

The National Accounts of The United Church of Canada

December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the General Council of The National Accounts of The United Church of Canada

Opinion

We have audited the non-consolidated financial statements of The National Accounts of The United Church of Canada (the Entity), which comprise:

- the non-consolidated statement of financial position as at December 31, 2025
- the non-consolidated statement of operations for the year then ended
- the non-consolidated statement of changes in fund balances for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the non-consolidated financial position of the Entity as at December 31, 2025, and its non-consolidated results of operations and its non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 auditor's report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Entity'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 Entity 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 26, 2026

The National Accounts of The United Church of Canada

Non-consolidated statement of financial position
as at December 31, 2025

(amounts in thousands of Canadian dollars)

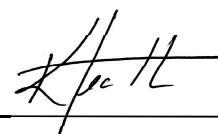
					2025	2024
	General Operating Funds	Trust and Endowment Funds	Annuity Funds	Property and Building Funds	Total	Total
	\$	\$	\$	\$	\$	\$
Assets						
Current						
Cash	2,728	175	-	-	2,903	2,909
Accounts and contributions receivable (notes 5, 7 and 8)	8,704	-	-	224	8,928	7,004
Short-term investments (note 6)	13,200	-	-	-	13,200	13,200
Inventory	193	-	-	-	193	207
Other	593	-	-	-	593	784
	25,418	175	-	224	25,817	24,104
Due to/from (note 9)	(41,392)	10,812	12,462	18,118	-	-
Investments (note 9)	92,219	-	627	-	92,846	92,187
Investment in and advances to subsidiaries (note 10)	-	-	-	5,469	5,469	7,095
Investment in and notes receivable from a business trust (note 11)	-	-	-	14,569	14,569	14,500
Loans (note 12)	-	-	-	11,001	11,001	11,258
Deferred costs	-	-	-	-	-	707
Capital assets (note 14)	-	-	-	2,338	2,338	2,649
	76,245	10,987	13,089	51,719	152,040	152,500
Liabilities and fund balances						
Current						
Accounts payable and accrued liabilities (note 7)	2,671	-	-	50	2,721	3,139
Payable to annuitants (note 15)	-	-	2,991	-	2,991	2,979
Deferred contributions	-	-	-	-	-	44
Group insurance benefits plan liability (note 16)	17,084	-	-	-	17,084	15,231
Fund balances	56,490	10,987	10,098	51,669	129,244	131,107
	76,245	10,987	13,089	51,719	152,040	152,500

Commitments, guarantees and contingencies (notes 19, 20 and 21)

Approved on behalf of the General Council Executive



Member of the Executive



Member of the Executive

The National Accounts of The United Church of Canada

Non-consolidated statement of operations
for the year ended December 31, 2025
(amounts in thousands of Canadian dollars)

					2025	2024
	General Operating Funds	Trust and Endowment Funds	Annuity Funds	Property and Building Funds	Total	Total
Revenue	\$	\$	\$	\$	\$	\$
Mission and Service contributions (note 7)	20,059	-	-	-	20,059	18,898
Legacies	4,738	-	-	-	4,738	1,261
Other donations	4,093	89	-	-	4,182	3,041
Denominational assessments (note 7)	12,281	-	-	-	12,281	11,774
Recovery of administrative costs (note 7)	3,194	-	-	-	3,194	3,325
Interest	599	1	-	1,587	2,187	1,984
Retail sales	715	7	-	-	722	490
Annuities	-	-	185	-	185	160
Grants	666	1,094	-	-	1,760	858
Other	1,120	-	-	407	1,527	1,185
Total revenue	47,465	1,191	185	1,994	50,835	42,976
Expenses						
Grants (note 7)	16,436	796	-	1,513	18,745	18,502
Staff costs	22,230	225	-	-	22,455	22,152
Resources	1,344	6	-	2	1,352	1,342
Travel and meeting	4,351	72	-	-	4,423	2,046
Office	2,567	5	-	330	2,902	2,592
Annuities	-	-	781	-	781	899
Professional fees	3,353	13	22	129	3,517	2,928
Property and insurance	404	-	-	565	969	966
Bank charges	494	-	-	-	494	299
Other	600	-	-	1,057	1,657	721
Total expenses	51,779	1,117	803	3,596	57,295	52,447
Surplus (deficit) before the following	(4,314)	74	(618)	(1,602)	(6,460)	(9,471)
Return on investments	4,524	819	469	1,874	7,686	11,415
Losses from subsidiaries (note 10)	-	-	-	(2,994)	(2,994)	(1,012)
Loss from a business trust (note 11)	-	-	-	(590)	(590)	(743)
Change in payable to annuitants (note 15)	-	-	(12)	-	(12)	-
Surplus (deficit)	210	893	(161)	(3,312)	(2,370)	189

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Non-consolidated statement of changes in fund balances
for the year ended December 31, 2025
(amounts in thousands of Canadian dollars)

