

Financial Statements of

**UNION GOSPEL MISSION**

And Independent Auditor's Report thereon

Year ended June 30, 2025



**KPMG LLP**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Union Gospel Mission

### **Report on the Audit of Financial Statements**

#### ***Opinion***

We have audited the financial statements of Union Gospel Mission (the "Entity"), which comprise:

- the statement of financial position as at June 30, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedule 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 June 30, 2025, and its results of 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 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 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 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 disclosure 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 matter 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.

### **Report on Other Legal and Regulatory Requirements**

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Vancouver, Canada  
October 23, 2025

# UNION GOSPEL MISSION

## Statement of Financial Position

June 30, 2025, with comparative information for 2024

	2025	2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,394,326	\$ 9,965,852
Accounts receivable	203,442	89,867
Prepaid expenses	508,841	404,559
Due from related party (note 5)	-	52,716
	<u>4,106,609</u>	<u>10,512,994</u>
Tangible capital assets (note 3)	33,781,068	34,840,120
Security deposit	25,934	18,428
Due from related party (note 5)	3,504,986	2,655,894
	<u>\$ 41,418,597</u>	<u>\$ 48,027,436</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 3,108,374	\$ 2,838,932
Tenant deposits	16,675	13,975
Due to related party (note 5)	913,397	2,700,286
	<u>4,038,446</u>	<u>5,553,193</u>
Net assets:		
Unrestricted – General fund	3,060,630	7,447,195
Externally restricted – Designated funds	537,761	186,928
Invested in tangible capital assets – Capital asset fund	33,781,760	34,840,120
	<u>37,380,151</u>	<u>42,474,243</u>
Related party transactions (note 6)		
Contingent liabilities (note 9)		
Commitments (note 10)		
	<u>\$ 41,418,597</u>	<u>\$ 48,027,436</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director

Director



# UNION GOSPEL MISSION

## Statement of Operations

Year ended June 30, 2025, with comparative information for 2024

	General Fund	Designated Funds	Capital Asset Fund	Total 2025	Total 2024
<b>Revenue:</b>					
General donations and grants (note 6(c))	\$ 26,055,918	\$ 691,000	\$ 735	\$ 26,747,653	\$ 27,695,667
Gifts-in-kind	3,541,174	-	-	3,541,174	3,890,466
Legacy and estate gifts (note 6(b))	1,408,939	-	-	1,408,939	3,778,921
Other donations (note 6(c))	6,987,989	-	37,896	7,025,885	4,672,335
Residential rental income	700,149	-	-	700,149	436,751
Commercial rental income	102,000	-	-	102,000	84,667
Store sales	1,139,101	-	-	1,139,101	943,990
Other services and subsidies	856,266	-	-	856,266	301,489
Interest and investment income	424,879	-	-	424,879	650,711
Miscellaneous revenues	8,889	5,000	-	13,889	13,028
	41,225,304	696,000	38,631	41,959,935	42,468,025
<b>Expenses (Schedule):</b>					
<b>Programs:</b>					
Outreach and community engagement	8,243,120	-	-	8,243,120	4,038,305
Addiction recovery	2,384,782	-	-	2,384,782	2,129,251
Women and children	7,742,403	-	-	7,742,403	6,401,702
Food services	3,770,547	-	-	3,770,547	3,244,512
<b>Store operations:</b>					
Gifts in kind	591,376	-	-	591,376	647,909
Other	1,024,237	-	-	1,024,237	756,455
Other program costs	3,921,229	-	-	3,921,229	5,056,010
	27,677,694	-	-	27,677,694	22,274,144
<b>Properties and infrastructure (note 3):</b>					
Building operations	1,954,765	-	1,006,671	2,961,436	2,534,344
Infrastructure and other	1,731,929	-	477,748	2,209,677	2,895,715
	3,686,694	-	1,484,419	5,171,113	5,430,059
<b>Other operating costs:</b>					
Public education and fundraising	7,500,387	-	-	7,500,387	7,451,257
General administration	5,269,159	-	-	5,269,159	4,365,663
	12,769,546	-	-	12,769,546	11,816,920
	44,133,934	-	1,484,419	45,618,353	39,521,123
<b>Excess (deficiency) of revenue over expenses before undernoted</b>					
	(2,908,630)	696,000	(1,445,788)	(3,658,418)	2,946,902
Gifts to qualified donees (note 6(b))	(1,408,939)	-	(735)	(1,409,674)	(6,050,172)
Gifts to non-qualified donees	-	(26,000)	-	(26,000)	-
<b>Excess (deficiency) of revenue over expenses</b>					
	\$ (4,317,569)	\$ 670,000	\$ (1,446,523)	\$ (5,094,092)	\$ (3,103,270)

See accompanying notes to financial statements.

