares (2024 - Nil)		100	-
c) 100	Class V Special shares (2024 - Nil)		100	-
			\$ 300	\$ 200

On December 28, 2025, the following share transactions occurred:

- 100 Class B Common shares were exchanged for 2,000,000 Class B Special shares. The shares were exchanged on a tax deferred basis, at an elected value of \$2,000,000. The Class B Special shares are redeemable and retractable at \$1 per share, having a total redemption value of \$2,000,000.
- 100 Class D Common shares were exchanged for 2,300,000 Class C Special Shares. The shares were exchanged on a tax deferred basis. The Class C Special shares are redeemable and retractable at \$1 per share, having a total redemption value of \$2,300,000. The liability relating to these shares has been presented as a financial liability, as disclosed in [note 19](#).
- The Company issued 100 Class V Special shares for gross proceeds of \$100.
- The Company issued 100 Class C Common shares for gross proceeds of \$100.

19. Preferred share liability

ASPE 3856.09A

ASPE 3856.23

ASPE 3856.23A

ASPE 3856.23AA

Shares issued			2025	2024
Nil (2024 - 100)	Class A Special shares, redeemable and retractable at \$9,300 per share for an aggregate redemption amount of \$930,002, stated capital of \$20.45	\$	-	\$ 930,002
2,300,000 (2024 - Nil)	Class C Special shares, redeemable and retractable at \$1 per share for an aggregate redemption proceeds of \$2,300,000, stated capital of \$100		2,300,000	-
			2,300,000	930,002
Less current portion			(23,000)	(930,002)
			\$ 2,277,000	\$ -

The Company has classified the Class C Special shares as a liability because a written arrangement, by way of redemption schedule, exists which gives the holder of the shares the contractual right to require the enterprise to redeem the shares within determinable period.

Included in equity is the excess of the redemption amount of the special preferred shares over the stated capital. As at December 31, 2025, retained earnings has been adjusted by \$2,299,900 (2024 - \$929,982) on issuance of the Class C Special shares (2024 - Class A Special shares). The adjustment on reclassification of preferred shares will be charged to retained earnings as the shares issued are called for redemption.

During 2025, an agreement was signed by the shareholder, agreeing not to demand redemption of these shares in excess of \$23,000, prior to January 1, 2027, and therefore, \$2,277,000 has been presented as a non-current liability.

See [note 18](#) for additional disclosure regarding share capital.

ASPE 3400.32A **20. Long-term contracts and deferred revenue**

During the year ended December 31, 2025, the Company began offering franchise consulting services to third parties. The Company received upfront non-refundable fees of \$3,500,000 relating to these agreements. The agreement terms vary in length from 1 to 3 years. Services related to these agreements are performed monthly and revenue is recognized with the passage of time.

During the year ended December 31, 2025, \$912,985 (2024 - \$Nil) was included in Revenue related to the contracts and \$2,587,015 has been deferred. Costs incurred to date in the provision of these consulting services contracts amounted to \$273,896 (2024 - \$Nil).

ASPE 3280 **21. Commitments**

ASPE 3065.77

Pursuant to lease and license agreements between the Company and the Franchisor, the Company is committed to the following items as a percentage of sales:

Franchise	Service fee %	Rent (at current sales levels) %	Advertising %
Downtown 1	5	11	4
Kensington	3	7	2
Beaches	3	10	4
Airport 1	5	12	4
Airport 2	3	8	2

The Company is committed to certain reinvestment expenditures relating to its Airport 1 & Airport 2 restaurants. As a result of the business combination that occurred during the year, the Company is required to complete reimaging of these locations by December 31, 2029. Management has estimated that the reimaging commitment will be approximately \$500,000.

Under the terms of the Company's franchise agreement, the Company is required to maintain certain financial covenants. As at December 31, 2025, the Company was not in compliance with the consolidated debt-to-equity covenant, primarily arising from the financed acquisition of new franchises. The Franchisor agreed to waive the Company's requirement to fund a portion of the new franchise purchases from its existing cash resources, and as such, the acquisitions of these franchises were fully financed. As a result of the non-compliance with the financial covenant, the Company is contractually obligated not to declare dividends beginning January 1, 2026, until such time the Company is in compliance with the covenant.

Failure to comply with the terms of the agreement could result in a material breach of the franchise agreement. Given its existing cash resources, an increasing net income, and the previous waivers provided by the Franchisor regarding the financing of new franchise acquisitions, the Company does not expect that the non-compliance with the debt-to-equity covenant will result in any adverse consequences to the Company's franchise operations.

The initial lease and license agreements mature as follows:

Downtown 1	May 6, 2026 (second renewal available to December 30, 2031) (note 29)
Kensington	November 29, 2028 (includes third of four renewal options)
Beaches	August 31, 2032 (includes first renewal)
Airport 1	March 19, 2034
Airport 2	March 19, 2034

Minimum base rent payments are as follows:

2026	\$	2,376,355
2027		2,425,408
2028		2,460,272
2029		2,353,928
2030		2,275,515
Thereafter		7,363,488
	\$	19,254,966

ASPE 3290.19

22. Contingent event

ASPE 3290.22

ASPE 3290.23

ASPE 3290.24

During December 2025, the Kensington restaurant was required to close due to damage caused to the location by construction activities performed by an unrelated third-party construction company on a neighbouring site. Repair work has not yet begun as scope of the damage is being evaluated. The company expects that a recovery of at least a portion of costs and lost profits is likely, but the amount and timing of recoveries are unknown due to ongoing communication with the construction company.

ASPE 3465.88

23. Income taxes

The Company's income tax provision is calculated as follows:

	2025	2024
Income before income taxes and discontinued operations	3,268,242	2,399,954
Loss from discontinued operations before income tax benefit (note 26)	(216,603)	(200,383)
	3,051,639	2,199,571
Income tax at statutory rate of 26.5% (2024 - 26.5%)	\$ 808,684	\$ 582,886
Increase (decrease) in income tax expense resulting from:		
Non-deductible expenses	22,649	84,270
Difference between capital cost allowance and amortization	(60,393)	93,006
Small business deduction	(71,500)	(71,500)
Other items affecting income tax expense	(5,136)	22,619
Total income taxes payable	694,304	711,281
Add: Income tax benefit attributable to loss from discontinued operations	54,151	58,111
Income taxes - current	\$ 748,455	\$ 769,392

24. Variable expenses

Variable expenses do not have long-term obligations associated with them and fluctuate based on activity volumes during the period.

	2025	2024
Advertising and promotion	\$ 3,260,556	\$ 1,975,915
Linen and laundry	92,329	81,353
Office and general	234,738	148,473
Operating supplies	699,199	459,990
Outside services	1,950,757	1,854,981
Repairs and maintenance	809,960	607,518
Salaries, wages and benefits	18,416,536	11,279,549
Training and recruitment	74,273	67,390
Utilities	706,626	576,666
Vehicles and travel	58,799	77,049
	\$ 26,303,773	\$ 17,128,884

25. Fixed expenses

	2025	2024
Rent	\$ 7,345,697	\$ 3,884,047
Service fees	2,232,339	1,304,820
Insurance	1,045,724	908,181
Interest on callable debt	632,057	-
Bank interest and charges	530,928	306,655
Professional fees	278,087	215,917
Other	986,261	406,595
	\$ 13,051,093	\$ 7,026,215

ASPE 3475.37

26. Discontinued operations

On December 1, 2025, the Company closed the Downtown 2 franchise, as the Company is exiting the geographical area. On the date of closure, the furnishings, restaurant equipment and leasehold improvements were abandoned. As a result, the carrying value of the franchise's property and equipment was reduced to \$Nil, and a loss of \$38,433 was included as a component of discontinued operations in the consolidated income statement. A write-down was also recognized related to unamortized computer software, which had a carrying value of \$2,000. The total loss related to this closure was \$40,433.

Accordingly, the operating results of the franchise have been reclassified and disclosed as discontinued operations in the current and prior year. The loss from discontinued operations in the consolidated income statement, net of the related income tax expense, is \$162,452 (2024 - \$142,272).

The impact of the recognition of the discontinued operation is as follows:

	2025	2024
Restaurant food sales	\$ 2,066,740	\$ 1,397,788
Cost of sales:		
Food	590,826	417,497
Paper products	94,624	64,370
Other	9,446	5,166
	694,896	487,033
Gross profit	1,371,844	910,755
Operating expenses		
Variable expenses (i)	1,105,437	809,905
Fixed expenses (ii)	389,599	294,647

	2025	2024
Amortization of property and equipment	27,510	29,801
Amortization of intangible assets	25,468	29,795
Write-down of abandoned software and property and equipment	40,433	-
	1,588,447	1,164,148
Other income		
Government assistance	-	53,010
	-	53,010
Loss on discontinued operations before income tax benefit	216,603	200,383
Income tax benefit	54,151	58,111
Loss on discontinued operations	\$ 162,452	\$ 142,272

(i) Variable expenses

	2025	2024
Advertising and promotion	\$ 108,410	\$ 79,536
Linen and laundry	2,855	-
Office and general	15,149	17,001
Operating supplies	35,408	25,508
Outside services	18,194	13,046
Repairs and maintenance	56,401	40,527
Salaries, wages and benefits	790,922	576,889
Utilities	67,586	46,517
Vehicles and travel	10,512	10,881
	\$ 1,105,437	\$ 809,905

ASPE 3820.10

(ii) Fixed expenses

	2025	2024
Rent	\$ 132,521	\$ 93,137
Service fees	82,294	55,634
Insurance	37,649	47,268
Bank interest and charges	33,077	22,228
Professional fees	15,291	22,388
Other	88,767	53,992
	\$ 389,599	\$ 294,647

ASPE 3800.31

27. Government assistance

The Company received assistance during the prior year from the Government of Ontario, comprised of the Property Tax Rebate Grant in the amount of \$145,960 and the Energy Cost Rebate Grant in the amount of \$103,955, of which \$53,010 was included in the results of discontinued operations (see [note 26](#)). No amounts were received during 2025.

