

Financial Statements

Niagara Community Foundation

December 31, 2025

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12

Independent Auditor's Report

To the Directors of
[Niagara Community Foundation](#)

Opinion

We have audited the financial statements of Niagara Community Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2025, and its financial performance and its 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 report matter independent of the Foundation 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 the board of directors 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Foundation's financial reporting process.

Independent Auditor's Report (continued)

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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 Foundation'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 Foundation 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.

St. Catharines, Canada
April 28, 2026

Doane Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Niagara Community Foundation

Statement of Financial Position

December 31

2025

2024

Assets

Current

Cash	\$ 2,254,189	\$ 1,156,558
Short term investments (Note 4)	-	1,189,823
Sales tax recoverable	10,695	7,221
Prepaid expenses	<u>17,108</u>	<u>8,895</u>
	2,281,992	2,362,497

Long-term

Cash surrender value of life insurance policies (Note 3)	99,773	93,370
Investments (Note 4)	99,601,923	90,062,892
Equipment	<u>999</u>	<u>1,378</u>

\$ 101,984,687 **\$ 92,520,137**

Liabilities

Current

Accounts payable and accrued liabilities	\$ 42,375	\$ 14,580
Deferred contributions - current (Note 5)	<u>1,706,780</u>	<u>1,809,056</u>
	1,749,155	1,823,636
Deferred contributions - long-term (Note 5)	<u>794,310</u>	<u>519,188</u>
	2,543,465	2,342,824

Fund balances

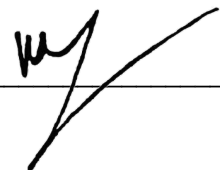
Unrestricted	228,256	233,609
Internally Restricted	450,000	400,000
Endowment Fund (Note 6)	84,244,838	79,628,068
Restricted Fund	<u>14,518,128</u>	<u>9,915,636</u>
	99,441,222	90,177,313

\$ 101,984,687 **\$ 92,520,137**

On behalf of the board of directors



Director



Director

Niagara Community Foundation

Statement of Operations

Year ended December 31

2025

2024

	Operating Funds	Restricted Fund	Endowment Fund	Total	Total
Revenues					
Contributions	\$ 647,298	\$ -	\$ 4,607,096	\$ 5,254,394	\$ 2,790,985
Investment income (Note 4)	8,522	10,645,022	9,674	10,663,218	12,211,930
Special events and fundraising	80,214	-	-	80,214	58,031
	<u>736,034</u>	<u>10,645,022</u>	<u>4,616,770</u>	<u>15,997,826</u>	<u>15,060,946</u>
Expenses					
Administrative, governance, and overhead	373,830	840,441	-	1,214,271	1,070,189
Charitable programs	166,272	-	-	166,272	179,766
Fund development	387,248	-	-	387,248	283,895
	<u>927,350</u>	<u>840,441</u>	<u>-</u>	<u>1,767,791</u>	<u>1,533,850</u>
Excess (deficiency) of revenues over expenses before other items	<u>(191,316)</u>	<u>9,804,581</u>	<u>4,616,770</u>	<u>14,230,035</u>	<u>13,527,096</u>
Other items					
Administration fees	853,139	(853,139)	-	-	-
Grants	(617,176)	(4,348,950)	-	(4,966,126)	(3,857,707)
	<u>235,963</u>	<u>(5,202,089)</u>	<u>-</u>	<u>(4,966,126)</u>	<u>(3,857,707)</u>
Excess of revenues over expenses	<u>\$ 44,647</u>	<u>\$ 4,602,492</u>	<u>\$ 4,616,770</u>	<u>\$ 9,263,909</u>	<u>\$ 9,669,389</u>

Niagara Community Foundation
Statement of Changes in Fund Balances
Year ended December 31, 2025

	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Restricted Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
Balance, beginning of year	\$ 233,609	\$ 400,000	\$ 9,915,636	\$ 79,628,068	\$ 90,177,313
Excess of revenues over expenses	44,647	-	4,602,492	4,616,770	9,263,909
Transfer to Internally Restricted	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 228,256</u>	<u>\$ 450,000</u>	<u>\$ 14,518,128</u>	<u>\$ 84,244,838</u>	<u>\$ 99,441,222</u>

Year ended December 31, 2024

	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Restricted Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
Balance, beginning of year	\$ 233,609	\$ 400,000	\$ 4,166,742	\$ 75,707,573	\$ 80,507,924
Excess of revenues over expenses	161,030	-	5,748,894	3,759,465	9,669,389
Transfer to Endowment Fund	<u>(161,030)</u>	<u>-</u>	<u>-</u>	<u>161,030</u>	<u>-</u>
Balance, end of year	<u>\$ 233,609</u>	<u>\$ 400,000</u>	<u>\$ 9,915,636</u>	<u>\$ 79,628,068</u>	<u>\$ 90,177,313</u>

