TEEN CHALLENGE OF CENTRAL CANADA INC.

Non-consolidated Financial Statements

For the year ended December 31, 2025

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Contents

Independent Auditors' Report	**2**
Non-consolidated Financial Statements	
Non-consolidated Statement of Financial Position	**5**
Non-consolidated Statement of Changes in Net Assets	**6**
Non-consolidated Statement of Operations	**7**
Non-consolidated Statement of Cash Flows	**8**
Notes to Non-consolidated Financial Statements	**9**
Non-consolidated Schedule of Expenditures	**22**
Non-consolidated Vehicle Donation Program	**23**

Tel.: 204 956 7200
Fax.: 833 888 1678
www.bdo.ca

BDO Canada LLP
201 Portage Avenue - 26th Floor
Winnipeg MB R3B 3K6 Canada

Independent Auditors' Report

To the Directors of Teen Challenge of Central Canada Inc.

Qualified Opinion

We have audited the non-consolidated financial statements of Teen Challenge of Central Canada Inc. (the "Organization"), which comprise the non-consolidated statement of financial position as at December 31, 2025, and the non-consolidated statement of changes in net assets, the non-consolidated statement of operations, and non-consolidated statement of cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Organization 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 organization.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2025, current assets as at December 31, 2025 , and net assets as at January 1 and December 31 for 2025.

As described in Note 8 to the non-consolidated financial statements, certain tangible capital assets acquired through an amalgamation in prior years were not recorded as required by Canadian accounting standards for not-for-profit organizations. These assets were destroyed in a fire during the current year, resulting in a loss on disposal. Management has not adjusted the comparative figures to include the previously unrecorded assets, as the assets no longer exist at the current year-end. As a result, we are unable to quantify the impact of this departure on the loss on disposal of capital assets and excess of revenues over expenses for the year ended December 31, 2025, capital assets and net assets as at January 1, 2025 and the impact of the failure to restate the unaudited comparative figures of these financial statements.

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 qualified audit opinion

Other Matter

The non-consolidated financial statements of the Organization for the year ended December 31, 2024 are unaudited.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated 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 non-consolidated 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 non-consolidated 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 non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
April 20, 2026

TEEN CHALLENGE OF CENTRAL CANADA INC.
Non-consolidated Statement of Financial Position

December 31	2025	2024 (unaudited)
Assets		
Current Assets		
Cash and bank	**$ 3,285,933**	$ 2,702,593
Accounts receivable	**124,699**	234,721
Other receivable (Note 8)	**2,139,665**	-
Inventories (Note 2)	**1,419,217**	1,132,873
Prepaid expenses	**375,971**	264,596
	7,345,485	4,334,783
Capital assets (Note 3)	**10,975,618**	8,045,742
	$ 18,321,103	$ 12,380,525
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities (Note 4)	**$ 730,626**	$ 329,956
Current portion of long-term debt (Note 5)	**240,946**	172,526
Deferred revenue	**189,779**	34,460
Deposits	**3,293**	2,300
Current liabilities before demand loans	**1,164,644**	539,242
Demand loans (Note 5)	**2,002,616**	-
	3,167,260	539,242
Long-term debt (Note 5)	**945,895**	1,419,842
Deferred capital contributions (Note 6)	**4,343,449**	3,361,275
Long-term deferred revenue	**-**	221,600
	8,456,604	5,541,959
Net Assets		
Invested in capital assets (Note 9)	**3,442,712**	3,092,099
Unrestricted	**6,421,787**	3,746,467
	9,864,499	6,838,566
	$ 18,321,103	$ 12,380,525

Approved on behalf of the Board of Directors:

DocuSigned by:
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_________________________ Director

_________________________ Director

The accompanying notes are an integral part of these non-consolidated financial statements.