ASPE 3841.02

28. Economic dependence

The ongoing operations of the Company relate exclusively to the activities of five (2024 – six) franchise locations operated by the Company. There is a significant volume of business transactions with the Franchisor and a major supplier, The Supply Co. The Company is dependent on the Franchisor for various activities, including use of trademarks, branding and participation in national marketing campaigns, which drive traffic and sales for the Company's franchised restaurant locations. The Supply Co. provides 90% of goods and products used in the Company's franchised restaurant operations. The nature and extent of activities are of such a significance as to affect the viability of the Company and, accordingly, the Company is economically dependent upon the Franchisor and The Supply Co.

29. Subsequent event

ASPE 3820.10-11

On April 30, 2026, the business facilities and licence agreement of the Downtown 1 restaurant was extended. The new business facilities and licence agreement has been extended to December 30, 2031.

FS 3

Financial Statements of

Home for Hearts

Year ended March 31, 2025

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Home for Hearts

Statement of Financial Position

As at March 31, 2025

ASNPO 4400.18
ASNPO 4400.19
ASPE 1510.03-06, .08-12
ASPE 1521

ASPE 4449.16	Note	2025 \$	(Combined - note 6) 2024 \$
ASSETS			
Current:			
Cash	5	646,863	527,912
Accounts receivable	6	373,548	291,480
		1,020,411	819,392
Investments	7	4,939,062	3,868,279
Capital assets	8	5,837,750	5,348,777
Other assets		91,412	95,927
Accrued pension asset	16	128,142	58,961
		12,016,777	10,191,336
LIABILITIES			
Current:			
Accounts payable and accrued liabilities	14	801,402	704,074
Deferred revenue, programs	10	144,429	58,833
Loans and mortgages payable – current	11	124,285	65,506
		1,070,116	828,413
Future pension and other retirement benefits	16	800,905	805,924
Loans and mortgages payable	11	248,024	297,479
Deferred revenue, capital	10	2,900,967	1,006,207
Other liabilities	16	107,793	122,045
		5,127,805	3,060,068
NET ASSETS			
Operating Fund		678,066	1,409,335
Endowment Fund		373,156	373,156
Capital Fund		5,837,750	5,348,777
		6,888,972	7,131,268
		12,016,777	10,191,336

See accompanying [notes](#) to financial statements.

Home for Hearts

Statement of Operations

Year ended March 31, 2025

ASNPO 4400.09
ASNPO 4400.12
ASPE 1520

		2025	(Combined – note 6) 2024
	Note	\$	\$
REVENUE			
Public support:			
Charitable donations	12,14	2,324,221	1,751,260
Sale of donated goods		1,294,055	1,245,132
		3,618,276	2,996,392
Government funding	13	3,083,885	2,729,762
Fees for service		446,068	410,137
Investment income		268,309	257,978
Gain on disposal of capital assets	8	414,841	131,831
Loss on write-down of assets under construction	8	(15,300)	-
		7,816,079	6,526,100
EXPENSES			
Charitable programs and services:			
Health care	15	2,165,333	1,723,162
Community housing	15	1,783,280	1,287,860
Youth and children	15	1,349,382	659,701
Senior outreach	15	462,084	436,674
Education	15	126,987	111,503
		5,887,066	4,218,900
Thrift store operations		1,137,087	1,085,924
Head office operations	14	577,479	544,936
Fundraising and public relations		184,478	138,971
Amortization		289,940	341,593
Other		77,049	66,066
		8,153,099	6,396,390
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES		(337,020)	129,710

See accompanying [notes](#) to financial statements.

Home for Hearts

Statement of Changes in Net Assets

Year ended March 31, 2025

ASNPO 4400.41 ASNPO 4400.43A
ASNPO 4400.43 ASNPO 3463

	Note	Operating	2025		Total	Operating	2024		Total
			Capital	Endowment			Capital	Endowment	
Net assets, beginning of year		\$ 1,409,335	\$ 5,348,777	\$ 373,156	\$ 7,131,268	\$ 1,374,083	\$ 5,207,398	\$ 373,156	\$ 6,954,637
(Deficiency) excess of revenue over expenses		(337,020)	-	-	(337,020)	129,710	-	-	129,710
Remeasurements and other items for defined benefit plans		94,724	-	-	94,724	46,921	-	-	46,921
Transfers		(488,973)	488,973	-	-	(141,379)	141,379	-	-
Net assets, end of year		\$ 678,066	\$ 5,837,750	\$ 373,156	\$ 6,888,972	\$ 1,409,335	\$ 5,348,777	\$ 373,156	\$ 7,131,268

See accompanying [notes](#) to financial statements.

Home for Hearts

Statement of Cash Flows

Year ended March 31, 2025

ASNPO 4400.46
ASPE 1540

	Note	2025 \$	2024 \$
CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES			
Excess (deficiency) of revenue over expenses		(337,020)	129,710
Adjustment for:			
Amortization		289,940	341,593
Write-down of assets under construction	8	15,300	-
Gain on disposal of capital assets	8	(414,841)	(131,831)
Defined benefit and supplementary retirement pension plan expense	16	68,334	70,182
Supplementary retirement pension and other retirement amounts paid	16	(47,810)	(48,921)
		(426,097)	360,733
Changes in non-cash working capital:			
(Increase) decrease in accounts receivable		(82,068)	13,440
Increase (decrease) in accounts payable	9	97,328	(25,137)
Decrease in other liabilities		(14,252)	(57,435)
Increase in deferred revenue	10	1,980,356	57,351
		1,981,364	(11,781)
Cash flows from operating activities		1,555,267	348,952
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Purchase of capital assets	8	(882,247)	(537,012)
Purchase of investments, net	7	(1,070,783)	(117,866)
Proceeds on disposal of capital assets	8	502,875	185,871
Cash flows used in investing activities		(1,450,155)	(469,007)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Decrease (Increase) in other assets		4,515	(1,827)
Repayment of loans and mortgages	11	(31,676)	(43,260)
Increase in loans and mortgages	11	41,000	-
Cash flows from (used in) financing activities		13,839	(45,087)
Change in cash		118,951	(165,142)
Cash – beginning of year		527,912	693,054
Cash – end of year		646,863	527,912

See accompanying [notes](#) to financial statements.

Home for Hearts

Notes to Financial Statements

Year ended March 31, 2025

1. The organization

Homes for Hearts (the “Organization”) is a community support organization. The purpose of the Organization is to help communities thrive by helping people who experience barriers such as access to healthcare, nutritious food, safe housing and social connections.

ASNPO 4400.04

The Organization was incorporated without share capital under the *Canada Corporations Act* on September 15, 2005, and is a registered charitable organization under the *Income Tax Act* (Canada).

2. Basis of presentation

ASNPO 1401.17

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the *CPA Canada Handbook – Accounting* to present the assets, liabilities, net assets, revenue, expenses and cash flows of the Organization.

3. Significant accounting policies

a) Use of estimates

The preparation of these financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. These estimates are reviewed periodically, and adjustments are made as appropriate in the year they become known. Significant estimates include useful lives of capital assets, impairments, accrued pension assets and liabilities, and accrued liabilities. Actual results could differ from those estimates.

b) Cash and cash equivalents

ASPE 1540.08

Cash includes bank accounts of the Organization as well as deposits, which are realizable within three months from the balance sheet date.

c) Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

ASPE 3856.38

Financial assets measured at amortized cost include cash, accounts receivable and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and loans and mortgages payable.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is included in net income. The previously recognized impairment loss may be reversed to the extent of any improvement, directly or by adjusting the allowance account, provided the adjusted carrying amount is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income in the period the reversal occurs.

Transaction costs

The carrying amount of a financial asset or liability carried at amortized cost is adjusted by the transaction costs, which are recognized in net income using the straight-line method.

d) Capital assets

ASNPO 4433.07

Purchased capital assets are recorded at cost. Contributed capital assets are recognized at fair value at the date of contribution.

ASNPO 4433.16

ASPE 3061.11

The cost of assets under construction includes directly attributable carrying costs such as interest costs, which are capitalized until construction has been completed.

Amortization is provided for on a straight-line basis over their estimated useful lives, as follows:

	Amortization Period
Building	20 to 40 years
Leasehold improvements	Over the term of the lease
Furniture and fixtures	Over the term of the lease
Computer equipment	3 to 10 years
Vehicles	5 years

Capital assets under construction are not amortized until the asset is available for productive use.

When conditions indicate that a capital asset is impaired, the net carrying amount of the specific asset is written down to the asset's fair value or replacement cost. Amounts written down are not reversed.

ASNPO 4410.16

e) Contributions of materials and services

ASNPO 4410.23

Contributions of materials are recognized at fair market value only to the extent that they would normally be purchased and the fair value can be reasonably estimated. Contributions of services are not recognized in these financial statements.

ASNPO 4410.24

ASNPO 4410.36

ASNPO 4410.10

f) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Fees for services are recognized as revenue when the related services are provided.

Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

ASNPO 4410.31

Restricted contributions received in respect of future operations are deferred and recognized as revenue when the related expenses are incurred and recognized.

ASNPO 4410.32

ASNPO 4410.34

Restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Restricted contributions for the purchase of capital assets that will not be amortized, such as land, are recognized as direct increases in net assets.

