

# Innerkip Hope Church Inc.

## Statement of Financial Position

as at August 31, 2025

in dollars

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| The Accompanying Notes are an Integral Part of the Financial Statements | Operating Fund | Restricted Funds               |                             |                     | 2025 | 2024 |
|---|----------------|--------------------------------|-----------------------------|---------------------|------|------|
|   |                | Nicaragua Mission of Hope Fund | Tangible Capital Asset Fund | The Raw Carrot Fund |      |      |

### ASSETS

#### Current assets

|  |                |               |                |               |                |          |
|--|----------------|---------------|----------------|---------------|----------------|----------|
| Cash                                     | 126,153        | 43,521        | 375,938        | 38,926        | 584,538        | -        |
| Accounts receivable                      | -              | -             | -              | 1,008         | 1,008          | -        |
| Public Service Bodies' Rebate receivable | 13,393         | -             | -              | -             | 13,393         | -        |
| Prepaid expenditures                     | 7,527          | 1,399         | 74,916         | -             | 83,842         | -        |
| <b>TOTAL ASSETS</b>                      | <b>147,073</b> | <b>44,920</b> | <b>450,854</b> | <b>39,934</b> | <b>682,781</b> | <b>-</b> |

### LIABILITIES AND FUND BALANCES

#### LIABILITIES

##### Current liabilities

|  |                |               |                |               |                |                 |
|--|----------------|---------------|----------------|---------------|----------------|-----------------|
| Accounts payable and accrued liabilities   | 24,709         | -             | -              | 579           | 25,288         | 27,939          |
| Deferred revenue - Note 6                  | -              | 7,025         | -              | -             | 7,025          | -               |
| <b>TOTAL LIABILITIES</b>                   | <b>24,709</b>  | <b>7,025</b>  | <b>-</b>       | <b>579</b>    | <b>32,313</b>  | <b>27,939</b>   |
| <b>TOTAL FUND BALANCES</b>                 | <b>122,364</b> | <b>37,895</b> | <b>450,854</b> | <b>39,355</b> | <b>650,468</b> | <b>(27,939)</b> |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>147,073</b> | <b>44,920</b> | <b>450,854</b> | <b>39,934</b> | <b>682,781</b> | <b>-</b>        |

# Innerkip Hope Church Inc.

## Statement of Operations year ended August 31, 2025

in dollars

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| The Accompanying Notes are an Integral Part of the<br>Financial Statements | Operating<br>Fund | Restricted Funds                     |                                   |                        | 2025<br>(12 months<br>- Note 10) | 2024<br>(7 months) |
|--|-------------------|--------------------------------------|-----------------------------------|------------------------|----------------------------------|--------------------|
|  |                   | Nicaragua<br>Mission of<br>Hope Fund | Tangible<br>Capital Asset<br>Fund | The Raw Carrot<br>Fund |                                  |                    |
| <b>REVENUE</b>   |                   |                                      |                                   |                        |                                  |                    |
| Donations - Note 7   | 458,898           | 67,142                               | 454,801                           | 24,403                 | 1,005,244                        | -                  |
| Events   | 23,583            | 1,100                                | -                                 | -                      | 24,683                           | -                  |
| Soup sales   | -                 | -                                    | -                                 | 22,287                 | 22,287                           | -                  |
|  | 482,481           | 68,242                               | 454,801                           | 46,690                 | 1,052,214                        | -                  |
| <b>EXPENDITURES</b>  |                   |                                      |                                   |                        |                                  |                    |
| Advertising  | -                 | -                                    | -                                 | 1,339                  | 1,339                            | -                  |
| Bank charges and interest  | 9,096             | 326                                  | -                                 | 2,037                  | 11,459                           | -                  |
| Consulting fees  | -                 | -                                    | -                                 | -                      | -                                | 27,939             |
| Events   | 730               | -                                    | 3,947                             | -                      | 4,677                            | -                  |
| Management fees - Note 7   | 198,000           | -                                    | -                                 | -                      | 198,000                          | -                  |
| Ministries - Schedule 1  | 39,494            | 30,104                               | -                                 | -                      | 69,598                           | -                  |
| Office   | 35,634            | -                                    | -                                 | 677                    | 36,311                           | -                  |
| Professional fees  | 2,109             | -                                    | -                                 | -                      | 2,109                            | -                  |
| Repairs and maintenance  | 20,964            | -                                    | -                                 | -                      | 20,964                           | -                  |
| Supplies   | 2,594             | -                                    | -                                 | 3,285                  | 5,879                            | -                  |
| Utilities  | 25,591            | -                                    | -                                 | -                      | 25,591                           | -                  |
|  | 334,212           | 30,430                               | 3,947                             | 7,338                  | 375,927                          | 27,939             |
| <b>OTHER INCOME</b>  |                   |                                      |                                   |                        |                                  |                    |
| Interest income  | 2,034             | 83                                   | -                                 | 3                      | 2,120                            | -                  |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER<br/>EXPENDITURES</b>                | <b>150,303</b>    | <b>37,895</b>                        | <b>450,854</b>                    | <b>39,355</b>          | <b>678,407</b>                   | <b>(27,939)</b>    |

