

Consolidated Financial Statements of

WOOD'S HOMES SOCIETY

And Independent Auditor's Report thereon

Year ended March 31, 2026



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Wood's Homes Society

Opinion

We have audited the consolidated financial statements of Wood's Homes Society (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2026
- the consolidated statement of operations and changes in fund balances for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2026, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

May 29, 2026

WOOD'S HOMES SOCIETY

Consolidated Statement of Financial Position

As at March 31, 2026, with comparative information for 2025

	Operating Fund	Capital Fund	2026 Total	2025 Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,887,444	\$ 3,185,274	\$ 5,072,718	\$ 7,815,216
Accounts receivable	1,981,988	9,394	1,991,382	1,249,099
Prepaid expenses	711,765	4,679	716,444	317,752
Due from (to) funds	3,697,732	(3,697,732)	–	–
Due from The Wood's Homes Foundation (note 4)	–	381,017	381,017	327,110
	8,278,929	(117,368)	8,161,561	9,709,177
Capital assets (note 5)	–	32,294,411	32,294,411	32,507,042
	\$ 8,278,929	\$ 32,177,043	\$ 40,455,972	\$ 42,216,219

Liabilities and Fund balances

Current liabilities:				
Accounts payable and accrued liabilities (notes 6, 12)	\$ 5,075,033	\$ 1,203	\$ 5,076,236	\$ 6,627,187
Deferred revenue	1,145,394	–	1,145,394	928,527
Construction loan (note 9)	–	–	–	1,275,837
Due to The Wood's Homes Foundation (note 4)	73,881	–	73,881	410,642
Current portion of long-term debt (notes 8, 13)	–	2,658,057	2,658,057	107,712
	6,294,308	2,659,260	8,953,568	9,349,905
Long-term debt (notes 8, 13)	–	2,427,584	2,427,584	3,755,757
Leasehold inducement (note 10)	–	136,115	136,115	–
Deferred contributions (note 11)	117,152	16,544,176	16,661,328	17,355,501
	6,411,460	21,767,135	28,178,595	30,461,163
Fund balances:				
Unrestricted	1,867,469	10,409,908	12,277,377	11,755,056
Commitments and contingencies (note 15)				
	\$ 8,278,929	\$ 32,177,043	\$ 40,455,972	\$ 42,216,219

See accompanying notes to the consolidated financial statements.



Director



Director

WOOD'S HOMES SOCIETY

Consolidated Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2026, with comparative information for 2025

	Operating Fund	Capital Fund	2026 Total	2025 Total
Revenue:				
Contract (note 12)	\$ 42,017,997	\$ 1,162,313	\$ 43,180,310	\$ 40,818,598
Operating grants	3,461,412	–	3,461,412	3,754,707
Fee for service	422,664	–	422,664	423,087
Amortization of deferred contributions (note 11)	47,783	796,013	843,796	776,188
The Wood's Homes Foundation (note 13)	913,282	15,000	928,282	626,563
Other income	186,136	81,103	267,239	587,822
	47,049,274	2,054,429	49,103,703	46,986,965
Expenses:				
Salaries and benefits	36,865,114	–	36,865,114	35,142,227
Direct client	4,653,318	–	4,653,318	4,411,308
Administrative	2,879,847	10,101	2,889,948	2,650,130
Facility	2,582,397	142,425	2,724,822	2,730,067
Interest on long-term debt	–	260,191	260,191	223,935
Amortization of capital assets	–	1,188,489	1,188,489	963,253
	46,980,676	1,601,206	48,581,882	46,120,920
Excess of revenue over expenses before other items	68,598	453,223	521,821	866,045
Gain on disposition of capital assets	–	500	500	35,800
Excess of revenue over expenses	68,598	453,723	522,321	901,845
Fund balances, beginning of year	1,798,871	9,956,185	11,755,056	10,853,211
Fund balances, end of year	\$ 1,867,469	\$ 10,409,908	\$ 12,277,377	\$ 11,755,056

See accompanying notes to the consolidated financial statements.