ASNPO 4410.29

ASNPO 4410.49

Endowment contributions are recognized as direct increases in net assets and represent the accumulation of resources subject to externally imposed restrictions specifying that they be maintained permanently. Interest earned on endowment amounts are unrestricted.

g) Future pension benefit and other retirement benefits

ASNPO 3463

ASPE 3462

Defined benefit pension plan

The Organization maintains a non-contributory defined benefit pension plan for eligible personnel, which is registered with the Financial Services Regulatory Authority of Ontario. Eligible Employees are enrolled in the plan on commencement of employment. The Organization also provides other retirement benefits to eligible employees, including supplementary allowances and medical and dental benefits. The Organization uses actuarial reports prepared by independent actuaries as the basis for its funding decisions.

Obligations under benefit plans and the related costs, net of plan assets, have been accrued. The following policies have been adopted:

- (i) the cost of pensions and the other retirement benefits earned by employees are actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages and expected health care costs;
- (ii) the plan assets, which are recorded at fair value, and the accrued benefit obligation, are measured at March 31 of each year;

- (iii) the discount rate used to determine the accrued benefit obligation is determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments;
- (iv) actuarial gains (losses) on plan assets arising from the difference between the actual and expected return on plan assets for a period are immediately recognized in the statement of changes in net assets, as are actuarial gains (losses) on the accrued benefit obligation that arise from differences between actual and expected experience and from the changes in the actuarial assumptions used to determine the accrued benefit obligation. These changes are shown in the statement of changes in net assets as remeasurement and other items; and
- (v) past service costs arising from plan amendments are recognized immediately in the statement of changes in fund balances.

Group Registered Retirement Savings Plan

The Organization makes regular contributions to a group Registered Retirement Savings Plan, administered by a third party, on behalf of each eligible employee. All permanent full-time and part-time employees are eligible for enrolment in the plan following completion of three months of service. Certain program divisions are part of multi-employer defined benefit or defined contribution plans under which contributions are made by the program divisions (and the employees). Neither the Organization nor the respective program divisions have direct liability or entitlement to any unfunded liability or surplus in these plans related to their current or former employees.

h) Interest rate hedging

ASPE 3856.51

The Organization uses interest rate swaps to manage fluctuations in interest rates on long-term mortgages and accounts for them on an accrual basis. Gains or losses realized on the settlement of the hedging item are deferred until the settlement of the hedged item.

At the inception of the hedging relationship, the Organization designates that hedge accounting will be applied and formally documents the relationship between the hedging instruments and hedged items. The terms of the hedging item and hedged item remain the same from the inception of the hedge and throughout its life.

Hedge accounting is used only when the notional amount of the swap matches the principal amount of the hedged item, the fair value of the swap at the inception is nil, the fixed rate is the same throughout the swap, the variable rate is based on the same index and includes the same or no adjustment, the debt instrument cannot be settled before maturity, and the swap matures within two weeks of the maturity date of the debt.

i) **Allocation of expenses**

ASNPO.4470.08

The Organization classifies expenses on the Statement of Operations by program and allocates certain administrative costs between programs based on estimated usage.

4. Measurement uncertainty

ASPE 1508.05

Defined benefit pension plan

The Organization estimates the defined benefit pension plan obligation which is based on independent valuations based on assumptions such as expected plan investment performance, salary escalation, retirement ages, expected health care costs, inflation, mortality rates and interest rates. There is measurement uncertainty in these key assumptions which impact the calculation of the future pension and other retirement benefit liabilities and remeasurement amounts.

Useful lives of capital assets

The Organization estimates the useful lives of capital assets to calculate amortization. Useful lives are based on the expected length of use of the asset. There is measurement uncertainty regarding the length of use due to technological obsolescence. Any changes in the estimated useful lives of capital assets impact the carrying value of capital assets and the related amortization expense.

Impairment of capital assets

The Organization assesses for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators are present, an asset will be reduced to the higher of the amount that could be realized by selling the asset or replacement cost. There is measurement uncertainty regarding the amounts that could be realized by selling the asset, which impacts the carrying amount of capital assets.

ASPE 3856.53

5. Financial instruments and related risks

ASPE 3856.54

Risks and concentrations

The Organization is exposed to various risks associated with its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations as at March 31, 2025.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization manages liquidity risk by ensuring it will have sufficient liquidity to meet liabilities when due. The Organization's current trade financial liabilities generally have contractual maturities of 30–60 days and are subject to normal trade terms. There were no significant changes to liquidity risk exposures from the prior year.

The Organization relies on government grants to settle its operating debts and manage liquidity risk.

Market risk

Market risk incorporates a range of risks. Movements in risk factors, such as interest rate risk, currency risk and market price risk, affect the fair value of financial assets and liabilities. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. The Organization is mainly exposed to interest rate risk and market price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization has entered into interest rate hedging contracts to offset interest rate risk related to the mortgages payable (see [note 11](#)).

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization's exposure to market price risk is limited, as the Organization holds guaranteed investment certificates. These investments are subject to price changes, including factors such as changes in market rates of interest, general economic indicators and restrictions on credit markets.

6. Merger: Comparative figures

ASNPO 4449.08

ASNPO 4449.19

Effective April 1, 2024, Charity A and Charity B merged to create the Organization. Charities A and B provided healthcare and social programming to the same local community. Since the Charities operated in the same geographical area, a merger of the entities was agreed upon to improve efficiencies and enhance community program service levels. The combination is accounted for as a merger in accordance with Section 4449, *Combinations by not-for-profit organizations*, in Part III of the *CPA Canada Handbook – Accounting*.

The comparative figures of these entities have been presented on a combined basis to show the financial position and results of operations as if they had always operated as a single operation.

The combined statement of financial position at the time of merger comprises:

	Charity A	Charity B	Total
Assets			
Cash	\$ 326,814	\$ 201,098	\$ 527,912
Accounts receivable	168,735	122,745	291,480
Investments	2,698,029	1,170,250	3,868,279
Capital assets	3,673,553	1,675,224	5,348,777
Other assets	75,427	20,500	95,927
Accrued pension asset	58,961	-	58,961
	6,784,842	3,406,494	10,191,336
Liabilities			
Accounts payable and accrued liabilities	\$ 345,678	\$ 358,396	\$ 704,074
Deferred revenue, programs	58,833	-	58,833
Loans and mortgages payable	-	65,506	65,506
Future pension and other retirement benefits	805,924	-	805,924
Loans and mortgages payable	15,680	281,799	297,479
Deferred revenue, capital	-	1,006,207	1,006,207
Other liabilities	70,451	51,594	122,045
	1,296,566	1,763,502	3,060,068
Net Assets			
Operating	\$ 1,127,017	\$ 282,318	\$ 1,409,335
Endowment	300,626	72,530	373,156
Capital	4,277,310	1,071,467	5,348,777
	5,704,953	1,426,315	7,131,268

The combined statement of operations for the year ending March 31, 2024, comprises:

	Charity A	Charity B	Total
Revenue			
Charitable donations	\$ 1,265,742	\$ 485,518	\$ 1,751,260
Sale of donated goods	984,653	260,479	1,245,132
Government funding	2,163,425	566,337	2,729,762
Fees for service	153,485	256,652	410,137
Investment income	197,364	60,614	257,978
Gain on disposal of capital assets	131,831	-	131,831
	4,896,500	1,629,600	6,526,100

	Charity A	Charity B	Total
Expenses			
Health care	1,334,578	388,584	1,723,162
Community housing	628,936	658,924	1,287,860
Youth and children	359,871	299,830	659,701
Senior outreach	146,874	289,800	436,674
Education	87,819	23,684	111,503
Thrift store operations	1,085,924	-	1,085,924
Head office operations	346,258	198,678	544,936
Fundraising and public relations	87,654	51,317	138,971
Amortization	220,772	120,821	341,593
Other	66,066		66,066
	4,364,752	2,031,638	6,396,390
	\$ 531,748	\$ (402,038)	\$ 129,710

7. Investments

The Organization invests in guaranteed investment certificates having terms of 1 to 10 years. The average interest rate for the certificates held was 5.5% (2024 – 6.5%). Interest income from these investments is unrestricted and is used to support program operations.

8. Capital assets

ASNPO 4433.23

ASNPO 4433.24

	Cost	Accumulated Amortization	2025 Net Book Value
Land	\$ 1,061,732	\$ -	\$ 1,061,732
Building	7,351,239	3,601,332	3,749,907
Leasehold improvements	231,721	157,094	74,627
Furniture and fixtures	715,673	451,738	263,935
Computer equipment	143,297	-	143,297
Vehicles	173,943	132,020	41,923
Assets under construction	502,329	-	502,329
	\$ 10,179,934	\$ 4,342,184	\$ 5,837,750

	Cost	Accumulated Amortization	2024 Net Book Value
Land	\$ 959,077	\$ -	\$ 959,077
Building	6,962,165	3,528,546	3,433,619
Leasehold improvements	197,904	145,908	51,996
Furniture and fixtures	655,690	401,338	254,352
Vehicles	161,154	117,985	43,169
Assets under construction	606,564	-	606,564
	\$ 9,542,554	\$ 4,193,777	\$ 5,348,777

ASNPO 4433.16

During the year, assets under construction having a cost of \$15,300 (2024 – Nil) were written down as a result of weather-related damage. A gain of \$414,841 (2024 – \$131,831) was realized on the sale of a parcel of land during the year.

ASNPO 4433.22

9. Accounts payable and accrued liabilities

ASPE 1510.15

Included in accounts payable and accrued liabilities are government remittances of \$93,289 (2024 – \$90,118), which include amounts payable for payroll related taxes and harmonized sales tax.

