Combined Financial Statements of

WESTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA

And Independent Auditor's Report thereon

Year ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of Western Ontario District of The Pentecostal Assemblies of Canada.

Opinion

We have audited the combined financial statements of Western Ontario District of The Pentecostal Assemblies of Canada (the Entity), which comprise:

- the combined balance sheet as at December 31, 2024
- the combined statement of operations for the year then ended
- the combined statement of changes in net assets for the year then ended
- the combined statement of cash flows for the year then ended
- and notes to the combined financial statements, including a summary of significant accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the combined financial position of the Entity as at December 31, 2024, and its combined results of operations and its combined cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We have 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 auditor's 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 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 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.

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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 1, 2025

WESTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA

Combined Balance Sheet

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	$ 1,516,726	$ 2,190,197
Accounts receivable	407,952	301,686
Prepaid expenses	200,303	252,232
Current portion of loan receivable (note 2)	42,492	63,973
Current portion of investment in employee houses	–	6,500
Investments (note 4)	13,737,770	8,886,266
	15,905,243	11,700,854
Loan receivable - Iglesia church (note 2)	281,807	308,654
Loans receivable (note 3)	1,888,840	2,421,016
Investments in employee houses	–	22,500
Investments - endowments (note 4)	1,418,120	1,418,120
Property and equipment (note 5)	2,492,518	1,879,695
	$ 21,986,528	$ 17,750,839
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	$ 273,790	$ 477,370
Deferred revenue	10,709	9,598
Current portion of long-term debt (note 2)	42,492	41,156
Deferred contributions (note 8)	954,347	889,708
	1,281,338	1,417,832
Long-term debt (note 2)	281,807	308,654
	1,563,145	1,726,486
Net assets:		
Unrestricted	10,330,263	14,606,233
Internally restricted (note 11)	8,675,000	–
Endowments	1,418,120	1,418,120
	20,423,383	16,024,353
Contingent liabilities (note 9)		
	$ 21,986,528	$ 17,750,839

See accompanying notes to combined financial statements.

On behalf of the Board:

K. Asmoty, Director

Director

WESTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA

Combined Statements of Operations

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Donations	$ 6,911,384	$ 7,149,640
Registration fees	455,859	552,141
Camp revenue	1,963,021	1,788,349
	9,330,264	9,490,130
Expenses:		
Operations	3,298,162	3,563,857
Church development and care	1,323,519	1,148,519
PAOC and Colleges	1,280,149	1,288,255
Department and ministries	469,872	457,681
Camp expenses	2,309,673	2,132,907
Designated donations	104,475	44,059
Amortization	231,043	220,363
	9,016,893	8,855,641
Excess of revenue over expenses before the undernoted	313,371	634,489
Gain on investments	2,331,585	1,181,115
Property sale proceeds	1,700,000	1,013,000
Interest and miscellaneous	54,074	77,822
	4,085,659	2,271,937
Excess of revenue over expenses	$ 4,399,030	$ 2,906,426

See accompanying notes to combined financial statements.

WESTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA

Combined Statement of Changes in Net Assets

Year ended December 31, 2024, with comparative information for 2023

	Endowments	Unrestricted	Internally restricted (note 11)	2024 Total
Balance, beginning of year	$ 1,418,120	$14,606,233	$ –	$ 16,024,353
Excess of revenue over expenses	–	4,399,030	–	4,399,030
Transfer of funds (note 11)	–	(8,675,000)	8,675,000	–
Balance, end of year	$ 1,418,120	$10,330,263	$ 8,675,000	$ 20,423,383

	Endowments	Unrestricted	Internally restricted (note 11)	2023 Total
Balance, beginning of year	$ 1,418,120	$11,699,807	$ –	$ 13,117,927
Excess of revenue over expenses	–	2,906,426	–	2,906,426
Balance, end of year	$ 1,418,120	$14,606,233	$ –	$ 16,024,353

See accompanying notes to combined financial statements.

WESTERN ONTARIO DISTRICT OF THE PENTECOSTAL ASSEMBLIES OF CANADA

Combined Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 4,399,030	$ 2,906,426
Item not involving cash:		
Amortization of property and equipment	231,043	220,363
Unrealized investment income	(2,801,504)	(1,164,869)
Write-off of loans receivable	–	167,476
Change in non-cash operating working capital:		
Accounts receivable	(106,266)	(50,581)
Prepaid expenses	51,929	(122,242)
Deferred revenue	1,111	(4,425)
Accounts payable and accrued liabilities	(203,580)	40,760
Deferred contributions	64,639	(169,174)
Gain on sale of equipment	–	(4,700)
	1,636,402	1,819,034
Investing activities:		
Collection of amounts related to employee houses	29,000	12,000
Change in investments, net	(2,050,000)	(1,300,000)
Collection of loans receivable	930,504	382,245
Advances of loans receivable	(350,000)	(160,128)
Property and equipment additions	(843,866)	(138,683)
Proceeds on sale of assets	–	27,501
	(2,284,362)	(1,177,065)
Financing activities:		
Repayment of long-term debt	(25,511)	(23,596)
	(25,511)	(23,596)
(Decrease) increase in cash	(673,471)	618,373
Cash, beginning of year	2,190,197	1,571,824
Cash, end of year	$ 1,516,726	$ 2,190,197

See accompanying notes to combined financial statements.

