

LIFT CHURCH INC.

FINANCIAL STATEMENTS

AUGUST 31, 2025

INDEPENDENT AUDITORS' REPORT

To the Members of Lift Church Inc.

Qualified Opinion

We have audited the accompanying financial statements of Lift Church Inc., which comprise the statement of financial position as at August 31, 2025, and the statements of changes in fund balances, operations 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 Organization as at August 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we are not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expenditures and cash flows from operations for the years ended August 31, 2025 and 2024, current assets as at August 31, 2025 and 2024 and fund balances as at September 1 and August 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended August 31, 2024 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 Responsibility for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 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.

HAMILTON OFFICE

7th Floor – 105 Main St E Phone: 905-523-0000
Hamilton, ON L8N 1G6 Fax: 905-523-4681

BURLINGTON OFFICE

202 – 3310 South Service Rd Phone: 905-523-0000
Burlington, ON L7N 3M6 Fax: 905-523-4681

INDEPENDENT AUDITORS' REPORT (Continued)

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditor's Responsibility for the Audit of the Financial Statements (Continued)

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.

Paylor Leibow LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

Hamilton, Ontario
October 27, 2025

LIFT CHURCH INC.**STATEMENT OF FINANCIAL POSITION***As at August 31*

	2025	2024
	\$	\$
ASSETS		
CURRENT		
Cash	76,027	141,736
Short-term investments	102,823	-
Accounts receivable	11,251	11,340
Prepaid expenses	43,470	36,172
	233,571	189,248
MORTGAGE RESERVE FUND (Note 5)	30,961	30,065
CAPITAL ASSETS (Note 3)	3,055,794	3,125,666
	3,320,326	3,344,979
LIABILITIES		
CURRENT		
Accounts payable	39,552	37,542
Deferred contributions (Note 4)	22,782	42,878
Current portion of mortgages payable (Note 5)	38,255	36,542
	100,589	116,962
MORTGAGES PAYABLE (Note 5)	1,481,586	1,519,828
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	443,062	465,645
	2,025,237	2,102,435
FUND BALANCES		
OPERATING FUND	1,139,557	1,111,012
INTERNALLY RESTRICTED FUND (Note 7)	155,532	131,532
	1,295,089	1,242,544
	3,320,326	3,344,979

(See accompanying Notes to Financial Statements)

LIFT CHURCH INC.

STATEMENT OF CHANGES IN FUND BALANCES

Year ended August 31

	2025			
	Balance, beginning of year \$	Transfer between funds \$	Excess of revenues over expenditures \$	Balance, end of year \$
Operating fund	1,111,012	(24,000)	52,545	1,139,557
Internally restricted fund	131,532	24,000	-	155,532
	1,242,544	-	52,545	1,295,089
	2024			
	Balance, beginning of year \$	Transfer between funds \$	Excess of revenues over expenditures \$	Balance, end of year \$
Operating fund	1,015,732	(12,000)	107,280	1,111,012
Internally restricted fund	119,532	12,000	-	131,532
	1,135,264	-	107,280	1,242,544

(See accompanying Notes to Financial Statements)

LIFT CHURCH INC.**STATEMENT OF OPERATIONS***Year ended August 31*

	2025	2024
	\$	\$
REVENUES		
Fundraising - general	597,922	634,861
Offering	506,486	389,331
Strategic missional engagements	6,792	15,019
Grants	135,244	121,855
Sales	28,932	23,145
Miscellaneous and investment income	23,862	21,201
Amortization of deferred contributions relating to capital assets	22,583	20,771
	1,321,821	1,226,183
EXPENDITURES		
Amortization of capital assets	69,499	83,993
Building expenses	108,938	87,835
Discipleship	145,851	143,789
Fundraising	30,120	28,643
Gatherings	67,365	56,420
Operations	117,480	111,686
Staffing	681,571	558,464
Strategic missional engagements	48,452	48,073
	1,269,276	1,118,903
EXCESS OF REVENUES OVER EXPENDITURES	52,545	107,280

(See accompanying Notes to Financial Statements)

LIFT CHURCH INC.**STATEMENT OF CASH FLOWS***Year ended August 31*

	2025	2024
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenditures	52,545	107,280
Items not involving cash		
Amortization of capital assets	69,499	83,993
Amortization of deferred contributions relating to capital assets	(22,583)	(20,771)
Gain on sale of capital assets	(327)	-
	99,134	170,502
Changes in non-cash working capital (Note 8)	(25,295)	89,576
	73,839	260,078
FINANCING ACTIVITIES		
Repayment of promissory note	-	(200,000)
Repayment of mortgages payable	(36,529)	(32,828)
Change in mortgage reserve fund	(896)	(1,124)
Increase in deferred capital contributions	-	21,936
	(37,425)	(212,016)
INVESTING ACTIVITIES		
Purchase of capital assets	-	(53,730)
Proceeds on disposal of capital assets	700	-
Increase in short-term investments	(102,823)	-
	(102,123)	(53,730)
DECREASE IN CASH	(65,709)	(5,668)
CASH, BEGINNING OF YEAR	141,736	147,404
CASH, END OF YEAR	76,027	141,736

(See accompanying Notes to Financial Statements)

LIFT CHURCH INC.**NOTES TO FINANCIAL STATEMENTS***Year ended August 31, 2025*

I. NATURE OF OPERATIONS

Lift Church Inc. (the "Organization") is a registered charity incorporated without share capital under the laws of Canada. The Organization is a registered charity under the Income Tax Act, and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met. The Organization exists to see students made fully alive in the hope of Jesus by being the church on every campus.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

FUND ACCOUNTING

The accounts of the Organization are maintained with the principles of fund accounting, using the deferral method. The purposes of the funds are as follows:

Operating Fund

The Operating Fund is established for the general operations of the Organization. All operational transactions, included those of a capital nature, are recorded in the accounts of this Fund.

