LIGHT UP THE WORLD

2025 Consolidated Financial Statements

Year ended December 31, 2025

Light Up The World
Consolidated Financial Statements
For the year ended December 31, 2025

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Versatile Accounting Professional Corporation
Chartered Professional Accountant

Independent Auditor's Report

To the Board members of
Light Up The World

Qualified Opinion

I have audited the consolidated financial statements of Light Up The World ("LUTW"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the LUTW as at December 31, 2025, and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with ASNPO.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the LUTW derives revenue from 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 LUTW. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2025 and 2024, current assets as at December 31, 2025 and 2024, and net assets as at January 1 and December 31 for both the 2025 and 2024 years. My audit opinion on the financial statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the LUTW in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other Matter — Comparative Information

The comparative figures for the year ended December 31, 2024 have been reclassified as described in note 17 to the consolidated financial statements. The reclassifications had no effect on total revenue, total expenditures, the excess of revenue over expenditures or net assets as previously reported.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 my 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 consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 my 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 LUTW'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 LUTW's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the LUTW to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the LUTW to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

Versatile Accounting Professional Corporation

Per: Karim Bharwani CPA, CA
Chartered Professional Accountant
Calgary, Alberta

August 28, 2026

Light Up The World
Consolidated Statement of Financial Position

December 31		2025	2024
Assets			
Current			
Cash (note 3)	$	**113,393**	$ 208,474
Accounts receivable (note 13)		**77,075**	1,200
Inventories (note 4)		**86,647**	38,254
Prepaid expenses		**4,906**	2,223
		282,021	250,151
Property and equipment, net of accumulated amortization (note 5)		**3,854**	1,264
	$	**285,875**	$ 251,415
Liabilities and net assets			
Current			
Accounts payable and accrued liabilities	$	**10,300**	$ 24,450
GST payable		**7,267**	2,142
Deferred contribution (note 6)		**-**	65,635
		17,567	92,227
Net assets		**268,308**	159,188
	$	**285,875**	$ 251,415

On behalf of the Board

Barbara Sinclair **Member**

Member

The accompanying notes are an integral part of these financial statements

Light Up The World
Consolidated Statement of Operations

For the year ended December 31		2025	2024
Revenue			
Project revenue	$	**300,879**	$ 420,288
Contributions		**233,047**	138,813
Interest income		**11**	9
Volunteer revenue		**89,478**	-
Other income		**9,626**	3,863
		633,041	562,973
Expenditures			
Program expenditure (schedule 1)		**405,745**	416,430
Administration (schedule 2)		**110,514**	100,431
		516,259	516,861
Excess of revenue over expenditures before undernoted item		**116,782**	46,112
Other expense			
Loss on foreign exchange		**7,662**	20
Excess of revenue over expenditures	$	**109,120**	$ 46,092

The accompanying notes are an integral part of these financial statements

Consolidated Program Expenditure **Schedule 1**

		2025		2024
Consulting	$	**10,946**	$	9,454
Installation		**148,513**		119,258
Inventory write down		**-**		7,810
Program building occupancy		**12,354**		10,008
Program expenses		**12,509**		6,335
Salaries and wages (note 14)		**104,062**		117,665
Subcontract		**4,812**		13,135
Travel and accommodation		**112,549**		132,765
	$	**405,745**	$	416,430

Consolidated Administration **Schedule 2**

		2025		2024
Insurance	$	**8,015**	$	7,892
Office operating costs		**43,169**		19,092
Peru office administration expenses		**5,389**		20,250
Professional fees		**19,254**		13,975
Salaries and wages (note 14)		**34,687**		39,222
	$	**110,514**	$	100,431

Light Up The World
Consolidated Statement of Changes in Net Assets

For the year ended December 31		2025	2024
Net assets, beginning of year, as previously stated	$	**159,188**	$ 82,365
Prior period adjustment (note 8)		**-**	30,731
Net assets, beginning of year, as restated		**159,188**	113,096
Excess of revenue over expenditures		**109,120**	46,092
Net assets, end of year	$	**268,308**	$ 159,188

