HOUSE OF LAZARUS MATILDA RESOURCE CENTRE INC.

FINANCIAL STATEMENTS

MARCH 31, 2026

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Walker & Associates
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
P.O. Box 2149, 235 Water Street West, Suite 304
Prescott, Ontario K0E 1T0
T: (613) 925-3535 www.wapc.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of House of Lazarus Matilda Resource Centre Inc.

Report on the Audit of the Financial Statements

Qualified Opinion
We have audited the financial statements of House of Lazarus Matilda Resource Centre Inc. (the "Centre"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations and 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 Centre as at March 31, 2026, and the results of its 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 charitable organizations, the Centre derives revenue from donations and the sale of donated goods, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Centre. Therefore, we were not able to determine whether any adjustments might be necessary to donation, fundraising and thrift shop revenues, excess of revenue over expenses and cash flows from operations for the years ended March 31, 2026 and March 31, 2025, current assets as at March 31, 2026 and March 31, 2025, and net assets as at April 1 and March 31 for both the 2026 and 2025 years. The audit opinion on the financial statements for the year ended March 31, 2025 was modified accordingly because of 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 Centre 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 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 and 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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre'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 Centre'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 Centre 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.

Walker + Associates

<u>PROFESSIONAL CORPORATION</u>
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to Practise Public Accounting by the
Chartered Professional Accountants of Ontario

Prescott, Ontario
June 22, 2026

HOUSE OF LAZARUS MATILDA RESOURCE CENTRE INC.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

	2026	2025
ASSETS		
CURRENT ASSETS		
Cash - Unrestricted	$ 230,870	$ 260,620
Cash - Restricted - Note 2	9,111	4,797
Investments - Note 3	-	74,813
Accounts Receivable	931	720
HST Rebate Receivable	12,563	71,046
Prepaid Expenses	10,942	7,226
	264,417	419,222
CAPITAL ASSETS - Note 4	1,404,854	1,081,483
TOTAL ASSETS	$ 1,669,271	$ 1,500,705

	2026	2025
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 22,299	$ 30,896
Line of Credit - Note 5	87,506	-
Client Deposits - Restricted - Note 2	9,111	4,797
Payroll Payables	53,639	18,994
Deferred Funding Revenue - Note 6	111,533	161,067
Deferred Capital Contributions - Note 7	167,071	134,158
	451,159	349,912
LONG TERM DEBT - Note 8	100,000	-
TOTAL LIABILITIES	551,159	349,912
NET ASSETS	1,118,112	1,150,793
	$ 1,669,271	$ 1,500,705

The accompanying notes are an integral part of these financial statements.
2026-06-22

HOUSE OF LAZARUS MATILDA RESOURCE CENTRE INC.

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31

	2026	2025
REVENUES		
Grants and Specific Donations	$ 316,404	$ 384,909
Thrift Shop Sales	890,420	719,988
Donations and Other	375,481	443,577
Fundraising	35,498	30,736
Investment Income	1,313	14,547
Contributed Services - Note 2	17,500	42,000
Unrealized Gain on Investments	-	3,824
Amortization of Deferred Contributions	16,736	1,500
	1,653,352	1,641,081
EXPENDITURES		
Salaries, Wages and Benefits	1,167,464	950,104
Advertising	906	1,020
Amortization	67,103	17,562
Bank Charges, Interest and Fees	11,914	9,918
Fundraising	6,536	8,248
Insurance	10,984	10,143
Interest on Long Term Debt	5,275	-
Memberships and Licenses	5,126	1,874
Office and Administrative	10,383	13,101
Professional Fees	12,878	23,420
Programs	238,669	408,644
Property Taxes	627	563
Rent - Note 2	40,600	48,975
Repairs and Maintenance	64,485	45,357
Travel	1,385	894
Training	7,411	3,558
Telecommunications	7,914	5,293
Utilities	26,373	27,673
	1,686,033	1,576,347
REVENUES (UNDER) OVER EXPENDITURES	(32,681)	64,734
NET ASSETS - Beginning of Year	1,150,793	1,086,059
NET ASSETS - End of Year	$ 1,118,112	$ 1,150,793

