

TERRA CENTRE FOR TEEN PARENTS
Financial Statements
Year Ended December 31, 2025

TERRA CENTRE FOR TEEN PARENTS
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Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Terra Centre for Teen Parents

Qualified Opinion

We have audited the financial statements of Terra Centre for Teen Parents (the Centre), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible 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 Centre as at December 31, 2025, and the results of its 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 charitable organizations, the Centre derives revenue from various sources such as fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenue sources was limited to the amounts recorded in the records of the Centre. Therefore, we were not able to determine whether any adjustments might be necessary to operations, assets or net assets.

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 Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 Centre's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

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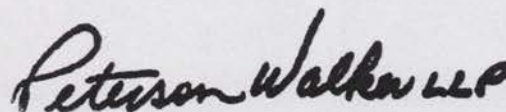
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre'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 Centre'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 Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta
February 25, 2026


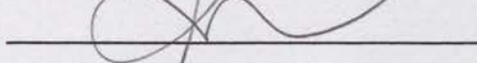


CHARTERED PROFESSIONAL ACCOUNTANTS

TERRA CENTRE FOR TEEN PARENTS
Statement of Financial Position
December 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash and short-term investments (Note 3)	\$ 2,086,115	\$ 2,469,420
Accounts receivable (Note 4)	137,346	117,949
Prepaid expenses	43,319	68,070
	<u>2,266,780</u>	2,655,439
PROPERTY AND EQUIPMENT (Note 5)	<u>5,169,638</u>	5,321,370
	<u>\$ 7,436,418</u>	<u>\$ 7,976,809</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 165,080	\$ 189,186
Deferred contributions (Note 6)	1,423,193	1,140,003
Current portion of mortgage payable (Note 7)	89,564	60,692
	<u>1,677,837</u>	1,389,881
MORTGAGE PAYABLE (Note 7)	51,871	635,296
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 8)	<u>2,566,371</u>	2,761,535
	<u>4,296,079</u>	4,786,712
NET ASSETS		
Invested in property and equipment	2,461,832	1,863,847
Internally restricted (Note 10)	320,031	320,031
Unrestricted	358,476	1,006,219
	<u>3,140,339</u>	3,190,097
	<u>\$ 7,436,418</u>	<u>\$ 7,976,809</u>

APPROVED BY THE BOARD


 _____ Director

 _____ Director

See notes to financial statements

TERRA CENTRE FOR TEEN PARENTS
Statement of Operations
Year Ended December 31, 2025

	2025	2024
REVENUE		
Government of Alberta - Child Care	\$ 975,072	\$ 827,451
Fundraising and donations	714,982	872,844
Government of Alberta - FRN	588,896	598,433
Government of Alberta - Strengthening Hope	560,615	607,042
Health Canada - CAPC	425,841	435,222
Government of Alberta- Expanding Hope	375,829	304,810
City of Edmonton - FCSS	318,614	318,614
Child Care parent fees	222,713	282,587
City of Edmonton - Mental Health	195,351	41,581
Amortization of deferred contributions related to property and equipment	195,164	224,965
Edmonton Community Foundation - various funds	166,006	78,947
Gaming revenue	154,572	115,690
Other	116,635	121,986
United Way	106,808	218,411
Government of Alberta - Suicide Prevention	96,749	23,818
Women and Gender Equality grant	85,931	16,380
Howden Charitable Foundation	56,000	56,000
ECALA	32,110	39,535
	5,387,888	5,184,316
EXPENSES		
Salaries and benefits	3,984,863	3,568,162
Fundraising (Note 11)	261,058	299,683
Amortization	248,816	231,788
Program	232,118	308,129
Strengthening Hope payments	224,567	268,665
Occupancy costs and insurance	171,196	171,907
Office supplies and professional fees	147,935	215,951
Staff development and training	56,736	52,673
Telephone	40,767	29,159
Recruitment and advertising	30,517	29,200
Travel	23,997	19,809
Interest (Note 7)	15,076	35,026
Capital campaign	-	53,267
	5,437,646	5,283,419
REVENUE UNDER EXPENSES	\$ (49,758)	\$ (99,103)

See notes to financial statements

TERRA CENTRE FOR TEEN PARENTS
Statement of Changes in Net Assets
Year Ended December 31, 2025

