PELHAM CARES INC.

Financial Statements

Year Ended December 31, 2024

PELHAM CARES INC.
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Year Ended December 31, 2024

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NICOLE HENDERSON
Professional Corporation
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Directors of PELHAM CARES INC.

Qualified Opinion

I have audited the accompanying financial statements of PELHAM CARES INC., which comprise the statement of financial position as at December 31, 2024 and the statements of operations, changes in net assets and cash flows for the year ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of PELHAM CARES INC. as at and for the year ended, any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and net assets.

Basis for Qualified Opinion

In common with many not-for-profit organizations, PELHAM CARES INC. derives part of its revenue from donations, rentals and fundraising events the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether, as at and for the year ended December 31, 2024, any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and net assets. This also caused me to qualify my audit opinion on the financial statements as at and for the year ended December 31, 2023.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of PELHAM CARES INC. in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements (con'd)

In preparing the financial statements, management is responsible for assessing PELHAM CARES INC.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate PELHAM CARES INC. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing PELHAM CARES INC.'s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PELHAM CARES INC.'s internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on PELHAM CARES INC.'s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause PELHAM CARES INC. to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (con'd)

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and the significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

NICOLE HENDERSON
PROFESSIONAL CORPORATION
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

May 21, 2025
Welland, Ontario

PELHAM CARES INC.
Statement of Financial Position as at December 31, 2024

ASSETS	2024	2023
Current Assets		
Cash and cash equivalents (note 3)	$860,826	$732,545
Accounts receivable (note 4)	15,992	17,936
Prepaid expenses	-	343
	876,818	750,824
Property and equipment (note 5)	504,364	508,222
	$1,381,182	$1,259,046

LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	$13,087	$14,630
Government remittances payable	3,726	3,751
Demand term loan (note 6)	-	85,508
Deferred contributions (note 7)	-	8,900
	16,813	112,789
Deferred contributions related to capital assets (note 8)	42,131	43,886
	58,944	156,675
Net Assets	1,322,238	1,102,371
	$1,381,182	$1,259,046

See accompanying notes to the financial statements

On behalf of the Board of Directors

Director: ______________________

Director: ______________________

PELHAM CARES INC.

Statement of Operations for the year ended December 31, 2024

	2024	2023
Revenue:		
Donations and fundraising	$526,330	$405,646
Grants	10,000	21,000
Rental income	19,560	19,200
Amortization of deferred capital contributions	1,755	1,047
	557,645	446,893
Expenditures:		
Amortization	15,588	15,259
Building occupancy	53,946	34,329
Consulting	13,012	12,605
Events and promotion	21,637	18,709
Food and client supplies	41,993	44,833
Interest on demand term loan	1,279	8,372
Office administration	27,525	24,989
Professional fees	3,542	3,375
Property taxes	3,236	3,108
Salaries, wages and benefits	118,101	87,025
Travel and vehicle	15,765	15,096
Utilities	6,962	6,000
Youth services	18,278	9,604
	340,864	283,304
Excess of revenue over expenditures	$216,781	$163,589

See accompanying notes to the financial statements

PELHAM CARES INC.

Statement of Changes in Net Assets for the year ended December 31, 2024

	General Fund	Maintenance Reserve Fund	Operating Reserve Fund	2024	2023
Fund balance, beginning of the year	$939,051	$91,356	$71,964	$1,102,371	$935,695
Excess of revenue over expenditures	216,781	1,608	1,478	219,867	166,676
Transfers between funds (note 9)	(32,000)	17,000	15,000	-	-
Fund balance, end of the year	$1,123,832	$109,964	$88,442	$1,322,238	$1,102,371

See accompanying notes to the financial statements

PELHAM CARES INC.

Statement of Cash Flows for the year ended December 31, 2024

	2024	2023
Cash flows from operating activities		
Excess of revenue over expenditures	$219,867	$166,676
Items not affecting cash:		
Amortization	15,588	15,259
Amortization of deferred capital contributions	(1,755)	(1,047)
Changes in non-cash working capital:		
Accounts receivable	1,944	10,249
Prepaid expenses	343	(343)
Accounts payable and accrued liabilities	(1,543)	431
Government remittances	(25)	1,147
Deferred contributions	(8,900)	-
Net cash provided by operating activities	225,519	192,372
Cash flows from financing activities		
Demand term loan repayments	(85,508)	(21,854)
Net cash used in financing activities	(85,508)	(21,854)
Cash flows from investing activities		
Purchase of property and equipment	(11,730)	(33,349)
Proceeds from capital grants	-	25,000
Net cash used in investing activities	(11,730)	(8,349)
Net increase in cash	128,281	162,169
Cash, beginning of the year	732,545	570,376
Cash, end of the year	$860,826	$732,545

See accompanying notes to the financial statements

1. Purpose of the Organization

Pelham Cares (the "Organization") was incorporated on April 28, 2003 under Letters Patent to provide food and other assistance to residents in need in the Town of Pelham. Pelham Cares is a registered charity and exempt from income taxes.

2. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

(a) Cash and cash equivalents

The organization's policy is to present bank balances under cash and cash equivalents including investments that have a maturity value of three months or less.

(b) Property and equipment

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus costs directly attributable to the acquisition.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate	Method
Building and improvements	4%	Declining balance
Computer equipment	30%	Declining balance
Furniture and equipment	20%	Declining balance

(c) Fund accounting

The Organization follows fund accounting. The Organization maintains three funds: General Fund, Operating Reserve Fund and Maintenance Reserve Fund.

The general fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and operating grants.

The operating reserve fund is an internally restricted fund and was established to set aside emergency operating funds for the organization for its general operations.

The maintenance reserve fund is an internally restricted fund and reports the revenue, expenses and net assets designated to be used to fund major maintenance costs of the building.

2. Summary of Significant Accounting Policies (con'd)

(d) Contributed materials and services

Contributed materials are recognized at the fair value in the financial statements when the amount can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased.

Volunteers contribute their time during the year to assist the Organization in carrying out its objectives. Because of the difficulty in determining their fair market value, contributed services are not recognized in the financial statements.

(e) Revenue recognition

The Organization follows the deferral method of accounting with fund accounting for its contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue at the same rate of amortization as the related acquired capital assets. Restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets in the general fund. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Net investment income that is not externally restricted is recognized as it is earned in the statement of operations. Other externally restricted net investment income is recognized in the statement of operations, in deferred contributions or in net assets, depending on the nature of restrictions imposed.

Rental income is recognized as it is earned in the statement of operations.

(f) Government assistance

Claims for assistance under various government grant programs are recorded as revenue in the period in which they are earned.

(g) Financial instruments

Financial assets and liabilities are initially recognized at fair value when the organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

2. Summary of Significant Accounting Policies (con'd)

(g) Financial instruments (con'd)

Financial assets and liabilities measured at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities, and the demand term loan.

With respect to the financial assets measured at cost or amortized cost, the Organization recognizes in operations an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an even occurring after the impairment was recognized, the previously recognized impairment loss is reversed to operations in the period the reversal occurs.

(h) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known. Actual results could differ from these estimates. Significant estimates made by the Organization relate to the useful lives of property and equipment and accrued liabilities.

3. Cash, Cash Equivalents and Restricted Cash

	2024	**2023**
Cash and cash equivalents - general fund	$562,420	$569,225
Cash - operating reserve fund	88,442	71,964
Cash - maintenance reserve fund	109,964	91,356
Short-term investments	100,000	-
	$860,826	$732,545

The short-term investments are GIC's which are redeemable on their anniversary dates, bear interest at 4.85% and 4.9% and mature on January 30, 2025 to March 16, 2025.

4. Accounts Receivable

	2024	2023
Drivers honorarium	$7,988	$9,531
HST rebate	8,004	8,405
	$15,992	$17,936

5. Property and Equipment

	Cost	Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Land	$161,249	-	$161,249	$161,249
Building and improvements	472,666	136,935	335,731	337,582
Computer equipment	3,000	2,099	901	1,287
Furniture and equipment	14,848	8,365	6,483	8,104
	$651,763	$147,399	$504,364	$508,222

6. Demand Term Loan

	2024	2023
Demand term loan payable from TD Canada Trust bearing interest at prime plus 1.7% principal and interest repayable in blended monthly payments of $2,519 due March 15, 2029, secured by the land and building.	-	$85,508

The demand term loan was paid in full during the year.

7. Deferred Contributions

The Organization receives contributions for specific purposes. These are recognized as revenue when the related expenses are incurred.

	2024	2023
Balance, beginning of year	$8,900	$8,900
Received during the year	-	8,900
Recognized during the year	(8,900)	(8,900)
Balance, ending of year	-	$8,900

8. Deferred Contributions related to Capital Assets

The Organization has received contributions that have been used to acquire capital assets. These monies are being amortized over the estimated useful lives of the assets therein.

	2024	2023
Balance, beginning of year	$43,886	$19,933
Received during the year:		
Niagara Community Foundation - David S. Howe	-	10,000
United Way	-	15,000
Amounts amortized to revenue for the year	(1,755)	(1,047)
Balance, ending of year	$42,131	$43,886

9. Transfer between funds

Transfers between funds are done at the direction of the Board of Directors and are recorded in the year in which the Board of Directors approve the transfer.

10. Financial Instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposures and concentration as at December 31, 2024.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization's main credit risk related to its accounts receivable. The Organization provides credit in the normal course of operations.

Liquidity risk

Liquidity risk arises from the potential that the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Interest rate risk

Interest rate risk arises from the potential that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate fluctuations with respect to its demand loan which bears interest at a variable rate.