					2025	2024
	General Operating Funds	Trust and Endowment Funds	Annuity Funds	Property and Building Funds	Total	Total
	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	55,692	10,379	10,592	54,444	131,107	130,918
Surplus (deficit)	210	893	(161)	(3,312)	(2,370)	189
Net gain on the investment restructuring (note 10)	-	-	-	724	724	-
Transfer to related entity (note 17)	(217)	-	-	-	(217)	-
Interfund transfers (note 17)	805	(285)	(333)	(187)	-	-
Fund balances, end of year	56,490	10,987	10,098	51,669	129,244	131,107

The National Accounts of The United Church of Canada

Non-consolidated statement of cash flows for the year ended December 31, 2025

(amounts in thousands of Canadian dollars)

	2025	2024
	\$	\$
Operating activities		
Surplus (deficit)	(2,370)	189
Non-cash items		
Provision for loans	1,119	309
Return on investments	(7,784)	(13,206)
Change in payable to annuitants	12	-
Losses from a business trust and subsidiaries	3,584	1,755
Accrued interest on loans to a trust and subsidiaries	(1,303)	(1,343)
Write off of capital assets	252	-
Write off of deferred costs	707	-
Accrued interest	(150)	-
Amortization	330	482
	(5,603)	(11,814)
Change, increase and (decrease), in non-cash working capital		
Accounts and contributions receivable	(1,924)	1,002
Inventory	14	36
Other	191	(97)
Accounts payable and accrued liabilities	(418)	173
Total cash used in operating activities	(7,740)	(10,700)
Investing activities		
Withdrawal from investments	8,512	16,864
Short-term investments	-	(1,000)
Loans issued	(1,782)	(3,511)
Loans repayments	1,070	910
Deferred costs	-	(544)
Capital asset additions	(271)	(694)
Total cash provided by investing activities	7,529	12,025
Financing activities		
Deferred contributions	(44)	(30)
Group insurance benefit plan liability	466	(110)
Transfer to related entity	(217)	-
Total cash provided by (used in) financing activities	205	(140)
Increase (decrease) in cash	(6)	1,185
Cash, beginning of year	2,909	1,724
Cash, end of year	2,903	2,909

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Notes to the non-consolidated financial statements

December 31, 2025

(amounts in thousands of Canadian dollars)

1. The United Church of Canada

The United Church of Canada ("UCCan") was formed in 1925 through the union of four denominations – the Methodist Church, Canada, the Congregational Union of Canada, General Council of Union Churches, and 70 percent of The Presbyterian Church in Canada. UCCan's legal form is set out in the United Church of Canada Act of 1925. The United Church is registered as a charitable organization under the Income Tax Act (Canada) ("Income Tax Act") and is in compliance with the requirements of the Act to maintain its non-taxable status.

The purpose of UCCan is: (i) to offer the resources of faith to the people of Canada and Bermuda; (ii) to gather people into communities of faith for the public worship of God, for the proclamation of the Gospel of Jesus Christ, for a witness to justice and service in their communities; and (iii) to promote unity and justice among all people in Canada and throughout the world.

As a not-for-profit entity, UCCan's General Council Office operations are reliant on revenues generated annually. UCCan has accumulated unrestricted funds over its history, which are included in the General Operating Funds balance in the non-consolidated statement of changes in fund balances. A portion of the accumulated unrestricted funds is retained as working capital (current assets less current liabilities), which may be required from time to time due to timing delays in receiving its primary funding. The remaining unrestricted funds are available for the use of UCCan at the discretion of the General Council.

2. Basis of presentation

General

These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") established by the Chartered Professional Accountants of Canada ("CPA Canada").

These non-consolidated financial statements include the assets, liabilities, revenues, expenses, and cash flows under the administration of General Council Office ("GCO"), on behalf of the General Council ("National Accounts") of UCCan and exclude the financial statements of certain institutions under the general supervision of UCCan, regional councils and individual congregations. UCCan's subsidiaries, The United Property Resource Corporation ("former UPRC"), Kindred Works Inc. ("Kindred Amalco"), 16834353 Canada Inc. ("New UPRC") and its business trust, the UCC Communities Trust ("UCCCT") are accounted for using the equity method (notes 10 and 11).

UCCan oversees the activities of the regional councils and congregations in compliance with The United Church of Canada Act and UCCan's manual, and accounts for its transactions with the regional councils and congregations at exchange amount (note 7).

The National Accounts of The United Church of Canada

Notes to the non-consolidated financial statements

December 31, 2025

(amounts in thousands of Canadian dollars)

2. Basis of presentation (continued)

Fund accounting

UCCan uses the restricted fund method of reporting restricted donations. The funds are described as follows:

General Operating Funds

These funds record the day-to-day operations of the activities under the control of the GCO, which include governance and, development and delivery of programs to support: global mission and service; local communities and justice ministries; theological education; faith formation; and indigenous ministries. As part of its social justice and services to communities' mission work, UCCan raises and expends funds annually for major emergencies and social justice causes in Canada and in the world where it has established partner relationships. These funds include contributions, donations, bequests, grants and other receipts of UCCan for specific and general purposes, including services. The funds that have a specific purpose have no restrictions on the use of the initial contributions ("capital").

