ROYAL CITY MISSION CHURCH

Financial Statements

Year Ended December 31, 2025

ROYAL CITY MISSION CHURCH
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Year Ended December 31, 2025

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OMNI LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Royal City Mission Church

Opinion

We have audited the financial statements of Royal City Mission Church (the Organization), which comprise the statement of financial position as at December 31, 2025, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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 report. We are independent of the Organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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.

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:

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- 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.

Omni

Oakville, Ontario
April 21, 2026

Omni LLP
Chartered Professional Accountants
Licensed Public Accountants

ROYAL CITY MISSION CHURCH

Statement of Financial Position

As at December 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash	**$ 491,471**	$ 306,842
Accounts receivable *(Note 5)*	**25,736**	89,750
Government remittances receivable	**10,347**	5,798
Prepaid expenses	**15,417**	15,500
	542,971	417,890
CAPITAL ASSETS *(Note 6)*	**837,014**	703,893
	$ 1,379,985	$ 1,121,783
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities *(Note 7)*	**$ 45,563**	$ 28,899
Deferred contributions *(Note 8)*	**411,394**	369,224
Employee benefits payable	**1,484**	-
Current portion of long term debt *(Note 9)*	**105,331**	31,349
	563,772	429,472
LONG TERM DEBT *(Note 9)*	**-**	105,772
	563,772	535,244
FUND BALANCES		
General Fund (unrestricted)	**814,651**	295,901
Community Services Fund fund (internally restricted)	**10,579**	18,423
Capital Asset Fund (internally restricted)	**64,225**	272,215
Spiritual Formation Fund fund (internally restricted)	**(73,242)**	-
	816,213	586,539
	$ 1,379,985	$ 1,121,783

ROYAL CITY MISSION CHURCH
Statement of Changes in Net Assets
Year Ended December 31, 2025

	General Fund	Community Services Fund	Invested in Capital Assets	Spiritual Formation Fund	**2025**	2024
NET ASSETS - BEGINNING OF YEAR	$ 295,901	$ 18,423	$ 272,215	$ -	**$ 586,539**	$ 493,441
Excess of revenues over expenditures	234,634	65,917	(36,635)	(34,242)	**229,674**	93,098
Interfund transfers *(Note 11)*	284,116	(73,761)	(171,355)	(39,000)	**-**	-
NET ASSETS - END OF YEAR	$ 814,651	$ 10,579	$ 64,225	$ (73,242)	**$ 816,213**	$ 586,539

ROYAL CITY MISSION CHURCH

Statement of Operations

Year Ended December 31, 2025

	General Fund (unrestricted)	Community Services Fund (internally restricted)	Invested in Capital Assets (internally restricted)	Spiritual Formation Fund (internally restricted)	**2025**	2024
REVENUES						
Contribution income	$ 250,361	$ 347,251	$ -	$ 42,131	**$ 639,743**	$ 672,639
Grants	-	479,845	12,494	-	**492,339**	190,875
Facility income	19,632	-	-	-	**19,632**	23,091
In-kind	-	8,144	-	60	**8,204**	13,375
Interest income	5,463	-	-	-	**5,463**	-
Other income	-	2,889	-	46	**2,935**	34
	275,456	838,129	12,494	42,237	**1,168,316**	900,014
EXPENDITURES						
Salaries and benefits	209,482	454,014	-	36,762	**700,258**	583,558
Administrative expenses	60,743	46,998	-	5,169	**112,910**	114,987
Amortization	-	-	49,210	-	**49,210**	38,922
Repairs and maintenance	29,101	1,490	-	-	**30,591**	11,644
Utilities	27,419	(375)	-	-	**27,044**	18,115
Professional fees	14,160	-	-	-	**14,160**	13,300
Interest on long term debt	4,550	-	-	-	**4,550**	5,737
	345,455	502,127	49,210	41,931	**938,723**	786,263
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	(69,999)	336,002	(36,716)	306	**229,593**	113,751

