Doane Grant Thornton

Financial Statements

Carey Hall

December 31, 2025

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Doane Grant Thornton

Independent Auditor's Report

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To the Board of Directors of
Carey Hall

Opinion

We have audited the financial statements of Carey Hall (the "Entity"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Carey Hall as at December 31, 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 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.

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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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Doane Grant Thornton LLP

Vancouver, Canada
June 20, 2026

Chartered Professional Accountants

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Carey Hall
Statement of Financial Position

December 31

	General Fund	Tangible Capital Asset Fund	Specific Fund (Note 7)	**2025 Total**	2024 Total
Assets					
Current					
Cash and cash equivalents	$ 675,950	$ 61,319	$ 14,759	**$ 752,028**	$ 3,272,170
Accounts receivable	608,180	-	-	**608,180**	169,259
Promissory note receivable (Note 3)	-	-	1,500,000	**1,500,000**	1,500,000
Prepaid expenses	-	56,847	-	**56,847**	47,795
	1,284,130	118,166	1,514,759	**2,917,055**	4,989,224
Buildings and equipment (Note 8)	-	34,987,411	-	**34,987,411**	31,081,872
	$ 1,284,130	$ 35,105,577	$ 1,514,759	**$ 37,904,466**	$ 36,071,096
Liabilities					
Current					
Accounts payable and accrued liabilities (Note 4)	$ 847,904	$ -	$ -	**$ 847,904**	$ 2,857,377
Deferred income (Note 5)	826,851	-	-	**826,851**	415,025
Current portion of debt (Note 10)	-	153,682	-	**153,682**	17,701,067
	1,674,755	153,682	-	**1,828,437**	20,973,469
Debt (Note 10)	-	25,956,643	-	**25,956,643**	3,541,035
	1,674,755	26,110,325	-	**27,785,080**	24,514,504
Net assets					
Unrestricted	(390,625)	-	-	**(390,625)**	142,913
Internally restricted	-	-	1,514,759	**1,514,759**	1,514,771
Invested in tangible capital assets	-	8,995,252	-	**8,995,252**	9,898,908
	(390,625)	8,995,252	1,514,759	**10,119,386**	11,556,592
	$ 1,284,130	$ 35,105,577	$ 1,514,759	**$ 37,904,466**	$ 36,071,096

Commitments (Note 12)

Director

Ron J N Orr Director

See accompanying notes to the financial statements.

Carey Hall
Statement of Operations and Changes in Net Assets

Year ended December 31

	General Fund	Tangible Capital Asset Fund	Specific Fund (Note 7)	**2025 Total**	2024 Total
Revenue					
Tuition and fees (Note 5)	$ 166,122	$ -	$ -	**$ 166,122**	$ 82,248
Donations and grants	298,767	-	60,200	**358,967**	410,279
Student residence (Note 5)	1,512,112	-	-	**1,512,112**	606,175
Short-term accommodation (Note 5)	1,911,731	-	-	**1,911,731**	2,251,567
Interest	-	-	133,574	**133,574**	32,892
	3,888,732	-	193,774	**4,082,506**	3,383,161
Expenditures					
Personnel costs	1,360,137	-	193,786	**1,553,923**	1,565,997
Academic costs	158,493	-	-	**158,493**	136,732
Administration	1,162,081	-	-	**1,162,081**	346,530
Building and accommodations	1,209,933	-	-	**1,209,933**	949,327
	3,890,644	-	193,786	**4,084,430**	2,998,586
(Deficiency) excess of revenue over expenditures before the other items	(1,912)	-	(12)	**(1,924)**	384,575
Other items					
Amortization of buildings and equipment	-	608,783	-	**608,783**	281,950
Interest on debt	-	830,269	-	**830,269**	221,344
Other non-operating income, net	(3,770)	-	-	**(3,770)**	(61,000)
	(3,770)	1,439,052	-	**1,435,282**	442,294
Excess (deficiency) of revenue over expenditures	$ 1,858	$ (1,439,052)	$ (12)	**$ (1,437,206)**	$ (57,719)
Net assets, beginning of year	142,913	9,898,908	1,514,771	**11,556,592**	11,614,311
Interfund transfers (Note 6)	(535,396)	535,396	-	**-**	-
Net assets, end of year	$ (390,625)	$ 8,995,252	$ 1,514,759	**$ 10,119,386**	$ 11,556,592

See accompanying notes to the financial statements.

