

War Child Canada  
Financial Statements  
For the year ended December 31, 2025

**War Child Canada**  
**Financial Statements**  
For the year ended December 31, 2025

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## Independent Auditor's Report

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To the Board of Directors of War Child Canada

### Opinion

We have audited the financial statements of War Child Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2025, the statements of operations and changes in net assets 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 Organization as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities. For the year ended December 31, 2024, we were not able to verify the completeness of these sources of revenue. Our verification of this revenue was limited to the amounts recorded in the records of the Organization and our opinion on the financial statements for the year ended December 31, 2024 was modified accordingly. In the current year, we were able to obtain sufficient, appropriate audit evidence regarding the completeness of revenue from fundraising activities. As a result, our opinion on the current year's financial statements is modified because of the possible effects of this matter on the comparability of the current year's figures and the comparative information.

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

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

In preparing the financial statements, management is responsible for assessing the 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.

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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Oakville, Ontario  
April 22, 2026

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**War Child Canada**  
**Statement of Financial Position**

**December 31** **2025** **2024**

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**Assets**

**Current**

Cash	\$ 14,681,735	\$ 3,643,186
Investments (Note 3)	3,230,588	3,040,490
Accounts and donor receivables (Note 4)	238,337	1,034,610
Prepaid expenses	1,842,725	1,141,896
	19,993,385	8,860,182

**Intangible assets** (Note 5)

100,874 93,751

**Capital assets** (Note 6)

27,256 37,032

**\$ 20,121,515** **\$ 8,990,965**

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**Liabilities and Net Assets**

**Current**

Accounts payable and accrued liabilities	\$ 1,308,301	\$ 1,110,644
Deferred Contributions (Note 7)	16,449,116	6,575,508
	17,757,417	7,686,152

**Net assets**

Unrestricted 2,364,098 1,304,813

**\$ 20,121,515** **\$ 8,990,965**

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On behalf of the Board:

Original signed by Adrian Lang \_\_\_\_\_ Director

Original signed by Michael Eizenga \_\_\_\_\_ Director

## War Child Canada

### Statement of Operations and Changes in Net Assets

For the year ended December 31	2025	2024
<b>Revenue</b>		
Grants	\$ 20,621,158	\$ 16,539,108
Unrestricted contributions	4,728,011	4,235,814
Donations-in-kind	470,671	373,495
Investment income	189,192	152,157
Other	57,888	79,573
	<b>26,066,920</b>	<b>21,380,147</b>
<b>Expenses</b>		
Program		
International programmes (Schedule)	21,716,194	17,637,198
Programme support (Note 10)	1,096,599	1,099,282
Operations		
Fundraising (Note 10)	1,856,251	1,672,240
General administration (Note 10)	221,304	959,177
Donations-in-kind	470,671	373,495
	<b>25,361,019</b>	<b>21,741,392</b>
<b>Excess (deficiency) of revenue over expenses before the undernoted</b>	<b>705,901</b>	<b>(361,245)</b>
Amortization	(11,384)	(12,167)
Unrealized gain on investments	364,768	729,378
	<b>1,059,285</b>	<b>355,966</b>
<b>Excess of revenue over expenses</b>	<b>1,059,285</b>	<b>355,966</b>
<b>Net assets, beginning of year</b>	<b>1,304,813</b>	<b>948,847</b>
<b>Net assets, end of year</b>	<b>\$ 2,364,098</b>	<b>\$ 1,304,813</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## War Child Canada Statement of Cash Flows

**For the year ended December 31**

**2025**

**2024**

**Cash provided by (used in)**

**Operating activities**

Excess of revenue over expenses	\$ 1,059,285	\$ 355,966
Adjustments required to reconcile excess of revenue over expenses with net cash provided by operating activities		
Amortization	11,384	12,167
Unrealized gains on investments	(364,768)	(729,378)
Realized losses on sale of investments	6,331	2,950
Changes in intangible assets (Note 5)	(7,123)	(10,840)
Changes in non-cash working capital balances		
Accounts and donor receivables	796,273	(365,895)
Prepaid expenses	(700,829)	45,312
Accounts payable and accrued liabilities	197,657	(200,829)
Deferred contributions	9,873,608	(701,213)
	<b>10,871,818</b>	<b>(1,591,760)</b>