Trust and Endowment Funds

The Trust and Endowment Funds have specific restrictions placed by the donors/settlers on the capital of the fund and the use of investment income accruing to the fund. On January 1, 2013, UCCan transferred all of its Endowment Funds and a large portion of its Trust Funds to The United Church of Canada Foundation ("The Foundation"). The Justice Fund is an endowment fund from KAIROS: Canadian Ecumenical Justice Initiatives ("KAIROS"), a program of the UCCan.

Annuity Funds

The Annuity Funds record UCCan's gift annuity program, under which donors, wishing to give to UCCan, its regional councils, congregations or programs, purchase a life annuity valued by an actuary. To minimize exposure to fluctuating market rates, a portion of the funds are invested in bonds, held to maturity. Regular annuity payments are made and a liability for all such future payments is recognized on the non-consolidated statement of financial position under the caption "Payable to annuitants". Any residual amounts remaining on the annuitant's death are transferred to the General Operating Funds of UCCan or paid to the related beneficiaries, as designated by the donor.

Property and Building Funds

These are funds accumulated from: gifts; bequests; allocations from the General Operating Funds; and contributions from the founding churches at the time of union. These funds are used to provide capital assistance, by grant or loan, to congregations, camps, training centres, and other church related entities. These funds also include the capital assets of the GCO, the investment in and advances to former UPRC, Kindred Amalco, New UPRC (note 10) and the promissory notes to UCCCT (note 11).

3. Summary of significant accounting policies and practices

The significant accounting policies followed by UCCan with respect to The National Accounts are as follows:

(a) Accounts and contributions receivable

Accounts and contribution receivables include trade and inter-entity receivables, and Mission & Service donations received within the first 5 weeks of the following fiscal year.

The National Accounts of The United Church of Canada

Notes to the non-consolidated financial statements

December 31, 2025

(amounts in thousands of Canadian dollars)

3. Summary of significant accounting policies and practices (continued)

(b) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. For subsequent measurement, UCCan has classified each of its financial instruments into the following accounting categories, which determines how the carrying value of each instrument is measured and accounted for.

Asset/Liability	Measurement
Cash	Fair value
Accounts and contributions receivable	Amortized cost
Short-term investments	Amortized cost
Pooled investments	Fair value
Segregated investments	Fair value
Designated investments	Cost/Amortized cost
Promissory note from a subsidiary	Cost/Amortized cost
Notes receivable from a business trust	Cost/Amortized cost
Loans	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Payable to annuitants	Fair value
Group insurance benefits plan liability	Fair value

The fair value of pooled and segregated investments is determined using quoted prices in active markets. Designated investments are social justice investments (note 9 (c)).

Financial assets are assessed annually for impairment and where there are indicators of impairment, UCCan 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 UCCan expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(c) Investment in subsidiaries and business trust

Investments in subsidiaries and a business trust are accounted for using the equity method as explained further in notes 10 and 11 respectively. Under the equity method of accounting, UCCan recognizes all earnings and losses from its subsidiaries and business trust. The investment is written down when, in the opinion of management, there has been a significant change in expected timing or amount of future cash flows from the investment.

The National Accounts of The United Church of Canada

Notes to the non-consolidated financial statements

December 31, 2025

(amounts in thousands of Canadian dollars)

3. Summary of significant accounting policies and practices (continued)

(d) Capital assets

Capital assets consist of real property, mobile homes. Capital assets for office operations providing future benefits have been capitalized; those without future benefits are expensed in the year of acquisition. Leasehold improvements, office furniture and equipment, and studio equipment are amortized on a straight-line basis over their useful economic life, often being the term of the leased premises. Expenditure for real property and mobile homes which are long lived assets have been capitalized as to their nature; those consumed within the year are treated as repairs and expensed. Real property and mobile homes are being amortized on a straight-line basis at various rates depending on their nature and expected useful life ranging from 10 to 40 years. Capital assets are written down to fair value or replacement cost when the assets no longer contribute to the operations of UCCan, or when the future economic benefits or service potential of the assets are less than their net carrying amounts.

(e) Group insurance benefits plan liability

The group insurance benefits plan is accounted for as a liability on the non-consolidated statement of financial position. As such, all remitted premiums exceeding claims, accepted under the terms of the plan, and all administrative costs are included in this balance. Investment income, expenses and change in fair value arising from the investment of the excess premiums are also included in the group insurance benefits plan liability.

(f) Revenue recognition

UCCan follows the restricted fund method of accounting for contributions as described in the non-consolidated statement of operations.

Restricted contributions and endowments are recognized as revenue of the appropriate restricted fund. When a restricted contribution is received for which, a restricted fund is not established, the contribution is deferred in the General Operating Funds and recognized as revenue when related expenses are incurred. Unrestricted contributions are recognized as revenue in the General Operating Funds when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Denominational assessments are recognized as revenue when invoiced to the congregation on a monthly, quarterly or annual basis as agreed.

Legacies are recognized as revenue when the amount can be reasonably estimated, and collection is reasonably assured.

Other donations include revenue from KAIROS, a program of UCCan, comprising donations from other denominations, religious communities and individuals.

Donated capital assets are recorded at fair value when such value can be reasonably determined. UCCan has elected not to record the fair value of donated materials and services.

Recovery of administrative costs include receipts for services or resources provided to entities based on a service agreement and are recorded as revenue as they are earned.

