COMPASSION HOUSE FOUNDATION

Financial Statements

Year Ended December 31, 2025

COMPASSION HOUSE FOUNDATION
Index to Financial Statements
Year Ended December 31, 2025

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June 29, 2026
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Members of Compassion House Foundation

Opinion

We have audited the financial statements of Compassion House Foundation (the Foundation), which comprise the statement of financial position as at December 31, 2025, and the statements of revenues and expenditures, changes in net assets and cash flow 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 Foundation as at December 31, 2025, and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 Foundation in accordance with 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 ASNPO, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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.

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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 Foundation'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 Foundation'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 Foundation 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.

Kingston Ross Pasnak LLP

Kingston Ross Pasnak LLP
Chartered Professional Accountants

COMPASSION HOUSE FOUNDATION

Statement of Revenues and Expenditures

Year Ended December 31, 2025

		2025 *(12 months)*		2024 *(10 months)*
REVENUES				
Compassion House Foundation *(Schedule 2)*	**$**	**997,258**	$	830,126
Investments *(Schedule 3)*		**332,451**		351,357
Sorrentino's Compassion House *(Schedule 4)*		**311,069**		232,854
Peer to Peer Fundraising *(Schedule 6)*		**26,796**		-
General *(Schedule 5)*		**9,868**		13,252
		1,677,442		1,427,589
EXPENSES				
Sorrentino's Compassion House *(Schedule 4)*		**824,358**		677,288
Compassion House Foundation *(Schedule 2)*		**387,828**		382,550
General *(Schedule 5)*		**256,770**		140,853
Peer to Peer Fundraising *(Schedule 6)*		**102,231**		41,846
Investments *(Schedule 3)*		**29,820**		22,228
		1,601,007		1,264,765
EXCESS OF REVENUES OVER EXPENSES	**$**	**76,435**	$	162,824

COMPASSION HOUSE FOUNDATION

Schedule of Expenses by Object ***(Schedule 1)***

Year Ended December 31, 2025

	2025 (12 months)	2024 (10 months)
DIRECT EXPENSES		
Fundraising	**$ 47,954**	$ 41,846
In-kind donations	**11,916**	12,968
Special events	**1,901**	9,153
	61,771	63,967
OPERATING EXPENSES		
Salaries and benefits	**892,582**	717,893
Amortization	**122,351**	102,669
Repairs and maintenance	**105,124**	86,969
Professional fees	**73,455**	11,175
Computer maintenance	**67,759**	63,282
Promotion	**64,346**	36,326
Telephone and utilities	**58,732**	49,184
Supplies	**44,265**	37,378
Insurance	**30,447**	26,669
Investment management fees	**29,820**	22,228
Education and training	**14,974**	9,178
Interest and bank charges	**9,600**	7,038
Accommodation subsidy	**8,293**	11,334
Programs and community relations	**7,698**	5,564
Advertising	**5,214**	6,781
Business licenses	**1,651**	3,561
Travel	**1,560**	1,790
Donor recognition	**1,249**	1,116
Postage and courier	**116**	663
	1,539,236	1,200,798
TOTAL EXPENSES	**$ 1,601,007**	$ 1,264,765

COMPASSION HOUSE FOUNDATION

Statement of Changes in Net Assets

Year Ended December 31, 2025

	General fund	Investment in tangible capital assets	Internally restricted sustainability fund	**2025** ***(12 months)***	2024 *(10 months)*
NET ASSETS - BEGINNING OF YEAR	$ 2,265,365	$ 1,445,063	$ 2,108,774	**$ 5,819,202**	$ 5,656,378
Excess of revenues over expenses	76,435	-	-	**76,435**	162,824
Amortization of tangible capital assets	122,351	(122,351)	-	**-**	-
Amortization of capital contributions *(Note 8)*	(87,900)	87,900	-	**-**	-
Net acquisition and disposal of tangible capital assets	400,239	(400,239)	-	**-**	-
NET ASSETS - END OF YEAR	$ 2,776,490	$ 1,010,373	$ 2,108,774	**$ 5,895,637**	$ 5,819,202

COMPASSION HOUSE FOUNDATION

Statement of Financial Position

December 31, 2025

	2025 *(12 months)*	2024 *(10 months)*
ASSETS		
CURRENT		
Cash	**$ 434,494**	$ 389,893
Restricted cash *(Note 3)*	**155,981**	87,773
Marketable securities *(Note 4)*	**4,636,796**	4,134,902
Accounts receivable	**7,365**	14,584
Goods and Services Tax recoverable	**6,824**	5,296
Prepaid expenses	**40,377**	17,367
	5,281,837	4,649,815
TANGIBLE CAPITAL ASSETS *(Note 5)*	**3,462,036**	3,984,626
	$ 8,743,873	$ 8,634,441
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	**$ 62,066**	$ 43,208
Deferred contributions *(Note 7)*	**334,506**	232,467
Deferred capital contributions *(Note 8)*	**2,451,664**	2,539,564
	2,848,236	2,815,239
NET ASSETS		
General fund - unrestricted	**2,776,490**	2,265,365
Investment in tangible capital assets	**1,010,373**	1,445,063
Internally restricted sustainability fund *(Note 9)*	**2,108,774**	2,108,774
	5,895,637	5,819,202
	$ 8,743,873	$ 8,634,441

