

Wesley Urban Ministries Inc.
Financial Statements
For the year ended March 31, 2026

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Independent Auditor's Report

To the Board of Directors of Wesley Urban Ministries Inc.

Qualified Opinion

We have audited the financial statements of Wesley Urban Ministries Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in net assets 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 March 31, 2026, 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 donations and fundraising activities, 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 excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2026 and 2025, current assets as at March 31, 2026 and 2025, and net assets as at April 1 and March 31 for both the 2026 and 2025 years. Our audit opinion on the financial statements for the year ended March 31, 2025 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 audit opinion.

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 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 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 25, 2026

Wesley Urban Ministries Inc. Statement of Financial Position

March 31

2026

2025

Assets

Current

Cash and cash equivalents	\$ 1,593,593	\$ 2,884,469
Restricted cash and short-term investments (Note 2)	473,760	286,401
Accounts receivable	2,290,892	2,444,071
Prepaid expenses	128,924	128,501
	<u>4,487,169</u>	<u>5,743,442</u>

Restricted long-term investments (Note 2)	6,515,709	5,951,527
Endowment investments (Note 8)	35,943	35,196
Capital assets (Note 3)	8,237,066	822,813

\$ 19,275,887 \$ 12,552,978

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 3,053,380	\$ 2,512,226
Current portion of long-term debt (Note 4)	372,839	-
Deferred revenue (Note 5)	2,068,038	1,275,906
	<u>5,494,257</u>	<u>3,788,132</u>

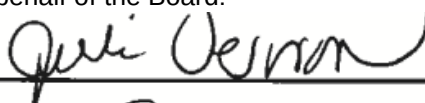
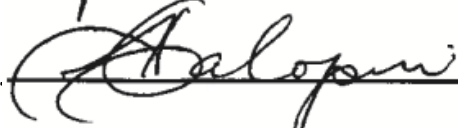
Deferred capital contributions (Note 6)	445	54,827
Long-term debt (Note 4)	4,327,161	-
	<u>9,821,863</u>	<u>3,842,959</u>

Net Assets

Unrestricted net assets	4,309,267	3,624,361
Board restricted net assets (Note 7)	2,608,814	3,050,462
Board restricted reserve fund (Note 7)	2,500,000	2,000,000
Endowments (Note 8)	35,943	35,196
	<u>9,454,024</u>	<u>8,710,019</u>

\$ 19,275,887 \$ 12,552,978

On behalf of the Board:


 _____ Director

 _____ Director

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

Wesley Urban Ministries Inc. Statement of Operations

For the year ended March 31	2026	2025
Revenue		
Community donations and grants (Note 9)	\$ 1,282,796	\$ 1,519,355
Grants		
Government of Canada	8,447,202	10,191,589
Government of Ontario	3,153,158	3,070,163
Municipalities	11,543,428	9,916,261
Participant fees	869,078	811,098
Investment income	56,300	2,555
Amortization of deferred capital contributions (Note 6)	54,382	132,676
	<u>25,406,344</u>	<u>25,643,697</u>
Expenses		
Salaries and benefits	18,036,246	16,439,412
Program expenses	3,007,463	3,321,634
Amortization of capital assets	1,168,650	363,383
Rent	842,277	881,852
Purchase of services	598,719	2,102,690
Building, property and janitorial	386,124	361,949
Maintenance and supplies	298,998	341,233
Communications	182,038	183,140
Fundraising	149,779	132,283
Staff development	127,357	120,399
Professional fees	100,811	119,156
Insurance	98,745	82,594
Travel	94,535	132,758
Office and general	31,678	29,588
Interest and other charges	23,233	19,446
	<u>25,146,653</u>	<u>24,631,517</u>
Excess of revenue over expenses before other items	<u>259,691</u>	<u>1,012,180</u>
Other items		
Donations from various estates (Note 7)	29,403	49,425
Investment income on board restricted investments	264,102	212,421
Unrealized gain on board restricted investments	203,473	290,635
Scholarships granted (Note 7)	(12,664)	(5,000)
	<u>484,314</u>	<u>547,481</u>
Excess of revenue over expenses for the year	<u>\$ 744,005</u>	<u>\$ 1,559,661</u>