**Investing activities**

Purchase of capital assets	(1,608)	(2,286)
Proceeds from (additions to) investments, net	168,339	(618,300)
	<b>166,731</b>	<b>(620,586)</b>

**Increase (decrease) in cash during the year** **11,038,549** **(2,212,346)**

**Cash, beginning of year** **3,643,186** **5,855,532**

**Cash, end of year** **\$ 14,681,735** **\$ 3,643,186**

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# War Child Canada

## Notes to Financial Statements

**December 31, 2025**

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### **1. Nature of Organization**

War Child Canada (the "Organization") was incorporated without share capital under the Canadian Corporations Act on February 2, 1999, and was continued under the Canada Not-For-Profit Corporations Act on April 4, 2013. The Organization is registered as a charitable organization under the Income Tax Act (Canada).

The Organization was established for the purpose of bringing relief to persons anywhere in the world who are suffering hardship, sickness or distress as a result of war and, in particular, to bring such relief to children who are suffering. The Organization's additional objective is to advance education of the public on the effects of war, and especially the effects of war on children.

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### **2. Significant Accounting Policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit Organizations. The Organization's significant accounting policies are as follows:

#### **Revenue recognition**

The Organization follows the deferral method of recording contributions.

Unrestricted grants and donations are recognized as revenue when received or receivable. Revenue is recognized when the amount to be received can be reasonably estimated and collection is assured.

Externally restricted contributions such as grants, donations, and special events are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. Revenue received that relates to future periods is recorded as deferred revenue.

Donations-in-kind are recorded at the fair market value that the Organization would otherwise have paid for such goods and services.

Other income is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recognized as earned.

#### **Financial Instruments**

Financial instruments consist of cash, investments, accounts and donor receivables, and accounts payable and accrued liabilities. Financial instruments are recorded at fair value on initial recognition. In subsequent periods, equities traded in an active market at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

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# War Child Canada

## Notes to Financial Statements

**December 31, 2025**

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### 2. Significant Accounting Policies (Continued)

#### Financial instruments (continued)

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

#### Foreign Currency Translation

Transactions denominated in foreign currencies are translated at the exchange rate in effect on the date they occur. Monetary assets and liabilities that are denominated in foreign currencies are translated at the exchange rate in effect as of the statement of financial position date. Gains or losses arising from foreign exchange translations are recorded in the statement of operations and changes in net assets.

#### Capital Assets

Capital assets are recorded at cost less accumulated amortization and impairment, if any. Amortization is provided at the following annual rates and bases:

Furniture and equipment	20%	Declining balance
Computer hardware	30%	Declining balance
Motor vehicles	8 years	Straight-line

When a capital asset no longer contributes to the Organization's ability to provide goods and services, or the future economic benefits or service potential of the capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

#### Contributed Goods and Services

In its day-to-day operations, the Organization receives goods and services from various businesses and organizations. Such services and products are reported at their fair value if they would normally be purchased.

#### Intangible Assets - Aeroplan miles

Aeroplan miles are measured at their estimated redemption value and recorded as revenue and an intangible asset when received. Aeroplan miles are subsequently expensed when used.

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## War Child Canada Notes to Financial Statements

**December 31, 2025**

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### 2. Significant Accounting Policies (Continued)

#### Allocation of expenses

The Organization classifies its functional activities between programme support, general administration and fundraising activities. The costs of each activity include the direct costs associated with those activities, such as personnel and other direct expenses. In addition, the Organization incurs several common or shared operating expenses in connection with these activities, such as occupancy costs and indirect administration costs. Where shared or indirect costs relate to more than one activity, the Organization allocates these costs among all activities based on a historical analysis or the level of staff activity and support by function. Management reviews the calculation on a regular basis.

#### Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for non-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. These estimates are reviewed periodically, and adjustments are made to excess of revenue over expenses as appropriate in the year they become known. Key estimates include the useful lives of capital assets, the resulting amortization expenses, and intangible assets. Actual results could differ from those estimates.

