

**ROYAL CITY MISSION CHURCH**

**Financial Statements**

**Year Ended December 31, 2024**

**ROYAL CITY MISSION CHURCH**

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**Year Ended December 31, 2024**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Royal City Mission Church

### *Qualified 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, 2024, and the statements 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 matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024, 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 Qualified Opinion*

In common with many charitable organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses and cash flows from operations for the years ended December 31, 2024 and December 31, 2023, current assets as at December 31, 2024 and December 31, 2023 and net assets as at January 1, 2024 and 2023 and December 31, 2024 and 2023.

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 qualified audit 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.

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*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.

*S+A Partners*

Oakville, Ontario  
May 4, 2025

S&A Partners Professional Corporation  
Chartered Professional Accountants  
*Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario*

**ROYAL CITY MISSION CHURCH****Statement of Financial Position****As at December 31, 2024**

	2024	2023
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 306,842	\$ 262,405
Accounts receivable (Note 5)	89,750	94,436
Government remittances receivable	5,798	5,882
Prepaid expenses	15,500	9,866
	<u>417,890</u>	372,589
<b>CAPITAL ASSETS (Note 6)</b>	<u>703,893</u>	610,535
	<u><b>\$ 1,121,783</b></u>	<u>\$ 983,124</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 28,899	\$ 39,408
Deferred contributions (Note 8)	369,224	278,564
Current portion of long term debt (Note 9)	31,349	30,167
Current portion of due to Grace Church	-	4,327
	<u>429,472</u>	352,466
<b>LONG TERM DEBT (Note 9)</b>	<u>105,772</u>	137,217
	<u>535,244</u>	489,683
<b>FUND BALANCES</b>		
General Fund (unrestricted)	295,901	155,045
Life Centre Fund (internally restricted)	18,423	11,595
Capital Asset Fund (internally restricted)	272,215	326,337
Church Planting Fund (internally restricted)	-	464
	<u>586,539</u>	493,441
	<u><b>\$ 1,121,783</b></u>	<u>\$ 983,124</u>

See notes to financial statements

**ROYAL CITY MISSION CHURCH**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2024**

	General Fund	Life Centre Fund	Invested in Capital Assets	Church Planting Fund	2024	2023
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 155,045	\$ 11,595	\$ 326,337	\$ 464	\$ 493,441	\$ 471,819
Excess of revenues over expenditures	140,856	6,364	(54,122)	-	93,098	21,622
Interfund transfers <i>(Note 10)</i>	-	464	-	(464)	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 295,901	\$ 18,423	\$ 272,215	\$ -	\$ 586,539	\$ 493,441

See notes to financial statements

**ROYAL CITY MISSION CHURCH**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2024**

	General Fund <i>(unrestricted)</i>	Life Centre Fund <i>(internally restricted)</i>	Invested in Capital Assets <i>(internally restricted)</i>	Church Planting Fund <i>(internally restricted)</i>	2024	2023
<b>REVENUES</b>						
Contribution income	\$ 244,907	\$ 437,395	\$ 3,711	\$ -	\$ 686,013	\$ 595,013
Grants	-	189,133	1,742	-	190,875	333,110
Facility income	23,091	-	-	-	23,091	25,186
Other Income	34	-	-	-	34	-
	268,032	626,528	5,453	-	900,013	953,309
<b>EXPENDITURES</b>						
Salaries and benefits	80,622	502,936	-	-	583,558	660,733
Administrative expenses	26,037	48,541	38,922	-	113,500	146,268
Facility expenses	13,455	26,843	-	-	40,298	64,450
Meal program	-	28,258	-	-	28,258	31,897
Utilities	4,529	13,586	-	-	18,115	26,169
Ministry and spiritual development	2,533	-	-	-	2,533	2,170
	127,176	620,164	38,922	-	786,262	931,687
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	140,856	6,364	(33,469)	-	113,751	21,622
<b>LOSS ON DISPOSAL OF CAPITAL ASSETS</b>	-	-	(20,653)	-	(20,653)	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ 140,856	\$ 6,364	\$ (54,122)	\$ -	\$ 93,098	\$ 21,622

See notes to financial statements

**ROYAL CITY MISSION CHURCH****Statement of Cash Flows****Year Ended December 31, 2024**

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 93,098	\$ 21,622
Items not affecting cash:		
Amortization of capital assets	38,922	37,217
Loss on disposal of capital assets	20,653	-
	-	-
	<u>152,673</u>	<u>58,839</u>
Changes in non-cash working capital:		
Accounts receivable	4,686	(79,571)
Government remittances receivable	84	13,132
Prepaid expenses	(5,634)	(1,491)
Accounts payable and accrued liabilities	(10,509)	(7,022)
Deferred contributions	90,660	208,782
	<u>79,287</u>	<u>133,830</u>
Cash flow from operating activities	<u>231,960</u>	<u>192,669</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>(152,933)</u>	<u>(17,033)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of loan due to Grace Community Church	(4,327)	(12,000)
Repayment of long term debt	(30,263)	(29,153)
Cash flow used by financing activities	<u>(34,590)</u>	<u>(41,153)</u>
<b>INCREASE IN CASH FLOW</b>	<b>44,437</b>	<b>134,483</b>
Cash - beginning of year	<u>262,405</u>	<u>127,922</u>
<b>CASH - END OF YEAR</b>	<b>\$ 306,842</b>	<b>\$ 262,405</b>

See notes to financial statements



# ROYAL CITY MISSION CHURCH

## Notes to Financial Statements

Year Ended December 31, 2024

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### 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.