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

Wesley Urban Ministries Inc.
Statement of Changes in Net Assets

For the year ended March 31

	Unrestricted (Note 7)	Board Restricted (Note 7)	Board Restricted Reserve (Note 7)	Endowments (Note 8)	2026 Total
Balance, beginning of year	\$ 3,624,361	\$ 3,050,462	\$ 2,000,000	\$ 35,196	\$ 8,710,019
Excess of revenue over expenses for the year	743,258	-	-	747	744,005
Transfers	(58,352)	(441,648)	500,000	-	-
Balance, end of year	\$ 4,309,267	\$ 2,608,814	\$ 2,500,000	\$ 35,943	\$ 9,454,024

	Unrestricted (Note 7)	Restricted (Note 7)	Board Reserve (Note 7)	Endowments (Note 8)	2025 Total
Balance, beginning of year	\$ 2,292,188	\$ 4,824,283	\$ -	\$ 33,887	\$ 7,150,358
Excess of revenue over expenses for the year	1,558,352	-	-	1,309	1,559,661
Transfers	(226,179)	(1,773,821)	2,000,000	-	-
Balance, end of year	\$ 3,624,361	\$ 3,050,462	\$ 2,000,000	\$ 35,196	\$ 8,710,019

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

Wesley Urban Ministries Inc. Statement of Cash Flows

For the year ended March 31	2026	2025
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 744,005	\$ 1,559,661
Adjustments to reconcile excess of revenue over expenses to net cash provided by (used in) operating activities		
Amortization of deferred capital contributions	(54,382)	(132,676)
Amortization of capital assets	1,168,650	363,383
Loss on disposal of capital assets	-	12,079
Unrealized gain on board restricted investments	(203,473)	(290,635)
Changes in non-cash working capital balances		
Accounts receivable	153,179	9,763
Prepaid expenses	(423)	(11,089)
Accounts payable and accrued liabilities	541,154	(102,336)
Deferred revenue	792,132	378,273
	<u>3,140,842</u>	<u>1,786,423</u>
Cash flows from investing activities		
Purchases of restricted cash and investments, net	(548,815)	(213,363)
Capital asset additions	(8,582,903)	(9,888)
Proceeds on disposal of capital assets	-	40,000
	<u>(9,131,718)</u>	<u>(183,251)</u>
Cash flows from financing activity		
Proceeds from long-term debt	<u>4,700,000</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents during the year	<u>(1,290,876)</u>	<u>1,603,172</u>
Cash and cash equivalents, beginning of year	<u>2,884,469</u>	<u>1,281,297</u>
Cash and cash equivalents, end of year	<u>\$ 1,593,593</u>	<u>\$ 2,884,469</u>

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

Wesley Urban Ministries Inc. Notes to Financial Statements

March 31, 2026

1. Significant Accounting Policies

Nature of Business

The Organization was founded in 1955 and was incorporated, as a corporation without share capital, under letters patent issued under the Ontario Corporation Act on August 22, 1979. The Organization is a registered Canadian charity and is therefore exempt from payment of income tax as provided under the Income Tax Act.

Its purpose is to alleviate and prevent poverty in Hamilton, Halton and Brantford, in every stage and from every walk of life.

Basis of Accounting

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

Revenue and expenses related to program delivery and administrative activities are reported in the Unrestricted fund.

Investment income earned on endowments is reported in the Statement of Operations and is used in accordance with the purposes established by the donors.

Board restricted net assets reports amounts that have been internally restricted by the Board of Directors. These may include bequests, donations, interest earned on restricted funds and any excess of revenue over expenses from operations formally restricted by the Board. The use of these funds requires approval from the Board of Directors.

Board restricted reserve fund reports amounts that have been internally restricted by the Board of Directors to help ensure the long-term ability of the Organization to meet its mission and safeguard against economic uncertainties and unexpected events that can significantly impact financial well-being.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions, which include donations and government grants.

Revenue from unrestricted donations, fundraising, and participant fees is recognized when it is received.

Revenue derived from grants and externally restricted donations is recognized when the related expenditures have been made. Funds received for which the related expenditures have not been made are recorded as deferred revenue.

Externally restricted contributions for amortizable capital assets are deferred and amortized over the life of the related capital asset.