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### 3. Investments

The fair value of investments is as follows:

	2025	2024
Common stock	\$ 3,230,588	\$ 2,841,497
Pooled funds - global equity	-	198,993
	\$ 3,230,588	\$ 3,040,490

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### 4. Accounts and Donor Receivables

	2025	2024
Grants receivable	\$ 115,185	\$ 728,147
Accounts receivable	60,913	195,284
War Child USA	-	52,402
Harmonized Sales Tax	62,239	58,777
	\$ 238,337	\$ 1,034,610

## War Child Canada Notes to Financial Statements

**December 31, 2025**

### 5. Intangible Assets

	<b>2025</b>		2024	
Balance, beginning of year	\$	<b>93,751</b>	\$	82,911
Additions during the year		<b>32,167</b>		31,486
Redemptions during the year		<b>(25,044)</b>		(20,646)
	<b>\$</b>	<b>100,874</b>	<b>\$</b>	<b>93,751</b>

During the year, the Organization redeemed a total of 1,680,782 Aeroplan Miles (2024 - 1,385,596) with an estimated value of \$25,044 (2024 - \$20,646). The Organization used an estimate of \$0.0149 per Aeroplan mile in 2025 (2024 - \$0.0149). As at December 31, 2025 the remaining Aeroplan miles balance was 6,770,040 (2024 - 6,292,038) with an estimated value of \$100,874 (2024 - \$93,751).

### 6. Capital Assets

	<b>2025</b>		2024	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	Net Book Value
Furniture and fixtures	\$ 95,695	\$ 77,626	\$ 18,069	\$ 22,586
Computer hardware	7,477	4,020	3,457	2,987
Motor vehicles	45,835	40,105	5,730	11,459
	<b>\$ 149,007</b>	<b>\$ 121,751</b>	<b>\$ 27,256</b>	<b>\$ 37,032</b>

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## War Child Canada Notes to Financial Statements

**December 31, 2025**

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### 7. Deferred Contributions

Deferred Contributions consist of contributions and grants that are designated for specified programs and events.

	2025	2024
Balance, beginning of year	\$ 6,575,508	\$ 7,276,721
Amounts received or receivable in the year	30,494,766	15,837,895
Revenue recognized during the year	<u>(20,621,158)</u>	<u>(16,539,108)</u>
Balance, end of year	<u>\$ 16,449,116</u>	<u>\$ 6,575,508</u>

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### 8. Guarantees

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee. The Organization's primary guarantees subject to disclosure are as follows:

- a) The Organization has provided indemnities under a lease agreement for the use of an operating facility. Under the terms of this guarantee, the Organization agrees to indemnify the counter parties for various items including, but not limited to, all liabilities, loss, lawsuits, and damages arising during, on or after, the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
  - b) The Organization indemnifies all directors and volunteers for various items, including but not limited to, all costs to settle suits on actions due to services provided to the Organization, subject to certain restrictions. The Organization has purchased liability insurance to mitigate the cost of any potential future suits or actions. The amount of any potential future payment cannot be reasonably estimated.
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### 9. Commitments

The Organization has entered into an operating lease for certain premises and office equipment as well as other non-cancelable service agreements. Minimum annual amounts due under these agreements are as follows:

2026	\$	625,926
2027		183,747
2028		<u>63,748</u>
	<u>\$</u>	<u>873,421</u>

## War Child Canada Notes to Financial Statements

**December 31, 2025**

### 10. Allocation of Expenses

The Organization allocates certain shared or indirect costs that relate to more than one activity based on a historical analysis or the level of staff activity and functional support. The allocated expenses are included in the Statement of Operations and Changes in Net Assets as follows:

	<b>2025</b>			
	Programme support	General administration	Fundraising	Total
Direct costs	\$ 272,758	\$ 45,263	\$ 1,431,294	\$ 1,749,315
Salaries	643,713	142,763	241,225	1,027,701
Rent and utilities	16,061	2,967	16,383	35,411
Administration	164,067	30,311	167,349	361,727
	<b>\$ 1,096,599</b>	<b>\$ 221,304</b>	<b>\$ 1,856,251</b>	<b>\$ 3,174,154</b>

	2024			
	Programme support	General administration	Fundraising	Total
Direct costs	\$ 465,832	\$ 647,416	\$ 1,323,670	\$ 2,436,918
Salaries	408,459	236,290	153,308	798,057
Rent and utilities	17,548	5,461	15,229	38,238
Administration	207,443	70,010	180,033	457,486
	<b>\$ 1,099,282</b>	<b>\$ 959,177</b>	<b>\$ 1,672,240</b>	<b>\$ 3,730,699</b>

### 11. Credit Facilities

The Organization has an operating line of credit of \$750,000. The facility is secured by a general security agreement granting a first security interest in all present and after-acquired personal property in Ontario. This credit facility bears interest at the prime rate plus 1%. As at year end, \$Nil (2024 - \$Nil) has been drawn on this facility.