10. Deferred revenue

ASNPO 4410.53

The Organization receives funds from government entities where use of these funds is restricted to certain projects or programs. Unexpended program grants represent unexpended funds relating to projects in process as at the end of the fiscal year. These programs operate on a break-even basis with any excess of expenses over revenue being funded from donations or fee-based services or being carried forward against subsequent annual operating grants. Due to their restrictive nature, any excess funds from completed programs are either returned to their original source or taken into general revenue after the Organization has received the appropriate approval.

	2025	2024
Opening balance, programs	\$ 58,833	\$ 99,889
Add: Government grants received	2,864,241	2,347,113
Deduct: Eligible program expenses	(2,778,645)	(2,388,169)
Ending balance, programs	\$ 144,429	\$ 58,833
Opening balance, capital	\$ 1,006,207	\$ 907,800
Add: Government grants received	2,200,000	440,000
Deduct: Amortization and write-downs of capital assets	(305,240)	(341,593)
Ending balance, capital	\$ 2,900,967	\$ 1,006,207

11. Loans and mortgages payable

a) Loans payable

The Organization has loans payable to Lender Co. for the purchase of fixtures. Included in Head office operations is interest of \$4,693 (2024 - \$2,978). On September 1, 2024, short-term addendum was signed and an additional amount of \$41,000 was borrowed from Lender Co. at the same interest rate. The addendum specifies that the additional amount is borrowed on a short-term basis and is repayable to Lender Co. by February 28, 2026. The additional loan amount of \$41,000 remains outstanding at March 31, 2025, and has been included in the current portion of the loan payable.

		2025		2024
Loan, payable in monthly blended repayments of \$3,107, including interest of 5.6% per annum, due September 30, 2029	\$	111,693	\$	70,862
Less current portion		57,286		19,652
	\$	54,407	\$	51,210

b) Mortgages payable

ASPE 3856.51

Mortgages payable are secured by pledged properties in the amount of \$151,487 (2024 - \$129,262). These mortgages bear interest at rates ranging from 0.00% to 7.63% (2024 - 0.00% to 7.63%), with an average interest rate of approximately 2.67% (2024 - 2.34%) and extend for terms of up to 9 years from March 31, 2025.

		2025		2024
Mortgage, payable	\$	260,616	\$	306,470
Less: current portion		86,999		45,854
	\$	173,617	\$	260,616

An interest rate swap agreement has been executed to convert the floating rate interest on this mortgage to a fixed rate. Included in Head office operations is interest of \$5,988 (2024 - \$6,948).

The aggregate amount of principal repayments required on all loans and mortgages in each of the next five years and thereafter is as follows:

2026	\$	124,285
2027		55,181
2028		40,061
2029		73,353
2030		18,025
Thereafter		61,404
		372,309
Less current portion		124,285
	\$	248,024

12. Charitable donations

ASNPO 4410.22

The Organization receives contributions from the following sources:

	2025	2024
Corporate donations	\$ 2,133,371	\$ 1,185,450
Related party donations (note 14)	150,000	150,000
Donations from the public	40,850	415,810
	\$ 2,324,221	\$ 1,751,260

13. Government funding

ASNPO 4410.08

Sources of government funding comprise the following:

ASNPO 4410.09

ASNPO 4410.19

ASNPO 4410.22

ASPE 3290

	2025	2024
Municipal	\$ 721,042	\$ 567,322
Provincial and territorial	2,142,651	1,909,467
Federal	220,192	252,973
	\$ 3,083,885	\$ 2,729,762

Annually in arrears, the Organization’s various funders perform reassessments of the Organization’s allowable expenditures and may adjust the amount of funding available to the Organization in respect of the respective assessed year. As at March 31, 2025, the assessments for 2022 are in process. Additional amounts receivable or amounts to be repaid (“clawed-back amounts”), if any, will be recorded if and when assessment results are communicated by the Organization’s respective funders.

As at March 31, 2025, \$250,000 in funding for capital projects is receivable from a funder in respect of additional program expansion expenses agreed to during the year.

14. Related party transactions and balances

Management Co. is an entity which provides management support services and operational financing to the Organization. Management support fees paid to Management Co. amounted to \$60,000 (2024 - \$60,000), which are included in head office operations.

ASNPO 4460

The Organization also received a grant of \$150,000 (2024 - \$150,000) from Management Co., which is included in charitable donations.

Included in accounts payable and accrued liabilities at year end are balances payable to Management Co. of \$45,000 (2024 - \$37,000). The outstanding balance at year end represents the reimbursement of expenses paid by Management Co. on behalf of the Organization.

The above transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

15. Allocation of expenses

ASNPO 4470

Administrative expenses of \$473,400 (2024 - \$418,800) comprise the following:

		2025		2024
Salaries, wages, and benefits	\$	260,828	\$	246,953
Property maintenance		115,327		113,672
Fundraising		97,245		58,175
Total	\$	473,400	\$	418,800

Administrative expenses have been allocated to the following programs as follows:

		2025		2024
Health care	\$	174,122	\$	171,054
Community housing		143,400		127,843
Youth and children		108,509		65,487
Senior outreach		37,158		43,348
Education		10,211		11,068
Total	\$	473,400	\$	418,800

16. Future pension and other benefits

ASNPO 3463

ASPE 3462

a) Defined benefit plan benefits

	Defined benefit pension plan	Supplementary retirement pension	Other retirement benefit plans	Total future pension and other retirement benefits
2025				
Accrued benefit obligation	\$ 1,527,330	\$ 152,607	\$ 648,298	\$ 2,328,235
Fair value of plan assets	1,655,472	-	-	1,655,472
Plan asset (liability)	\$ 128,142	\$ (152,607)	\$ (648,298)	\$ (672,763)
2024				
Accrued benefit obligation	\$ 1,505,210	\$ 155,981	\$ 649,943	\$ 2,311,134
Fair value of plan assets	1,564,171	-	-	1,564,171
Plan asset (liability)	\$ 58,961	\$ (155,981)	\$ (649,943)	\$ (746,963)

Continuity of the future pension and retirement benefits asset (liability):

	Defined benefit pension plan	Supplementary retirement pension	Other retirement benefit plans	Total
Balance, beginning of year	\$ 58,961	\$ (155,981)	\$ (649,943)	\$ (746,963)
Benefit expense	(25,543)	(7,882)	(36,757)	(70,182)
Employer contributions	-	11,970	35,840	47,810
Remeasurement and other items	94,724	(714)	2,562	96,572
Balance, end of year	\$ 128,142	\$ (152,607)	\$ (648,298)	\$ (672,763)

Supplementary retirement pension liabilities of \$152,607 (2024 - \$155,981) and Other retirement benefit plan liabilities of \$648,298 (2024 - \$649,943) are presented together as Future pension and other retirement benefits of \$800,905 (2024 - \$805,924) on the statement of financial position.

The Organization's net benefit plan expenses:

	Defined benefit pension plan	Supplementary retirement pension	Other retirement benefit plans	Total future pension and other retirement benefits
2025				
Current service cost	\$ 27,748	\$ 518	\$ 5,621	\$ 33,887
Interest cost (recovery)	(2,205)	7,364	31,136	36,295
	\$ 25,543	\$ 7,882	\$ 36,757	\$ 70,182
2024				
Current service cost	\$ 31,738	\$ 483	\$ 5,719	\$ 37,940
Interest cost (recovery)	(1,071)	5,978	28,770	33,677
	\$ 30,667	\$ 6,461	\$ 34,489	\$ 71,617

Additional expenses for health benefits, consisting of cash payments made by the Organization directly to beneficiaries for its unfunded other retirement benefit plans and other current benefits for the active officers were \$16,919 (2024 - \$15,953).

Actuarial valuations for all plans are performed at least every three years. The defined benefit pension plan was last valued for funding purposes as at March 31, 2023. At that time, the plan had a surplus, measured on a going concern basis (i.e., assuming continued operations of the pension plan), of \$354,844 or 28.4%, and a surplus of \$318,955 or 24.9% on a solvency basis (i.e., assuming the pension plan were to be wound up on the valuation date). The surplus reflected in these financial statements, as an accrued pension asset, is \$128,142 (2024 - \$58,961). The main reason for the difference relates to the discount rates used for the respective valuations, which were 4.9% (2024 - 4.9%) per annum for the accounting valuation at, March 31, 2025, and 5.8% per annum for the going concern funding valuation at, March 31, 2023.

b) Pre-and post-retirement benefits

Included in other liabilities are accrued health and sick leave future payments for certain employees representing pre- and post-retirement benefits of \$16,177 (2024 - \$23,548).

c) **Employees' retirement benefits**

The contributions paid and expensed by the Organization for the year amounted to \$162,127 (2024 – \$150,626). The assets of the employees' retirement benefits plan are held separately from those of the Organization in an independently administered fund.

d) **Multi-employer benefit plans**

Certain program divisions are part of multi-employer defined benefit or defined contribution plans under which contributions are made by the individual program division (and the employees). For the fiscal year ended March 31, 2025, contributions were paid and expensed in the amount of \$45,031 (2024 – \$39,284) under the terms of these plans and reflected in these financial statements as part of charitable programs and services expenses.

17. Economic dependence

The Organization receives the majority of its revenue in the form of grants from provincial and municipal governments across Canada. The Organization's continuing operations are dependent on the continuance of these grants. Program grants are assessed by these governments for renewal annually and although the Organization applies for grants, past approval does not guarantee future grant renewals.

18. Commitments

ASPE 3065.77

The Organization is committed to equipment leases, as follows:

2026	\$	195,692
2027		127,428
2028		104,615
2029		69,286
2030		43,392
Thereafter		45,927
	\$	586,340

19. Contingent liability

ASPE 3290

The Organization receives certain government assistance in the form of a forgivable loan to fund certain capital projects. The funding is considered a grant while the Organization continues to meet the terms of the agreements. In the case of default, the funding is repayable to the government. At year end, the Organization has a forgivable loan balance of \$266,434 (2024 – \$266,434) of such funding. The Organization is currently in compliance with all such agreements and, accordingly, no amounts are recorded as a liability in these financial statements related to this funding.

