PACIFIC COMMUNITY CHURCH

Financial Statements

August 31, 2026

PACIFIC COMMUNITY CHURCH
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Year Ended August 31, 2026

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LOEWEN KRUSE | Chartered Professional Accountants

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Pacific Community Church

We have reviewed the accompanying financial statements of Pacific Community Church (the "Church") that comprise the statement of financial position as at August 31, 2026, and the statements of changes in fund balances, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 (ASNPO), 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.

Practitioner's Responsibility

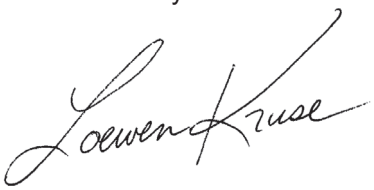
Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Pacific Community Church as at August 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.



Burnaby, British Columbia
October 27, 2026

Chartered Professional Accountants

PACIFIC COMMUNITY CHURCH
Statement of Financial Position
August 31, 2026

	General Fund	Asset Fund	Designated Fund *(Note 8)*	**2026**	2025
ASSETS					
CURRENT					
Cash	$ 130,412	$ 3,090	$ 15,523	**$ 149,025**	$ 229,020
Accounts and accrued receivables *(Note 3)*	19,678	-	-	**19,678**	13,039
Prepaid expenses	2,987	-	-	**2,987**	8,321
	153,077	3,090	15,523	**171,690**	250,380
DISTRICT LOAN RECEIVABLE *(Note 4)*	123,534	-	-	**123,534**	119,430
DUE FROM RELATED PARTY *(Note 9)*	8,000	-	-	**8,000**	2,385
LEASE RECEIVABLE	34,000	-	-	**34,000**	24,500
CAPITAL ASSETS *(Note 5)*	-	1,917,409	-	**1,917,409**	1,970,346
	$ 318,611	$ 1,920,499	$ 15,523	**$ 2,254,633**	$ 2,367,041
LIABILITIES AND FUND BALANCES					
CURRENT					
Accounts payable and accrued liabilities	$ 58,103	$ 3,090	$ 925	**$ 62,118**	$ 54,763
Payable to government authorities - source deductions	8,938	-	-	**8,938**	7,213
Rental deposits and deferred rental revenue	5,637	-	-	**5,637**	19,185
	72,678	3,090	925	**76,693**	81,161
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS	-	4,093	-	**4,093**	-
	72,678	7,183	925	**80,786**	81,161
FUND BALANCES					
Unrestricted	245,933	-	-	**245,933**	303,633
Internally restricted	-	1,913,316	-	**1,913,316**	1,970,346
Externally restricted	-	-	14,598	**14,598**	11,901
	245,933	1,913,316	14,598	**2,173,847**	2,285,880
	$ 318,611	$ 1,920,499	$ 15,523	**$ 2,254,633**	$ 2,367,041

LEASE COMMITMENT *(Note 6)*

ON BEHALF OF THE BOARD

_____ _____

Director *Director*

See notes to financial statements

PACIFIC COMMUNITY CHURCH
Statement of Changes in Fund Balances
Year Ended August 31, 2026

	General Fund	Asset Fund	Designated Fund *(Note 8)*	**2026**	2025
FUND BALANCES - BEGINNING OF YEAR	$ 303,633	$ 1,970,346	$ 11,901	**$ 2,285,880**	$ 2,340,596
Excess (deficiency) of revenue over expenses	(6,410)	(108,320)	2,697	**(112,033)**	(54,716)
Interfund transfers *(Note 7)*	(51,290)	51,290	-	**-**	-
FUND BALANCES - END OF YEAR	$ 245,933	$ 1,913,316	$ 14,598	**$ 2,173,847**	$ 2,285,880