Investment income is recognized when earned.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cashable guaranteed investment certificates.

Wesley Urban Ministries Inc. Notes to Financial Statements

March 31, 2026

1. Significant Accounting Policies (Continued)

Capital Assets

Capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of the contribution. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Building	- 20 years
Furniture and equipment	- 5 years
Computer equipment	- 3 years
Vehicle	- 5 years

Leasehold improvements are amortized on a straight-line basis as follows:

467 Main Street East	- 5 years
155 Queen Street North	- 5 years
1900 Main Street West	- 5 years

When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Contributed Materials and Services

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

Due to the difficulty in determining the fair value of materials contributed to the Organization they are not recognized in the financial statements.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equity instruments that are quoted in an active market are reported at fair value, with any unrealized gains and losses reported in revenue. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issues of financial instruments are expensed for those items re-measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

Wesley Urban Ministries Inc. Notes to Financial Statements

March 31, 2026

2. Restricted cash and investments

Board restricted cash and investments include term deposits, guaranteed investment certificates, corporate and government bonds and other fixed term securities, common shares, preferred shares and foreign securities. Restricted cash and investments with remaining maturities of less than one year in the amount of \$473,760 (2025 - \$286,401) are classified as restricted cash and short-term investments. Short-term fixed income investments bear interest between 1.70% and 5.24% (2025 - 2.45% and 2.67%). Investments with maturities greater than one year are classified as restricted long-term investments.

Restricted long-term investments consist of the following:

	2026		2025	
	Cost	Market	Cost	Market
Fixed income	\$ 3,763,498	\$ 3,621,435	3,709,272	\$ 3,630,582
Common shares	2,010,341	2,703,959	1,689,774	2,091,868
Preferred shares	182,282	190,315	222,255	229,077
	\$ 5,956,121	\$ 6,515,709	\$ 5,621,301	\$ 5,951,527

There were no restricted long-term fixed income investments as at year-end, as all fixed income investments have maturity dates within one year and are classified as short-term (2025 – maturity dates ranged from July 2026 to January 2027, bearing interest between 1.70% and 5.24%).

The Organization's investments are managed by a third party investment manager and investments in the portfolio are made in accordance with the Organization's investment policy as approved by the Board established by the Finance and Risk Committee. The objective of the investment policy is to preserve capital and obtain modest growth, while minimizing volatility of the portfolio.

The Organization manages its portfolio investments based on its cash flow needs and with a view to optimising its investment income within an appropriate level of risk.

Wesley Urban Ministries Inc. Notes to Financial Statements

March 31, 2026

3. Capital Assets

	2026		2025	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,756,475	\$ -	\$ -	\$ -
Building	6,715,200	335,760	-	-
Furniture and equipment	950,855	938,686	950,855	913,415
Computer equipment	374,861	374,861	374,861	362,342
Leasehold improvements				
- Main Street W	431,169	431,169	431,169	396,232
Leasehold improvements				
- Queen	405,412	405,412	405,412	405,412
Leasehold improvements				
- Main Street E	-	-	1,229,862	491,945
Vehicle	111,228	22,246	35,449	35,449
	\$ 10,745,200	\$ 2,508,134	\$ 3,427,608	\$ 2,604,795
Net book value		\$ 8,237,066		\$ 822,813

4. Credit Facilities

	2026	2025
Non-revolving term loan facility, interest at the prime rate rate plus 0.48%, blended monthly payments of \$49,690, secured by a general security agreement and property at 467 Main Street E, Hamilton ON, due March 2036	\$ 4,700,000	\$ -
Less: current portion	372,839	-
	\$ 4,327,161	\$ -

Principal payments for the next five years and thereafter are as follows:

2027	\$ 372,839
2028	391,104
2029	411,364
2030	432,109
2031	453,899
Thereafter	<u>2,638,685</u>
	\$ 4,700,000

The agreement includes a financial covenant, the Organization was in compliance of this covenant at year end.

Wesley Urban Ministries Inc. Notes to Financial Statements

March 31, 2026

4. Credit Facilities (Continued)

During the year, the Organization obtained an operating line of credit of \$900,000 with the Royal Bank of Canada. As collateral, the Organization has provided a general security agreement covering all assets. Interest is charged at the bank's prime rate plus 0.90%. As at March 31, 2026, the outstanding amount on this facility was \$Nil.