Interest, retail sales and other revenue are recognized when earned. Other revenue includes fee for services, property rental, property sale proceeds, registration fees and miscellaneous revenue. Purchased annuities are recognized in the period in which the proceeds are received pursuant to an annuity agreement.

Grants include contributions primarily from partners and government.

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Notes to the non-consolidated financial statements

December 31, 2025

(amounts in thousands of Canadian dollars)

3. Summary of significant accounting policies and practices (continued)

(g) Revenue recognition (continued)

Return on investments includes: investment income consisting of interest and dividends; change in fair value of investments comprised of net gains on the sale of investments and the change in unrealized net gains; and investment expenses. Return on investments are recorded in the period and allocated to funds whose contributions were invested.

(h) Translation of foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange on the transaction date. Monetary assets and liabilities and the carrying value of investments are translated at the year-end rates of exchange. The realized and unrealized foreign exchange gains and losses arising from these transactions are included in change in fair value of investments.

(i) Pension plan disclosure

UCCan is the sponsor of a multi-employer, defined benefits pension plan whose participants include the regional councils, congregations and various affiliated entities. UCCan has elected to use financial statement disclosure compliant with that required for a defined contribution pension plan (note 18).

(j) Use of estimates

The preparation of non-consolidated financial statements requires UCCan to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Subsequent actual results could differ materially from such estimates. Significant estimates include the collection of assessments, the recoverability of loans, promissory notes receivable and advances to subsidiaries, the carrying value of capital assets, the valuation of annuities and the determination of the payable to external beneficiaries based on actuarial assumptions and formulae, and the investment in subsidiaries and a business trust.

(k) Guarantees

UCCan has provided indemnities in the normal course of business which meet the definition of guarantees. UCCan discloses the nature of the indemnities, but not the maximum potential payments, and the current carrying amount of the liability for the non-contingent component of the guarantee because these amounts are not determinable due to the unpredictability of future events. The disclosure is made even if it is not probable that payment will be required under the guarantee or if the guarantee was issued with a premium payment or as part of a transaction with multiple elements (note 20).

4. Financial instruments risk disclosures

The main risks UCCan's non-consolidated financial instruments are exposed to consist of market risk (including interest rate risk, price risk and currency exchange risk), credit risk and liquidity risk. The Investment Committee (Finance) was formed by the Finance Advisory Committee of the GCO and has established a Statement of Investment Policies and Procedures ("SIPP"), which it uses to manage the above-noted risks. There have been no significant changes to the above noted risk exposures from 2024.

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(amounts in thousands of Canadian dollars)

4. Financial instruments risk disclosures (continued)

The following describes the various risks and how UCCan addresses such risks:

Market risk

Market risk is the risk the value of an investment will fluctuate as a result of changes in market prices. To mitigate the impact of market risk, UCCan invests in a diversified portfolio of investments within limits set out in the SIPP approved by the Finance Advisory Committee. Market risk is comprised of the following:

(a) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or fair values of non-consolidated financial instruments. UCCan invests in interest bearing financial instruments, the values of which will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on cash and guaranteed investment certificates invested at short-term interest rates.

UCCan utilizes investment limits set out in the SIPP for fixed income investments that assist in controlling interest rate risk relative to a recognized bond benchmark in Canada.

(b) Price risk:

Price risk is the risk the value of investments will fluctuate as a result of changes in market prices, other than those arising from interest rate or currency risk, whether those changes are specific to an individual investment or factors affecting a broader range of investments traded in the market. The maximum price risk for an individual investment is that its value could decline to \$nil.

To address price risk, UCCan invests in a prudent manner employing diversification by asset class, country, industry sector and by issuer within sectors relative to accepted benchmark indices. The short-term financial instruments (accounts receivable, accounts payable and accrued liabilities) are not subject to market risk.

(c) Currency exchange risk:

Currency exchange risk is the risk the fair value of a financial instrument will fluctuate due to changes in foreign currency exchange rates relative to the Canadian dollar. UCCan holds 33% (2024 – 33%) of its pooled investments in US dollars and, therefore, is subject to currency exchange risk. The portfolio construction policies used by the investment manager limit the total exposure to any one currency while ensuring investments are held in a number of different currencies. This diversification policy limits currency risk exposure.

Credit risk

Credit risk is the risk one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. UCCan is exposed to credit risk on accounts and contributions receivable and loans. UCCan has adopted a credit policy that includes the analysis of the financial position of its potential debtors. Management reviews the credit limits of its existing debtors regularly.

Liquidity risk

Liquidity risk is the risk UCCan could encounter difficulty in meeting obligations associated with operations as they come due. UCCan manages liquidity risk by identifying its expected cash requirements over the next twelve months and selling investments as required or draw on its credit facility with the bank. UCCan also holds cash and short-term securities to further ensure it meets its immediate obligations.

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December 31, 2025

(amounts in thousands of Canadian dollars)

5. Accounts and contributions receivable

Accounts and contributions receivable include \$4,337 (2024 - \$3,888) of Mission & Service donations that were received within the first 5 weeks of the following fiscal year.