See notes to financial statements

PACIFIC COMMUNITY CHURCH
Statement of Operations
Year Ended August 31, 2026

	General Fund	Asset Fund	Designated Fund *(Note 8)*	**2026**	2025 *(Note 12)*
REVENUE					
Contributions	$ 498,881	$ -	$ 46,527	**$ 545,408**	$ 635,817
Rental revenue	316,245	-	-	**316,245**	248,451
Program and other revenue	18,154	-	-	**18,154**	24,443
Federal government wage subsidies	15,968	-	-	**15,968**	10,180
Interest income	8,657	-	-	**8,657**	10,854
Gain on disposal of assets	-	2,950	-	**2,950**	3,172
Amortization of deferred capital contributions	-	819	-	**819**	-
	857,905	3,769	46,527	**908,201**	932,917
EXPENSES					
Salaries, wages and benefits	490,305	-	-	**490,305**	437,634
Ministry expenses	113,880	-	43,830	**157,710**	182,480
Amortization	-	112,089	-	**112,089**	115,429
Utilities	76,718	-	-	**76,718**	69,824
Repairs and maintenance	76,171	-	-	**76,171**	74,053
Insurance	23,458	-	-	**23,458**	21,801
Professional fees	16,872	-	-	**16,872**	16,270
IT expenses	15,180	-	-	**15,180**	15,675
Office and administration	14,549	-	-	**14,549**	15,584
Denominational contributions	13,361	-	-	**13,361**	12,726
Banking services	12,688	-	-	**12,688**	15,186
Memberships and subscription	8,072	-	-	**8,072**	7,570
Telephone	3,061	-	-	**3,061**	3,401
	864,315	112,089	43,830	**1,020,234**	987,633
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ (6,410)	$ (108,320)	$ 2,697	**$ (112,033)**	$ (54,716)

See notes to financial statements

PACIFIC COMMUNITY CHURCH
Statement of Cash Flows
Year Ended August 31, 2026

	General Fund	Asset Fund	Designated Fund	**2026**	2025
OPERATING ACTIVITIES					
Excess (deficiency) of revenue over expenses	$ (6,410)	$ (108,320)	$ 2,697	**$ (112,033)**	$ (54,716)
Items not affecting cash:					
Amortization	-	112,089	-	**112,089**	115,429
Amortization of deferred capital contributions	-	(819)	-	**(819)**	-
Gain on disposal of assets	-	(2,950)	-	**(2,950)**	(3,172)
	(6,410)	-	2,697	**(3,713)**	57,541
Changes in non-cash working capital:					
Accounts and accrued receivables	(6,639)	-	-	**(6,639)**	1,614
Prepaid expenses	5,334	-	-	**5,334**	(935)
Due from related party	(5,615)	-	-	**(5,615)**	(2,385)
Lease receivable	(9,500)	-	-	**(9,500)**	(24,500)
Accounts payable and accrued liabilities	15,715	3,090	(11,450)	**7,355**	17,568
Payable to government authorities - source deductions	1,725	-	-	**1,725**	(389)
Rental deposits and deferred rental revenue	(13,548)	-	-	**(13,548)**	15,110
	(12,528)	3,090	(11,450)	**(20,888)**	6,083
Cash flow from (used by) operating activities	(18,938)	3,090	(8,753)	**(24,601)**	63,624
INVESTING ACTIVITIES					
Purchase of capital assets	-	(59,152)	-	**(59,152)**	-
Proceeds on disposal of capital assets	-	2,950	-	**2,950**	3,400
Increase in district loan receivable	(4,104)	-	-	**(4,104)**	(4,661)
Cash flow used by investing activities	(4,104)	(56,202)	-	**(60,306)**	(1,261)
FINANCING ACTIVITY					
Contributions for purchase of capital assets	-	4,912	-	**4,912**	-
OTHER CASH FLOW ITEMS					
Interfund transfers *(Note 7)*	(51,290)	51,290	-	**-**	-
INCREASE (DECREASE) IN CASH FLOW	(74,332)	3,090	(8,753)	**(79,995)**	62,363
Cash - beginning of year	204,744	-	24,276	**229,020**	166,657
CASH - END OF YEAR	$ 130,412	$ 3,090	$ 15,523	**$ 149,025**	$ 229,020

See notes to financial statements

1. PURPOSE OF THE CHURCH

The purpose of Pacific Community Church (the "Church") is to worship God, declare the good news of Jesus Christ, do good works locally and globally and invite people to participate in the Church - God's household. The Church operates under the charter and bylaws of the Christian and Missionary Alliance - Canadian Pacific District, which is incorporated under the Societies Act of British Columbia.

The Church is an unincorporated entity operating as a registered charity under the Income Tax Act, and as such is exempt from income taxes

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Fund accounting

The Church follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Church's program delivery and administrative activities. This fund reports all unrestricted resources.

The Asset Fund accounts for the externally restricted contributions, internally restricted assets, liabilities, income (loss) on sale, gifts in kind and expenses related to the Church's capital assets.

The Designated Fund accounts for grants, program fees and gifts externally restricted by contributors and funds internally restricted by the board of directors for specific projects and designated purposes, along with the related expenses.