# UNION GOSPEL MISSION

## Statement of Changes in Net Assets

Year ended June 30, 2025, with comparative information for 2024

	General Fund	Designated Funds	Capital Asset Fund	Total 2025	Total 2024
Balance, beginning of year	\$ 7,447,195	\$ 186,928	\$ 34,840,120	\$ 42,474,243	\$ 45,577,513
Excess (deficiency) of revenue over expenses	(4,317,569)	670,000	(1,446,523)	(5,094,092)	(3,103,270)
Fund transfers during the year	(68,996)	(319,167)	388,163	-	-
Balance, end of year	\$ 3,060,630	\$ 537,761	\$ 33,781,760	\$ 37,380,151	\$ 42,474,243

See accompanying notes to financial statements.

# UNION GOSPEL MISSION

## Statement of Cash Flows

Year ended June 30, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating:		
Deficiency of revenue over expenses	\$ (5,094,092)	\$ (3,103,270)
Items not involving cash:		
Amortization of tangible capital assets	1,485,112	1,513,635
Amortization of intangible asset	-	44,856
Changes in non-cash operating working capital:		
Accounts receivable	(113,575)	(56,189)
Prepaid expenses	(104,282)	(46,823)
Deposits	(7,506)	(18,428)
Inventory	-	70,804
Accounts payable and accrued liabilities	269,442	426,730
Tenant deposits	2,700	155
Amounts due to/from related parties	(1,734,173)	2,331,131
	(5,296,374)	1,162,601
Investing:		
Acquisition of tangible capital assets	(426,060)	(731,642)
Advances to related party	(849,092)	(883,472)
	(1,275,152)	(1,615,114)
Decrease in cash and cash equivalents	(6,571,526)	(452,513)
Cash and cash equivalents, beginning of year	9,965,852	10,418,365
Cash and cash equivalents, end of year	\$ 3,394,326	\$ 9,965,852

See accompanying notes to financial statements.

# UNION GOSPEL MISSION

Notes to Financial Statements

Year ended June 30, 2025

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## 1. Operations:

Union Gospel Mission (the “Mission”) is a not-for-profit organization incorporated under the laws of British Columbia and is registered under the *Societies Act* (British Columbia) and as a charity under the *Income Tax Act*.

The purpose of the Mission is to demonstrate the love of Christ by feeding hope and changing lives through a faith-based continuum of care. The Mission offers a comprehensive range of life-changing programs and services which include outreach, meals, chaplaincy, drop-ins, emergency shelter, family services, alcohol and drug recovery, aftercare, employment services, and housing.

## 2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. The significant accounting policies are as follows:

### (a) Basis of presentation:

The Mission Directors are the members of each of Union Gospel Mission Foundation (“Foundation”), Union Gospel Housing Society (“Housing”) and Union Gospel (Heatley) Housing Society (“Heatley”) and all entities have the same individuals on each of their respective Board of Directors. These financial statements have been prepared on a non-consolidated basis to reflect the operations of the Mission only (note 7).

Effective for the current fiscal year, management has adopted a change in the basis of presentation of the Statement of Financial Position to no longer present on a by fund basis but on a consolidated basis. This change was made as management considered the by fund basis as not providing significant additional useful information. The Statement of Operations and Statement of Changes of Net Assets continue to be presented by fund to ensure transparency regarding restrictions on net assets.

Fund accounting:

The resources and operations of the Mission have been segregated for accounting purposes into the following funds:

- (i) The General Fund accounts for revenue and expenses relating to the operations of the Mission including its program delivery and other operating expenses.
- (ii) The Designated Fund accounts for approved, special-purpose gifts and their related costs when incurred.
- (iii) The Capital Asset Fund accounts for the Mission’s assets, liabilities, revenue and amortization related to the Mission’s capital assets.

