

Financial Statements of

**UNITED WAY WATERLOO
REGION COMMUNITIES**

And Independent Auditor's Report thereon

Year ended March 31, 2026

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

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

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

Those charged with governance are responsible for overseeing the Organization'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 the 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 Organization's internal control.



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- 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 Organization'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 Organization 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 19, 2026

UNITED WAY WATERLOO REGION COMMUNITIES

Statement of Financial Position

March 31, 2026, with comparative information for 2025

	Operating Fund	Stabilization/ Emergency Fund	Special Initiatives Fund	Tomorrow Fund	Total 2026	Total 2025
Assets						
Current assets:						
Cash	\$ 168,595	\$ —	\$ —	\$ —	\$ 168,595	\$ 332,067
Investments (note 2)	532,493	2,873,287	—	929,974	4,335,754	4,385,001
Accounts receivable	103,994	—	—	—	103,994	57,833
Prepaid expenses	107,241	—	—	—	107,241	91,419
	912,323	2,873,287	—	929,974	4,715,584	4,866,320
Capital assets (note 3)	24,870	—	—	—	24,870	18,084
	\$ 937,193	\$ 2,873,287	\$ —	\$ 929,974	\$ 4,740,454	\$ 4,884,404
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and accrued liabilities (note 4)	\$ 292,019	\$ —	\$ —	\$ —	\$ 292,019	\$ 212,008
Deferred contributions (note 5)	106,580	—	—	—	106,580	97,976
Interfund payable (receivable)	538,658	(538,658)	—	—	—	—
	937,257	(538,658)	—	—	398,599	309,984
Fund balances:						
Unrestricted reserves (deficit)	(24,934)	—	—	—	(24,934)	(18,007)
Internally restricted – capital assets	24,870	—	—	—	24,870	18,084
Internally restricted – reserve	—	3,411,945	—	929,974	4,341,919	4,574,343
	(64)	3,411,945	—	929,974	4,341,855	4,574,420
Commitments (note 7)						
	\$ 937,193	\$ 2,873,287	\$ —	\$ 929,974	\$ 4,740,454	\$ 4,884,404

See accompanying notes to financial statements.

On behalf of the Board:

Neena Gupta Director

Dan Rogozynski Director

UNITED WAY WATERLOO REGION COMMUNITIES

Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

	Operating Fund	Stabilization/ Emergency Fund	Special Initiatives Fund	Tomorrow Fund	Total 2026	Total 2025
Revenue:						
Philanthropy	\$ 3,972,787	\$ —	\$ —	\$ —	\$ 3,972,787	\$ 4,275,216
Federal Government Community Services Recovery Fund (recovery)	—	—	—	—	—	(17,773)
Investment income (note 2)	41,065	162,056	—	92,920	296,041	255,845
Grants	170,700	—	—	—	170,700	163,400
Other	339,387	—	—	—	339,387	413,346
Transfers from other United Ways	9,032	—	—	—	9,032	47,979
Total revenue	4,532,971	162,056	—	92,920	4,787,947	5,138,013
Fundraising expenses (Schedule 1)	1,596,454	—	—	—	1,596,454	1,631,815
Net revenue available for community investment and programs and recovery	2,936,517	162,056	—	92,920	3,191,493	3,506,198
Federal Government Community Services Recovery Fund (recovery)	—	—	—	—	—	(17,773)
Net revenue available for community investment	2,936,517	162,056	—	92,920	3,191,493	3,523,971
Community investment and program (Schedule 2)	3,424,058	—	—	—	3,424,058	3,618,608
Excess (deficiency) of revenue over expenses	\$ (487,541)	\$ 162,056	\$ —	\$ 92,920	\$ (232,565)	\$ (94,637)

See accompanying notes to financial statements.

UNITED WAY WATERLOO REGION COMMUNITIES

Statement of Changes in Fund Balances

Year ended March 31, 2026, with comparative information for 2025

	Operating Fund	Stabilization/ Emergency Fund	Special Initiatives Fund	Tomorrow Fund	Total 2026	Total 2025
Fund balances, beginning of year \$	77	\$ 3,697,289	\$ —	\$ 877,054	\$ 4,574,420	\$ 4,669,057
Excess (deficiency) of revenue over expenses	(487,541)	162,056	—	92,920	(232,565)	(94,637)
Interfund transfers (note 1 (e) (ii))	487,400	(447,400)	—	(40,000)	—	—
Fund balances, end of year	\$ (64)	\$ 3,411,945	\$ —	\$ 929,974	\$ 4,341,855	\$ 4,574,420

See accompanying notes to financial statements.

