

Mission Services of Hamilton Inc.

Financial Statements

March 31, 2026

INDEPENDENT AUDITOR'S REPORT

To the Directors of Mission Services of Hamilton Inc.

Opinion

We have audited the financial statements of Mission Services of Hamilton Inc. (the Organization), which comprise the statement of financial position as at March 31, 2026, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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Millard, Rouse & Rosebrugh LLP

85 Robinson Street, Simcoe, ON N3Y 1W7 T: 519.426.1606
SIMCOE BRANTFORD HAGERSVILLE

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Millard, Rouse & Rosebrugh LLP

Millard, Rouse & Rosebrugh LLP
Chartered Professional Accountants
Licensed Public Accountants

October 5, 2026
Simcoe, Ontario

Mission Services of Hamilton Inc.

Statement of Financial Position

As at March 31, 2026

	2026	2025
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 3,826,615	\$ 1,372,568
Cash - Trusteeship client funds (Note 4)	216,351	191,435
Accounts receivable	1,257,376	827,496
HST recoverable	76,600	676,382
Prepaid expenses	59,243	26,664
	5,436,185	3,094,545
Property and equipment (Note 5)	11,596,854	11,967,562
Reserve cash and cash equivalents (Note 6)	2,260,000	2,000,000
	\$ 19,293,039	\$ 17,062,107
LIABILITIES AND NET ASSETS		
Current		
Accounts payable	\$ 1,377,555	\$ 1,006,086
Government remittances payable	-	5,095
Trusteeship client funds (Note 4)	216,351	191,435
Deferred contributions (Note 7)	860,160	122,878
	2,454,066	1,325,494
Deferred capital contributions (Note 8)	5,481,190	5,699,601
Due to related party (Note 9)	665,000	665,000
	8,600,256	7,690,095
Net Assets		
Unrestricted	2,317,119	1,104,050
Invested in property and equipment	6,115,664	6,267,962
Internally restricted (Note 6)	2,260,000	2,000,000
	10,692,783	9,372,012
	\$ 19,293,039	\$ 17,062,107

ON BEHALF OF THE BOARD

Erika Morton

Chair

Treasurer

Mission Services of Hamilton Inc.**Statement of Changes in Net Assets****Year ended March 31, 2026**

	Unrestricted	Invested in Property and Equipment	Internally Restricted	2026 Total	2025 Total
NET ASSETS - BEGINNING OF YEAR	\$ 1,104,050	\$ 6,267,962	\$ 2,000,000	\$ 9,372,012	\$ 8,249,012
Excess (deficiency) of revenue over expenditures	1,713,677	(392,906)	-	1,320,771	1,123,000
Purchased property and equipment	(353,124)	353,124	-	-	-
Deferred capital contributions received and spent	112,516	(112,516)	-	-	-
Inter-fund transfers <i>(Note 6)</i>	(260,000)	-	260,000	-	-
NET ASSETS - END OF YEAR	\$ 2,317,119	\$ 6,115,664	\$ 2,260,000	\$ 10,692,783	\$ 9,372,012

See accompanying notes to financial statements

Mission Services of Hamilton Inc.

Statement of Revenues and Expenditures

Year ended March 31, 2026

	2026	2025
Revenues		
Contract revenue	\$ -	\$ 828
Donations - operations	3,753,705	2,885,687
Donations - designated	305,059	1,254,684
Donations - in-kind	77,320	91,553
Government funding	10,744,397	9,631,760
Other income	147,504	77,846
Rental income	1,410	42,050
	15,029,395	13,984,408
Expenditures		
Wages and benefits	9,338,740	9,110,019
Occupancy costs	1,822,156	1,588,196
Program costs	822,676	687,739
Development costs	524,173	408,632
Administrative and professional fees	590,251	355,121
Donations in-kind	77,320	91,553
Other personnel and volunteer costs	89,218	129,852
Bank charges	51,184	50,667
	13,315,718	12,421,779
Excess of revenues over expenditures before other income and expenses	1,713,677	1,562,629
Other income and expenses		
Amortization of property and equipment	(678,874)	(724,168)
Amortization of deferred capital contributions	289,106	303,032
Loss on disposal of property and equipment	(3,138)	(18,493)
	(392,906)	(439,629)
Excess of revenue over expenditures for the year	\$ 1,320,771	\$ 1,123,000

See accompanying notes to financial statements

Mission Services of Hamilton Inc.

