

London Cares Homeless Response Services

Financial Statements

March 31, 2026

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of London Cares Homeless Response Services

Opinion

We have audited the financial statements of London Cares Homeless Response Services (the "Organization"), which comprise the statement of financial position as at March 31, 2026, 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 London Cares Homeless Response Services as at March 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the Service Agreements as administered by the City of London.

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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting and Restrictions on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared to assist London Cares Homeless Response Services to meet the requirement of the City of London. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for London Cares Homeless Response Services and the City of London and should not be distributed to parties other than London Cares Homeless Response Services or the City of London.

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 the financial reporting provisions of the Funding Agreement as administered by the City of London, 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 relating 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.

(continues)

Jeremy A. Giles CPA, CA Lissa Savage CPA, CA, CPA (Illinois)

Mark Snyders CPA, CA Dillon O'Henly CPA, CA

James B. MacNeill FCPA, FCA, CFP (Counsel) Robert F. Edmundson CPA, CA (Retired)

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 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.

London, Ontario
July 2, 2026

MacNeill Edmundson
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by
Chartered Professional Accountants of Ontario

London Cares Homeless Response Services

Statement of Financial Position

	Total 2026 (\$)	Total 2025 (\$)
March 31		
Assets		
Current Assets		
Cash	952,952	1,408,146
Investments (note 2)	18,491	16,869
Grants and other accounts receivable	135,775	649,366
Harmonized sales tax recoverable	249,851	275,749
Prepaid expenses and other assets	221,618	200,956
Restricted cash (note 5)	61,725	39,833
	1,640,412	2,590,919
Capital Assets (note 3)	209,722	243,943
	1,850,134	2,834,862
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	246,649	444,797
Deferred contributions (note 4)	858,823	1,733,386
Amounts administered for other parties (note 5)	61,725	39,833
	1,167,197	2,218,016
Net Assets		
Highly Supportive Housing - externally restricted	-	(81,653)
Unrestricted	473,215	454,556
Invested in capital assets - internally restricted	209,722	243,943
	682,937	616,846
	1,850,134	2,834,862

Lease Commitments (note 6)
Economic Dependence (note 7)
Subsequent Event (note 11)

Approved on behalf of the Board:

_____, Director

_____, Director

London Cares Homeless Response Services Statement of Operations and Changes in Net Assets

Year ended March 31, 2026	Highly Supportive Housing (\$)	City of London (\$)	602 Queens Drop In Space (\$)	United Way (\$)	Unrestricted (\$)	Total 2026 (\$)	Total 2025 (\$)
Revenues - City of London							
Outreach and Informed Response		2,018,385				2,018,385	1,791,767
Housing Stability		1,238,057			30,000	1,268,057	1,255,481
Drop In Space			543,714			543,714	440,524
Supportive Housing	1,340,372					1,340,372	1,335,131
Revenues - Other							
London Health Science Centre	626,785					626,785	1,353,657
Donation income			4,494		78,198	82,692	91,125
United Way				130,000		130,000	130,000
London Community Foundation	968,207					968,207	182,483
Rent and other income	358,617		44,013		22,135	424,765	636,487
	3,293,981	3,256,442	592,221	130,000	130,333	7,402,977	7,216,655
Expenses							
Salaries and benefits	1,620,243	2,977,643	209,703	111,195	30,022	4,948,806	4,546,781
Rent	979,408	137,330				1,116,738	1,120,043
Maintenance	225,507	44,432	57,019			326,958	361,747
Security			272,638			272,638	468,175
Participant support	102,916	99,824	19,829			222,569	171,672
Information technology and communications	13,647	96,948	9,000	1,400		120,995	129,860
Professional fees		73,585				73,585	64,837
Vehicle and travel costs		55,373		3,735		59,108	60,695
Professional development	15,180	37,530		852		53,562	32,744
Insurance	36,765	16,861				53,626	81,391
Office and administrative	138	39,810				39,948	39,463
Amortization					34,220	34,220	34,220
Staff wellness and clothing	5,511	15,324	320	1,000		22,155	21,681
Administrative cost allocation	294,666	(338,218)	23,712	11,818		(8,022)	-
	3,293,981	3,256,442	592,221	130,000	64,242	7,336,886	7,133,309
Excess (Deficiency) for the year	-	-	-	-	66,091	66,091	83,346
Net Assets, beginning of year	(81,653)	-	-	-	698,499	616,846	533,500
Interfund transfers (note 8)	81,653	-	-	-	(81,653)	-	-
Net Assets, end of year	-	-	-	-	682,937	682,937	616,846

