WINDSORESSEX COMMUNITY FOUNDATION

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Directors of WindsorEssex Community Foundation

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of WindsorEssex Community Foundation, which comprise the statement of financial position as at June 30, 2026 and the statements of revenue and expenses, 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, 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 Foundation as at June 30, 2026 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 Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation revenues, revenue over expenses, fund balances and cash flows. This issue also resulted in a qualification of the financial statements for the year ended June 30, 2025.

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.

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INDEPENDENT AUDITOR'S REPORT - continued

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 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 Responsibility for the Audit

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 auditors' 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.

INDEPENDENT AUDITOR'S REPORT - continued

- 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 auditors' 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.

Baker Tilly Winter LLP

Chartered Professional Accountants
Licensed Public Accountants

September 29, 2026

WINDSORESSEX COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2026

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WINDSORESSEX COMMUNITY FOUNDATION

STATEMENT OF REVENUE AND EXPENSES

YEAR ENDED JUNE 30, 2026

	Community Fund Unrestricted	Managed Fund	Endowment Fund	Restricted Fund	2026 Total	2025 Total
REVENUE						
Donations and fund development (note 4)	$ 500,607	$ -	$ 1,545,833	$ -	$ 2,046,440	$ 1,152,250
Investment income	222,775	-	5,076,240	317,038	5,616,053	3,727,073
	723,382	-	6,622,073	317,038	7,662,493	4,879,323
OPERATING EXPENSES						
Advertising and promotion	26,713	-	-	-	26,713	27,296
Amortization	2,084	-	-	-	2,084	2,342
Automotive and travel	5,046	-	-	-	5,046	1,391
Bank charges	1,335	-	-	-	1,335	1,024
Education and training	3,293	-	-	-	3,293	2,038
Insurance premiums	10,739	-	-	-	10,739	5,345
Investment and management fees	6,883	-	159,014	10,134	176,031	158,276
Licenses, memberships and dues	12,253	-	-	-	12,253	11,724
Office supplies and miscellaneous	41,445	-	-	-	41,445	40,307
Other: Board and committee work	12,386	-	-	-	12,386	8,028
Professional fees	32,824	-	-	-	32,824	35,617
Rent	44,144	-	-	-	44,144	42,174
Wages and employee benefits	402,644	-	-	-	402,644	323,272
	601,789	-	159,014	10,134	770,937	658,834
OTHER EXPENSES						
Administrative fees (recovery)	(439,713)	-	381,580	30,252	(27,881)	(26,052)
NET REVENUE BEFORE GRANTS AND BURSARIES	561,306	-	6,081,479	276,652	6,919,437	4,246,541
GRANTS AND BURSARIES	518,895	-	905,005	5,000	1,428,900	1,141,517
REVENUE OVER EXPENSES	$ 42,411	$ -	$ 5,176,474	$ 271,652	$ 5,490,537	$ 3,105,024

See Accompanying Notes

WINDSORESSEX COMMUNITY FOUNDATION

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2026

	Community Fund Unrestricted	Managed Fund	Endowment Fund	Restricted Fund	2026 Total	2025 Total
FUND BALANCES, BEGINNING	$ 1,303,693	$ -	$30,594,869	$ 1,930,213	$33,828,775	$30,723,751
REVENUE OVER EXPENSES	42,411	-	5,176,474	271,652	5,490,537	3,105,024
INTERFUND TRANSFER (note 3)	177,172	-	(177,172)	-	-	-
FUND BALANCES, ENDING	$ 1,523,276	$ -	$35,594,171	$ 2,201,865	$39,319,312	$33,828,775

See Accompanying Notes

WINDSORESSEX COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2026

	Community Fund Unrestricted	Managed Fund	Endowment Fund	Restricted Fund	2026 Total	2025 Total
ASSETS						
CURRENT ASSETS						
Cash	$ 362,967	$ -	$ -	$ -	$ 362,967	$ 99,194
Accounts receivable and other assets	56,223	-	-	-	56,223	50,738
	419,190	-	-	-	419,190	149,932
INVESTMENTS (note 5)	1,156,200	923,624	35,594,171	2,201,865	39,875,860	34,599,682
PROPERTY, PLANT AND EQUIPMENT (note 6)	6,168	-	-	-	6,168	6,937
	$ 1,581,558	$ 923,624	$35,594,171	$ 2,201,865	$40,301,218	$34,756,551
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable and accrued liabilities	$ 58,282	$ -	$ -	$ -	$ 58,282	$ 15,227
Managed funds (note 7)	-	923,624	-	-	923,624	912,549
	58,282	923,624	-	-	981,906	927,776
FUND BALANCES	1,523,276	-	35,594,171	2,201,865	39,319,312	33,828,775
	$ 1,581,558	$ 923,624	$35,594,171	$ 2,201,865	$40,301,218	$34,756,551