6. Short-term investments

Short-term investments comprise three guaranteed investment certificates totaling \$13,200 (2024 - \$13,200), which are used as collateral for an overdraft (\$1,000), a loan (\$200), and two letters of credit (CAD \$7,000 and USD \$1,250, equivalent to CAD \$1,713) related to the captive insurance program (note 22).

7. Related party transactions and balances

Within the conciliar structure of UCCan, there are 16 regional councils, which exercise certain local responsibilities under the United Church of Canada Act of 1925 ("The UCC Act") and UCCan's Manual. The regional councils are registered charities under the Income Tax Act. They have no other independent legal status as they are part of the national corporation, UCCan. The GCO has an oversight role and significant influence over the regional councils and is ultimately responsible for any liabilities of the regional councils. UCCan provides grants, payroll administration, accounting, human resources, information technology support and administrative services to these related parties at exchange amounts as part of normal operations.

The congregations, included in The UCC Act, are required to comply with UCCan Manual, which mandates the collection and remittance of congregant donations to the Mission & Service Fund to the GCO, annually. Denominational assessments are also assessed and remitted annually to the GCO for the governance of the church.

In addition, UCCan has a relationship agreement with The Foundation, a separate Canadian registered charity, which receives specific services from UCCan at exchange amount as part of normal operations.

A summary of related party transactions is as follows:

	2025	2024
	\$	\$
Revenue - Contributions and denominational assessments	32,340	30,672
Recovery of administrative costs		
The United Church of Canada Pension Plan	2,306	1,990
The Foundation	86	962
Regional councils	395	283
Ontario archives	117	116
Other	61	-
	2,965	3,351
Expenses - grants		
Operating grants to regional councils	6,400	6,550
Mission support grants to pastoral charges and other mission units (including staff costs)	4,744	4,321
	11,144	10,871

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7. Related party transactions and balances (continued)

Contributions are received, for the most part, from related parties of UCCan including pastoral charges, individual congregations, councils and members of the church at large. Related parties provide virtually all contributions in the non-consolidated statement of operations.

As at year-end, accounts and contributions receivable from related parties were \$5,714 (2024 - \$5,331) net of a provision totaling \$1,685 (2024 - \$1,328); accounts payable and accrued liabilities to related parties were \$573 (2024 - \$1,076).

8. Government remittances

Government remittances consist of amounts such as sales taxes and payroll withholding taxes required to be paid to government authorities and are recognized when the amounts come due. At year-end, the accounts payable and accrued liabilities include only sales tax recoveries totaling \$7 (2024 - \$59) which were reclassified to accounts and contributions receivable for financial reporting purposes.

9. Investments

UCCan maintains a cash balance and an investment portfolio supporting the activity in each of the four funds which it manages using a due to/from account. There are no loans, terms or conditions for the operating activities across the funds. The investment portfolio consists of the following:

	2025	2024
	\$	\$
Pooled	91,165	87,469
Segregated	627	3,664
Designated	1,054	1,054
	92,846	92,187

(a) Pooled investments

The pooled investments are summarized as follows:

	2025		2024	
	\$	%	\$	%
Indirect holdings				
Bonds	20,936	23	20,949	24
Equities				
International	29,924	33	28,569	33
Canadian	21,730	24	19,645	22
Pooled funds	2,119	2	1,985	2
	74,709	82	71,148	81
Direct holdings				
Equities - Canadian	16,456	18	16,321	19
	91,165	100	87,469	100

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9. Investments (continued)

(b) Segregated investments

Certain investments are segregated to provide for annuity payments resulting from UCCan's Gift Annuity Program. These segregated investments are carried at fair value and are summarized as follows:

	2025		2024	
	\$	%	\$	%
Bonds				
Provincial	627	100	1,232	34
Government of Canada	-	-	2,432	66
	627	100	3,664	100

(c) Designated investments

Designated investments are social investments to which normal investment criteria cannot be applied. They are therefore accounted for separately. Income earned on these investments, as well as any gains or losses realized on their sale, is applied to the specific funds for which the investments are designated. These investments include specific securities given to UCCan with restrictions on their sale, and investments made for the purposes of UCCan, which have non-market rates of return or degrees of risk. The designated investments are summarized as follows:

	2025		2024	
	\$	%	\$	%
Oiko Credit (EDCS)	999	95	999	95
Stocks	16	1	16	1
Stripped bonds	39	4	39	4
	1,054	100	1,054	100

10. Investment in and advances to subsidiaries

Prior to March 17, 2025

In July 2019, UCCan established and invested in a wholly owned real estate development corporation, former UPRC, to redevelop church properties across Canada as part of its social justice ministry at the request of UCC Communities of Faith, regional council offices and other UCCan entities.

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10. Investment in and advances to subsidiaries (continued)

UCCan's investment in former UPRC totaling \$6,824 (2024 - \$7,095) as at March 17, 2025, was comprised of:

- a. an equity investment of \$5,000 (2024 - \$5,000) for 100 no par value common shares; and
- b. a \$7,131 demand loan (2024 - \$7,026) with an interest rate of prime plus 2% per annum and a term of 5 years, renewable for additional two terms of 5 years. The loan was fully repayable at the end of the extended terms should they be granted. The loan included accrued interest totaling \$2,131 (2024 - \$2,025). There were no repayment terms associated with the loan.
- c. Cumulative losses from former UPRC total \$5,307 (2024 - \$4,931).

