
CHURCH ON THE QUEENSWAY
FINANCIAL STATEMENTS
JULY 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of
Church on the Queensway

Qualified Opinion

We have audited the financial statements of Church on the Queensway which comprise the statement of financial position as at July 31, 2026, and the statement of operations, statement of changes in fund balances and statement of 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 entity as at July 31, 2026, 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, Church on the Queensway derives part of its revenues from the general public in the form of contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of revenue from this source was limited to the amounts recorded in the records of the entity. Therefore, we were not able to determine whether any adjustments might be necessary to contribution revenues, excess of revenues over expenses and cash flows from operations for the years ended July 31, 2026 and 2025, current assets as at July 31, 2026 and 2025, and fund balances as at August 1 and July 31 for both the 2026 and 2025 years.

The audit opinion on the financial statements 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 entity 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 entity'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 entity 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.



NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

October 17, 2026

CHURCH ON THE QUEENSWAY

STATEMENT OF FINANCIAL POSITION

As at July 31,

2026

2025

	Church Operations	Capital Assets	Total	Total
ASSETS				
Current				
Cash	\$ 3,213,675	\$ -	\$ 3,213,675	\$ 2,609,201
Contributed marketable securities	54,488	-	54,488	-
Accounts receivable	27,937	-	27,937	24,860
HST recoverable	122,582	-	122,582	85,902
Prepaid expenses	44,349	-	44,349	51,420
	<u>\$ 3,463,031</u>	<u>\$ -</u>	<u>\$ 3,463,031</u>	<u>\$ 2,771,383</u>
Capital Assets (Notes 2 & 3)	<u>-</u>	<u>8,609,826</u>	<u>8,609,826</u>	<u>8,394,204</u>
	<u>\$ 3,463,031</u>	<u>\$ 8,609,826</u>	<u>\$ 12,072,857</u>	<u>\$ 11,165,587</u>

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 307,883	\$ 2,389	\$ 310,272	\$ 93,287
Deferred contributions (Note 4)	232,491	-	232,491	265,012
Current portion of mortgages payable (Note 5)	-	575,310	575,310	538,211
	<u>\$ 540,374</u>	<u>\$ 577,699</u>	<u>\$ 1,118,073</u>	<u>\$ 896,510</u>
Mortgages Payable (Note 5)	<u>-</u>	<u>582,003</u>	<u>582,003</u>	<u>1,309,322</u>
	<u>\$ 540,374</u>	<u>\$ 1,159,702</u>	<u>\$ 1,700,076</u>	<u>\$ 2,205,832</u>
FUND BALANCES	<u>2,922,657</u>	<u>7,450,124</u>	<u>10,372,781</u>	<u>8,959,755</u>
	<u>\$ 3,463,031</u>	<u>\$ 8,609,826</u>	<u>\$ 12,072,857</u>	<u>\$ 11,165,587</u>

Commitments (Note 7)

Approved by the Board:

 Director

 Director

CHURCH ON THE QUEENSWAY

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended July 31,

2026

2025

	Church Operations	Capital Assets	Total	Total
BALANCE - Beginning	\$ 2,417,270	\$ 6,542,485	\$ 8,959,755	\$ 7,405,471
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	1,842,921	(429,895)	1,413,026	1,554,284
TRANSFERS (Note 8)	<u>(1,337,534)</u>	<u>1,337,534</u>	<u>-</u>	<u>-</u>
BALANCE - Ending	<u>\$ 2,922,657</u>	<u>\$ 7,450,124</u>	<u>\$ 10,372,781</u>	<u>\$ 8,959,755</u>

