

WEST LINCOLN COMMUNITY CARE

Financial Statements
For the year ended July 31, 2025
and Independent Auditor's Report

WEST LINCOLN COMMUNITY CARE
FINANCIAL STATEMENTS
JULY 31, 2025

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors and Members of
West Lincoln Community Care:**

Qualified Opinion

We have audited the financial statements of West Lincoln Community Care (the "Organization"), which comprise the statement of financial position as at July 31, 2025, and the statement of revenues and expenses and changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at July 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from voluntary donations and the sale of donated merchandise, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the years ended July 31, 2025 and 2024, current assets as at July 31, 2025 and 2024, and net assets as at August 1 and July 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended July 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.

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

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

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

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

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

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 will 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.

Durward Jones Barkwell + Company LLP

Durward Jones Barkwell & Company LLP
Licensed Public Accountants
Hamilton, Ontario
November 26, 2025

WEST LINCOLN COMMUNITY CARE
 STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
 YEAR ENDED JULY 31, 2025

	<u>2025</u>	<u>2024</u>
REVENUES		
Donations (Page 11)	\$ 324,168	\$ 233,663
Thrift store	477,647	486,147
Tim Horton's smile cookie campaign	25,544	25,107
Amortization of capital contributions	33,076	25,505
Grants		
Branscombe Family Foundation	50,000	50,000
Food Banks Canada	3,960	1,680
Government of Canada	-	2,060
Hamilton Community Foundation	5,000	5,000
	<hr/>	<hr/>
	919,395	829,162
EXPENSES		
Food Bank (Page 11)	254,782	228,262
Thrift Store (Page 11)	233,322	263,443
Christmas	44,082	41,852
Client emergencies	5,502	14,804
Housing assistance	96,595	110,971
Mental health program	31,214	28,022
Other support services for the community	21,861	10,847
General and administrative		
Advertising and promotion	6,001	15,582
Bank charges	10,770	5,356
Depreciation	50,509	44,582
Insurance	12,776	8,351
Membership dues, conferences and volunteer recognition	8,498	7,660
Office supplies and miscellaneous	13,159	10,403
Professional fees	20,172	19,105
Repairs and maintenance	10,042	14,747
Website and internet	2,038	6,378
	<hr/>	<hr/>
	821,323	830,365
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	98,072	(1,203)
GAIN ON SALE OF EQUIPMENT	-	2,000
EXCESS OF REVENUES OVER EXPENSES	98,072	797
NET ASSETS, BEGINNING OF YEAR	667,791	666,994
NET ASSETS, END OF YEAR	\$ 765,863	\$ 667,791

The accompanying notes are an integral part of these financial statements.

WEST LINCOLN COMMUNITY CARE
 STATEMENT OF FINANCIAL POSITION
 JULY 31, 2025

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets		
Cash	\$ 311,473	\$ 591,466
Term deposit	400,000	-
Harmonized Sales Tax recoverable	17,809	27,859
Prepaid expenses	<u>2,632</u>	<u>2,632</u>
	731,914	621,957
Equipment, vehicles and leasehold improvements (Note 2)	<u>180,902</u>	<u>211,441</u>
	<u>\$ 912,816</u>	<u>\$ 833,398</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 14,343	\$ 17,580
Government remittances payable	5,521	6,072
Deferred contributions (Note 3)	<u>-</u>	<u>1,680</u>
	19,864	25,332
Deferred capital contributions (Note 4)	127,089	140,275
Commitment (Note 5)		
	146,953	165,607
NET ASSETS		
Net assets - unrestricted	<u>765,863</u>	<u>667,791</u>
	<u>\$ 912,816</u>	<u>\$ 833,398</u>

Approved by the Board:

Director

Director

The accompanying notes are an integral part of these financial statements.