ON BEHALF OF THE BOARD

______________________________ *Director*

______________________________ *Director*

COMPASSION HOUSE FOUNDATION

Statement of Cash Flow

Year Ended December 31, 2025

		2025 (12 months)		2024 (10 months)
OPERATING ACTIVITIES				
Excess of revenues over expenses	$	76,435	$	162,824
Items not affecting cash:				
Amortization of tangible capital assets		122,351		102,669
Amortization of capital contributions		(87,900)		(78,421)
Gain on sale of tangible capital assets		(2,425)		-
Realized (gain) loss on sale of marketable securities		(28,328)		8,461
Unrealized loss (gain) from changes in fair value of marketable securities		11,069		(180,126)
		91,202		15,407
Changes in non-cash working capital:				
Accounts receivable		7,219		(14,584)
Goods and Services Tax recoverable		(1,528)		3,574
Prepaid expenses		(23,010)		(5,149)
Accounts payable and accrued liabilities		18,856		(3,822)
Deferred contributions		102,039		(96,707)
		103,576		(116,688)
Cash flow from (used by) operating activities		194,778		(101,281)
INVESTING ACTIVITIES				
Purchase of tangible capital assets		(7,336)		-
Proceeds on sale of tangible capital assets		410,000		-
Purchase of marketable securities		(673,692)		(263,692)
Proceeds from sale of marketable securities		189,058		556,770
Changes in restricted cash		(68,207)		14,383
Cash flow (used by) from investing activities		(150,177)		307,461
INCREASE IN CASH		44,601		206,180
CASH - BEGINNING OF YEAR		389,893		183,713
CASH - END OF YEAR	$	434,494	$	389,893
CASH CONSISTS OF:				
Cash	$	434,494	$	389,893

1. PURPOSE OF THE FOUNDATION

Compassion House Foundation (the "Foundation") is dedicated to providing accommodation facilities and a sanctuary of care and compassion for women with cancer patients and their families during treatment and recovery. The Foundation was incorporated under the Societies Act of Alberta as a non-for-profit organization, is a registered charity under the Income Tax Act and is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Revenue recognition

The Foundation follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions received for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenues are recognized as revenue when the related service is performed and when reasonable assurance exists regarding the measurement and collection of the consideration received.

Investment income on marketable securities is recorded as revenue when earned.

Financial instruments

All arm's length financial instruments are initially measured at fair value. The Foundation subsequently measures its arm's length financial assets and liabilities at 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 income in the period incurred.

Cash

Cash consist of cash on deposit plus highly liquid short term investments, less cheques issued and outstanding and net of draws on the operating line of credit.

Marketable securities

Marketable securities are recorded at market value based on the quoted values determined by the portfolio manager. Investments consisting of highly liquid or easily convertible to cash in less than one year and used to support the operations of the Foundation are included in marketable securities and guaranteed investment certificates.

The Foundation's definition of investing activities for the statement of cash flows includes short-term investments in marketable securities.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rate of exchange at the balance sheet date. Revenues and expenses are translated at the exchange rates prevailing on the transaction dates. The Foundation does not use derivative instruments to mitigate foreign exchange risk.

Tangible capital assets

Purchased tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution, when fair value can be reasonably determined. Tangible capital assets are amortized on a straight-line basis over their estimated useful lives at the following rates:

Buildings	20 - 40 years
Landscaping	40 years
Furnishings	10 years
Vehicles	5 years
Office equipment	5 years
Computer equipment	3 years
Resource material	5 years
Appliances	10 years

In the year of purchase, amortization on tangible capital assets is taken at one half of the normal amount.

Tangible capital assets acquired during the year but not available for use are not amortized until they are available for use.

Donated materials and contributed services

Donated materials and services are recorded at fair value as determined on the date contributed when the fair value can be reasonable estimated and when the material and services are normally purchased by the Foundation.

The Foundation is dependent upon the services provided by its volunteers and Board of Directors. Volunteers contributed numerous hours in carrying out the activities of the Foundation. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Allocation of expenses

The Foundation engages in providing accommodation facilities and fundraising. The costs of each program include the costs of personnel, premises, and other expenses that are directly related to providing the program. The Foundation also incurs a number of general support expenses that are common to the administration of the Foundation and each of its programs.

