SARNIA COMMUNITY FOUNDATION

FINANCIAL STATEMENTS
DECEMBER 31, 2025

SARNIA COMMUNITY FOUNDATION

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Statement of Financial Position	4
Statement of Revenue and Expenses and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Sarnia Community Foundation

Qualified Opinion
We have audited the financial statements of SARNIA COMMUNITY FOUNDATION that comprise the statement of financial position as at December 31, 2025, the statement of revenue and expenses and changes in fund balances and cash flow for the year then ended, and 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 aspects, the financial position of SARNIA COMMUNITY FOUNDATION as at December 31, 2025, its financial performance and its cash flows for the year ended, in accordance with the Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion
In common with many not-for-profit organizations, SARNIA COMMUNITY FOUNDATION derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of SARNIA COMMUNITY FOUNDATION. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising activities, excess revenue over expenses, cash flows from operations, assets and net assets as at December 31, 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 organization 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.

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 Accounting Standards for Non-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.

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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 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 organization'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 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.

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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.

June 9, 2026
Sarnia, Ontario

Chartered Professional Accountants
Licensed Public Accountants

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SARNIA COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	2025	2024
ASSETS		
Current assets		
Cash *(Note 3)*	**$ 447,503**	$ 455,045
Due from government agencies	**7,820**	6,870
Prepaid expenses	**6,821**	6,662
	462,144	468,577
Long-term assets		
Other assets *(Note 9)*	**92,145**	87,195
Investments *(Note 4)*	**16,298,513**	14,667,131
	16,390,658	14,754,326
	$16,852,802	$15,222,903
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	**$ 18,392**	$ 9,082
	18,392	9,082
Fund balances		
Endowment *(Note 5)*	**14,537,430**	13,303,438
Restricted *(Note 6)*	**1,846,666**	1,453,540
Operating	**-**	4,287
	16,384,096	14,761,265
Operating Reserve *(Note 7)*	**450,314**	452,556
	16,834,410	15,213,821
	$16,852,802	$15,222,903

Approved on behalf of the Board:

_____ Director

"See Notes to the Financial Statements"

SARNIA COMMUNITY FOUNDATION
STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Endowment		Restricted		Operating		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
Revenue								
Donations	**$ 1,350,324**	$ 1,808,050	**$ 201,421**	$ 261,000	**$ 56,657**	$ 36,787	**$ 1,608,402**	$ 2,105,837
Change in investment accounts	**(110,896)**	664,940	**1,372,212**	1,226,101	**219,235**	200,791	**1,480,551**	2,091,832
Fundraising- net	**-**	-	**-**	-	**5,331**	(5,452)	**5,331**	(5,452)
Honorariums	**-**	-	**-**	-	**-**	8,000	**-**	8,000
	1,239,428	2,472,990	**1,573,633**	1,487,101	**281,223**	240,126	**3,094,284**	4,200,217
Expenses								
Life insurance premiums	**5,436**	5,436	**-**	-	**-**	-	**5,436**	5,436
Expenses from operations *(Note 6)*	**-**	-	**-**	-	**287,932**	242,069	**287,932**	242,069
	5,436	5,436	**-**	-	**287,932**	242,069	**293,368**	247,505
Excess of revenue over expenses before grants and charitable activities	**1,233,992**	2,467,554	**1,573,633**	1,487,101	**(6,709)**	(1,943)	**2,800,916**	3,952,712
Grants and charitable activities expenses *(Note 13)*	**-**	-	**1,180,507**	1,131,523	**-**	-	**1,180,507**	1,131,523
Excess of revenue over expenses for the year	**1,233,992**	2,467,554	**393,126**	355,578	**(6,709)**	(1,943)	**1,620,409**	2,821,189
Fund balances, beginning of year	**13,303,438**	11,288,440	**1,453,540**	1,097,962	**4,287**	6,230	**14,761,265**	12,392,632
Transfer (to) from operating reserve *(Note 7)*	**-**	(452,556)	**-**	-	**2,422**	-	**2,422**	(452,556)
Fund balances, end of year	**$ 14,537,430**	$ 13,303,438	**$ 1,846,666**	$ 1,453,540	**$ -**	$ 4,287	**$ 16,384,096**	$ 14,761,265

"See Notes to the Financial Statements"

SARNIA COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ 1,620,409**	$ 2,821,189
Changes in non-cash working capital		
Due from government agencies	**(950)**	(3,847)
Prepaid expenses	**(159)**	(5,622)
Accounts payable and accrued liabilities	**9,310**	3,695
Deferred revenue	**-**	(32,673)
Net cash provided by operations	**1,628,610**	2,782,742
INVESTING ACTIVITIES		
Net change in investments	**(1,631,202)**	(2,852,655)
Other assets	**(4,950)**	(4,950)
Net cash used by investing activities	**(1,636,152)**	(2,857,605)
Net decrease in cash and cash equivalents	**(7,542)**	(74,863)
Cash , beginning of the year	**455,045**	529,908
Cash, end of the year	**$ 447,503**	$ 455,045

"See Notes to the Financial Statements"

1 INTRODUCTORY NOTES

The Sarnia Community Foundation was incorporated on December 15, 1982 by a Special Act of the Ontario Legislature (City of Sarnia Objectives Foundation Act, 1982). The Foundation's name was changed by supplementary letters patent dated September 1, 1994 from The City of Sarnia Foundation to the Sarnia Community Foundation.

