

Report is not dated

CROSSLANDS CHURCH

FINANCIAL STATEMENTS

JUNE 30, 2025

Draft - October 9, 2025

Independent Auditor's Report

To the Board of Directors:
Crosslands Church

Opinion

We have audited the financial statements of Crosslands Church, which comprise the statement of financial position as at June 30, 2025, and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2025, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Basis for Opinion

In common with many not-for-profit organizations, the organization derives revenue from 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2025 and 2024, current assets as at June 30, 2025 and 2024, and net assets as at July 1 and June 30 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended June 30, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report, continued

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.

Innisfil, Ontario

MORRISON CPA Professional Corporation
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

CROSSLANDS CHURCH

Statement of Financial Position As at June 30

	2025	2024
ASSETS		
Current		
Cash	\$ 82,046	\$ 85,174
Marketable securities	68,499	-
Accounts receivable	18,314	11,592
Prepaid expenses	<u>4,349</u>	<u>4,765</u>
	173,208	101,531
Other assets		
Capital assets (note 2)	<u>1,656,917</u>	<u>1,723,706</u>
	<u><u>\$ 1,830,125</u></u>	<u><u>\$ 1,825,237</u></u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 3)	\$ 172,114	\$ 180,630
Deferred contributions (note 4)	16,373	41,313
Deferred revenue	2,093	2,093
Bank demand loans (note 5)	<u>579,613</u>	<u>643,229</u>
	770,193	867,265
Long Term		
Rental deposit	4,186	4,186
Deferred capital contributions (note 6)	<u>372,378</u>	<u>405,451</u>
	<u>1,146,757</u>	<u>1,276,902</u>
NET ASSETS		
Invested in Capital Assets	796,109	709,307
Internally Restricted (note 7)	17,843	-
Unrestricted	<u>(130,584)</u>	<u>(160,972)</u>
	<u>683,368</u>	<u>548,335</u>
	<u><u>\$ 1,830,125</u></u>	<u><u>\$ 1,825,237</u></u>

On behalf of the Board

Members _____

Members _____

CROSSLANDS CHURCH

Statement of Operations For the year ended June 30

	2025	2024
REVENUES		
Tithes and offerings	\$ 726,230	\$ 663,761
Facility rental, Schedule 1	151,642	96,707
Amortization of deferred capital contributions	33,073	31,614
Designated gifts	30,752	63,404
Miscellaneous income	10,533	10,338
Government subsidies and grants (note 8)	-	8,638
	<u>952,230</u>	<u>874,462</u>
EXPENDITURES		
Amortization	73,917	80,190
Demand loan interest	32,746	34,769
Facility rental, Schedule 1	23,570	10,061
Ministry departments	77,769	61,852
Missions	17,335	17,848
Office and general	35,942	39,752
Premises	149,380	120,516
Professional fees	10,331	10,296
Salaries and benefits	360,962	352,907
Tithes to Western Ontario District	60,186	74,428
	<u>842,138</u>	<u>802,619</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER ITEM	110,092	71,843
OTHER ITEM		
Transfer from/(to) deferred contributions	<u>24,941</u>	<u>(26,251)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 135,033</u>	<u>\$ 45,592</u>

CROSSLANDS CHURCH

Statement of Changes in Net Assets For the year ended June 30, 2025

	Invested in Capital Assets	Internally Restricted	Unrestricted	Total 2025	Total 2024
BALANCE, BEGINNING OF YEAR	\$ 766,209	\$ 17,843	\$ (235,717)	\$ 548,335	\$ 502,743
Excess of revenues over expenditures	-	-	135,033	135,033	45,592
Capital asset additions	7,128	-	(7,128)	-	-
Amortization of capital assets	(73,917)	-	73,917	-	-
Amortization of deferred capital contributions	33,073	-	(33,073)	-	-
Payment of bank demand loans	<u>63,616</u>	<u>-</u>	<u>(63,616)</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 796,109</u>	<u>\$ 17,843</u>	<u>\$ (130,584)</u>	<u>\$ 683,368</u>	<u>\$ 548,335</u>

CROSSLANDS CHURCH

Statement of Cash Flows For the year ended June 30

	2025	2024
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 135,033	\$ 45,592
Adjustments for		
Amortization	73,917	80,190
Amortization of deferred capital contributions	<u>(33,073)</u>	<u>(31,614)</u>
	175,877	94,168
Change in non-cash working capital items		
Marketable securities	(68,499)	-
Accounts receivable	(6,722)	1,917
Prepaid expenses	416	(1,547)
Accounts payable and accrued liabilities	(8,516)	2,685
Deferred contributions	<u>(24,940)</u>	<u>(14,777)</u>
	<u>67,616</u>	<u>82,446</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(7,128)</u>	<u>(29,667)</u>
FINANCING ACTIVITIES		
Bank demand loans	(63,616)	(59,886)
Increase in deferred capital contributions	<u>-</u>	<u>29,667</u>
	<u>(63,616)</u>	<u>(30,219)</u>
	<u> </u>	<u> </u>
NET (DECREASE) INCREASE IN CASH	(3,128)	22,560
CASH, BEGINNING OF YEAR	<u>85,174</u>	<u>62,614</u>
CASH, END OF YEAR	<u>\$ 82,046</u>	<u>\$ 85,174</u>

CROSSLANDS CHURCH

Notes to the Financial Statements

For the year ended June 30, 2025

Nature of operations

Crosslands Church is incorporated under the Canada Not-for-Profit Corporations Act and is classified as a registered charity under the Income Tax Act (Canada) and as such is exempt from income tax.

The mission of Crosslands Church is "to help people experience the life with God they've been missing".

1. Significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Capital assets

Capital assets are recorded at cost. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	30 years
Equipment	3-5 years
Paving	15 years

Contributed services

Directors, committee members and owners volunteer their time to assist in the organization's activities. While these services benefit the organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

Financial instruments

The organization's financial instruments consist of accounts receivable, accrued interest receivable, bank indebtedness, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted it is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

Donated materials

Contributions of materials are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated, and when the materials are used in the normal course of operations and would otherwise have been purchased.

Deferred revenue

Deferred revenue consists of non-refundable deposits made which will be used up by the following year end.

Investments

The organization follows the cost method of accounting for its investments, written down for any permanent impairment in value.

CROSSLANDS CHURCH

Notes to the Financial Statements

For the year ended June 30, 2025

1. Significant accounting policies, continued

Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of capital assets that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Externally restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

Rental income is recorded for the full term of each lease on a straight-line basis. Accordingly, a deferred rent receivable is recorded for the difference between the straight-line rent and the rent that is received from the tenant. The deferred rent receivable is included in deferred charges. All other revenues are recorded when amounts are known and collectible.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. Capital assets

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	\$ 988,975	\$ -	\$ 988,975	\$ 988,975
Buildings	1,480,413	835,869	644,544	693,905
Equipment	112,051	88,653	23,398	31,435
Paving	<u>281,875</u>	<u>281,875</u>	<u>-</u>	<u>9,391</u>
	<u>\$ 2,863,314</u>	<u>\$ 1,206,397</u>	<u>\$ 1,656,917</u>	<u>\$ 1,723,706</u>

3. Accounts payable and accrued liabilities

	2025	2024
AP and Other Accrued Liabilities	\$ 32,114	\$ 40,630
Tithes to Western Ontario District	<u>140,000</u>	<u>140,000</u>
	<u>\$ 172,114</u>	<u>\$ 180,630</u>

The entity is a member of the Western Ontario District (WOD) of the Pentecostal Assemblies of Canada. The WOD provides leadership, support, programs, and guidance to their members and affiliates. The entity is required to remit a percentage of their yearly tithe contributions as part of this membership. The entity fell behind in paying their yearly tithe contributions in prior years, of which total to \$140,000.

CROSSLANDS CHURCH

Notes to the Financial Statements

For the year ended June 30, 2025

3. Accounts payable and accrued liabilities, continued

4. Deferred contributions

	Balance, beginning of year	Received	Recognized	Transfer	Balance, end of year
Benevolence	\$ 20,323	\$ 11,765	\$ (28,778)	\$ 4,670	\$ 7,982
Building					
Projects	7,180	5,200	(12,380)	-	-
Ministry	2,476	-	-	-	2,476
Church Plant	208	-	-	-	208
Community					
Dinner					
Equipment	11,126	-	(5,419)	-	5,707
	<u>\$ 41,313</u>	<u>\$ 16,965</u>	<u>\$ (46,577)</u>	<u>\$ 4,670</u>	<u>\$ 16,373</u>

"Ministry" is made up of amounts designated for ERDO, Philippines Mission Trip, and Youth.

5. Bank demand loans

2025 2024

Canadian Imperial Bank of Commerce demand loan. In the absence of demand, the loan is repayable in monthly installments of \$8,404 including interest calculated at the rate of 6.059%. The interest rate is fixed until July 1, 2027.

\$ 579,613 \$ 643,229

The bank demand loans are secured by a Security Agreement granting a first security interest in all present and after acquired personal property, a present and future collateral mortgage for \$1,450,000, giving the CIBC a first charge over church property at 47 Millard Avenue West, Newmarket, Ontario, plus acknowledged assignment of fire and other perils insurance, with loss payable to CIBC as first mortgage.

The loans are also guaranteed by the Western Ontario District of the Pentecostal Assemblies of Canada.

Payments due within the next three years are as follows:

Fiscal 2025	\$ 100,842
Fiscal 2026	100,842
Fiscal 2027	<u>100,842</u>
	<u>\$ 302,526</u>

6. Deferred capital contributions

Deferred capital contributions include the amounts of restricted funds received, which were specified for purchase of church building and additions, paving, and equipment.

	2025	2024
Balance, beginning of year	\$ 405,451	\$ 407,398
Deferred capital contributions received	-	29,667

CROSSLANDS CHURCH

Notes to the Financial Statements

For the year ended June 30, 2025

6. Deferred capital contributions, continued

Amortization of deferred capital contributions	<u>(33,073)</u>	<u>(31,614)</u>
Balance, end of year	<u>\$ 372,378</u>	<u>\$ 405,451</u>

7. Internally restricted

	2025	2024
Capital expense fund	\$ 72,889	\$ -
Capital reserve	16,096	10,900
Operating reserve	12,228	5,616
Audio/Visual reserve	10,933	-
Computer reserve	8,767	1,327
	<u>\$ 120,913</u>	<u>\$ 17,843</u>

8. Government subsidies and grants

	2025	2024
Employment and Social Development Canada Grant	<u>\$ -</u>	<u>\$ 8,638</u>

CROSSLANDS CHURCH**Schedule of Facility Rental
For the year ended June 30**

	2025	2024
REVENUE		
Rental	<u>\$ 151,642</u>	<u>\$ 96,707</u>
EXPENDITURES		
Demand loan interest	4,480	2,638
Insurance	1,677	877
Maintenance	7,894	2,141
Property Tax	2,012	1,976
Utilities	<u>7,507</u>	<u>2,429</u>
	<u>23,570</u>	<u>10,061</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u><u>\$ 128,072</u></u>	<u><u>\$ 86,646</u></u>