The CMHC loan totaling \$20,000 to the former UPRC was a revolving demand loan facility with an interest rate of 2% per annum on drawn amounts with a term of 15 years starting July 3, 2020. UCCan had guaranteed this debt facility.

At and after March 17, 2025

UCCan incorporated 16834353 Canada Inc. ("New UPRC") subscribing to 100 common shares for \$1 per share. UCCan is the sole shareholder and accounts for New UPRC using the equity method. New UPRC acquired 100% of UPRC Trustees Inc. On March 19, 2025, former UPRC and its subsidiary, Kindred Works Inc. ("KWI") amalgamated and agreed to continue operating as Kindred Works Inc. ("Kindred Amalco"). UCCan now holds 75% of Kindred Amalco and, having significant influence over Kindred Amalco, continues to account for its investment using the equity method.

As a result, of the exchange of UCCan's 100 common shares of former UPRC for 750,000 Class A shares in Kindred Amalco, UCCan recorded a net gain of \$724 which is included in the non-consolidated statement of changes in fund balances. Former UPRC assigned to UCCan the rights to a \$10,000 demand promissory note receivable from KWI. The assignment was completed in settlement of \$7,131 owing by former UPRC to UCCan and as a return of capital for the remaining \$2,869. The assignment was accounted for as a secured borrowing resulting in the derecognition of the \$7,131 loan receivable and recognition of a new receivable of \$10,000. As a result of the restructuring UCCan is no longer the guarantor of the CMHC's \$20,000 loan to the former UPRC.

UCCan's investment in its subsidiaries totaling \$5,469 at December 31, 2025 is comprised of:

- a. an equity investment of \$1,575 for 750,000 Class A no par value common shares in Kindred Amalco and 100 common no par value shares of New UPRC;
- b. a \$10,537 demand promissory note from Kindred Amalco with an interest rate of prime plus 2% per annum. The interest shall accrue and be payable annually. As at December 31, 2025, the loan includes accrued interest totaling \$537; and
- c. cumulative losses from its subsidiaries total \$6,643 in 2025.

New UPRC's total assets at December 31, 2025 totaled \$98 with liabilities of \$101 resulting in a shareholder's deficit of \$3. New UPRC had an operating deficit of \$3 because expenses totaling \$3 exceeded revenue of \$nil.

As at December 31, 2024, former UPRC's total assets and liabilities were \$35,032 and \$29,210 respectively resulting in shareholders' equity of \$5,822. The deficit from operations was \$986, because expenses and loss from investments totaling \$1,575 exceeded revenue of \$589. Cash increased \$56 in 2024 because investing activities totaling \$2,822 and financing activities totaling \$374 exceeded cash used in operating activities totaling \$3,140.

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11. Investment in and notes receivable from a business trust

On June 27, 2023 the GCO established a business trust, the UCCCT, in which it transferred two properties. The GCO took back two promissory notes totaling \$14,530, bearing annual interest at 5% and payable in full on demand by the GCO. Annual accrued interest totaling \$659 (2024 - \$1,135) was capitalized to the investment in a business trust on the non-consolidated statement of financial position and included in loss from a business trust in the non-consolidated statement of operations.

UCCCT restated its prior year financial statements because revenue from a related party was understated. The adjustment to UCCan's investment was \$180 and has been included in the current year's loss.

The GCO retains a beneficiary interest in UCCCT and control of UCCCT was deemed to reside with the GCO because of the GCO's 100% ownership of New UPRC, who in turn owns the trustee of UCCCT. The GCO has elected to equity account for its investment in UCCCT and has recorded a loss of \$590 (2024 - \$743) on the non-consolidated statement of operations which was capitalized to its investment on the non-consolidated statement of financial position.

UCCan's investment in UCCCT totaling \$14,569 (2024 - \$14,500) is comprised of:

- a. Two promissory notes totaling \$14,530 (2024 - \$14,530)
- b. Cumulative accrued interest of \$1,794 (2024 - \$1,135); and
- c. Cumulative operating losses totaling \$1,755 (2024 - \$1,165).

A summary of the unaudited balance sheet, statement of operations, statement of trustee's equity and statement of cash flows is as follows:

UCC Communities Trust

Balance Sheet

December 31, 2025, with comparative information for 2024

(amounts in thousands of Canadian dollars)

	2025	2024
	(As restated)	
	\$	\$
Total assets	2,017	2,054
Total liabilities	17,100	16,367
Trust deficit	(15,083)	(14,313)
Total liabilities and trust deficit	2,017	2,054

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11. Investment in and notes receivable from a business trust (continued)

Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

(amounts in thousands of Canadian dollars)

	2025	2024
	(As restated)	
	\$	\$
Revenue	587	609
Expenses	1,357	1,207
Net loss	(770)	(598)

Statement of Trust Deficit

Year ended December 31, 2025, with comparative information for 2024

(amounts in thousands of Canadian dollars)

	2025	2024
	(As restated)	
	\$	\$
Trust deficit, beginning of the year	(14,313)	(13,715)
Loss for the year	(770)	(598)
Trust deficit, end of year	(15,083)	(14,313)

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

(amounts in thousands of Canadian dollars)

	2025	2024
	(As restated)	
	\$	\$
Loss for the year	(770)	(598)
Item not involving cash	727	727
Changes in non-cash working capital	6	(14)
Cash (used in) operating activities	(37)	115
Investing activities	(34)	(88)
Increase (decrease) in cash	(71)	27
Cash, beginning of year	328	301
Cash, end of the year	257	328

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12. Loans

Loans are made primarily for property related reasons, support for mission programs, church operations during the COVID lockdown, and to support the captive insurance program (note 22). UCCan adjusts the repayment terms where needed.