20. Subsequent event

ASPE
3820.10-11

One of the Organization's community centres in Vaughan, Ontario was significantly damaged by a fire subsequent to March 31, 2025. The total amount of the loss and the costs to reconstruct the building and the amounts recoverable from insurance are not yet determinable.

FS 4

Financial Statements of

Community Now

Year ended March 31, 2025

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Community Now Consolidated Statement of Financial Position

As at March 31, 2025

ASNPO 4400.18
ASNPO 4400.19
ASPE 1510.03-06, .08-12
ASPE 1521

	Note	2025 \$	2024 \$
ASSETS			
Current:			
Cash		14,586,969	12,693,093
Accounts receivable	6	2,962,755	2,258,758
Amount due from controlled organization	8	91,304	141,416
Prepaid expenses		641,887	407,372
		18,282,915	15,500,639
Investments	7	11,611,329	12,476,609
Capital assets	9	14,130,557	3,293,048
Intangible asset	11	-	1,060,313
Collection	12	1,000	1,000
		44,025,801	32,331,609
LIABILITIES			
Current:			
Accounts payable and accrued liabilities	13, 18	6,880,108	6,573,502
Deferred revenue	14	265,595	330,354
Government advances	14	800,000	250,000
		7,945,703	7,153,856
Deferred capital grants	15	2,482,345	2,533,543
Government advances	14	5,329,941	3,684,542
		15,757,989	13,371,941
FUND BALANCES			
Operating reserve (internal)		6,050,817	5,507,828
Infrastructure reserve (internal)		3,516,253	3,747,331
Strategic opportunity reserve (internal)		3,051,531	3,883,691
Capital and intangible assets (internal)		15,649,211	5,820,818
		28,267,812	18,959,668
		44,025,801	32,331,609

See accompanying [notes](#) to consolidated financial statements.

Community Now Consolidated Statement of Operations

Year ended March 31, 2025

ASNPO 4400.09 ASNPO 4400.37
ASNPO 4400.33 ASPE 1520

	Notes	Operating fund	Operating reserve fund	Infrastructure reserve fund	Strategic opportunity reserve fund	Capital and intangible assets fund	2025 Total	Operating fund	Operating reserve fund	Infrastructure reserve fund	Strategic opportunity reserve fund	Capital and intangible assets fund	2024 Total
REVENUE													
Government grants		\$ 88,374,374	\$ -	\$ -	\$ -	\$ 136,130	\$ 88,510,504	\$ 83,396,792	\$ -	\$ -	\$ -	\$ -	\$ 83,396,792
Fees for service	8	27,875,684	-	-	-	-	27,875,684	32,555,285	-	-	-	-	32,555,285
Philanthropy and non-government grants		5,955,877	-	-	-	-	5,955,877	5,166,536	-	-	-	-	5,166,536
Investment and other	7	1,207,742	570,799	121,562	197,000	-	2,097,103	458,092	120,839	47,969	97,137	124,061	848,098
Gain on exchange of capital assets	10	-	-	-	-	11,247,425	11,247,425	-	-	-	-	-	-
		123,413,677	570,799	121,562	197,000	11,383,555	135,686,593	121,576,705	120,839	47,969	97,137	124,061	121,966,711
EXPENSES													
Programs:													
Community support services		82,904,438	-	-	-	-	82,904,438	74,139,964	-	-	-	-	74,139,964
Employment services		11,199,308	-	-	-	-	11,199,308	18,889,978	-	-	-	-	18,889,978
Home and vehicle modification program		11,580,449	-	-	-	-	11,580,449	11,614,005	-	-	-	-	11,614,005
Donor funded programs		4,659,674	-	-	384,452	-	5,044,126	5,354,290	-	-	544,095	-	5,898,385
Advocacy and public affairs		939,306	-	-	-	-	939,306	577,616	-	-	-	-	577,616
		111,283,175	-	-	384,452	-	111,667,627	110,575,853	-	-	544,095	-	111,119,948
Philanthropy		2,608,954	-	-	-	-	2,608,954	2,329,861	-	-	-	-	2,329,861
Administration	8	9,516,635	32,723	352,640	644,708	-	10,546,706	8,368,192	160,652	175,768	-	-	8,704,612
Amortization	9	-	-	-	-	494,849	494,849	-	-	-	-	645,962	645,962
Loss on write-down of intangible asset	11	-	-	-	-	1,060,313	1,060,313	-	-	-	-	830,906	830,906
		123,408,764	32,723	352,640	1,029,160	1,555,162	126,378,449	121,273,906	160,652	175,768	544,095	1,476,868	123,631,289
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES													
		\$ 4,913	\$ 538,076	\$ (231,078)	\$ (832,160)	\$ 9,828,393	\$ 9,308,144	\$ 302,799	\$ (39,813)	\$ (127,799)	\$ (446,958)	\$ (1,352,807)	\$ (1,664,578)

See accompanying [notes](#) to consolidated financial statements.

Community Now

Consolidated Statement of Changes in Fund Balances

Year ended March 31, 2025

ASNPO 4400.09
ASNPO 4400.12
ASNPO 4400.41

	Notes	Operating fund	Operating reserve fund	Infrastructure reserve fund	Strategic opportunity reserve fund	Capital and intangible assets fund	2025 Total	Operating fund	Operating reserve fund	Infrastructure reserve fund	Strategic opportunity reserve fund	Capital and intangible assets fund	2024 Total
Fund balances, beginning of year		\$ -	\$ 5,507,828	\$ 3,747,331	\$ 3,883,691	\$ 5,820,818	\$ 18,959,668	\$ -	\$ 5,244,842	\$ 4,307,276	\$ 4,330,649	\$ 6,741,479	\$ 20,624,246
Excess (deficiency) of revenue over expenses		4,913	538,076	(231,078)	(832,160)	9,828,393	9,308,144	302,799	(39,813)	(127,799)	(446,958)	(1,352,807)	(1,664,578)
Purchase of capital assets		0	(84,932)	0	0	84,932	-	0	(85,394)	(432,146)	0	517,540	-
Deferred capital grants	15	0	84,932	0	0	(84,932)	-	0	85,394	0	0	(85,394)	-
Interfund transfers													
Transfer to Operating Reserve	17	(4,913)	4,913	0	0	0	-	(302,799)	302,799	0	0	0	-
Fund balances, end of year		\$ -	\$ 6,050,817	\$ 3,516,253	\$ 3,051,531	\$ 15,649,211	\$ 28,267,812	\$ -	\$ 5,507,828	\$ 3,747,331	\$ 3,883,691	\$ 5,820,818	\$ 18,959,668

See accompanying [notes](#) to consolidated financial statements.

Community Now

Consolidated Statement of Cash Flows

Year ended March 31, 2025

ASNPO 4400.46
ASPE 1540

	Note	2025 \$	2024 \$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Excess (deficiency) of revenue over expenses		9,308,144	(1,664,578)
Adjustment for:			
Amortization		494,849	645,962
Gain on exchange of capital assets	10	(11,247,425)	-
Net loss write-down of intangible assets	11	1,060,313	830,906
Loss (gain) on investments	7	24,994	(96,246)
Unrealized loss (gain) on investments	7	840,000	(26,000)
		480,875	(309,956)
Changes in non-cash working capital:			
Accounts receivable	6	(703,997)	716,085
Amounts due from controlled organization	8	50,112	14,823
Prepaid expenses		(234,515)	(36,627)
Accounts payable and accrued liabilities	13	306,606	(68,123)
Unexpended program grants and deferred revenue	14(a), 15	(115,957)	29,153
Government advances	14(b)	2,195,399	869,147
		1,497,648	1,524,458
Cash flows from operating activities		1,978,523	1,214,502
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Purchase of capital assets	9	(84,933)	(517,540)
Purchase of investments	7	(300,000)	(425,792)
Proceeds on disposal of investments	7	300,286	340,000
Cash flows used in investing activities		(84,647)	(603,332)
Change in cash		1,893,876	611,170
Cash – beginning of year		12,693,093	12,081,923
Cash – end of year		14,586,969	12,693,093

See accompanying [notes](#) to consolidated financial statements.

Community Now

Notes to Consolidated Financial Statements

Year ended March 31, 2025

1. Nature of the entity

Community Now (the “Organization”) is a community support organization. The purpose of the Organization is to help communities thrive by helping people who experience barriers such as access to healthcare, nutritious food, safe housing and social connections.

The Organization is incorporated without share capital under the *Canada Corporations Act* on May 1, 2002, and is a registered charitable organization under the *Income Tax Act* (Canada).

ASNPO 4400.04

These consolidated financial statements include the results of the Organization and NFP Holdings, a separately incorporated not-for-profit organization. NFP Holdings is a controlled not-for-profit organization because the Organization and NFP Holdings are governed by common directors, have common management, and NFP Holdings' operations are wholly dedicated to managing the advocacy and public affairs activities of the Organization. Another controlled organization is described in [note 8](#) and is not included in the consolidated financial statements.

The Organization operates the following programs:

- a) Community Support Services: Essential services supporting people with disabilities and/or brain injuries to live independently at home and in the community, including outreach attendant services, supportive housing, brain injury services and Northern Medical Clinics.
- b) Employment Services: Services supporting people with disabilities to achieve financial security through the pursuit and achievement of their employment goals. Programs include specialized assessment services, job skills training, placement services and technology support through the *Corporate Contributions for Good* program.
- c) Home and Vehicle Modification Program: Program supporting people with disabilities to maximize their safety and independence through government-funded grants for home and vehicle accessibility renovations and retrofits.
- d) Donor Funded Programs: Programs and services fostering active, healthy, connected lives for people with disabilities and their families across all life stages, including skill development and transition support programs for children and youth, virtual peer support and skill development programs, and research and evaluation initiatives to inform design of person-centred, high-impact programs.

