

SPEROWAY >

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# financial statements

>YEAR ENDED JUNE 30, 2025

SPEROWAY>

# financial statements

>YEAR ENDED JUNE 30, 2025

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Speroway:

### Qualified Opinion

We have audited the financial statements of Speroway, the "Organization", which comprise the statement of financial position as at June 30, 2025, 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 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 June 30, 2025, 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 not-for-profit organizations, The Organization derives revenue from donations from interested persons, 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 Organization. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to donation revenues, excess of revenues over expenses, and cash flows for the years ended June 30, 2025 and June 30, 2024 and current assets and net assets as at June 30, 2025 and June 30, 2024. Our conclusion on the financial statements as at and for the year ended June 30, 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 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 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.

Waterloo, Ontario  
December 23, 2025

*MAC LLP.*  
LICENSED PUBLIC ACCOUNTANTS  
CHARTERED PROFESSIONAL ACCOUNTANTS

SPEROWAY>

# statement of financial position

>JUNE 30, 2025

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|  | 2025                | 2024                |
|--|---------------------|---------------------|
| <i>assets</i>                            |                     |                     |
| <b>current</b>                           |                     |                     |
| Cash                                     | \$ 363,846          | \$ 284,481          |
| Other investments (Note 3)               | 21,984              | 1,038,286           |
| Accounts receivable                      | 3,096               | 2,557               |
| Prepaid expenses                         | <u>30</u>           | <u>296</u>          |
|  | 388,956             | 1,325,620           |
| <b>non-current</b>                       |                     |                     |
| Note receivable (Note 4)                 | 900,000             | -                   |
| Property and equipment (Note 5)          | <u>3,087</u>        | <u>4,072</u>        |
|  | <u>\$ 1,292,043</u> | <u>\$ 1,329,692</u> |
| <i>liabilities</i>                       |                     |                     |
| <b>current</b>                           |                     |                     |
| Accounts payable and accrued liabilities | \$ 27,362           | \$ 6,661            |
| Deferred contributions (Note 6)          | <u>522,676</u>      | <u>585,877</u>      |
|  | <u>550,038</u>      | <u>592,538</u>      |
| <b>commitment (Note 7)</b>               |                     |                     |
| <i>net assets</i>                        |                     |                     |
| Invested in property and equipment       | 3,087               | 4,072               |
| Unrestricted                             | <u>738,918</u>      | <u>733,082</u>      |
|  | <u>742,005</u>      | <u>737,154</u>      |
|  | <u>\$ 1,292,043</u> | <u>\$ 1,329,692</u> |

Approved on behalf of the board:

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Director

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Director

SPEROWAY>

# statement of changes in net assets

>YEAR ENDED JUNE 30, 2025

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|   |  |                   | 2025              | 2024              |
|---|--|-------------------|-------------------|-------------------|
|   | invested in<br>property and<br>equipment | unrestricted      | total             | total             |
| <b>balance, beginning of year</b>       | \$ 4,072                                 | \$ 733,082        | \$ 737,154        | \$ 633,606        |
| Excess of revenue over expense for year | <u>(985)</u>                             | <u>5,836</u>      | <u>4,851</u>      | <u>103,548</u>    |
| <b>balance, end of year</b>             | <u>\$ 3,087</u>                          | <u>\$ 738,918</u> | <u>\$ 742,005</u> | <u>\$ 737,154</u> |

SPEROWAY>

# statement of operations

>YEAR ENDED JUNE 30, 2025

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|   | 2025             | 2024              |
|---|------------------|-------------------|
| <b>revenue</b>                                  |                  |                   |
| Gifts-in-kind                                   | \$ 6,574,825     | \$ 7,508,146      |
| Contributions (Note 8)                          | 699,681          | 885,723           |
| Government subsidies                            | 10,034           | 14,091            |
| Other income                                    | <u>-</u>         | <u>6,272</u>      |
|   | <u>7,284,540</u> | <u>8,414,232</u>  |
| <b>expenses (schedule A)</b>                    |                  |                   |
| Program   | 7,099,732        | 8,149,660         |
| Fundraising                                     | 159,802          | 146,601           |
| Administration                                  | <u>74,154</u>    | <u>65,503</u>     |
|   | <u>7,333,688</u> | <u>8,361,764</u>  |
| <b>income from operations</b>                   | (49,148)         | 52,468            |
| <b>other</b>                                    |                  |                   |
| Investment income (Note 9)                      | <u>53,999</u>    | <u>51,080</u>     |
| <b>excess of revenue over expenses for year</b> | <u>\$ 4,851</u>  | <u>\$ 103,548</u> |