The Foundation allocates certain of its expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. General support expenses are allocated on the following basis:

Salaries and benefits - on the basis of the number of people employed within each program; and

Remaining operating expenses - on the estimated consumption attributable to the running of the Sorrentino's Compassion House accommodation facility and the fundraising activity of the Foundation.

Measurement uncertainty

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, the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management's estimates include the useful lives of tangible assets and the fair value of marketable securities. All estimates are reviewed periodically and any necessary adjustments are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. RESTRICTED CASH

Restricted cash of $155,981 (2024 - $87,773) consists of cash held in a casino account which has restrictions set forth by the Alberta Gaming Liquor and Cannabis Commission. These restrictions do not prevent the Foundation from using these funds for current purposes.

4. MARKETABLE SECURITIES

	2025	2024
Mawer Canadian Money Market Fund Series O	**$ 247,929**	$ 187,977
Canadian Bond Pooled Fund	**2,415,818**	2,187,979
Canadian Equity Pooled Fund	**974,420**	798,247
US Equity Fund Series O	**426,063**	440,504
International Equity Pooled Fund	**492,566**	440,195
Guaranteed investment certificate, bearing interest at 3.00%, maturing February 2026	**80,000**	80,000
	$ 4,636,796	$ 4,134,902

The cost of marketable securities at year-end is $4,814,084 (2024 - $4,301,122).

The fair values of marketable securities are based on quoted prices and are subject to significant fluctuations in the equity market. Marketable securities in foreign equities of $918,629 CDN (2024 - $880,698 CDN) may be subject to currency risk. Management has responded with a policy of monitoring market values of the investment portfolio as well as portfolio diversification to mitigate the Foundation's exposure to market and foreign currency risk.

The securities are held for purposes of funding future operations of Sorrentino's Compassion House.

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	**2025 Net book value**	2024 Net book value
Buildings	$ 4,325,640	$ 1,507,020	**$ 2,818,620**	$ 2,978,739
Land	616,161	-	**616,161**	965,161
Landscaping	30,959	17,934	**13,025**	13,799
Furnishings	397,849	385,230	**12,619**	15,648
Vehicles	48,340	46,729	**1,611**	11,279
Office equipment	40,846	40,846	**-**	-
Computer equipment	25,015	25,015	**-**	-
Resource material	8,234	8,234	**-**	-
Appliances	39,861	39,861	**-**	-
	$ 5,532,905	$ 2,070,869	**$ 3,462,036**	$ 3,984,626

6. OPERATING LOAN

At December 31, 2025, the Foundation has a revolving loan of $80,000 with $nil outstanding (2024 - $nil). The revolving loan bears interest at prime plus 0.7%. The revolving loan is secured by the $80,000 guaranteed investment certificate (Note 4).

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources related to funds raised for specific expenditures other than the purchase of tangible capital assets. These funds are recognized as revenue when the related expenditures are incurred.

Changes in deferred contributions are as follows:

	2025	2024
Balance, beginning of year	**$ 232,467**	$ 329,174
Add: contributions received during the year	**342,120**	74,150
Less: contributions recognized as revenue	**(240,081)**	(170,857)
Balance, end of year	**$ 334,506**	$ 232,467

The deferred contributions include the following:

	2025	2024
Alberta Liquor and Gaming	**$ 155,981**	$ 85,123
Compassion Fund	**85,809**	59,051
Workshop/retreat funding	**49,258**	49,258
Community Foundation of Northwestern Alberta Grant	**43,458**	36,385
Kinsmen Club of Edmonton	**-**	2,650
	$ 334,506	$ 232,467

Alberta Liquor and Gaming - to support operations for the next year

Compassion Fund - to support accommodation fees for guests

Workshop/retreat funding - to support guest retreats

Community - to support operations of a suite for a year and furnishing of Eva Maria Entertainment room

Kinsmen Club of Edmonton - to support the replacement of light fixtures

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent amounts received specifically for the purchase of tangible capital assets, including the capital campaign. Contributors to the campaign contribute cash and in-kind donations as well as pledge amounts that are to be received by the Foundation in the future.

Funds are recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets. Expenses related to fundraising for the capital campaign are expensed as incurred.

	2025	2024
Balance, beginning of year	**$ 2,539,564**	$ 2,617,985
Less: contributions recognized as revenue	**(87,900)**	(78,421)
Balance, end of year	**$ 2,451,664**	$ 2,539,564

9. INTERNALLY RESTRICTED SUSTAINABILITY FUNDS

During the year, management and the Board of Directors internally restricted funds raised in the sustainability fund in the amount of $nil (2024 - $nil). These funds will be used to support the operations of the Sorrentino's Compassion House

	2025	2024
Sustainability fund	**$ 2,108,774**	$ 2,108,774

10. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. The following analysis provides information about the Foundation's risk exposure and concentration as of December 31, 2025. Unless otherwise noted, the Foundation's risk exposure has not changed from the prior year.

