

FINANCIAL STATEMENTS OF

MERCY MULTIPLIED CANADA SOCIETY

December 31, 2025

INDEPENDENT AUDITOR'S REPORT

To the directors of
Mercy Multiplied Canada Society

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Mercy Multiplied Canada Society, which comprise the statement of financial position as at December 31, 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 possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society 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 applicable to not-for-profit organizations ("ASNPO").

Basis for Qualified Opinion

In common with charitable organizations, Mercy Multiplied Canada Society derives a significant portion of revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our audit for donations and fundraising revenue was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenditures and net assets.

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 Society 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 qualified 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.

INDEPENDENT AUDITOR'S REPORT, continued

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 will 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 Society'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 Society'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 Society to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT, continued

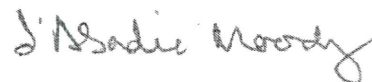
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that in our opinion, the accounting principles have been applied on a basis consistent with that of the preceding year.

Langley, British Columbia
May 14, 2026



Chartered Professional Accountants

MERCY MULTIPLIED CANADA SOCIETY
STATEMENT OF FINANCIAL POSITION
As at December 31, 2025

	<u>2025</u>	<u>2024</u>
ASSETS		
Current		
Cash and cash equivalents	\$ 159,492	\$ 176,678
Marketable securities (Note 3)	2,552,008	2,744,967
GST rebate (Note 7)	1,876	1,229
Inventory	3,885	8,250
Prepaid expenses	4,989	4,232
	<u>2,722,250</u>	<u>2,935,356</u>
Capital assets (Note 4)	<u>24,283</u>	<u>27,646</u>
	<u>\$ 2,746,533</u>	<u>\$ 2,963,002</u>
LIABILITIES		
Current		
Accounts payable and accrued expenses	\$ 54,914	\$ 52,840
Deferred designated donations (Note 5)	<u>46,023</u>	<u>54,733</u>
	100,937	107,573
NET ASSETS		
NET ASSETS	<u>2,645,596</u>	<u>2,855,429</u>
	<u>\$ 2,746,533</u>	<u>\$ 2,963,002</u>

Approved by the board

James G Bailey
James G Bailey (May 15, 2026 15:13:11 MDT) Member

Yvonne Hopewell
Yvonne Hopewell (May 14, 2026 18:06:53 PDT) Member

See accompanying notes to the financial statements

MERCY MULTIPLIED CANADA SOCIETY
STATEMENT OF OPERATIONS
Year ended December 31, 2025

	<u>2025</u>	<u>2024</u>
REVENUES		
Donations	\$ 704,131	\$ 535,872
Store sales	10,713	5,134
Interest and investment income	69,472	124,016
	<u>784,316</u>	<u>665,022</u>
EXPENDITURES		
Administration wages	270,840	221,522
Advertising and promotion	53,570	31,448
Amortization	7,535	7,661
Automotive	3,453	3,019
Computer expense	11,606	14,476
Consulting fees	24,266	26,757
Designated donations	54,500	58,212
Fundraising	2,479	10,762
Insurance	4,077	3,704
Interest, bank and credit card charges	12,822	10,630
Office and general	17,099	15,478
Professional	55,291	38,425
Program wages	424,530	259,262
Rent and occupancy costs	33,312	33,312
Resource items	4,365	2,041
Telephone	7,750	7,020
Travel	6,654	2,166
	<u>994,149</u>	<u>745,895</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (209,833)	\$ (80,873)

See accompanying notes to the financial statements

MERCY MULTIPLIED CANADA SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
Year ended December 31, 2025

	BALANCE, beginning of year	Deficiency of revenues over expenditures	2025 BALANCE, end of year
Unrestricted	\$ 805,429	\$ (209,833)	\$ 595,596
Internally restricted (Future Building)	2,050,000	-	2,050,000
	<u>\$ 2,855,429</u>	<u>\$ (209,833)</u>	<u>\$ 2,645,596</u>
	BALANCE, beginning of year	Deficiency of revenues over expenditures	2024 BALANCE, end of year
Unrestricted	\$ 886,302	\$ (80,873)	\$ 805,429
Internally restricted (Future Building)	2,050,000	-	2,050,000
	<u>\$ 2,936,302</u>	<u>\$ (80,873)</u>	<u>\$ 2,855,429</u>

See accompanying notes to the financial statements

MERCY MULTIPLIED CANADA SOCIETY
STATEMENT OF CASH FLOWS
Year ended December 31, 2025