***Innerkip Hope Church Inc.***  
**Statement of Changes in Fund Balances**  
**year ended August 31, 2025**     *in dollars*

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| <i>The Accompanying Notes are an Integral Part of the<br/>Financial Statements</i> | Operating<br>Fund | Restricted Funds                     |                                   |                        | 2025           | 2024            |
|--|-------------------|--------------------------------------|-----------------------------------|------------------------|----------------|-----------------|
|  |                   | Nicaragua<br>Mission of Hope<br>Fund | Tangible<br>Capital Asset<br>Fund | The Raw Carrot<br>Fund |                |                 |
| Fund balance, beginning of year - Note 3   | (27,939)          | -                                    | -                                 | -                      | (27,939)       | -               |
| Excess (deficiency) of revenues over expenditures                                  | 150,303           | 37,895                               | 450,854                           | 39,355                 | 678,407        | (27,939)        |
| <b>FUND BALANCE, END OF YEAR</b>   | <b>122,364</b>    | <b>37,895</b>                        | <b>450,854</b>                    | <b>39,355</b>          | <b>650,468</b> | <b>(27,939)</b> |

# Innerkip Hope Church Inc.

## Statement of Cash Flows year ended August 31, 2025

in dollars

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| The Accompanying Notes are an Integral Part of the Financial Statements |                |          |
|---|----------------|----------|
|   | 2025           | 2024     |
| <b>CASH PROVIDED BY (USED IN):</b>                                      |                |          |
| <b>OPERATING ACTIVITIES</b>   |                |          |
| Excess of revenue over expenditures for the year                        | 678,407        | (27,939) |
| Changes in non-cash working capital<br>related to operations - Note 8   | (93,869)       | 27,939   |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>                              | <b>584,538</b> | <b>-</b> |
| <b>Cash and cash equivalents, end of year</b>                           | <b>584,538</b> | <b>-</b> |
| <b>Represented by:</b>  |                |          |
| Cash  | 584,538        | -        |
|   | <b>584,538</b> | <b>-</b> |

# Innerkip Hope Church Inc.

## Notes to the Financial Statements year ended August 31, 2025

in dollars

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*The Accompanying Notes are an Integral Part of the Financial Statements*

### 1 PURPOSE OF ORGANIZATION

The Innerkip Hope Church Inc. ("the Organization") is a registered charity and is exempt from payment of income tax under section 149(1) of the Income Tax Act. The Organizations purpose is to hold weekly worship services and provide ministries for those in need. The Organization also has specific mission activities which include running a social enterprise food program to support the disabled in meaningful employment, support ministries in Nicaragua and support various local and international missions.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 2.1 Fund accounting

In order to ensure observance of the limitations and restrictions on the use of resources available to the Organization, the accounts of the organization are maintained in accordance with the principles of fund accounting. These funds are held in accordance with the objectives specified by the donors, or in accordance with the directives issued by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds.