See accompanying notes

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CHURCH ON THE QUEENSWAY

STATEMENT OF OPERATIONS

For the year ended July 31,

2026

2025

	Church Operations	Capital Assets	Total	Total
REVENUES				
Contributions - Tithes, offerings and building	\$ 5,578,417	\$ -	\$ 5,578,417	\$ 5,902,636
Contributions - Missions	469,050	-	469,050	476,270
Rentals & sundry	334,856	-	334,856	276,298
Centre for the Arts	171,864	-	171,864	226,296
Departmental ministries	81,716	-	81,716	69,590
	<u>\$ 6,635,903</u>	<u>\$ -</u>	<u>\$ 6,635,903</u>	<u>\$ 6,951,090</u>
EXPENSES				
Salaries and wages	\$ 2,803,858	\$ -	\$ 2,803,858	\$ 2,726,020
Missions (Note 3)	639,770	-	639,770	783,582
Property	548,975	-	548,975	578,863
Amortization	-	429,895	429,895	393,171
Departmental ministries	270,541	-	270,541	341,405
Centre for the Arts	128,193	-	128,193	184,239
Administration	121,098	-	121,098	128,229
Church events	103,993	-	103,993	71,387
Interest on long-term debt	77,960	-	77,960	83,177
Bank charges	70,518	-	70,518	73,592
Professional fees	16,354	-	16,354	23,578
Transportation	10,662	-	10,662	7,621
Advertising and promotion	1,060	-	1,060	1,942
	<u>\$ 4,792,982</u>	<u>\$ 429,895</u>	<u>\$ 5,222,877</u>	<u>\$ 5,396,806</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 1,842,921</u>	<u>\$ (429,895)</u>	<u>\$ 1,413,026</u>	<u>\$ 1,554,284</u>

See accompanying notes

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CHURCH ON THE QUEENSWAY

STATEMENT OF CASH FLOWS

For the year ended July 31,

2026

2025

CASH WAS PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Excess of revenues over expenses	\$ 1,413,026	\$ 1,554,284
Items not affecting cash:		
Contributed marketable securities	(54,488)	-
Amortization	429,895	393,171
	<u>\$ 1,788,433</u>	<u>\$ 1,947,455</u>

Net change in non-cash working capital balances:

Accounts receivable	\$ (2,993)	\$ (24,585)
HST recoverable	(36,680)	(45,800)
Prepaid expenses	7,071	(6,506)
Accounts payable and accrued liabilities	216,985	12,697
Government remittances payable	-	(25,935)
Deferred contributions	(32,521)	249,188
	<u>\$ 151,862</u>	<u>\$ 159,059</u>
	<u>\$ 1,940,295</u>	<u>\$ 2,106,514</u>

INVESTING ACTIVITIES

Purchase of capital assets	\$ (645,517)	\$ (909,869)
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FINANCING ACTIVITIES

Mortgage principal repayments and advances		
- Repayments	\$ (690,304)	\$ (448,221)
- Advances	-	1,000,000
	<u>\$ (690,304)</u>	<u>\$ 551,779</u>

INCREASE IN CASH

\$ 604,474	\$ 1,748,424
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CASH - Beginning

<u>2,609,201</u>	<u>860,777</u>
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CASH - Ending

<u>\$ 3,213,675</u>	<u>\$ 2,609,201</u>
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SUPPLEMENTARY CASH FLOW INFORMATION

Cash is allocated as follows:

Unrestricted	\$ 2,981,184	\$ 2,344,189
Restricted	232,491	265,012
	<u>\$ 3,213,675</u>	<u>\$ 2,609,201</u>

See accompanying notes

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CHURCH ON THE QUEENSWAY

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2026

NATURE OF OPERATIONS

Church on the Queensway (the "Church") is a not-for-profit organization originally incorporated provincially under the laws of Ontario and subsequently continued under the Canada Not-For-Profit Corporations Act. As a registered charity, the Church is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Church operates to:

Proselytize, preach, teach, promote, disseminate, help and advance the Gospel of Jesus Christ and the whole Bible to people of all ages both in Canada and the world.

Establish, maintain and support a house of worship with services conducted in accordance with the tenets and doctrines of the Christian faith.

Support missions and missionaries for both home and foreign mission.

Support individuals in developing a Christian perspective on education through their involvement in church life.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Fund Accounting

Resources are classified into funds according to the activities or objectives specified as follows:

i) Church Operations Fund

The Church Operations fund accounts for operations and programs of the Church. Unrestricted contributions, other revenues and the cost of ministries are reported in this fund.

ii) Capital Assets Fund

The Capital Assets fund reports the assets, liabilities, revenues, and expenses related to the Church's capital assets and building improvements.

