

THE STONE CHURCH PENTECOSTAL ASSEMBLY
FINANCIAL STATEMENTS
MAY 31, 2026

THE STONE CHURCH PENTECOSTAL ASSEMBLY
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INDEPENDENT AUDITOR'S REPORT

To the Directors of The Stone Church Pentecostal Assembly

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of The Stone Church Pentecostal Assembly, which comprise the statement of financial position as at May 31, 2026 and the statements of receipts and expenditures and fund balance and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

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 Stone Church Pentecostal Assembly as at May 31, 2026, 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 Stone Church Pentecostal Assembly derives revenue from voluntary contributions and fundraising activities, 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 Stone Church Pentecostal Assembly. Therefore, we were not able to determine whether any adjustments might be necessary to receipts, excess (deficiency) of receipts over expenditures, cash flows from operations, current assets, or fund balances. Our audit opinion on the financial statements for the year ended May 31, 2026 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 Stone Church Pentecostal Assembly 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 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 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 Stone Church Pentecostal Assembly'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 Stone Church

Pentecostal Assembly or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Stone Church Pentecostal Assembly's financial reporting process.

Auditor's Responsibility 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 Stone Church Pentecostal Assembly'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 Entity'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 Stone Church Pentecostal Assembly 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 that we identify during our audit, including any:

- Significant deficiencies in internal control;
- Identified fraud or suspected fraud; and
- Other matters related to fraud that are, in our judgment, relevant to the responsibilities of those charged with governance.

BELL CPA & Associates Prof Corp

BELL CPA & ASSOCIATES PROFESSIONAL CORPORATION

Authorized to practice public accounting by The Chartered Professional Accountants of Ontario.

**Brampton, Ontario
September 28, 2026**

THE STONE CHURCH PENTECOSTAL ASSEMBLY
STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2026

		2026	2025
ASSETS			
Current assets			
Cash and cash equivalents		\$ 977,092	\$ 814,498
Short-term investments		207,171	60,067
HST rebate receivable		80,023	43,744
Accounts receivable		50,675	35,135
Loans receivable	(Note 3)	50,834	36,667
Prepaid expenses		<u>28,585</u>	<u>30,145</u>
		<u>1,394,380</u>	<u>1,020,256</u>
Capital assets			
Capital assets (net of accumulated amortization)	(Note 4)	<u>7,063,337</u>	<u>7,261,063</u>
		<u>\$ 8,457,717</u>	<u>\$ 8,281,319</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	(Note 6)	\$ 56,567	\$ 76,119
Deferred revenue	(Note 8)	108,446	73,215
Internally restricted donations	(Note 2)	<u>718,000</u>	<u>634,000</u>
		<u>883,013</u>	<u>783,334</u>
FUND BALANCE			
Fund Balance		<u>7,574,704</u>	<u>7,497,985</u>
		<u>\$ 8,457,717</u>	<u>\$ 8,281,319</u>

Approved on Behalf of the Board

Director

Director

THE STONE CHURCH PENTECOSTAL ASSEMBLY
STATEMENT OF RECEIPTS AND EXPENDITURES AND FUND BALANCE
FOR THE YEAR ENDED MAY 31, 2026

	2026	2025
Receipts		
Church operation donations	\$ 1,135,288	\$ 1,182,276
Rental income	293,315	277,099
Missions donations	198,154	176,389
Other income	188,756	-
Interest income	61,284	23,963
Building donations	8,131	27,059
	<u>1,884,928</u>	<u>1,686,786</u>
Expenditures		
Salaries and wages	792,791	756,870
Amortization of tangible assets	233,222	233,118
Missions expenses	210,181	184,272
Ministry expenses	166,384	118,688
Repairs and maintenance	102,171	81,256
Utilities	74,662	81,830
Professional fees	41,781	45,336
Insurance	35,575	34,145
Interest and bank charges	33,013	33,925
Advertising and promotion	30,702	28,029
Office supplies	24,134	17,398
Travel expenses	18,624	15,227
Telephone expenses	14,229	11,402
Benevolent expenses	19,084	51,278
Professional development and training	5,022	8,648
Vehicle expenses	3,361	4,566
Building and parking	3,273	2,554
	<u>1,808,209</u>	<u>1,708,542</u>
Excess (deficiency of) receipts over expenditures	76,719	(21,756)
Fund balance - beginning of year	<u>7,497,985</u>	<u>7,519,741</u>
Fund balance - end of year	<u>\$ 7,574,704</u>	<u>\$ 7,497,985</u>

THE STONE CHURCH PENTECOSTAL ASSEMBLY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2026