WOOD'S HOMES SOCIETY

Consolidated Statement of Cash Flows

For the year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	\$ 522,321	\$ 901,845
Items not affecting cash:		
Gain on disposition of capital assets	(500)	(35,800)
Amortization of capital assets	1,188,489	963,253
Amortization of deferred contributions	(843,796)	(776,188)
Amortization of deferred financing fees	836	—
Amortization of leasehold inducements	(3,490)	—
	863,860	1,053,110
Net changes in non-cash working capital affecting operations (note 14)	(2,679,617)	367,906
	(1,815,757)	1,421,016
Investing:		
Proceeds on disposition of capital assets	500	35,800
Purchase of capital assets	(975,858)	(6,255,769)
Net changes in non-cash working capital related to capital assets (note 14)	(186,110)	(1,243,174)
Leasehold inducements received (note 10)	139,605	—
	(1,021,863)	(7,463,143)
Financing:		
Deferred contributions received (note 11)	149,623	516,313
Proceeds from issuance of long-term debt	1,346,128	800,000
Payments on long-term debt	(124,792)	(92,845)
(Settlement of) proceeds from issuance of construction loan	(1,275,837)	1,275,837
	95,122	2,499,305
Decrease in cash and cash equivalents	(2,742,498)	(3,542,822)
Cash and cash equivalents – beginning of year	7,815,216	11,358,038
Cash and cash equivalents – end of year	\$ 5,072,718	\$ 7,815,216

See accompanying notes to the consolidated financial statements.

WOOD'S HOMES SOCIETY

Notes to Consolidated Financial Statements

March 31, 2026, with comparative information for 2025

1. Nature of operations:

Wood's Homes Society (the "Society") is incorporated under the Societies Act (Alberta) and is registered as a charity under the Canadian Income Tax Act and accordingly is exempt from income tax.

On December 30, 2011 the Society established a wholly-owned subsidiary, Wood's Homes, under the Alberta Companies Act through the issuance of shares. On April 1, 2012 Wood's Homes was granted status as a registered charity under the Canadian Income Tax Act and accordingly is exempt from income tax.

These consolidated financial statements include the accounts of Wood's Homes Society and Wood's Homes (collectively "Wood's"). The mission of Wood's is to promote and assist the development and well-being of children, youth and families within the community. Various government ministries and other funders have contracted with Wood's to deliver such services. Additional revenues are provided by the Wood's Homes Foundation (notes 3 and 13), charitable activities and donations.

2. Significant accounting policies:

(a) Basis of accounting:

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

(b) Principles of consolidation:

The consolidated financial statements include the accounts of Wood's Homes Society and its wholly-owned subsidiary, Wood's Homes. Intercompany balances and transactions are eliminated on consolidation. The Wood's Homes Foundation is also wholly-owned and controlled by the Society, but has not been consolidated in these consolidated financial statements (note 3).

(c) Fund accounting:

The Operating Fund accounts for Wood's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenues and expenses related to Wood's capital assets, including rental income related to its capital assets.

Amounts due to/from funds are non-interest bearing with no repayment terms.

WOOD'S HOMES SOCIETY

Notes to Consolidated Financial Statements, page 2

March 31, 2026, with comparative information for 2025

2. Significant accounting policies (continued):

(d) Revenue recognition:

Wood's follows the deferral method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Restricted contributions related to capital assets are recognized as revenue in the Capital Fund as the related capital assets are amortized.

Unrestricted contributions are recognized as revenue in the appropriate fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contract, operating grants and fee for service revenues are recognized when the related service is provided.

Other income consists of rent income, interest income and investment income and is recognized in the appropriate fund when earned or as related services are provided.

(e) Cash and cash equivalents:

Cash consists of cash on hand and balances with banks. Cash equivalents consist of short-term deposits with original maturities of less than three months. Cash and cash equivalents may include balances that are intended for specific purposes, including capital expansions, either as directed by the donor or funder or as directed by the Board of Directors of the Society.

(f) Use of estimates:

The consolidated financial statements of Wood's have been prepared in accordance with ASNPO which require management to make assumptions and estimates that affect the reported amount of assets, liabilities, revenues and expenses. Actual amounts could differ from those estimates (note 12).

(g) Donated materials and services:

Donated materials and services, including volunteer services, are not recognized in the consolidated financial statements.