The legal entities contained in these financial statements are the Western Ontario District of the Pentecostal Assemblies of Canada and the Pentecostal Holding Corporation of Western Ontario (collectively the "Organization"). The Organization was established by letters patent issued by the Ontario government on April 23, 1987. The Pentecostal Holding Corporation of Western Ontario was established by letters patent issued by the Ontario government on April 4, 1945. The Organization is registered as a charitable organization with Canada Revenue Agency, while the Pentecostal Holding Corporation is not.

The Western Ontario District of the Pentecostal Assemblies of Canada is an organization which provides leadership, support, programs and guidance to the Pentecostal Church organizations and their members located throughout Western Ontario.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organizations in Part III of the CPA Canada Handbook.

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions which include donations and government grants. The principals under this method are as follows:

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

Registration fees, camp revenues and other operating revenues are recorded as revenue in the period to which they relate. Where a portion of the amount relates to a future period, it is deferred and recognized in that subsequent period.

Contributions restricted for a specific purpose are deferred and amortized into revenue in the period in which the related expenditure is incurred.

Endowment contributions consist of donations, the principal of which is to be held into future periods.

1. Significant accounting policies (continued):

(b) Property and equipment:

Property and equipment are recorded at cost. Amortization is provided over the estimated useful lives of property and equipment on a straight-line basis as follows:

Asset	Years
Land improvements	5 - 15
Building	20
Equipment	10
Furniture and fixtures	5
Vehicles	5
Computers	5

Land and buildings, which are held in trust on behalf of associated local assemblies, have not been included in these financial statements.

Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

(c) Donated materials and services:

The value of services and materials donated to the Organization is not reflected in these financial statements.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset that warrants a provision for impairment.

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. A significant item subject to such estimates and assumptions includes the valuation of the loans receivable. Actual results could differ from those estimates.

(f) Government assistance:

From time to time, the Organization applies for financial assistance under available government incentive programs. Government assistance earned is recorded under interest and miscellaneous income and included in the determination of the excess of revenues over expenses for the period.

(g) Deferred contributions:

Deferred contributions as described in note 8 are comprised of the following funds:

First Nation Indigenous Ministries

The purpose of this restricted fund is for expenses supporting First Nations & Indigenous churches and the development of their spiritual leaders. The expenses that qualify under this fund will vary year to year depending on the needs of the Ministries.

Crisis Partners

The Crisis Partners fund supports churches within the District who encounter unexpected and extraordinary circumstances requiring immediate financial assistance. The types of projects that qualify for the Crisis Partner program will vary year to year on an as-needed basis.

Leadership Fund

The Leadership Fund is to be held for projects specifically related to the development of Western Ontario District church credential holders.

Schroeder Family Fund

The Schroeder Family Fund has the purpose of supporting benevolence and mission with its funding derived from the endowments. The types of projects vary year to year depending on needs which align with this purpose.

2. Long-term debt and receivable:

In February 2011, the Organization entered into a loan agreement with a chartered bank for $725,000 bearing interest at prime rate plus 0.5% and amortized over 20 years to finance the purchase of the Iglesia Evengelica La Paz de Cristo Church (the "Church"). The proceeds of the loan were directly used to purchase the Church property and the Church has been making blended payments of interest and principal in the amount of $4,094 monthly directly to the bank. Accordingly, the Organization has set up a payable and receivable of the same amount and the transaction has no cash flow impact to the Organization in the current year.

Principal payments due over the next five years are as follows:

2025	$	42,492
2026		43,872
2027		45,297
2028		46,768
2029 and thereafter		145,870
		324,299
Less: current portion of long-term debt and receivable		(42,492)
	$	281,807

3. Loans receivable:

Loans receivable relate to amounts loaned to churches within the District. The churches holding these loans normally will not have the ability to repay until future growth increases their financial base. The majority of these loans are secured by mortgages or deeds held in trust by the Organization. The loans receivable are for various terms. The interest rates charged on these loans range from 0% to 5.45% per annum.

4. Investments:

Included in investments and short-term investments are money market and fixed income funds, including accrued interest receivable, at a cost of $11,016,064 (2023 - $8,222,731).