ON BEHALF OF THE BOARD

Lucia Lombardo
Director

Director

See Accompanying Notes

WINDSORESSEX COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2026

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from donors and investments	$ 7,953,116	$ 5,171,135
Cash paid to suppliers, employees and donees	(2,422,925)	(2,076,164)
	5,530,191	3,094,971
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,315)	(1,323)
Increase in investments, net of changes in managed funds	(5,265,103)	(3,223,345)
	(5,266,418)	(3,224,668)
INCREASE (DECREASE) IN CASH POSITION	263,773	(129,697)
CASH POSITION, BEGINNING	99,194	228,891
CASH POSITION, ENDING	$ 362,967	$ 99,194

See Accompanying Notes

WINDSORESSEX COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

1. NATURE OF ACTIVITIES

WindsorEssex Community Foundation (the "Foundation") was incorporated by Special Act Chapter Pr 36, S.O. on December 16, 1983 as a corporation without share capital. The Foundation is a perpetual community trust for philanthropic purposes. It exists to manage donors' legacy funds and make grants to support local community programs. Through grant making activities, the Foundation is able to establish partnerships to assist a broad range of community organizations. The Foundation operates as a charitable organization and is exempt from income tax under paragraph 149(1)(f) of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

FUND ACCOUNTING

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of "fund accounting". Under these principles, resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

Community Fund
The Community Fund accounts for the Foundation's administrative and operational revenues and expenses. Net expenditures of the Community Fund are financed primarily by donor contributions directed to general operations and from investment income earned. The distribution of income for granting purposes is determined by the Board of Directors each year.

Managed Fund
The Managed Fund represents funds managed by the Foundation which are beneficially owned by other organizations for which the income and capital is designated for the benefit of these organizations. Certain managed funds have restrictions with respect to the type of investments that can be made and are to be kept separate from other investments of the Foundation. Income allocated to these funds is determined from the return on the specific restricted investments. The remaining managed funds are commingled with the other investments of the Foundation and net investment income allocated to these funds is determined on a pro rata basis from the return on the commingled investments. The excess of income allocated over disbursements is added to the capital of the fund.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Endowment Fund
The Endowment Fund represents funds donated to the Foundation to which the contributor restricts any future distribution of the capital, but allows discretion on the distribution of income. Net investment income allocated to these funds is determined on a pro rata basis from the return on the commingled investments.

Restricted Fund
The Restricted Fund represents funds donated to the Foundation or segregated by Board resolution for specific purposes. The capital can be distributed in accordance with the specific purpose. Net investment income allocated to these funds is determined on a pro rata basis from the return on the commingled investments.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, less accumulated amortization. Amortization is calculated on a declining balance basis at the following annual rates:

Computer equipment	30%
Furniture and fixtures	20%

REVENUE RECOGNITION

The Foundation follows the restricted method of accounting for donations and contributions.

Restricted donations and contributions are recognized as revenue in the corresponding restricted fund when received.

Restricted donations, contributions or government grants for which no corresponding restricted fund is presented are deferred and recognized as revenue over the same period as the related expenses.

Unrestricted contributions are recognized as revenue of the Community Fund in the period they are received.

Dividend and interest income are recognized in the corresponding fund when received and are included in investment income.

Funds pledged to the Foundation are not recorded until they are received.

CONTRIBUTED SERVICES

A number of people contribute significant time and expertise to the Foundation. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

USE OF ACCOUNTING 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 reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

FINANCIAL INSTRUMENTS

Measurement of financial instruments

Financial instruments are financial assets or liabilities of the Foundation where, in general, the Foundation has the right to receive cash or another financial asset from another party or the Foundation has the obligation to pay another party cash or other financial assets.