**Operating Fund:** Accounts for the current operations and programs as well as the Organization's general operations. Unrestricted contributions and restricted contributions to be used for operations are reported in this fund.

**Nicaragua Mission of Hope Fund:** Established to provide financial, practical and spiritual support for the people of Nicaragua in various ongoing projects.

**Tangible Capital Assets Fund:** The Tangible Capital Assets fund represents the total equity required to fund the capital assets of the Organization. The fund is established to provide financial support to purchase capital assets and pay down debt on assets to be acquired.

**The Raw Carrot Fund:** Established to support people on social assistance with meaningful employment in the preparation of soup and other packaged goods.

#### 2.2 Revenue recognition

The Organization follows the restricted fund method whereby externally restricted donation are recognized in the fund corresponding to the purpose for which they were contributed. Restricted contributions are recognized as revenue in the year if a corresponding restricted fund is presented. Restricted contributions for which a corresponding restricted fund is not presented must be recognized in the Operating Fund using the deferral method.

Unrestricted contributions are recognized as revenue in the Operating Fund when received.

Events income and Soup sales are recognized when there is persuasive evidence that an arrangement exists, goods and services are provided, the price is fixed or determinable, and collection is reasonably assured.

# *Innerkip Hope Church Inc.*

## Notes to the Financial Statements

year ended August 31, 2025

*in dollars*

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*The Accompanying Notes are an Integral Part of the Financial Statements*

### **2.3 Use of estimates**

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenue and expenditures during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

### **2.4 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 any investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in statement of operations. Financial assets measured at amortized cost include cash and accounts receivable.

### **2.5 Contributed services**

The Organization is dependant upon the many hours contributed by volunteers during the year. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

## **3 IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING**

The Organization has elected to apply the standards in Part III of the CPA Canada Handbook for not-for-profit organizations in accordance with Canadian accounting standards.

These financial statements are the first financial statements for which the Organization has applied Canadian accounting standards for not-for-profit organizations, hereafter referred to as ASNPO.

The financial statements for the year ended August 31, 2025 were prepared in accordance with the accounting principles and provisions set out in FIRST-TIME ADOPTION, Section 1501, for first-time adopters of this basis of accounting.

There was no significant impact upon adoption of these standards on the Organization's excess of revenues over expenditures for the year ended August 31, 2025 or on fund balances as at February 16, 2024, the date of transition.

# Innerkip Hope Church Inc.

## Notes to the Financial Statements year ended August 31, 2025

in dollars

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*The Accompanying Notes are an Integral Part of the Financial Statements*

### 4 FINANCIAL INSTRUMENTS

The significant risks arising from financial instruments to which the Organization is exposed as at year end are detailed below.

- a) **Credit risk**  
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is not exposed to any significant credit risk.
- b) **Currency risk**  
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is not exposed to any significant currency risk.
- c) **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. The Organization is not exposed to any significant interest rate risk.
- d) **Liquidity risk**  
Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is not exposed to any significant liquidity risk.
- e) **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. The Organization is not exposed to any significant other price risk.

### 5 BANK INDEBTEDNESS

The Organization has an approved credit line facility with Kindred Credit Union in the amount of \$200,000. The facility bears interest at prime plus 0.50%. At year-end \$nil has been utilized.

Subsequent to the year-end, the Organization signed an updated banking agreement with Kindred Credit Union. The Organization purchased a building and obtained a five-year term loan for \$700,000 bearing interest at prime plus 0.50% and a mortgage loan for \$900,000 bearing interest at 5.50%. The details of this purchase are described in note 9.

The bank indebtedness, as well as long term debt with Kindred Credit Union is secured by a First all purpose collateral mortgage registered for \$3,000,000 over property owned by Innerkip Hope Church Inc., located at 64 Blandford St., Innerkip ON.

The banking agreement includes certain covenants that must be maintained by the Organization.