SPEROWAY>

# statement of cash flows

>YEAR ENDED JUNE 30, 2025

|  | 2025              | 2024              |
|--|-------------------|-------------------|
| <b>operating activities</b>              |                   |                   |
| Excess of revenue over expenses for year | \$ 4,851          | \$ 103,548        |
| Adjustments for:                         |                   |                   |
| Amortization                             | 985               | 1,320             |
| Gain on sale of other investments        | (1,078)           | -                 |
| Donated investments                      | (9,645)           | (15,113)          |
| Reinvested investment income             | <u>(27,160)</u>   | <u>(37,626)</u>   |
|  | (32,047)          | 52,129            |
| Changes in non-cash working capital:     |                   |                   |
| Accounts receivable                      | (539)             | 2,805             |
| Prepaid expenses                         | 266               | 5,353             |
| Accounts payable and accrued liabilities | 20,701            | 2,118             |
| Deferred contributions                   | <u>(63,201)</u>   | <u>(123,986)</u>  |
|  | <u>(74,820)</u>   | <u>(61,581)</u>   |
| <b>financing activities</b>              |                   |                   |
| Repayment of long term debt              | <u>-</u>          | <u>(17,000)</u>   |
| <b>investing activities</b>              |                   |                   |
| Purchase of property and equipment       | -                 | (1,680)           |
| Proceeds on sale of other investments    | 1,054,185         | 142,840           |
| Purchase of other investments            | -                 | (263,333)         |
| Subscription to note receivable          | <u>(900,000)</u>  | <u>-</u>          |
|  | <u>154,185</u>    | <u>(122,173)</u>  |
| Increase in cash                         | 79,365            | (200,754)         |
| Cash balance, beginning of year          | <u>284,481</u>    | <u>485,235</u>    |
| <b>cash balance, end of year</b>         | <u>\$ 363,846</u> | <u>\$ 284,481</u> |

# notes to financial statements

&gt;JUNE 30, 2025

## 1. purpose of organization

The mission of Speroway, the "Organization", is to provide food, clothing, medical supplies and equipment, educational materials, and other supplies to needy families and children, at home and abroad. The Organization is incorporated under the Canada Not-for-Profit Corporations Act and is a registered charity for Canadian Income Tax purposes. The Organization works in partnership with other relief and development organizations around the world.

## 2. significant accounting policies

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

**Revenue Recognition** - The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received. Restricted contributions are recognized as revenue when the corresponding expense is incurred.

Gifts-in-Kind, "GIK", are valued at 75% of their estimated fair value. The recognition of GIK revenue is limited to donations where the Organization takes possession or constructive title of the GIK and either the Organization was the original recipient of the gift or was involved in the partnership with the end-user agency, or the gift was used in the Organization's programs. GIK are recorded as revenue at such time as the goods are received for charitable purposes.

Government subsidies include amounts received under the Canada Summer Jobs Program. Government subsidies are recognized as revenue in the year in which the related expenses are incurred.

Investment income is recognized as it is earned.

**Property and Equipment** - Property and equipment are recorded at cost. Contributed property and equipment are recorded at the fair market value at the date of contribution. Amortization is provided in the accounts using the following methods and annual rates:

| Asset                  | Method           | Rate       |
|------------------------|------------------|------------|
| Computer equipment     | Reducing balance | 30 %       |
| Furniture and fixtures | Reducing balance | 20 %       |
| Warehouse equipment    | Reducing balance | 30 %       |
| Vehicles               | Reducing balance | 30 %       |
| Leasehold improvements | Straight Line    | lease term |

Property and equipment acquired during the year are amortized at one half the above annual rates.

**Cloud Computing Arrangements** - At the inception of a cloud computing arrangement, the Organization allocates the consideration to significant separable elements based on their specific sales price. Development costs and costs related to the right to use a tangible asset are recognized according to the applicable accounting policies for such elements.