(h) Government assistance:

Government assistance related to current expenses and revenues is included in the determination of excess of revenue over expenses for the year. Government assistance related to capital assets is included in deferred contributions when received and is recognized as revenue in the Capital Fund as the related assets are amortized.

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Notes to Consolidated Financial Statements, page 3

March 31, 2026, with comparative information for 2025

2. Significant accounting policies (continued):

(i) Capital assets:

Capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution to the extent that fair value can be reasonably estimated. Amortization is recorded using the straight-line method over the following estimated useful lives:

Buildings	40 years
Paving and concrete	20 years
Equipment	10 years
Computers and audio visual equipment	3 years
Vehicles	3 years

Leasehold improvements are amortized over the life of the lease. Construction in progress assets are not amortized until construction is complete. Capital assets are assessed for indicators of impairment on an annual basis. Capital assets may be impaired when conditions indicate that an asset no longer contributes to Wood's ability to provide services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. The net carrying amount of the capital asset shall be written down to its fair value or replacement cost and the write-downs of capital assets shall be accounted for as expenses in the consolidated statement of operations.

(j) Pension plan:

Wood's maintains a voluntary defined contribution pension plan for its employees. Wood's matches union employees' contributions up to 4% of their gross salary and contributes 5% to 10% of non-union employees' gross salary depending on their term of service. Pension contributions are expensed in the period the employee worked and are included in salaries and benefits.

(k) Financial instruments:

Wood's initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost. The financial assets include cash, cash equivalents including externally and internally restricted cash, accounts receivable, and amounts due from The Wood's Homes Foundation. The financial liabilities include accounts payable and accrued liabilities, amounts due to (from) The Wood's Homes Foundation, construction loan, and long-term debt.

WOOD'S HOMES SOCIETY

Notes to Consolidated Financial Statements, page 4

March 31, 2026, with comparative information for 2025

2. Significant accounting policies (continued):

(k) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there are any indicators of impairment, Wood's determines if there is a significant adverse change in the expected amount of the timing of future cash flows from the financial asset. If there is a significant adverse change in the timing of the future cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset, or the amount that Wood's expects to realize by exercising its right to any collateral. If events and circumstances reverse in a current period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(l) Related party transactions:

Monetary and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

3. The Wood's Homes Foundation:

The Wood's Homes Foundation (the "Foundation") is a public foundation, the purpose of which is to advance the mission, goals and objectives of Wood's. The Foundation is a registered charity under the Canadian Income Tax Act.

The Foundation is a wholly-owned subsidiary of Wood's Homes Society but has not been consolidated in these consolidated financial statements. Financial statements for the Foundation are available upon request. A financial summary for the Foundation as at December 31, 2025 and 2024 and for the years then ended are as follows:

WOOD'S HOMES SOCIETY

Notes to Consolidated Financial Statements, page 5

March 31, 2026, with comparative information for 2025

3. The Wood's Homes Foundation (continued):

Statement of Financial Position, as at December 31,	2025	2024
Total assets	\$ 13,379,290	\$ 12,214,815
Total liabilities	2,631,295	2,425,681
Fund balances:		
Unrestricted	2,970,566	2,555,640
Internally restricted	4,690,892	4,354,038
Externally restricted	2,963,704	2,756,623
Restricted for endowment	122,833	122,833
Total fund balances	10,747,995	9,789,134
	\$ 13,379,290	\$ 12,214,815

Statement of Operations, for the year ended December 31,	2025	2024
Total revenues	\$ 3,229,020	\$ 2,898,275
Total expenses	(2,259,124)	(3,236,867)
Total increase in value of investments	955,052	1,600,957
Total distributions to Wood's	(966,087)	(1,281,930)
Excess (deficiency) of revenue over expense	\$ 958,861	\$ (19,565)

Statement of Cash Flows, for the year ended December 31,	2025	2024
Cash from (used in) operations	\$ 889,273	\$ (1,186,438)
Cash used in financing and investing activities	(568,831)	(413,962)
Increase (decrease) in cash	\$ 320,442	\$ (1,600,400)

4. Due from (to) The Wood's Homes Foundation:

Amounts due from (to) the Foundation are unsecured, non-interest bearing and due on demand.