Statement of Cash Flows Year ended March 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 1,320,771	\$ 1,123,000
Items not affecting cash:		
Amortization of property and equipment	678,874	724,168
Amortization of deferred capital contributions	(289,106)	(303,032)
Loss on disposal of property and equipment	3,138	18,493
Recognition of deferred lease rental	-	(37,500)
	1,713,677	1,525,129
Changes in non-cash working capital:		
Accounts receivable	(429,881)	12,496
HST recoverable	599,782	14,826
Accounts payable	371,469	76,772
Deferred contributions	737,282	(34,243)
Prepaid expenses	(32,579)	704
Government remittances payable	(5,095)	(970,993)
	1,240,978	(900,438)
Cash flow from operating activities	2,954,655	624,691
INVESTING ACTIVITIES		
Purchase of property and equipment	(353,124)	(300,796)
Proceeds on disposal of property and equipment	-	1,000
Cash flow used by investing activities	(353,124)	(299,796)
FINANCING ACTIVITY		
Deferred capital contributions received	112,516	200,000
Cash flow from financing activity	112,516	200,000
INCREASE IN CASH	2,714,047	524,895
Cash - beginning of year	3,372,568	2,847,673
CASH - END OF YEAR	\$ 6,086,615	\$ 3,372,568
Cash consists of:		
Cash and cash equivalents	\$ 3,826,615	\$ 1,372,568
Reserve cash and cash equivalents	2,260,000	2,000,000
	\$ 6,086,615	\$ 3,372,568

See accompanying notes to financial statements

Mission Services of Hamilton Inc.

Notes to Financial Statements

Year Ended March 31, 2026

1. PURPOSE OF THE ORGANIZATION

Mission Service of Hamilton, Inc. (the "Organization") is a Christian, registered charitable not-for-profit organization of Ontario incorporated without share capital. As a registered charity, the Organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The purpose of the Organization is to serve men, women and children in the greater Hamilton area in response to basic human needs and to support them in reaching their potential, thereby fulfilling God's call to act justly, to show mercy, and to offer hope.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Organization's financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Net asset balances

Unrestricted net assets represent assets and liabilities used to support the ongoing operations of the Organization.

Invested in property and equipment net assets represent the Organization's investment in property and equipment and their receipt of capital grants related to that property and equipment.

Internally restricted net assets represent assets held to fund future operations and capital projects. The use of these assets require authorization from the Organization's Board of Directors.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents include amounts on deposit with a financial institution and in high interest savings accounts.

Interest income earned on funds is reported in the period earned and included in other income.

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Externally restricted donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted capital grants are amortized into revenue on the same basis as the assets to which they relate and are included in deferred capital contributions.

Contract, rental and other revenues is recorded when the service is provided and collection is reasonably assured.

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Mission Services of Hamilton Inc.

Notes to Financial Statements

Year Ended March 31, 2026

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government funding

Government funding is recorded when there is a reasonable assurance that the Organization has complied with and will continue to comply with all the necessary conditions to obtain the funding agreements. Government funding unspent is deducted from revenues recognized in the year and included in deferred contributions at year end, subject to funder approval of the funds to be spent subsequent to year end.

Government funding for acquiring fixed assets is recorded as deferred capital contributions and is amortized on the same basis and according to the same rates as the related fixed assets. Government funding related to current expenses is recorded as revenue for the period. Government funding related to expenses of future periods is recorded as deferred contributions and is recorded to income as eligible expenditures are incurred.

Government funding repayable, as a result of the Organization having unspent funding at year-end, is deducted from revenues recognized in the year and is included in accounts payable.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Buildings	5% declining balance method
Furniture and equipment	20% declining balance method
Motor vehicles	30% declining balance method
Computer equipment	30% declining balance method

The Organization regularly reviews its property and equipment to eliminate obsolete items, and tests for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

In the year of acquisition, the amortization charge is reduced by one half. Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Any gain or loss on disposal of individual property and equipment is recognized in the statement of revenues and expenditures in the year of disposal. The amortization charge on assets disposed is reduced by one half.

