EL HOGAR PROJECTS (CANADA)

Financial Statements

Year Ended December 31, 2025

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Year Ended December 31, 2025

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of El Hogar Projects (Canada)

We have reviewed the accompanying financial statements of El Hogar Projects (Canada) (the organization) that comprise the statement of financial position as at December 31, 2025, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 (ASNPO), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of El Hogar Projects (Canada) as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Chaggares & Bonhomme

Newmarket, Ontario
June 30, 2026

Chaggares & Bonhomme
Chartered Professional Accountants
Licensed Public Accountants

EL HOGAR PROJECTS (CANADA)

Statement of Financial Position

December 31, 2025

		2025		2024
ASSETS				
CURRENT				
Cash	**$**	**66,826**	$	169,175
Short term investments *(Note 5)*		**273,588**		211,665
Harmonized sales tax recoverable		**608**		654
		341,022		381,494
LONG TERM INVESTMENTS *(Note 6)*		**171,196**		157,131
	$	**512,218**	$	538,625
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	**$**	**5,000**	$	5,001
Deferred income *(Note 7)*		**34,124**		104,211
		39,124		109,212
NET ASSETS				
General fund		**473,094**		429,413
	$	**512,218**	$	538,625

ON BEHALF OF THE BOARD

SFranklin _Director_

Director

See notes to financial statements

EL HOGAR PROJECTS (CANADA)
Statement of Revenues and Expenditures
Year Ended December 31, 2025

		2025		2024
REVENUES				
Event income	**$**	**12,672**	$	13,377
Non-receipted donations		**180**		-
Receipted donations		**208,621**		159,789
		221,473		173,166
EXPENSES				
Advertising and promotion		**174**		-
Business taxes, licenses and memberships		**1,001**		-
Donations		**186,571**		195,084
Event expenses		**5,265**		7,733
Insurance		**1,909**		1,660
Interest and bank charges		**1,985**		1,061
Office		**2,656**		2,991
Professional fees		**5,000**		5,192
		204,561		213,721
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS		**16,912**		(40,555)
OTHER INCOME				
Unrealized gain on marketable securities		**11,734**		7,103
Gain (loss) on sale of marketable securities		**(58)**		302
Interest income		**15,093**		24,534
		26,769		31,939
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**$**	**43,681**	$	(8,616)

EL HOGAR PROJECTS (CANADA)
Statement of Changes in Net Assets
Year Ended December 31, 2025

		2025		2024
NET ASSETS - BEGINNING OF YEAR				
As previously reported	**$**	**422,310**	$	438,029
Change in accounting policy for investments		**7,103**		-
As restated		**429,413**		438,029
EXCESS OF REVENUES OVER EXPENSES		**43,681**		(8,616)
NET ASSETS - END OF YEAR	**$**	**473,094**	$	429,413

EL HOGAR PROJECTS (CANADA)

Statement of Cash Flows

Year Ended December 31, 2025

		2025		2024
OPERATING ACTIVITIES				
Excess (deficiency) of revenues over expenses	**$**	**43,681**	$	(8,616)
Item not affecting cash:				
Unrealized gain on marketable securities		**(11,734)**		(7,103)
		31,947		(15,719)
Changes in non-cash working capital:				
Accounts payable and accrued liabilities		**-**		(104)
Deferred income		**(70,087)**		(21,377)
Harmonized sales tax recoverable		**46**		9
		(70,041)		(21,472)
Cash flow used by operating activities		**(38,094)**		(37,191)
INVESTING ACTIVITY				
Proceeds from sale (purchase) of marketable securities		**(64,255)**		24,075
DECREASE IN CASH FLOW		**(102,349)**		(13,116)
Cash - beginning of year		**169,175**		182,291
CASH - END OF YEAR	**$**	**66,826**	$	169,175

1. PRIOR PERIOD ADJUSTMENT

During the year, the Organization identified an error in the measurement of its investment portfolio. In the prior year, investments were recorded at cost rather than at fair value as required under Canadian accounting standards for not-for-profit organizations.

As a result of this correction, investments as at December 31, 2024 have been increased by $7,103 to reflect their fair value. Correspondingly, an unrealized gain of $7,103 has been recognized in respect of the prior year. Opening net assets for the current year have been increased by $7,103.

The comparative financial statements have been restated to reflect this adjustment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During 2025, no goods were donated (2025 - $Nil; 2024 - $Nil).

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

When the organization issues financial instruments that include both a debt and equity component, the entire proceeds are allocated to the debt component, and the equity component is assigned a measurement amount of $nil.

When financial instruments that include both a debt and an equity component are issued, the proceeds are allocated firstly to the component for which the fair value is more readily determinable, and the residual is allocated to the other component.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Preferred shares that would otherwise be classified as liabilities, are classified as equity when issued as part of certain tax planning arrangements.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Investments and other non-cash assets

All gains and losses from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund that owned the assets.

Ordinary income from investments, receivables, and similar assets is accounted for in the fund owning the assets, with the exception of income derived from investment of endowments funds. Unrestricted endowment fund investments are accounted for as revenue of the operation fund or, if they are restricted, as deferred amounts until the terms of the restriction have been met.

Leases

Leases are classified as either capital or operating leases. At the time the organization enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

El Hogar Projects (Canada) follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

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

Seminar fees are recognized as revenue when the seminars are held.

3. PURPOSE OF THE ORGANIZATION

El Hogar Projects (Canada) (the "organization") is a not-for-profit organization of Ontario. As a registered charity, the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization operates to raise funds in Canada to support the transformative work of El Hogar Projects in Honduras: providing quality education and a safe environment to Honduran children living in impoverished conditions.

4. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2025.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to market risk through its long-term investment portfolio.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its GIC investments.

Unless otherwise noted, it is management’s opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

5. SHORT TERM INVESTMENTS

	2025	2024
TD Direct Investing	**$ -**	$ 5,021
National Bank Portfolio *(market value $1,858)*	**1,858**	1,644
TD GIC *(market value $215,658)*	**215,658**	205,000
PSE GIC *(market value $56,072)*	**56,072**	-
	$ 273,588	$ 211,665

6. LONG TERM INVESTMENTS

		2025		2024
National Bank Portfolio	$	**171,196**	$	157,131

These investments are not intended to be liquidated within the next 12 months to fund current operations. Accordingly, they have been presented as non-current assets in the statement of financial position.
The investments are measured at fair value, with changes in fair value recognized in the statement of operations.

7. DEFERRED INCOME

		2025		2024
The David N.L. Winsor Fund	$	**-**	$	10,100
The Book Project Fund		**8,124**		8,124
The Hansen Viking Scholarship		**-**		59,988
The Blue Lupin Fund		**26,000**		26,000
	$	**34,124**	$	104,212

i) The David N.L. Winsor Fund has been established to provide psychological counselling and behavioural guidance to students of El Hogar Projects and was recognized as income in 2025.

ii) The Book Project Fund has been established to provide an active library and reading program to students of El Hogar Projects.

iii) The Hansen Viking Scholarship was established to help fund schooling for children and students in Honduras and was recognized as income in 2025.

iv) The Blue Lupin Fund was established to support (a) one university scholarship for an El Hogar graduate student for four years, (b) to fund the redesign and renovation of the ITSM Blue Lupin Library, (c) initiate and research a pilot project to build a Blue Lupin library in the El Hogar community, (d) assess the funding needs and any new projects that the David Windsor Fund may initiate, and (e) fund a site visit to Gracias, Lempira to learn about the Blue Lupin library projects there.