	2026	2025
Cash provided by (used in)		
Operating activities		
Excess (deficiency of) receipts over expenditures	\$ 76,719	\$ (21,756)
Items not involving cash:		
Amortization of tangible assets	<u>233,222</u>	<u>233,118</u>
	309,941	211,362
Change in non-cash working capital balances	<u>(48,745)</u>	<u>59,569</u>
	261,196	270,931
Investing activities		
Purchase of capital assets	(35,499)	(166,365)
Internally restricted donations	<u>84,000</u>	<u>84,000</u>
	<u>48,501</u>	<u>(82,365)</u>
Cash increase during the year	<u>309,697</u>	<u>188,566</u>
Cash - beginning of year	<u>874,565</u>	<u>685,999</u>
Cash - end of year	<u>\$ 1,184,262</u>	<u>\$ 874,565</u>

Cash is defined as: Cash and cash equivalents, Short-term investments

THE STONE CHURCH PENTECOSTAL ASSEMBLY

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2026

STATUS AND PURPOSE OF THE ORGANIZATION

The Stone Church Pentecostal Assembly is incorporated without share capital, by Letters Patent, under the laws of the Province of Ontario, Canada on August 24, 2000. They have not yet filed articles of continuance under Ontario Not-for-Profit Corporations Act, which came into force on October 19, 2024 but are working with their lawyer to do so. The organization's purpose is to preach and advance the teachings of the Christian faith and the religious tenets, doctrines, observances and culture associated with the faith. The church serves its members and the community in which it resides. It is a registered charitable organization under the Income Tax Act. The church qualifies for tax-exempt status and is carried on without gain to its members.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

(a) Capital assets

Capital assets are amortized on the basis of their useful life using the following methods and rates.

	Methods	Rates and duration
Building	Straight Line	50 years
Sound equipment	Straight Line	5 years
Building improvements	Straight Line	25 years
Parking and garage	Straight Line	50 years
Parking garage improvements	Straight Line	25 years
Computer equipment	Straight Line	3 years
Furniture and fixtures	Straight Line	5 years
Vehicle	Straight Line	5 years
Piano	Straight Line	15 years

(b) Donated services

The organization benefits greatly from donated services in the form of volunteer time for various activities. Some of the time donated includes that of related parties, including Board members. The value of the donated services is not recognized in these financial statements.

(c) Use of estimates

The preparation of these financial statements in conformity with Canadian Accounting Standards for Private Enterprises requires management to make estimates and assumptions that affect the reported amount 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 reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Significant items subject to such estimates and assumptions include the estimated useful life of capital assets.

THE STONE CHURCH PENTECOSTAL ASSEMBLY

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2026

(d) Recognition of contributions

The organization follows the deferral method in accounting for contributions. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount receivable can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recorded as deferred revenue until the corresponding expense has been incurred at which time the revenue will be recorded on the income statement.

Donations received designated for church ministries are included in church operations revenue.

Building program donations are used to fund the costs associated with church property including building maintenance and repairs, unless they are specifically designated for a future special project.

Missions donations include amounts undesignated and amounts designated to specific missions. Undesignated missions donations are distributed to various Canadian registered charities for local and overseas missions at the discretion of the church's Board of Directors.

(e) Revenue recognition

Rental revenue is accounted for when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed or determinable, and collection is reasonably assured.

(f) Cash and cash equivalents

The organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the entity cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

(g) Financial instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization 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.

Financial assets measured at amortized cost include cash, and HST rebate receivable.

Financial liabilities measured at amortized cost include accounts payable.

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 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.

Transaction costs

The organization recognizes its transaction costs in net income 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.

THE STONE CHURCH PENTECOSTAL ASSEMBLY

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2026

(h) Defined benefit pension

The organization participates in a defined benefit pension plan of the Pentecostal Assemblies of Canada. The pension plan is registered as a multi-employer defined benefit plan and is being accounted for as a defined contributions plan as sufficient information is not available to use defined benefit plan accounting.

2. INTERNALLY RESTRICTED DONATIONS

The Board of Directors maintains reserved funds, set aside for large, future unforeseen expenses. During the year, they set aside \$84,000 of donations (\$84,000 in 2025) bringing the balance of the funds set aside to \$718,000 (\$634,000 in 2025). The usage of these funds requires the approval of the Board. There board plans to use internally restricted reserves when the hydro vault project takes place.

3. EMPLOYEE ASSISTANCE LOANS

The church provides interest-free employee assistance loans as part of its ongoing efforts to attract and retain staff and assist with the high cost of living in Toronto. Loans are forgiven over the periods specified in the individual loan agreements, subject to continued employment. Amounts forgiven are included in salaries and wages and recorded as taxable benefits. At May 31, 2026, the outstanding loan balance was \$50,834 (\$36,667 in 2025). During the year, new loans totalling \$35,000 were advanced and \$20,833 was forgiven (\$18,822 in 2025). The outstanding balance changes as additional loans are advanced and existing loans are forgiven or repaid. During the year, \$20,833 had been forgiven (\$18,822 in 2025).