# notes to financial statements

>JUNE 30, 2025

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To account for expenditures in a cloud computing arrangement that fall within the scope of AcG-20, Customer's Accounting for Cloud Computing Arrangements, the Organization has opted for the simplification approach. Accordingly, such expenditures are treated as the supply of services and recognized as an expense when the services are received. These expenses are presented under the "Office" line on the functional expenses schedule.

The Organization recognizes prepayments as an asset when payments are made in advance for services not yet received. These prepayments are subsequently expensed as the services are consumed.

Costs related to implementation activities, including configuration and customization, are expensed as incurred unless they meet the criteria for capitalization under other applicable accounting standards.

**Contributed Materials and Services** - The Organization is dependent upon many hours of service contributed by volunteers. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

**Disclosure and 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Estimates are used when accounting for certain items such as revenues, valuation of gifts in kind, allowance for doubtful accounts, useful lives of property and equipment, and asset impairments.

## **Financial Instruments**

*Initial measurement* - The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value.

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.

*Subsequent measurement* - The Organization subsequently measures all its financial assets and financial liabilities originated or exchanged in arm's length transactions at amortized cost. Financial assets and financial liabilities originated in related party transactions are subsequently measured at cost. Any reduction for impairment is recognized in net income, in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable and note receivable.

The Organization's financial assets measured at fair value include other investments.

The Organization has not designated any financial liability to be measured at fair value.

# notes to financial statements

&gt;JUNE 30, 2025

*Transaction costs* - The Organization recognizes its transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction 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.

*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 net income.

**Allocation of expenses** - The Organization incurs salaries and benefits and general and administrative support expenses that are common to the administration of the Organization and to each program that it operates. Salaries and benefits are allocated proportionately based on the percentage of time spent on specific activities. All other expenses are allocated based on the percentages or dollar amount per program activity.

### 3. other investments

The major categories of other investments are as follows:

|   | 2025             | 2024                |
|---|------------------|---------------------|
| Equity mutual funds                           | \$ -             | \$ 966,435          |
| Mortgage investments maturing within one year | <u>21,984</u>    | <u>71,851</u>       |
|   | <u>\$ 21,984</u> | <u>\$ 1,038,286</u> |

### 4. note receivable

The note receivable is unsecured and bears interest at 10% per annum. The note is due upon 90 days written notice by the Organization, which can be requested two years after the issuance date.

# notes to financial statements

&gt;JUNE 30, 2025

## 5. property and equipment

|                        | cost              | accumulated<br>amortization | net<br>2025     | net<br>2024     |
|------------------------|-------------------|-----------------------------|-----------------|-----------------|
| Computer equipment     | \$ 47,587         | \$ 46,454                   | \$ 1,133        | \$ 1,619        |
| Furniture and fixtures | 51,095            | 49,192                      | 1,903           | 2,379           |
| Warehouse equipment    | 5,437             | 5,413                       | 24              | 35              |
| Vehicles               | 4,020             | 3,993                       | 27              | 39              |
| Leasehold Improvements | <u>17,540</u>     | <u>17,540</u>               | <u>-</u>        | <u>-</u>        |
|                        | <u>\$ 125,679</u> | <u>\$ 122,592</u>           | <u>\$ 3,087</u> | <u>\$ 4,072</u> |

## 6. deferred contributions

Deferred contributions represent unspent resources restricted by the donor. Changes in the deferred contributions are as follows:

|   | 2025              | 2024              |
|---|-------------------|-------------------|
| Balance, beginning of year                | \$ 585,877        | \$ 709,863        |
| Amounts received during the year          | 228,346           | 262,268           |
| Amounts recognized as revenue in the year | <u>(291,547)</u>  | <u>(386,254)</u>  |
| Balance, end of year                      | <u>\$ 522,676</u> | <u>\$ 585,877</u> |

## 7. commitment

The Organization is obligated under a leasing contract for the premises from which it operates. The lease term ends December 2026 and future minimum lease payments under the contracts are as follows:

|      |           |
|------|-----------|
| 2026 | \$ 25,175 |
| 2027 | \$ 12,753 |

## 8. contributions

Contributions recognized as revenue on the statement of operations are reconciled to cash contributions received during the year as follows:

|  | 2025              | 2024              |
|--|-------------------|-------------------|
| Cash contributions received during the year      | \$ 636,480        | \$ 761,737        |
| Decrease in deferred contributions for the year  | <u>63,201</u>     | <u>123,986</u>    |
| Contributions recognized as revenue for the year | <u>\$ 699,681</u> | <u>\$ 885,723</u> |

