Ark Aid Street Mission Inc.

Financial Statements

December 31, 2025

MACNEILL EDMUNDSON
PROFESSIONAL CORPORATION

MACNEILL EDMUNDSON
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ark Aid Street Mission Inc.

Qualified Opinion

We have audited the accompanying financial statements of Ark Aid Street Mission Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations and changes in fund balance, and 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 possible 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 December 31, 2025, and the results of its financial performance 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 donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the Organization's records and we were unable to determine whether any adjustments might be necessary to revenue or the accumulated fund balances and assets for the year ended December 31, 2025.

Except as noted above, 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 Corporation 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matters

The financial statements for the year ended December 31, 2024 were audited by another accounting firm and are presented for comparative purposes only. The other firm's report, dated September 12, 2025 was qualified

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INDEPENDENT AUDITOR'S REPORT (continued)

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

Management is responsible for the preparation and fair presentation of these 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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

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INDEPENDENT AUDITOR'S REPORT (continued)

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 Corporation'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 Corporation'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 Corporation 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.

MacNeill Edmundson

London, Ontario
May 25, 2026

PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by
The Chartered Professional Accountants of Ontario

Ark Aid Street Mission Inc.

Statement of Financial Position

December 31	Operating Fund ($)	Capital Fund ($)	Total 2025 ($)	Total 2024 ($)
Assets				
Current Assets				
Cash	**3,673,054**		**3,673,054**	2,326,185
Temporary investments (note 2)	**371,477**		**371,477**	260,038
HST recoverable	**93,377**		**93,377**	76,799
Accounts receivable	**88,964**		**88,964**	1,686,140
Accrued interest receivable				4,793
Prepaid expenses and other assets	**20,011**		**20,011**	5,231
Forgivable loan receivable (note 7)		**293,917**	**293,917**	296,083
	4,246,883	**293,917**	**4,540,800**	4,655,269
Capital Assets (note 3)		**701,535**	**701,535**	420,200
	4,246,883	**995,452**	**5,242,335**	5,075,469
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	**301,499**		**301,499**	594,281
Deferred revenue (note 5)	**922,177**		**922,177**	1,050,000
	1,223,676		**1,223,676**	1,644,281
Deferred capital contributions (note 6)		**178,354**	**178,354**	12,580
Forgivable loan (note 7)		**365,091**	**365,091**	498,541
	1,223,676	**543,445**	**1,767,121**	2,155,402
Fund Balances				
Operating Fund - unrestricted	**3,023,207**		**3,023,207**	2,730,956
Capital Fund - restricted		**452,007**	**452,007**	189,111
	3,023,207	**452,007**	**3,475,214**	2,920,067
	4,246,883	**995,452**	**5,242,335**	5,075,469

Approved on behalf of the Board:

_____, Director

_____, Director

Ark Aid Street Mission Inc.

Statement of Operations and Changes in Fund Balance

Year ended December 31	Operating Fund ($)	Capital Fund ($)	Total 2025 ($)	Total 2024 ($)
Revenues				
Program revenue (note 9)	**4,404,602**		**4,404,602**	5,541,708
Donation revenue	**1,240,694**		**1,240,694**	1,227,339
Fundraising revenue	**162,454**		**162,454**	4,477
Grant revenue	**35,139**		**35,139**	46,734
Interest	**30,780**	**1,516**	**32,296**	50,238
Rental	**17,354**		**17,354**	15,001
Other	**1,711**		**1,711**	2,191
Amortization of deferred contributions (notes 6, 7)		**151,645**	**151,645**	157,432
	5,892,734	**153,161**	**6,045,895**	7,045,120
Expenses				
Salaries and benefits	**4,098,362**		**4,098,362**	4,318,453
Fundraising and events	**284,798**		**284,798**	22,914
Rent (note 8)	**239,966**		**239,966**	202,638
Event and program expenses	**208,043**		**208,043**	224,267
Professional fees	**122,555**		**122,555**	91,227
Repairs and maintenance	**96,218**		**96,218**	178,623
Security	**84,711**		**84,711**	279,149
Office and administration	**82,634**		**82,634**	15,380
Utilities	**58,890**		**58,890**	43,583
Meals and travel	**55,504**		**55,504**	22,110
Training and development	**51,906**		**51,906**	65,267
Insurance	**24,061**		**24,061**	19,533
Bank charges	**2,167**		**2,167**	1,552
Amortization (note 3)		**78,538**	**78,538**	87,680
(Gain) loss on disposal of assets		**2,395**	**2,395**	
	5,409,815	**80,933**	**5,490,748**	5,572,376
Excess (Deficiency) of Revenues over Expenses	**482,919**	**72,228**	**555,147**	1,472,744
Interfund transfer (note 10)	**(190,668)**	**190,668**		
Fund Balance, beginning of year	**2,730,956**	**189,111**	**2,920,067**	1,447,323
Fund Balance, end of year	**3,023,207**	**452,007**	**3,475,214**	2,920,067

Ark Aid Street Mission Inc.