- e) Advocacy and Public Affairs: Programs and activities that aim to advance the Organization's vision of an inclusive, barrier-free society, including organizational and consumer advocacy promoting legislation, policy and funding that improve equity, opportunity and quality of life for people with disabilities.

2. Basis of presentation

ASNPO 1401.17

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the *CPA Canada Handbook - Accounting*, to present the assets, liabilities, fund balances, revenue, expenses and cash flows of the Organization.

ASNPO 4400.26

The Organization applies fund accounting to communicate how the Organization's reserve funds have been internally restricted. The following reserve funds have been established and presented in these consolidated financial statements:

- a) The Operating Reserve Fund serves to maintain core program delivery in the event of temporary or long-term changes in financial circumstances.
The Operating Reserve Fund is not intended to replace a permanent loss of funds or eliminate ongoing budget gap. It is the intention of the Organization for the Operating Reserve Fund to be used and replenished within a reasonably short period of time with the excess of revenue over expenses in the following year such that the reserve can support 60 days of the Organization's core operations.
- b) The Infrastructure Reserve Fund represents funds that are restricted for repairs to buildings owned by the Organization. The Infrastructure Reserve Fund may additionally be used to support capacity building initiatives and improved efficiency resulting from improved technology infrastructure.
- c) The Strategic Opportunity Reserve Fund represents funds that are restricted for advancement of the Organization's mission and development of organizational capacity building initiatives.
- d) Invested in Capital and Intangible Asset Fund represents amounts that are restricted for capital asset acquisition and related maintenance purposes (i.e., acquisition, repair, maintenance, property taxes, insurance and replacement of capital assets).

3. Significant accounting policies

a) Use of estimates

The preparation of these consolidated financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. These estimates are reviewed

periodically, and adjustments are made as appropriate in the year they become known. Significant estimates include useful lives of capital assets, impairments, fair value of items involved in non-monetary transactions and accrued liabilities. Actual results could differ from those estimates.

b) Revenue recognition

ASNPO 4410.10

The Organization follows the deferral method of accounting for contributions. Government and non-government grants, fees for service, and other revenue are received to fund the Organization’s annual operations and are recognized when received. Where grant amounts for a subsequent period are received in advance, these amounts are deferred and are recognized in the period in which they are earned. Government grants relating to capital assets are deferred and amortized at the same rate as the related capital assets.

Unexpended program grants and deferred revenue represent funds received for specific programs that have not yet been expended. These amounts are deferred until the specified program expenses are incurred.

Philanthropy revenue includes revenue from direct mail, foundations and other charitable organizations, community campaigns, special events, charitable gaming, bequests and other donations, and is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donation pledges are recognized as revenue when received and restrictions are met.

ASNPO 4410.53

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year to which they relate. When a portion of the restricted contributions relates to a future period, it is deferred and recognized in that subsequent period. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Externally restricted contributions for endowments are recognized as direct increases to the Strategic Opportunity reserve.

Interest income is recognized as earned.

c) Financial instrument measurement

ASPE 3856.38

Investments held are quoted in an active market, and are initially and subsequently measured at fair value.

Amounts due from a controlled organization are measured using the cost method less any reduction for impairment.

d) Capital assets

ASNPO 4433.07

ASNPO 4433.16

ASNPO 4433.22

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is measured at the following category rates to recognize the cost of these assets over their estimated respective useful lives:

Asset Category	Basis	Amortization Period or rate
Building	Declining balance	5%
Machinery, equipment, and computer hardware	Straight-line	5 years

When a capital asset no longer contributes to the Organization’s ability to provide services, the carrying amount is written down to its fair value or replacement cost.

e) Intangible assets

ASNPO 4434.06

Management reviews the carrying value of the indefinite life trademark for impairment, at least annually. Whenever events and circumstances indicate that the carrying value of the asset may not be recoverable, a test of recoverability would be performed. Such test entails comparing the estimated future undiscounted cash flows associated with the asset to the asset’s carrying amount.

f) Collection

ASNPO 4441.06

The artifact collection contains paintings, sculptures, photographs and memorabilia connected to the history of the Organization and its predecessor entities. The value of the collection has been excluded from the consolidated statement of financial position except for a nominal value of \$1,000, due to the practical difficulties of determining fair value for these assets.

Objects purchased for the collection of the Organization are recorded as an expense in the year of acquisition.

When items of the collection are sold, proceeds from the sale of the items removed from the collection must be restricted to acquire new collection items or for direct care of the collection. Proceeds from the sale of items are included in deferred contributions and recognized as revenue when the expense related to the acquisition of the new collection items or expense for direct care is recorded.

g) Contributions of materials and services

ASNPO 4410.16

ASNPO 4410.23

ASNPO 4410.24

Contributions of materials are recognized at fair market value only to the extent that they would normally be purchased and the fair value can be reasonably estimated.

Volunteers contribute a significant number of hours to assist the Organization in carrying out its service delivery, administration, as well as Board and advisory activities. Because of the difficulty of determining their fair values, such contributed services are not recognized in the consolidated financial statements.

4. Measurement uncertainty

ASPE 1508.05

Impairment of capital assets

The Organization tests capital assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators are present, an asset will be reduced to the higher of the amount that could be realized by selling the asset or replacement cost. There is measurement uncertainty regarding the amounts that could be realized by selling the asset, which impacts the carrying amount of capital assets.

Non-monetary transactions

The Organization recognizes assets exchanged in non-monetary transactions at their fair market value. This is based on appraisals performed by independent parties. There is measurement uncertainty regarding the fair market value, as determined by the independent parties, impacting the carrying amount of capital assets and related amortization expense.

5. Financial instruments and related risks

ASPE 3856.53

Risks and concentrations

ASPE 3856.54

The Organization is exposed to various risks associated with its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations as at March 31, 2025.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

Amounts receivable from other charitable organizations present the largest concentration of credit risk. Amounts receivable from other organizations are supported by funding agreements and the Organization has long-standing relationships with these other organizations. Funding from these organizations is typically received in arrears and the full balances were collected subsequent to March 2025. There were no significant changes in credit risk exposure from the prior year.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable. The Organization's current trade financial liabilities generally have contractual maturities of 30 days and are subject to normal trade terms. The Organization manages liquidity risk by ensuring it will have sufficient

liquidity to meet liabilities when due, under both normal and stressed conditions, and holds significant cash reserves. The Organization also has access to credit facilities (see [note 16](#)), which have not yet been drawn upon. There were no significant changes to liquidity risk exposures from the prior year.

Market risk

Market risk incorporates a range of risks. Movements in risk factors, such as interest rate risk, currency risk and market price risk, affect the fair value of financial assets and liabilities. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. The Organization’s investments are exposed to market price risk.

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization’s investments in publicly traded securities exposes the Organization to price risk, as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets. This risk is managed through diversification of investments and holding units of mutual funds rather than holding interests in individual Companies.

6. Accounts receivable

ASPE 1510.15

Accounts receivable include amounts due from the following sources:

	2025	2024
Property costs recoverable	\$ 427,177	\$ 575,194
Harmonized sales tax	534,305	346,839
Program fees	747,716	405,816
Other charitable organizations	1,253,557	930,909
	\$ 2,962,755	\$ 2,258,758

7. Investments

The Organization holds a portfolio of Canadian mutual funds:

	2025	2024
Opening balance	\$ 12,476,609	\$ 12,268,571
Purchases	300,000	425,792
Disposals	(325,280)	(243,754)
Unrealized gains (losses)	(840,000)	26,000
Ending balance	\$ 11,611,329	\$ 12,476,609

Included in net investment income is a loss of \$24,994 (2024 – gain of \$96,246) on the sale of mutual fund units during the year.

8. Controlled organizations

ASNPO 4450.15

The Organization controls the following organization, which is not consolidated in these financial statements:

ASNPO 4450.22

Non-Profit Community Housing Corporation ("NPCHC")

The NPCHC was provincially registered and was incorporated without share capital on June 2, 2012. It received continuance approval under the *Canada Not-for-profit Corporations Act* in May 2013.

NPCHC was formed to provide and operate accessible, affordable, supportive housing, primarily to accommodate persons with physical disabilities. NPCHC is a registered charity under the *Income Tax Act* (Canada).

NPCHC's financial statements are prepared in accordance with prescribed accounting policies, which are applicable to Federal and Provincial non-profit housing programs as stipulated by the guidelines established by the Regional Municipality of Pegville, its major funder.

The Organization appoints all members of the Board of Directors of NPCHC and, as such, exercises control over NPCHC.

Transactions during the year with NPCHC were as follows:

- (i) NPCHC paid \$6,552 (2024 – \$6,552) to the Organization for services provided in connection with properties of NPCHC.
- (ii) The Organization rents a portion of NPCHC premises and pays rent to NPCHC. The total charges were \$62,938 (2024 – \$22,193).

Amounts due from NPCHC consist of the following:

	2025	2024
In 2021, NPCHC signed a promissory note with the Organization for a loan in the amount of \$75,000 to support the expansion of the Shady Oaks building in Petrolia. The loan is repayable on demand and bears interest at the prime rate plus 1%, per annum, but the principal and the accrued interest are due no later than March 31, 2031	\$ 42,750	\$ 44,813
In 2021, NPCHC signed a promissory note with the Organization for a loan in the amount of \$251,000 to acquire land and building in North Bay, Ontario. The loan is repayable on demand and bears interest at the prime rate plus 1%, per annum, but the loan is payable no later than March 31, 2031	79,966	86,882
Interest receivable on the North Bay promissory note	10,466	10,466
Rent payable	(40,200)	-
Amount payable to NPCHC related to operating expenses	(1,678)	(745)
	\$ 91,304	\$ 141,416

Following is a summary of financial information extracted from the financial statements of NPCHC and is not included in these consolidated financial statements.

