
**GLOBAL KINGDOM MINISTRIES
CHURCH INC.**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members
Global Kingdom Ministries Church Inc.
TORONTO
Ontario

Opinion

We have audited the accompanying financial statements of Global Kingdom Ministries Church Inc. which comprise the statement of financial position as at September 30, 2024 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, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at September 30, 2024 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 Opinion

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 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.

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.

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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
January 28, 2025

GLOBAL KINGDOM MINISTRIES CHURCH INC.**STATEMENT OF FINANCIAL POSITION**

As at September 30,

2024**2023**

ASSETS**Current**

Cash and cash equivalents (Note 2)	\$ 238,725	\$ 465,929
Short-term investments (Note 3)	-	76,780
Accounts and other receivables	10,630	30,226
HST recoverable	44,991	29,307
Prepaid expenses	33,566	6,458
	<u>\$ 327,912</u>	<u>\$ 608,700</u>

Capital Assets (Note 5) 12,955,344 13,351,157

Long-term Investments (Note 6) 77,019 -

\$ 13,360,275 \$ 13,959,857

LIABILITIES**Current**

Accounts payable and accrued liabilities	\$ 257,107	\$ 133,192
Current portion of long-term debt (Note 7)	6,792,135	6,946,102
	<u>\$ 7,049,242</u>	<u>\$ 7,079,294</u>

Deferred Capital Contributions (Note 9) 2,000 3,000
\$ 7,051,242 \$ 7,082,294

FUND BALANCES

Unrestricted	\$ 47,825	\$ 375,509
Internally restricted fund	100,000	100,000
Capital and development fund	6,161,208	6,402,054
	<u>\$ 6,309,033</u>	<u>\$ 6,877,563</u>

\$ 13,360,275 \$ 13,959,857

Contingencies (Note 13)

Approved by the Board:

Denise Steele

Director

Sureka Selvarajah

Director

See accompanying notes

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GLOBAL KINGDOM MINISTRIES CHURCH INC.**STATEMENT OF CHANGES IN FUND BALANCES**

For the year ended September 30, 2024

2024

2023

	General Fund			Total	Total
	General Unrestricted	Internally Restricted Fund	Capital and Development Fund		
BALANCE - Beginning	\$ 375,509	\$ 100,000	\$ 6,402,054	\$ 6,877,563	\$ 7,218,275
Excess (deficiency) of revenues over expenses	177,907	-	(746,437)	(568,530)	(340,712)
Transfer to the capital and development fund (Note 11)	<u>(505,591)</u>	<u>-</u>	<u>505,591</u>	<u>-</u>	<u>-</u>
BALANCE - Ending	<u>\$ 47,825</u>	<u>\$ 100,000</u>	<u>\$ 6,161,208</u>	<u>\$ 6,309,033</u>	<u>\$ 6,877,563</u>

See accompanying notes

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GLOBAL KINGDOM MINISTRIES CHURCH INC.**STATEMENT OF OPERATIONS**

For the year ended September 30,

2024**2023**

REVENUES

Contributions		
General	\$ 2,579,465	2,735,746
Missions	109,171	145,381
Capital	9,970	22,301
Rental	385,308	307,990
Ministry	96,848	91,552
Government assistance (Note 4)	82,998	30,650
Interest and other	13,271	17,620
	<u>\$ 3,277,031</u>	<u>\$ 3,351,240</u>

EXPENSES

Ministry (Note 10)	\$ 1,417,106	\$ 1,582,874
Administration (Note 10)	1,110,828	684,996
Amortization	419,339	413,480
Loan interest	338,308	333,400
Building maintenance (Note 10)	328,739	386,051
Missions and outreach (Note 10)	157,464	223,179
Facility rental	73,777	67,972
	<u>\$ 3,845,561</u>	<u>\$ 3,691,952</u>

DEFICIENCY OF REVENUES OVER EXPENSES\$ (568,530) \$ (340,712)