TEEN CHALLENGE OF CENTRAL CANADA INC.
Non-consolidated Statement of Changes in Net Assets

For the year ended December 31

	Investment in Capital Assets	Unrestricted	Total
Balance as at December 31, 2023	$ 3,487,754	$ 2,987,361	$ 6,475,115
Excess of revenue over expenses for the year	21,720	341,731	363,451
Net change in investment in capital assets (Note 9)	(417,375)	417,375	-
Balance as at December 31, 2024	3,092,099	3,746,467	6,838,566
Excess (deficiency) of revenue over expenses for the year	**(527,406)**	**2,860,317**	**2,332,911**
Net change in investment in capital assets (Note 9)	**184,997**	**(184,997)**	**-**
Donation of land	**520,000**	**-**	**520,000**
Net assets from amalgamation	**173,022**	**-**	**173,022**
Balance as at December 31, 2025	**$ 3,442,712**	**$ 6,421,787**	**$ 9,864,499**

TEEN CHALLENGE OF CENTRAL CANADA INC.
Non-consolidated Statement of Operations

For the year ended December 31	2025	2024 (unaudited)
Revenue		
Donations		
Canvassing	**$ 53,282**	$ 22,205
Gift in kind	**105,527**	136,990
Mail	**2,655,157**	1,960,265
Online	**650,306**	605,768
Administration and induction fees	**201,612**	171,181
Amortization of deferred contributions	**337,708**	425,323
Candy and missions	**95,295**	24,560
Church meeting and support	**282,362**	299,117
Contract work	**204,789**	215,534
Fundraising and special projects	**1,685,347**	2,006,502
Golf tournament	**133,444**	134,921
Other	**482,063**	244,177
Rental income	**250,570**	309,130
Thrift store and sales	**4,801,788**	4,919,053
Vehicle donation program, net (Page 23)	**2,218,914**	1,473,779
	14,158,164	12,948,505
Deferred revenue, beginning of year	**256,060**	276,417
Deferred revenue, end of year	**(189,779)**	(256,060)
	14,224,445	12,968,862
Expenses (Page 22)	**14,123,484**	13,038,210
Excess (deficiency) of revenue over expenses before other items	**100,961**	(69,348)
Other Items		
Insurance proceeds (Note 8)	**2,388,016**	-
Fire related expenses (Note 8)	**(46,369)**	-
Gain (loss) on sale of capital assets (Note 8)	**(109,697)**	432,799
	2,231,950	432,799
Excess of revenue over expenses for the year	**$ 2,332,911**	$ 363,451

TEEN CHALLENGE OF CENTRAL CANADA INC.
Non-consolidated Statement of Cash Flows

For the year ended December 31	2025	2024 (unaudited)
Cash Flows from (used in) Operating Activities		
Excess of revenue over expenses for the year	**$ 2,332,911**	$ 363,451
Adjustments for items not affecting cash		
Amortization of capital assets	**755,417**	836,402
Amortization of deferred contributions	**(337,708)**	(425,323)
(Gain) loss on sale of capital assets	**109,697**	(432,799)
Gift in kind property	**(51,882)**	(9,700)
	2,808,435	332,031
Changes in non-cash operating working capital balances		
Accounts receivable	**110,022**	(134,581)
Other receivable	**(2,139,665)**	-
Prepaid expenses	**(111,375)**	(26,588)
Inventories	**(286,344)**	(98,761)
Accounts payable and accrued liabilities	**400,670**	(27,720)
Deferred revenue	**(66,281)**	(20,357)
Deposits	**993**	-
	716,455	24,024
Cash Flows from (used in) Investing Activities		
Proceeds on disposal of capital assets	**-**	723,569
Purchase of capital assets	**(3,050,086)**	(1,209,409)
	(3,050,086)	(485,840)
Cash Flows from (used in) Financing Activities		
Repayment of long-term debt	**(550,180)**	(359,088)
Proceeds from long-term debt	**2,147,269**	-
Contributions received to fund capital assets	**1,319,882**	1,272,003
	2,916,971	912,915
Net increase in cash and cash equivalents during the year	**583,340**	451,099
Cash and cash equivalents, beginning of year	**2,702,593**	2,251,494
Cash and cash equivalents, end of year	**$ 3,285,933**	$ 2,702,593

1. Nature of Operations and Summary of Significant Accounting Policies

Nature and Purpose of Organization

Teen Challenge of Central Canada Inc. (the "Organization") is a Manitoba company registered with Canada Revenue Agency as a not-for-profit charitable organization, registration No. 14078 4406 RR0001. The Organization has partnered with the provincial government for the successful living program, which offers various training programs. The Organization also provides drug and alcohol rehabilitation through spiritual, vocational and academic training.