To meet the 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. These interfund transfers are recorded in the statement of changes in net assets.

# UNION GOSPEL MISSION

Notes to Financial Statements (continued)

Year ended June 30, 2025

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## 2. Significant accounting policies (continued):

### (b) Cash and cash equivalents:

Cash includes cash and cash equivalents. Cash equivalents consist of highly liquid investments that can be readily convertible to cash, normally with maturities of three months or less at date of purchase.

The Mission's investment activities are governed by investment policies set by the Board of Directors. These policies include guidelines as to asset categories and mix in accordance with the risk and return objectives established by the Board of Directors and management.

### (c) Tangible capital assets:

Tangible capital assets are stated at historical cost less accumulated amortization. Contributed assets are recorded at fair value at the date of contribution. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Asset	Basis	Rate
Buildings	Straight-line	20 to 40 years
Leasehold improvements	Straight-line	10 to 20 years
Biological	Straight-line	10 years
Equipment, furniture and fixtures	Declining balance	20% to 30%
Equipment, furniture and fixtures	Straight-line	5 years
Automobile	Straight-line	5 to 15 years
Computer software	Declining balance	30%
Computer hardware	Straight-line	5 years
Women and Family Recovery Centre ("Cordova"):		
Building	Straight-line	40 years
Roof and elevators	Straight-line	25 years
Plumbing	Straight-line	20 years
HVAC	Straight-line	15 years
Equipment	Straight-line	5 years

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Tangible capital assets acquired during the year are amortized starting when they are placed into service. Assets under development are not amortized until completed and available for use.

When significant, practicable and estimates can be made of the separate useful lives, tangible capital assets have been componentized and accounted for as separate items.

# UNION GOSPEL MISSION

Notes to Financial Statements (continued)

Year ended June 30, 2025

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## 2. Significant accounting policies (continued):

### (d) Impairment of long-term assets:

The Mission reviews the carrying value of its tangible capital for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Mission'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 of Operations at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

### (e) Revenue recognition:

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

Restricted contributions related to general operations are recognized as revenue in the General Fund in the year in which the related expenses are incurred. Restricted contributions designated for other specified purposes and related to capital assets are recorded in the Designated Fund and Capital Asset Fund, respectively, when received.

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

Government assistance, in the form of forgivable loans, is recognized as grant revenue when received.

Investment income is recognized as revenue in the year it is earned.

Other income is recognized as revenue when due or earned.

### (f) Donated materials and services:

Donated materials are recorded at fair value when fair value can be reasonably estimated.

A substantial number of volunteers contribute a significant amount of time to the Mission each year. Because of the difficulty in determining their fair value, these contributed services are not recognized in these financial statements.

### (g) Employee future benefits:

The Mission and its employees contribute to a defined contribution group RRSP plan. Contributions made by the Mission to the plan are expensed as incurred.

# UNION GOSPEL MISSION

Notes to Financial Statements (continued)

Year ended June 30, 2025

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## 2. Significant accounting policies (continued):

### (h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Mission has not made this election.

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 Mission 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 Mission 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.

### (i) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts 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. An area requiring the use of management estimates includes the determination of useful lives of tangible capital assets for purposes of amortization. Actual results could differ from these estimates.

# UNION GOSPEL MISSION

Notes to Financial Statements (continued)

Year ended June 30, 2025

### 3. Tangible capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 85,400	\$ -	\$ 85,400	\$ 85,400
Buildings	244,367	244,367	-	-
Leasehold improvements	1,267,331	894,419	372,911	348,675
Equipment	3,478,665	2,652,162	826,503	959,423
Biological	36,420	5,463	30,957	34,599
Furniture and fixtures	3,023,151	1,761,983	1,261,168	1,459,881
Automobile	1,355,397	1,080,295	275,102	319,742
Computer software	87,485	85,234	2,251	2,943
Computer hardware	210,250	101,683	108,567	65,107
	9,788,466	6,825,606	2,962,860	3,275,770
Women and Family Recovery Centre:				
Building	29,723,448	2,586,042	27,137,406	27,842,179
Roof and elevators	983,985	137,757	846,228	885,587
Plumbing	2,136,384	373,867	1,762,517	1,869,336
HVAC	1,160,698	270,830	889,868	967,248
	34,004,515	3,368,496	30,636,019	31,564,350
Capital work in progress	182,189	-	182,189	-
	\$ 43,975,170	\$ 10,194,102	\$ 33,781,068	\$ 34,840,120

Total amortization of \$1,485,112 (2024 - \$1,513,635) is included in properties and infrastructure expenses in the Statement of Operations.

