Hospital Family Houses of Ontario

Financial Statements

Year ended December 31, 2025

PM

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Independent Auditor's Report

To the Directors of Hospital Family Houses of Ontario

Opinion

We have audited the financial statements of Hospital Family Houses of Ontario (the "Organization"), which comprise the statement of financial position as at December 31, 2025, 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, the accompanying financial statements present fairly, in all material respects, the financial position of Hospital Family Houses of Ontario as at December 31, 2025, 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 Opinion

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 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 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.

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

Pettinelli Mastroluisi LLP

Chartered Professional Accountants
Licensed Public Accountants

Hamilton, Ontario
June 1, 2026

Hospital Family Houses of Ontario

Statement of Financial Position
December 31, 2025, with comparative information for 2024

	General Fund	Capital Fund	December 31 2025 Total	December 31 2024 Total
Assets				
Current assets				
Cash and cash equivalents (Note 2)	$ 273,008	$ 636,833	$ 909,841	$ 748,572
Accounts receivable	4,380	-	4,380	6,060
GST/HST Public Service Bodies' Rebate receivable	13,076	943	14,019	14,119
Prepaid expenses and deposits	39,254	-	39,254	58,237
	329,718	637,776	967,494	826,988
Building improvements, furniture, fixtures and equipment (Note 3)	-	1,742,578	1,742,578	1,773,808
	$ 329,718	$ 2,380,354	$ 2,710,072	$ 2,600,796
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 4)	$ 41,176	$ 971	$ 42,147	$ 33,871
Deferred contributions (Note 5)	89,760	-	89,760	-
	130,936	971	131,907	33,871
Net Assets				
Unrestricted	198,782	-	198,782	167,438
Externally restricted	-	66,815	66,815	118,281
Internally restricted	-	569,990	569,990	507,398
Invested in capital assets	-	1,742,578	1,742,578	1,773,808
	198,782	2,379,383	2,578,165	2,566,925
	$ 329,718	$ 2,380,354	$ 2,710,072	$ 2,600,796

Commitments (Note 6)

See accompanying notes to financial statements.

APPROVED BY THE BOARD:

_______________________ **Director**

_______________________ **Director**

Hospital Family Houses of Ontario

Statement of Operations and Changes in Net Assets
Year ended December 31, 2025, with comparative information for 2024

	Year ended December 31, 2025 General Fund	Year ended December 31, 2025 Capital Fund	Year ended December 31, 2025 Total	Year ended December 31, 2024 General Fund	Year ended December 31, 2024 Capital Fund	Year ended December 31, 2024 Total
Revenues						
Donations and grants from other organizations	$ 524,497	$ -	$ 524,497	$ 410,582	$ 153,000	$ 563,582
Accommodation rent	333,735	-	333,735	320,200	-	320,200
Fundraising	127,121	-	127,121	107,218	-	107,218
Interest and investment income	35	4,889	4,924	-	8,522	8,522
	985,388	4,889	990,277	838,000	161,522	999,522
Expenses						
Wages and benefits	546,163	-	546,163	524,413	-	524,413
Office and general	92,690	-	92,690	76,894	-	76,894
Amortization	-	86,644	86,644	-	79,037	79,037
Insurance	39,462	-	39,462	35,596	-	35,596
Professional fees	38,040	-	38,040	11,425	-	11,425
Other fundraising	35,877	-	35,877	23,181	-	23,181
Repairs and maintenance	31,940	-	31,940	23,190	4,745	27,935
Utilities	29,725	-	29,725	27,639	-	27,639
Telecommunications and security	20,966	-	20,966	21,245	-	21,245
Property tax	20,037	-	20,037	18,994	-	18,994
Advertising and promotion	18,379	-	18,379	9,998	-	9,998
Interest and bank charges	14,555	-	14,555	11,849	-	11,849
Equipment rental	2,973	-	2,973	3,243	-	3,243
Volunteering	1,584	-	1,584	2,272	-	2,272
Rent (Note 6)	2	-	2	2	-	2
	892,393	86,644	979,037	789,941	83,782	873,723
Excess (deficiency) of revenues over expenses for the year	92,995	(81,755)	11,240	48,059	77,740	125,799
Net assets at the beginning of the year	167,438	2,399,487	2,566,925	178,659	2,262,467	2,441,126
Interfund transfers (Note 7)	(61,651)	61,651	-	(59,280)	59,280	-
Net assets at the end of the year	$ 198,782	$ 2,379,383	$ 2,578,165	$ 167,438	$ 2,399,487	$ 2,566,925

See accompanying notes to financial statements.