See accompanying notes

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GLOBAL KINGDOM MINISTRIES CHURCH INC.**STATEMENT OF CASH FLOWS**

For the year ended September 30,

2024**2023**

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):**OPERATING ACTIVITIES**

Excess (deficiency) of revenues over expenses	\$ (568,530)	\$ (340,712)
Items not affecting cash:		
Bad debt expense from Trinity Ravine Community Inc.	-	-
Amortization	419,339	413,480
Amortization of deferred capital contributions	(1,000)	(1,000)
	<u>\$ (150,191)</u>	<u>\$ 71,768</u>
Net change in non-cash working capital balances		
Accounts and other receivables	19,596	(22,620)
HST recoverable	(15,684)	(7,742)
Prepaid expenses	(27,108)	6,135
Accounts payable and accrued liabilities	123,915	32,514
	<u>\$ (49,472)</u>	<u>\$ 80,055</u>

FINANCING ACTIVITIES

Repayment of long-term debt	<u>\$ (153,967)</u>	<u>\$ (221,143)</u>
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INVESTING ACTIVITIES

Reinvested interest on investments	\$ (239)	\$ (239)
Purchase of capital assets	<u>(23,526)</u>	<u>(111,565)</u>
	<u>\$ (23,765)</u>	<u>\$ (111,804)</u>

DECREASE IN CASH AND CASH EQUIVALENTS

	\$ (227,204)	\$ (252,892)
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CASH AND CASH EQUIVALENTS - Beginning

	<u>465,929</u>	<u>718,821</u>
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CASH AND CASH EQUIVALENTS - Ending

	<u>\$ 238,725</u>	<u>\$ 465,929</u>
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See accompanying notes

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GLOBAL KINGDOM MINISTRIES CHURCH INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NATURE OF OPERATIONS

Global Kingdom Ministries Church Inc. (the "Church") is a multi-cultural family that worships together, grows together, and shares the Good News of Jesus Christ.

The Church was incorporated under the Corporations Act (Ontario) on June 28, 2018 and is a registered charity under the Income Tax Act. On July 2, 2020, The Church changed its name to Global Kingdom Ministries Church Inc. On October 1, 2020, Trinity Ravine Community Inc. (formerly Global Kingdom Ministries Inc.) transferred the net assets of its ministry operations to the Church.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Change in Accounting Policy

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:

i) General Fund - Unrestricted

The unrestricted fund accounts for the Church's ministry and administrative activities that are not accounted for within the internally restricted fund.

ii) General Fund - Internally Restricted

The internally restricted fund consists of the Contingency and Reserve Fund and is set aside by a resolution of the Church's Board of Directors (the "Board") to cover unexpected costs arising from unforeseen circumstances and planned costs for major repair and maintenance.

iii) Capital and Development Fund

The Capital and Development Fund reflects internally restricted revenue and funds expended to purchase and develop property and equipment.

b) Revenue Recognition

The Church follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government assistance is recognized in the statement of operations when received and receivable in the year to which it relates. Government assistance received toward the purchase of capital assets are treated as deferred capital contributions and amortized into revenue on the same basis as the amortization of associated capital assets. Ministry, rental, interest and other income is recognized as earned if collection is reasonably assured.

GLOBAL KINGDOM MINISTRIES CHURCH INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

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 and assumptions include the collectability of accounts receivable and the estimated useful life of capital assets.

d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in the Church's bank accounts and cashable term deposits.

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>
Building	40 years	straight-line
Furniture and equipment	5 years	straight-line
Computer equipment and software	3 years	straight-line
Vehicle	3 years	straight-line

The cost of property under development includes all expenditures incurred in connection with acquisition, including all direct development costs to prepare it for its productive use.

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 net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

GLOBAL KINGDOM MINISTRIES CHURCH INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

g) Contributed Services

Volunteers contribute significant hours per year to assist the Church in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

h) Financial Instruments

Measurement of Financial Instruments

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

Financial assets and financial 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 cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

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

Financial assets subsequently measured at amortized cost include cash and cash equivalents, short-term investments and accounts and other receivables. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

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 (deficiency) 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.

