CANADIAN FRIENDS SERVICE COMMITTEE

FINANCIAL STATEMENTS

MARCH 31, 2026

INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Friends Service Committee

Qualified Opinion

We have audited the accompanying financial statements of Canadian Friends Service Committee, which comprise the statement of financial position as at March 31, 2026, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenditures, and cash flows from operations for the years ended March 31, 2026 and 2025, current assets as at March 31, 2026 and 2025, and net assets as at April 1 and March 31 for both the 2026 and 2025 years. Our audit opinion on the financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibility 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 opinion.

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 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.

HAMILTON OFFICE
7th Floor – 105 Main St E
Hamilton, ON L8N 1G6
Phone: 905-523-0000
Fax: 905-523-4681

BURLINGTON OFFICE
202 – 3310 South Service Rd
Burlington, ON L7N 3M6
Phone: 905-523-0000
Fax: 905-523-4681

In preparing the 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 Responsibility 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.

Auditor's Responsibility for the Audit of the Financial Statements (Continued)

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.

Paylor Leibow LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Hamilton, Ontario
August 28, 2026

CANADIAN FRIENDS SERVICE COMMITTEE

STATEMENT OF FINANCIAL POSITION

As at March 31

	2026 $	2025 $
ASSETS		
CURRENT		
Cash	**137,708**	178,783
Short-term investments	**7,384,106**	4,545,373
HST and other receivables	**9,424**	7,011
Prepaid expenses	**8,612**	4,014
	7,539,850	4,735,181
INVESTMENT IN OIKOCREDIT	**10,000**	10,000
CAPITAL ASSETS (Note 3)	**5,434**	4,571
	7,555,284	4,749,752
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 4)	**63,686**	96,880
Deferred income (Note 5)	**52,104**	52,647
Project funding payable (Note 6)	**66,530**	74,553
Interest free loans	**53,000**	62,000
	235,320	286,080
NET ASSETS		
UNDESIGNATED FUND	**3,643,274**	2,854,224
BEQUEST FUND	**2,940,190**	872,948
FISCHER INCOME FUND	**736,500**	736,500
	7,319,964	4,463,672
	7,555,284	4,749,752

(See accompanying Notes to Financial Statements)

CANADIAN FRIENDS SERVICE COMMITTEE

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

2026

	Total $	Undesignated Fund $	Bequest Fund $	Fischer Income Fund $
BALANCE, BEGINNING OF YEAR	**4,463,672**	2,854,224	872,948	736,500
EXCESS OF REVENUES OVER EXPENDITURES	**2,856,292**	551,036	2,305,256	-
INTERFUND TRANSFERS (Note 7)	**-**	238,014	(238,014)	-
BALANCE, END OF YEAR	**7,319,964**	3,643,274	2,940,190	736,500

2025

	Total $	Undesignated Fund $	Bequest Fund $	Fischer Income Fund $
BALANCE, BEGINNING OF YEAR	4,258,899	2,696,766	825,633	736,500
EXCESS OF REVENUES OVER EXPENDITURES	204,773	65,207	139,566	-
INTERFUND TRANSFERS	-	92,251	(92,251)	-
BALANCE, END OF YEAR	4,463,672	2,854,224	872,948	736,500

(See accompanying Notes to Financial Statements)

CANADIAN FRIENDS SERVICE COMMITTEE

STATEMENT OF OPERATIONS

Year ended March 31

	2026 $	2025 $
REVENUES		
Undesignated donations	**270,793**	293,671
Bequest donations	**2,305,256**	139,566
Designated donations	**179,284**	69,936
Grant income	**30,867**	9,000
Investment income	**233,911**	151,317
Miscellaneous income	**5,327**	5,767
	3,025,438	669,257
EXPENDITURES		
Administration	**40,217**	37,906
Amortization	**2,329**	1,959
Education and witness	**39,195**	50,034
Investment management fees	**51,338**	39,465
Personnel	**558,393**	620,565
Program Committees (Schedule 1)	**206,981**	121,082
Promotion	**20,822**	7,917
	919,275	878,928
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	**2,106,163**	(209,671)
OTHER INCOME		
Gain on investments	**750,129**	414,444
EXCESS OF REVENUES OVER EXPENDITURES	**2,856,292**	204,773

(See accompanying Notes to Financial Statements)

CANADIAN FRIENDS SERVICE COMMITTEE

STATEMENT OF CASH FLOWS

Year ended March 31

	2026 $	2025 $
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenditures	**2,856,292**	204,773
Items not involving cash		
Amortization	**2,329**	1,959
Gain on investments	**(750,129)**	(414,444)
	2,108,492	(207,712)
Changes in non-cash working capital (Note 8)	**(48,771)**	51,067
	2,059,721	(156,645)
FINANCING ACTIVITY		
Decrease in interest free loans	**(9,000)**	(2,000)
INVESTING ACTIVITIES		
Purchase of capital assets	**(3,192)**	(925)
Decrease (increase) in short-term investments	**(2,088,604)**	297,938
	(2,091,796)	297,013
INCREASE (DECREASE) IN CASH	**(41,075)**	138,368
CASH, BEGINNING OF YEAR	**178,783**	40,415
CASH, END OF YEAR	**137,708**	178,783

(See accompanying Notes to Financial Statements)

1. PURPOSE OF THE COMMITTEE

Canadian Friends Service Committee is the peace, social justice, and international development arm of the Religious Society of Friends (Quakers) in Canada.