4. CAPITAL ASSETS

	2026			2025
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 3,824,744	\$ -	\$ 3,824,744	\$ 3,824,744
Buildings	3,975,117	2,578,587	1,396,530	1,476,033
Sound equipment	216,490	180,665	35,825	58,656
Building improvements	1,271,167	574,687	696,480	712,944
Parking and garage	2,289,170	1,693,986	595,184	640,968
Parking garage improvements	667,196	170,842	496,354	522,276
Computer equipment	11,126	11,126	-	-
Furniture and fixtures	201,506	195,386	6,120	12,242
Piano	16,500	4,400	12,100	13,200
	<u>\$ 12,473,016</u>	<u>\$ 5,409,679</u>	<u>\$ 7,063,337</u>	<u>\$ 7,261,063</u>

5. CREDIT FACILITIES

The organization has credit facilities in the form of a corporate credit card which total \$15,000 (\$15,000 in 2025), of which \$3,257 was utilized (\$13,844 in 2025). It was not overdue and is included in the accounts payable and accrued liabilities set out in the statement of financial position. In addition, the organization has a line of credit at CIBC in the amount of \$65,000 (\$65,000 in 2025) at bank prime plus 0.5% (bank prime plus 0.5% in 2025) that has remained unused throughout last year and this year. It is due on demand and is unsecured.

THE STONE CHURCH PENTECOSTAL ASSEMBLY

NOTES TO THE FINANCIAL STATEMENTS

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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2026	2025
Accounts payable and accruals	\$ 52,551	\$ 72,334
Rental deposits	<u>4,015</u>	<u>3,785</u>
	<u>\$ 56,566</u>	<u>\$ 76,119</u>

7. LEASE COMMITMENTS

The organization has lease commitments for the next five years as follows:

2027	\$ 9,343
2028	9,343
2029	9,343
2030	9,343
2031	<u>7,007</u>
Total	<u>\$ 44,379</u>

After the above payments, there are no scheduled lease payments due.

8. CHANGES IN DEFERRED REVENUE

During the year, the following changes occurred in the deferred revenue balance.

	2026	2025
Deferred revenue, beginning of year	\$ 73,215	\$ 73,186
Amount recognized as revenue	(918)	(34,896)
Income received during the year	<u>36,149</u>	<u>34,925</u>
Deferred revenue, end of year	<u>\$ 108,446</u>	<u>\$ 73,215</u>

9. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the statement of financial position date.

(i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The organization does not currently conduct transactions in or hold foreign currency.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will change due to changes in market interest rates. The organization manages its investment portfolio based on its cash flow needs and with a view to optimizing its interest income.

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NOTES TO THE FINANCIAL STATEMENTS

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(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuers or factors affecting all instruments traded in the market. Market risk is the combination of currency risk, interest rate risk and other price risk. The organization's exposure to currency risk and interest rate risks are noted above. The organization is exposed to other price risk through its investments in quoted shares. The organization's exposure to other price risks is minimal because their short term investments are guaranteed.

(iv) Credit risk

Credit risk is the risk that a third party will default on its obligation to the organization, causing the organization to incur a loss. Financial instruments which may subject the organization to credit risk consist of bank balances, accounts receivable, and HST recoverable. The maximum exposure to credit risk at the reporting date is the carrying amount of those instruments. The organization does not anticipate non-performance by counter-parties. The organization further minimizes its credit exposure by using only registered banks.

(v) Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable. At this time, the organization has more than adequate current assets to meet its ongoing payment obligations, therefore liquidity risk is minimal.

(vi) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments in quoted shares.

10. DEFICIENCY OF EXPENDITURES OVER RECEIPTS

Readers of these financial statements who are not familiar with not-for-profit organizations may see a deficit in the current or prior year and think this is not healthy. A not-for-profit, by definition, is in operation for a purpose other than to earn a profit. Charities are under the authority of the Canada Revenue Agency and they require that receipts of a charity be spent on charitable purposes and not be accumulated. As the organization has more than sufficient cash and investments, the deficit showing on the financial statements should be viewed as an indication that charitable expenses are being made in accordance with its mandate and not that the organization is in trouble.

11. OTHER REVENUE

During the year, the church received compensation from a Limiting Distance Agreement that was entered into with a developer, Constantine, in order to build closer to Stone Church's building than would normally be allowed. As is common in an urban setting, this agreement provided \$188,756 to the church which has been shown as Other Income on the financial statements.

12. UNDERGROUND HYDRO VAULT REPAIR

The church has been made aware of their responsibility to pay for repairs of an underground transformer with a failing ceiling. Engineers have been hired and the costs are estimated at between \$400,000 to \$500,000 and the church will be responsible for 50% of the total cost. This project and its associated costs will be incurred over the coming 3-5 years as the work is completed, although the exact timing remains uncertain. The board has been setting aside amounts for such situations and will plan on drawing down the internally restricted donations as shown on the balance sheet to cover amounts needed.