The accompanying notes are an integral part of these financial statements

Light Up The World
Consolidated Statement of Cash Flows

For the year ended December 31		2025	2024
Operating activities			
Excess of revenue over expenditures	$	**109,120**	$ 46,092
Items not involving cash			
Amortization		**1,941**	479
Prior period adjustments (note 8)		**-**	30,730
		111,061	77,301
Net change in non-cash working capital items			
Accounts receivable		**(75,875)**	6,200
Inventories		**(48,393)**	(38,254)
Prepaid expenses		**(2,683)**	-
Accounts payable and accrued liabilities		**(14,149)**	1,073
Government remittances		**5,125**	5,680
Loan receivable		**-**	1,104
Deferred contribution received during the year		**567,406**	591,937
Deferred contribution spent during the year		**(633,041)**	(562,973)
		(201,610)	4,767
Cash flows from operating activities		**(90,549)**	82,068
Investing activity			
Purchase of property and equipment and cash flows from investing activity		**(4,532)**	(1,743)
Net change in cash during the year		**(95,081)**	80,325
Cash, beginning of year		**208,474**	128,149
Cash, end of year	$	**113,393**	$ 208,474

Non-cash transaction

During the year the organization received donated solar-lighting materials and supplies with a fair value of $68,534 (2024 – $nil), which were recognized as contributions revenue and as inventories (notes 4 and 10). This transaction did not involve cash. Of the amount received, $4,194 was consumed in program delivery during the year and $64,340 remained on hand at December 31, 2025 (note 4).

The accompanying notes are an integral part of these financial statements

1. Purpose of the organization

Light Up The World ("LUTW") was incorporated under the Alberta Companies Act with the objective of fostering the development of renewable and alternative energy through projects that have positive social and environmental impact. LUTW has focused on providing solar-powered lighting solutions considered to be affordable, safe, healthy, efficient and environmentally responsible to people and organizations that do not have access to power for adequate lighting. In pursuit of the fulfillment of this mission, LUTW has continued developing, selling, installing and providing training on the installation of these low-cost, low-energy solar-powered lighting solutions to government and other agencies and interested organizations.

LUTW is registered as a charitable organization for income tax purposes; consequently LUTW is not taxable and is authorized to issue charitable donation receipts for income tax purposes.

2. Summary of significant accounting policies and general information

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook, the following are the significant accounting policies:

Principles of consolidation

These consolidated financial statements include the accounts of LUTW and its wholly owned subsidiary based in Peru. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the LUTW.

Intercompany balances and transactions, and any unrealized income and expenses arising from Intercompany transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign currency translation and transactions

The LUTW uses the temporal method to translate its foreign currency transactions, the Peruvian operation having been assessed by management as an integrated foreign operation.

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the rate in effect on the transaction date. Balances for the current year appearing in the income statement, except for the cost of inventories and depreciation translated at historic rates, are translated at average year rates. Exchange gains and losses are included in the income statement.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of LUTW and its subsidiary.

2. Summary of significant accounting policies and general information — continued

Property and equipment

Equipment are recorded at cost and are being amortized over their estimated useful lives on a declining balance basis, with one half of the annual rate applied in the year of acquisition. The annual amortization rate is as follows:

Computer equipment	55%

Tangible capital assets are written down when the asset no longer has any long-term service potential to the organization. The excess of the net carrying amount over any residual value is recognized as an expense in the consolidated statement of operations and is not reversed.

Financial instruments

(i) Measurement of financial instruments

The LUTW 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 LUTW subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) 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 net income. 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;
- 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 net income up to the amount of the previously recognized impairment.

2. Summary of significant accounting policies and general information — continued

Revenue recognition

LUTW follows the deferral method of accounting for contributions.

Contributions subject to externally imposed restrictions are recognized as revenue in the year in which the related expenses are incurred. Contributions received which do not have any externally imposed restrictions as to use, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed materials and supplies that would otherwise be paid for by LUTW and fair value can be determined are recorded at fair value when provided.

Revenue from sale of inventory are recognized at the time goods are shipped to customers, or when equipment is delivered and installed at customers' homes and collectability is reasonably assured.

Volunteer trip fees are fees charged to participants in LUTW's volunteer expeditions. These fees are exchange transactions and are recognized as revenue when the related trip takes place; amounts received or invoiced in advance of the trip are recorded as deferred revenue.

Contributed services

Directors, committee members and volunteers volunteer their time to assist in the LUTW's activities. While these services benefit the LUTW considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

Allocated expenses

Certain officers and employees perform a combination of program, and administrative functions. As a result, salaries are allocated based on functional activity. Allocations are reviewed on a periodic basis to ensure the distribution of costs reasonably approximates the time incurred on the various functions. The amounts allocated are disclosed in note 14.