	2025		2024	
Current asset	\$	765,360	\$	775,203
Capital assets		8,249,982		8,631,887
	\$	9,015,342	\$	9,407,090
Current liabilities	\$	484,733	\$	537,342
Mortgage payable (long-term)		1,568,426		1,843,128
Deferred capital contribution		6,246,578		6,336,401
	\$	8,299,737	\$	8,716,871
Fund balances	\$	715,605	\$	690,219
	\$	9,015,342	\$	9,407,090
Revenue	\$	1,339,590	\$	1,450,978
Expenses, including amortization of \$468,123 (2024 - \$458,150)		1,348,773		1,302,973
Excess (deficiency) of revenue over expenses	\$	(9,183)	\$	148,005
Cash flows provided by (used in):				
Operating activities	\$	188,720	\$	222,956
Financing activities		(135,317)		(112,638)
Investing activities		(60,917)		(118,178)
Net cash outflow	\$	(7,514)	\$	(7,860)

ASNPO 4433.23

ASNPO 4433.24

9. Capital assets

	Cost		Accumulated Amortization	2025 Net Book Value	
Land	\$	5,309,819	\$ -	\$	5,309,819
Building		7,365,676	20,661		7,345,015
Machinery, equipment, and computer hardware		3,302,158	1,826,435		1,475,723
	\$	15,977,653	\$ 1,847,096	\$	14,130,557

	Cost		Accumulated Amortization	2024 Net Book Value	
Land	\$	1,395,000	\$ -	\$	1,395,000
Building		33,071	19,386		13,685
Machinery, equipment, and computer hardware		3,232,680	1,348,317		1,884,363
	\$	4,660,751	\$ 1,367,703	\$	3,293,048

The total cost of capital assets acquired during the year was \$84,933 (2024 - \$517,540) and was partially financed by capital grants of \$84,932 (2024 - \$85,394).
Amortization expense for the year totaled \$494,849 (2024 - \$645,962) of which \$136,130 (2024 - \$124,061) relates to government funded capital assets.

10. Non-monetary transaction

ASPE 3831.06

During the year, the Organization exchanged capital assets with an independent party. The assets received have been measured in the Organization's consolidated financial statements at fair market value, based on an independent appraisal. There was no monetary consideration involved in the exchange. The Organization has recognized a gain in the consolidated statement of operations of \$11,247,425 (2024 - \$Nil), representing the difference between the cost of the assets given up of \$1,395,000 and the fair market value of the assets received of \$12,642,425.

11. Intangible asset

ASNPO 4434.12

During the year, the Organization recognized a write-down of \$1,060,313 (2024 - \$830,906) related to an acquired trademark. Management re-assessed the current carrying value of the intangible asset down to nil. The Organization is no longer actively using the trademark and cannot sell the trademark to another organization. This write-down has been included in the consolidated statement of operations as an impairment of intangible asset.

12. Collection

ASNPO 4441.17

As at March 31, 2025, the Organization's collection of approximately 5,059 (2024 - 5,048) items contained paintings, sculptures, photographs, other memorabilia and artifacts connected to the history of the Organization and its predecessor entities. During fiscal 2025, contributions to the collection included 11 (2024 - 9) works with an estimated fair value of \$416,000 (2024 - \$84,000).

The Organization did not purchase, sell, or write-down any items of the collection in 2025 or 2024.

13. Accounts payable and accrued liabilities

ASPE 1510.15

Included in accounts payable and accrued liabilities are government remittances of \$1,609,404 (2024 - \$923,785), which include amounts payable for payroll related taxes.

14. Deferred revenue

ASNPO 4410.31

a) Deferred revenue

ASNPO 4410.33

Unexpended program grants, other than government grants, represent unexpended funds relating to projects in process as at the end of the fiscal year. Excess and unexpended funds from completed programs are returned to their original source, unless otherwise directed by the respective funder. In 2025, the

Organization received approval to retain \$40,595 (2024 - \$180,354) for program expenses, which had been delayed and are expected to be spent within the first quarter of the next fiscal year.

The Organization received several gifts from donor estates, which were directed to be used towards specific programs. These amounts are included in deferred revenue until such time as they are spent on programs specified by the donors.

		2025		2024
Program funding received in advance	\$	225,000	\$	150,000
Unspent program funding for delayed projects		40,595		180,354
Total deferred revenue	\$	265,595	\$	330,354

b) Government advances

The Organization receives funding from government and other funding sources for the purpose of operating specific programs and executing certain projects, including the purchase of collection items. These funding amounts are restricted for those specific projects and programs and are deferred until the related program or project expenses are incurred.

		2025		2024
Program funding received in advance	\$	800,000	\$	250,000
Funding for collection purchases		5,329,941		3,684,542
Total government advances	\$	6,129,941	\$	3,934,542

		2025		2024
Opening balance	\$	3,684,542	\$	2,865,395
Add: advances received		1,680,000		850,000
Deduct: revenue recognized		(34,601)		(30,853)
Total government advances - long-term	\$	5,329,941	\$	3,684,542

These programs operate on a break-even basis with any excess of expenses over revenue being funded from donations or fee-based services. At the respective funder's discretion, excess expenses over revenues for a give project or program may be carried forward and applied against subsequent annual operating grants.

15. Deferred capital grants

ASNPO 4410.33

Contributions received for capital asset purchases and recognition of these contributions into revenue on the same basis as the respective assets are amortized.

		2025		2024
Balance, beginning of year	\$	2,533,543	\$	2,572,210
Contributions restricted for capital asset purchases		84,932		85,394
Amounts recognized as revenue		(136,130)		(124,061)
Balance, end of year	\$	2,482,345	\$	2,533,543

16. Credit facilities

- The Organization has a credit agreement for a demand line of credit of \$4,000,000 and a letter of credit facility of \$100,000. The line of credit is secured by a first priority claim on all present and future property of the Organization. No amount had been drawn on the line of credit as at March 31, 2025 or 2024.
- The Organization has an unsecured revolving lease line of credit by way of lease agreement of \$1,000,000. No amount had been drawn from this facility as at March 31, 2025 or 2024.

17. Interfund transfers

ASNPO 4400.13

During the year, the Board of Directors approved the transfer of \$4,913 (2024 - \$302,799) from the Operating Fund to the Operating Reserve.

Capital asset purchases of \$84,932 (2024 - \$85,394) were purchased with funds deferred for this purpose. Additionally, nil (2024 - \$432,146) in amounts from the infrastructure reserve were used to purchase capital assets.

18. Related party transactions and balances

ASNPO 4460

Management Co. is an entity which provides management support services and operational financing to the Organization.

Included in accounts payable and accrued liabilities at year end are balances payable to Management Co. of \$250,000 (2024 - \$350,000). The outstanding balance at year end represents management support assessment charges and the reimbursement of expenses paid by Management Co. on behalf of the Organization.

The above transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

19. Multi-employer pension plan

ASNPO 3463

ASPE 3462.114

The Organization provides pension benefits for substantially all of its permanent employees through a defined contribution plan. Mandatory contributions are required from both participating permanent employees and the Organization in accordance with established contribution rates. For the fiscal year ended March 31, 2025, the Organization paid and recognized contributions in the amount of \$1,471,539 (2024 - \$1,354,161) as pension contribution expenses.

20. Equipment leases

ASPE 3065.77

The Organization is committed to equipment leases as follows:

	Operating leases
2026	\$ 2,823,843
2027	1,412,465
2028	1,066,339
2029	915,974
2030	568,935
Thereafter	826,111
	<hr/>
	\$ 7,613,667

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Financial Statements of

Kids' Access Foundation

Year ended December 31, 2025

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Kids' Access Foundation

Statement of Financial Position

As at December 31, 2025

ASNPO 4400.18
ASNPO 4400.19
ASPE 1510.03-06,.08-12
ASPE 1521

	Note	2025 \$	2024 \$
ASSETS			
Current:			
Cash		34,206	42,148
Harmonized sales tax receivable		2,637	2,625
Other assets		118	151
Investments	4	7,792	6,374
		44,753	51,298
Investments	4	231,233	226,728
		275,986	278,026
LIABILITIES			
Current:			
Accounts payable and accrued liabilities		10,198	5,888
Grants payable		2,130	2,332
		12,328	8,220
FUND BALANCES			
Unrestricted		18,165	35,530
Internally restricted		29,280	33,480
Externally restricted		30,333	14,916
Endowment	5	185,880	185,880
		263,658	269,806
		275,986	278,026

See accompanying [notes](#) to financial statements.

Kids' Access Foundation

Statements of Operations

Year ended December 31, 2025

ASNPO 4400.09 ASNPO 4400.37
ASNPO 4400.12 ASNPO 4400.41
ASNPO 4400.35 ASPE 1520

	Notes	Unrestricted funds	Restricted funds	2025	Unrestricted funds	Restricted funds	2024
REVENUE							
Donations from related parties	8	\$ 323,966	-	\$ 323,966	\$ 312,605	-	\$ 312,605
Other donations		15,335	-	15,335	18,867	-	18,867
Federal government grants		-	53,823	53,823	-	39,298	39,298
Provincial government grants		11,000	1,288	12,288	-	12,288	12,288
Interest earned	4	10,780	-	10,780	8,820	-	8,820
		361,081	55,111	416,192	340,292	51,586	391,878
EXPENSES							
Program expenses:							
Youth community services		247,946	38,406	286,352	212,358	61,965	274,323
Education & scholarships		83,199	1,000	84,199	127,491	10,000	137,491
Community health		19,115	-	19,115	13,427	2,000	15,427
		350,260	39,406	389,666	353,276	73,965	427,241
General and administration expenses	7	32,386	288	32,674	29,701	586	30,287
		382,646	39,694	422,340	382,977	74,551	457,528
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES							
		\$ (21,565)	\$ 15,417	\$ (6,148)	\$ (42,685)	\$ (22,965)	\$ (65,650)

See accompanying [notes](#) to financial statements.

