

Financial Statements of

**THE EVANGELICAL FREE
CHURCH OF CANADA**

And Independent Auditor's Report thereon

Year ended December 31, 2025



KPMG LLP
777 Dunsmuir Street, 11th floor
Vancouver, BC V7Y 1K3
Canada
Tel 604 691 3000
Fax 604 691 3031

INDEPENDENT AUDITOR'S REPORT

To the Members of Evangelical Free Church of Canada

Opinion

We have audited the financial statements of Evangelical Free Church of Canada (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and fund balances for the year then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025 and its results of operations and its cash flows for the years 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 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 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Langley, Canada

April 22, 2026

THE EVANGELICAL FREE CHURCH OF CANADA

Statement of Financial Position

Year ended December 31, 2025, with comparative information for 2024

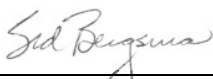
	2025	2024
Assets		
Current assets:		
Cash	\$ 525,659	\$ 1,033,657
Short-term investments (note 2)	117,000	900,000
Accounts receivable (note 3)	188,212	124,018
Prepaid expenses	53,666	72,578
	<u>884,537</u>	<u>2,130,253</u>
Investments (note 2)	187,843	627,812
Tangible capital assets (note 4)	636,897	731,854
Prepaid lease assets (note 11)	3,008,822	3,074,814
	<u>\$ 4,718,099</u>	<u>\$ 6,564,733</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 123,971	\$ 247,058
Non-current liabilities:		
Long-term lease liability (note 11)	93,378	76,844
Fund balances:		
General Fund	(124,416)	(149,138)
Designated Fund - International and National (note 6)	4,384,685	6,149,656
Endowment Fund (note 7)	240,481	240,313
	<u>4,500,750</u>	<u>6,240,831</u>
Commitments (note 9)		
	<u>\$ 4,718,099</u>	<u>\$ 6,564,733</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



EFCC Board of Directors Chair

Director



EFCC Finance & Audit Committee Chair

Director

THE EVANGELICAL FREE CHURCH OF CANADA

Statement of Operations and Fund Balances

Year ended December 31, 2025, with comparative information for 2024

	General Fund	Designated Fund - International and National	Endowment Fund	Total 2025	Total 2024
Revenue:					
Designated receipts	\$ -	\$ 2,537,494	\$ -	\$ 2,537,494	\$ 5,976,689
Donations and church support	770,056	-	-	770,056	556,218
Investment income	7,892	-	7,176	15,068	34,063
Other income	41,101	-	-	41,101	50,551
	819,049	2,537,494	7,176	3,363,719	6,617,521
Administration fees:					
Charged on designated funds	340,991	(340,991)	-	-	-
Catalysts and directors recovery	101,795	(101,795)	-	-	-
	442,786	(442,786)	-	-	-
Total revenue	1,261,835	2,094,708	7,176	3,363,719	6,617,521
Expenses:					
Leadership and ministry development:					
Board, governance and committees	25,641	-	-	25,641	19,542
Designated disbursements and adjustments	-	3,741,360	-	3,741,360	4,584,968
Salaries and benefits	826,778	-	-	826,778	789,622
Travel and sundry	29,951	-	-	29,951	63,108
	882,370	3,741,360	-	4,623,730	5,457,240
Ministry support and administrative:					
Communications	16,345	-	-	16,345	14,310
Conferences	45,819	-	-	45,819	23,777
Foreign exchange gain (loss)	215	-	-	215	(3,158)
Missionary care	461	-	-	461	4,073
Office operations	151,042	-	-	151,042	157,446
Professional fees	57,783	-	-	57,783	23,874
Salaries and benefits	333,091	-	-	333,091	456,158
	604,756	-	-	604,756	676,480
Total expenses	1,487,126	3,741,360	-	5,228,486	6,133,720
Excess (deficiency) of revenue over expenses before undernoted					
Amortization	(225,291)	(1,646,652)	7,176	(1,864,767)	483,801
Gain on disposal of tangible capital assets	(7,750)	(37,305)	-	(45,055)	(50,366)
	-	169,741	-	169,741	-
Excess (deficiency) of revenue over expenses					
Interfund transfers (note 9)	(233,041)	(1,514,216)	7,176	(1,740,081)	433,435
Fund balances, beginning of the year	257,763	(250,755)	(7,008)	-	-
	(149,138)	6,149,656	240,313	6,240,831	5,807,396
Fund balances, end of the year	\$ (124,416)	\$ 4,384,685	\$ 240,481	\$ 4,500,750	\$ 6,240,831

See accompanying notes to financial statements.