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Notes to Consolidated Financial Statements, page 6

March 31, 2026, with comparative information for 2025

5. Capital assets:

	Cost	Accumulated amortization	2026 Net Book value	2025 Net Book value
Land	\$ 5,964,983	\$ –	\$ 5,964,983	\$ 5,964,983
Construction in progress	936,619	–	936,619	8,853,842
Buildings	37,179,264	13,053,622	24,125,642	16,840,702
Paving and concrete	750,982	348,015	402,967	325,319
Leasehold improvements	1,389,213	1,175,916	213,297	109
Equipment	1,600,215	1,324,751	275,464	88,249
Computers and audio visual	1,723,247	1,534,112	189,135	202,676
Vehicles	566,502	380,198	186,304	231,162
	<u>\$ 50,111,025</u>	<u>\$ 17,816,614</u>	<u>\$ 32,294,411</u>	<u>\$ 32,507,042</u>

During the year ended March 31, 2026, the construction of Cottage E was completed and transferred from construction in progress to completed assets. The total carrying value transferred included \$7,868,613 to buildings, \$180,333 to equipment and \$76,747 to paving and concrete. The asset was available for use in August 2025, at which time amortization commenced.

6. Government remittances payable:

Accounts payable and accrued liabilities include government remittances consisting of payroll remittance amounts to be paid to government authorities of \$292,738 at March 31, 2026 (2025 – \$286,308).

7. Line of credit:

Wood's has an operating demand revolving credit facility of \$1,500,000 (2025 – \$1,500,000) of which \$nil was drawn at March 31, 2026 (2025 – \$nil). The facility bears interest at the bank's prime rate plus 0.5% per annum and is collateralized by a general security agreement over all property and assets. This credit facility has a reporting requirement to provide at a minimum a review engagement on the consolidated financial statements within 120 days of the fiscal year-end. The facility also requires Wood's to maintain a debt service coverage ratio of not less than 1.1:1 at all times. As at March 31, 2026, Wood's was in compliance with these covenants.

WOOD'S HOMES SOCIETY

Notes to Consolidated Financial Statements, page 7

March 31, 2026, with comparative information for 2025

8. Long-term debt:

	2026	2025
Long-term debt	\$ 5,085,641	\$ 3,863,469
Less: current portion	(2,658,057)	(107,712)
Non-current portion	\$ 2,427,584	\$ 3,755,757

Wood's has the following long-term debt:

- (a) A mortgage payable of \$1,658,610 (2025 – \$1,716,652) due to the Toronto-Dominion Bank. The mortgage bears interest at 4.68% per annum (2025 – 4.68%) and is repayable in monthly blended payments of principal and interest of \$11,432 (2025 – \$11,432). The terms of the mortgage and the contractual term of the mortgage is scheduled to renew on December 28, 2026. During the year, \$79,145 (2025 – \$105,349) of interest expense was included in interest on long-term debt in the Capital Fund. The mortgage is collateralized by a general security agreement over all property and assets. Wood's has also pledged the Inglewood property as collateral which has a carrying value of \$4,117,958 (2025 – \$4,154,730).
- (b) A mortgage payable of \$946,238 (2025 – \$975,579) due to the Toronto-Dominion Bank. The mortgage has a fixed rate of interest of 4.36% per annum (2025 – 5.04%). The required monthly blended payments of principal and interest are \$5,846 (2025 – \$6,179). The terms of the mortgage are scheduled to renew on August 1, 2026, and the contractual term of the mortgage is scheduled to renew on June 1, 2026. During the year, \$42,215 (2025 – \$49,867) of interest expense was included in interest on long-term debt in the Capital Fund. The mortgage is collateralized by a general security agreement over all property and assets. Wood's has also pledged a property in Calgary as collateral which has a carrying value of \$1,527,683 (2025 – \$1,539,793).
- (c) A mortgage payable of \$1,341,230 (2025 – \$nil) due to the Toronto-Dominion Bank. The mortgage has a fixed rate of interest of 4.74% per annum. The required monthly blended payments of principal and interest are \$7,688. The terms of the mortgage are scheduled to renew on September 18, 2030. During the year, \$32,023 of interest expense was included in interest on long-term debt in the Capital Fund. The mortgage is collateralized by a general security agreement over all property and assets. Wood's has also pledged the property in Parkdale as collateral which has a carrying value of \$7,737,469.