Contributed property and equipment are recorded at fair value when fair value can be reasonably estimated at the date of contribution.

When property and equipment no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of revenues and expenditures. Any unamortized deferred contribution amounts related to property and equipment is recognized as revenue in the statement of operations, provided that there are no further restrictions on the deferred contribution amounts.

Donations in-kind

Donations of supplies, food, equipment and sundry items which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded at their fair market value at the date of contribution.

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Mission Services of Hamilton Inc.

Notes to Financial Statements

Year Ended March 31, 2026

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services and food

Volunteers contribute significant amounts of time to assist the Organization in carrying out its service delivery activities. Also, certain donors contribute significant food to the Organization's food bank. Due to the difficulty in determining the fair value of contributed services and determining the fair value of certain food donated to the food bank, these amounts are not recognized in the financial statements.

Leased assets

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. All other leases are accounted for as operating leases wherein rental payments are expensed on a straight-line basis.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued, except for related party transactions, which are recorded at the carrying or exchange amount depending on the circumstances. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred. The Organization's financial instruments consist of cash and cash equivalents, trusteeship client funds, accounts receivable, HST recoverable, due to related party, accounts payable and accrued liabilities, government remittances payable and deferred contributions.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The primary estimates made by management in these financial statements relate to the useful lives of property and equipment as well as the related deferred capital contributions, accrued liabilities, and deferred contributions.

Mission Services of Hamilton Inc.

Notes to Financial Statements

Year Ended March 31, 2026

3. CASH AND CASH EQUIVALENTS

The Organization has available \$300,000 of operating credit facilities at the bank's prime rate plus 0.75%. The facilities are secured by the land and buildings owned by the Organization. There were no funds advanced under these credit facilities at March 31, 2026.

4. CASH - TRUSTEESHIP CLIENT FUNDS

The Organization operates a trusteeship program in which funds are received and disbursed on behalf of clients.

5. PROPERTY AND EQUIPMENT

	2026		2025	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 261,725	\$ -	\$ 261,725	\$ -
Buildings	16,195,733	5,313,210	15,931,871	4,774,763
Furniture and equipment	2,054,626	1,628,795	2,045,146	1,529,452
Motor vehicles	211,688	189,083	238,349	211,270
Computer equipment	419,417	415,247	419,417	413,461
	\$ 19,143,189	\$ 7,546,335	\$ 18,896,508	\$ 6,928,946
Net book value	\$ 11,596,854		\$ 11,967,562	

6. RESERVE CASH AND INTERNALLY RESTRICTED NET ASSETS

The reserve cash and internally restricted net assets are approved by the Board of Directors and relate to funds specifically held for capital projects and to fund future operations. During the year, the Board of Directors had approved to increase the reserve cash and internally restricted net assets by \$260,000. The internally restricted net assets of \$2,260,000 (2025: \$2,000,000) are fully funded from cash and cash equivalents.

Mission Services of Hamilton Inc.

Notes to Financial Statements

Year Ended March 31, 2026

7. DEFERRED CONTRIBUTIONS

Deferred contributions consists of government funding, capital grants - unspent, externally restricted donations and other revenues collected for services not yet rendered or expenses not yet incurred. Government funding is recognized as revenue in the year in which the related expenses are incurred. Capital grants that are unspent are recognized as deferred contributions, and transferred to deferred capital contributions when the underlying asset is purchased and amortized into revenue over the useful life of the underlying asset. Externally restricted donations are recognized as revenue in the year in which the Organization had abided by the restrictions set. Deferred contributions at year end is comprised of:

	Opening	Contributions	Recognized	Closing
Hamilton Food Share	\$ -	\$ 43,750	\$ 21,875	\$ 21,875
Women and Gender Equality				
Canada - Safe at Home Hamilton	-	316,490	218,550	97,940
Inasmuch House - Capital grants	16,715	30,000	29,796	16,919
Other miscellaneous funding and donations	11,883	3,078	13,293	1,668
City of Hamilton - Emma's/Willow's Place operating subsidy	74,516	2,852,149	2,550,107	376,558
City of Hamilton - Men's Shelter Night Link funding & Early Intervention funding	19,764	354,470	193,563	180,671
City of Hamilton - Men's Shelter Housing Up! funding	-	2,002,014	1,855,786	146,228
City of Hamilton - Women Abuse Work Group funding	-	100,000	95,355	4,645
Canadian Red Cross Foundation - Financially Assisted Social Prescribing project grant	-	18,000	15,613	2,387
Ministry of Children, Community and Social Services - Partner Facility Renewal funding	-	20,800	9,666	11,134
Ontario Trillium Foundation - elevator maintenance and repairs funding	-	61,900	61,765	135
	\$ 122,878	\$ 5,802,651	\$ 5,065,369	\$ 860,160

Mission Services of Hamilton Inc.