THE EVANGELICAL FREE CHURCH OF CANADA

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (1,740,081)	\$ 433,435
Items not involving cash:		
Amortization of tangible capital assets	45,055	50,366
Gain on disposal of tangible capital assets	(169,741)	-
Prepaid lease expense	65,992	64,194
Increase in long-term lease liability	16,534	22,174
Changes in non-cash operating working capital:		
Accounts receivable	(64,194)	11,581
Prepaid expenses	18,912	(35,286)
Accounts payable and accrued liabilities	(123,087)	26,083
	(1,950,610)	572,547
Financing:		
Repayment of long-term debt	-	(341,168)
Investments:		
Decrease in investments	1,222,969	8,817
Proceeds from disposal of tangible capital assets	221,624	-
Purchase of tangible capital assets	(1,981)	(9,022)
	1,442,612	(205)
Increase (decrease) in cash	(507,998)	231,174
Cash, beginning of the year	1,033,657	802,483
Cash, end of year	\$ 525,659	\$ 1,033,657

See accompanying notes to financial statements.

THE EVANGELICAL FREE CHURCH OF CANADA

Notes to Financial Statements

Year ended December 31, 2025

General:

The Evangelical Free Church of Canada (the “Entity”) is a not-for-profit organization. The Entity was incorporated under the *Canada Not-For-Profit Corporations Act* and is a registered charity under the *Income Tax Act*. The Entity is an association and fellowship of self-governing and interdependent congregations of like faith and policy whose purpose shall be to glorify God.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the Chartered Professional Accountants of Canada Handbook - *Accounting* and include the following significant accounting policies:

(a) Fund accounting:

The Entity maintains its accounts in accordance with the principles of fund accounting and follows the restricted fund method of accounting for contributions. Under this method, restricted contributions are recorded as revenue of the restricted fund to which they relate. Accordingly, resources are classified for accounting and reporting purposes into funds, according to the activity or objective specified. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors (the “Board”).

Transfers between unrestricted funds and restricted funds are made when it is considered appropriate and authorized by the Board. To meet the objectives of financial reporting and stewardship over assets, certain transfer of funds are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These transfers of funds, if any, are recorded in the Statement of Operations and Changes in Fund Balances (note 8).

For financial reporting purposes, the accounts have been classified into the following funds:

General Fund - The General Fund is unrestricted and accounts for the Entity's administration other than that which is missions related. It includes receipts of funds donated for the “area of greatest need” or not otherwise designated for endowment or specific purposes.

Designated Fund - International and National - The Designated Fund - International and National are designated by the Board and reports only resources that are used to carry out specific activities, and the related administration, of the Entity within Canada and abroad.

Endowment Fund - The Endowment Fund reports resources contributed for endowment specifically designated by donors. Externally endowed contributions are recognized as direct increases in net assets. Income earned in this fund is subsequently transferred to other funds, upon board approval, to carry out specific activities of that fund.

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Notes to Financial Statements

Year ended December 31, 2025

1. Significant accounting policies (continued):

(b) Revenue recognition:

All restricted contributions are recognized as revenue in the appropriate restricted fund in the year received. Unrestricted contributions are recognized as revenue of the General Fund in the year received.

Unless otherwise restricted, investment income is recognized as revenue in the General Fund.

Administration fees are charged on designated funds to recover leadership, ministry development, ministry support and administrative expenses up to preauthorized limits.

Restricted contributions for which there is no restricted fund are recognized in the general fund using the deferral method of accounting - in that the contribution is only recognized as revenue at the time the related expenses are incurred.

(c) Tangible capital assets:

Tangible capital assets are recorded at cost. Contributed assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

Tangible capital assets are amortized at the following annual rates using the described methods:

Asset	Basis	Rate
Buildings held in trust	Straight-line	15 - 30 years
Computer hardware	Declining balance	30%
Computer software	Straight-line	7 years
Furniture and equipment	Declining balance	20%

The Entity reviews the carrying amount of tangible capital assets for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Entity's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the statement operations at the amount by which the carrying amount of the tangible capital asset exceeds its fair value or replacement cost.

(d) Income taxes:

The Entity is a registered charity under the *Income Tax Act* and is not subject to income taxes provided certain requirements of the *Income Tax Act* are met.

THE EVANGELICAL FREE CHURCH OF CANADA

Notes to Financial Statements

Year ended December 31, 2025

1. Significant accounting policies (continued):

(e) Foreign currency translation:

Monetary items denominated in a foreign currency are adjusted at the Statement of Financial Position date to reflect the exchange rate in effect at that date. Revenues and expenses are translated at average rates of exchange during the year. Exchange gains and losses are included in the Statement of Operations and Fund Balances for the period.

(f) Measurement uncertainty:

The preparation of the 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 revenue and expenses during the reporting period.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from those estimates.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Free standing derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Entity 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. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

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 Entity determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Entity expects to realize by exercising its right to any collateral. 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.

