COMPASSION CANADA

FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026

JUNE 30, 2026
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INDEPENDENT AUDITORS' REPORT

To the Members of
Compassion Canada

Opinion

We have audited the accompanying financial statements of **Compassion Canada** (the Organization), which comprise the statement of financial position as at June 30, 2026, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2026, and 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 opinion.

Other Matter

The financial statements of **Compassion Canada** for the year ended June 30, 2025 were audited by another auditor who expressed a unqualified opinion on these financial statements on September 12, 2025.

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 the Board of Directors 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.

Auditors' 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 auditors' 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 auditors' 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.



Cambridge, Ontario
September 11, 2026

Chartered Professional Accountants, authorized to practise public accounting by the Chartered Professional Accountants of Ontario

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2026

	Operating Fund $	Capital Fund $	Planned Giving Fund $	2026 $	2025 $
Revenue					
Child and youth development	**63,874,559**			**63,874,559**	62,379,848
Complementary interventions	**8,312,343**			**8,312,343**	9,140,802
Survival	**2,608,367**			**2,608,367**	2,453,632
Investments	**325,216**	**461,566**	**236**	**787,018**	585,064
Other	**71,134**			**71,134**	68,063
	75,191,619	**461,566**	**236**	**75,653,421**	74,627,409
Expenditures					
Program activities					
Child and youth development	**54,352,015**			**54,352,015**	53,276,456
Complementary interventions	**6,650,657**			**6,650,657**	7,320,492
Survival	**2,086,694**			**2,086,694**	1,928,002
	63,089,366			**63,089,366**	62,524,950
Fundraising	**8,276,068**			**8,276,068**	8,204,636
Administration	**5,456,924**	**(130,193)**		**5,326,731**	5,097,584
Total expenditures	**76,822,358**	**(130,193)**		**76,692,165**	75,827,170
Excess (deficiency) of revenue over expenditures	**(1,630,739)**	**591,759**	**236**	**(1,038,744)**	(1,199,761)
Fund balances, beginning of year	**7,494,408**	**3,689,774**	**282,296**	**11,466,478**	12,666,239
Fund balances, end of year	**5,863,669**	**4,281,533**	**282,532**	**10,427,734**	11,466,478

The explanatory financial notes form an integral part of these financial statements.

FINANCIAL POSITION
JUNE 30, 2026

	Operating Fund $	Capital Fund $	Planned Giving Fund $	2026 $	2025 $
ASSETS					
Cash	**3,788,673**	**39,024**		**3,827,697**	4,473,989
Investments (note 3)	**6,112,755**	**1,909,459**	**45,824**	**8,068,038**	7,982,599
Prepaid expenses and HST receivable	**715,156**			**715,156**	577,335
Interfund balance	**(415,132)**	**428,424**	**(13,292)**		
Current assets	**10,201,452**	**2,376,907**	**32,532**	**12,610,891**	13,033,923
Other assets			**250,000**	**250,000**	250,000
Capital assets (note 5)		**1,916,488**		**1,916,488**	1,981,151
	10,201,452	**4,293,395**	**282,532**	**14,777,379**	15,265,074
LIABILITIES					
Accounts payable and accrued liabilities (note 6)	**704,724**	**11,862**		**716,586**	918,563
Program support and gifts payable	**2,249,293**			**2,249,293**	1,412,472
Deferred contributions	**1,383,766**			**1,383,766**	1,467,561
	4,337,783	**11,862**		**4,349,645**	3,798,596
FUND BALANCES					
Equity in capital assets		**1,916,488**		**1,916,488**	1,981,151
Externally restricted			**275,000**	**275,000**	275,000
Internally restricted		**2,365,045**	**7,532**	**2,372,577**	1,715,919
Operating	**5,863,669**			**5,863,669**	7,494,408
	5,863,669	**4,281,533**	**282,532**	**10,427,734**	11,466,478
	10,201,452	**4,293,395**	**282,532**	**14,777,379**	15,265,074

APPROVED BY THE BOARD:



Director



Director

The explanatory financial notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2026

	Operating Fund $	Capital Fund $	Planned Giving Fund $	2026 $	2025 $
Cash flows from operating activities					
Excess (deficiency) of revenue over expenditures	**(1,630,739)**	**591,759**	**236**	**(1,038,744)**	(1,199,761)
Items not involving cash					
Amortization		**229,808**		**229,808**	229,460
Net change in non-cash operating working capital (note 4)	**497,990**	**(87,024)**	**2,262**	**413,228**	186,037
	(1,132,749)	**734,543**	**2,498**	**(395,708)**	(784,264)
Cash flows from investment activities					
Purchase of capital assets		**(165,145)**		**(165,145)**	(121,101)
Change in investments	**458,249**	**(530,374)**	**(13,314)**	**(85,439)**	549,568
	458,249	**(695,519)**	**(13,314)**	**(250,584)**	428,467
Net increase (decrease) in cash	**(674,500)**	**39,024**	**(10,816)**	**(646,292)**	(355,797)
Cash, beginning of year	**4,463,173**		**10,816**	**4,473,989**	4,829,786
Cash, end of year	**3,788,673**	**39,024**		**3,827,697**	4,473,989

The explanatory financial notes form an integral part of these financial statements.

1. Nature of Organization

Compassion Canada (the "Organization") is a leading child development organization. Its mission is to release children from poverty in Jesus' name.

For over 60 years, Compassion Canada has helped to revolutionize the fight against global poverty by partnering with local churches to lift children out of spiritual, economic, social and physical poverty.

Compassion Canada is incorporated, without share capital, under the Canada Not-for-profit Corporations Act. The Organization is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

2. Summary of Significant Accounting Policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting

To ensure observation of restrictions placed on the use of resources available to Compassion Canada, the accounts are maintained in accordance with the principles of fund accounting. The resources are classified for accounting and reporting purposes into the following funds which have been established according to their nature and purpose:

The **Operating Fund** is composed of three main programs: Child and Youth Development Program, Complementary Interventions, and Survival. Accumulated operating surplus is to be used for future operating expenditures (fundraising and administration).

The **Capital Fund** reports the assets, liabilities, revenues and expenses related to the Organization's property, building, and equipment. The costs of the Organization's property, building, and equipment are reported in the Capital Fund which in turn charges the Operating Fund an asset use fee for the use of these assets. The asset use fee charged has been disclosed in Note 5 to the financial statements.

The **Planned Giving Fund** consists of annuities and a fully funded universal life insurance policy. The Organization receives any excess funds remaining upon the death of the annuitant, and all of the proceeds on the death of the life insured.

(b) Revenue recognition

The Organization follows the restricted fund method of accounting for contributions.

Restricted contributions related to program and operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Contributions toward capital assets are recognized as revenue to the Capital Fund.

Unrestricted contributions are recognized as revenue in the year received. Investment income is recognized as revenue as earned.

2. Summary of Significant Accounting Policies (Continued)

(b) Revenue recognition (continued)

Donations in-kind consist of life insurance policies and marketable securities. The donation of a life insurance policy is recognized as revenue in the period in which the Organization is named owner and beneficiary and the policy is fully funded. Donations of marketable securities are recognized as revenue in the period in which the organization receives the securities, based on the quoted market value of the securities at that time.

(c) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(d) Allocation of expenditures

Expenditures are recorded and reported by program and support services. Certain employees perform a combination of program, fundraising and administrative activities. As a result, compensation expenditures are allocated based on time dedicated to the activity. Other operating and general expenditures, including professional and consulting fees, technology support and occupancy expenditures, have been allocated based on the level of benefit received by each program and support service.

(e) Financial instruments

Fixed income financial instruments are reported at cost less impairment. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Marketable Securities and Mutual Funds that are traded in an active market are initially and subsequently measured at fair value, with changes in fair value recognized in the statements of operations.