**War Child Canada**  
**Notes to Financial Statements**

**December 31, 2025**

**12. Financial Instruments**

**Currency Risk**

*Currency risk* is the risk that arises from fluctuations in foreign exchange rates. The Organization is exposed to currency risk with respect to foreign currency contributions and purchase transactions. A significant portion of the Organization's contributions and project expenses are denominated in foreign currencies.

The Organization entered into the following transactions which have been converted into Canadian dollars:

	2025					
	US Dollar	Australian Dollar	Afghan Afghani	Sudanese Pound	South Sudanese Pound	Uganda Shilling
Cash	\$11,118,681	\$ -	\$ 472,473	\$ 5,503	\$ 1,348	\$ 1,030,569
Investments	2,030,178	-	-	-	-	-
Accounts and donor receivables	30,325	-	115,185	348	-	13
	13,179,184	-	587,658	5,851	1,348	1,030,582
Accounts payable and accrued liabilities	599,695	-	183,659	31,441	-	197,865
Net financial instruments foreign currency balance	12,579,489	-	403,999	(25,590)	1,348	832,717
Deferred contributions	14,805,616	205,251	-	-	-	60,548
<b>Net Foreign Currency Balance</b>	<b>\$(2,226,127)</b>	<b>\$(205,251)</b>	<b>\$ 403,999</b>	<b>\$(25,590)</b>	<b>\$ 1,348</b>	<b>\$ 772,169</b>

**War Child Canada**  
**Notes to Financial Statements**

**December 31, 2025**

**12. Financial Instruments (Continued)**

**Currency Risk (continued)**

	2024					
	US Dollar	Australian Dollar	Afghan Afghani	Sudanese Pound	South Sudanese Pound	Uganda Shilling
Cash	\$ 1,583,001	\$ -	\$ 586,672	\$ 6,102	\$ 2,138	\$ 127,220
Investments	1,883,522	-	-	-	-	-
Accounts and donor receivables	130,275	39,143	674,965	-	-	8,307
	3,596,798	39,143	1,261,637	6,102	2,138	135,527
Accounts payable and accrued liabilities	373,185	-	226,967	32,852	-	265,466
	3,223,613	39,143	1,034,670	(26,750)	2,138	(129,939)
Deferred contributions	4,742,916	-	-	-	-	84,587
	3,223,613	39,143	1,034,670	(26,750)	2,138	(129,939)
Net Foreign Currency Balance	\$(1,519,303)	\$ 39,143	\$ 1,034,670	\$ (26,750)	\$ 2,138	\$ (214,526)

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## War Child Canada Notes to Financial Statements

**December 31, 2025**

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### 12. Financial Instruments (Continued)

#### **Credit Risk**

*Credit risk* is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk primarily with respect to accounts and donor receivables. The Organization manages this risk as accounts and donor receivables are from Government agencies and organizations and individuals known to the Organization with a proven history of payment. An allowance of \$Nil (2024 - \$Nil) has been provided for potential credit losses.

#### **Interest Rate Risk**

*Interest rate risk* is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Organization is exposed to interest rate risk on its cash balances. There was no significant change in exposure from the prior year.

#### **Liquidity Risk**

*Liquidity risk* is the risk that the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk primarily in respect of its accounts payable.

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### 13. Comparative Figures

Certain comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

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## War Child Canada

### Schedule of International Programme Expenses

<b>For the year ended December 31</b>	<b>2025</b>	<b>2024</b>
Uganda	<b>\$ 10,183,623</b>	\$ 9,688,784
Afghanistan	<b>6,368,914</b>	4,417,608
South Sudan	<b>3,995,885</b>	2,609,092
Congo	<b>651,200</b>	690,539
Yemen	<b>349,858</b>	175,365
Sudan	<b>152,966</b>	45,312
Iraq	<b>13,748</b>	10,498
	<b>\$ 21,716,194</b>	<b>\$ 17,637,198</b>

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