Inventories

Inventory is stated at lower of cost and net realizable value. Cost is determined using the weighted-average cost method, and net realizable value is the estimated selling price in the normal course of business less the estimated cost necessary to make the sale.

Donated inventories are recorded at fair value at the date of contribution.

Measurement uncertainty

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts 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 year. Actual results could differ from these estimates. The significant estimates are described in note 12.

Cash

Cash consists of balances with financial institutions.

3. Cash

		2025	2024
Bank balance CDN - unrestricted	$	**51,792**	$ 11,741
Bank balance CDN - externally restricted		**-**	65,635
Outstanding deposits		**-**	3,000
Bank balance USD (converted to CDN)		**43,077**	61,141
Other cash account		**3,177**	3,177
Bank balance Peru (converted to CDN)		**15,347**	63,780
	$	**113,393**	$ 208,474

United States dollar balances at year end are US$31,429 (2024 – US$42,769) and Peruvian sol balances at year end are S/37,634 (2024 – S/49,434). Monetary balances have been translated into Canadian dollars at the December 31, 2025, rates of 1.3706 Canadian dollars per United States dollar and 0.4078 Canadian dollars per Peruvian sol.

4. Inventories

		2025	2024
Inventories, beginning of year	$	**38,254**	$ -
Inventories purchased		**21,797**	31,986
Donated inventories received (note 10)		**68,534**	-
Inventories used included in installation cost		**(41,938)**	(16,653)
Inventories written down		**-**	(7,810)
Prior period adjustment (note 8)		**-**	30,731
Inventories, end of year	$	**86,647**	$ 38,254

Inventories sold represent the cost of purchasing inventory for resale. Inventories of $41,938 (2024 – $16,653) were consumed during the year and are included within installation costs of $148,513 (2024 – $119,258) in program expenditure (schedule 1); the balance of installation costs comprises labour, subcontract and other direct delivery costs.

Program expenditure includes expenses of $nil (2024 - $7,810) related to the write down of inventory from cost to net realizable value for its Canadian and Peru location.

Inventories at December 31, 2025 consist of donated materials of $64,340 (2024 – $nil), measured at fair value at the date of contribution (note 10), and purchased materials of $22,307 (2024 – $38,254). Donated materials make up 74% of the carrying amount of inventories and are measured at management's estimate of fair value (note 12).

Additions during the year were purchases of $21,797 (2024 – $31,986) and donated materials received of $68,534 (2024 – $nil); the amounts above represent the quantities on hand at the reporting date.

The balance of purchased materials on hand is arrived at as follows: the opening balance of $38,254, plus purchases of $21,797, less $37,744 consumed in program delivery, giving $22,307. For 2024, the balance comprised an opening balance of $nil, plus purchases of $31,986 and a prior period adjustment of $30,731 (note 8), less $16,653 consumed in program delivery and $7,810 written down.

The balance of donated materials on hand is arrived at as follows: $68,534 received during the year, less $4,194 consumed in program delivery, giving $64,340.

5. Property and equipment

	2025		2024	
	Cost	**Accumulated amortization**	**Cost**	**Accumulated amortization**
Computer equipment	**$ 6,275**	**$ 2,421**	$ 1,743	$ 479
Net book value		**$ 3,854**		$ 1,264

Amortization of capital assets for the year was $1,941 (2024 – $479) and is included in office operating costs within administration expenses (schedule 2).

6. Deferred contributions

Deferred contributions represent externally restricted contributions received for which the related expenses have not yet been incurred. Consistent with the presentation adopted in the prior year, the continuity below reconciles all amounts recognized in revenue during the year: externally restricted contributions are presented by funder, and unrestricted donations, contributions, grants and revenue from exchange transactions, which are recognized as revenue when received or earned, are presented on a single line. Changes in deferred contributions and amounts included in revenue during the year are as follows:

	Balance, January 1, 2025	Contributions received in year	Included in revenue	Balance, December 31, 2025
Donations, contributions, grants and other revenue	$ -	$ 369,478	$ (369,478)	$ -
NAIT	49,261	21,500	(70,761)	-
SAIT	-	49,500	(49,500)	-
Muster Point Productions Inc	-	3,524	(3,524)	-
UNDP Rome Centre for Climate	16,374	10,466	(26,840)	-
Woree Litech Inc	-	55,100	(55,100)	-
OLAGE	-	26,736	(26,736)	-
Youth Climate Justice Fund (YCJF)	-	28,250	(28,250)	-
Regan Callender (Spencer Ogden)	-	2,852	(2,852)	-
	$ 65,635	$ 567,406	$ (633,041)	$ -