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Notes to Consolidated Financial Statements, page 8

March 31, 2026, with comparative information for 2025

8. Long-term debt (continued):

- (d) A note payable of \$368,735 (2025 – \$380,199) due to the Wood's Homes Foundation. Effective July 2024, the note payable was renewed for a second five-year term. The note bears interest at 5.31% per annum (2025 – 5.31%) and is repayable in monthly blended payments of \$2,615 (2025 – \$2,615). During the year, \$19,913 (2025 – \$20,533) of interest expense was included in interest on long-term debt in the Capital Fund. The note is unsecured.
- (e) A note payable of \$778,361 (2025 – \$791,039) due to the Wood's Homes Foundation. The note was issued at \$800,000 on June 2024 to finance the purchase of property in Lethbridge with an initial five-year term. The note bears interest at 6.79% per annum (2025 – 6.79%) and is repayable in monthly blended payments of \$5,500 (2025 – \$5,500). During the year, \$53,322 of interest expense (2025 – \$40,539) was included in interest on long-term debt in the Capital Fund. The note payable is unsecured.

The mortgage payables outlined above have a reporting requirement to provide at a minimum a review engagement on the consolidated financial statements and The Wood's Homes Foundation financial statements within 120 days of the end of these entities' respective fiscal years. The mortgage payables also require Wood's to maintain a debt service coverage ratio of not less than 1.1:1 at all times. As at March 31, 2026, Wood's was in compliance with these covenants.

The minimum amounts of principal which are scheduled to be repaid on the long-term debt, assuming renewal under similar terms, are as follows:

2027	\$	144,839
2028		150,519
2029		157,932
2030		166,056
2031		174,604
Thereafter		4,291,691

9. Construction loan:

On March 19, 2025, Wood's obtained a construction facility loan to provide financing for the development of a Parkdale property. As at March 31, 2026, the balance outstanding on the loan was \$nil (2025 – \$1,275,837) as it was repaid on September 18, 2025 via a draw of a mortgage (note 8(c)). The draw occurred after the completion of the construction of a Parkdale property. Prior to repayment, the loan was repayable on demand and bore interest at prime rate, which equaled 4.95% per annum as at March 31, 2025, payable monthly. The loan was collateralized by a general security agreement over all property and assets.

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Notes to Consolidated Financial Statements, page 9

March 31, 2026, with comparative information for 2025

10. Leasehold inducement:

On April 30, 2025, Wood's entered into a ten-year lease expiring December 31, 2035 and received \$139,605 from the landlord to assist in paying for leasehold improvements. The leasehold inducement is amortized over the life of the lease.

11. Deferred contributions:

(a) Operating fund:

Deferred contributions in the Operating fund represent externally restricted amounts received that have not been spent, including amounts restricted for the rent expense of a specific program.

	2026	2025
Balance – beginning of year	\$ 84,082	\$ 29,296
Contributions received	129,793	124,014
Transferred to Capital Fund	(48,940)	–
Recognized as contribution revenue	(47,783)	(69,228)
Balance – end of year	\$ 117,152	\$ 84,082

(b) Capital fund:

Deferred contributions in the Capital Fund represent the unamortized portion of restricted contributions which have been expended on Wood's capital assets.

Changes in deferred contributions in the Capital Fund are as follows:

	2026	2025
Balance – beginning of year	\$ 17,271,419	\$ 17,586,080
Contributions received	19,830	392,299
Transferred from Operating Fund	48,940	–
Recognized as contribution revenue	(796,013)	(706,960)
Balance – end of year	\$ 16,544,176	\$ 17,271,419

Contributions received include amounts which have been spent or which are intended to be spent on Wood's capital assets.

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Notes to Consolidated Financial Statements, page 10

March 31, 2026, with comparative information for 2025

12. Contract revenues:

Under the terms of certain contracts with various funding agencies, excess funds received over specific operating expenditures as budgeted in Wood's funding applications may be repayable in the current or following year. Management estimates the amount that is likely to be repaid to the funding agencies and records this in accrued liabilities and as a reduction to contract revenue. The funding agencies may approve the retention of these funds for specified purposes or may request the amount to be repaid. The actual amount retained or required to be repaid to funding agencies may differ from management's estimate as the calculation of excess funds is carried out by the funding agencies subsequent to year-end.

