

MISSION CITY BIBLE CHURCH

FINANCIAL STATEMENTS

For the year ended August 31, 2025

MISSION CITY BIBLE CHURCH

For the year ended August 31, 2025

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INDEPENDENT AUDITORS' REPORT

To the Members of
Mission City Bible Church

Qualified Opinion

We have audited the financial statements of Mission City Bible Church (the 'Church'), which comprise the statement of financial position as at August 31, 2025, and the statement of changes in net assets, revenues and expenditures, 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 matters 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 Church as at August 31, 2025, and its results of 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 Church derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Church. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended August 31, 2025 and 2024, current assets as at August 31, 2025 and 2024, and net assets as at September 1 and August 31 for the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended August 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Church 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 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 Church's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Church or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Church's financial reporting process.

Auditors' 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 auditors' 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 Church's preparation and fair presentation of the financial statements 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 Church'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 Church's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Church 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 may identify during our audit.



December 6, 2025
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

MISSION CITY BIBLE CHURCH

STATEMENT OF FINANCIAL POSITION

As at August 31	2025	2024
ASSETS		
Current Assets		
Cash (Note 3)	501,350	525,863
Accounts receivable	12,329	-
HST recoverable	9,458	10,676
Prepaid expenses and deposits	9,577	10,104
	532,714	546,643
Capital Assets (Note 4)	36,916	30,773
	569,630	577,416
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	31,386	31,036
Deferred revenue (Note 5)	60,781	-
	92,167	31,036
Deferred Contributions (Note 6)	80,128	80,128
	172,295	111,164
NET ASSETS		
Unrestricted net assets	360,419	435,479
Invested in capital assets	36,916	30,773
	397,335	466,252
	569,630	577,416

Operating lease commitment (Note 7)

Approved on behalf of the Board of Elders

Andy Cumpton Elder

John Den Elder

MISSION CITY BIBLE CHURCH

STATEMENT OF CHANGES IN NET ASSETS

For the year ended August 31, 2025	Unrestricted	Invested in	Total
	Net Assets	Capital Assets	
Balance - Beginning of Year	435,479	30,773	466,252
Excess (Deficiency) of revenues over expenditures	(58,144)	(10,773)	(68,917)
Purchase of capital assets	(16,916)	16,916	-
Balance - End of Year	360,419	36,916	397,335

For the year ended August 31, 2024	Unrestricted	Invested in	Total
	Net Assets	Capital Assets	
Balance - Beginning of Year	425,199	19,569	444,768
Excess (Deficiency) of revenues over expenditures	28,845	(7,361)	21,484
Purchase of capital assets	(18,565)	18,565	-
Balance - End of Year	435,479	30,773	466,252

MISSION CITY BIBLE CHURCH

STATEMENT OF REVENUE AND EXPENDITURES

For the year ended August 31	2025	2024
Revenue		
Offerings	1,011,401	896,070
Other income	39,560	16,944
	1,050,961	913,014
Expenditures		
Ministry operations	706,860	539,599
Missions	159,340	107,503
Building and property	99,299	90,606
Administration	90,362	97,648
Family ministries	25,407	25,349
Amortization	10,773	7,361
Worship and production	11,666	7,063
Hospitality	3,868	4,478
Adult ministries	12,303	11,923
	1,119,878	891,530
Excess (Deficiency) of Revenue over Expenditures	(68,917)	21,484

MISSION CITY BIBLE CHURCH

STATEMENT OF CASH FLOWS

For the year ended August 31	2025	2024
Cash Flows From Operating Activities		
Excess (Deficiency) of Revenue over Expenses	(68,917)	21,484
Items not involving cash:		
Amortization	10,773	7,361
	(58,144)	28,845
Net change in non-cash working capital balances related to operations		
Accounts receivable	(12,329)	-
HST recoverable	1,218	(2,651)
Prepaid expenses	527	(125)
Accounts payable and accrued liabilities	350	2,735
Deferred revenue	60,781	-
	(7,597)	28,804
Cash Flows From Financing Activities		
Deferred capital contributions received	-	200
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(16,916)	(18,565)
Net Increase (Decrease) in Cash	(24,513)	10,439
Opening Cash	525,863	515,424
Closing Cash	501,350	525,863

MISSION CITY BIBLE CHURCH

NOTES TO THE FINANCIAL STATEMENTS For the year ended August 31, 2025

1. PURPOSE OF THE ORGANIZATION

The focus of the ministry at Mission City Bible Church (the “Church”) is to glorify God through the fulfillment of the Great Commission (Matthew 28:19-20) in the spirit of the Great Commandment (Matthew 22:37-39). This is fulfilled as disciples of Jesus Christ are made. God is glorified as we manifest His presence in doing so (2 Timothy 2:2; 1 Corinthians 10:31).