Basis of Accounting

These non-consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of Accounting for controlled Entity

The Organization has not consolidated the financial statements of its controlled entity, The Lighthouse Evangelistic Association Inc. The summary financial statements of the controlled entity is disclosed in Note 11.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions which include donations.

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.

Donations, grants, administration and induction fees, other fundraising revenue, contract work and interest are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from thrift stores is recognized when all significant risks and rewards are transferred and collection is reasonably assured.

Rental income is recognized as per the lease terms.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Restricted contributions related to capital assets that will not be amortized are recognized as a direct increase in net assets.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Gift in kind donations, consisting of contributed materials and services, are recognized when a fair value can be reasonably estimated. When recognized, contributed materials are recorded as revenue with a corresponding expense or capital asset, as appropriate. Contributed services are recognized as revenue and expensed in the period received.

Deferred revenue represents the funds collected for which services have not yet been provided.

Financial Instruments

Arm's length financial instruments are recorded at fair value at initial recognition. Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Foreign Currency Translation

Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transactions. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the balance sheet date. Gains and losses on translation of monetary assets and liabilities are included in net income.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Inventories

Inventories consist of donated goods held for resale, donated vehicles, and donated items to be used in fundraising activities

Donated goods held for resale in the thrift shop are recorded at fair value at the date of donation when such value can be reasonably estimated. When fair value cannot be reasonably determined, items are recorded at nominal value. Inventories are subsequently measured at the lower of cost and net realizable value.

Donated vehicles are recorded at fair value at the date of donation based on observable market data such as auction results and wholesale pricing guides. Inventories are subsequently measured at the lower of cost and net realizable value.

Donated goods that will be consumed by the Organization or distributed at no charge or a nominal charge are measured at the lower of cost and replacement cost.

Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Donated capital assets are recorded at fair market value at the date of the contribution.

Amortization is provided for using the following rates and methods:

Buildings	20 years straight-line basis
Furniture and equipment	5 - 10 years straight-line basis
Vehicles	8 years straight-line basis
Leasehold improvements	over the term of the lease

Construction in progress is not amortized until the tangible capital asset is substantially complete and ready for use.

When a capital asset no longer contributes to the Organization's ability to provide goods or services, or the future economic benefits or service potential of the tangible capital assets is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Contributed Materials and Services

Contributed materials and services which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.Volunteers contribute many hours per year to assist the Organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Use of Estimates

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 amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Areas subject to significant measurement uncertainty include the determination of the fair value and net realizable value of donated inventories, the determination of the fair value of donated capital assets at the date of contribution, and the estimation of useful lives of capital assets used in calculating amortization of capital assets and the related amortization of deferred contributions. Changes in these estimates could have a material impact on the financial statements in future periods.

2. Inventories

	2025	2024
Prizes	**$ 292,412**	$ 160,144
Trade dollars	**15,082**	18,520
Vehicles	**1,101,002**	942,083
Other	**10,721**	12,126
	$ 1,419,217	$ 1,132,873

3. Capital Assets

	2025		2024	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 1,181,443**	**$ -**	$ 129,043	$ -
Buildings	**10,940,157**	**3,434,515**	9,261,214	3,027,404
Furniture and equipment	**1,612,975**	**1,407,829**	1,571,259	1,265,047
Vehicles	**1,523,433**	**829,802**	1,244,404	540,349
Leasehold improvements	**592,328**	**113,287**	385,331	84,390
Construction in progress	**910,715**	**-**	371,681	-
	$ 16,761,051	**$ 5,785,433**	$ 12,962,932	$ 4,917,190
Net book value		**$ 10,975,618**		$ 8,045,742

3. Capital Assets (continued)

In 1998, the Organization received land and a building at 414 Edmonton Street, Winnipeg, Manitoba from the City of Winnipeg as a donation. Pursuant to the terms of the agreement, the property must be used for the purpose of a faith-based residential treatment program for substance abusers. Should the property be no longer utilized for the above stated purpose, the property will revert back to the ownership of the City of Winnipeg.