Any differences in the amounts recovered or paid from the amounts accrued are recorded in the year recovered as contract revenues or a reduction of contract revenues. As at March 31, 2026, \$1,516,125 (2025 – \$2,402,668) was recorded as the estimated amount repayable to funders.

13. Related party transactions:

Transactions between the Foundation and Wood's occur in the normal course of operations and are recorded at the exchange amount.

During the year, Wood's recorded the following transactions with the Foundation:

- (a) Recorded as revenue \$928,282 (2025 – \$626,563) from the Foundation to advance the mission, goals and objectives of Wood's; and
- (b) Recorded principal and interest payments to the Foundation totaling \$97,377 (2025 – \$80,878) in respect of payment obligations on a long-term debt of \$435,000 issued in 2020 and \$800,000 issued in 2024 (note 8(d) and 8(e)).

During the year, the Society provided executive support services and office rent to the Foundation for which no amount has been recorded in the consolidated financial statements (2025 – \$nil).

WOOD'S HOMES SOCIETY

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14. Net change in non-cash working capital:

The net change in non-cash working capital balances consists of the following:

(a) Operating Fund:

	2026	2025
(Increase) decrease in accounts receivable	\$ (797,908)	\$ 15,519
(Increase) decrease in prepaid expenses	(398,692)	59,894
(Decrease) increase in due (to) from Wood's Homes Foundation	(336,761)	333,488
Decrease in accounts payable and accrued liabilities	(1,363,123)	(19,476)
Increase (decrease) in deferred revenue	216,867	(21,519)
	<u>\$(2,679,617)</u>	<u>\$ 367,906</u>

(b) Capital Fund:

	2026	2025
Decrease in accounts receivable	\$ 55,625	\$ 4,983
Decrease in due to (from) Wood's Homes Foundation	(53,907)	(423,402)
Decrease in accounts payable and accrued liabilities	(187,828)	(824,755)
	<u>\$ (186,110)</u>	<u>\$ (1,243,174)</u>

15. Commitments and contingencies:

The Society is committed to the following future payments under lease agreements:

2027	\$ 476,414
2028	293,805
2029	188,154
2030	173,100
2031	151,549
Thereafter	719,109

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15. Commitments and contingencies (continued):

From time to time, the Society is subject to claims that arise in the ordinary course of operations. Liability for these claims, if any, is recorded to the extent that the probability of a loss is likely and is estimable.

16. Financial instruments:

Wood's exposure to risks arising from financial instruments is outlined as follows:

Credit and interest rate risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Interest rate risk is the risk of increased interest rates on long-term debt with floating rates.

Wood's credit risk exposure relates to cash, cash equivalents and accounts receivable. Cash and cash equivalents are held with Canadian financial institutions, and accounts receivable is due from reputable funders and donors with no history of non-payment. 100% of Wood's long-term debt (including the construction loan) bears interest at fixed rates. Accordingly, management believes that Wood's exposure to credit risk and interest rate risk is not significant.

During the year, \$116,674 of interest income (2025 – \$264,735) in the Operating Fund and \$77,613 (2025 – \$205,770) in the Capital Fund was recorded in Other Income on the consolidated statement of operations and changes in fund balances.

Liquidity risk

Liquidity risk is the risk that Wood's will encounter difficulty in meeting obligations associated with financial liabilities. Wood's mitigates its liquidity risk by keeping adequate cash resources on hand to meet all of its payment requirements. In addition, Wood's has arranged a line of credit to allow it to maintain its liquidity in unusual circumstances (note 7).

There have been no significant changes to Wood's risk exposure from 2025, other than the advances and repayment relating to the long-term debt and construction loan facilities advanced during the year.

17. Fundraising expenses:

Section 7(2) of the Charitable Fund-raising Act of Alberta requires Wood's to disclose the expenses incurred for the purpose of soliciting contributions.

During the year, Wood's did not incur remuneration to employees whose principal duties involve fund-raising: \$nil (2025 – \$nil); or incur direct expenses for the purpose of soliciting contributions: \$nil (2025 – \$nil).