UNITED WAY WATERLOO REGION COMMUNITIES

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (232,565)	\$ (94,637)
Items not involving cash:		
Amortization of capital assets	11,236	8,894
Change in fair value of investments	(193,124)	(142,906)
Changes in non-cash operating working capital:		
Accounts receivable	(46,161)	16,558
Prepaid expenses	(15,822)	19,649
Accounts payable and accrued liabilities	80,011	(39,127)
Deferred contributions	8,604	(61,930)
	(387,821)	(293,499)
Investing activities:		
Purchase of capital assets	(18,022)	—
Purchase of investments	(97,629)	(62,759)
Sale of investments	340,000	350,000
	224,349	287,241
Decrease in cash	(163,472)	(6,258)
Cash, beginning of year	332,067	338,325
Cash, end of year	\$ 168,595	\$ 332,067

See accompanying notes to financial statements.

UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements

Year ended March 31, 2026

United Way Waterloo Region Communities ("Organization") is dedicated to helping people live better lives in every one of the seven communities we serve. We are fundraisers who engage and mobilize the community around grassroots causes. The funds we raise support a network of 52 agencies whose programs and services deliver community-wide benefits. The Organization is locally focused, informed, connected and deeply invested in helping people reach their full potential in the seven communities that comprise Waterloo Region: Cambridge, Kitchener, Waterloo, Wilmot, Woolwich, Wellesley and North Dumfries.

United Way Waterloo Region Communities is a charitable organization registered incorporated under the laws of the Ontario Not-for-Profit Corporations Act, 2010.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with the Chartered Professional Accountants of Canada Handbook Part III - Canadian accounting standards for not-for-profit organizations.

These financial statements have been prepared in accordance with the Transparency, Accountability and Financial Reporting Policies for United Ways ("TAFR") set forth by the United Way of Canada. These policies provide for consistent reporting and presentation of revenue and expenses amongst all United Way organizations in Canada and provide a framework for the allocation of expenses. Expenses incurred by the Organization are classified as fundraising, community investment and program, and administrative expenses. Administrative expenses are allocated to fundraising and program expenses based on actual activity.

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions being grants, philanthropy revenue and transfers from other United Ways.

United Way Waterloo Region Communities holds several fundraising events annually including a fall workplace campaign and a variety of special events and other functions.

Unrestricted campaign pledge payments, proceeds from special events and one-time donations (philanthropy revenue) are recorded as revenue in the year in which they are received.

Restricted contributions and sponsorships are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized in the year in which they are received. Revenue from grants is recognized over the period to which the grant applies or in the year in which the related expenses are incurred. Other revenue is recognized when the services are provided or the goods are sold, when the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized when earned and retained in the fund in which the investments are held.

UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

(a) Revenue recognition (continued):

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis and at a rate corresponding with the amortization rate for the related capital assets.

(b) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written off.

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

	Basis	Rate
Computer equipment and software	Straight-line	5 years
Office equipment	Straight-line	5 years
Leasehold improvements	Straight-line	Term of the lease

(c) Contributed services:

A substantial number of volunteers and supporters contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(d) Gifts in kind:

The Organization benefits from a variety of gifts in kind. These financial statements do not reflect any revenue or expenses related to gifts in kind.

(e) Fund accounting:

(i) Externally restricted funds:

The Organization has an externally restricted fund, known as the "Tomorrow Fund" where investments are held on account, with generated revenue funding specific programs.

(ii) Internally restricted funds:

The Board of Directors has created three internally restricted funds. These funds include an Operating Fund and two Reserve Funds. The Reserve Funds include the Stabilization/Emergency Fund ("SEF") and the Special Initiatives Fund ("SIF").

UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

(e) Fund accounting (continued):

(ii) Internally restricted funds (continued):

The Operating Fund is to manage United Way Waterloo Region Communities' community impact work through its fundraising and program expenses, and any surplus generated is transferred to the SEF. In the event that the SEF is fully reserved, the surplus exceeding the maximum reserve required is then transferred to SIF. In the event that a deficit is generated by the Operating Fund, funds will be taken first from the SEF to the amount needed to cover the deficit and/or the amount available to the fund. If the SEF is then below the required reserve balance, the SIF will replenish the SEF.