# notes to financial statements

&gt;JUNE 30, 2025

## 9. investment income

Investment income is composed of the following amounts:

|                                | 2025             | 2024             |
|--------------------------------|------------------|------------------|
| Interest income                | \$ 52,921        | \$ 51,001        |
| Net gains recognized           | 1,078            | -                |
| Unrealized gain on investments | <u>-</u>         | <u>79</u>        |
|                                | <u>\$ 53,999</u> | <u>\$ 51,080</u> |

## 10. financial instruments

**Risk Management** - The significant risks to which the Organization is exposed are liquidity risk, credit risk and currency risk. During the year, the Organization changed its investment strategy and is now exposed to credit risk.

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

**Credit Risk** - The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its note receivable. The note is unsecured and the maximum exposure to credit risk is the carrying value of the note receivable on the balance sheet.

**Currency Risk** - The Organization realizes approximately 2% (2024 - 22%) of its monetary revenue and incurs approximately 2% (2024 - 24%) of its monetary expenses in foreign currency. Consequently, some assets, revenues and expenses are exposed to foreign exchange fluctuations. As at June 30, 2025, cash of \$10,238USD (2024 - \$8,596USD) is denominated in US dollars.

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# schedule A - functional expenses

>YEAR ENDED JUNE 30, 2025

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|                                  | program             | fundraising       | administration   | 2025<br>total       | 2024<br>total       |
|----------------------------------|---------------------|-------------------|------------------|---------------------|---------------------|
| Advertising and public relations | \$ 15,843           | \$ 59,665         | \$ 3,424         | \$ 78,932           | \$ 65,250           |
| Amortization                     | -                   | -                 | 985              | 985                 | 1,320               |
| Bank charges and interest        | 120                 | 7,763             | 4,044            | 11,927              | 12,212              |
| Direct program services          | 6,845,020           | 1,441             | 1,441            | 6,847,902           | 7,885,419           |
| Human resources                  | 153,732             | 68,078            | 50,501           | 272,311             | 247,608             |
| Insurance                        | 1,576               | 263               | 263              | 2,102               | 4,257               |
| Office                           | 11,007              | 5,232             | 3,827            | 20,066              | 20,225              |
| Professional fees                | 9,046               | 1,508             | 1,508            | 12,062              | 13,727              |
| Rent                             | 18,261              | 3,043             | 3,043            | 24,347              | 23,519              |
| Telephone                        | 4,814               | 803               | 803              | 6,420               | 6,046               |
| Travel                           | 40,313              | 12,006            | 4,235            | 56,554              | 76,792              |
| Vehicle                          | -                   | -                 | 80               | 80                  | 5,389               |
|                                  | <u>\$ 7,099,732</u> | <u>\$ 159,802</u> | <u>\$ 74,154</u> | <u>\$ 7,333,688</u> | <u>\$ 8,361,764</u> |

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# schedule A - functional expenses

>YEAR ENDED JUNE 30, 2024

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|                                  | program             | fundraising       | administration   | total               |
|----------------------------------|---------------------|-------------------|------------------|---------------------|
| Advertising and public relations | \$ 14,033           | \$ 47,385         | \$ 3,832         | \$ 65,250           |
| Amortization                     | -                   | -                 | 1,320            | 1,320               |
| Bank charges and interest        | 2,751               | 7,395             | 2,066            | 12,212              |
| Direct program services          | 7,882,493           | 1,463             | 1,463            | 7,885,419           |
| Human resources                  | 143,999             | 59,249            | 44,360           | 247,608             |
| Insurance                        | 3,193               | 532               | 532              | 4,257               |
| Office                           | 12,886              | 3,637             | 3,702            | 20,225              |
| Professional fees                | 8,795               | 3,466             | 1,466            | 13,727              |
| Rent                             | 17,639              | 2,940             | 2,940            | 23,519              |
| Telephone                        | 4,534               | 756               | 756              | 6,046               |
| Travel                           | 55,296              | 19,104            | 2,392            | 76,792              |
| Vehicle                          | <u>4,041</u>        | <u>674</u>        | <u>674</u>       | <u>5,389</u>        |
|                                  | <u>\$ 8,149,660</u> | <u>\$ 146,601</u> | <u>\$ 65,503</u> | <u>\$ 8,361,764</u> |