		2024		2023
	Cost	Market value	Cost	Market value
Fixed income	$ 2,059,695	$ 2,105,241	$ 1,775,501	$ 1,705,859
Global equities	8,956,369	13,050,649	6,447,230	8,598,527
	$ 11,016,064	$ 15,155,890	$ 8,222,731	$ 10,304,386

Included within investments are endowments which are amounts received from third parties to be held in perpetuity in the amount of $1,418,120. Gains earned during the year on the endowment are deferred until spent and are disclosed in note 8.

5. Property and equipment:

Property and equipment consist of the following:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 1,375,239	$ –	$ 1,375,239	$ 855,664
Land improvements	301,282	139,118	162,164	174,929
Building	5,671,995	4,975,491	696,504	591,926
Equipment	1,048,591	909,626	138,965	161,348
Furniture and fixtures	140,690	81,099	59,591	34,419
Vehicles	173,910	149,284	24,626	26,389
Computers	283,063	247,634	35,429	35,020
	$ 8,994,770	$ 6,502,252	$ 2,492,518	$ 1,879,695

6. Credit facilities:

The Organization has arranged the following demand credit facilities:

(i) Operating loan in the amount of $500,000 bearing interest at prime rate plus 0.50% per annum. No amounts are drawn on this facility at December 31, 2024.

(ii) Operating loan (for expansion fund) in the amount of $500,000 bearing interest at prime rate plus 0.50% per annum. No amounts are drawn on this facility at December 31, 2024.

6. Credit facilities (continued):

(iii) Demand credit (for standby letters of credit) in the amount of $100,000 bearing a fee of 1.30% per annum with a minimum fee of $250. No amounts are drawn on this facility at December 31, 2024 (2023 - $nil).

(iv) Demand installment loan in the amount of $725,000 bearing interest at prime rate plus 0.50% per annum (note 2). Amounts drawn on the facility are disclosed in note 2.

(v) Corporate VISA in the amount of $50,000.

7. Government remittances:

Included in accounts receivable are government remittances recoverable of $225,585 (2023 - $192,729), which relate to recoverable HST.

8. Deferred contributions:

Deferred contributions consist of funding provided by various contributors to be spent on designated projects and programs in the coming years, as follows:

2024	First Nations Indigenous Ministries	Crisis Partners	Leadership fund	Schroeder family fund	Other donations	Total
Opening balance	$ 4,107	$ 14,236	$ 229,384	$ 487,014	$ 154,967	$ 889,708
Amounts received	48,950	83,983	–	333,112	146,831	612,876
Amounts recognized as revenue	(28,175)	(62,040)	(229,384)	(130,000)	(98,638)	(548,237)
Ending balance	$ 24,882	$ 36,179	$ –	$ 690,126	$ 203,160	$ 954,347

2023	First Nations Indigenous Ministries	Crisis Partners	Leadership fund	Schroeder family fund	Other donations	Total
Opening balance	$ 40,000	$ 28,195	$ 553,692	$ 345,689	$ 91,306	$ 1,058,882
Amounts received	13,352	67,591	–	141,325	121,630	343,898
Amounts recognized as revenue	(49,245)	(81,550)	(324,308)	–	(57,969)	(513,072)
Ending balance	$ 4,107	$ 14,236	$ 229,384	$ 487,014	$ 154,967	$ 889,708

9. Contingent liabilities:

The Organization co-signs on portions of mortgages obtained by member churches and is therefore contingently liable to banks and other financial institutions for these mortgages. In the event that a church were to default on their mortgage or cease to exist, the Organization would be required to settle the debt and could do so utilizing the assets of the church. The carrying values of the properties exceed the amounts guaranteed.

At December 31, 2024, the Organization had mortgage guarantees in the amount of $4,225,707 (2023 - $4,944,019). The Organization had also guaranteed Letters of Credit in the amount of $17,500 (2023 - $17,500).

10. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to risk exposures from 2023.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable and loans receivable. The Organization assesses, on a continuous basis, accounts receivable and loans receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. There has been no change to risk exposure from 2023.

11. Internally restricted reserves:

The Organization utilizes internally restricted reserves to manage its capital to ensure that funds are available for future ministry initiatives and other obligations. The following reserves are subject to internally imposed restrictions approved by the Board. Major categories of internal restrictions on net assets are as follows:

	2024	2023
Emergency reserve	$ 3,000,000	$ –
Church multiplication	3,000,000	–
Future facilities	1,500,000	–
Leadership development	1,175,000	–
Balance at December 31	$ 8,675,000	$ –

12. Comparative information:

Certain reclassifications of December 31, 2023 amounts have been made to facilitate comparison with the current year.