Internally Restricted Fund

The Internally Restricted Fund is established to record funds internally restricted by the Board of Directors for ongoing growth and future building costs.

FINANCIAL INSTRUMENTS***Measurement of financial instruments***

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at cost less any allowance for impairment.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Forward exchange contracts and interest rate swaps that are not hedging items are measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial assets measured at fair value include short-term investments.

Financial liabilities measured at amortized cost include accounts payable and mortgages payable.

LIFT CHURCH INC.
NOTES TO FINANCIAL STATEMENTS

Year ended August 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in excess of revenues over expenditures. The write down reflects the difference between the carrying amount and the higher of:

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess of revenues over expenditures up to the amount of the previously recognized impairment.

CAPITAL ASSETS

Capital assets are recorded at cost. An impairment loss is recognized when an asset no longer has any long-term service potential to the Organization or its carrying amount may not be recoverable. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Building	25 years
Furniture and fixtures	8 years
Equipment	5 years
Computer hardware	5 years
Vehicle	8 years
Paving	10 years

LIFT CHURCH INC.**NOTES TO FINANCIAL STATEMENTS***Year ended August 31, 2025***2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****REVENUE RECOGNITION**

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue in the period in which they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for the purchase of capital assets are deferred and recognized into income on the same basis as the capital assets are being amortized.

Revenue from the sale of goods and services is recorded at the time of sale.

Investment income is recorded when earned.

DONATED SERVICES AND MATERIALS

Volunteers contribute their time during the year to assist the Organization in carrying out its service delivery activities. However, because of the difficulty in determining the exact number of volunteer hours and their fair value, contributed services are not recognized in the financial statements.

Contributed materials used in the normal course of operations that would have otherwise been purchased are recorded at their fair value at the date of contribution and are included in donations revenue.

3. CAPITAL ASSETS

	2025		2024	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Land	1,729,059	-	1,729,059	1,729,059
Building	1,418,941	141,997	1,276,944	1,333,701
Furniture, fixtures and equipment	117,107	100,648	16,459	19,910
Computer hardware	25,409	20,469	4,940	10,022
Vehicle	26,531	5,061	21,470	25,237
Paving	8,144	1,222	6,922	7,737
	3,325,191	269,397	3,055,794	3,125,666

LIFT CHURCH INC.

NOTES TO FINANCIAL STATEMENTS

Year ended August 31, 2025

4. DEFERRED CONTRIBUTIONS

Deferred contributions consists of the following unspent funds received during the year:

	2025 \$	2024 \$
Beginning balance	42,878	13,677
Restricted contributions received during the year	22,782	92,781
Restricted contributions recognized as revenue during the year	(42,878)	(63,580)
	22,782	42,878

5. MORTGAGES PAYABLE

	2025 \$	2024 \$
Mortgage payable, bearing interest at 4.5%, payable in blended monthly payments of \$6,672, due March 2032, secured by land and building with a net book value of \$3,006,003.	1,133,764	1,162,163
Mortgage payable, bearing interest at 5.95%, payable in blended monthly payments of \$2,612, due November 2032, secured by land and building with a net book value of \$3,006,003.	386,077	394,207
	1,519,841	1,556,370
Less: current portion	38,255	36,542
	1,481,586	1,519,828

Approximate principal repayments required in the next five years are as follows:

	\$
2026	38,255
2027	40,143
2028	42,044
2029	44,285
2030	46,396
Subsequent years	1,308,718
	1,519,841

LIFT CHURCH INC.**NOTES TO FINANCIAL STATEMENTS***Year ended August 31, 2025***5. MORTGAGES PAYABLE (Continued)**

Interest on the above debt amounted to \$76,650 (2024 - \$76,913) for the year and is included in Building expenses.

The above commitment requires a payment reserve account, in which the Organization shall establish and maintain an investment bond with the lender at a minimum balance of \$27,846 (2024 - \$27,846) for the purpose of making required monthly loan payments. This requirement has been met as of August 31, 2025.

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represents externally restricted contributions received for building renovations and equipment. The changes in the deferred capital contributions balance for the year are as follows:

	2025	2024
	\$	\$
Beginning balance	465,645	464,480
Add: Contributions received during the year	-	21,936
Less: Amounts amortized to revenue	(22,583)	(20,771)
Ending balance	443,062	465,645

7. INTERNALLY RESTRICTED FUND

During the year, the Board of Directors further restricted \$24,000 (2024 - \$12,000) to fund ongoing growth and future building costs. These amounts were transferred to the internally restricted fund.

These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

8. CHANGES IN NON-CASH WORKING CAPITAL

	2025	2024
	\$	\$
Accounts receivable	89	71,793
Prepaid expenses	(7,298)	(9,346)
Accounts payable	2,010	(2,072)
Deferred contributions	(20,096)	29,201
	(25,295)	89,576

LIFT CHURCH INC.**NOTES TO FINANCIAL STATEMENTS***Year ended August 31, 2025*

9. FINANCIAL INSTRUMENTS**MARKET RISK**

The Organization is exposed to market risk through its marketable securities investments quoted in an active market. The Organization's investment portfolio is well diversified and there is no significant concentration of market risk. The Company's market risk changed from the previous year as a result of the increase in short-term investments.

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 liquidity risk arising primarily from accounts payable and mortgages payable. The Organization's ability to meet obligations depends on the receipt of funds from its operating activities. The Organization's liquidity risk changed from the previous year as a result of the decrease in mortgages payable.