PELHAM CARES INC.

Financial Statements

Year Ended December 31, 2025

PELHAM CARES INC.
Index to the Financial Statements
Year Ended December 31, 2025

Contents

	Page
Independent Auditor's Report	3 - 5
Statement of Financial Position	6
Statement of Operations	7
Statement of Changes in Net Assets	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 14

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, 2025 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 years ended December 31, 2025 and 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, 2024.

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

April 20, 2026
Welland, Ontario

PELHAM CARES INC.
Statement of Financial Position as at December 31, 2025

ASSETS	**2025**	**2024**
Current Assets		
Cash and cash equivalents (note 3)	$966,680	$860,826
Accounts receivable (note 4)	13,131	15,992
	979,811	876,818
Property and equipment (note 5)	508,555	504,364
	$1,488,366	$1,381,182

LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	$9,338	$13,087
Government remittances payable	3,815	3,726
Deferred contributions (note 6)	30,000	-
	43,153	16,813
Deferred contributions related to capital assets (note 7)	40,446	42,131
	83,599	58,944
Net Assets	1,404,767	1,322,238
	$1,488,366	$1,381,182

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, 2025

	2025	2024
Revenue:		
Donations and fundraising	$407,364	$526,330
Grants	400	10,000
Rental income	6,520	19,560
Amortization of deferred capital contributions	1,685	1,755
	415,969	557,645
Expenditures:		
Amortization	15,153	15,588
Building occupancy	54,276	53,946
Consulting	-	13,012
Events and promotion	1,590	21,637
Food and client supplies	45,808	41,993
Interest on demand term loan	-	1,279
Office administration	20,831	27,525
Professional fees	3,602	3,542
Property taxes	3,433	3,236
Salaries, wages and benefits	152,271	118,101
Travel and vehicle	15,122	15,765
Utilities	7,964	6,962
Youth services	15,554	18,278
	335,604	340,864
Excess of revenue over expenditures	$80,365	$216,781

See accompanying notes to the financial statements

PELHAM CARES INC.

Statement of Changes in Net Assets for the year ended December 31, 2025

	General Fund	Maintenance Reserve Fund	Operating Reserve Fund	2025	2024
Fund balance, beginning of the year	$1,123,832	$109,964	$88,442	$1,322,238	$1,102,371
Excess of revenue over expenditures	80,365	1,112	1,052	82,529	219,867
Transfers between funds (note 8)	(84,000)	24,000	60,000	-	-
Fund balance, end of the year	$1,120,197	$135,076	$149,494	$1,404,767	$1,322,238

See accompanying notes to the financial statements

PELHAM CARES INC.

Statement of Cash Flows for the year ended December 31, 2025

	2025	2024
Cash flows from operating activities		
Excess of revenue over expenditures	$82,529	$219,867
Items not affecting cash:		
Amortization	15,153	15,588
Amortization of deferred capital contributions	(1,685)	(1,755)
Changes in non-cash working capital:		
Accounts receivable	2,861	1,944
Prepaid expenses	-	343
Accounts payable and accrued liabilities	(3,749)	(1,543)
Government remittances	89	(25)
Deferred contributions	30,000	(8,900)
Net cash provided by operating activities	125,198	225,519
Cash flows from financing activities		
Demand term loan repayments	-	(85,508)
Net cash provided by (used in) financing activities	-	(85,508)
Cash flows from investing activities		
Purchase of property and equipment	(19,344)	(11,730)
Net cash used in investing activities	(19,344)	(11,730)
Net increase in cash and cash equivalents	105,854	128,281
Cash and cash equivalents, beginning of the year	860,826	732,545
Cash and cash equivalents, end of the year	$966,680	$860,826

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. The Organization 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 and cash equivalents, accounts receivable, accounts payable and accrued liabilities and government remittances payable.

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

	2025	2024
Cash and cash equivalents - general fund	$477,086	$562,421
Cash - operating reserve fund	149,494	88,442
Cash - maintenance reserve fund	135,077	109,963
Short-term investments	205,023	100,000
	$966,680	$860,826

The short-term investments are GIC's which are redeemable on their anniversary dates, bear interest at 2.25%, 3.5% and 3.65% and mature on June 13, 2026, September 18, 2026 and November 26, 2026.

4. Accounts Receivable

	2025	2024
Drivers honorarium	$5,836	$7,988
HST rebate	7,295	8,004
	$13,131	$15,992

5. Property and Equipment

	Cost	Accumulated Amortization	2025 Net Book Value	2024 Net Book Value
Land	$161,249	-	$161,249	$161,249
Building and improvements	492,010	150,522	341,488	335,731
Computer equipment	3,000	2,369	631	901
Furniture and equipment	14,848	9,661	5,187	6,483
	$671,107	$162,552	$508,555	$504,364

6. Deferred Contributions

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

	2025	2024
Balance, beginning of year	-	$8,900
Received during the year		
Feed Ontario Grant	5,000	-
Farm Credit Grant	25,000	-
Recognized during the year	-	(8,900)
Balance, ending of year	$30,000	-

7. 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.

	2025	2024
Balance, beginning of year	$42,131	$43,886
Amounts amortized to revenue for the year	(1,685)	(1,755)
Balance, ending of year	$40,446	$42,131

8. 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.

9. 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, 2025.

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 risk on its investments in fixed rate term deposits.