GLOBAL KINGDOM MINISTRIES CHURCH INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2024	2023
Cash	\$ 98,725	\$ 65,929
Cashable term deposits		
Interest at 4.05% per annum, matures October 2024	40,000	-
Interest at 5.15% per annum, matured March 2024	-	50,000
Interest at 5.00% per annum, matured December 2023	-	40,000
Interest at 5.00% per annum, matured November 2023	-	50,000
Interest at 4.90% per annum, matured October 2023	-	80,000
Interest at 4.90% per annum, matured October 2023	-	50,000
Interest at 4.80% per annum, matured October 2023	-	30,000
Cashable term deposits - internally restricted for Contingency and Reserve Fund		
Interest at 4.05% per annum, matures October 2024	50,000	-
Interest at 4.15% per annum, matures October 2024	50,000	-
Interest at 5.15% per annum, matured March 2024	-	50,000
Interest at 5.00% per annum, matured December 2023	-	50,000
	<u>\$ 238,725</u>	<u>\$ 465,929</u>

3. SHORT-TERM INVESTMENTS

Short-term investments consist of the following:

	2024	2023
Guaranteed investment certificate (GIC)		
Interest at 0.25% per annum, matured July 2024	<u>\$ -</u>	<u>\$ 76,780</u>

4. GOVERNMENT ASSISTANCE

Government assistance consists of the following:

	2024	2023
Canada summer jobs grant	\$ 81,998	\$ 24,650
Toronto Community Crisis Response Fund	-	5,000
Ontario Anti-Hate security grant	<u>1,000</u>	<u>1,000</u>
	<u>\$ 82,998</u>	<u>\$ 30,650</u>

GLOBAL KINGDOM MINISTRIES CHURCH INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

5. CAPITAL ASSETS

Capital assets consist of the following:

	2024			2023
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land at 1250 Markham Road	\$ 4,204,026	\$ -	\$ 4,204,026	\$ 4,204,026
Building	13,652,178	5,352,517	8,299,661	8,640,964
Property under development	284,392	-	284,392	284,392
Furniture & equipment	614,007	456,406	157,601	213,449
Computer equipment & software	83,831	78,102	5,729	8,326
Vehicle	4,722	787	3,935	-
	<u>\$ 18,843,156</u>	<u>\$ 5,887,812</u>	<u>\$ 12,955,344</u>	<u>\$ 13,351,157</u>

To meet the growing need for more space resulting from increased ministry growth, especially with children and youth, Phase III of the original building plan has been started. Phase III will provide additional space of 24,834 square feet and the opening of the balcony. Further construction is currently on hold.

6. LONG-TERM INVESTMENTS

Long-term investments consist of the following:

	2024	2023
Guaranteed investment certificate (GIC) Interest at 0.25% per annum, matures October 2025	<u>\$ 77,019</u>	<u>\$ -</u>

GLOBAL KINGDOM MINISTRIES CHURCH INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

7. LONG-TERM DEBT

Long-term debt consists of the following:

	2024	2023
Mortgage loan, bearing interest at a fixed rate of 7% due February 25, 2025, secured by a mortgage registered against title to 1250 Markham Road, Toronto, Ontario	\$ 6,792,135	\$ 6,946,102
Less: current portion	<u>6,792,135</u>	<u>6,946,102</u>
	<u>\$ -</u>	<u>\$ -</u>

As at year end, future minimum principal payments are expected to be as follows:

2025	<u>\$ 6,792,135</u>
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8. LETTER OF CREDIT

The Church has a letter of credit in the amount of \$62,000 from TD Canada Trust under agreement dated August 8, 2006 in favour of the City of Toronto relating to the current church building. As at the year end, \$Nil (2023 - \$Nil) of the letter of credit was being used. The letter of credit is secured by a GIC held with the bank.