Hospital Family Houses of Ontario

Statement of Cash Flows
Year ended December 31, 2025, with comparative information for 2024

	Year ended December 31 2025	2024
Cash flows from (used in) operating activities		
Excess of revenues over expenses for the year	$ 11,240	$ 125,799
Items not involving cash		
Amortization	86,644	79,037
Realized and unrealized income on short-term investments	-	(1,757)
	97,884	203,079
Net change in non-cash working capital balances relating to operations		
Accounts receivable	1,680	(600)
GST/HST Public Service Bodies' Rebate receivable	100	(5,589)
Prepaid expenses and deposits	18,983	(9,680)
Accounts payable and accrued liabilities	8,276	(10,112)
Deferred contributions	89,760	-
	118,799	(25,981)
	216,683	177,098
Cash flows from (used in) investing activities		
Purchase of building improvements, furniture, fixtures and equipment	(55,414)	(47,767)
Proceeds of short-term investments	-	177,115
	(55,414)	129,348
Net increase in cash and cash equivalents during the year	161,269	306,446
Cash and cash equivalents at beginning of the year	748,572	442,126
Cash and cash equivalents at end of the year	$ 909,841	$ 748,572

See accompanying notes to financial statements.

Nature of operations

Hospital Family Houses of Ontario (the "Organization") is a not-for-profit organization which was incorporated by issue of letters patent under the laws of Ontario on June 8, 2001. The Organization is currently operating under the name "The Mark Preece Family House", in honour of a Hamilton area physician who passed away in 1997. The Organization's mission is to operate a "home away from home" that provides affordable, accessible accommodation in a compassionate environment for families receiving treatment in Hamilton area hospitals.

As a registered charity, Hospital Family Houses of Ontario is exempt from income taxes under the Income Tax Act (Canada).

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations as found in Part III of the CPA Canada Handbook. The significant accounting policies are detailed as follows:

Cash and cash equivalents

Cash consists of balances held with financial institutions, net of outstanding cheques and deposits. Cash equivalents include investments in money market instruments and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Building improvements, furniture, fixtures and equipment

Building improvements, furniture, fixtures and equipment are recorded at cost. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the building improvements, furniture, fixtures and equipment over their estimated useful lives. The annual amortization rates are as follows:

Building improvements	40 years
Furniture, fixtures and equipment	10-15 years
Computer equipment	3 years
Signs	10 years

Expenditures for repairs and maintenance are charged to excess (deficiency) of revenues over expenses in the period incurred.

1. Significant accounting policies, continued

Impairment of long-lived assets

Long-lived assets, which comprise building improvements, furniture, fixtures and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Fund accounting

The General Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted contributions and restricted contributions to be used for general operations.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Organization's capital assets. Restricted contributions for the purpose of capital expenditures, repairs and replacements are reported in this fund.

Revenue recognition

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

Unrestricted contributions or contributions provided for general or core operating purposes are recognized as revenue of the General Fund in the year they are received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions for the purchase of capital assets or other capital expenditures, repairs and replacements are recognized as revenue of the Capital Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Organization records contributed materials and services when a fair value can be reasonably estimated, when the materials and services are used in the normal course of operations, and when they otherwise would have been purchased. A substantial number of volunteers contribute their time to the Organization each year but because of the difficulty of determining the fair value, these contributed services are not recognized in the financial statements.

Unless restricted, investment income is recognized in the General Fund as income when earned. Restricted investment income is recognized in the corresponding restricted fund or in the General Fund subject to deferral if such restricted fund does not exist. Interest and investment income earned on internally restricted fund balances is recognized as revenue in the corresponding fund when earned.