The Mission holds a ground lease on the land from the Foundation until 2060, which allowed the Mission to construct a building, otherwise use, occupy and enjoy the land.

The costs incurred for the Cordova have been funded by the Foundation through donations and grant contributions raised by the Mission and the Foundation, which are then contributed to and maintained by the Foundation as part of the Women and Family Recovery Centre Fund (note 6(c)) in accordance with the Foundation's purpose.

### 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$359,945 (2024 - \$421,212), which includes amounts payable to WorkSafe BC and the Minister of Finance for payroll related taxes.

# UNION GOSPEL MISSION

Notes to Financial Statements (continued)

Year ended June 30, 2025

## 5. Due from (to) related parties:

	2025	2024
Due from related parties - current:		
Union Gospel Housing Society	\$ -	\$ 52,716
Due from related party - long-term:		
Union Gospel (Heatley) Housing Society	\$ 3,504,986	\$ 2,655,894
Due to related party - current:		
Union Gospel Mission Foundation	\$ 288,023	\$ 2,700,286
Union Gospel Housing Society	469,627	-
Union Gospel (Heatley) Housing Society	155,747	-
	<u>\$ 913,397</u>	<u>\$ 2,700,286</u>

The current amounts due to or from related parties have no set terms for repayment and are payable on demand. Amounts due to the Foundation are non-interest bearing. All other amounts bear interest at the Vancouver City Savings Credit Union ("Vancity") prime rate plus 0.75% (2024 - Vancity prime rate plus 0.75%).

The long-term amount due from a related party has no set terms for repayment and is payable on demand. As the parties have agreed that this amount will not be demanded in the subsequent year it has been classified as a long-term liability in these financial statements. The amount bears interest equal to Vancouver City Savings Credit Union ("Vancity") prime plus 0.75% (2024 – Vancity prime rate plus 0.75%).

## 6. Related party transactions:

(a) During the year, the Mission had the following related party transactions:

	2025	2024
	Received (paid)	Received (paid)
Union Gospel (Heatley) Housing Society:		
Interest on related party balances (note 5)	\$ 213,478	\$ 185,386
Thrift store rental	(87,925)	(85,214)
Thrift store property tax	(37,205)	(35,958)
Union Gospel Housing Society:		
Interest on related party balances (note 5)	(30,255)	(8,271)
Union Gospel Mission Foundation:		
Rent for the use of the buildings	(769,873)	(587,144)

The above 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.

# UNION GOSPEL MISSION

Notes to Financial Statements (continued)

Year ended June 30, 2025

## 6. Related party transactions (continued):

- (b) During the year, the Mission made the following donations to the Foundation which are included in Gifts to qualified donees:

	2025	2024
Unrestricted donations:		
Legacy and estate gifts	\$ 1,408,939	\$ 3,778,921
Restricted donations:		
Women and Family Recovery Centre project (note 3)	735	460,910
Victoria property (i)	-	1,810,341
	735	2,271,251
	\$ 1,409,674	\$ 6,050,172

- (i) In fiscal year 2024, a property in Victoria was acquired under the Foundation as part of the strategy to expand the Women and Family Recovery program. The Mission received a gift of \$2,000,000 from a donor towards this property acquisition, of which \$1,810,341 was donated to the Foundation as a qualified donee to fund the expenditures incurred by the Foundation on the property purchase and related capital improvements made to the end of June 30, 2024.
- (c) During the year, the Mission received the following donations from the Foundation which are included in General and Other donations:

	2025	2024
Unrestricted donations - other	\$ 6,987,989	\$ 4,380,122
Restricted donations -		
Women and Family Recovery Centre project costs	37,896	122,544
	\$ 7,025,885	\$ 4,502,666

The Cordova continues to be funded by the Women and Family Recovery Centre Fund established and maintained by the Foundation. The Foundation performs a financial stewardship role with respect to the Fund, receiving all donations and grants towards the Cordova, holding such funds, and disbursing such funds towards construction and other project related expenditures on behalf of the Mission. As a qualified donee, the Mission receives all such disbursements as donations from the Foundation.