(f) Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization expense is reported in the Capital Fund net of an annual asset use fee charged to the Operating Fund. Amortization is provided on a straight-line basis over the estimated useful lives of capital assets as follows:

Building	Retire in 2043
Building equipment and improvements	5 - 10 years
Office furniture, computer hardware and software	3 - 10 years

(g) Use of estimates

The preparation of these financial statements in conformity 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

2. Summary of Significant Accounting Policies (Continued)

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash on deposit, payments issued and outstanding, investments in high interest bank accounts and 90-day term deposits.

3. Investments

	2026 $	2025 $
Government and Corporate Bonds	**3,366,058**	3,866,059
Guaranteed Investment Certificate	**200,000**	900,000
Marketable Securities	**3,273,169**	2,527,241
Mutual Funds	**1,228,811**	689,299
	8,068,038	7,982,599

Investments are chosen to provide diversification in the overall portfolio needed to provide investment income while minimizing the risk of losing principal as a long-term strategy. For managed investment portfolios, funds are selected that are committed to following strict environmental, social and governance screening processes. For fixed income investing, an ethical screening approach is taken to evaluate all entities including the elimination of investing in any entity that violates Human Rights/Child Labour standards.

The fair value of investments was determined by reference to published price quotations in an active market. Investment income includes interest and realized gains on fixed income investments and realized and unrealized gains and losses on mutual funds and marketable securities.

Government and Corporate Bonds have effective interest rates of 0.50% to 6.50% (0.25% to 6.50% in 2025) and mature between 2027 and 2031. The Guaranteed Investment Certificate has an effective interest rate of 2.00% (2.00% in 2025) and matures in 2026.

4. Net Change in Non-cash Operating Working Capital

Prepaid expenses and HST receivable	**(137,821)**	(85,396)
Accounts payable and accrued liabilities	**(201,977)**	(147,254)
Program support and gifts payable	**836,821**	425,890
Deferred contributions	**(83,795)**	(7,203)
	413,228	186,037

	2026 $	2025 $
5. Capital Assets		
Cost		
Land	**50,000**	50,000
Building	**3,717,602**	3,632,399
Computer hardware and software	**2,153,841**	2,104,103
Office furniture and equipment	**506,333**	476,129
	6,427,776	6,262,631
Accumulated amortization		
Building	**2,158,770**	2,016,243
Computer hardware and software	**2,061,700**	2,015,564
Office furniture and equipment	**290,818**	249,673
	4,511,288	4,281,480
Net Book Value	**1,916,488**	1,981,151

Amortization for the year amounted to $229,808 ($229,460 in 2025). The asset use fees, net of other general capital expenses, for the year are $360,000 ($348,000 in 2025).

6. Accounts Payable and Accrued Liabilities

There were no amounts payable with respect to government remittances as of the year end date.

7. International Ministry Agreements

The Organization conducts its child and youth development program overseas under a Master Agency Agreement with Compassion International of Colorado Springs, Colorado.

8. Group Pension Plan

The Organization operates a defined contribution registered pension plan (RPP). Employer contributions during the year were $497,330 ($533,770 in 2025).

9. Capital Disclosures

The Organization's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to respond to the physical and spiritual needs of children in the developing world and their communities by encouraging vision, providing resources and developing skills. As the Organization is a not-for-profit organization, this objective is dependent on the support of individual donors throughout Canada.

The Organization defines its capital as its Fund balances. The Organization manages the capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. To facilitate the management of its capital requirements, the Organization prepares annual revenue and expenditure budgets which are based on established and projected funding needs for the year. These budgets are updated as necessary, depending on changes in circumstances, and are approved by the Board of Directors.

There have been no changes in what the Organization defines as capital, or the objectives, policies, and procedures for managing capital in the year.

10. Financial Instruments

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the year end date.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its accounts payable and program support and gifts payable. This risk is reduced because of considerable sums held in investments.

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 entity is not subject to significant credit risk.

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 three types of risk: currency risk, interest rate risk and other price risk. The entity is exposed to interest rate risk and other price risk as a result of holdings in its investment portfolio.