Stratford and Perth County Community Foundation

Financial Statements

Year Ended December 31, 2025

- audited -

Stratford and Perth County Community Foundation

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Stratford and Perth County Community Foundation:

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

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Stratford and Perth County Community Foundation as at December 31, 2025, and its 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, Stratford and Perth County Community Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Stratford and Perth County Community Foundation and we were not able to determine whether any adjustments might have been found necessary with respect to donation revenue, the excess of revenue over expenditures and cash flows from operating activities for the years ended December 31, 2025 and December 31, 2024, current assets as at December 31, 2025 and December 31, 2024, and fund balances as at January 1 and December 31 for both the 2025 and 2024 year ends. Our conclusion on the financial statements as at and for the year ended December 31, 2025 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are 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 qualified opinion.

Other Information
Management is responsible for the other information. The other information comprises the information included in Foundation's Annual Community Report, but does not include the financial statements and our auditor's report thereon. The 2025 Community Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other

Independent Auditor's Report continued on next page...

information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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

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 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 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

Independent Auditor's Report continued on next page...

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.

Ward & Uptigrove

Listowel, Ontario

June 4, 2026

Ward & Uptigrove
Chartered Professional Accountants
Licensed Public Accountants

Stratford and Perth County Community Foundation

Statement of Financial Position
as at December 31, 2025

in dollars

The Accompanying Notes are an Integral Part of the Financial Statements	2025	2024
ASSETS		
Current Assets		
Cash	164,771	123,164
Public Service Bodies' rebate receivable	14,889	10,743
Prepaid expenditures	1,930	2,242
	181,590	136,149
Other Assets		
Long term investments, includes cash surrender value *- Note 4*	11,931,619	10,708,268
TOTAL ASSETS	**12,113,209**	**10,844,417**
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	30,288	7,695
Funds held on behalf of other party *- Note 4*	299,175	281,847
TOTAL LIABILITIES	**329,463**	**289,542**
FUND BALANCES		
Operating Fund	74,677	148,628
Investment Fund *- Note 6*	11,709,069	10,406,247
TOTAL FUND BALANCES	**11,783,746**	**10,554,875**
TOTAL LIABILITIES AND FUND BALANCES	**12,113,209**	**10,844,417**

Approved on Behalf of the Board of Directors by ____________________________________

Approved on Behalf of the Board of Directors by ____________________________________

Stratford and Perth County Community Foundation

Statement of Operations and Changes in Fund Balances

year ended December 31, 2025 *in dollars*

The Accompanying Notes are an Integral Part of the Financial Statements	Operating Fund	Investment Fund	2025	2024
REVENUE				
Donations - *Notes 7 and 8*	24,801	1,060,453	1,085,254	703,747
Investment income, includes net change in cash surrender value - *Note 4*	-	1,011,336	1,011,336	1,251,221
Fund administration fee (expense) - *Note 9*	324,686	(316,009)	8,677	5,354
Special events (net)	3,297	-	3,297	-
	352,784	**1,755,780**	**2,108,564**	**1,960,322**
EXPENDITURES				
Advertising and communication	12,211	-	12,211	12,243
Bank charges and interest	3,622	-	3,622	3,355
Contract fees	77,554	-	77,554	59,511
Investment management fees	-	76,094	76,094	69,606
Occupancy and supplies	73,025	-	73,025	67,316
Professional fees and memberships	31,514	-	31,514	46,870
Salaries and benefits	218,304	-	218,304	182,229
Training and meetings	7,333	-	7,333	8,436
Travel and vehicle	3,172	-	3,172	3,835
	426,735	**76,094**	**502,829**	**453,401**
Excess of revenue over expenditures before Community grants	**(73,951)**	**1,679,686**	**1,605,735**	**1,506,921**
Community grants - *Note 10*	-	376,864	376,864	307,840
EXCESS OF REVENUE OVER EXPENDITURES	**(73,951)**	**1,302,822**	**1,228,871**	**1,199,081**
Fund balance, beginning of year	148,628	10,406,247	10,554,875	9,355,794
FUND BALANCE, END OF YEAR	**74,677**	**11,709,069**	**11,783,746**	**10,554,875**

Stratford and Perth County Community Foundation

Statement of Cash Flows

year ended December 31, 2025 *in dollars*

The Accompanying Notes are an Integral Part of the Financial Statements	2025	2024
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	1,228,871	1,199,081
Items not affecting cash		
Unrealized gain on investments	(430,125)	(860,311)
Change in cash surrender value of donated insurance policies, net of premiums paid	(8,055)	1,418
	790,691	340,188
Changes in non-cash working capital related to operations *- Note 11*	36,087	20,503
	826,778	**360,691**
INVESTING ACTIVITIES		
Purchase of investments	(4,646,813)	(6,983,942)
Proceeds on sale of investments	3,863,755	5,488,719
	(783,058)	**(1,495,223)**
CHANGE IN CASH AND CASH EQUIVALENTS	**43,720**	**(1,134,532)**
Cash and cash equivalents, beginning of year	528,727	1,663,259
Cash and cash equivalents, end of year	**572,447**	**528,727**
Represented by:		
Operating cash	164,771	123,164
Investment cash and cash equivalents *- Note 4*	407,676	405,563
	572,447	**528,727**