HOUSE OF LAZARUS MATILDA RESOURCE CENTRE INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31

	2026	2025
OPERATING ACTIVITIES		
Revenues (Under) Over Expenditures	$ (32,681)	$ 64,734
Non-Cash Items:		
Amortization	67,103	17,562
Unrealized Loss on Investments	-	2,491
	34,422	84,787
Changes in Non-Cash Items Related to Operating Activities:		
Accounts Receivable	(211)	38,190
HST Receivable	58,483	(55,816)
Prepaid Expenses	(3,716)	241
Accounts Payable and Accrued Liabilities	78,909	16,552
Client Deposits	(1,178)	(1,142)
Payroll Payables	34,645	2,443
Deferred Revenue	(44,042)	(65,377)
	122,890	(64,909)
Net Cash Flow Provided By Operating Activities	157,312	19,878
INVESTING ACTIVITIES		
Purchase of Capital Assets	(390,474)	(611,022)
Redemption of Investment	74,813	362,276
Net Cash Flow Used By Investing Activities	(315,661)	(248,746)
FINANCING ACTIVITIES		
Proceeds From Long Term Debt	100,000	-
Deferred Capital Contributions	32,913	131,158
Net Cash Flow Provided By Financing Activities	132,913	131,158
NET DECREASE IN CASH	(25,436)	(97,710)
CASH, Beginning Of Year	265,417	363,127
CASH, End Of Year	$ 239,981	$ 265,417
REPRESENTED BY:		
Cash - Unrestricted	$ 230,870	$ 260,620
Cash - Restricted	9,111	4,797
Total	$ 239,981	$ 265,417

The accompanying notes are an integral part of these financial statements.
2026-06-22

HOUSE OF LAZARUS MATILDA RESOURCE CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

1. STATUS AND PURPOSE OF THE ORGANIZATION

House of Lazarus Matilda Resource Centre Inc. (the "Centre") was incorporated without share capital under the Corporations Act (Ontario). The Centre's principal activity is to provide emergency food, used clothing, counselling, public awareness, support groups and other programs to area residents. The Centre is a registered charity under the Income Tax Act (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Centre must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of the Canadian generally accepted accounting principals, and include the following significant policies:

Revenue Recognition
The Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions received for specific programs (see Note 6) are recognized when the funds are disbursed for program expenses. The unrecognized amount is recorded as deferred contributions.

Government grants are recorded when there is a reasonable assurance that the Centre has complied with, and will continue to comply with, all the necessary conditions to obtain the grants.

Thrift shop and other sales are recognized as they occur, being point-of-sale in nature.

Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally restricted for the purchase of capital assets are deferred and amortized into revenue using amortization methods and rates corresponding with the amortization methods and rates used for the related capital assets.

Cash and Cash Equivalents
Cash and cash equivalents include balances with banks. Short term investments of less than 90 days, when used, are included with cash.

Restricted Cash and Client Deposits
Cash subject to restrictions that prevent its use for current purposes is included in restricted cash. The Places for People program holds 5% of tenants' payments for their use in emergency situations or in achieving specific financial goals, and represents the balances for restricted cash and client deposits as of March 31, 2026 and March 31, 2025.

HOUSE OF LAZARUS MATILDA RESOURCE CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

2. SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

Investments
Investments are measured at fair value. Any changes in fair value are recorded immediately in the excess of revenues over expenses.

Contributed Materials and Services
The financial statements do not account for the value of donated materials and services received by the Centre except for donated capital assets which are recorded at fair value.

The Centre recognizes in the financial statements contributions of materials and services, both as contributions and expenses, in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Centre's operations and would otherwise have been purchased. In 2026, the Centre was made use of a rent-free location for its Food Bank from January to May. The fair market value of this rent would have been $3,500/month and amounts to $17,500 on the statement of operations. In 2025, there was $42,000 of contributed rent.

Capital Assets
Purchased capital assets are recorded at acquisition cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. Repairs and maintenance costs are expensed. Betterments extending the estimated life of an asset are capitalized.

Amortization is calculated using the declining balance and straight-line methods at rates intended to mirror the asset's cost less salvage value over their estimated useful lives, using the following annual rates:

Buildings	4% Declining Balance
Vehicle	5 year Straight-Line
Furniture and Fixtures	5 year Straight-Line
Leasehold Improvements	8% Declining Balance

Financial Instruments
The Centre measures its financial instruments when the Centre becomes party to the contractual provisions of the financial instrument.

Financial instruments originated/acquired or issued/assumed in an arm's length transaction are initially recorded at their fair value. At initial recognition, the Centre may irrevocably elect to subsequently measure an arm's length financial instrument at fair value. The Centre has made such an election during the year.

