WATERLOO PENTECOSTAL ASSEMBLY>

financial statements

>YEAR ENDED JULY 31, 2025

MAC LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

WATERLOO PENTECOSTAL ASSEMBLY>

financial statements

>YEAR ENDED JULY 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of Waterloo Pentecostal Assembly:

Qualified Opinion

We have audited the financial statements of Waterloo Pentecostal Assembly, the "Church", which comprise the statement of financial position as at July 31, 2025, and the statements of operations and changes in fund balances 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 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 Church as at July 31, 2025, and the results of its 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 from interested persons, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Church. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to donation revenues, excess of revenues over expenses, and cash flows for the years ended July 31, 2025 and July 31, 2024 and current assets and net assets as at July 31, 2025 and July 31, 2024. Our conclusion on the financial statements as at and for the year ended July 31, 2025 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 Church in accordance with the ethical requirements that are relevant to our audit of 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 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 private enterprises 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 related 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.

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 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 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 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 identify during our audit.

MAC LLP.

Waterloo, Ontario
September 16, 2025

LICENSED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS

WATERLOO PENTECOSTAL ASSEMBLY>

statement of financial position

>JULY 31, 2025

	2025	2024
assets		
current		
Cash	$ 190,497	$ 251,523
Guaranteed investment certificates	1,447,723	1,101,566
Accounts receivable	2,500	289
Government remittances recoverable	25,871	16,631
Prepaid expenses	82,615	18,899
	1,749,206	1,388,908
non current		
Capital assets (Note 3)	2,568,566	2,532,412
	$ 4,317,772	$ 3,921,320
liabilities		
current		
Accounts payable and accrued liabilities	$ 50,221	$ 46,642
Deferred revenue (Note 4)	5,550	-
	55,771	46,642
fund balances		
restricted funds (Note 5)		
Missions - Internal	104,693	64,173
Building - External	12,695	5,408
Other - Internal	1,575,116	1,272,608
Other - External	931	77
	1,693,435	1,342,266
capital	2,568,566	2,532,412
	4,262,001	3,874,678
	$ 4,317,772	$ 3,921,320

Approved on behalf of the board:

Director

Director

WATERLOO PENTECOSTAL ASSEMBLY>

statement of operations and changes in fund balances

>YEAR ENDED JULY 31, 2025

		restricted				2025	2024
	unrestricted	missions	building	other (Note 6)	capital	total	total
revenue							
Donations	$ 2,131,166	$ 260,331	$ 6,882	$ 830	$ -	$ 2,399,209	$ 2,158,154
Other income	50,415	3,696	405	46,942	-	101,458	79,862
	2,181,581	264,027	7,287	47,772	-	2,500,667	2,238,016
expenses							
Administration	121,817	-	-	-	-	121,817	118,659
Amortization	-	-	-	-	165,582	165,582	169,368
Church departments	221,047	-	-	-	-	221,047	210,950
PAOC district support	38,004	-	-	-	-	38,004	36,000
Personnel	1,154,450	-	-	-	-	1,154,450	1,073,542
Property	163,937	-	-	-	-	163,937	149,268
Missions	-	248,507	-	-	-	248,507	283,481
	1,699,255	248,507	-	-	165,582	2,113,344	2,041,268
excess of revenue over expenses for year	482,326	15,520	7,287	47,772	(165,582)	387,323	196,748
fund balance, beginning of year	-	64,173	5,408	1,272,685	2,532,412	3,874,678	3,677,930
Investment in capital assets	(201,736)	-	-	-	201,736	-	-
Transfers (Note 5)	(280,590)	25,000	-	255,590	-	-	-
fund balance, end of year	$ -	$ 104,693	$ 12,695	$ 1,576,047	$ 2,568,566	$ 4,262,001	$ 3,874,678

WATERLOO PENTECOSTAL ASSEMBLY>

statement of cash flows

>YEAR ENDED JULY 31, 2025

	2025	2024
operating activities		
Excess of revenue over expenses for year	$ 387,323	$ 196,748
Adjustments for:		
Amortization	165,582	169,368
Accrued interest on guaranteed investment certificates	(46,157)	(634)
	506,748	365,482
Changes in non-cash working capital:		
Accounts receivable	(2,211)	(289)
Prepaid expenses	(63,716)	2,496
Government remittances recoverable	(9,240)	(2,485)
Accounts payable and accrued liabilities	3,579	11,492
Deferred revenue	5,550	(500)
	(66,038)	10,714
	440,710	376,196
investing activities		
Purchase of capital assets	(201,736)	(319,052)
Purchase of guaranteed investment certificates	(350,000)	(525,000)
Maturity of guaranteed investment certificates	50,000	575,000
	(501,736)	(269,052)
Net change in cash for the year	(61,026)	107,144
Cash balance, beginning of year	251,523	144,379
cash balance, end of year	$ 190,497	$ 251,523

1. purpose of organization

Waterloo Pentecostal Assembly, the "Church", is an incorporated charitable organization for income tax purposes. The Church operates locally in Waterloo, Ontario.