London Cares Homeless Response Services

Statement of Cash Flows

Year ended March 31, 2026	2026 (\$)	2025 (\$)
Cash Flows From (Used in) Operating Activities		
Excess (deficiency) of revenues over expenses	66,091	83,346
Add back amortization	34,220	34,220
	100,311	117,566
Net change in non-cash operational balances		
Accounts receivable	513,591	(68,333)
Harmonized sales taxes recoverable	25,898	(134,398)
Prepaid expenses	(20,662)	27,488
Accounts payable	(198,147)	(46,456)
Deferred revenue	(874,563)	484,864
	(553,883)	263,165
Cash Flows From (Used in) Operating Activities	(453,572)	380,731
Cash Flows From (Used in) Investing Activities		
Decrease (Increase) in temporary investments (note 2)	(1,622)	158,658
Increase (Decrease) in Cash	(455,194)	539,389
Cash, beginning of Year	1,408,146	868,757
Cash, end of Year	952,952	1,408,146

London Cares Homeless Response Services

Notes to the Financial Statements

March 31, 2026

Operations

London Cares Homeless Response Services (the "Organization") is a Housing first intervention aimed at individuals experiencing chronic and persistent homelessness based on a highly collaborative community-based approach. The Organization is incorporated under the laws of Ontario as a not-for-profit organization and is a registered charity under the Income Tax Act.

1. Summary of Significant Accounting Policies

Basis of presentation

The financial statements were prepared in accordance with the financial reporting provisions of the Service Agreements as administered by the City of London. The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations as follows:

- Tangible capital assets purchased with funding provided through the Service Agreements or other restricted funding agreements from other funders are charged to operations in the year the expenditure is incurred rather than being capitalized and amortized over their useful lives.

Other significant accounting policies that are in accordance with Canadian accounting standards for not-for-profit organizations include:

(a) Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund. Transfers between funds are made when it is considered appropriate and authorized by the Board of Directors.

The operations are organized into various funds as detailed below:

Highly Supportive Housing - supported by various funders, this fund reports on the operations of independent living spaces with 24/7 wrap-around care support for the most complex individuals in the community experiencing homelessness.

City of London - this fund reports on Outreach, Veteran's Support, and Housing Allowance funding provided by the City of London.

602 Queens Drop In Space - support by various funders, general donations, and ancillary rental revenue, this fund reports on the operations of the Drop In Space located at 602 Queens Ave.

United Way - this fund reports on Housing Stability funding provided by the United Way.

Unrestricted Fund - derives its revenue from fundraising, donations and other short term programs to assist with funding operations that are available for immediate purposes.

London Cares Homeless Response Services

Notes to the Financial Statements

March 31, 2026

1. Summary of Significant Accounting Policies (continued)

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash and term deposits with a maturity period of three months or less from the date of acquisition.

(b) Investments

The Organization's investments consist of guaranteed investment certificates ("GICs"), which are initially recognized at fair value and subsequently measured at amortized cost. When the investment is measured at amortized cost, any premium paid or discount received relative to the face amount of the investment, is amortized over the expected life of the item and recognized in net income. Transaction costs that are directly attributable to the acquisition of these investments are an adjustment to the fair value when initially recognized.

(c) Capital Assets and Amortization

Tangible capital assets purchased by the Organization (from unrestricted funds) are recorded at cost. Amortization is recorded in the accounts on the straight-line method using the predicted life as follows:

Computers	4 years straight-line method
Furniture	5 years straight-line method
Leasehold Improvements	Straight-line method over term of the lease

(d) Revenue Recognition

The Organization 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 can be reasonably estimated and collection is reasonably assured. Endowment contributions, if any, are recognized as direct increases in net assets.

(e) Contributed Services

Volunteers contribute many hours per year to assist the Organization in carrying out its activities. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

(f) Impairment of Long-lived Assets

Long-lived assets are tested for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(continues)

London Cares Homeless Response Services

Notes to the Financial Statements

March 31, 2026

1. Summary of Significant Accounting Policies (continued)

(g) Inter-Program Revenue/Expenditures and Transfers

The Organization's policy is to operate and account for its various programs and activities on a stand-alone basis wherever possible. Accordingly, certain inter-program revenue/expenditures and transfers are recorded in the accounts to reflect services rendered between programs. These transactions are identified and eliminated in the summary statement of receipts and disbursements to arrive at the organization's combined net funding and expenditures for the year.

(h) Use of Estimates

The preparation of the financial statements of the organization 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 the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(i) Financial Instruments

The Organization's financial instruments consist of cash, investments, accounts receivable, HST recoverable, accounts payable and accrued liabilities, and government remittances payable. The Organization initially recognizes these financial instruments at fair value and subsequently, except for investments, at amortized cost. Investments are subsequently measured at fair value. Changes in fair value are recognized in net income.

2. Temporary Investments

	2026 Total (\$)	2025 Total (\$)
Guaranteed Investment Certificates	11,682	11,238
Libro Credit Union Membership Shares	6,809	5,631
	18,491	16,869

The guaranteed investment certificate matures on September 28, 2026 earning interest at a rate of 3.95%. Interest is paid at maturity.