The Centre subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

HOUSE OF LAZARUS MATILDA RESOURCE CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

2. SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

Financial Instruments - (Cont'd)
Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial Asset Impairment
The Centre assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Centre determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Centre reduces the carrying amount of any impaired financial assets to the highest of the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment which is not considered temporary is included in the current year excess (deficiency) of revenues over expenditures.

The Centre reverses impairment losses on financial assets when there is a decrease in impairment and it can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized and the excess (deficiency) of revenues over expenditures in the year the reversal occurs.

Measurement Uncertainty (Use of Estimates)
The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Estimates are used when accounting for the determination of the useful lives of capital assets. Actual results could differ from these estimates.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Revenue is recognized based on the estimated program expenses incurred. Accruals are estimated based on the payments made subsequent to year end. The valuation of contributed assets is based on third party valuations.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the current year revenues (under) over expenditures.

HOUSE OF LAZARUS MATILDA RESOURCE CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

3. INVESTMENTS

Investments consist of cash held for investment, equities recorded at fair value, and guaranteed investment certificates (GICs). Investments are recorded as short term due to the ability of the Centre to dispose of the equities at any time and the GICs are maturing in the next fiscal year.

	2026	2025
Measured at Fair Value:		
Cash	$ -	$ 28,088
Equities	-	46,725
	$ -	$ 74,813

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2026 Net	2025 Net
Land	$ 159,238	$ -	$ 159,238	$ 159,238
Building	1,352,189	174,768	1,177,421	912,002
Vehicle	7,500	7,500	-	1,500
Furniture and Equipment	106,342	56,612	49,730	6,683
Leasehold Improvements	24,423	5,958	18,465	2,060
	$ 1,649,692	$ 244,838	$ 1,404,854	$ 1,081,483

5. LINE OF CREDIT

The Centre opened a line of credit in the current fiscal year-end with total credit available of $100,000 at 5.45%. As at March 31, 2026, the balance of the line of credit was at $87,506.

6. DEFERRED CONTRIBUTIONS

Contributions received for specific programs are restricted for use on the applicable projects for which funding was received. Unspent restricted contributions are deferred. Changes in deferred contributions related to expenses of future periods are as follows:

	2026	2025
Balance, Beginning of Year	$ 161,067	$ 229,871
Restricted Program Contributions Received	258,167	417,829
Contributions Deferred as Capital Contributions	-	(85,720)
Contributions Recognized as Revenue	(307,701)	(400,913)
Balance, End of Year	$ 111,533	$ 161,067

HOUSE OF LAZARUS MATILDA RESOURCE CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognitions of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2026	2025
Balance, Beginning of Year	$ 134,158	$ 3,000
Amount Received for Capital Expenditures	49,649	132,658
Contributions Recognized as Revenue	(16,736)	(1,500)
Balance, End of Year	$ 167,071	$ 134,158

8. LONG TERM DEBT

	2026	2025
Kindred Credit Union, 5.45%, monthly interest-only payments, with principal due in March 2035.	$ 100,000	$ -

9. RELATED PARTY TRANSACTIONS

In the current fiscal year, material contracts were in place with a direct relative of a member of management. These contracts were fulfilled by the relative's corporation, and were arranged independent of management's input through its third-party general contractor. The contracts were related to a renovation project and new food bank building. The gross invoice amounts paid to the related party was $179,529 (2025 - $7,363). There were no outstanding balances to related parties at the end of the fiscal year.

10. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

11. FINANCIAL INSTRUMENTS

The Centre, as part of its operations, carries a number of financial instruments. It is management's opinion that the Centre is not exposed to significant interest or currency risks arising from these financial instruments unless otherwise disclosed.

Liquidity Risk
Liquidity risk is the risk that the Centre will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Centre's cash requirements.

HOUSE OF LAZARUS MATILDA RESOURCE CENTRE INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31

9. FINANCIAL INSTRUMENTS - Cont'd

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 Centre is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The maximum exposure to credit risk is the carrying value of accounts receivable on the statement of financial position. Accounts receivable or non-interest bearing and are generally due in 30 to 60 days.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency risk, interest risk, and other price risk. The Centre is exposed mainly to interest rate and other price risk, noted below.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre's main interest rate risk relates to its short term investments and long-term debt.

b) Other Price Risk

Other price risk is the risk that the fair value or a future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Centre's investments in equity funds expose the Centre to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.