Included in capital assets is $7,003,091 ($5,566,950 in 2024) in buildings, furniture and equipment, and vehicles that have been donated or were purchased with donated funds. Accumulated amortization relating to these assets amounted to $2,659,643 as at December 31, 2025 ($2,508,619 in 2024).

During the year, the Organization acquired assets with a cost of $3,794,990 ($1,219,100 in 2024). Of this amount, $571,882 ($9,700 in 2024) was in the form of non-cash contributions, $173,022 (Nil in 2024) was transferred on amalgamation, and the balance of $3,050,086 ($1,209,400 in 2024) was paid cash.

4. Accounts Payable and Accrued Liabilities

	2025	2024
Trades payable	$ 405,063	$ 192,648
Payroll accruals	213,489	12,876
Other accrued liabilities	112,074	124,432
	$ 730,626	$ 329,956

Included in accounts payable and accrued liabilities is $15,828 ($20,454 in 2024) in government remittances payable.

5. Long-term Debt

	2025	2024
Mortgage payable to Royal Bank of Canada at 2.39%, repayable in monthly instalments of $7,050, principal and interest, maturing on May 26, 2026. The mortgage is secured by property in Winnipeg (83 Kate Street, Winnipeg, MB).	**$ 427,572**	$ 500,947
Mortgage payable to Access Credit Union at 4.70%, repayable in monthly instalments of $4,406, principal and interest, maturing on February 1, 2039. The mortgage is secured by property in Winkler (324 Cargill Drive, Winkler, MB, R6W 0K4) and assignment of fire insurance policy over the property.	**395,239**	426,282
Mortgage payable to CERS Investment bearing no interest, repayable over 15 years in annual instalments of $23,333 on or before December 31 of each year, maturing on December 31, 2037. In the event of default payment, interest will be accrued at the rate of RBC prime plus 4%. The mortgage is secured by the pcroperty Dryden (34 King Street, Dryden, Ontario).	**256,667**	280,000
Demand instalment loan payable to CIBC at 4.15%, repayable in monthly instalments of $1,502, principal plus interest. The loan is secured by several properties (260 Jean Marc Avenue, Sunnyside, MB, 107 Johnson Avenue, Thunder Bay, ON, and 73 Westview Drive, Steinbach, MB)	**353,032**	-
Demand instalment loan payable to CIBC at Prime + .50% (effective 4.95%), repayable in monthly instalments of $7,445 principal and interest, maturing on. The loan is secured by several properties (260 Jean Marc Avenue, Sunnyside, MB, 107 Johnson Avenue, Thunder Bay, ON, and 73 Westview Drive, Steinbach, MB)	**1,756,947**	-
Mortgage payable to Royal Bank of Canada at 5.62%, repayable in monthly instalments of $5,851, principal and interest. The loan was fully repaid during the year.	**-**	385,139
	3,189,457	1,592,368
Current portion of long-term debt	**240,946**	172,526
Demand loans	**2,002,616**	-
	$ 945,895	$ 1,419,842

5. Long-term Debt (continued)

Management believes that these loans will be renewed as they mature. Assuming these loans are renewed at the existing rates and not demanded before maturity, regular principle repayments for the next five years and thereafter are as follows:

2026	$ 240,946
2027	244,446
2028	248,071
2029	251,826
2030	255,715
Thereafter	1,948,453
	$ 3,189,457

The Organization's banking agreements specify several covenant and reporting requirements. The Organization was in compliance with its financial covenants and reporting requirements as at December 31, 2025.

6. Deferred Capital Contributions

Deferred capital contributions related to capital assets represent the unamortized amount of donated capital assets, or funds received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations at rates which match the amortization of the related capital asset purchased with the donations.

	2025	2024
Balance, beginning of the year	**$ 3,361,275**	$ 2,514,595
Additional contributions received	**1,319,882**	1,272,003
Less amounts amortized to revenue	**(337,708)**	(425,323)
Balance, end of year	**$ 4,343,449**	$ 3,361,275

7. Commitments

The Organization leases equipment, vehicles and building space. The minimum aggregate lease payments for the next five years are as follows:

2026	$ 301,113
2027	315,788
2028	332,663
2029	349,538
2030	362,194
	$ 1,661,296

As at December 31, 2025, the Organization was party to a binding agreement to purchase real property in Flin Flon, Manitoba for $400,000, plus applicable taxes. Title to the property had not transferred as at December 31, 2025 and no related assets or liabilities were recognized in these financial statements. Subsequent to December 31, 2025, the Organization completed the purchase in accordance with the terms of the agreement.