Revenue recognition

Externally restricted contributions and federal government wage subsidies related to general operations are recognized as revenue in the General Fund in the year in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributor. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions and grants are recognized as revenue of the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental revenue is recognized in the General Fund on a straight-line basis over the term of the rental agreement, with a lease receivable presented on the Statement of Financial Position for the difference between the straight-line basis and actual amounts received. Amounts received in advance are presented as rental deposits and deferred rental revenue.

Program and other revenue is recognized when services are rendered or the event is held.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cloud computing arrangements

The Church applies the simplification approach to its cloud computing arrangements whereby all costs are expensed in the year in which the supply of services is provided. During the year $5,513 (2025 - $4,995) of these services were expensed and are included in IT expenses, banking services, and ministry expenses.

Financial instruments

All financial instruments are initially recorded at their fair market value. Publicly traded financial instruments quoted in an active market are subsequently measured at fair value with any unrealized gains or losses and transaction costs recognized in net excess (deficiency) of revenue over expenses. All other financial instruments are adjusted for any transaction costs incurred on acquisition and are subsequently measured at their amortized cost. Financial instrument impairments and impairment reversals are recognized when incurred in net excess (deficiency) of revenue over expenses.

All financial assets and financial liabilities are measured at amortized cost, including:

Financial assets

- accounts and accrued receivables
- district loan receivable
- due from related party

Financial liabilities

- accounts payable and accrued liabilities

Cash and cash equivalents

Any term deposits or similar contractual instruments that are cashable and have a maturity term of three months or less are classified as cash equivalents.

Capital assets

Capital assets purchased are stated at cost less accumulated amortization. Capital assets contributed are recorded at the fair value as of the date of receipt. Amortization is provided at various rates on a straight-line basis designed to amortize the assets over their estimated useful life. Amortization is reported in the Asset Fund. The amortization rates are as follows:

Building	15 - 35 years
Equipment	5 years
Lighting and sound equipment	5 years
Furniture and fixtures	5 years
Computer hardware	3 years
Parking lot	10 years
Landscaping	3 years

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services and materials

Volunteers assist the Church in carrying out its purposes, program ministries and operations. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials or gifts-in-kind are only recognized at fair value on the date of the contribution to the extent they would normally be purchased for use in operations and when the fair value is reasonably determinable. During the year, the Church received non-cash gifts-in-kind of $NIL (2025 - $NIL).

Multiemployer plan

The Church participates in the Alliance Retiral Fund (ARF) administered by The Christian and Missionary Alliance in Canada, which is a defined contribution plan related to future employee benefits. The Church is only responsible for payments as specified under the plan agreement. The contribution amounts are determined based on employee services rendered during the year. During the year, the Church paid $16,831 (2025 - $15,141) for employer contributions to the plan.

Measurement uncertainty

The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Material uncertainties involving management estimates include the determination of useful lives of capital assets for the purposes of calculating amortization, specifically the useful life of the building.

3. ACCOUNTS AND ACCRUED RECEIVABLES

	2026	2025
Federal government - Canada Summer Jobs wage subsidies	**$ 15,968**	$ 10,180
Federal government - Public Services Bodies' rebate	**3,710**	2,859
	$ 19,678	$ 13,039

4. DISTRICT LOAN RECEIVABLE

The Church has loaned money to the Christian and Missionary Alliance – Canadian Pacific District (C&MA) loan development fund. The interest on the loan is receivable on June 30th and December 31st each year. The interest rate is calculated at 1.25% above the Royal Bank of Canada 179 days redeemable GIC rate. The rate is reviewed on March 31st, June 30th, September 30th and December 31st, with changes being made on June 30th and December 31st only, unless the interest rate has drastically changed. As at August 31, 2026, the interest rate is 3.40% (2025 - 3.50%). The value of the loan includes the interest accrued to August 31.

The loan receivable is unsecured and is redeemable upon 30 days written demand notice of repayment, given by the Church. The loan receivable has been classified as a long term asset as no demand for repayment has been given.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	**2026 Net book value**	2025 Net book value
Land (i)	$ 904,500	$ -	**$ 904,500**	$ 904,500
Building (i)	2,809,617	1,838,181	**971,436**	1,036,977
Equipment	159,555	153,808	**5,747**	7,004
Lighting and sound equipment	261,312	251,594	**9,718**	19,785
Furniture and fixtures	104,546	97,500	**7,046**	822
Computer hardware	84,735	83,083	**1,652**	1,258
Parking lot	117,763	117,763	**-**	-
Landscaping	55,165	50,707	**4,458**	-
Construction in progress (ii)	12,852	-	**12,852**	-
	$ 4,510,045	$ 2,592,636	**$ 1,917,409**	$ 1,970,346

(i) The legal title of the land and building is held in the name of the Christian and Missionary Alliance - Canadian Pacific District.