Statement of Cash Flows

Year ended December 31	**2025 ($)**	2024 ($)
Cash Flows From (Used in) Operating Activities		
Excess (deficiency) of revenues over expenditures - Operating Fund	**482,919**	1,543,205
Excess (deficiency) of revenues over expenditures - Capital Fund	**72,228**	(70,461)
Loss (gain) on disposal of capital assets	**2,395**	
Add back amortization	**78,538**	87,680
Less amortization on deferred capital contributions	**(151,645)**	(157,432)
	484,435	1,402,992
Net change in non-cash operational balances		
Accounts receivable	**1,597,176**	(401,400)
Interest receivable	**4,793**	(422)
Prepaid expenses	**(14,780)**	16,534
Accounts payable	**(292,783)**	358,285
HST receivable	**(16,578)**	(53,945)
Deferred revenue	**(127,823)**	(2,007,951)
	1,150,005	(2,088,899)
Cash Flows From (Used in) Operating Activities	**1,634,440**	(685,907)
Cash Flows From (Used in) Investing Activities		
Acquisition of capital assets	**(176,132)**	(177,867)
Decrease (Increase) in investments (note 2)	**(111,439)**	(12,174)
Cash Flows From (Used in) Investing Activities	**(287,571)**	(190,041)
Change in Cash during Year	**1,346,869**	(875,948)
Cash Resources, beginning of Year	**2,326,185**	3,202,133
Cash Resources, end of Year	**3,673,054**	2,326,185

Operations

The Ark Aid Street Mission Inc. (the "Organization") was founded to aid neighbours in need. The Organization is incorporated under the laws of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act, and as such is exempt from income taxes.

The purpose of Ark Aid Street Mission Inc. is to aid neighbours in need.

1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund. Transfers between funds are made when it is considered appropriate and authorized by the Board of Directors.

The operations are organized into various funds as detailed below:

Operating Fund - Unrestricted
The operating fund reports the revenues and expenses that are related to the operations and the administration of Ark Aid Street Mission.

Capital fund - Internally Restricted
The capital fund accounts for the acquisition of property, plant, and equipment and the related capital funding and expenditures.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash and term deposits with a maturity period of three months or less from the date of acquisition.

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1. Summary of Significant Accounting Policies (continued)

(c) Investments

The Organization's investments consist of guaranteed investment certificates ("GIC's"), which are initially recognized at fair value and subsequently measured at amortized cost. When the investment is measured at amortized cost, any premium paid or discount received relative to the face amount of the investment, is amortized over the expected life of the item and recognized in operations. Transaction costs that are directly attributable to the acquisition of these investments are an adjustment to the fair value when initially recognized.

(d) Contributed Services

Volunteers contribute many hours per year to assist the Organization in carrying out its activities. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

(e) Capital Assets and Amortization

Tangible capital assets purchased by the Organization are recorded at cost. Amortization is recorded in the accounts on the straight-line method using the predicted life as follows:

Building and building improvements	Straight-line	10-20 years
Furniture and equipment	Straight-line	10 years
Vehicles	Straight-line	5 years
Computer hardware	Straight-line	3 years

(f) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Endowment contributions, if any, are recognized as direct increases in net assets.

Rental revenue is recognized on a monthly basis as earned. Interest revenue is recognized as earned.

(g) Impairment of Long-Lived Assets

Long-lived assets are tested for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

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1. Summary of Significant Accounting Policies (continued)

(h) Use of Estimates

The presentation of the financial statements of the Organization in conformity 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 balance sheet date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(i) Financial Instruments

The Organization's financial instruments consist of cash, investments, accounts receivable, HST recoverable, and accounts payable and accrued liabilities. The Organization initially recognizes these financial instruments at fair value and subsequently, except for investments, at amortized cost. Investments are subsequently measured at fair value. Changes in fair value are recognized in operations during the period.