Niagara Community Foundation
Statement of Cash Flows

Year ended December 31

2025

2024

Increase (decrease) in cash

Operating

Excess of revenues over expenses	\$ 9,263,909	\$ 9,669,389
Add (deduct) items not affecting cash		
Amortization	379	(722)
In-kind contributions of investment securities (Note 8)	(1,416,295)	(364,893)
Reinvested investment income (loss)	(10,663,218)	(12,211,930)
Change in cash surrender value of life insurance policies (Note 3)	(6,403)	38,610
	(2,821,628)	(2,869,546)

Changes in non-cash working capital items

Sales tax recoverable	(3,474)	39,152
Prepaid expenses	(8,213)	1,742
Accounts payable and accrued liabilities	27,795	4,346
Deferred contributions	172,846	528,551
	(2,632,674)	(2,295,755)

Investing

Purchase of investments	(891,578)	(1,997,104)
Withdrawals from investments	4,621,883	2,962,576
	3,730,305	965,472

Increase (decrease) in cash

1,097,631 (1,330,283)

Cash

Beginning of year	1,156,558	2,486,841
End of year	\$ 2,254,189	\$ 1,156,558

Niagara Community Foundation

Notes to the Financial Statements

December 31, 2025

1. Purpose of foundation and legal form

Niagara Community Foundation (the "Foundation") is a public foundation registered under the Canada Not-for-Profit Corporations Act and is a registered charity under the Income Tax Act (Canada) and exempt from tax.

The Foundation's mission is to improve the quality of life in Niagara through philanthropy. The Foundation provides the means where charitable assets and decision-making can be applied locally, pool charitable gifts of many donors into a permanent, income-earning endowments, and make grants from the earnings of these funds to support a broad variety of initiatives from health, education and social services to arts, culture and the environment.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), and reflect the following policies:

Fund accounting

Donations and funds received are allocated to the various funds which has been established by the Foundation. Allocations among the funds are determined in accordance with specific agreements for each fund.

Operating funds

The Operating Funds reports resources available for the Foundation's general operating activities and includes an Unrestricted Fund and an Internally Restricted Reserve. The Internally Restricted Reserve may be used to help meet the Foundation's grant making needs within the purview of the Foundation's mission, and to help finance the Foundation's operating needs, as required and determined from time to time at the discretion of the board of directors.

Restricted fund

The Restricted Fund represent current and accumulated undistributed investment income from endowment funds that are externally restricted and/or are stipulated in the applicable donor agreement to be granted to the Foundation.

Endowment fund

The Endowment Fund represents the lessor of:

- a) The fair market value of all of the endowment funds comprising the Endowment Fund, and
- b) The aggregate of:
 - i. The historic dollar value of gifts made to the Foundation, where the donor has stipulated that the gift amount is required to be maintained by the Foundation in perpetuity (externally endowed);
 - ii. The historic dollar value of funds endowed by Board policy, where the original contributions will not be made available for grants.

If the fair market value of the Endowment Fund is in excess of its book value, the excess will be allocated to the Restricted Fund.

Niagara Community Foundation

Notes to the Financial Statements

December 31, 2025

2. Significant accounting policies (continued)

Endowment fund (continued)

If the fair market value of the Endowment Fund is less than its book value, no allocation will be made from the Endowment Fund until the fair market value of the Endowment Fund has been restored to its book value, except in cases where the Canada Revenue Agency's disbursement quota cannot be met. In years where current or accumulated earnings are not sufficient to meet the disbursement quota, the distribution may be drawn from the capital, as defined in the fund agreements, in each fund.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. Contributions that the donor has required to be held in perpetuity are recognized as revenue in the Endowment Fund. Restricted contributions for which there is no associated restricted fund associated with it are reported as deferred contributions and recognized in the year in which related expenses are incurred. Restricted contributions that have a restricted fund associated with it, are reported as revenue of the restricted fund when received.

Unrestricted contributions, including contributions of investment securities, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Pledged contributions are not recorded until received due to the uncertainty involved in their collection.

Investment income is recognized when interest income is earned and dividends are declared. Revenue earned from special projects and special events are recognized as services are provided.

Contributed goods and services

Contributed goods are recognized when fair value can be reasonably estimated, the materials or services are used in the normal course of operations and the organization would have purchased the materials if they had not been contributed. Contributed services are not recognized.

Equipment and amortization

Equipment is recorded at cost. Amortization is calculated using the declining-balance method at rates designed to amortize the cost over the useful life of the assets as follows:

Equipment and furnishings	20%
Computer equipment	30%

Disclosure of allocated expenses

The Foundation's operations include administrative, governance, overhead, charitable programs and funds development expenditures. The costs of each function include the costs of personnel that are directly related to carry out these activities.

The Foundation allocates salaries and benefits proportionately based on the estimated time spent by personnel to carry out these activities.

Niagara Community Foundation

Notes to the Financial Statements

December 31, 2025

2. Significant accounting policies (continued)

Financial instruments

Financial instruments are comprised of cash, short term investments, investments, cash surrender value of life insurance policies and accounts payable.

Financial instruments are initially measure at fair value when acquired or issued. In subsequent periods, investments are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

The Foundation removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

When there is an indication of impairment, and the Foundation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenue over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenue over expenses as appropriate in the year they become known.