1. Significant accounting policies, continued

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the year. Significant estimates exist related to the useful lives of building improvements, furniture, fixtures and equipment. Actual results could differ from those estimates.

Financial instruments

(i) Measurement of financial instruments

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated and exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost. The cost of the financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of a financial asset or liability in a related party transaction that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, its cost is determined using the consideration transferred or received by the Organization in the transaction.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenues over expenses in the period incurred.

Financial assets measured at cost or amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, 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 excess (deficiency) of revenues over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 excess (deficiency) of revenues over expenses.

1. Significant accounting policies, continued

Financial instruments, continued

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in excess (deficiency) of revenues over expenses in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in excess (deficiency) of revenues over expenses over the life of the instrument using the straight-line method.

2. Cash and cash equivalents

Included in cash and cash equivalents is a money market savings account product in the amount of $116,443 (2024 - $113,742) bearing interest at a rate of 1.80% (2024 - 2.80%) as well as a cashable GIC in the amount of $50,000 (2024 - $50,000) bearing interest at a rate of 3.50% (2024 - 3.50%) which matures on October 5, 2026.

3. Building improvements, furniture, fixtures and equipment

			December 31	
	Cost	Accumulated Amortization	2025 Net Book Value	2024 Net Book Value
Building improvements	$ 2,403,829	$ 830,060	$ 1,573,769	$ 1,633,857
Furniture, fixtures and equipment	519,224	385,027	134,197	128,693
Computer equipment	51,685	27,194	24,491	11,258
Signs	10,654	533	10,121	-
	$ 2,985,392	$ 1,242,814	$ 1,742,578	$ 1,773,808

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of $1,610 (2024 - $15,090), which includes amounts payable for payroll related taxes.

5. Deferred contributions

The deferred contributions reported in the General Fund represents an unspent restricted operating grant and other restricted contributions intended to cover operating expenses in a subsequent period. The change in the deferred contributions balance is as follows:

	December 31 2025	2024
Balance, beginning of year	$ -	$ -
Add: Donations and grants received	97,760	-
Less: Funds used for operations and recognized as revenue	(8,000)	-
Balance, end of year	$ 89,760	$ -

The balance of deferred contributions is comprised of:

	December 31 2025	2024
Unspent operating grant	$ 80,000	$ -
Operating sponsorship of future period	7,260	-
Contribution to future fundraising event	2,500	-
	$ 89,760	$ -

6. Commitments

The Organization leases equipment pursuant to an operating lease agreement. Future minimum lease payments are as follows:

2026	$ 1,764
2027	1,764
2028	1,764
2029	1,617
	$ 6,909

The Organization leases land and building from Hamilton Health Sciences for a nominal amount of $2 per year. During the year, a new lease agreement was entered into which extended the term of the lease to 2045 under substantially the same terms as the previous lease. The Organization may purchase the land and building at any time during the term of the lease, with a two year notice period, for $2.

7. Interfund transfers

During the year, the Organization transferred $61,651 (2024 - $59,280) from the unrestricted General Fund to the Capital Fund to support ongoing renovations, improvements and capital expenditures, consistent with the budgeted amount for the fiscal year.

8. Financial instruments risks and uncertainties

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. It is management's opinion that the Organization is not exposed to significant currency, foreign exchange, concentration of credit or interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors on a timely basis or at a reasonable cost. The Organization is exposed to liquidity risk in respect of accounts payable and accrued liabilities. The Organization reduces its exposure to liquidity risk by monitoring its operating requirements and preparing budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Management does not believe there has been a significant change to liquidity risk from the prior year and continues to assess the risk as low.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization is exposed to credit risk with respect to accounts receivable. The Organization reduces its exposure to credit risk by regularly reviewing the balance outstanding and creating an allowance for bad debts when applicable. Management does not believe there has been a significant change to credit risk from the prior year and continues to assess the risk as low.

9. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year's excess (deficiency) of revenues over expenses or net assets.