WEST LINCOLN COMMUNITY CARE
 STATEMENT OF CASH FLOWS
 YEAR ENDED JULY 31, 2025

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 98,072	\$ 797
Items not affecting cash		
Amortization of capital contributions	(33,076)	(25,505)
Depreciation	50,509	44,582
Gain on sale of equipment	-	(2,000)
	<u>115,505</u>	17,874
Changes in non-cash operating assets and liabilities		
Harmonized Sales Tax recoverable	10,050	(9,181)
Prepaid expenses	-	5,156
Accounts payable and accrued liabilities	(3,237)	5,623
Government remittances payable	(551)	1,030
Deferred contributions	(1,680)	-
	<u>120,087</u>	20,502
INVESTING ACTIVITIES		
Purchase of term deposit	(400,000)	-
Purchase of equipment, vehicles and leasehold improvements	(19,970)	(125,231)
Proceeds on sale of equipment	-	2,000
	<u>(419,970)</u>	(123,231)
FINANCING ACTIVITY		
Proceeds from deferred capital contributions	<u>19,890</u>	65,660
DECREASE IN CASH	<u>(279,993)</u>	(37,069)
CASH, BEGINNING OF YEAR	<u>591,466</u>	628,535
CASH, END OF YEAR	<u>\$ 311,473</u>	\$ 591,466

The accompanying notes are an integral part of these financial statements.

WEST LINCOLN COMMUNITY CARE

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Nature of organization

West Lincoln Community Care is a charitable organization incorporated without share capital under the laws of the Province of Ontario. The Organization provides food, clothing and emergency assistance to those in need in the community of West Lincoln.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue when the related expenses are incurred and unrestricted contributions are recognized as revenue when received.

Donation revenue and certain fundraising revenues are recognized on a cash basis. All other revenue and expenses are recorded on an accrual basis.

Donated materials and services

The Organization relies on the services of volunteers, the value of which is not recorded in the financial statements as the amounts are not readily determinable.

The Organization also relies on and regularly receives donated food and other materials as part of its normal operations. These donations are only recorded as revenue when the fair value of the contributions can be reasonably estimated.

Equipment, vehicles and leasehold improvements

Equipment and vehicles are stated at cost and are depreciated over their estimated useful lives using the diminishing-balance method at the rates indicated in Note 2. Leasehold improvements are stated at cost and depreciation is recorded using the straight-line method over 5 years. Depreciation in the year of acquisition is recorded at one-half of the normal rates.

Impairment of long-lived assets

Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. the carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Expense allocations

Wages and benefits of employees that work in both the food bank and thrift store have been allocated to each of these programs based on estimates of actual time spent in each. Janitorial wages have been split between food bank and thrift store wage expense consistent with the allocation for rent. Utilities paid in addition to rent are allocated based on estimated usage being 34% to food bank and 66% to thrift store. All other expenses have been allocated to the food bank and thrift store expenses based on being directly attributable to these functions of the Organization.

Income taxes

No provision for income taxes is required as the Organization is exempt from income taxes under section 149(1) of the Canadian Income Tax Act.

WEST LINCOLN COMMUNITY CARE

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION — continued

Government assistance

Government assistance related to current expenses or revenues are included in the statement of revenues and expenses for the year. When government assistance relates to expenses of future accounting periods, the appropriate amounts shall be deferred and amortized to income as related expenses are incurred.

Financial instruments

(a) *Measurement of financial instruments*

(i) *Initial measurement*

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Organization in the transaction.

(ii) *Subsequent measurement*

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost include cash and term deposit.

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

(b) *Transaction costs*

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(c) *Impairment*

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there are, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be 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 income.

WEST LINCOLN COMMUNITY CARE

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION — continued

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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for items such as revenue recognition, determination of useful lives of equipment, vehicles and leasehold improvements, impairment of long-lived assets and accrued liabilities.

External events such as domestic and international pandemics, geopolitical unrest, natural disasters, climate change or inflationary pressures may cause economic uncertainty for many companies and organizations. Management assesses available information about the future, considers the possible outcomes, and develops a planned response to mitigate the effect of significant events or changes in conditions impacting the Organization. Although it is not guaranteed that these efforts will be successful, management is of the opinion that the actions that the Organization has taken are sufficient to mitigate these uncertainties.

2. EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS

	2025			2024		
	Annual Rates	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation	
Equipment	20%	\$ 142,621	\$ 50,825	\$ 122,651	\$ 30,372	
Furniture and fixtures	20%	4,197	2,179	4,197	1,675	
Signs	20%	55,609	15,571	55,609	5,561	
Computer hardware	30%	15,960	12,703	15,960	11,307	
Computer software	50%	1,143	1,090	1,143	1,036	
Vehicles	30%	71,525	50,672	71,525	41,735	
Leasehold improvements	5 YRS. S.L.	45,774	22,887	45,774	13,732	
		336,829	155,927	316,859	105,418	
Net book value						\$ 211,441

WEST LINCOLN COMMUNITY CARE

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2025

3. DEFERRED CONTRIBUTIONS

Current deferred contributions pertain to specific donations and grants related to operating activities and expenses expected to occur in the future. The change in the current deferred contributions balance is as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 1,680	\$ 1,680
Add: contributions received in the year	57,280	58,740
Less: expenses incurred and included in revenue in the year	<u>(58,960)</u>	<u>(58,740)</u>
	<u>\$ -</u>	<u>\$ 1,680</u>

4. DEFERRED CAPITAL CONTRIBUTIONS

Long-term capital deferred contributions represents grant subsidies received which are used for purchase of equipment and vehicle. As the assets are capitalized, the proceeds from the grants are being recognized over the life of the capitalized assets in accordance with depreciation taken.

	Annual Rates	<u>2025</u>		<u>2024</u>	
		Capital Contributions	Accumulated Amortization	Capital Contributions	Accumulated Amortization
Equipment	20%	\$ 88,493	\$ 21,622	\$ 68,603	\$ 7,390
Signs	20%	54,166	15,167	54,166	5,417
Computer hardware	30%	11,115	8,846	11,115	7,874
Vehicle	30%	<u>65,000</u>	<u>46,050</u>	65,000	37,928
		<u>218,774</u>	<u>91,685</u>	198,884	58,609
Net book value		<u>\$ 127,089</u>		<u>\$ 140,275</u>	

5. COMMITMENT

The Organization leases its premises from a related party, as described in Note 6, under a lease agreement that expires December 31, 2028. The minimum annual lease payments are as follows:

Years ending July 31,	2026	\$ 66,000
	2027	66,000
	2028	66,000
	2029	27,500

The Organization is also responsible for its share of utilities.

WEST LINCOLN COMMUNITY CARE

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2025

6. RELATED PARTY TRANSACTIONS

The Organization rents space from a company in which a member of the Board holds an interest. The Organization is required to pay a monthly rent of \$5,500 plus Harmonized Sales Tax plus utilities. During the year, the Organization incurred rent expense of \$68,600 (2024 - \$68,600) and utilities expenses of \$23,429 (2024 - \$23,072) to the company. The transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. FINANCIAL RISK MANAGEMENT

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, currency risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

It is management's opinion that the Organization is not exposed to significant interest rate, market, currency, credit or liquidity risk arising from its financial instruments.

WEST LINCOLN COMMUNITY CARE
 SCHEDULES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JULY 31, 2025

DONATIONS REVENUE

	<u>2025</u>	<u>2024</u>
Individuals	\$ 186,623	\$ 103,641
Businesses	81,192	57,516
Other organizations	18,534	13,501
Church organizations	17,790	17,109
Anonymous	11,332	7,015
Gifts in kind	7,670	30,247
Schools	1,027	840
Toonies for Toys	-	3,794
	\$ 324,168	\$ 233,663

FOOD BANK EXPENSES

	<u>2025</u>	<u>2024</u>
Wages and benefits	\$ 109,195	\$ 93,796
Food purchases	94,888	78,665
Rent	34,300	34,300
Utilities and telephone	8,681	9,080
Supplies and miscellaneous	4,843	3,065
Vehicle and travel	1,485	4,153
Repairs and maintenance	1,390	5,203
	\$ 254,782	\$ 228,262

THRIFT STORE

	<u>2025</u>	<u>2024</u>
Wages and benefits	\$ 161,205	\$ 178,244
Rent	34,300	34,300
Utilities and telephone	16,852	15,629
Supplies and miscellaneous	9,354	5,517
Repairs and maintenance	8,221	7,982
Vehicle	3,390	6,345
Donated goods	-	15,426
	\$ 233,322	\$ 263,443