The Foundation's main financial instrument risk exposure is due to it holding marketable security investments. Risks are mitigated by restricting both the type and term of securities eligible for investment

(a) 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. The Foundation is subject to market risk on its investment in equities in an active market since market prices could result in changes in the fair value of these investments.

(b) Currency risk

Currency risk is the risk to the Foundation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation is subject to currency risk primarily on its marketable securities which are invested in foreign currency investments.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through the fair value of future cash flows due to the variable rate applicable to the marketable securities.

11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

COMPASSION HOUSE FOUNDATION

Schedule of Compassion House Foundation ***(Schedule 2)***

Year Ended December 31, 2025

		2025 *(12 months)*		2024 *(10 months)*
REVENUES				
Donations	**$**	**646,549**	$	606,512
Grants		**209,426**		94,990
Special events		**104,095**		114,516
Grants capital projects		**18,900**		-
In-kind donations		**11,916**		12,968
Interest and other revenue		**6,372**		1,140
		997,258		830,126
EXPENSES				
Salaries and benefits		**366,704**		341,886
In-kind donations		**11,916**		12,968
Computer maintenance		**5,747**		16,752
Special events		**1,901**		9,153
Travel		**1,560**		1,791
		387,828		382,550
INCOME FROM OPERATIONS	**$**	**609,430**	$	447,576

COMPASSION HOUSE FOUNDATION
Schedule of Investments *(Schedule 3)*
Year Ended December 31, 2025

	2025 *(12 months)*	2024 *(10 months)*
REVENUES		
Investment income	**$ 315,192**	$ 179,692
Realized gain (loss) on sale of marketable securites	**28,328**	(8,461)
Unrealized (loss) gain changes in fair value of marketable securities	**(11,069)**	180,126
	332,451	351,357
EXPENSES		
Investment management fees	**29,820**	22,228
INCOME FROM OPERATIONS	**$ 302,631**	$ 329,129

COMPASSION HOUSE FOUNDATION

Schedule of Sorrentino's Compassion House ***(Schedule 4)***

Year Ended December 31, 2025

		2025 *(12 months)*		2024 *(10 months)*
REVENUES				
Accommodation fees *(Note 7)*	**$**	**161,529**	$	137,400
Amortization of deferred capital contributions *(Note 8)*		**87,900**		78,421
Casino and raffle *(Note 7)*		**61,640**		17,033
		311,069		232,854
EXPENSES				
Salaries and benefits		**471,601**		376,007
Amortization		**122,351**		102,669
Repairs and maintenance		**97,803**		83,920
Telephone and utilities		**54,353**		44,918
Supplies		**36,794**		31,236
Insurance		**24,857**		20,615
Accommodation subsidy		**8,293**		11,334
Programs and community relations		**7,698**		5,564
Computer maintenance		**608**		1,025
		824,358		677,288
LOSS FROM OPERATIONS	**$**	**(513,289)**	$	(444,434)

COMPASSION HOUSE FOUNDATION

Schedule of General Operations ***(Schedule 5)***

Year Ended December 31, 2025

		2025 *(12 months)*		2024 *(10 months)*
REVENUE				
Rental income	**$**	**7,443**	$	13,252
Gain on sale of tangible capital assets		**2,425**		-
		9,868		13,252
EXPENSES				
Professional fees		**73,455**		11,175
Promotion		**64,346**		36,326
Computer maintenance		**61,404**		45,505
Education and training		**14,974**		9,178
Interest and bank charges		**9,600**		7,038
Supplies		**7,470**		6,141
Repairs and maintenance		**7,321**		3,049
Insurance		**5,591**		6,054
Advertising		**5,214**		6,781
Telephone and utilities		**4,379**		4,266
Business licenses		**1,651**		3,561
Donor recognition		**1,249**		1,116
Postage and courier		**116**		663
		256,770		140,853
LOSS FROM OPERATIONS	**$**	**(246,902)**	$	(127,601)

COMPASSION HOUSE FOUNDATION

Schedule of Peer to Peer Fundraising ***(Schedule 6)***

Year Ended December 31, 2025

	2025 *(12 months)*	2024 *(10 months)*
REVENUES		
Pickleball Event	**$ 26,796**	$ -
EXPENSES		
Salaries and benefits	**54,277**	-
Pickelball Event	**47,954**	41,846
	102,231	41,846
LOSS FROM OPERATIONS	**$ (75,435)**	$ (41,846)