CHURCH ON THE QUEENSWAY

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2026

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

b) Revenue Recognition

The Church follows the restricted fund method of accounting for contributions. Externally restricted contributions are recognized as revenue in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenue in the Church Operations fund. Restricted contributions for which there is no fund are accounted for using the deferral method. Rental revenue is recognized in the Church Operations fund as earned and when collection is reasonably assured. Centre for the Arts and departmental ministries revenue are recognized as earned and when collection is reasonably assured.

c) 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 based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

Significant estimates include the estimated useful life of capital assets.

d) Cash

Cash consists of cash deposits held in the Church's bank accounts.

e) Capital Assets

Capital assets are recorded at cost. Amortization is being provided over the estimated useful life of the assets using the following annual rates and methods:

	<u>Rate</u>	<u>Method</u>
Buildings	4%	declining balance
Parking lot	10%	declining balance
Audio and visual	5 to 10 years	straight-line
Motor vehicles	10 years	straight-line
Computer equipment	4 years	straight-line
Furniture and fixtures	10 years	straight-line

CHURCH ON THE QUEENSWAY

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2026

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

f) Impairment of Capital Assets

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

g) Contributed Items and Services

The Church occasionally receives contributed items, including contributed marketable securities, and services. These contributions are only recognized in the financial statements when the fair value of the contributed items or services can be reasonably estimated, the items are used in the normal course of the Church's operations and they would otherwise have been purchased. Items and services for which fair value cannot be reasonably estimated are not recognized in the financial statements.

h) Financial Instruments

Measurement of Financial Instruments

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, except for those that involve parties whose sole relationship with the Church is in the capacity of management, are initially measured at cost.

The Church subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets subsequently measured at amortized cost includes cash, contributed marketable securities and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and the mortgages payable.

The Church has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

CHURCH ON THE QUEENSWAY

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2026

2. CAPITAL ASSETS

Capital assets consist of the following:

	2026			2025
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 2,864,126	\$ -	\$ 2,864,126	\$ 2,864,126
Buildings	11,863,638	7,680,174	4,183,464	4,017,171
Parking lot	1,306,014	872,183	433,831	356,816
Audio and visual	2,301,472	1,386,254	915,218	947,946
Motor vehicles	244,630	227,514	17,116	25,501
Computer equipment	386,346	333,510	52,836	18,932
Furniture and fixtures	1,584,737	1,441,502	143,235	163,712
	<u>\$ 20,550,963</u>	<u>\$ 11,941,137</u>	<u>\$ 8,609,826</u>	<u>\$ 8,394,204</u>

3. RELATED PARTY BALANCES AND TRANSACTIONS

The following related party has engaged in transactions with the Church:

Billy Richards International Ministry (B.R.I.M.)	An organization controlled by a senior staff member of the Church
Coreplan Construction Inc.	A corporation partially owned by a board member of the Church

The Church has engaged with related parties in the following transactions:

	2026	2025
Billy Richards International Ministry (B.R.I.M.) Mission support	<u>\$ 12,913</u>	<u>\$ 15,000</u>
Coreplan Construction Inc. Capital asset purchases	<u>\$ 294,925</u>	<u>\$ 324,688</u>

These transactions were carried out in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration agreed upon by the related parties.

CHURCH ON THE QUEENSWAY

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2026

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent contributions received for various ministry endeavours as listed below. The change in deferred contributions is as follows:

	2026	2025
Balance - Beginning	\$ 265,012	\$ 15,824
Contributions received	232,491	269,645
Deferred contributions recognized as revenue during the year	<u>(265,012)</u>	<u>(20,457)</u>
Balance - Ending	<u>\$ 232,491</u>	<u>\$ 265,012</u>
Ending balance consists of:		
World Mission	\$ 156,325	\$ 254,175
Persecuted Church	71,946	-
Major events revenue	4,220	-
Hub	-	3,920
Youth camp	-	1,676
Senior funds	-	1,537
Parking	-	1,029
Concert revenue	-	1,000
Conference revenue	-	1,000
Tweens	-	675
	<u>\$ 232,491</u>	<u>\$ 265,012</u>

CHURCH ON THE QUEENSWAY

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2026

5. MORTGAGES PAYABLE

The balances and terms of the mortgages are as follows:

	2026	2025
Royal Bank of Canada - interest at 5.97% per annum, repayable in monthly blended payments of \$28,972, balance due April 15, 2028 and secured by 1536 The Queensway, Toronto, ON M8Z 1T5 which has a carrying value of \$7,481,421	\$ 530,637	\$ 905,044
Royal Bank of Canada - interest at 4.40% per annum, repayable in monthly blended payments of \$22,758, balance due May 15, 2029 and secured by 1536 The Queensway, Toronto, ON M8Z 1T5 which has a carrying value of \$7,481,421	<u>626,676</u>	<u>942,489</u>
	\$ 1,157,313	\$ 1,847,533
Less: Current portion	<u>575,310</u>	<u>538,211</u>
	<u>\$ 582,003</u>	<u>\$ 1,309,322</u>

Future principal repayment requirements for the next three years are as follows:

2027	\$ 575,310
2028	468,645
2029	<u>113,358</u>
	<u>\$ 1,157,313</u>

CHURCH ON THE QUEENSWAY

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2026

6. CREDIT FACILITIES

The Church has the following available credit facilities:

Facility #1: \$250,000 revolving demand facility that bears interest at prime plus 1.00%.

Facility #2: \$2,112,749 non-revolving term facilities with interest determined at the time of borrowing. The balance outstanding as of July 31, 2026 is \$1,157,313.

Facility #3: \$250,000 revolving lease line of credit governed by separate agreements for each underlying lease.

As of July 31, 2026, the prime interest rate was 2.25% (2025 - 2.75%) and the amount outstanding under facilities #1 and #3 were \$Nil (2025 - \$Nil)

The credit facilities are secured by a General Security Agreement constituting a first ranking security interest in all property of the Church and a collateral mortgage in the amount of \$6,000,000 constituting a first fixed charge on the lands and improvements located at 1536-1540 The Queensway, Toronto, Ontario, M8Z 1T5.

The operating line of credit and mortgages (Note 5) are subject to the following covenant:

Maintenance of a minimum debt service coverage ratio of 1.25:1, defined as excess of revenues over expenses before interest and amortization divided by total monthly required repayments of principal and interest for the year. As of July 31, 2026, the Church was in compliance with the covenant.

7. COMMITMENTS

The Church has entered into a lease agreement for printer equipment which expires March 2030. The future minimum annual payments including HST for the next four years are as follows:

2027	\$ 35,196
2028	35,196
2029	35,196
2030	<u>8,799</u>
	<u>\$ 114,387</u>

CHURCH ON THE QUEENSWAY

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2026

8. INTERFUND TRANSFERS

During the year, the General Operations fund transferred \$1,337,534 (2025 - \$353,904) to the Capital Assets fund for capital asset purchases and mortgage principal repayments.

9. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Church is exposed to various risks through its financial instruments. The following analysis provides a summary of the Church's exposure to and concentrations of risk at July 31, 2026:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Church is not exposed to significant credit risk with respect to its accounts receivable as at July 31, 2026. There has been no change in the assessment of credit risk arising from accounts receivable from the prior year.

In addition, as at the year end the Church had cash totaling \$3,213,675 on deposit with a single financial institution. Of this total, only the first \$100,000 is insured by the CDIC per depositor, per insured category, in the event of a member institution's failure. The amount in excess of the federally insured limit was therefore uninsured at the year end. The Church has not experienced any losses on its cash deposits and believes the risk of loss to be minimal.

b) Liquidity Risk

Liquidity risk is the risk that the Church will encounter difficulty in meeting obligations associated with financial liabilities. The Church is exposed to this risk mainly with respect to its accounts payable and accrued liabilities and mortgages payable. The Church manages this risk by managing its working capital and by generating sufficient cash flows from operations. There has been a decrease in the assessment of liquidity risk from the prior year as the Church has made significant repayments of its overall debt.

CHURCH ON THE QUEENSWAY

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2026

9. FINANCIAL INSTRUMENTS - Continued

c) 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 risk, interest rate risk, and price risk. The Church is exposed to interest rate risk as follows:

i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As described in Notes 5 and 6, the Church is exposed to interest rate risk with respect to its short and long-term financing. The exposure to this risk fluctuates as the debt and related interest rates change from year to year.

ii) Price Risk

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 instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Church is exposed to price risk through its investments in contributed marketable securities. The exposure to this risk fluctuates as the Church's investments change from year to year.