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ROYAL CITY MISSION CHURCH

Statement of Operations *(continued)*

Year Ended December 31, 2025

	General Fund (unrestricted)	Community Services Fund (internally restricted)	Invested in Capital Assets (internally restricted)	Spiritual Formation Fund (internally restricted)	**2025**	2024
OTHER INCOME (EXPENSES)						
Interfund recoveries (allocations) *(Note 11)*	304,633	(270,085)	-	(34,548)	**-**	-
Gain (loss) on disposal of capital assets	-	-	81	-	**81**	(20,653)
	304,633	(270,085)	81	(34,548)	**81**	(20,653)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 234,634	$ 65,917	$ (36,635)	$ (34,242)	**$ 229,674**	$ 93,098

ROYAL CITY MISSION CHURCH
Statement of Cash Flows
Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess of revenues over expenditures	**$ 229,674**	$ 93,098
Items not affecting cash:		
Amortization of capital assets	**49,210**	38,922
Loss (gain) on disposal of capital assets	**(81)**	20,653
	-	-
	278,803	152,673
Changes in non-cash working capital:		
Accounts receivable	**64,014**	4,686
Government remittances receivable	**(4,549)**	84
Prepaid expenses	**83**	(5,634)
Accounts payable and accrued liabilities	**16,664**	(10,509)
Deferred contributions	**42,170**	90,660
Construction in progress	**9,008**	-
Employee benefits payable	**1,484**	-
	128,874	79,287
Cash flow from operating activities	**407,677**	231,960
INVESTING ACTIVITIES		
Purchase of capital assets	**(192,267)**	(152,933)
Proceeds on disposal of capital assets	**1,009**	-
Cash flow used by investing activities	**(191,258)**	(152,933)
FINANCING ACTIVITIES		
Repayment of loan due to Grace Community Church	**-**	(4,327)
Repayment of long term debt	**(31,790)**	(30,263)
Cash flow used by financing activities	**(31,790)**	(34,590)
INCREASE IN CASH FLOW	**184,629**	44,437
Cash - beginning of year	**306,842**	262,405
CASH - END OF YEAR	**$ 491,471**	$ 306,842

1. PURPOSE OF THE ORGANIZATION

Royal City Mission Church (the "Organization") is a not-for-profit organization of Ontario.The Organization is a registered charity and is exempt from the payment of income taxes under the Income Tax Act.

The Organization's purpose is to make the invisible, visible, by reaching out to those who are hurting and in poverty and sharing resources with them.

2. BASIS OF PRESENTATION

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value. Changes in fair value are recognized in net income. All other financial instruments are reported at amortized cost. Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities, and loan payable. Financial assets measured at amortized cost include cash and accounts receivable.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

For financial instruments subsequently measured at fair value, the Organization recognizes transaction costs directly attributable to their origination, issuance, or assumption in net income in the period incurred. When a financial instrument is measured at amortized cost, transaction costs are included in the initial measurement of the instrument.

Revenue recognition

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.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Buildings	25 years	straight-line method
Equipment	5 years	straight-line method

The Organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.
The assets and liabilities which requires management to make significant estimates and assumptions in determining carrying values include useful life of capital assets, accounts payable and accrued liabilities.

Contributed services

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation.

Fund accounting

Royal City Mission Church follows the deferral method of accounting for contributions.

The General Fund accounts for the Organization's operating or worship related revenue and expenses. This fund reports unrestricted resources.

The Invested in Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the Organization's capital assets. This fund is internally restricted.

The Community Services Fund (previously know as the Life Centre Fund) reports resources that relate to the meal program held at the church, or the warming and cooling centre. Everything that is related to serving those in need in the community is a part of this fund. This fund is comprised of three sub-funds: The Outreach Fund, Meal Program Fund; and Drop-In Fund. This fund is internally restricted.