The Committee is a non-profit organization incorporated without share capital under the Canada Corporations Act. The Committee is a registered Canadian charity (registration #13214 6549 RR0001) and, as such, is exempt from income tax and may issue income tax receipts to donors. On December 2, 2013, the Committee was granted a Certificate of Continuance under the Canada Not-for-profit Corporations Act.

2. SIGNIFICANT ACCOUNTING POLICIES

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

FINANCIAL INSTRUMENTS

Measurement of financial instruments

The Committee initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. The investment in Oikocredit and amounts due to and from related parties are measured at cost less any allowance for impairment.

The Committee subsequently measures its financial assets and financial liabilities at amortized cost, except for equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures.

Financial assets measured at amortized cost include cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, project funding payable, and interest free loans.

Financial assets measured at fair value include short-term investments.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in excess of revenues over expenditures. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess of revenues over expenditures up to the amount of the previously recognized impairment.

CAPITAL ASSETS AND AMORTIZATION

Capital assets are recorded at cost. An impairment loss is recognized when a capital asset no longer has any long-term service potential to the Committee or its carrying amount may not be recoverable. The Committee provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Computer equipment	30 %

REVENUE RECOGNITION

The Committee follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

Bequests which are received without direction regarding how the money is to be spent are allocated to the bequest fund. Bequests less than $50,000 are transferred to the undesignated fund on a declining balance basis at a rate of 20% per year. Bequests greater than $50,000 are transferred to the undesignated fund on a declining balance basis at a rate of 10% per year.

Investment income is recognized on the accrual basis. Interest income is accounted for as earned and dividend income is recognized on the ex-dividend date.

INTERNALLY RESTRICTED FUNDS

The Fischer income fund consists of funding to be utilized to earn investment income.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTED SERVICES AND MATERIALS

Volunteers contribute their time during the year to assist the Committee in carrying out its service delivery activities. However, because of the difficulty in determining the exact number of volunteer hours and their fair value, contributed services are not recognized in the financial statements.

Contributed materials used in the normal course of operations that would have been purchased are recorded at their fair value at the date of contribution and are included in donations revenue.

3. CAPITAL ASSETS

			2026	2025
	Cost $	Accumulated amortization $	Net $	Net $
Computer equipment	**65,707**	**60,273**	**5,434**	4,571

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable are other government remittances payable in the amount of $13,940 (2025 - $14,645).

5. DEFERRED INCOME

Deferred income represents unspent resources externally restricted for specific purposes that were received in the current year or prior year and were not spent by year end. The changes in deferred contributions are as follows:

	2026 $	2025 $
Beginning balance	**52,647**	47,817
Add: Amounts received during the year	**34,631**	34,728
Less: Amounts spent during the year	**(35,174)**	(29,898)
	52,104	52,647

6. PROJECT FUNDING PAYABLE

Project funding payable consists of amounts which were designated by the donor for specific projects which were received before year end together with other project amounts approved to be paid during the year from undesignated donations, neither of which has been paid in full by March 31, 2026.

7. INTERFUND TRANSFERS

During the year, the Committee's board of directors made the following transfers between Funds:

	2026 $	2025 $
Bequest Fund to Undesignated Fund	**238,014**	92,251

8. CHANGES IN NON-CASH WORKING CAPITAL

	2026 $	2025 $
HST and other receivables	**(2,413)**	1,606
Prepaid expenses	**(4,598)**	63
Accounts payable and accrued liabilities	**(33,194)**	42,862
Deferred income	**(543)**	4,830
Project funding payable	**(8,023)**	1,706
	(48,771)	51,067

9. FINANCIAL INSTRUMENTS

MARKET RISK

The Committee is exposed to market risk through its investments quoted in an active market. The Committee's investment portfolio is well diversified and there is no significant concentration of market risk. The Committee's market risk increased from the previous year due to the increase in short-term investments.

LIQUIDITY RISK

The Committee is exposed to liquidity risk arising from the accounts payable and accrued liabilities and interest free loans. Liquidity risk is the risk that the Committee cannot repay its obligations when they become due to its creditors. In the opinion of management, the liquidity risk exposure to the Committee is low. The Committee's liquidity risk decreased from the previous year due to the decrease in accounts payable and accrued liabilities.

CANADIAN FRIENDS SERVICE COMMITTEE

SCHEDULE I - PROGRAM COMMITTEES

Year ended March 31

	2026 $	2025 $
Quaker Peace Committee	**150,184**	62,435
Quaker Fostering Justice Committee	**17,893**	16,438
Quaker Indigenous Rights Committee	**22,804**	26,439
Quaker Partnerships	**16,100**	15,770
	206,981	121,082

(See accompanying Notes to Financial Statements)