REDEMPTION CHURCH DURHAM

FINANCIAL STATEMENTS

DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members
Redemption Church Durham

Qualified Opinion
We have audited the accompanying financial statements of Redemption Church Durham which comprise the statement of financial position as at December 31, 2025, and the statement of operations, statement of changes in net assets, 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion
In common with many not-for-profit organizations, Redemption Church Durham derives revenue from the general public in the form of contributions the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues 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 contributions revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended December 31, 2025 and 2024, current assets as at December 31, 2025 and 2024, and net assets as at January 1 and December 31 for both the 2025 and 2024 years.

Our audit opinion on the financial statements for the year ended December 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 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 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

NORTON McMULLEN LLP
Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada
March 26, 2026

REDEMPTION CHURCH DURHAM

STATEMENT OF FINANCIAL POSITION

As at December 31,	2025	2024
ASSETS		
Current		
Cash and cash equivalents	**$ 506,316**	$ 193,408
Restricted cash and cash equivalents	**562,731**	576,697
Investments (Note 2)	**1,338,068**	1,485,824
HST refundable	**54,955**	25,660
Prepaid expenses	**25,037**	17,984
	$ 2,487,107	$ 2,299,573
Capital Assets (Note 3)	**68,563**	50,833
Investments (Note 2)	**521,646**	506,869
	$ 3,077,315	$ 2,857,275
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 23,140**	$ 17,612
NET ASSETS		
Unrestricted	**$ 373,319**	$ 249,876
Internally restricted	**1,672,086**	1,587,044
Externally restricted	**1,008,770**	1,002,743
	$ 3,054,175	$ 2,839,663
	$ 3,077,315	$ 2,857,275

Commitments (Note 4)

Approved by the Board:

_____ Director _____ Director

See accompanying notes

REDEMPTION CHURCH DURHAM

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2025

	Balance - Beginning	Excess (Deficiency) of Revenues over Expenses	Balance - Ending
Unrestricted			
General	**$ 249,876**	**$ 123,443**	**$ 373,319**
Internally Restricted			
Facilities	**$ 1,520,858**	**$ 85,173**	**$ 1,606,031**
Missions	**53,290**	**(965)**	**52,325**
Benevolent	**12,896**	**834**	**13,730**
	$ 1,587,044	**$ 85,042**	**$ 1,672,086**
Externally Restricted			
Facilities	**$ 1,002,743**	**$ 6,027**	**$ 1,008,770**
Total	**$ 2,839,663**	**$ 214,512**	**$ 3,054,175**
Prior Year			
Unrestricted	$ 100,000	$ 149,876	$ 249,876
Internally Restricted	1,522,656	64,388	1,587,044
Externally Restricted	992,892	9,851	1,002,743
	$ 2,615,548	$ 224,115	$ 2,839,663

See accompanying notes

REDEMPTION CHURCH DURHAM

STATEMENT OF OPERATIONS

For the year ended December 31,

	General	Facilities	Missions	Benevolent	Total 2025	Total 2024
REVENUES						
Contributions	$ 1,373,092	$ 12,676	$ 2,035	$ 8,628	$ 1,396,431	$ 1,320,188
Investment income	-	85,173	-	-	85,173	61,797
Other	5,688	-	-	-	5,688	8,688
	$ 1,378,780	$ 97,849	$ 2,035	$ 8,628	$ 1,487,292	$ 1,390,673
EXPENSES						
Salaries and benefits	$ 732,735	$ -	$ -	$ -	$ 732,735	$ 675,693
Facilities	155,197	6,649	-	-	161,846	139,072
Missions	114,149	-	3,000	-	117,149	109,935
Other ministries	57,722	-	-	-	57,722	62,813
Administration	61,681	-	-	-	61,681	50,264
Redemption Kids	27,091	-	-	-	27,091	27,135
Worship	22,092	-	-	-	22,092	23,798
Staff development and ministry	30,496	-	-	-	30,496	22,987
Youth	21,018	-	-	-	21,018	16,529
Amortization	14,881	-	-	-	14,881	14,307
Adult ministries	11,226	-	-	-	11,226	9,569
Integration	5,141	-	-	-	5,141	6,701
Benevolence	-	-	-	7,794	7,794	7,755
Loss on disposal of capital assets	1,908	-	-	-	1,908	-
	$ 1,255,337	$ 6,649	$ 3,000	$ 7,794	$ 1,272,780	$ 1,166,558
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 123,443	$ 91,200	$ (965)	$ 834	$ 214,512	$ 224,115

See accompanying notes

REDEMPTION CHURCH DURHAM

STATEMENT OF CASH FLOWS

For the year ended December 31,	2025	2024
CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses	**$ 214,512**	$ 224,115
Items not affecting cash:		
Amortization	**14,881**	14,307
Loss on disposal of capital assets	**1,908**	-
	$ 231,301	$ 238,422
Net change in non-cash working capital balances:		
HST refundable	**(29,295)**	(2,565)
Prepaid expenses	**(7,053)**	(939)
Accounts payable and accrued liabilities	**5,528**	4,182
	$ 200,481	$ 239,100
INVESTING ACTIVITIES		
Decrease (increase) in investments	**$ 132,980**	$ (1,252,157)
Purchase of capital assets	**(34,519)**	(4,479)
	$ 98,461	$ (1,256,636)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**$ 298,942**	$ (1,017,536)
CASH AND CASH EQUIVALENTS - Beginning	**770,105**	1,787,641
CASH AND CASH EQUIVALENTS - Ending	**$ 1,069,047**	$ 770,105
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash and cash equivalents are allocated as follows:		
Unrestricted cash and cash equivalents	**$ 506,316**	$ 193,408
Restricted cash and cash equivalents	**562,731**	576,697
	$ 1,069,047	$ 770,105