# Innerkip Hope Church Inc.

## Notes to the Financial Statements

year ended August 31, 2025

in dollars

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The Accompanying Notes are an Integral Part of the Financial Statements

### 6 DEFERRED REVENUE

Deferred revenue reported in the Nicaragua Mission of Hope fund includes unamortized portions of Nicaragua golf tournament registration fees and sponsorships.

The changes for the year in the deferred revenue balance reported in the Nicaragua Mission of Hope fund are as follows:

|                                     | 2025  | 2024 |
|-------------------------------------|-------|------|
| Balance, beginning of year          | -     | -    |
| Add: Funds received during the year | 7,025 | -    |
| Balance, end of year                | 7,025 | -    |

### 7 RELATED PARTIES

During the year, the Organization received management services from related party, Innerkip Presbyterian Church. The total paid for management fees was \$198,000 (2024 - \$nil). These transactions are in the normal course of operations and are measured at the exchange amount.

During the year, the Organization received restricted contributions from the related party, Innerkip Presbyterian Church. The total restricted contributions received for the Raw Carrot fund was \$21,850 (2024 - \$nil) and for the Nicaragua Mission of Hope fund was \$41,562 (2024 - \$nil). The transactions are in the normal course of operations and are measured at the exchange amount.

During the year, the Organization received contributions from directors of the organization. The total unrestricted contributions received was \$25,430 (2024 - \$nil) and total restricted contributions for the Tangible Capital Asset fund was \$38,900 (2024 - \$nil). The transactions are in the normal course of operations and are measured at the exchange amount.

### 8 STATEMENT OF CASH FLOWS

The net change in non-cash working capital consists of:

|  | 2025<br>(12 months - Note 10) | 2024<br>(7 months) |
|--|-------------------------------|--------------------|
| Accounts receivable                      | (1,008)                       | -                  |
| Public Service Bodies' Rebate receivable | (13,393)                      | -                  |
| Prepaid expenditures                     | (83,842)                      | -                  |
| Accounts payable and accrued liabilities | (2,651)                       | 27,939             |
| Deferred revenue                         | 7,025                         | -                  |
|  | (93,869)                      | 27,939             |



# *Innerkip Hope Church Inc.*

## Notes to the Financial Statements

year ended August 31, 2025

*in dollars*

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*The Accompanying Notes are an Integral Part of the Financial Statements*

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### **9 SUBSEQUENT EVENTS**

On September 5, 2025, the Organization purchased the church building from the Presbyterian Church of Canada. The agreed upon purchase price was \$1,949,607. The Organization paid cash of \$349,607 with the remainder financed through two new mortgage obligations of \$700,000 and \$900,000 (see note 5).

The fair market value of the church building was appraised at \$2,918,000 plus closing costs of \$21,733. The difference between the fair market value and purchase price plus closing costs will be recognized as donation revenue in the subsequent year.

### **10 COMPARATIVE FIGURES**

The company was incorporated on February 16, 2024 and began active operation at that time. The prior period represents the activity from the date of incorporation to August 31, 2024.

# Innerkip Hope Church Inc.

## Schedule 1

### Statement of Ministries Expenditures

year ended August 31, 2025

in dollars

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| The Accompanying Notes are an Integral Part of the Financial Statements | 2025                  | 2024       |
|---|-----------------------|------------|
|   | (12 months - Note 10) | (7 months) |
| <b>Operating Fund Ministries Expenditures</b>                           |                       |            |
| Care ministry   | 1,927                 | -          |
| Discipleship ministry   | 14,231                | -          |
| Family ministry   | 10,871                | -          |
| Hospitality   | 2,909                 | -          |
| Library   | 263                   | -          |
| Missions support  | 6,465                 | -          |
| Safe church   | 421                   | -          |
| Worship   | 2,407                 | -          |
|   | <b>39,494</b>         | -          |
| <b>Nicaragua Mission of Hope Fund Ministries Expenditures</b>           |                       |            |
| Mission support   | 30,104                | -          |
|   | <b>30,104</b>         | -          |
| <b>TOTAL MINISTRIES EXPENDITURES</b>                                    | <b>69,598</b>         | -          |