3. Cash surrender value of life insurance policies

The Foundation is the owner and beneficiary of certain life insurance policies. The face value of the policies is \$542,574 (2024: \$536,217). The increase in the cash surrender value during the year of \$6,402 (2024: decrease of \$38,610) is included in the statement of operations of the Operating Fund in contributions revenue.

Niagara Community Foundation

Notes to the Financial Statements

December 31, 2025

4. Investment and investment income

Investments are measured at fair value and are invested as follows:

	<u>2025</u>		<u>2024</u>	
Cash and equivalents	\$ 5,975,813	6.0 %	\$ 1,947,927	2.1 %
Canadian equities	12,676,474	12.7	12,271,482	13.4
Global equities	44,085,168	44.3	43,031,781	47.2
Fixed income bonds	14,102,190	14.2	13,931,253	15.3
Other investments	<u>22,762,278</u>	<u>22.8</u>	<u>20,070,272</u>	<u>22.0</u>
	<u>99,601,923</u>	<u>100.0 %</u>	91,252,715	<u>100.0 %</u>
Short term investments	-		(1,189,823)	
	<u>\$ 99,601,923</u>		<u>\$ 90,062,892</u>	

The investments above include \$74,040,269 (2024: \$67,135,344) that are administered by the Toronto Foundation ("TF") in a pooling arrangement. The TF administers the pooled fund and reports the pro rata share of the Foundation's investment. The Foundation may withdraw their investment at any time. Investment income earned on investments held by the Foundation are allocated to the Funds based on monthly market values.

Certain endowed Funds are invested outside the Foundations main investment pool with TF. These Funds are managed by external investment managers.

Short term investments consist of highly liquid investments that are not restricted for long-term purposes and are intended to be used within the next fiscal year.

Other investments include the fair market value of certain alternative investments including infrastructure, private equity, venture capital, real estate, commodities, non-equities, foreign exchange or any other investment not categorized.

Income on funds invested are as follows:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 1,721,894	\$ 1,490,390
Realized gains	1,352,882	3,455,357
Unrealized gains	<u>7,588,442</u>	<u>7,266,183</u>
Investment income	<u>\$ 10,663,218</u>	<u>\$ 12,211,930</u>

Niagara Community Foundation

Notes to the Financial Statements

December 31, 2025

5. Deferred contributions

	<u>2024</u>	<u>Contributions received</u>	<u>Contributions recognized as revenue</u>	<u>2025</u>
Deferred contributions	\$ 2,328,244	\$ 790,022	\$ 617,176	\$ 2,501,090
Less current portion of deferred contributions	<u>1,809,056</u>			<u>1,706,780</u>
Long-term portion of deferred contributions	<u>\$ 519,188</u>			<u>\$ 794,310</u>

6. Endowment Fund

As at December 31, 2025, due to market volatility, the fair market value of the Endowment Funds are below its historical book value. The deficiency of the fair market value is \$741,845 (2024: \$751,519) less than permanent contributed value of these funds.

7. Allocation of expenses

Salaries and benefits expenses incurred during the year amounted to \$451,344 (2024: \$434,877). These expenses have been allocated on the Statement of Operations as follows:

	<u>2025</u>	<u>2024</u>
Administrative, governance and overhead	\$ 79,267	\$ 76,621
Charitable programs	133,069	128,037
Fund development	<u>239,008</u>	<u>230,219</u>
	<u>\$ 451,344</u>	<u>\$ 434,877</u>

8. Gifts-in-kind

During the year, the Foundation received \$1,433,865 (2024: \$386,487) of gifts-in-kind which are recorded in contributions and special events revenue. The majority of gifts-in-kind relate to endowment contributions of investment securities totaling \$1,416,295 (2024: \$364,893) which are liquidated shortly after being received.

Niagara Community Foundation

Notes to the Financial Statements

December 31, 2025

9. Financial instruments

The Foundation is exposed to various risks through its financial instruments. There was no significant change in exposure from the prior year.

(a) 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 Foundation is exposed to credit risk in the event of non-performance by counterparties in connection with its investments. Management has an investment policy in place to reduce exposure to credit risk with a balanced and diversified portfolio.

(b) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting the obligations associated with its financial liabilities. The majority of the Foundation's assets are investments traded in active markets that can be readily liquidated and therefore the Foundation's liquidity risk is considered minimal. In addition, the Foundation aims to retain a sufficient cash position to manage requirements.

(c) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to currency risk on its foreign market investments as prices denominated in foreign currencies are converted to Canadian dollars in determining fair value. The objective for the Foundation's investment policy is to control currency risk by maintaining a geographically diversified portfolio.

(i) 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 Foundation is invested in a number of fixed income instruments, individual bonds and loans, pooled bond funds, as well as pooled mortgage funds. The Foundation's portfolio managers limit the duration of fixed income holdings in their portfolios in order to accommodate possible changes in interest rate.

(i) Other price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. There was no significant change in exposure from the prior year. The Foundation is exposed to the effects of the market fluctuations related to its investments as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The objective for the Foundation's investment policy is to manage other price risk by maintaining a geographically diversified portfolio.