MEADOW LAKE OUTREACH MINISTRIES INC.

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

December 31, 2024

Pinnacle Business Solutions

Chartered Professional Accountants P.C. Ltd.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Meadow Lake Outreach Ministries Inc.

Qualified Opinion

We have audited the financial statements of Meadow Lake Outreach Ministries Inc. (the "organization"), which comprise the statement of financial position as at December 31, 2024, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2024, current assets and net assets as at December 31, 2024. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation of scope.

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 organization in accordance with 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 qualified audit 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 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.

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CPA CHARTERED PROFESSIONAL ACCOUNTANTS

In preparing the financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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.

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 organization'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 organization'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 organization 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.

Meadow Lake, Saskatchewan
June 16, 2025

Pinnacle Business Solutions
Chartered Professional Accountants

MEADOW LAKE OUTREACH MINISTRIES INC.

Statement of Financial Position

December 31, 2024

	2024 *General*	2024 *Restricted*	**2024**	2023
ASSETS				
Current				
Cash	$ 63,891	$ 358,130	**$ 422,021**	$ 285,482
Term deposits *(Note 3)*	20,000	-	**20,000**	40,000
Accounts receivable *(Note 4)*	22,943	132,698	**155,641**	83,361
Goods and services tax recoverable	8,472	-	**8,472**	7,247
	115,306	490,828	**606,134**	416,090
Property and equipment *(Note 5)*	1,702,907	47,306	**1,750,213**	1,645,168
	$ 1,818,213	$ 538,134	**$ 2,356,347**	$ 2,061,258
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$ 17,408	$ 34,808	**$ 52,216**	$ 39,918
Deposits received	5,190	-	**5,190**	5,190
Employee deductions payable	17,729	6,711	**24,440**	42,842
Deferred income	-	47,306	**47,306**	38,653
Vacation payable	5,937	3,897	**9,834**	3,598
Callable debt *(Note 6)*	241,426	-	**241,426**	239,010
	287,690	92,722	**380,412**	369,211
NET ASSETS				
Equipment & furnishings reserve	-	50,201	**50,201**	47,174
Maintenance reserve	-	9,054	**9,054**	6,084
Net assets	1,530,523	386,157	**1,916,680**	1,638,789
	1,530,523	445,412	**1,975,935**	1,692,047
	$ 1,818,213	$ 538,134	**$ 2,356,347**	$ 2,061,258

Approved on behalf of the Board

_______________________ *Director*

_______________________ *Director*

See notes to financial statements

MEADOW LAKE OUTREACH MINISTRIES INC.

Statement of Revenues and Expenditures

For the Year Ended December 31, 2024

	General 2024	SAFE Program 2024	2024	2023
Revenues				
Grants and other income *(Note 7)*	$ 701,559	$ 773,988	**$ 1,475,547**	$ 1,094,064
Daycare fees	122,350	-	**122,350**	90,633
Donations	486,876	-	**486,876**	400,680
Program administration	107,873	-	**107,873**	63,652
Rental revenue	178,607	12,800	**191,407**	139,372
ThriftHopeia	-	-	**-**	2,148
Other income	43,892	-	**43,892**	17,580
Interest income	2,679	-	**2,679**	396
Gain (loss) on disposal of property and equipment	-	-	**-**	(7,453)
	1,643,836	786,788	**2,430,624**	1,801,072
Expenses				
Administration	-	120,794	**120,794**	65,645
Advertising	1,580	-	**1,580**	2,440
Amortization	76,738	-	**76,738**	65,729
Automotive	7,840	-	**7,840**	5,212
Bank charges and interest	3,865	442	**4,307**	3,912
Employee benefits	103,653	21,108	**124,761**	112,498
Gifts	1,522	-	**1,522**	4,493
Grant funded expense	14,744	-	**14,744**	-
Insurance	17,075	8,224	**25,299**	24,908
Insurance and licenses	6,970	-	**6,970**	5,776
Interest on long-term debt	12,789	-	**12,789**	10,127
Meals	742	-	**742**	2,357
Miscellaneous	-	-	**-**	133
Office supplies	7,343	6,362	**13,705**	10,633
Professional fees	40,415	7,558	**47,973**	42,139
Property taxes	39,350	-	**39,350**	38,299
Rent	-	59,565	**59,565**	15,070
Repairs and maintenance	54,395	5,203	**59,598**	61,232
Security	-	-	**-**	1,659
Small tools and supplies	449,311	31,453	**480,764**	365,470
Telephone	-	16,072	**16,072**	16,333
Training	-	520	**520**	519
Transfer to maintenance reserve	-	5,998	**5,998**	2,858
Travel	391	14,321	**14,712**	20,783
Utilities	84,453	11,622	**96,075**	80,335
Wages	704,477	215,839	**920,316**	850,739
	1,627,653	525,081	**2,152,734**	1,809,299
Excess (deficiency) of revenues over expenses	$ 16,183	$ 261,707	**$ 277,890**	$ (8,227)

See notes to financial statements

MEADOW LAKE OUTREACH MINISTRIES INC.