The Foundation initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Foundation is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Foundation in the transaction.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

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

Financial assets measured at fair value include investments.

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

Financial liabilities measured at fair value include managed funds.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment
Financial assets measured at cost or 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 asset or asset group; or
- The net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized up to the amount of the previously recognized impairment.

Transaction costs
Transaction costs and financing fees are expensed as incurred for financial instruments measured at fair value and capitalized and amortized over the expected life of the instrument using the straight line method for financial instruments that are subsequently measured at cost or amortized cost.

3. INTERFUND TRANSFERS

During the year transfers totaling $177,172 (2025, $135,436) were made from the Endowment Fund to the Community Fund in accordance with fund agreements and donor directions.

4. DONATIONS AND FUND DEVELOPMENT, NET

	2026	2025
Income	$ 2,309,183	$ 1,417,710
Fund expenses	(262,743)	(265,460)
	$ 2,046,440	$ 1,152,250

5. INVESTMENTS

	2026	2025
Investments of the Foundation are administered by Connor, Clark & Lunn Private Capital Ltd. and are invested in various bonds, debentures, stocks and equity funds and are stated at market value.		
Fair value		
Cash and equivalents	$ (53,535)	$ (46,312)
Fixed income	6,825,941	6,252,635
Equities	33,103,454	28,393,359
	$39,875,860	$34,599,682
Cost		
Cash and equivalents	$ (53,535)	$ (46,312)
Fixed income	6,796,336	6,309,352
Equities	22,827,620	21,378,970
	$29,570,421	$27,642,010

6. PROPERTY, PLANT AND EQUIPMENT

	2026			2025
	Cost	Accumulated Amortization	Net	Net
Computer equipment	$ 27,218	$ 22,608	$ 4,610	$ 4,989
Furniture and fixtures	22,150	20,592	1,558	1,948
	$ 49,368	$ 43,200	$ 6,168	$ 6,937

7. MANAGED FUNDS

	2026	2025
Fund movements during the year are summarized below:		
Balance, beginning	$ 912,549	$ 1,462,370
Donations and investment income, net	143,122	153,070
Contributions	20,731	-
Investment, management and administrative fees	(32,548)	(32,033)
Fund expenses	(92,721)	(670,858)
Transfer to endowment fund	(27,509)	-
Balance, ending	$ 923,624	$ 912,549

8. ENDOWMENT AND RESTRICTED FUNDS

The Foundation has a policy with the objective of protecting the real value of the endowments by limiting the amount of income made available for grants and bursaries and requiring the reinvestment into the Endowment Fund of income not made available. During the year, 5% (2025, 5%) of the market value of most of the fund balances was made available for granting purposes. Further, an amount representing 1.5% (2025, 1%) of the market value of most of the fund balances was charged as an administrative fee to cover operating expenses. In any year that the Community Fund income is insufficient to fund community grants and overhead expenses, an amount is transferred from the Endowment Fund and the Restricted Fund to the Community Fund to cover them at the Board's discretion.

9. RELATED PARTY TRANSACTIONS

Included in donation and fund development revenue are donations made by members of the Board of Directors and the Executive Director totaling $9,250 (2025, $10,650). These contributions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established by the related parties.

10. COMMITMENTS

Payments on a building lease expiring May 2028 amounts to $36,052. They will become due as follows: 2027 $18,728 and 2028, $17,324.

11. FINANCIAL INSTRUMENTS

The main risks the Foundation's financial instruments are exposed to are credit and market risk.

Credit risk
The financial instruments that potentially subject the Foundation to credit risk consist primarily of cash and accounts receivable. The Foundation mitigates its exposure to credit loss by placing its cash with major financial institutions.

Market risk (price risk)
Market risk is the risk that changes in market prices, currency and interest rates will affect the Foundation's net earnings or the value of financial instruments. These risks are generally outside the control of the Foundation. The objective of the Foundation is to mitigate market risk exposures within acceptable limits, while maximizing returns. The Foundation's investments in publicly traded securities expose the Foundation to market risk as such investments are subject to price changes in the open market. The Foundation does not use derivative financial instruments to alter the effects of the risk.