	2025	2024
	\$	\$
Congregational and other loans	18,249	17,387
Allowances for loans	(7,248)	(6,129)
	11,001	11,258

13. Credit facilities

UCCan has a credit facilities agreement with an aggregate limit of \$12,230 that are due on demand and bear interest rate at prime rate plus 1%. The credit facilities are secured by deposits of equivalent amounts. As at December 31, 2025, and 2024, no amounts were outstanding under any of the credit facilities.

14. Capital assets

Capital assets are comprised of the following:

	2025		
	Cost	Accumulated amortization	Net Book Value
	\$	\$	\$
Real property	3,506	1,189	2,317
Mobile homes	97	83	14
Information technology hardware	14	9	5
Office furniture and equipment	15	13	2
	3,632	1,294	2,338
	2024		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Leasehold improvements	1,719	1,627	92
Office furniture and equipment	977	905	72
Studio equipment	84	38	46
Real property	3,236	1,011	2,225
Mobile homes	97	78	19
Information technology hardware	533	338	195
	6,646	3,997	2,649

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14. Capital assets (continued)

UCCan vacated its premises at 3250 Bloor Street West in December 2025 and wrote off all leasehold improvements, office furniture and studio equipment. A loss on disposal of information technology was recorded in the other expenses in the non-consolidated statement of operations. KAIROS, a program of UCCan, has some office furniture and information technology hardware.

15. Payable to annuitants

Donors wishing to give to UCCan, its congregations, courts or other programs have the option of purchasing a life annuity, valued by an actuary. To minimize exposure to fluctuating market rates, the funds are partially invested in bonds, which are held to maturity. A liability is recognized with respect to future contractual annuity payments to all annuitants and is included in payable to annuitants in the non-consolidated statement of financial position.

	2025	2024
	\$	\$
Investments	627	3,664
Cash	-	694
Due to/from and accounts receivable	12,462	9,213
Fund balance	(10,098)	(10,592)
Present value of payables to annuitants, end of year	2,991	2,979
Present value of payables to annuitants, beginning of year	2,979	2,979
Decrease in payable to annuitants	(12)	-

The most recent actuarial valuation was undertaken as at December 31, 2024, the results of which have been extrapolated to December 31, 2025 using actuarial practices. No adjustment to liabilities, and revenue or expenses has been made for decreasing actuarial value of existing annuities or for the difference between fair value and the principal balance for new annuities purchased in the current year.

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16. Group insurance benefits plan liability

UCCan is the sponsor for the group insurance benefits plan. All personnel working for UCCan and its affiliates and participating employers are required to support the group insurance benefits plan by remitting premiums that are used to pay claims accepted under the terms of the plan and all administrative costs. The accumulated unused balance has been invested in UCCan's pooled investment portfolio and a portion of all investment income, expenses and change in fair value is included in the group insurance benefits plan liability in the non-consolidated statement of financial position.

	2025	2024
	\$	\$
Opening balance	15,231	15,341
Premiums received	21,598	19,834
Claims paid	(18,756)	(18,345)
Administration costs	(2,196)	(1,649)
Return on investments	1,207	1,606
Systems development costs	-	(1,556)
Closing balance	17,084	15,231

17. Net interfund transfers

Transfers in the non-consolidated statement of changes in fund balances relate to the transfer of proceeds of matured annuity funds to General Operating Funds; and grants from the General Fund (within the General Operating Funds) to the Healing Fund in the Trust Funds. Transfers from/to the General Operating Funds are used to support the activities of UCCan including program development and delivery, grants to church sponsored charities, and investment management fees applied to the underlying funds at 1% of the average 12-month valuation of each eligible fund.

During the year, the Church settled an insured human rights claim and transferred the remaining balance totaling \$217 to a regional council office in which the claim had arisen.

At year end, a transfer totaling \$560 (2024 - \$699) was made from the KAIROS Justice Fund (included in the Trust and Endowments Funds) to the General Operating Funds (included in the General Funds) to adjust the investment balance to equal 110% of total cumulative contributions to December 31, 2025. As required under a joint project funding agreement with Global Affairs Canada, a transfer of \$69 (2024 - \$66) was made from the KAIROS Special Purpose Fund (within the General Operating Funds) to the Global Partnership Fund (included in the Trust and Endowments Funds) to support KAIROS's share of the Women Peacebuilders Address Impacts of Climate, Conflict and Gender Nexus ("WP CCG") program. An additional transfer of \$75 (2024 - \$24) was made from the KAIROS Global Partnership Fund to the KAIROS General Operating Funds, for administration fees.