1 PURPOSE OF THE FOUNDATION

The purpose of the Foundation is to receive and maintain funds, to apply all or part of the principal and income therefrom, from time to time, for giving grants to qualified recipients who meet charitable purposes, and more particularly:

a) to advance education at the primary, secondary and post-secondary levels;

b) to promote and advance social welfare and health programs and activities that contribute to the development of healthy communities;

c) to relieve the condition of poverty;

d) to preserve and protect the environment through hands on projects, as well as, through courses and seminars directed at educating the public;

e) to advance the arts through the presentation of performances and exhibitions of an artistic nature, instructional seminars and workshops related to the arts;

f) to prevent and address problems of delinquency and substance abuse amongst youth;

g) to relieve loneliness and isolation, and provide health services to, the elderly.

To promote efficiency and effectiveness of other registered charities through the provision of central administrative services and resources to charitable groups who meet the criteria as set out above.

The Foundation is a registered charity and is classified as a public foundation under Section 149.1(1) of the Income Tax Act. As such, it is exempt from income taxes and may issue donation receipts for income tax purposes. The Foundation must meet certain requirements to maintain its status as a public foundation registered under the Act.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

2.1 Fund accounting

In order to ensure observance of the limitations and restrictions on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting.

The Operating Fund accounts for the Foundation's administrative and operational revenues and expenditures. Net expenditures of this fund are financed primarily by donor contributions directed to general operations, fundraising events, and from an interfund administrative charge.

The Investment Fund reports amounts that are subject to external restrictions related to the Foundation’s investment activities. This includes amounts required to be maintained on a permanent basis, together with investment income retained to preserve the purchasing power of the capital. The fund also includes donor-restricted contributions and investment income that are available for use in accordance with donor-specified purposes, including distributions to designated charitable organizations or support of identified areas of interest.

2.2 Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized as revenue of the Operating Fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income includes interest, dividends, and realized and unrealized gains and is recognized in the year received or receivable. Externally restricted investment income is reported in the appropriate fund based on the restrictions for distribution.

2.3 In-kind contributions

In-kind contributions of securities are recorded as revenue at the fair value.

In-kind contributions of supplies and services are recorded as revenue and expensed at fair value at the date of the contribution, when documentation to support the value is available.

Life insurance policies that have named the Foundation as the beneficiary are recognized as donations revenue in the Endowment Fund at their cash surrender value. The difference between the aggregate policy premiums and the aggregate change in cash surrender value for the period is recorded on a net basis. Any change is recorded as investment income in the Endowment Fund. The cash surrender value of life insurance premiums is included in long term investments on the statement of financial position.

Total in-kind contributions received during the year were $88,085 (2024 - $337,086).

2.4 Cloud computing arrangements

At the inception of the cloud computing arrangement with a supplier, the Foundation allocates the consideration of the arrangement to all of the significant separable elements based on their specific sales price. Development costs and costs on the rights to use a tangible asset are recognized according to the accounting methods applicable to such elements. To account for expenditures in a cloud computing arrangement that fall within the scope of AcG-20, Customer's Accounting for Cloud Computing Arrangements, the Foundation has opted for the simplification approach. Such expenditures shall be treated as the supply of services and recognized as an expenditure when the Foundation receives such services. These expenditures are shown under occupancy and supplies on the statement of operations. The Foundation recognizes a prepayment as an asset when payment for services has been made in advance of the entity receiving those services. Expenditures related to implementation activities are expensed as incurred.

2.5 Use of estimates

The preparation of these 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

2.6 Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value, except for donated life insurance policies measured at their cash surrender value and certain non-arm's length transactions. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for any investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value and changes in the cash surrender value of life insurance policies are recognized in the statement of operations. Financial assets measured at amortized cost include cash.

2.7 Foreign currency translation

Transactions of the Foundation denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the balance sheet date. Resulting exchange gains or losses are included in investment income on the statement of operations.

2.8 Volunteer services

Volunteers contribute many hours per year to assist the Foundation in carrying out its fundraising and granting activities. Because of the difficulty in determining their fair value, volunteer services are not recognized in the financial statements.

3 FINANCIAL INSTRUMENTS

The significant risks arising from financial instruments to which the Foundation is exposed as at year end are detailed below.