Notes to Financial Statements

Year Ended March 31, 2026

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represents the unamortized amount of capital grants that were spent on the purchase of property and equipment during the year.

	Capital Grants	Accumulated Amortization	2026	2025
Land	\$ 261,725	\$ -	\$ 261,725	\$ 261,725
Buildings	8,689,343	3,552,172	5,137,171	5,344,503
Furniture and equipment	785,289	714,812	70,477	76,317
Motor vehicles	133,004	121,187	11,817	16,935
Computer equipment	138,172	138,172	-	121
	\$ 10,007,533	\$ 4,526,343	\$ 5,481,190	\$ 5,699,601

9. RELATED PARTY TRANSACTIONS AND BALANCES

The Organization and Mission Services of Hamilton Foundation (the "Foundation") are related by virtue of sharing controlling members of their Board of Directors and management. The accounts of the Foundation are not reflected in these financial statements. The Foundation is a registered charity incorporated without share capital, and is exempt from federal and provincial income taxes.

The following is a summary of the unaudited financial information for the Foundation:

	2026	2025
Total assets	\$ 880,727	\$ 880,727
Total liabilities	150,000	150,000
Net assets	730,727	730,727

The Organization had not received any designated donation revenue from the Foundation (2025 - \$NIL) and there were no transactions during the year.

Due to Related Party

	2026	2025
Due to Mission Services of Hamilton Foundation	\$ 665,000	\$ 665,000

The balance is unsecured, non-interest-bearing, and has no specific terms of repayment.

The Foundation filed articles of dissolution and subsequent to year end, the dissolution articles were approved by the government and the Foundation now ceases to exist. In the Organization's 2027 fiscal year end, it will assume all assets and liabilities of the Foundation.

Mission Services of Hamilton Inc.

Notes to Financial Statements

Year Ended March 31, 2026

10. CAPITAL FUNDING AND CONTINGENT LIABILITIES

The Organization received capital funding in fiscal 2024 from the City of Hamilton for the purchase of its 400 King Street East property for their Emergency Men's Shelter. An agreement is in place which may require the repayment of these funds if the 400 King Street East property is sold or ceases to be used for its intended purposes without the City of Hamilton's written consent being first obtained, for a period of 20 years.

Capital funding was received in fiscal 2003 in the amount of \$750,000 from the Ministry of Community and Social Services (the "Ministry"). This funding was utilized to assist in the renovations to 81 Stuart Street (Inasmuch House). An agreement has been registered placing a restriction on title of the property, which prohibits any changes to the property without written approval from the Ministry.

11. LEASE COMMITMENTS

The Organization has entered into various operating leases for office equipment and an operating lease for a location. The future minimum annual lease payments are as follows:

2027	\$	8,960
2028		8,960
2029		5,790
		<hr/>
	\$	<u>23,710</u>

12. SUBSEQUENT EVENTS

Subsequent to year end, an agreement was entered into for the purchase of a property to be used for the Organization's women's shelter operations. This newly purchased property will allow the Organization to expand their women's shelter services significantly. The Organization is planning to fund this purchase through long term debt.

Mission Services of Hamilton Inc.
Notes to Financial Statements
Year Ended March 31, 2026

13. FINANCIAL INSTRUMENT RISKS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2026.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from its government and other funders where there is a possibility that a funder may default on their obligations. The Organization is exposed to credit risks from various levels government agencies included in accounts receivable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities on a timely basis or at a reasonable cost. The Organization is exposed to this risk mainly in respect of its receipt of its collection of accounts receivable and HST recoverable, and the generation of cash through revenue activities to meet its obligations such as accounts payable, government remittances payable and amounts due to a related party.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its credit facilities and high interest savings accounts.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.