Statement of Changes in Net Assets

For the Year Ended December 31, 2024

	General 2024	Restricted 2024	**2024**	2023
Net assets - beginning of year	$ 1,514,340	$ 177,707	**$ 1,692,047**	$ 1,697,416
Excess of revenues over expenses	16,183	261,707	**277,890**	(8,227)
Contributions during year	-	2,391	**2,391**	1,139
Drawings during year	-	3,607	**3,607**	1,719
Net assets - end of year	$ 1,530,523	$ 445,412	**$ 1,975,935**	$ 1,692,047

See notes to financial statements

MEADOW LAKE OUTREACH MINISTRIES INC.

Statement of Cash Flows

For the Year Ended December 31, 2024

	2024	2023
Cash flows from operating activities		
Cash receipts from customers	$ 2,364,318	$ 1,667,071
Cash paid to suppliers and employees	(2,052,772)	(1,687,855)
Interest received	2,679	396
Interest paid	(17,095)	(14,039)
Goods and services tax	(1,225)	(2,863)
	295,905	(37,290)
Cash flows from investing activities		
Purchase of property and equipment	(181,783)	(110,180)
Proceeds on disposal of property and equipment	-	15,000
	(181,783)	(95,180)
Cash flows from financing activities		
Proceeds from long term financing	65,000	-
Repayment of callable debt	(62,584)	(13,218)
	2,416	(13,218)
Net change in cash and cash equivalents during the year	116,538	(145,688)
Cash and cash equivalents, beginning of year	325,483	471,171
Cash and cash equivalents, end of year	$ 442,021	$ 325,483
Cash and cash equivalents consist of:		
Cash	$ 422,021	$ 285,483
Term deposits	20,000	40,000
	$ 442,021	$ 325,483

See notes to financial statements

1. Purpose of the organization

Meadow Lake Outreach Ministries Inc. (the "organization") is a not-for-profit organization of Saskatchewan.As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization operates to provide a community based Christian ministry to help meet the spiritual and physical needs of disadvantaged people in its community.

2. Significant accounting policies

Basis of presentation

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

Fund accounting

Meadow Lake Outreach Ministries Inc. follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The SAFE Program fund reflects the operations where funding is provided by various funding agencies for the provision of approved services of those agencies.

Cash and cash equivalents

Cash includes bank balance with adjustments for outstanding items and cash on hand..

Donated services and materials

Donated materials and services have not been reflected in the accompanying financial statements since no objective basis is available to measure the value of such goods and services.

Goods and services tax

GST paid on materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Land		non-depreciable
Buildings	30 years	straight-line method
Automobiles	10 years	straight-line method
Furniture and fixtures	10 years	straight-line method

The organization regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year are not amortized.

Income taxes

The organization is a registered charity and as such is exempt from income taxes under Section 149(1) of the Income Tax Act.

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2. Significant accounting policies *(continued)*

Revenue recognition - restricted fund

Meadow Lake Outreach Ministries Inc. follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

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

Revenue recognition

The organization recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exist
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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 that affect the reported amount 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. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the earnings in the period in which they become known.

3. Term deposits

	2024	2023
Term deposits		
Prime linked cashable GIC - maturing April 7 2025 at 3.2%	$ 20,000	$ 40,000

4. Accounts receivable

During the year the organization did not have any write offs.

5. Property and equipment

	Cost	Accumulated amortization	**2024 Net book value**	2023 Net book value
Land	$ 70,000	$ -	**$ 70,000**	$ 70,000
Buildings	2,146,921	690,620	**1,456,301**	1,418,383
Automobiles	86,381	7,281	**79,100**	72,811
Furniture and fixtures	292,481	147,669	**144,812**	83,975
	$ 2,595,783	$ 845,570	**$ 1,750,213**	$ 1,645,169

6. Callable debt

	Total	2024 Current Portion	**Long-term Portion**	2023 Long-term Portion
Royal Bank of Canada Loan	$ 57,443	$ -	**$ 57,443**	$ -
Royal Bank of Canada Mortgage	183,983	-	**183,983**	199,010
CEBA loan	-	-	**-**	40,000
	$ 241,426	$ -	**$ 241,426**	$ 239,010

Royal Bank of Canada mortgage is a fixed rate term loan in the amount of $199,010, repayable by monthly payments of $1,945. This loan has a 60 month term with an interest rate of 4.91% per annum. The loan is due November, 2033. The loan is secured by land and building (NBV - $362,621).

Royal Bank of Canada loan bearing interest at 6.12% per annum, repayable in monthly blended payments of $1,260. The loan matures on March 16, 2029 and is secured by land and building(NBV $362,621), $20,000 GIC.

The Canada Emergency Business Account (CEBA) loan is an interest free loan provided by the Government of Canada to assist businesses due to COVID. The loan is repayable in full by January 18, 2024.

The total principal repayment due on long-term debt in each of the next five years is as follows:

2025	$ 26,577
2026	28,064
2027	29,635
2028	31,295
2029	22,792

7. Grants and other income

	2024	2023
Ministry of Social Services	$ **773,988**	$ 399,722
Ministry of Education - Daycare	**532,165**	561,449
Food Bank of Saskatchewan	**20,131**	-
Food Bank of Canada	**12,228**	132,893
Metis Nations	**88,500**	-
Innovation Credit Union	**30,000**	-
Other Grants	**18,535**	-
	$ **1,475,547**	$ 1,094,064

8. Financial instruments

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2024.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, callable debt, and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

9. Economic dependence

The organization receives more than half of their income from government grants which are renewable on a yearly basis. Management is of the opinion that if these grants are not renewed then the operations of the organization will drastically change.