	Invested In Property and Equipment	Internally restricted	Unrestricted	2025	2024
NET ASSETS - BEGINNING OF YEAR	\$ 1,863,847	\$ 320,031	\$ 1,006,219	\$ 3,190,097	\$ 3,289,200
Property and equipment purchased	97,084	-	(97,084)	-	-
Repayment on debt	554,553	-	(554,553)	-	-
Revenue (under) over expenses	(53,652)	-	3,894	(49,758)	(99,103)
NET ASSETS - END OF YEAR	\$ 2,461,832	\$ 320,031	\$ 358,476	\$ 3,140,339	\$ 3,190,097

See notes to financial statements

TERRA CENTRE FOR TEEN PARENTS
Statement of Cash Flows
Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Revenue under expenses	\$ (49,758)	\$ (99,103)
Items not affecting cash:		
Amortization of deferred contributions related to property and equipment	(195,164)	(224,965)
Amortization	248,816	231,788
	<u>3,894</u>	<u>(92,280)</u>
Changes in non-cash working capital items:		
Accounts receivable	(19,397)	37,094
Prepaid expenses	24,751	(16,791)
Accounts payable and accrued liabilities	(24,106)	(28,274)
Deferred contributions	283,190	133,191
	<u>264,438</u>	<u>125,220</u>
	<u>268,332</u>	<u>32,940</u>
INVESTING ACTIVITY		
Purchase of property and equipment	(97,084)	(541,265)
FINANCING ACTIVITIES		
Repayment on line of credit	-	(751,882)
Proceeds from mortgage payable	-	745,000
Repayment of mortgage payable	(554,553)	(49,012)
Deferred contributions received for property and equipment	-	375,774
	<u>(554,553)</u>	<u>319,880</u>
DECREASE IN CASH	(383,305)	(188,445)
Cash and short-term investments - beginning of year	<u>2,469,420</u>	<u>2,657,865</u>
CASH AND SHORT-TERM INVESTMENTS - END OF YEAR	\$ 2,086,115	\$ 2,469,420
CASH CONSISTS OF:		
Cash	\$ 2,086,115	\$ 1,769,420
Term deposits	-	700,000
	<u>\$ 2,086,115</u>	<u>\$ 2,469,420</u>

See notes to financial statements

TERRA CENTRE FOR TEEN PARENTS
Notes to Financial Statements
Year Ended December 31, 2025

1. NATURE OF OPERATIONS

Terra Centre for Teen Parents is a charitable organization incorporated under the Societies Act (Alberta) and is exempt from income taxes. The Centre is a community based service, providing a range of supports and services to pregnant and parenting teens including young fathers. A holistic approach is used recognizing the complex needs and issues that impact on the life of the parent and child. The Centre provides opportunities for parents to increase their ability to respond to the needs of their children more effectively, return to school, secure employment, to have healthier relationships and connect with other community services. The Centre strives to provide the supports necessary to improve outcomes for both child and parent, helping to build promising futures where the potential of both is more fully realized.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Cash and short-term investments

Cash and short-term investments are defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date and redeemable short-term deposits with maturity dates of less than six months.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives on the straight-line method at the following rates:

Building	20 years
Elevator	10 years
Equipment	5 years
Leasehold improvements	5 years
Boiler	5 years

Contributed goods and services

Volunteers contribute time to assist the Centre in carrying out its services. Due to the difficulty in determining their fair value, the contribution of time is not recognized in the financial statements.

The Centre recognizes donated goods and services when an amount can be reasonably determined and a donation receipt is issued.

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TERRA CENTRE FOR TEEN PARENTS

Notes to Financial Statements

Year Ended December 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Centre follows the deferral method of accounting for contributions. Contributions, including operating grants, are included in revenue in the year in which they are received or receivable, with the exception that contributions to fund a specific future period's expenses are included in revenue in that later period. Grants received for the acquisition of property and equipment are deferred and amortized to revenue on the same basis as the related property and equipment.

Child care parent fees are recognized as revenue during the period to which they apply.

Rental revenue is recognized over the term of the lease.

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.