The purpose of the SEF is to provide a reserve from which funds may be transferred in the case of revenue shortfalls. The minimum balance carried in the SEF will be the approximate amount required in order to meet the short-term financial requirements of United Way Waterloo Region Communities (three months of fundraising and program expenses, based on the current year's budget) and to provide for a certain amount of community investment sustainability (three months of community payments based on approved funding). The maximum balance carried in the SEF will be the approximate amount required to meet the short-term financial requirements of United Way Waterloo Region Communities (six months of fundraising and program expenses, based on the current budget), and to provide for a certain amount of community funding sustainability (six months of community payments based on approved funding).

In the event that, after any transfer from/to the Operating Fund, the SEF is below the minimum or exceeds the maximum balance, funds will be transferred to the extent available/required to/from the SIF. If after all transfers have been completed, the balance in the SEF is below the minimum balance, the fund will be replenished as needed in the following fiscal year(s) as determined by the Board of Directors and Management.

The purpose of the SIF is to provide funding to meet capital purchases requirements, to provide special grants and/or payments, to fund new community initiatives and other non-recurring expenses that may arise from time to time. The SIF will be used to supplement the SEF in the event that the SEF balance is below the parameters of the fund. The Board of Directors approves any transfers from the SIF. The maximum balance carried in the SIF will be based, to the extent available, on the current and anticipated needs of the Organization, to be determined annually, following the annual audit.

UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

(g) Financial instruments:

Financial instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument:

Financial Instrument	Measurement Method
Cash and cash equivalents	Cost
Investments	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements (continued)

Year ended March 31, 2026

1. Significant accounting policies (continued):

(h) Allocated expenses:

United Way Waterloo Region Communities incurs expenses related to operating, marketing and communication that are not directly attributable to one aspect of operations. Administrative expenses are evenly allocated to fundraising and program expenses.

(i) Cloud computing arrangements:

United Way Waterloo Region Communities is accounting for cloud computing arrangements using the simplification approach where expenditures related to cloud computing arrangements in which the software element is a service is expensed in the statement of operations in administrative expenses.

2. Investments:

	2026	2025
Cash and cash equivalents	\$ 1,765,967	\$ 2,068,206
Fixed income securities	843,714	690,549
Canadian equity mutual funds	688,141	732,012
Shares held in iShares funds	179,054	124,476
Managed funds held with Waterloo Region Community Foundation	858,878	769,758
	<u>\$ 4,335,754</u>	<u>\$ 4,385,001</u>

The fixed income securities produce a yield of 3.25% to 4.90% (2025 - 3.25% to 4.90%) and mature between June 10, 2026 and October 22, 2030 (2025 - June 3, 2025, and November 22, 2029).

Investment income in the statement of operations consists of the following:

	2026	2025
Interest	\$ 54,377	\$ 80,973
Dividends	48,540	31,966
Change in fair value	193,124	142,906
	<u>\$ 296,041</u>	<u>\$ 255,845</u>

UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements (continued)

Year ended March 31, 2026

3. Capital assets:

			2026	2025
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment and software	\$ 215,417	\$ 193,024	\$ 22,393	\$ 13,883
Office equipment	67,643	65,166	2,477	3,873
Leaseholds	3,674	3,674	–	328
	\$ 286,734	\$ 261,864	\$ 24,870	\$ 18,084

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2025 - \$nil) which includes amounts payable for payroll related taxes.

5. Deferred contributions:

	2026	2025
Balance, beginning of year	\$ 97,976	\$ 159,906
Contributions received	111,611	129,619
Amounts recognized into income	(103,007)	(191,549)
Balance, end of year	\$ 106,580	\$ 97,976

The use of the funds is restricted to the activities agreed upon by the Organization and donors providing the funding. Grants and other deferred contributions have been provided and will be used during 2026-2027 for the following activities:

- Spirit Award celebration
- Golf for a Cause golf tournament
- March of 1000 Umbrellas campaign launch
- In Community Initiatives

UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements (continued)

Year ended March 31, 2026

6. Endowment funds:

United Way Waterloo Region Communities entered into an agreement that establishes a permanent endowment fund with the Waterloo Region Community Foundation. Under the terms of the agreement, the capital cannot be withdrawn and only the related income can be paid to the Organization.

The estimated fair value of the endowment fund and the income received during the year from the endowment fund, are as follows:

	2026	2025
Fair value	\$ 3,763,890	\$ 3,552,546
Income received	170,700	163,400

7. Commitments:

The Organization has an operating lease for its premises that expires on June 30, 2030. The lease includes monthly operating costs at an estimated rate of \$32,933 per month.