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. Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and investments. The Foundation has deposited the cash and investments with reputable financial institutions, from which the board believes the risk of loss to be remote.

b) 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 following table provides a summary of the Canadian dollar equivalent financial assets and liabilities.

	Foreign Currency	Foreign Amount	Canadian Equivalent
Investments	USD	2,115,227	2,901,985

c) 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 exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed rate instruments subject the Foundation to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. A portion of the Foundation’s investments bear interest at floating rates. Fluctuations in these rates will impact the investment income received in the future.

d) Liquidity risk
Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is not exposed to any significant liquidity risk.

e) Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation's investments in publicly traded securities expose the Foundation to other price risk as these investments are subject to price changes in the open market.

4 INVESTMENTS

Investments are recognized at market value except for the cash surrender value of life insurance policies and are comprised of:

	2025	2024
Canadian cash and cash equivalents	327,296	327,860
Foreign cash and cash equivalents	80,380	77,703
Bonds	2,589,003	2,187,183
Canadian equities	3,541,689	3,268,150
Foreign equities	2,821,605	2,895,510
Mutual funds	2,425,685	1,813,956
	11,785,658	10,570,362
Cash surrender value of life insurance	145,961	137,906
	11,931,619	10,708,268

Investment income is reported as follows:

	2025	2024
Dividends	70,671	71,178
Interest	71,287	78,540
Other income	181,723	143,468
Realized gain	252,801	102,670
Unrealized gain	430,125	860,311
Net change in cash surrender value	4,729	(4,946)
	1,011,336	1,251,221

The Foundation manages funds on behalf of the Stratford Public Library totaling $299,175 (2024 - $281,847) which is pooled with the investments of the Foundation.

5 PRESENTATION OF FUNDS AND INVESTMENT INCOME /

During the year ended December 31, 2025, the Foundation revised the presentation of its financial statements to improve clarity and better reflect the pooled management of its investments. The Endowment Fund and Funds for Distribution Fund have been combined and are presented as the Investment Fund. The statement of financial position is presented without separate fund columns.

Investment assets are managed on a pooled basis. Investment income (including realized and unrealized gains and losses) is recorded in the Investment Fund and is allocated in accordance with the Foundation's policies and the related restrictions, including endowment terms.

This change relates to financial statement presentation and classification, and does not affect total assets, liabilities, excess (deficiency) of revenues over expenses, or net assets for the year.

Comparative figures have been reclassified to conform to the current year presentation.

6 RESTRICTIONS OF INVESTMENT FUND

Investment Fund consists of the following:

	2025	2024
Internally restricted available for distribution	382,311	274,311
Endowments	11,326,758	10,131,936
	11,709,069	10,406,247

Endowment amounts included in the Investment Fund represent contributions subject to external restrictions that require the capital to be maintained in perpetuity. Only the income earned on endowment investments may be used, subject to the terms of the related endowment agreements and the Foundation's spending policies.

7 DONATIONS

	Operating Fund	Investment Fund	2025	2024
Individuals	1,280	232,755	234,035	376,066
Corporate sponsors	22,521	86,048	108,569	297,981
Foundations	1,000	741,575	742,575	26,000
Municipal governments	-	-	-	3,200
Community groups	-	75	75	500
	24,801	1,060,453	1,085,254	703,747

8 RELATED PARTIES

During the year, the Foundation received contributions from members of the Board of Directors and staff in the amount of $45,621 (2024 - $237,315).

9 FUND ADMINISTRATION FEE

A fund administrative fee of 3% (2024 - 2%) of the average daily market value balance is charged to the Operating Fund to cover the administration costs associated with managing the Investment Fund assets and Stratford Public Library assets in the amount of $316,009 and $8,677 respectively. Administration fee income reported in the Operating Fund is $324,686 (2024 - $198,089).

10 COMMUNITY GRANTS

	2025	2024
Animal Welfare	18,000	-
Arts, Culture & Heritage	31,660	21,700
Children and Youth	52,242	30,800
Education and Literacy	15,200	68,850
Environment	24,604	24,544
Health and Wellness	117,558	79,550
Operating	7,500	2,000
Recreation and Sports	22,000	17,336
Scholarship	44,050	-
Seniors	21,500	12,000
Social Services	15,750	51,060
Unrestricted	6,800	-
	376,864	307,840

11 STATEMENT OF CASH FLOWS

The net change in non-cash working capital consists of:

	2025	2024
Public Service Bodies' rebate receivable	(4,146)	(6,809)
Prepaid expenditures	312	492
Accounts payable and accrued liabilities	22,593	(661)
Funds held on behalf of other parties	17,328	27,481
	36,087	20,503

12 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.