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (209,833)	\$ (80,873)
Item not affecting cash		
Amortization	<u>7,535</u>	<u>7,661</u>
	(202,298)	(73,212)
Change in non-cash working capital items		
Marketable securities	192,959	(23,914)
GST rebate	(647)	356
Inventory	4,365	(5,400)
Prepaid expenses	(757)	(3,077)
Accounts payable and accrued expenses	<u>2,074</u>	<u>12,078</u>
	(4,304)	(93,169)
FINANCING ACTIVITY		
Deferred designated donations	(8,710)	30,149
INVESTING ACTIVITY		
Purchase of capital assets	<u>(4,172)</u>	<u>(8,400)</u>
DECREASE IN CASH POSITION	(17,186)	(71,420)
CASH POSITION, beginning of year	<u>176,678</u>	<u>248,098</u>
CASH POSITION, end of year	<u>\$ 159,492</u>	<u>\$ 176,678</u>

See accompanying notes to the financial statements

MERCY MULTIPLIED CANADA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

1. Nature of operations

Mercy Multiplied Canada Society (the "Society") is registered under the Societies Act of British Columbia and its main objective is to operate Christ-Centered programming, for vulnerable women and men 13 +, both to prevent and address life-controlling issues, including eating disorders, self-harm, abuse, addictions, anxiety, depression, and suicidality. All programs are holistic, addressing the body, soul, and spirit and are tailored to the individuals goals and needs. Biblically based counselling and discipleship is offered along with training in life-skills, nutrition, fitness and career exploration. Support care services are offered to program participants for up to one-year post-program completion to support their success and to offer additional support. Clients are always free to access support care services at anytime in the future should they require additional support.

All service delivery is currently offered through our Wellness Center outpatient program or, if needed, residential care services through one of our US affiliate homes completely free of charge. In addition, we offer outreach services to churches, individuals, and community programs to educate, empower, and equip them to effectively support those struggling with their mental health and associate life controlling issues.

The Society is a registered charity under the Income Tax Act and accordingly, is exempt from income taxes and entitled to issue charitable donation receipts.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Cash equivalents

Cash equivalents consist principally of highly liquid interest-bearing instruments.

(b) Investments

Investments are recorded at fair value. Unrealized gains and losses as a result of fair value adjustments at year end are included in investment income for the year.

MERCY MULTIPLIED CANADA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

2. Significant accounting policies, continued

(c) Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of capital assets that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Externally restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

(d) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

(e) Capital assets

Capital assets are recorded at cost. The Society provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Vehicles	30% Declining balance
Furniture and fixtures	20% Declining balance
Computer equipment	30% Declining balance

(f) Financial instrument classification

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all of its financial assets and financial liabilities at amortized cost.

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

Financial assets measured at fair value include marketable securities.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and deferred revenue.

MERCY MULTIPLIED CANADA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

2. Significant accounting policies, continued

(g) Impairment of long-lived assets

The Society tests 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.

(h) 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 date of the financial statements and reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include useful lives of capital assets for amortization. Actual results could differ from those estimates.

(i) Non-cash transactions

Goods and services received in trade or at no cost to the Society are recorded in the financial statements when the fair market value of these goods and services can be reasonably determined.

3. Marketable securities

	<u>2025</u>	<u>2024</u>
Savings maximizer fund account	<u>\$ 2,552,008</u>	<u>\$ 2,744,967</u>

MERCY MULTIPLIED CANADA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

4. Capital assets

			2025			2024
	Cost	Accumulated amortization	Net Book Value		Net Book Value	
Vehicles	\$ 11,376	\$ 10,288	\$ 1,088	\$	1,554	
Furniture and fixtures	35,048	23,489	11,559		13,367	
Computer equipment	38,983	27,347	11,636		12,725	
	<u>\$ 85,407</u>	<u>\$ 61,124</u>	<u>\$ 24,283</u>	<u>\$</u>	<u>27,646</u>	

5. Deferred designated donations

			2025			2024
Building	\$	39,049	\$		39,049	
IPV Group		4,000			3,500	
Men's Program		-			6,000	
Technology Grant		2,974			6,184	
	<u>\$</u>	<u>46,023</u>	<u>\$</u>		<u>54,733</u>	

The funds related to the above designated donations are restricted from use.

6. Commitments

As at December 31, 2025, the Society's premise lease is on a month to month basis.

7. Financial instruments

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.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the Society is a going concern and thus expects to fully repay the outstanding amounts.

MERCY MULTIPLIED CANADA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

7. Financial instruments, continued

(b) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Society holds short-term interest bearing investments and is not subject to significant market rate changes.

(c) Liquidity risk

The Society does have a liquidity risk in the accounts payable and accrued expenses of \$54,914 (2024 - \$52,840). Liquidity risk is the risk that the Society cannot repay its obligations when they become due to its creditors. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. In the opinion of management the liquidity risk exposure to the Society is low and is not significant.

8. Disclosure of Remuneration as required under the British Columbia Societies Act

During the year the Society did not pay any directors fees.

During the year the Society had 2 employees who received remuneration in excess of \$75,000.