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### 2. BASIS OF PRESENTATION

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

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### 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

Royal City Mission Church 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.

#### 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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# ROYAL CITY MISSION CHURCH

## Notes to Financial Statements

Year Ended December 31, 2024

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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 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 internally restricted.

The Church Planting Fund was closed during the fiscal year, remaining funds were transferred into the Life Centre Fund.

#### 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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# ROYAL CITY MISSION CHURCH

## Notes to Financial Statements

Year Ended December 31, 2024

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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.

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### 4. CHANGE IN ACCOUNTING POLICY

Effective Jan 1, 2024, the Organization voluntarily changed its basis of accounting for contributions from the restricted fund method to the deferral method, in accordance with ASNPO 4410 – “Contributions – revenue recognition”.

Under the deferral method, restricted contributions are deferred and recognized as revenue in the period in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

This change was made to enhance clarity to the financial statements as the deferral method better reflects the nature of the Organization’s operations in view of all its existing funds being internally restricted in nature. In prior periods, although the restricted fund method was applied, all contributions were effectively treated as restricted and deferred until spent, resulting in similar revenue recognition as specified under the deferral method.

The change in accounting policy has been applied retrospectively; however, it had no material impact on the financial statements for the current or comparative periods.

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### 5. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2024 is net of allowance for impairment in the amount of \$0 (2023 - \$0)

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### 6. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Buildings	\$ 895,512	\$ 359,873	\$ 535,639	\$ 455,353
Land	146,856	-	146,856	146,856
Equipment	130,397	118,007	12,390	8,326
Construction in progress	9,008	-	9,008	-
	<u>\$ 1,181,773</u>	<u>\$ 477,880</u>	<u>\$ 703,893</u>	<u>\$ 610,535</u>

The amortization expense for 2024 was \$38,922 (2023 - \$37,217). Construction in progress relates to relocation and renovation of washroom onsite. Management expects this project to be completed in the next fiscal year.

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# ROYAL CITY MISSION CHURCH

## Notes to Financial Statements

Year Ended December 31, 2024

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
<u>Accounts payable and accrued liabilities consists of the following:</u>		
Accounts payable	\$ 1,442	\$ 12,081
Accrued liabilities	26,987	27,131
Deposit	470	196
	<u>\$ 28,899</u>	<u>\$ 39,408</u>

### 8. DEFERRED CONTRIBUTIONS

	<u>2024</u>	<u>2023</u>
<u>Deferred Contributions</u>		
Ontario Trillium Foundation - Boiler room project	\$ 133,058	\$ 139,300
Bathroom project contributions	104,456	49,456
Walk-in fridge contribution	63,967	66,875
Knox Presbyterian Church - Clean Street Initiative	43,725	-
Various internally restricted contributions	17,582	-
Guelph Community Foundation - Grant for CRM software	4,723	20,650
Fence replacement contribution	1,713	2,283
	<u>\$ 369,224</u>	<u>\$ 278,564</u>

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

### 9. LONG TERM DEBT

	<u>2024</u>	<u>2023</u>
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 \$682,495.	\$ 137,121	\$ 167,384
Amounts payable within one year	(31,349)	(30,167)
	<u>\$ 105,772</u>	<u>\$ 137,217</u>

Principal repayment terms are approximately:

2025	\$ 31,349
2026	32,543
2027	33,801
2028	35,108
2029	4,320
	<u>\$ 137,121</u>

# ROYAL CITY MISSION CHURCH

## Notes to Financial Statements

Year Ended December 31, 2024

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### 10. INTERFUND TRANSFERS

During the year, the Church Planting Fund was closed and the remaining balance was transferred to the Life Centre Fund.

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### 11. 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 \$12,691 (2023 - \$22,058).

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### 12. CONTINGENT LIABILITY

During the year, the Organization was formally informed of the suspension of its membership by the Evangelical Missionary Church of Canada (EMCC).

The Organization operates from 50 Quebec Street, Guelph, ON N1H 2T4, a property acquired through a Transfer Deed from the Trustees of the Chalmers Congregation of the United Church of Canada in Guelph (the "Congregation"). The said transfer deed stipulates that the land is to be held for the benefit of the Congregation or another entity within the EMCC East District. It also requires the consent of both the Congregation and EMCC for any sale, mortgage, lease, or transfer.

The Organization is seeking legal guidance on potential risks on the title and any legal claim EMCC may have over the property.

At present management of the Organization is unable to determine the possible outcome as well as estimated financial claim for this matter.

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### 13. 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, 2024. It is management's opinion that there has not been a significant change in risk exposures from 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.

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