THE FOOD BANK OF WATERLOO REGION

Financial Statements

Year Ended June 30, 2026

THE FOOD BANK OF WATERLOO REGION
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Year Ended June 30, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Directors of The Food Bank of Waterloo Region

Qualified Opinion

We have audited the financial statements of The Food Bank of Waterloo Region (the "organization"), which comprise the statement of financial position as at June 30, 2026, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (the "financial statements").

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 organization as at June 30, 2026, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from the general public in the form of donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. In addition, the organization reports in-kind food donations as both revenue and an expense, the completeness and accuracy of which are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues and expenses from these sources was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended June 30, 2025 was modified accordingly because of the possible effects of this limitation of 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 organization in accordance with 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 audit 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 ASNPO, 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.

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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.

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.



Waterloo, Ontario
November 12, 2026

SIMON MODESTI LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

THE FOOD BANK OF WATERLOO REGION

Statement of Financial Position

June 30, 2026

	2026	2025
ASSETS		
CURRENT		
Cash	**$ 1,207,334**	$ 951,009
Cash - internally restricted	**7,544,521**	6,603,002
Cash - to fund deferred income - general operations	**218,494**	415,240
Investments - internally restricted *(Note 3)*	**13,197,355**	12,438,874
Accounts receivable	**50,609**	800
Accrued interest income	**76,413**	221,617
Prepaid expenses	**173,238**	153,992
GST/HST recoverable	**114,173**	214,680
	22,582,137	20,999,214
PROPERTY AND EQUIPMENT *(Note 4)*	**1,944,718**	1,813,713
	$ 24,526,855	$ 22,812,927
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 470,114**	$ 382,571
Deferred income - general operations *(Note 5)*	**218,494**	415,240
	688,608	797,811
DEFERRED INCOME - CAPITAL DONATIONS *(Note 6)*	**207,856**	89,247
	896,464	887,058
NET ASSETS		
Internally restricted *(Note 7)*	**20,741,876**	19,041,876
Unrestricted	**2,888,515**	2,883,993
	23,630,391	21,925,869
	$ 24,526,855	$ 22,812,927

The accompanying notes form an integral part of these financial statements

THE FOOD BANK OF WATERLOO REGION

Statement of Changes in Net Assets

Year Ended June 30, 2026

	2025 Balance	Excess of revenues over expenses	Transfers *(Note 7)*	**2026 Balance**
Internally restricted net assets				
Operating Reserve	$ 4,500,000	$ -	$ 700,000	**$ 5,200,000**
Food Purchases Reserve	3,500,000	-	-	**3,500,000**
Food Emergency Reserve	400,000	-	-	**400,000**
Capital Maintenance Reserve	280,000	-	-	**280,000**
Future Capacity Reserve	9,261,876	-	1,000,000	**10,261,876**
Emergency Management Reserve	300,000	-	-	**300,000**
Network Capacity Reserve	800,000	-	-	**800,000**
	19,041,876	-	1,700,000	**20,741,876**
Unrestricted net assets				
Unrestricted	2,883,993	1,704,522	(1,700,000)	**2,888,515**
	2,883,993	1,704,522	(1,700,000)	**2,888,515**
	$ 21,925,869	$ 1,704,522	$ -	**$ 23,630,391**

	2024 Balance	Excess of revenues over expenses	Transfers *(Note 7)*	2025 Balance
Internally restricted net assets				
Operating Reserve	$ 4,500,000	$ -	$ -	$ 4,500,000
Food Purchases Reserve	3,500,000	-	-	3,500,000
Food Emergency Reserve	400,000	-	-	400,000
Capital Maintenance Reserve	280,000	-	-	280,000
Future Capacity Reserve	5,261,876	-	4,000,000	9,261,876
Emergency Management Reserve	300,000	-	-	300,000
Network Capacity Reserve	800,000	-	-	800,000
	15,041,876	-	4,000,000	19,041,876
Unrestricted net assets				
Unrestricted	4,627,723	2,256,270	(4,000,000)	2,883,993
	4,627,723	2,256,270	(4,000,000)	2,883,993
	$ 19,669,599	$ 2,256,270	$ -	$ 21,925,869