Estimated minimum annual lease payments for the term of the lease, and other contractual commitments over the next five years are as follows:

2027	\$ 398,233
2028	412,253
2029	429,379
2030	445,785
2031	113,015
	\$ 1,798,665

UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements (continued)

Year ended March 31, 2026

8. Special purpose funds:

The funds listed below represent resources which are either internally restricted by the Board of Directors or externally restricted relative to instructions concerning the investment of capital and/or use of investment income as detailed in relevant documents.

United Way Waterloo Region Communities ended the fiscal year deficiency of revenue over expenses. The Board of Directors approved the surplus to be transferred to the Stabilization Emergency Fund and used to maintain support for the Region as required.

	2026	2025
Funds held for specific purposes:		
Internally restricted:		
Stabilization/Emergency Fund	\$ 3,411,945	\$ 3,697,289
The Tomorrow Fund:		
Externally restricted	\$ 929,974	\$ 877,054

9. Financial risks:

(a) Credit risk:

Financial instruments which are potentially exposed to credit risk include cash and cash equivalents. Management considers its exposure to credit risk attributable to cash and cash equivalents to be trivial as the Organization holds cash deposits at one major Canadian chartered bank.

(b) Interest rate risk:

The Organization is exposed to interest rate risk arising from fluctuations in interest rates depending on prevailing rates at renewal of investments. To manage interest rate exposure, the Organization invests in a variety of different interest-bearing investments with different carrying characteristics.

(c) Liquidity risk:

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. The Organization has taken steps to ensure that it has sufficient working capital available to meet its obligations.

UNITED WAY WATERLOO REGION COMMUNITIES

Notes to Financial Statements (continued)

Year ended March 31, 2026

9. Financial risks (continued):

(d) Market risk:

Market risk is the risk that changes in market prices, such as equity prices and interest rates will affect United Way Waterloo Region Communities' income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

United Way Waterloo Region Communities' Investment Policy details parameters and goals under which investment decisions are made. The primary objective of the Investment Policy is capital preservation.

10. Related party transactions:

Throughout the year, United Way Waterloo Region Communities distributes campaign revenue for the other United Way organizations throughout Canada. Total distributions of \$104,125 (2025 - \$203,192) were made during the year.

UNITED WAY WATERLOO REGION COMMUNITIES

Schedule 1 - Fundraising Expenses

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Fundraising expenses:		
Direct mail and communication	\$ 18,671	\$ 24,633
Leadership recognition	–	501
Other expenses	22,423	29,643
Salaries, wages and benefits	755,797	801,562
Special events	113,883	131,286
Workplace campaign	46,124	54,391
	956,898	1,042,016
Allocation of administrative expenses (Schedule 3)	639,556	589,799
Total fundraising expenses	\$ 1,596,454	\$ 1,631,815

UNITED WAY WATERLOO REGION COMMUNITIES

Schedule 2 - Community Investment and Program Expenses

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Community Investment and Program:		
Community allocations	\$ 2,194,677	\$ 2,418,573
Donor designations	218,512	171,089
Project grants	104,323	166,172
Community initiatives	1,283	598
Program expenses:		
Salaries, wages and benefits	215,123	221,536
Other expenses	6,750	7,056
United Way of Canada Affiliation Fees	43,835	43,785
	2,784,503	3,028,809
Allocation of administrative expenses (Schedule 3)	639,555	589,799
Total community investment and program expenses	3,424,058	3,618,608
Federal Government Community Services		
Recovery Fund (recovery)	–	(17,773)
Total	\$ 3,424,058	\$ 3,600,835

UNITED WAY WATERLOO REGION COMMUNITIES

Schedule 3 - Administrative Expenses

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Administrative expenses:		
Administrative and office	\$ 41,187	\$ 44,137
Communication and technology	136,784	101,917
Facilities and equipment	387,319	382,468
Marketing and communications	2,207	516
Professional fees	30,104	35,953
Salaries, wages and benefits	640,275	597,103
Travel, automobile and community relations	41,235	17,504
Total administrative expenses	1,279,111	1,179,598
Allocation of fundraising expenses (Schedule 1)	(639,556)	(589,799)
Allocation to community investment and program expenses (Schedule 2)	(639,555)	(589,799)
	\$ -	\$ -