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17. Net interfund transfers (continued)

The interfund transfers are summarized below.

As at December 31,	2025	2024
	General Operating Funds	Trust and Endowment Funds
	Annuity Funds	Property and Building Funds
	Total	Total
	\$	\$
Justice Fund transfers to the General Fund	560	(560)
WPS program transfers	(69)	69
WPS admin transfers	75	(75)
Net interfund transfers	239	281
	(333)	(187)
Total	805	(285)
	(333)	(187)
	-	-

18. The Pension Plan of The United Church of Canada ("the Plan")

UCCan is the sponsor of a multi-employer defined benefit pension plan. Members of the Plan include employees of congregations of UCCan, the employees of the General Council Office, and employees of various other organizations who are members of the Order of Ministry of UCCan and whose ministry is recognized by the courts of UCCan.

The cost of funding the Plan is shared by Plan members and participating employers. The rate of employer contributions to the fund in 2025 was 9.00% (2024 - 9.00%) of the pensionable earnings of each Plan member. The employer contributions paid in respect of current services rendered by employees of the General Council Office amounted to \$2,492 in 2025 (2024 - \$2,342). At the date of the most recent actuarial valuation on December 31, 2023, there was a surplus totaling \$287,908, determined on a going-concern basis and a surplus of \$297,475, determined on a hypothetical wind-up basis, as required under pension legislation.

19. Commitments

UCCan had renegotiated its lease agreement at 3250 Bloor Street West, Toronto to occupy approximately 17,718 square feet expiring on February 28, 2026. The GCO signed a long-term lease with a congregation to occupy 40,345 square feet of space for up to 15 years at 300 Bloor Street West in Toronto with an estimated starting date of Q1, 2027. The net annual base rent will be \$316. Expenses incurred to plan and prepare for the move to the new premises totaling \$707 were written off in 2025. The GCO and Ontario Regional Council Archives occupy space at 40 Oaks Community Hub in Toronto subject to an annual lease.

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19. Commitments (continued)

Lease payments for basic net rent are payable as follows:

	3250 Bloor St. West Toronto	300 Bloor St. West Toronto	50 Wynford Dr.	80 Hayden St.	40 Oaks Community Hub Toronto	Total Basic Rent
	\$	\$	\$	\$	\$	\$
2026	71	-	148	68	81	368
2027	-	274	37	-	-	311
2028	-	316	-	-	-	316
2029	-	316	-	-	-	316
2030	-	316	-	-	-	316
	71	1,222	185	68	81	1,627

UCCan signed agreements with vendors to operate a pension and group insurance administration system. The total commitments for this project and system for UCCan, extending over the next five years, are for: 2026 - \$263; 2027 - \$270; 2028 - \$202; 2029 - \$54; and 2030 - \$54. These costs (\$843) are recoverable from The United Church Pension Plan and The Group Insurance Benefits program.

20. Guarantees

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

- (a) UCCan has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements, UCCan agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, 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) Indemnity has been provided to all trustees, directors, officers, and volunteers of UCCan for various items including, but not limited to, all costs to settle suits or actions due to association with UCCan, subject to certain restrictions. UCCan has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined but is limited to the period over which the indemnified party served as a trustee, director, officer, or volunteer of UCCan. The maximum amount of any potential future payment cannot be reasonably estimated.
- (c) In the normal course of business, UCCan has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements, and service agreements. These indemnification agreements may require UCCan to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

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20. Guarantees (continued)

The nature of these indemnification agreements and letter of credit prevents UCCan from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability that stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, UCCan has not made any significant payments under such or similar indemnification agreements, and therefore, no amount has been accrued in the non-consolidated statement of financial position with respect to these agreements or letter of credit.

21. Contingencies

UCCan is named as a defendant in lawsuits related to its activities. These claims are at various stages and therefore it is not possible to determine the merits of these claims or to estimate the possible financial liability, if any, to UCCan. Management believes these claims should not have a material adverse effect on the financial position of UCCan and, accordingly, no provision for loss in these non-consolidated financial statements has been recorded.

22. Captive insurance program

In 2022, UCCan, its congregations and related church entities began participating in an captive insurance program in collaboration with its insurance service provider to better stabilize insurance expenses. The costs incurred for the structure were funded by the GCO and expensed. UCCan issued two letters of credit (CAD \$7,000 and USD \$1,250, equivalent to CAD \$1,713) related to the captive insurance program. No funds were advanced under the letter of credit as at year-end.

UCCan also provided a \$4,000 non-revolving loan to The Common Good Foundation Limited, the organization holding the investment in the captive insurance company to fund the set-up costs of the program. The loan has no fixed term of repayment and carries an annual interest rate of prime plus one above the Royal Bank of Canada prime interest rate, payable annually. UCCan's relationship is one of customer with its insurance service provider. UCCan has no equity interest in any of the entities in the insurance program and has no control or significant influence over the operations, financing and strategic objectives of the structure.

23. Comparative information

Certain comparative information in the non-consolidated financial statement notes was adjusted to conform with the current year presentation.