Kids' Access Foundation

Statement of Changes in Fund Balances

Year ended December 31, 2025

ASNPO 4400.09 ASNPO 4400.37
ASNPO 4400.12 ASNPO 4400.41
ASNPO 4400.35

	Notes	Unrestricted	Internally restricted	Externally restricted	Endowment	2025 Total	Unrestricted	Internally restricted	Externally restricted	Endowment	2024 Total
Fund balances, beginning of year		\$35,530	\$33,480	\$14,916	\$185,880	\$269,806	\$54,095	\$57,600	\$37,881	\$185,880	\$335,456
Excess (deficiency) of revenue over expenses		(21,565)	-	15,417	-	(6,148)	(42,685)	-	(22,965)	-	(65,650)
Interfund transfers	6	4,200	(4,200)	-	-	-	24,120	(24,120)	-	-	-
Fund balances, end of year		\$18,165	\$29,280	\$30,333	\$185,880	\$263,658	\$35,530	\$33,480	\$14,916	\$185,880	\$269,806

See accompanying [notes](#) to financial statements.

Kids' Access Foundation

Statement of Cash Flows

Year ended December 31, 2025

ASNPO 4400.46
ASPE 1540

	Note	2025 \$	2024 \$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Excess (deficiency) of revenue over expenses		(6,148)	(65,650)
Changes in non-cash working capital:			
Increase in harmonized sales tax receivable		(12)	(514)
Decrease (increase) other assets		33	(23)
Increase (decrease) in accounts payable and accrued liabilities		4,310	(5,475)
Increase (decrease) in grants payable		(202)	2,332
		4,129	(3,680)
Cash flows used in operating activities		(2,019)	(69,330)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Proceeds from maturity of investments	4	31,374	32,288
Interest reinvested in investments	4	(37,297)	(39,294)
Cash flows used in investing activities		(5,923)	(7,006)
Change in cash		(7,942)	(76,336)
Cash – beginning of year		42,148	118,484
Cash – end of year		34,206	42,148

See accompanying [notes](#) to financial statements.

Kids' Access Foundation Notes to Financial Statements

Year ended December 31, 2025

1. Foundation

ASNPO 4400.04

Kids' Access Foundation (the "Foundation") is incorporated without share capital under the *Canada Corporations Act* on October 1, 2008. The Foundation is dedicated to helping youth overcome financial and accessibility barriers to recreation, arts and education to promote inclusive engagement for youth of all abilities.

The Foundation is a public foundation registered under the *Income Tax Act* (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

2. Significant accounting policies

ASNPO 1401.17

a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook - Accounting*, using the restricted fund method of accounting for contributions, and include the following significant accounting policies:

b) Fund Accounting

For financial reporting purposes, the accounts of the Foundation have been classified into the following funds:

- The Unrestricted fund reports unrestricted resources available for any purpose.
- The Board of Directors has internally designated certain unrestricted amounts to ensure that the Foundation has sufficient cash resources available to meet its obligations, including funding partners to the end of funding agreements to continue operations despite adverse events such as a significant loss of revenue, or to wind down operations in the event of dissolution of the Foundation.
- The Externally restricted fund includes amounts held for specific purposes as directed by donors independent of the Foundation.
- The Endowment fund includes amounts for which external restrictions stipulate that the donated capital be maintained permanently.

ASNPO 4410.60

c) Interfund transfers

Transfers between funds are made when resources of one fund have been authorized to finance activities and acquisitions in another fund.

ASNPO 4410.10

d) Revenue recognition

The Foundation follows the restricted fund method of accounting for restricted contributions, which include grants and donations. Under the restricted fund method, contributions designated for specific purposes or that are to be

maintained are recorded as revenue when received. Unrestricted contributions are recognized as revenue of the Unrestricted Fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Interest income subject to donor restrictions is recorded as revenue in the appropriate fund. Interest income not subject to restrictions, including income earned on endowment funds, is recorded as revenue in the Unrestricted Funds.

ASPE 3856.38

e) Financial instruments

The Foundation initially measures investments at fair value less transaction costs directly attributable to the acquisition of the investment instruments. Investments are subsequently measured at cost less any reduction for impairment.

Accounts payable and accrued liabilities and grants payable are initially measured at fair value and subsequently measured at amortized cost.

ASNPO 4410.16

ASNPO 4410.23

ASNPO 4410.24

f) Contributed services

Volunteers contribute many hours per year to assist the Foundation in carrying out its activities. As these services are not normally purchased by the Foundation and because of the difficulty of determining their fair value, the value of this contributed time is not recognized in these financial statements.

ASNPO 4433.26

g) Capital assets

The Foundation expenses capital assets, including office and computer equipment, as they are acquired.

h) Allocation of expenses

The Foundation allocates salary expenses amongst its programs if incurred.

3. Measurement uncertainty

ASPE 1508.05

Impairment of investments

The Foundation tests investments for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators are present, an investment will be reduced to the higher of the amount that could be realized by selling the asset or replacement cost. There is measurement uncertainty regarding the amounts that could be realized by selling the investment, which impacts the carrying amount of investments.

4. Investments

Guaranteed Investment Certificates are issued by a major Canadian chartered bank and bear interest rates between 4.26% and 5.45% per annum (2024 - between 2.90% and 4.75%) with maturity dates between September 2026 and June 2027 (2024 - maturity dates between September 2025 and June 2026).

	2025		2024	
Investments:				
Guaranteed investment certificates		239,025		233,102
	\$	239,025	\$	233,102
Current	\$	7,792	\$	6,374
Long-term		231,233		226,728
	\$	239,025	\$	233,102

Interest earned on these investments of \$10,780 (2024 - \$8,820) includes \$5,266 (2024 \$3,642) of income earned from endowment fund instruments ([note 5](#)).

5. Endowment fund

ASPE 1510.07

The Foundation's endowment fund was established to support the programs of the Foundation. The capital of \$185,880 (2024 - \$185,880) is to be permanently maintained and has been invested. Income earned in the amount of \$5,266 (2024 - \$3,642) is unrestricted and is included in interest income and has been used in support of programs.

The endowment fund represents the original endowment contributions of \$185,880 (2024 - \$185,880). The funds are invested in guaranteed investment certificates with a fair value of \$185,880 (2024 - \$185,880).

6. Interfund transfers

ASNPO 4400.13

During 2025, the Foundation transferred \$4,200 (2024 - \$24,120) from internally restricted funds to unrestricted funds for the purposes of funding general and administration expenditures incurred during the year.

7. General and administrative expenses

General and administrative expenses consist of:

	2025		2024	
Consulting - Fundraising	\$	17,000	\$	15,500
Professional fees		12,268		11,638
Computer equipment		3,406		3,149
Total	\$	32,674	\$	30,287

During the year, the Foundation expensed computer equipment having a cost of \$3,406 (2024 - \$3,149).

8. Related party transactions and balances

ASNPO 4460

The Foundation is related to other parties by virtue of those parties' ability to exercise significant influence over the Foundation. Other parties include the directors of the Foundation and Donor Corporation, Limited ("DCL"), which include DCL and DCL subsidiaries.

During the year, DCL contributed \$323,966 (2024 - \$312,605) in donations to the Foundation.

During the year, DCL incurred costs of \$720,000 (2024 - \$530,000) for advertising that may also have benefited the Foundation for which no amounts have been recorded in these financial statements.

During the year, DCL incurred costs of \$6,000 (2024 - \$2,500) for travel, which benefitted the Foundation, for which no amounts have been recorded in these financial statements.

The Foundation receives services, including administrative and operational support activities, provided by DCL and DCL personnel to the Foundation. Time and efforts expended by DCL personnel as contributed services are not recognized in these financial statements.

9. Financial risk management

ASPE
3856.53-.54

The Foundation manages its exposure to the risks associated with financial instruments that affect its operating and financial performance in accordance with its investment policy. The Foundation is exposed to the following financial risks associated with its financial instruments.

Credit risk

The Foundation is exposed to credit risk to the extent that investments will not be realized if the issuer of the security fails. The Foundation minimizes its credit risk through its investment policy, which prescribes minimum acceptable credit rating for investments; maximum terms to maturity; limits for investments in a particular type of issuer; and industry limits for investments in securities issued by certain corporations.

Interest rate risk

The Foundation is exposed to interest rate risk on its fixed interest rate financial instruments to the extent that the fair value of its financial instrument or the related future cash flows will fluctuate due to changes in market interest rates. Specifically, fixed-rate instruments subject the Foundation to a fair value risk associated with the risk of reduction in value of a security resulting from changes in market parameters.

Market risk

The market risk associated with investments is managed through the Foundation's investment policy. Assets invested in guaranteed investment certificates are restricted to financial institutions that are existing members of the Canada Deposit Insurance Corporation ("CDIC") and the Credit Union Deposit Insurance Corporation ("CUDIC"). Assets invested in bonds are limited to securities issued or guaranteed by either Canadian Schedule 1 financial institutions, provincial and municipal governments and their agencies, and the Canadian federal government and their agencies.