The Spiritual Formation Fund reports resources that relate to supporting the religious activities of the Organization.

Harmonized sales tax

Contributed materials and services are recoverable at 50% for federal and 82% for provincial portion of HST as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Government assistance

Government assistance for acquiring fixed assets and related to expenses is recorded as deferred government assistance and is amortized on the same basis and according to the same rates as the related fixed assets or to income as eligible expenditures are incurred. Government assistance for current expenses is recorded as a reduction of the related expenditures. Government assistance for acquiring fixed assets is recorded as a reduction of the cost of related assets.

Net assets

a) Net assets invested in capital assets represents the Organization’s net investment in capital assets which is comprised of the unamortized amount of property and equipment purchased with restricted funds.

b) Internally restricted net assets are funds which have been designated for a specific purpose by the Organization’s Board of Directors.

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

c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Organization each year, not of transfers, and are available for general purposes.

Impairment of long lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

4. CHANGES IN FUNDS STRUCTURE

Effective Jan 1, 2025, the Organization revised its fund structure to enhance program accountability and financial reporting transparency. Under this revised structure, program-specific funds were established for Spiritual Formation, Drop-in, Outreach, and Meal Program activities.

The Spiritual Formation Fund is presented separately. The Drop-in, Outreach, and Meal Program Funds are reported as sub-funds within the Community Services Fund (formerly the Life Centre Fund), and their combined Revenues and Expenditures are presented within the Community Services Fund in the financial statements.

This change represents a presentation reclassification and does not affect the Organization's total net assets or excess of revenue over expenses. Additional details of revenues and expenditures for the sub-funds are disclosed in the Schedule 1 to the financial statements.

As part of this change, the Organization updated its chart of accounts to align with the revised fund structure.

5. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2025 is net of allowance for impairment in the amount of $0 (2024 - $0)

6. CAPITAL ASSETS

	Cost	Accumulated amortization	**2025 Net book value**	2024 Net book value
Buildings	$ 1,072,554	$ 402,775	**$ 669,779**	$ 535,639
Land	146,856	-	**146,856**	146,856
Equipment	144,462	124,083	**20,379**	12,390
Construction in progress	-	-	**-**	9,008
	$ 1,363,872	$ 526,858	**$ 837,014**	$ 703,893

The amortization expense for the year was $49,210 (2024 - $38,922).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2025		2024
Accounts payable and accrued liabilities consists of the following:				
Accounts payable	**$**	**7,309**	$	1,441
Accrued liabilities		**37,713**		26,988
Deposit payable		**541**		470
	$	**45,563**	$	28,899

8. DEFERRED CONTRIBUTIONS

		2025		2024
Deferred Contributions				
Ontario Trillium Foundation - Boiler room project	**$**	**127,682**	$	133,058
Bathroom project contributions		**132,815**		104,456
Walk-in fridge contribution		**61,060**		63,967
Knox Presbyterian Church - Clean Street Initiative		**62,863**		43,725
Various internally restricted contributions		**18,743**		17,582
Guelph Community Foundation - Grant for CRM software		**759**		4,723
Fence replacement contribution		**1,142**		1,713
Fire alarm panel contribution		**4,680**		-
Elevator project contributions		**1,650**		-
	$	**411,394**	$	369,224

Deferred revenue in the Restricted Fund consists of a funds received for construction of walk-in fridge, an in kind contribution for fence replacement, an in kind contribution for a fire alarm, and funds received for replacing the boiler. These contributions are being recognized as revenue on the same basis as depreciation.