The accompanying notes form an integral part of these financial statements

THE FOOD BANK OF WATERLOO REGION

Statement of Operations

Year Ended June 30, 2026

	2026	2025
REVENUES		
Donations and fundraising	**$ 9,161,668**	$ 9,204,497
Grants and foundations	**1,515,931**	919,497
Food Assistance Network - Region of Waterloo *(Note 5)*	**1,500,000**	1,500,015
Food Bank Distribution Services	**113,426**	120,306
Other income	**291,030**	196,082
Investment income *(Note 8)*	**744,308**	705,566
	13,326,363	12,645,963
In-kind food donations *(Note 2)*	**27,566,506**	32,023,268
	40,892,869	44,669,231
EXPENSES		
Personnel	**4,545,779**	3,730,611
Administration	**618,385**	645,607
Fundraising / Food Drive	**1,212,934**	1,402,106
Food purchases and processing	**2,642,636**	2,121,714
Facilities	**525,167**	500,540
Professional development and agency relations	**154,043**	93,435
Transportation	**343,238**	301,863
Food Assistance Network - Region of Waterloo funding *(Note 5)*	**1,350,000**	1,350,106
Amortization of property and equipment	**229,659**	243,711
	11,621,841	10,389,693
In-kind food donations *(Note 2)*	**27,566,506**	32,023,268
	39,188,347	42,412,961
EXCESS OF REVENUES OVER EXPENSES	**$ 1,704,522**	$ 2,256,270

The accompanying notes form an integral part of these financial statements

THE FOOD BANK OF WATERLOO REGION

Statement of Cash Flows

Year Ended June 30, 2026

	2026	2025
OPERATING ACTIVITIES		
Excess of revenues over expenses	**$ 1,704,522**	$ 2,256,270
Items not affecting cash:		
Amortization of property and equipment	**229,659**	243,711
Unrealized gains on investments at market value	**(200,593)**	(86,449)
Deferred capital donations recognized	**(14,791)**	(18,666)
	1,718,797	2,394,866
Changes in non-cash working capital:		
Accounts receivable	**(49,809)**	16,094
Accrued interest income	**145,204**	(10,890)
Prepaid expenses	**(19,246)**	(2,862)
Accounts payable and accrued liabilities	**87,543**	(29,096)
Deferred income - general operations	**(196,746)**	207,494
GST/HST recoverable	**100,507**	110,716
	67,453	291,456
Cash flow from operating activities	**1,786,250**	2,686,322
INVESTING ACTIVITIES		
Purchase of property and equipment	**(360,666)**	(72,919)
Maturity (purchase) of guaranteed investment certificates, net	**(515,822)**	2,834,448
Purchase of investments	**(42,064)**	(90,674)
Cash flow from (used by) investing activities	**(918,552)**	2,670,855
FINANCING ACTIVITY		
Capital donations received	**133,400**	22,920
INCREASE IN CASH	**1,001,098**	5,380,097
Cash - beginning of year	**7,969,251**	2,589,154
CASH - END OF YEAR	**$ 8,970,349**	$ 7,969,251
CASH CONSISTS OF:		
Cash - unrestricted	**$ 2,907,334**	$ 951,009
Cash - internally restricted	**5,844,521**	6,603,002
Cash - to fund deferred income - general operations	**218,494**	415,240
	$ 8,970,349	$ 7,969,251

The accompanying notes form an integral part of these financial statements

1. NATURE OF ORGANIZATION

The Food Bank of Waterloo Region (the "organization") is a registered charity which collects food from the general public and the local food industry for redistribution to member agencies, who in turn provide the food to the less fortunate. The organization is incorporated without share capital, and as a charity registered under the Income Tax Act of Canada, does not pay income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash and cash equivalents

Cash consists of cash on hand, and accounts at financial institutions which are readily accessible such as money market accounts. The Board has instructed management to maintain sufficient liquid assets to fund restricted net assets, plus meet the organization's commitment to spend deferred income amounts related to general operations, food purchases and capital donations, as designated by donors.

Food purchases and inventory

Food purchases are recorded as an expense at the date of purchase. As it is not practical to track and determine the fair value of food items, including donated food on hand as at the year end date, they are not reflected as inventory in these financial statements.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Real estate - building	4%
Equipment	25%
Vehicles	25%
Freezer	20%

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash, accounts receivable, accrued interest income and certain investments as disclosed in these notes.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The organization uses the deferral method for recognizing revenues, whereby, provided collection is reasonably assured, externally restricted contributions received or receivable are reflected as deferred income and only recognized as revenue when the related expenses have been incurred. Unrestricted revenues are reflected when received or receivable, at fair values, provided such amounts are reasonably estimated and collection reasonably assured.

As is the policy for many food banks across Canada, The Food Bank of Waterloo Region recognizes the dollar value of in-kind food donations from industry, businesses and the general public. Donations of food received in the current year totaled 7,573,216 pounds (2025 - 8,945,047 pounds). These donations of food have been valued, based on national standards recommended by Food Banks Canada, at $3.64 per pound (2025 - $3.58 per pound), which management believes to be a reasonable reflection of fair value. This dollar value of in-kind food donations is reflected as both a revenue, and an expense, on the statement of operations.