5. Deferred Revenue

Included within deferred revenue are the following:

	<u>2026</u>	<u>2025</u>
City of Hamilton	\$ 698,692	\$ 392,258
Foundations	-	249,000
Newcomer Fund	-	1,725
Other	942,849	498,887
Region of Halton	399,460	104,577
The United Church of Canada	27,037	29,459
	<u>\$ 2,068,038</u>	<u>\$ 1,275,906</u>

6. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount of grants and donations received for the purchase of capital assets. The changes in the deferred capital contributions balance are as follows:

	<u>2026</u>	<u>2025</u>
Balance, beginning of year	\$ 54,827	\$ 187,503
Amount amortized during the year	<u>(54,382)</u>	<u>(132,676)</u>
Balance, end of year	<u>\$ 445</u>	<u>\$ 54,827</u>

Wesley Urban Ministries Inc. Notes to Financial Statements

March 31, 2026

7. Board Restricted Net Assets

The Board of Directors (the "Board") has historically passed motions to restrict a portion of interest earned on board restricted net assets and the excess of revenue over expenses from operations. During the year, donations from various estates of \$Nil (2025 - \$Nil) were restricted in accordance with the Board policy of restricting individual donations in excess of \$10,000. During the year, the Board granted scholarships of \$12,664 (2025 - \$5,000) from interest and investment income related to board restricted net assets.

During the year, the Organization's Board approved a transfer of \$500,000 (2025 - \$2,000,000) from the board restricted net assets to the board restricted reserve fund.

During the year, the Organization's Board approved a transfer of \$2,000,000 (2025 - \$Nil) from the board restricted net asset to the unrestricted net assets.

During the year, the Organization's Board approved a transfer of \$2,058,352 (2025 - \$226,179) from the unrestricted net assets to the board restricted net assets.

8. Endowments

Endowment funds are invested in fixed income securities. Investment income generated from endowments must be used in accordance with the various purposes established by the donors. Management ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were intended.

9. Community Donations and Grants

	<u>2026</u>	<u>2025</u>
Individuals	\$ 383,371	\$ 319,484
United Way	127,093	210,618
Groups, Organizations and special events	<u>772,332</u>	<u>989,253</u>
	<u>\$ 1,282,796</u>	<u>\$ 1,519,355</u>

10. Donated Goods

The Organization receives donations in the form of goods for use in its programs. Based on management's estimate, the approximate value of goods received during the year was \$34,645 (2025 - \$27,239). No amount has been recorded in the financial statements for these donated goods.

Wesley Urban Ministries Inc. Notes to Financial Statements

March 31, 2026

11. Employee Retirement Program

The Organization has established a RRSP benefit program available to full-time employees upon completion of one year of service. The Organization will contribute 2% of the individual employee's salary into a group RRSP plan. During the year, \$218,038 (2025 - \$172,371) was expensed within salaries and benefits on the Statement of Operations in connection with this program. Employees may also contribute to the group RRSP plan through payroll, directly deducted off of their biweekly pay.

12. Financial Instruments

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. The Organization manages its liquidity risk by monitoring its operating requirements and maintaining available credit facilities. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. This risk has not changed from the prior year.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Organization is exposed to this risk through its interest bearing investments and variable rate long-term debt. Interest rate risk associated with investments is managed by construction a portfolio of fixed yield investments with varying maturities and interest rates. Additionally, the Organization's policy is to hold the fixed yield investments until maturity in order to realize the coupon value of the instrument. Interest rate risk associated with the long-term debt is managed by entering into one-year interest rate terms. As the debt bears interest at a variable rate, the Organization remains exposed to fluctuations in market interest rates when those terms are renewed.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's most significant exposure to credit risk is its accounts receivable. This risk has not changed from the prior year.

Market Risk

Market risk arises from the possibility that changes in market prices will affect the level of investments held by the Organization. The Organization is subject to market risk on its restricted investments. The values of these restricted investments will fluctuate as a result of changes in market prices or other factors affecting the values of the investments. This risk has not changed from the prior year.

13. Comparative Figures

Comparative figures have been reclassified in order to comply with the current year's presentation.