9. LONG TERM DEBT

		2025		2024
Evangelical Missionary Church of Canada loan bearing interest at 3.8% compounded monthly, repayable in monthly blended payments of $3,000. The loan matures on June 30, 2031 and is secured by general security agreement and land & building which has a carrying value of $816,635	**$**	**105,331**	$	137,121
Amounts payable within one year		**(105,331)**		(31,349)
	$	**-**	$	105,772

Subsequent to the year end on March 27, 2026, the Organization entered into the "Terms of Local Church Withdrawal" agreement with EMCC. Under the terms of the said agreement, the Organization is required to repay the EMCC loan within 90 days of the execution of the said agreement. Therefore, the EMCC loan has been classified as current debt. As of the date of these financial statements, the loan remains outstanding and the related security has not been released. Refer note 10.

10. SUBSEQUENT EVENTS

Subsequent to year-end on March 27, 2026, the "Terms of Local Church Withdrawal" agreement was executed between Evangelical Missionary Church of Canada (EMCC) and the Organization.

Under the terms of said agreement, the Organization has initiated the process to retire the outstanding loan with the EMCC, including accrued interest until the day of the loan retirement. As of the date of these financial statements, the process of repayment is ongoing. Consequently, the Organization has entered into a new mortgage arrangement with Kindred Credit Union to facilitate the repayment of the EMCC loan.

It was also agreed between both parties that the Organization shall maintain for a ten (10) year period, EMCC as a recipient of 10% of proceeds upon dissolution of the corporation as acknowledgement of EMCC's founding role in the Organization. Refer note 14.

11. INTERFUND TRANSFERS

During the year, the transfer of funds from the General fund to any other fund as needed, and the transfer of assets to the Invested in Capital Assets Fund were executed upon board approval.

The Organization allocates certain administrative and facilities related costs from the General Fund to other program funds based on a fixed percentage of the budgeted expenses. During the year, $304,633 was recovered by General Fund. These internal recoveries and allocations does not impact the net assets and excess of revenue over expenditure in the statement of operations.

12. IN-KIND DONATIONS

The Organization recognizes in-kind donations to the extent that fair value is determinable. Donation revenue includes food & grocery items valued at $8,204 (2024 - $12,691).

13. CAPITAL COMMITMENTS

During the year, the Organization entered into a contract for the replacement of an elevator with LOHR Builders Limited for the amount of $169,380. As at December 31, 2025, no work on this project has been commenced.

14. CONTINGENT LIABILITY

The Organization operates from a property subject to certain restrictions under a transfer deed, including requirements for EMCC approval for certain transactions. In view of the "Terms of Local Church Withdrawal" agreement executed between EMCC and the Organization as noted in note 10 above. The said agreement contemplates that in the event of dissolution within a 10 year period, 10% of proceeds will become payable to EMCC as acknowledgement of EMCC's founding role in the Organization.

Management does not intend to dissolve the Organization for the foreseeable future, therefore, no liability has been quantified and or payable to EMCC as of the balance-sheet date.

15. COMPARATIVE FIGURES

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

16. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2025. It is management's opinion that there has not been a significant change in risk exposures form the prior year.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk mainly in respect of its accounts receivable.

Liquidity risk

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Organization is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its floating interest rate loan due to Evangelical Missionary Church of Canada.

Additional risk

Unless otherwise noted, it is management’s opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

ROYAL CITY MISSION CHURCH

Summary of Revenues and Expenditures by sub-funds in the Community Service Fund (Schedule 1)

Year Ended December 31, 2025

	Drop-In Fund	Meal Program Fund	Outreach Fund	**2025**
REVENUES				
Grants	$ 319,356	$ 94,925	$ 20,992	**$ 435,273**
Contribution income	771	14,447	441	**15,659**
In-kind	103	7,886	109	**8,098**
	320,230	117,258	21,542	**459,030**
EXPENDITURES				
Salaries and benefits	337,617	80,878	35,519	**454,014**
Administrative expenses	23,449	19,281	1,186	**43,916**
Repairs and maintenance	-	1,490	-	**1,490**
	361,066	101,649	36,705	**499,420**
INCOME (LOSS) FROM OPERATIONS	$ (40,836)	$ 15,609	$ (15,163)	**$ (40,390)**

Refer note 4 above.