The Food Assistance Network is a program which is partially funded by the Region of Waterloo. The program supports a range of food security service delivery programs within the Region through contracts with selected member agencies. The Food Bank of Waterloo Region also receives funding to support the administration of the Food Assistance Network.

The Food Bank Distribution Services program secures food donations from the food industry throughout Southwestern Ontario and is funded by participating food banks and designated contributions.

Contributions for the purchase of property and equipment are deferred and amortized to revenue on the same basis as the related property and equipment.

The Food Bank of Waterloo Region also benefits from many hours of time donated by many volunteers. As determining a fair value for these contributions is impractical, the value of these contributions is not reflected in these financial statements.

Use of 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 amount of assets and liabilities and the reported amounts of revenues and expenses during the period. Items included in these financial statements subject to estimates and assumptions include amortization related to the useful life of property and equipment, and in-kind food donations. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. INVESTMENTS

	2026	2025
Investments recorded at amortized cost		
Guaranteed investment certificates	**$ 10,681,374**	$ 10,165,552
Fixed income mutual funds and bonds	**1,486,697**	1,427,673
	12,168,071	11,593,225
Investments recorded at fair value		
Preferred shares and equity instruments	**1,029,284**	845,649
	$ 13,197,355	$ 12,438,874

The Board has instructed management to invest excess cash balances until they are needed to fund ongoing operations. Guaranteed investment certificates have maturity terms ranging from 3 months to 9 months and interest rates ranging from 2.25% to 2.40%.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	**2026 Net book value**	2025 Net book value
Real estate - land	$ 310,000	$ -	**$ 310,000**	$ 310,000
Real estate - building	1,580,895	928,214	**652,681**	680,712
Equipment	824,520	537,540	**286,980**	199,091
Vehicles	1,672,828	1,028,118	**644,710**	562,312
Freezer	484,885	434,538	**50,347**	61,598
	$ 4,873,128	$ 2,928,410	**$ 1,944,718**	$ 1,813,713

5. DEFERRED INCOME - GENERAL OPERATIONS

	Grants and foundations	Food Assistance Network	**2026**	2025
Opening balance	$ 290,240	$ 125,000	**$ 415,240**	$ 207,746
Restricted contributions received	206,120	1,375,000	**1,581,120**	1,875,648
Recognized in revenue	(277,866)	(1,500,000)	**(1,777,866)**	(1,668,154)
	$ 218,494	$ -	**$ 218,494**	$ 415,240

Of the $1,500,000 revenue recognized under the Food Assistance Network program, $1,350,000 was allocated to select member agencies while $150,000 was used to administer the program.

6. DEFERRED INCOME - CAPITAL DONATIONS

		2026		2025
Opening balance	**$**	**89,247**	$	84,993
Restricted contributions received		**133,400**		22,920
Recognized in revenue - donations and fundraising		**(14,791)**		(18,666)
	$	**207,856**	$	89,247

The balance of deferred income refers to donations for capital items, including $55,286 (2025 - $NIL) related to funds yet to be spent and $152,570 (2025 - $89,247) related to unamortized assets already purchased.

7. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors has restricted the use of cash and/or investments to fund the following reserves:

Reserve	Purpose
Operating reserve	To provide approximately six months operating expenses as working capital to accommodate fluctuations in cash flow and program funding.
Food Purchases	To provide funding to purchase food in the event of significant events or gaps in supply chains.
Food Emergency	To provide funding to purchase food in the event of emergencies such as damage or theft, so as to prevent disruption to network programs and agency partners.
Capital Maintenance	To address the needs of an aging building and ensure optimal health and safety of staff and volunteers.
Future Capacity	To support investment in a new space and team resourcing, to ensure safe and secure food distribution to meet the needs of our changing community.
Emergency Management	To support community food and program needs in crisis situations as outlined in the Region of Waterloo Emergency Management Plans.
Network Capacity	To support programs in the provision of innovative food support services and programs in the community to meet the food assistance needs in Waterloo Region.

8. INVESTMENT INCOME

		2026		2025
Change in unrealized gains/losses - adjustments to fair value	**$**	**200,593**	$	86,449
Interest, dividends and other investment income		**543,715**		619,117
	$	**744,308**	$	705,566

9. FINANCIAL INSTRUMENTS

Management believes the organization faces market, currency and interest rate risk with respect to its investments in that significant changes in equity markets, currency exchange rates or interest rates could impact the fair value of, or the return on, investments held. The organization is exposed to market risk on the investments recorded at fair value as disclosed in Note 3, is exposed to currency risk on investments in mutual funds where the underlying equities are denominated in U.S. dollars, and is exposed to interest rate risk on the investments recorded at amortized cost as disclosed in Note 3, on which interest is being calculated. There have been no changes to the exposure of these risks during the year.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.