In 2025, the Board approved a renovation project at 107 Johnson Street, Thunder Bay, with construction expected to begin in 2026 and be completed by September 2026. The total approved budget is $1,688,720 plus HST, including a $50,000 contingency. Funding for the project of $1,202,124 has been approved by the District of Thunder Bay Social Services Administration Board, of which $601,062 was received in March 2026.

8. Amalgamation and Fire Loss

Beginning in 2023, the Organization merged with another not-for-profit organization, which resulted in the transfer of certain tangible capital assets to the Organization. During the current year, management determined that the portion of the tangible assets transferred on merger in previous years had not been recorded in the Organization's accounting records at the date of transfer.

During the year, a fire occurred that resulted in the destruction of a significant portion of the tangible capital assets transferred to the Organization on merger. The Organization received insurance proceeds of $2,388,016 in respect of this loss, of which $248,351 was received during the year and the remaining amount was recorded as a receivable at year end.

The Organization has been unable to obtain sufficient supporting documentation to determine the historical cost and related accumulated amortization of the certain tangible capital assets transferred on merger that were not previously recorded. As a result, the Organization has been unable to determine, with reasonable certainty, the carrying amount of these assets immediately prior to the fire or the resulting loss on disposal arising from the destruction of these assets.

As a result, capital assets and accumulated amortization as at December 31, 2024, loss on disposal of capital assets and excess of revenues over expenses for the year ended December 31, 2025, and net assets as at January 1 and December 31 for both the 2025 and 2024 years may be materially affected; however the amount of any adjustment, if any cannot be determined.

9. Investment in Capital Assets

Investment in capital assets is calculated as follows:

	2025	2024
Capital assets	**$ 10,975,618**	$ 8,045,742
Amounts financed by		
Deferred capital contributions	**(4,343,449)**	(3,361,275)
Long-term debt	**(3,189,457)**	(1,592,368)
	$ 3,442,712	$ 3,092,099

Change in net assets invested in capital assets is calculated as follows:

	2025	2024
Excess (deficiency) of revenue over expenses		
Amortization of deferred contributions related to capital assets	**$ 337,708**	$ 425,323
Amortization of capital assets	**(755,417)**	(836,402)
Gain (loss) on sale of capital assets	**(109,697)**	432,799
	$ (527,406)	$ 21,720
Net changes in investment in capital assets		
Purchase of capital assets	**$ 3,050,086**	$ 1,209,409
Gift in kind donation of property	**51,882**	9,700
Proceeds related to assets sold during year	**-**	(723,569)
Amounts funded by donations	**(1,319,882)**	(1,272,003)
Repayment of loans and related party advances	**550,180**	359,088
Proceeds from long-term debt	**(2,147,269)**	-
	$ 184,997	$ (417,375)

10. Financial Instrument Risk Management

The Organization, through its financial assets and liabilities, is exposed to various risks in the normal course of operations. The Organization's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Organization's activities. The following analysis provides a measurement of those risks at December 31, 2025.

Credit Risk

Credit risk is the risk that the Organization will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the organization to significant concentrations of credit risk consist primarily of accounts receivable and other receivables. The Organization is not exposed to significant credit risk as the accounts receivable and other receivables are typically collected when it is due. Credit risk has not changed from prior year.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is not exposed to significant interest rate risk as cash and bank are held in short-term products. Interest rate on mortgages and loans are both fixed and variable in nature. The Organization is exposed to interest rate risk through its variable interest rate mortgages and loans. It seeks to minimize the risks from interest rate fluctuations through its normal operating and financing activities.

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its obligations as they fall due. The Organization maintains adequate levels of working capital to ensure all its obligations can be met when they fall due. Liquidity risk has not changed from prior year.

For the year ended December 31, 2025

11. Controlled Not-for-Profit Organization and Related Party Transactions

The Organization controls The Lighthouse Evangelistic Association Inc., (the "Lighthouse") by virtue of the fact that of the members of the Board of Directors are common to each the Organization and the Lighthouse. The Lighthouse is a Manitoba company registered with Canada Revenue Agency as a charitable organization, registration No. 889250460.