	Balance, January 1, 2024	Contributions received in year	Included in revenue	Balance, December 31, 2024
Donations, contributions, grants and other revenue	$ -	$ 134,314	$ (134,314)	$ -
NAIT	-	200,270	(151,009)	49,261
SAIT	-	69,772	(69,772)	-
The district unit of Santa Ana	-	2,212	(2,212)	-
UNDP Rome Centre for Climate	-	21,374	(5,000)	16,374
Woree Litech Inc	-	95,139	(95,139)	-
Yukon Project	36,671	-	(36,671)	-
Western Colorado University	-	68,856	(68,856)	-
	$ 36,671	$ 591,937	$ (562,973)	$ 65,635

Amounts included in revenue of $633,041 (2024 – $562,973) agree with total revenue reported in the consolidated statement of operations, comprising project revenue of $300,879 (2024 – $420,288), contributions of $233,047 (2024 – $138,813), volunteer revenue of $89,478 (2024 – $nil), interest income of $11 (2024 – $9) and other income of $9,626 (2024 – $3,863). Of that total, $263,563 (2024 – $428,659) was recognized in respect of externally restricted contributions and the balance in respect of unrestricted contributions and exchange transactions.

During the year ended December 31, 2024, contributions of $35,152 previously recognized in revenue in respect of the North Island College project were reversed on cancellation of that project. The reversal did not affect deferred contributions and is not included in the continuity above.

7. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Liquidity risk

Liquidity risk is the risk the company may not be able to meet its obligations. The LUTW has a comprehensive plan in place to meet their obligations as they come due which is primarily from cash flow from grants, donation and project revenue.

Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. LUTW is exposed to credit risk with respect to the cash and accounts receivable. LUTW manages credit risk on cash by depositing funds with reputable financial institutions.

The LUTW's maximum exposure to credit risk at December 31, 2025 was $190,468 (2024 – $209,674), being the carrying amount of cash and accounts receivable. Accounts receivable of $77,075 (2024 – $1,200) comprises a single estate contribution, amounts held by two third-party online donation processing platforms and one grant receivable, and the LUTW is therefore exposed to a concentration of credit risk (note 13).

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 LUTW holds no interest-bearing debt and its cash is held in accounts bearing interest at floating rates. The LUTW is therefore not exposed to significant interest rate risk.

Currency risk

LUTW is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, LUTW renders certain services denominated in U.S. dollars and Peruvian soles. LUTW does not currently enter into forward contracts to mitigate this risk. At December 31, 2025 the LUTW held net monetary assets denominated in United States dollars of US$31,429 (2024 – US$42,769) and in Peruvian soles of S/37,634 (2024 – S/49,434), being the foreign currency cash balances described in note 3.

There were no significant changes in the LUTW's exposure to these risks, or in its objectives, policies and processes for managing them, from the prior year.

8. Prior period adjustment

During the year ended December 31, 2024, management identified an error in the prior year's financial statements related to the accounting for inventory (note 4). In the prior year, certain inventory purchases amounting to $15,619 were incorrectly expensed to installation cost instead of being recorded as inventory. In addition, an impairment loss of $15,112 was recognized in the prior year on inventory that should not have been impaired.

As a result, the prior year's financial statements have been restated to correct this error. The effect of the adjustment is an increase in inventories of $30,731 and an increase in opening net assets of $30,731 as at January 1, 2024. Net income for the year ended December 31, 2023 has been increased by $30,731.

The correction affected inventories and net assets only. There was no effect on the excess of revenue over expenditures for the years ended December 31, 2025 or December 31, 2024.

9. Income Taxes

The organization is a registered charity under the Income Tax Act (Canada) and is exempt from income taxes under Section 149(1)(f). As a registered charity, it is eligible to issue official donation receipts and must comply with specific requirements set by the Canada Revenue Agency (CRA) to maintain its charitable status.

10. Contributed materials

During the year, LUTW received donated solar-lighting materials and supplies with a fair value of $68,534 (2024 - $nil), which are recognized as in-kind donations within contributions revenue and as inventories at fair value at the date of contribution (note 4). Of this amount, $64,340 remained in inventories at December 31, 2025.

Directors, committee members and volunteers contribute a significant number of hours to the LUTW. Because of the difficulty of determining their fair value, contributed services are not recognized in these consolidated financial statements (note 2).