The Foundation is established to act as a fiduciary for those who wish to tangibly express the pride they feel for this area through donations, bequests and other gifts. The Foundation will make grants to charitable, educational, cultural and other projects and activities which will enhance the excellence and quality of life in the community.

The Foundation is a public foundation registered under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain its status as a public foundation registered under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they are provided.

For financial reporting purposes, the accounts have been classified into the following funds:

Endowment Fund

The Endowment Fund comprises the resources that are required by the donor to be maintained by the Foundation on a permanent basis. The Board of Directors (the "Board") has a policy to transfer certain donations to the Endowment fund where there is no current intention of making the original donation available for grants.

Restricted Fund
The Restricted Fund comprises the resources that are to be used for specific purposes as specified by the donor or project funder. The Restricted Fund includes contributions which are distributed within two fiscal years from the date of receipt by the Foundation as specified by the donors.
Operating Fund
The Operating Fund comprises the unrestricted resources available for immediate purposes. The use of these funds is at the discretion of the Foundation's Board.
Operating Reserve
The Operating Reserve fund are funds specifically designated by the directors to create stability of operations in periods in which the market under performs.

Revenue Recognition
Donor-restricted contributions, where the donor has required the principal to be held in perpetuity, are recognized as revenue in the Endowment Fund. Other donor-restricted contributions are recognized as revenue in the Restricted Fund or the Operating Fund, depending on the nature of the restriction. Unrestricted contributions are recognized as revenue in the Operating Fund. Contributions are recognized as revenue when received.

Investment Income
Investment income includes dividends, interest, realized gains (losses) and the net change in fair market value. Investment income is recorded as follows:

Endowment Fund
- Income which the donor has stipulated to be added to principal.

Restricted Fund
- Income earned on resources of Endowment fund available for granting purposes; and
- Income earned on the resources of the Restricted Fund.

Operating Fund
- Income earned on the resources of the Endowment and Restricted Funds available to cover operating expenses;
- Income earned on assets held in the Operating Fund; and
- Income earned on flow-through funds.

In any particular year, if there is an investment loss, the loss is funded by accumulated reinvested income or capital in the Endowment Fund. This amount is expected to be recovered by future net investment income.

Grants
Grants are recorded when authorized for payment by the Foundation's Board.

Capital Disclosure
The Foundation considers its capital to be its fund balances. The Foundation's objectives when managing its capital are to safeguard its ability to continue to provide charitable assistance to the community. Annual budgets are developed and monitored to ensure the Foundation's capital is maintained at an appropriate level.

Contributed Goods and Services
Volunteers contribute a substantial number of hours each year to assist the Foundation in carrying out its activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

Tangible Capital Assets
Tangible capital assets are expensed in the year of acquisition.

Financial Instruments
Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. 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.

3 CASH

Cash consists of bank accounts and cash on deposit in investment accounts.

	2025	2024
Cash	**$ 187,491**	$ 403,247
Short-term investments	**260,012**	51,798
	$ 447,503	$ 455,045

4 INVESTMENTS

	2025		
	Cost	**Unrealized gain (loss)**	**Fair value**
Bonds	$ 4,916,279	$ (87,218)	**$ 4,829,061**
Guaranteed Investment Certificates	375,000	18,202	**393,202**
Canadian equities	5,475,409	806,623	**6,282,032**
Foreign equities	3,511,338	1,282,878	**4,794,216**
	$14,278,026	$ 2,020,485	**$16,298,511**

	2024		
	Cost	**Unrealized gain (loss)**	**Fair value**
Bonds	$ 4,560,548	$ (267,542)	**$ 4,293,006**
Guaranteed Investment Certificates	473,072	20,200	**493,272**
Canadian equities	3,202,124	462,717	**3,664,841**
Foreign equities	4,364,667	1,851,573	**6,216,240**
	$12,600,411	$ 2,066,948	**$14,667,359**

Investments for the Endowment Fund and the Restricted Fund are pooled and investment income is allocated to funds based on annual market values, at December 31, 2025

U.S equities are reported in Canadian dollars, using the exchange rate, at December 31, 2025

The fair value of the investments is based on quoted market values, at December 31, 2025