See accompanying notes

NATURE OF OPERATIONS

Redemption Church Durham, (the "Church") is federally incorporated without share capital and is a registered charity under the Income Tax Act. The Church qualifies for tax-exempt status. The purpose of the Church is to preach and advance the Christian faith through teaching and ministry and to evangelize at home and abroad.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations with the exception that investments held in marketable securities are not being measured at fair value as prescribed under S3856 Financial Instruments of the CPA Handbook. These financial statements include the following significant accounting policies.

a) Fund Accounting

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

The **General Fund** records all transactions relating to daily operating activities and special projects where a fund has not been established. In the case where receipts collected exceed spending, additional funds may be transferred to the internally or externally restricted funds as approved by the Elders.

The **Facilities Fund** records all restricted contributions externally designated by donors for capital asset purchases. In addition, internally restricted transfers from the General Fund as approved by the Elders are included in the fund balance.

The **Missions and Benevolent Funds** record all contibutions designated by donors for missions or benevolent efforts respectively. Benevolent spending is approved by the Elders. When revenues exceed expenses, the designated amounts remain in the appropriate Missions and Benevolent Fund for future use. In addition, internally restricted transfers from the General Fund as approved by the Elders are included in the fund balances.

1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

b) **Revenue Recognition**

The Church follows the restricted fund method whereby externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Restricted contributions for which there is no fund are recorded in accordance with the deferral method. Unrestricted contributions are recognized as revenues in the General Fund when received.

Investment income is comprised of interest, dividends, and capital gains and is recognized as earned.

Other income, consisting of event, materials, and resource sales, is recognized as revenue when received.

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 and Cash Equivalents**

Cash and cash equivalents consists of bank deposits and other highly liquid bond 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:

	Rate	Method
Office equipment	20%	declining balance
Computer equipment	30%	declining balance
Motor vehicles	20%	declining balance
Audio and video equipment	20%	declining balance
Leasehold improvements	5 years	straight-line

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 Services**

Volunteer services contributed to the Church in carrying out its operating activities are not recognized in these financial statements due to the difficulty in determining their fair value.

h) **Financial Instruments**

The Church initially measures all of its financial assets and liabilities originated or exchanged in arm's length transactions at fair value and subsequently measures all of its financial assets and liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash and cash equivalents, and investments. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

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 indicators of impairment in the current year.

2. INVESTMENTS

Investments are recorded at cost or amortized cost and consist of the following:

	2025	2024
Current		
14-month GIC at 2.9%, maturing November 9, 2026	$ 531,644	$ -
Stewards Canada Bond at 4.5%, due on demand	360,385	344,699
Raymond James, Fixed Income Funds	297,429	282,237
Raymond James, Equity Funds	80,572	75,645
Raymond James, Alternative Funds	68,038	68,164
1-year GIC at 4.60%, matured September 10, 2025	-	510,838
1-year GIC at 4.50%, matured July 12, 2025	-	204,241
	$ 1,338,068	$ 1,485,824
Non Current		
3-year GIC at 2.92%, maturing July 12, 2027	521,646	506,869
	$ 1,859,713	$ 1,992,693

Investments are allocated as follows:

Unrestricted	$ 446,039	$ 426,046
Restricted	1,413,674	1,566,647
	$ 1,859,713	$ 1,992,693

3. CAPITAL ASSETS

Capital assets consist of the following:

	2025			2024
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	$ 17,405	$ 9,010	$ 8,395	$ 3,112
Computer equipment	39,555	25,353	14,202	14,329
Motor vehicles	15,232	13,796	1,436	1,795
Audio and video equipment	75,484	47,492	27,992	31,597
Leasehold Improvements	22,090	5,552	16,538	-
	$ 169,766	$ 101,203	$ 68,563	$ 50,833

4. COMMITMENTS

The Church leases office space. The lease agreement expires on April 30, 2027. The Church also rents a space to host events. Future minimum annual rent payments (excluding taxes, maintenance and insurance) are as follows:

2026	$ 77,859
2027	14,395
	$ 92,254

5. 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 December 31, 2025:

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 exposed to credit risk on its cash and investments held in guaranteed investment certificates. Only the first $100,000 of deposits held in a single financial institution are insured by the CIDC per depositor, per insured category, in the event of a member institution's failure. Amounts in excess of the federally insured limit are therefore uninsured at the year end. The Church has not experienced any losses on its cash and investment 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. The Church manages this risk by managing its working capital and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior year.

5. **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: interest rate risk, price risk, and currency risk. The Church is mainly exposed to interest rate risk and price 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 Note 2, the Church is exposed to interest rate risk with respect to its interest bearing investments. The exposure to this risk fluctuates as the deposit balances 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 mutual fund instruments. The exposure to this risk fluctuates as the Church's investments change from year to year.