11. Commitments

LUTW's Peruvian subsidiary leases its office premises in Lima under a 12-month lease agreement effective from February 7, 2025, to February 6, 2026. The monthly lease payment is S/2,420 (Peruvian soles), in addition to a monthly reimbursement of municipal taxes of S/62. Upon expiry, the lease was renewed through an addendum for an additional one-year term, from February 7, 2026, to February 6, 2027. The lease may be renewed for further terms by mutual agreement between the parties.

Minimum lease payments over the remaining term of the lease, translated into Canadian dollars at the December 31, 2025 rate of 0.4078 Canadian dollars per Peruvian sol, are as follows:

2026	$	**12,146**
2027		**1,012**
	$	**13,158**

12. Measurement uncertainty

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts. The estimates that carry a significant risk of a material adjustment are as follows:

(a) Allocation of salaries and wages. Salaries and wages are allocated between program expenditure and administration at 75% and 25% respectively (note 14). The allocation is based on management's assessment of the time and resources devoted to program and administrative activities and is not based on precise or directly measurable information.

(b) Fair value of donated inventories. Donated materials of $64,340 (2024 – $nil), representing 74% of the carrying amount of inventories, are recorded at management's estimate of fair value at the date of contribution (notes 4 and 10).

(c) Collectability of contributions receivable. Contributions receivable of $77,075 (2024 – $nil) are recognized on the basis of management's assessment that the amounts can be reasonably estimated and that ultimate collection is reasonably assured (note 13).

(d) Translation of foreign currency balances. Monetary balances held in United States dollars and Peruvian soles are translated at the rates in effect at the balance sheet date (note 3).

Actual results could differ from these estimates.

13. Accounts receivable

Accounts receivable consists of the following:

		2025	2024
Contributions receivable	$	**77,075**	$ -
Trade and other receivables		**-**	1,200
	$	**77,075**	$ 1,200

Contributions receivable are recognized when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured. Contributions receivable at December 31, 2025 comprise a bequest of $51,994 under the estate of a donor, willed in November 2025; $23,690 of December 2025 donations held at year end by third-party online donation processing platforms; and $1,391 receivable under a grant agreement (note 6). The amounts are unsecured and non-interest bearing. The bequest of $51,994 was received in February 2026.

14. Allocation of expenses

The LUTW allocates salaries and benefits between program delivery and administration on the basis of management's estimate of the time devoted by employees to each function, reviewed annually (note 12). Salaries and benefits allocated during the year were as follows:

		2025	2024
Program expenditure (schedule 1)	$	**104,062**	$ 117,665
Administration (schedule 2)		**34,687**	39,222
	$	**138,749**	$ 156,887

No other expenses were allocated between functions during the year.

15. Related party transactions

There were no transactions with related parties during the year ended December 31, 2025 (2024 – $nil), and no amounts were due to or from related parties at either year end, other than compensation paid to key management personnel in the normal course of operations.

16. Subsequent events

Management has evaluated events and transactions occurring after December 31, 2025 through August 28, 2026, the date these consolidated financial statements were available to be issued. Other than the renewal of the Lima office lease for a further one-year term effective February 7, 2026 (note 11) and the receipt in February 2026 of the estate bequest of $51,994 recorded in contributions receivable (note 13), no events requiring adjustment to or disclosure in these consolidated financial statements were identified.

17. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation adopted in the current year. The reclassifications are as follows:

(a) Salaries and benefits of $117,665 for the year ended December 31, 2024 have been reclassified from administration to program expenditure to conform to the functional allocation described in note 14. As a result, program expenditure for 2024 has increased from $298,765 to $416,430 and administration has decreased from $218,096 to $100,431.

(b) Volunteer revenue of $3,863 for the year ended December 31, 2024 has been reclassified to other income. No volunteer expeditions were conducted during the year ended December 31, 2024 and volunteer trip fee revenue for that year was $nil (2023 – $39,500). Volunteer revenue for 2025 is therefore not comparable with the prior year.

(c) The schedules of consolidated program expenditure and consolidated administration are presented as schedules 1 and 2 respectively (2024 – schedules 1 and 2).

(d) The deferred contribution amounts received and spent during the year ended December 31, 2024, presented in the consolidated statement of cash flows, have been restated from $650,520 and $621,556 to $591,937 and $562,973 respectively to agree to the continuity in note 6. The net movement in deferred contributions and cash flows from operating activities are unchanged.

None of these reclassifications affected total revenue, total expenditures, the excess of revenue over expenditures, or net assets as previously reported.