The Church is incorporated under the laws of Ontario and is registered as a charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Church must meet certain requirements of the Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These Financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards. The significant accounting policies selected by the church and applied in these financial statements are as follows.

(a) Use of Estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to the excess of revenue over expenditures as appropriate in the period they become known.

(b) Fund Accounting

The accounts are maintained in accordance with the principles of fund accounting, whereby fund balances of the Church are classified for accounting and reporting purposes into funds to be used according to the directions as determined by the Church.

Unrestricted net assets

Unrestricted net assets reflect all general programs and activities, other than those activities listed below.

Invested in capital assets

Net assets invested in capital assets reflect the assets, liabilities, revenue and expenditures related to the Church's capital assets.

MISSION CITY BIBLE CHURCH

NOTES TO THE FINANCIAL STATEMENTS For the year ended August 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue Recognition

The Church follows the deferral method of accounting for contributions. Externally restricted contributions received are recorded as deferred contributions and recognized as revenue in the period in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received.

Contributions externally restricted for capital purposes are recorded as deferred capital contributions until the related capital purchase occurs, at which point they are amortized at a rate corresponding to the amortization of the related capital assets.

(d) Contributed Materials and Services

Contributed materials are not recognized in the financial statements due to the difficulty of determining their fair value. Volunteers contribute a substantial number of hours each period to assist the Church in carrying out its mission. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(e) Financial Instruments

The Church initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value. It subsequently measures all its financial assets and financial at amortized cost. Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Church is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

(f) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided as follows:

Computer equipment	30% declining balance
Furniture and fixtures	20% declining balance
Leasehold improvements	Over the term of the lease
Sound equipment	30% declining balance
Storage equipment	6% declining balance

One-half the normal rate of amortization is provided for in the period of acquisition.

Capital assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to its fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of revenue and expenditures. Any impairment recognized is not reversed.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended August 31, 2025

3. CASH	2025	2024
Cash	360,641	445,935
Cash held for deferred contributions for future capital	79,928	79,928
	501,350	525,863

4. CAPITAL ASSETS	Cost	Accumulated Amortization	2025	2024
Computer equipment	37,624	21,782	15,842	8,836
Furniture and fixtures	24,137	18,392	5,745	7,181
Leasehold improvements	5,138	5,138	-	-
Sound equipment	102,541	88,025	14,516	13,594
Storage equipment	3,638	2,825	813	1,162
	173,078	136,162	36,916	30,773

5. DEFERRED REVENUE	2025	2024
Balance, beginning of period	-	-
Contributions received	80,368	-
Contributions recognized as revenue	(19,587)	-
Balance, end of period	60,781	-

The deferred revenue represents youth camp fees and funding towards planting a future church.

6. DEFERRED CONTRIBUTIONS	2025	2024
Deferred contributions for future capital		
Balance, beginning of period	80,128	79,928
Contributions received	-	200
Balance, end of period	80,128	80,128

The deferred contributions for future capital balance relates to amounts that have been received and are restricted for capital purchases but have not yet been spent.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended August 31, 2025

7. OPERATING LEASE COMMITMENTS

The Church is committed under the operating leases for rental of premises and equipment for various periods extending to fiscal 2030. The minimum annual payments are as follows:

2026	75,781
2027	6,096
2028	6,096
2029	3,468
2030	<u>3,468</u>
	<u>94,909</u>

8. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

Liquidity risk

Liquidity risk is the risk that the Church will encounter difficulty in raising funds to meet commitments associated to its financial liabilities. The Church is exposed to liquidity risk mainly in respect to its accounts payable.

The Church manages its liquidity risk by forecasting cash flows from operations, investing and financing activities to ensure that it has sufficient funds available to meet current and foreseeable financial obligations. It is management's opinion that the Church is not exposed to significant liquidity risk arising from its financial instruments.

Other risks

Unless otherwise noted, it is management's opinion that the Church is not exposed to significant credit, interest, market, or currency risks. As at August 31, 2025, the allowance for doubtful accounts receivable is \$Nil (2024 - \$Nil).