(ii) Construction in progress is not being amortized as it is still incomplete and not yet in operational use.

During the year, the Church sold fully amortized furniture and equipment that had an original cost of $40,979 as these assets were no longer in use.

6. LEASE COMMITMENT

The Church has a lease with respect to its photocopy equipment. The lease is $308 per month under a lease expiring May 31, 2030. Future minimum lease payments are as follows:

Future minimum lease payments:

2027	$ 3,696
2028	3,696
2029	3,696
2030	2,772
	$ 13,860

7. INTERFUND TRANSFERS

During the year, the following interfund transfers occurred:

$51,290 was transferred from the General Fund to the Asset Fund for the purchase of capital assets.

8. DESIGNATED FUND

Externally restricted funds in the Designated Fund consist of:

	Opening balance	Revenue	Expenses	**Closing balance**
Missional Fund	6,094	36,552	(33,855)	**8,791**
Brandon Wallace Memorial Bursary	5,807	-	(1,000)	**4,807**
Help Fund	-	1,200	(200)	**1,000**
Community Kitchen	-	8,775	(8,775)	**-**
	$ 11,901	$ 46,527	$ (43,830)	**$ 14,598**

9. RELATED PARTY BALANCES AND TRANSACTIONS

The following is a summary of the Church's related party transactions:

	2026	2025
Christian and Missionary Alliance - Canadian Pacific District *(the Church operates under the constitution and bylaws of the District)*		
Interest income	**$ 4,104**	$ 4,661
Insurance expense	**(2,210)**	(3,422)
Salaries, wages and benefits	**(12,591)**	(9,467)
Denominational contributions	**(13,361)**	(12,726)
Storehouse Community Hub Society *(the Church has significant influence over the Society)*		
Rental income	**244,598**	186,226
Recovery of repairs and maintenance expense	**-**	24,182
Catering expense	**(6,029)**	-
Ministry expense	**(8,775)**	(42,917)
	$ 205,736	$ 146,537

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at August 31, 2026, the amounts owing to related parties is $925 (2025 - $1,875) and are due according to normal trade payable terms and have therefore been included as part of the accounts payable and accrued liabilities on the Statement of Financial Position.

As at August 31, 2026, the amount due from Storehouse Community Hub Society is $8,000 (2025 - $2,385), is unsecured, non interest-bearing and has no repayment terms and as such, has been presented as a long term asset on the Statement of Financial Position.

The Church is economically dependent on Storehouse Community Hub Society to fund a portion of its operations. During the year, the Church received rental revenue equal to 27% (2025 - 20%) of its total revenue.

10. CREDIT FACILITIES

The Church has a line of credit available with the Royal Bank of Canada. The borrowing limit is $100,000 with interest at prime plus 0.50% per annum. The outstanding balance of the credit facility as at August 31, 2026 is $NIL (2025 - $NIL).

The Church has an unsecured credit facility with Royal Bank of Canada related to its credit cards. The Church's Avion Visa Business card credit limit is $20,000 (2025 - $16,000). Unpaid balances bear interest at 19.99% per annum.

The credit facilities are made available through the credit facilities agreement between the Royal Bank of Canada and the Christian and Missionary Alliance - Canadian Pacific District, as established specifically in the Congregation Borrowing Limit. The credit facilities are guaranteed by the Christian and Missionary Alliance - Canadian Pacific District via a general security agreement.

11. FINANCIAL INSTRUMENTS RISK

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Church is exposed to credit risk for its cash, accounts and accrued receivables, and district loan receivable. Exposures to and concentrations of credit risk, and significant changes to the risk exposure from the prior year, are as follows:

- Cash held at year-end exceed the amounts covered by the Canadian Deposit Insurance Corporation, serving to increase credit risk. The Church mitigates this risk by depositing their cash with a large, high quality financial institution.
- Accounts and accrued receivables are non-interest bearing and are generally due within 30 to 60 days of the invoice date. Management evaluates the credit worthiness of its customers and regularly reviews accounts receivable for possible impairments related to collection. All of the accounts and accrued receivables are due from government authorities.
- The district loan receivable is held by one organization and is unsecured. Therefore, any financial difficulties encountered by the organization could adversely affect the collectability and valuation of the funds.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. Specifically, program and other revenue is now presented separately from contributions.