2. Temporary Investments

	2025 ($)	2024 ($)
Investments	**371,477**	260,038

Investments are comprised of guaranteed investment certificates maturing from January 10, 2026 to December 11, 2026 earning interest at rates from 2.75% to 3.60%. Interest is paid at maturity.

3. Capital Assets

	Cost ($)	**Accumulated Amortization ($)**	**2025 Net ($)**	2024 Net ($)
Buildings	**1,005,221**	**574,684**	**430,537**	340,236
Furniture and equipment	**169,786**	**76,914**	**92,872**	70,454
Vehicles	**225,747**	**28,802**	**196,945**	9,510
Computer Hardware	**9,932**	**9,932**	**-**	-
	1,410,686	**690,332**	**720,354**	420,200

4. Line of Credit

A line of credit has been authorized by Libro Financial Group to a maximum of $10,000 and bears interest at a rate of 6.95% per annum (7.95% - 2024). The line of credit is secured by the property of 696 Dundas Street. The line of credit was not used during the current or prior years.

5. Deferred Revenue

	2025 ($)	2024 ($)
City of London	**922,177**	1,050,000

Deferred revenue represents externally restricted funds received that relate to a subsequent period.

6. Deferred Capital Contributions

	2025 ($)	2024 ($)
Opening balance	**12,580**	15,273
Add: Additions	**186,136**	-
Less: Amounts amortized to revenue	**(20,361)**	(2,693)
Ending balance	**$ 178,355**	12,580

Deferred capital contributions consist of the unamortized portion of capital assets that were donated to the Organization and restricted contributions received for the purpose of purchasing capital assets. The contributions are amortized to revenue in the Capital Fund on the same basis as the related expense.

7. Forgivable Loan

	2025 ($)	2024 ($)
Opening balance	**498,540**	658,583
Less: Disposals	**(2,167)**	-
Less: Amounts amortized to revenue	**(131,283)**	(160,043)
Ending balance	**$ 365,090**	498,540

In 2023, the Organization was eligible to received government assistance of up to $725,000 of funding for capital improvements in the form of an interest-free forgivable loan provided the funding was used for construction of affordable dwelling units. In 2024, the purpose and form of the loan was amended to also cover a wider range of renovations that improve existing services.

Ultimately, the Organization incurred $656,417 in capital expenditures eligible under the terms of the loan. The loan will be fully forgiven in five years if the Organization remains eligible under the Terms of the Agreement. Should the Organization become in Default, the full loan balance would become repayable. The forgivable loan is being amortized into revenue over a period of five years.

8. Lease Commitments

The Organization has entered into a lease agreement for building space located at 430 William Street, London in connection with the Cronyn Warner building at 442 William Street, London. Under the term of this agreement, expiring November 2027, the expected lease payments are as follows:

	($)
2026	98,083
2027	91,555
	189,638

The Organization has also entered into an agreement for housing space located at 1212 Oxford Street, London, 1222 Oxford Street, London, and 1226 Oxford Street, London. Following the expiry of these short terms leases, the Organization is on a month-to-month basis for these spaces. The projected expenditure for the subsequent year if the units are rented for the full year is $150,943.

9. Economic Dependence

The Organization receives 74% (2024 - 79%) of its revenue from the City of London, in addition to the generous support of individual, corporate, and institutional donations and grants. Without this continued support, the ongoing programs of the Organization may be modified, reduced, or eliminated if an alternative source of funding is not found.

10. Interfund Transfers

During the year, the Organization made transfers from the Operating Fund to the Capital Fund of $190,668 (2024 - $709 transfer from the Capital Fund to the Operating Fund) related to capital asset additions. These transfers have been approved by the Board of Directors.

11. Financial Instruments

All assets and liabilities, with the exception of prepaid expenses, are financial instruments, and are initially recorded at fair market value and are subsequently recorded at amortized cost. Unless otherwise noted, it is the Board's opinion that the Organization is not exposed to significant risks arising from its financial instruments.

Credit Risk

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations. The Organization places its cash and investments with high quality, government-backed institutions and believes its exposure is not significant. The Organization is not exposed to credit risk on the funding from various government agencies and affiliates.

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities as they become due. The Organization manages this risk by establishing budgets and funding plans. Cash is held in an interest bearing account which provides a rate of return as well as liquidity.

12. Comparative Figures

Some of the prior year comparative figures were reclassed to conform with current year presentation.