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Notes to Financial Statements

Year ended December 31, 2025

2. Investments:

	2025	2024
At amortized cost:		
Amounts due from the Evangelical Free Church of Canada Prairie District Trust Foundation ("PDTF"), bearing interest at 2% to 4% (2024 - 2% to 4%) per annum and maturing between 2025 and 2028	\$ 233,500	\$ 833,500
Guaranteed Investment Certificate ("GIC") term investment with the Royal Bank of Canada, bearing interest at 2.25% (2024 - 2.25%) and maturing in 2025	-	600,000
Accrued interest earned on investments	6,981	30,177
At fair value:		
Abundance Canada	64,362	64,135
	304,843	1,527,812
Current portion of investments	117,000	900,000
Total Investments	\$ 187,843	\$ 627,812

3. Accounts receivable:

	2025	2024
Merchant accounts receivable	\$ 43,660	\$ 116,054
Other receivables	141,310	2,671
Goods and services tax receivable	3,242	5,293
	\$ 188,212	\$ 124,018

4. Tangible capital assets:

	2025		2024	
	Cost	Accumulated amortization	Net book value	Net book value
Land held in trust	\$ 200,765	\$ -	\$ 200,765	\$ 214,982
Buildings held in trust	709,500	(295,668)	413,832	488,803
Computer hardware and software	54,439	(42,794)	11,645	14,748
Furniture and equipment	38,656	(28,001)	10,655	13,321
	\$ 1,003,360	\$ (366,463)	\$ 636,897	\$ 731,854

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Notes to Financial Statements

Year ended December 31, 2025

4. Tangible capital assets (continued):

When the Entity's agents use funds made available by the Entity to acquire, construct, or improve real capital property which is used in achieving the Entity's charitable objectives, ownership remains with the Entity, and the Entity remains entitled to any proceeds upon sale of the property. As foreign regulations may not allow a foreign buyer to be on title, this capital property is recorded as land and buildings held in trust, and the buildings held in trust are amortized over their estimated useful lives.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$12,296 (2024 - \$10,225) which includes amounts payable for payroll related taxes and workers safety insurance.

6. Designated Funds - International and National:

	2025	2024
Capital assets Held in Trust	\$ 614,597	\$ 703,785
Capital Projects and Trust Funds	34,063	148,658
Long-term Missions	220,235	955,066
Mission Projects	696,615	1,500,743
Short-term Missions	7,914	19,109
Special Lease Project - Fosmark	2,810,019	2,669,443
Operating Reserve	1,242	2,853
Emergency Fund	-	150,000
	<u>\$ 4,384,685</u>	<u>\$ 6,149,657</u>

The internally restricted funds are not available for other purposes without the approval of the Board.

7. Endowment Funds:

The Entity's endowment investments are managed externally. The Endowment Fund comprises of the original capital of \$233,500 (2024 - \$233,500) and \$6,981 (2024 - \$6,613) in accumulated investment income.

8. Interfund transfers:

The total interfund transfer of \$250,755 (2024 - \$11,915) from the Designated Fund to the General Fund is comprised of unrestricted funds to be used in regular operations, as approved by the Board. The total interfund transfer of \$7,008 (2024 - \$6,291) from the Endowment Fund to the Designated Fund is comprised of interest earned on the endowment fund in the previous year and is used for international missions.

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Notes to Financial Statements

Year ended December 31, 2025

9. Commitments:

The Entity has entered into various building and equipment operating leases, as well as maintenance agreements with estimated minimum annual payments as follows:

2026	\$	82,130
2027		73,774
2028		71,008
2029		71,801
Thereafter		6,300,134
	\$	6,598,847

10. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk the Entity will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Entity manages its liquidity risk by monitoring its operating requirements. The Entity prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit rate risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Entity is exposed to credit risk with respect to the cash, accounts receivable and investments. Cash is substantially held at one Canadian chartered bank. The Entity assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The risk associated with investments is managed through the Entity's established Investment Policy. It is management's opinion that the Entity is not exposed to significant currency or credit risks. The fair value of financial instruments approximate their carrying values, unless otherwise noted.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Entity is exposed to interest rate risk primarily through its fixed rate investments and long-term debt. The risk associated with investments is managed through the Entity's established Investment Policy.

There have been no changes to the risk exposures outlined above from 2024.

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Notes to Financial Statements

Year ended December 31, 2025

11. Prepaid lease assets:

In 2021, the Entity entered into an arrangement with Trinity Western University (“TWU”) where a new office space has been constructed in TWU's Fosmark Centre, which is being occupied by the Entity and another party commencing September 2021, for a period of fifty years. Under the terms of the agreement the Entity was responsible for its share of the costs related to the construction of this new office space, with these costs being accumulated as a prepaid lease asset and applied to lease payments throughout the period of occupancy.

In 2022, the Entity entered into discussions with TWU to amend the agreement to clarify the portion of lease costs that the Entity is responsible for over the 50-year lease term. The total lease costs charged to the Entity from January 1, 2025, to December 31, 2025, was \$135,794 (2024 - \$130,060). Of this amount, \$64,194 (2024 - \$64,194) was deducted from the prepaid lease asset. As at December 31, 2025, \$49,387 (2024 - \$41,722) was recorded in accounts payable and accrued liabilities and \$22,213 (2024 - \$24,144) recorded to long-term lease liability.

In 2023, the Entity entered into an 89-year prepaid lease for a property in Rwanda. The total lease costs charged to the Entity from January 1, 2025, to December 31, 2025, was \$898 (2024 - \$898). The amount was deducted from the prepaid lease asset and recorded as a Designated Disbursements.