The Lighthouse receives no government funding and provides clothing, food and aid for the homeless.

The net assets, results of the operations and cash flows are not included in the financial statements of the Organization. Separate financial statements of the Lighthouse are available upon request. Financial summaries of the Lighthouse as at December 31, 2025 and December 31, 2024 and for the years then ended are as follows:

	2025	2024
		(Restated)
Statement of Financial Position		
Total assets	**$ 5,276,490**	$ 2,839,884
Total liabilities	**$ 4,770,393**	$ 2,192,283
Total fund balances	**506,097**	647,601
Total liabilities and fund balances	**$ 5,276,490**	$ 2,839,884

	2025	2024
Statement of Operations		
Total revenue	**$ 970,610**	$ 751,675
Total expenses	**1,021,814**	968,637
Deficiency of revenue over expenses	**$ (51,204)**	$ (216,962)

	2025	2024
		(Restated)
Statement of Cash Flows		
Cash from (used in) operating activities	**$ (653,901)**	$ (175,393)
Cash from (used in) investing and financing activities	**626,394**	4,952
Net decrease in cash and bank for the year	**$ (27,507)**	$ (170,441)

11. Controlled Not-for-Profit Organization and Related Party Transactions (continued)

The Lighthouse pays the Organization an administration fee annually to perform financial, managerial, promotional and other services on its behalf. The total administration fee for the year amounted to $102,203 ($92,535 in 2024). During the year, the Organization received $155,648 ($113,195 in 2024) from Lighthouse for assistance with food preparation, serving of meals and maintenance.

At the end of the year, the amount owing from Lighthouse was $65,491 ($39,264 in 2024), and is included in the accounts receivables.

Related party transactions arise in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties).

TEEN CHALLENGE OF CENTRAL CANADA INC.
Non-consolidated Schedule of Expenses

For the year ended December 31	2025	2024 (unaudited)
Administration	**$ 33,753**	$ 347
Advertising	**536,249**	410,954
Amortization of capital assets	**755,417**	836,402
Bad debt	**195**	112
Bank charges and interest	**132,356**	133,006
Dues and subscriptions	**208,275**	242,414
Fuel	**176,388**	180,741
Fundraising and special projects	**636,887**	594,814
Golf tournament	**84,081**	117,832
Groceries	**73,948**	144,986
Insurance	**319,487**	306,281
Interest on long-term debt	**82,223**	66,255
Meetings	**36,018**	37,226
Miscellaneous	**7,976**	22,099
Mission	**139,030**	44,154
Postage/courier	**12,116**	11,776
Printing, stationery and office supplies	**119,692**	184,900
Professional fees	**165,075**	114,637
Property tax	**201,187**	181,613
Rental expense	**401,943**	323,851
Repairs and maintenance	**557,850**	515,362
Salaries, benefits and honorariums	**8,002,031**	7,256,490
Software	**88,672**	47,987
Student cost/curriculum	**410,312**	342,420
Thrift store and sales expense	**336,061**	336,439
Telephone	**98,802**	82,519
Travel	**170,925**	146,345
Utilities	**336,535**	356,248
	$ 14,123,484	$ 13,038,210

TEEN CHALLENGE OF CENTRAL CANADA INC.
Non-consolidated Vehicle Donation Program

For the year ended December 31	2025	2024 (unaudited)
Sales		
Auction	**$ 362,385**	$ 377,200
Recycler	**1,083,661**	714,259
Retail	**627,625**	347,468
Other	**4,878**	11,937
	2,078,549	1,450,864
Cost of Goods Sold		
Donated vehicles disposed	**(2,397,478)**	(1,547,801)
Other direct costs	**(313,985)**	(261,800)
	(2,711,463)	(1,809,601)
Gross loss before other income	**(632,914)**	(358,737)
Other Income		
Gift in kind vehicles	**2,649,297**	1,832,516
Work experience support	**174,525**	-
Other donations	**28,006**	-
Excess of revenue over expenses for the year	**$ 2,218,914**	$ 1,473,779