- (d) Certain expenses incurred by the Mission are shared services costs and are allocated and charged to each of the related entities on a pro-rata share basis. The Mission also charges fees for administration rendered to the related parties. The amounts recovered from affiliated entities totaled \$1,313,990 (2024 - \$1,516,075) and are recorded as recovery against the relevant expenses incurred.

# UNION GOSPEL MISSION

Notes to Financial Statements (continued)

Year ended June 30, 2025

## 7. Non-consolidated entities:

Housing operates a social housing project, Orchard. Heatley operates two social housing projects, Maurice McElrea Place and Hastings. The Foundation, a registered charity under the *Income Tax Act*, was established in October 2001 to raise, distribute and administer funding and support for the programs and activities of the Mission.

Housing and Heatley are incorporated under the *Societies Act* (British Columbia) and are not-for-profit organizations under the *Income Tax Act*.

Housing, Heatley, and the Foundation have not been consolidated in the Mission's financial statements. Financial summaries of these non-consolidated entities are as follows as at June 30:

	2025	2024
<b>Assets:</b>		
Total assets	\$ 62,827,713	\$ 59,061,099
<b>Liabilities and net assets:</b>		
Total liabilities	\$ 12,837,280	\$ 12,149,287
Total net assets	49,990,433	46,911,812
	<b>\$ 62,827,713</b>	<b>\$ 59,061,099</b>
<b>Results of operations:</b>		
Total revenue	\$ 13,732,930	\$ 11,465,063
Total expenses	(10,743,241)	(8,211,187)
	<b>\$ 2,989,689</b>	<b>\$ 3,235,072</b>
	2025	2024
<b>Cash flow activities:</b>		
Total cash provided by operating activities	\$ (130,655)	\$ 1,897,332
Total cash provided by (used in) investing activities	(425,985)	(3,158,739)
Total cash used in financing activities	572,065	604,388
Increase (decrease) in cash	15,425	(657,019)
Cash and cash equivalents, beginning of year	30,316,222	30,973,241
Cash and cash equivalents, end of year	<b>\$ 30,331,647</b>	<b>\$ 30,316,222</b>

## 8. Bank credit facility:

The Mission is included as a co-borrower, together with the Foundation in respect of a \$1.5 million operating credit facility arranged with Vancouver City Savings Credit Union ("Vancity"). The credit facility is with interest rates at Vancity prime plus 0.75% per annum. As at June 30, 2025 there was no outstanding balance under this facility (2024 - nil).

In addition, a \$224,112 (2024 - \$214,153) term deposit is held with Vancity as security on its credit card facility.

# UNION GOSPEL MISSION

Notes to Financial Statements (continued)

Year ended June 30, 2025

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## 9. Contingent liabilities:

- (a) The Mission and the Foundation together arranged credit facilities with the BCHMC, the Royal Bank of Canada ("RBC") and Vancity for construction of the Hastings building, which is owned by the Foundation. The building was completed in 2011, the Vancity line of credit was repaid, and the RBC mortgage was renewed with the Peoples Trust Company ("PTC"). However, the Mission remains contingently liable for the BCHMC and the PTC loans, which together totaled \$10,263,219 (2024 - \$10,452,128) as at year-end. Management does not believe any liability will arise from the Foundation's \$5,000,000 forgivable loan from BCHMC, and accordingly, no amount has been accrued in either the Mission or Foundation's financial statements.
- (b) During fiscal 2022, the Mission entered into a \$2,000,000 forgivable loan agreement with BCHMC and received the full loan proceeds to fund the Cordova project, secured by a charge over the real property and guarantee by the Foundation. Repayment of principal and interest will not be required unless the land ceases to be used for the intended purposes, being the development and provision of a minimum of 63-affordable housing units to eligible occupants.