Use of estimates

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 amounts reported in the financial statements. Significant estimates include collectibility of receivables, useful life of property and equipment, accrued liabilities, deferred contributions and deferred contributions related to property and equipment. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

3. RESTRICTED CASH

Cash and short-term investments include \$76,622 (2024--\$69,336) in casino and bingo proceeds which can only be used in accordance with the licensing agreement with the Alberta Gaming, Liquor and Cannabis Commission.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	<u>2025</u>	<u>2024</u>
Accounts receivable	\$ 134,262	\$ 73,656
Goods and Service Tax rebate	3,084	8,638
Accrued interest	-	35,655
	<u>\$ 137,346</u>	<u>\$ 117,949</u>

TERRA CENTRE FOR TEEN PARENTS

Notes to Financial Statements

Year Ended December 31, 2025

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	\$ 1,500,000	\$ -	\$ 1,500,000	\$ 1,500,000
Building	4,257,411	731,921	3,525,490	3,640,687
Equipment	372,787	247,529	125,258	158,470
Elevator	17,835	3,567	14,268	16,051
Boiler	-	(4,622)	4,622	6,162
	<u>\$ 6,148,033</u>	<u>\$ 978,395</u>	<u>\$ 5,169,638</u>	<u>\$ 5,321,370</u>

6. DEFERRED CONTRIBUTIONS

A portion of receipts received in the year are deferred to be recognized as revenue in future years as the related expenses are incurred. Changes in deferred contributions are as follows:

	2025	2024
Balance at beginning of year	\$ 1,140,003	\$ 1,006,812
Contributions	4,962,320	2,544,763
Less amounts recognized as revenue	(4,679,130)	(2,411,572)
Balance at end of year	<u>\$ 1,423,193</u>	<u>\$ 1,140,003</u>

7. MORTGAGE PAYABLE

Mortgage payable bearing interest at 5%, repayable in monthly blended payments of \$7,881. The loan matures July 2027 and is secured by a first fixed charge over land, building and improvements with a net book value of \$5,025,490 and a general assignment of leases and rents.

	2025	2024
	\$ 141,435	\$ 695,988
Current portion	(89,564)	(60,692)
	<u>\$ 51,871</u>	<u>\$ 635,296</u>

Principal repayments required over the next two years, are as follows:

2026	\$ 89,564
2027	51,871
	<u>\$ 141,435</u>

Interest paid on the mortgage payable was \$15,076 (2024--\$29,821).

TERRA CENTRE FOR TEEN PARENTS

Notes to Financial Statements

Year Ended December 31, 2025

8. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

Deferred contributions related to property and equipment represent contributions received to fund the cost of property and equipment additions. The changes in deferred contributions related to property and equipment for the year are as follows:

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	\$ 2,761,535	\$ 2,610,726
Contributions	-	375,774
Less amounts recognized as revenue	<u>(195,164)</u>	<u>(224,965)</u>
Balance at end of year	<u>\$ 2,566,371</u>	<u>\$ 2,761,535</u>

9. ECONOMIC DEPENDENCE

The Centre is economically dependent on government grants and funding for its continued viability.

10. INTERNALLY RESTRICTED

The Board of Directors has internally restricted \$320,031 from unrestricted net assets to fund future special projects. The use of internally restricted funds must be approved by the Board of Directors.

11. CHARITABLE FUNDRAISING ACT AND REGULATION DISCLOSURE

Included in fundraising costs are salaries and benefits of \$221,471 (2024--\$260,483) related to fundraising activities for the current year.

12. ENDOWMENT CONTRIBUTION

The Centre established a permanent endowment with the Edmonton Community Foundation in 2007. The endowment is held and administered by the Edmonton Community Foundation. The Centre is the specified recipient of the income earned on this fund, but has no access to the principal amount of the investment.

TERRA CENTRE FOR TEEN PARENTS

Notes to Financial Statements

Year Ended December 31, 2025

13. FINANCIAL INSTRUMENTS

The Centre's financial instruments consist of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities and mortgage payable.

The Centre is exposed to the following risks through its financial instruments:

Credit 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. The Centre's main credit risk relates to accounts receivable. Accounts receivable are generally the result of fees charged to clients and amounts due from government agencies. The Centre's clients are numerous which reduces the concentration of credit risk. It is management's opinion that there is no significant credit risk as of December 31, 2025.

Liquidity risk

Liquidity risk arises from the possibility that the Centre might encounter difficulty in settling its debts or in meeting its obligations related to financial liabilities. It is management's opinion that there is no significant liquidity risk as of December 31, 2025.

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. The Centre is exposed to interest rate risk primarily on its interest bearing assets. Interest on the mortgage payable is fixed which mitigates the risk.