2. significant accounting policies

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

Fund Accounting - The Church follows the restricted fund method of accounting for contributions through the use of the following funds:

The Unrestricted Fund accounts for the general operations and programs of the Church within the scope of the annual budget.

The Missions Fund accounts for contributions to be used for missions.

The Building Fund accounts for contributions to be used for future building projects.

The Other Fund represents Board created funds and other internally restricted funds of the Church. Internally restricted funds consist of the Building Maintenance Fund and Contingency Fund. The Contingency Fund reports transfers from the Unrestricted Fund to cover unforeseen future reductions in revenue or unforeseen future expenses. The Building Maintenance Fund reports transfers from the Unrestricted Fund to cover future repair costs. Externally restricted funds consist of the Benevolent fund.

Capital reflects the Church's investment in capital assets.

Revenue Recognition - Restricted contributions related to the general operations of the Church are recognized as revenue of the Unrestricted Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue in the appropriate restricted fund when received.

Unrestricted contributions are recognized as revenue in the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other income includes rental income, government grants, fundraising revenue, loss on sale of capital assets, and interest. Rental income is recognized when space is occupied by the renter. Government grants are recognized when related expenses occur. Fundraising revenue is recognized when the event occurs. Gain/loss on sales of capital assets are recognized when the corresponding asset is sold. Interest is recognized as earned.

Financial Instruments

Initial measurement - The Church initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Church in the transaction.

Subsequent measurement - The Church subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income, in the period incurred.

Financial assets measured at amortized cost include cash and guaranteed investment certificate.

The Church has not designated any financial asset or liability to be measured at fair value.

Impairment - Financial assets measured at 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 not 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.

Transaction costs - The Church recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Capital Assets - Capital assets are recorded at cost. Amortization is provided in the accounts using the following methods and annual rates:

Asset	Method	Rate
Building	Reducing balance	4%
Parking lot	Reducing balance	8%
Furniture and equipment	Reducing balance	20%
Computer equipment	Straight line	3 years

Cloud Computing Arrangements - At the inception of a cloud computing arrangement, the Church allocates the consideration to significant separable elements based on their specific sales price. Development costs and costs related to the right to use a tangible asset are recognized according to the applicable accounting policies for such elements.

To account for expenditures in a cloud computing arrangement that fall within the scope of AcG-20, Customer's Accounting for Cloud Computing Arrangements, the Church has opted for the simplification approach. Accordingly, such expenditures are treated as the supply of services and recognized as an expense when the services are received. These expenses are presented under the "Administration" line on the income statement.

The Church recognizes prepayments as an asset when payments are made in advance for services not yet received. These prepayments are subsequently expensed as the services are consumed.

Costs related to implementation activities, including configuration and customization, are expensed as incurred unless they meet the criteria for capitalization under other applicable accounting standards.

Contributed Materials and Services - The Church is dependent upon many hours of service contributed by volunteers. Because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

The Church receives contribution of materials, the fair value of which may or may not be reasonably determinable. Contributed materials are recognized as donations when fair values can be determined. No contributed materials were recognized as donation revenue during the year.

Disclosure and Use of Estimates - The preparation of financial statements in accordance 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Estimates are used when accounting for certain items such as allowance for doubtful accounts, useful lives of capital assets and asset impairments.

3. capital assets

	cost	accumulated amortization	net 2025	net 2024
Land	$ 387,361	$ -	$ 387,361	$ 387,361
Building	3,672,771	2,018,504	1,654,267	1,584,553
Parking lot	424,417	209,259	215,158	233,868
Furniture and equipment	1,669,420	1,357,640	311,780	326,630
Computer equipment	81,670	81,670	-	-
	$ 6,235,639	$ 3,667,073	$ 2,568,566	$ 2,532,412

4. deferred revenue

The following represents the continuity of funds received for future events:

	2025	2024
Balance, beginning of year	$ -	$ 500
Amounts received during the year	5,550	-
Amounts recognized as revenue in the year	-	(500)
Balance, end of year	$ 5,550	$ -

5. interfund transfers and internally restricted fund balances

The Church's Deacon's Board internally restricted unrestricted funds by transferring $255,590 (2024 - $89,324) to the Contingency Fund, $Nil (2024 - $30,493) to the Building Fund, and $25,000 (2024 - $25,000) to the Missions Fund.

6. other restricted funds

The other restricted fund balance is comprised of the following:

	2025	2024
Contingency fund	$ 1,501,818	$ 1,202,264
Building maintenance fund	73,302	70,349
Other	927	72
Balance, end of year	$ 1,576,047	$ 1,272,685

7. financial instruments

Risk Management - The significant risks to which the Church is exposed are liquidity risk and interest rate risk. There has been no change to the risk exposures from the prior year.

Liquidity Risk - Liquidity risk is the risk that the Church will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Church's cash requirements.

Interest Rate Risk - The Church's interest-bearing assets include guaranteed investment certificates at fixed interest rates. Consequently, the exposure to fluctuations in future cash flows, with respect to these instruments, as a result of changes in market interest rates, is limited.