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consists of government assistance received for the purchase of equipment. The change in deferred capital contributions for the year consists of the following:

	2024	2023
Balance - Beginning	\$ 3,000	\$ 4,000
Add: amount received for purchase of equipment	-	-
Less: amount recognized as revenue in the year	<u>(1,000)</u>	<u>(1,000)</u>
Balance - Ending	<u>\$ 2,000</u>	<u>\$ 3,000</u>

GLOBAL KINGDOM MINISTRIES CHURCH INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

10. GENERAL FUND EXPENSES

	2024	2023
Ministry		
Personnel	\$ 1,105,063	\$ 1,285,440
Church ministries and community	170,544	157,318
Next generation ministries	<u>141,499</u>	<u>140,116</u>
	<u>\$ 1,417,106</u>	<u>\$ 1,582,874</u>
Administration		
Operating expenses	\$ 799,612	\$ 345,861
Personnel	<u>311,216</u>	<u>339,135</u>
	<u>\$ 1,110,828</u>	<u>\$ 684,996</u>
Building maintenance		
Facility	\$ 232,615	\$ 266,061
Personnel	<u>96,124</u>	<u>119,990</u>
	<u>\$ 328,739</u>	<u>\$ 386,051</u>
Missions and outreach		
Local and national missions and outreach	\$ 93,920	\$ 103,083
Global missions and outreach	63,544	114,467
Mission and outreach training and promotion	<u>-</u>	<u>5,629</u>
	<u>\$ 157,464</u>	<u>\$ 223,179</u>

11. INTERFUND TRANSFERS

Transfers between funds are recognized when resources of one fund have been authorized to finance activities and acquisitions in another fund. The Board authorized a \$505,591 (2023 - \$643,567) transfer of part of the General Fund excess of revenue over expenses to the Capital and Development Fund to assist with the purchase of capital assets and repayment of debt. In the prior year, the Board also authorized a \$70,000 transfer of funds to the internally restricted fund.

GLOBAL KINGDOM MINISTRIES CHURCH INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

12. 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 September 30, 2024:

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. There has been no change in the assessment of credit risk from the prior year.

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 long-term debt. The Church manages this risk by ensuring that adequate cash reserves are maintained and holding GIC's and term deposits that can be readily converted into cash. There has been no change in the assessment of liquidity risk from the prior year.

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. The Church is exposed to interest rate risk with respect to its long-term debt. Fixed interest rate instruments subject an entity to fair value risk, since fair value fluctuates inversely to changes in market interest rates.

GLOBAL KINGDOM MINISTRIES CHURCH INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

13. CONTINGENCIES

On December 16, 2022, the current and former directors of the Church received a letter from the counsel for Deloitte Restructuring Inc., which is acting as the Trustee in relation to Trinity Ravine Community Inc. (TRC)'s bankruptcy. The letter alleges that the transfer of land municipally described as 1250 Markham Road, Toronto, Ontario was under-value based on the appraised value used by the Trustee. The resulting consideration paid to TRC by the Church is alleged to have been inadequate when taking into account the appraised value used by the Trustee.

On August 6, 2024, a settlement agreement was reached whereby the Church and the Trustee agree to work together in good faith for the purpose of the sale process and to acquire the highest and best offer for the Church's land and building at 1250 Markham Road, Toronto, Ontario. Net proceeds from the sale are to be allocated 30% to the Church and 70% to the Trustee.

The sale process is in progress and the outcome cannot be determined at this time. No provision for the potential gain or loss has been made in the financial statements.

In 2024, the Church became subject to additional claims made against it in regards to TRC. The Church makes provisions when it deems appropriate. In the opinion of management, the ultimate outcome and the total amount of any potential liability cannot be reasonably estimated. Given the uncertainty, no accrual for a liability has been recorded in these financial statements.

14. COMPARATIVE FIGURES

Certain of the comparative figures have been restated in order to conform with the presentation adopted in the current year.