Provided those applicable criteria are met, a proportionate amount of the loan is forgivable by BCHMC over 25-years commencing the 11th year of the mortgage in 2032 at a rate of \$80,000 per year. If repayment is required, interest will be calculated at the Royal Bank prime rate plus 2% per annum, compounded semi-annually not in advance. The Mission expects to meet the condition over the 35-year period and has recorded the \$2,000,000 forgivable loan as grant revenue in the year ended June 30, 2022.

- (c) The Mission also entered into a \$11,375,000 forgivable loan agreement during fiscal 2022 with CMHC and received the full loan proceeds to fund the Cordova project, secured by a fixed and floating charge over the real property and other assets. Repayment of principal and interest will not be required unless the land ceases to be operated in accordance with specified affordability, accessibility, and energy efficiency criteria.

Provided those applicable criteria are met, a proportionate amount of the loan is forgivable by CHMC over 20-years commencing on each anniversary of the date of final advance being November 1, 2022. If repayment is required, interest will be calculated at 5% per annum, compounded monthly not in advance. The Mission expects to meet the condition over the 20-year period and has recorded \$1,395,416 and \$9,979,584 received in each of the 2024 and 2022 respective fiscal years as grant revenue for a total of \$11,375,000.

# UNION GOSPEL MISSION

Notes to Financial Statements (continued)

Year ended June 30, 2025

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## 10. Commitments:

The Mission has various multi-year operating lease agreements for warehouse space and office equipment expiring in 2029.

The remaining minimum payments under the lease agreements are as follows:

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2025	\$	117,393
2026		120,654
2027		112,949
2028		112,624
2029		18,782
		<hr/>
	\$	482,403

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## 11. Financial risks and concentrations of risks:

(a) Liquidity risk:

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

(b) Credit risk:

Credit risk is the risk of economic loss arising from a party's failure to repay or service debt according to contractual terms. Financial instruments that potentially subject the Mission to concentrations of credit risk consist of cash and cash equivalents and receivables. The Mission has deposited cash and cash equivalents with large reputable financial institutions, from which management believes the risk of loss to be remote. Management does not believe the Mission is subject to any significant credit risks related to its accounts receivable or amounts due from related parties.

(c) Interest rate risk:

The Mission is exposed to interest rate risks on its due to/from related party balances (note 5) which has a floating rate of interest which is subject to cash flow risk.

There has been no significant change to the risk exposures from the prior year.

## 12. Disclosure of remuneration:

The *Societies Act* (British Columbia) has a requirement for the disclosure in the financial statements of the remuneration of directors, employees and contractors. For the fiscal year ending June 30, 2025, the Mission paid total remuneration of \$10,349,340 (2024 - \$7,449,141) to 101 (2024 – 72) employees or contractors with annual remuneration in excess of \$75,000 or greater. No remuneration was paid to any members of the Board of Directors.

# UNION GOSPEL MISSION

## Schedule of Expenses

Year ended June 30, 2025, with comparative information for 2024

	2025	2024
Salaries and benefits	\$ 27,935,989	\$ 22,935,243
Gifts-in-kind used	3,541,174	3,890,466
Office supplies and services	2,469,191	2,186,135
Food and kitchen supplies and services	2,058,927	1,800,382
Newsletters and campaign appeals	1,380,788	1,639,955
Programs and events	1,840,365	1,562,985
Amortization of capital assets	1,485,112	1,513,635
Property taxes, utilities, and insurance	1,083,609	885,058
Professional and consulting services	1,124,498	825,899
Building maintenance and repairs supplies and services	794,892	807,462
Rental of facilities	1,066,059	780,744
Staff training and development	708,776	701,238
Fundraising and marketing	714,268	688,475
Bank charges and interest	601,448	520,192
Non-recovered goods and services taxes	-	151,924
Miscellaneous	127,247	102,549
Amortization of intangible asset	-	44,856
Total expenses	46,932,343	41,037,198
Less recoveries from affiliated entities (note 6(d))	(1,313,990)	(1,516,075)
	\$ 45,618,353	\$ 39,521,123