London Cares Homeless Response Services

Notes to the Financial Statements

March 31, 2026

3. Capital Assets

	Cost (\$)	Accumulated Amortization (\$)	2026 Net (\$)	2025 Net (\$)
Furniture	33,547	33,547	-	-
Computers	21,076	21,076	-	-
Leasehold Improvements	342,204	132,482	209,722	243,943
	396,827	187,105	209,722	243,943

4. Deferred Contributions

	2026 (\$)	2025 (\$)
City of London	154,403	195,611
Thames Valley Family Health Team	129,760	203,301
London Community Foundation	100,000	977,799
London InterCommunity Health Centre	7,011	50,000
Restricted donations (see below)	467,649	306,675
	858,823	1,733,386

Deferred contributions represents externally restricted funds received that relate to a subsequent period.

Activity in the restricted donations for the year are as follows:

Opening balance	306,675	274,360
Add: Restricted donations received	222,930	49,450
Less: Restricted donations utilized in the year	(61,956)	(17,135)
Ending balance	467,649	306,675

London Cares Homeless Response Services

Notes to the Financial Statements

March 31, 2026

5. Amounts Administered for Other Parties

The organization administers certain funds received from the City of London and other funders on behalf of other parties external to the organization related to the Winter Response Program and Circle of Support. The funds are held in trust and disbursed in accordance with the terms and conditions of the funding agreements.

The following table summarizes the activity in such funds during the year:

	2026	2025
	(\$)	(\$)
Funds received	24,342	-
Funds expended	(2,450)	(2,928)
Change during the year	21,892	(2,928)
Balance administered for other parties - beginning of year	39,833	42,761
Balance administered for other parties - end of year	61,725	39,833
The ending balance noted above is administered on behalf of:		
City of London	61,725	39,833
Circle of Support	61,725	39,833

London Cares Homeless Response Services

Notes to the Financial Statements

March 31, 2026

6. Lease Commitments

The Organization has entered into a lease agreement for building space located at 602 Queens Ave., London. Additionally, it has entered into various sub-leases with other organizations for a portion of the premises, and also has some additional space available for sub-lease. Under the terms of these agreements, which expires May 2031, the expected gross lease payments (and lease payments net of sub-leases) are as follows:

	GROSS (\$)	NET (\$)
2027	489,352	239,101
2028	501,083	244,846
2029	513,108	250,734
2030	525,434	256,770
2031	538,067	262,957
Subsequent	86,681	40,650

An additional lease was entered into by the Organization for the property related to the Highly Supportive Housing program. Under the terms of this agreement, which expires August 2034, the expected lease payments are as follows:

2027	872,982
2028	872,982
2029	923,991
2030	960,426
2031	960,426
Subsequent	2,321,031

Under the terms of this lease, the Organization shall have the right to terminate the lease early upon 180 days prior written notice to the Landlord in the event that funding is reduced or terminated to the point the Organization cannot continue to operate the Premises.

7. Economic Dependence

The Organization receives 69% (2025 - 66%) of its revenue from the City of London, in addition to the generous support of individual, corporate, and institutional donations and grants. Without this continued support, the on-going programs of the organization may be modified, reduced or eliminated if an alternative source of funding is not found.

8. Interfund transfer

During the year, the Organization transferred \$81,653 from the Unrestricted Fund to Highly Supportive Housing in order to cover a shortfall in funding incurred in a prior year.

London Cares Homeless Response Services

Notes to the Financial Statements

March 31, 2026

9. Financial Instruments

All assets and liabilities, with the exception of prepaid expenses, are financial instruments, and are initially recorded at fair market value and are subsequently recorded at amortized cost. Unless otherwise noted, it is the Board's opinion that the Organization is not exposed to significant risks arising from its financial instruments.

Credit Risk

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations. The Organization places its cash and investments with high quality, government-backed institutions and believes its exposure is not significant. The Organization is not exposed to credit risk on the funding from various government agencies and affiliates.

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities as they become due. The Organization manages this risk by establishing budgets and funding plans. Cash is held in an interest bearing account which provides a rate of return as well as liquidity.

10. Allocation of Expenses

General support expenses that are common to the administration of the Organization and each of its programs have been allocated to the various programs as deemed appropriate by management and the board. The allocations have also been approved by those providing the funding.

11. Subsequent Event - Highly Supportive Housing

The Organization operates Highly Supportive Housing, a program supported by various funders. Subsequent to year-end, the Organization was informed that one of the funders would not be renewing their funding commitment, while another one-time funding source had also been fully expended. The City of London remains willing to fund the program at their current level; however, no supplementary source of revenue has been obtained. If alternative funding is not received, the program is likely to close by March 31, 2027.