5 ENDOWMENT FUNDS

The endowment fund consists of the following:

		2025		2024
Community Funds				
Funds where grants are distributed at the discretion of the Foundation's Board	**$**	**1,868,013**	$	1,314,951
Funds where grants are distributed for use in a field of interest at the discretion of the Foundation's Board		**1,274,459**		1,084,081
Donor Advised Funds				
Funds where grants are distributed to charitable organizations designated by donors at the time the fund is established or advised annually by donors		**11,282,126**		10,742,321
Funds where income has been designated for operations by the donor		**112,832**		162,085
	$	**14,537,430**	$	13,303,438

The Foundation has a policy to protect the real value of the endowments by limiting the amount of income made available for spending and requiring the reinvestment of income not made available. During the year, 3.50% (2024 - 3.50%) of the market value of fund balances was made available for granting purposes and recorded as revenue in the Restricted Fund. Further, an amount representing 1.75% (2024 - 1.50%) of the market value of fund balances was made available to cover operating expenses. This amount is recorded as revenue in the Operating Fund. In any particular year, should net investment income be insufficient to fund the amount to be made available for spending or the investment return is negative, the amount that is made available for spending is funded by the accumulated reinvested income in the Endowment Fund. However, for individual endowment funds without sufficient accumulated reinvested income, endowment capital is used in the current year. This amount is expected to be recovered by future net investment income.

During the year, $1,411,309 (2024 - $1,226,101) available for granting was included as investment income of the Restricted Fund and $221,657 (2024 - $200,791) available to cover operating expenses was included as investment income of the Operating Fund.

6 RESTRICTED FUND

The Restricted Fund balance consists of the following amounts available for restricted purposes:

		2025		2024
Grantable income				
Specific to current and prior years	**$**	**295,059**	$	254,004
Specific to the subsequent year		**76,589**		79,345
Flow-through funds, available for granting		**1,475,018**		1,120,191
	$	**1,846,666**	$	1,453,540

7 OPERATING RESERVE

The Foundation's directors designated funds to be set aside to ensure the stability of ongoing operations of the organization. The purpose of this Operating Reserve is to create stability of operations, during periods where the market underperforms. During the prior fiscal year, a contribution was made to this reserve. At the discretion of the board, these funds may be transferred to another fund.

		2025		2024
Opening, operating reserve	**$**	**452,556**	$	-
Transferred to operating fund		**(2,422)**		-
Current year addition to operating reserve		**-**		452,556
Ending, operating reserve	**$**	**450,134**	$	452,556

8 LIFE INSURANCE

The Foundation has been designated as the owner and beneficiary of life insurance policies. Premiums paid by the insured are recorded as donations and then recorded as disbursements. As at December 31, 2025, the estimated amounts of insurance in force for which the Foundation has been designated as beneficiary totals $1,140,000 (2024- $1,140,000). These amounts are not recorded in the accompanying financial statements.

9 OTHER ASSETS

In 2017 one of the insured (see Note 8) was unable to fund the amounts required to keep the policy in force. The Foundation determined that it is in the best interest of the Foundation to maintain the policy and accordingly has funded a portion of the current year's premium. The funded amount is included on the balance sheet as other assets.

10 COMMITMENT

The Foundation leases office space at 109 Durand Street, Sarnia, Ontario. The rental amounts include both a base rent plus their share of realty taxes. The base annual amount of the rent is as follows until December 2027:

2026	6,389
2027	6,547
	$ 12,936

11 FINANCIAL INSTRUMENT RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable. The fair value of the instruments approximate their carrying values, unless otherwise noted.

The Company uses comprehensive risk management procedures to limit the risks inherent in the use of financial instruments. The significant risks that the Company is exposed to are noted below:

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization is exposed to this risk through its cash and investments which are denominated in U.S. currency. The organization manages this risk through ongoing monitoring of foreign exchange rates and by investing with professional portfolio managers in accordance with its investment policies.

Market risk

The organization is exposed to market risk through the fluctuation of financial instrument fair values due to changes in market prices. The significant market risks to which the organization is exposed are currency risk, interest rate risk and other price risk. The organization manages these risks through the investment of its financial assets with professional portfolio managers, in accordance with established investment policies and objectives.

12 OPERATING EXPENSES

	2025	2024
Advertising and promotion	**$ 8,441**	$ 9,978
Committee and granting expenses	**15,647**	17,049
Office expenses	**13,017**	12,844
Occupancy costs	**14,888**	13,608
Professional fees and software memberships	**23,319**	24,881
Wages and benefits	**212,620**	163,709
	$ 287,932	$ 242,069

13 GRANTS AND CHARITABLE ACTIVITIES EXPENSES

During the year the organization granted $1,180,507 ($1,131,523 in 2024) to other non-profit organizations and registered Canadian charities.