Carey Hall
Statement of Cash Flows

Year ended December 31	2025	2024
Cash provided by (used for)		
Operating		
Deficiency of revenue over expenditures	**$ (1,437,206)**	$ (57,719)
Non-cash item		
Amortization of buildings and equipment	**608,783**	281,950
Changes in other non-cash operating working capital		
(Increase) decrease in accounts receivable	**(438,921)**	120,531
Increase in prepaid expenses	**(9,052)**	(19,098)
Decrease in accounts payable and accrued liabilities	**(1,038,122)**	(197,962)
Increase in deferred income	**411,826**	97,993
	(1,902,692)	225,695
Investing		
Purchase of buildings and equipment, net	**(5,485,673)**	(15,129,862)
Financing		
Proceeds from debt, net	**4,868,223**	16,695,422
	4,868,223	16,695,422
Net (decrease) increase in cash and cash equivalents	**(2,520,142)**	1,791,255
Cash and cash equivalents, beginning of year	**3,272,170**	1,480,915
Cash and cash equivalents, end of year	**$ 752,028**	$ 3,272,170

See accompanying notes to the financial statements.

1. Nature of operations

Carey Hall (the "Entity") was established on March 20, 1959 under the Carey Hall Act of British Columbia Legislative Assembly. Carey Hall is a Baptist vocational training school with a head office in Vancouver, British Columbia, Canada with a vision to empower faithful Christian leaders for every generation, culture, and community.

The Entity's mission is to reimagine Christian discipleship by

- Delivering contextualized theological education
- Building faith, character, and competency in students
- Resourcing churches and agencies to advance their mission
- Developing sustainable partnerships for our shared vision

The Entity is the denominational seminary of the Canadian Baptists of Western Canada and is accredited by the Association of Theological Schools (ATS). In 2017, the Board of Commissioners of the Commission on Accrediting of ATS reaffirmed Carey Theological College's accreditation for a period of seven years. A comprehensive evaluation visit has taken place in the fall of 2024, and the accreditation was renewed in March 2025.

2. Summary of significant accounting policies

Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

The preparation of financial statements in conformity with ASNPO 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. Significant areas requiring the use of management estimates relate to the useful lives for amortization. Actual results may ultimately differ from these estimates.

Fund accounting

Carey Hall follows fund accounting procedures, giving recognition to restrictions on the use of resources imposed by sources outside of Carey Hall and determinations made by the Board of Administration. The fund classifications are as follows:

General fund
A non-restricted fund which reflects the activities associated with Carey Hall's day-to-day operations.

Tangible Capital Asset Fund
A restricted fund which reflects the capital investing activities of Carey Hall.

Specific Fund
An internally restricted fund which reflects funds received for specific purposes as stipulated by the donors, which may include support for the General Fund.

2. Summary of significant accounting policies (continued)

Buildings and equipment

Buildings and equipment are recorded at cost. Amortization will write off the costs of the assets over their estimated useful lives on the following basis:

Buildings	Straight-line over 40-50 years
Walter Gage Road Development	Straight-line over 40 years
Computer equipment	Straight-line over 5 years
Equipment	Straight-line over 10 years
Furniture	Straight-line over 10 years
Library	Straight-line over 20 years

Significant donated assets are capitalized at their fair market value and are amortized in accordance with the above policies.

No amortization is taken on construction in progress until the asset is put into use. Interest incurred for construction is capitalized.

Buildings and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is assessed by comparing the carrying amounts of an asset with its expected future net undiscounted cash flows from use, together with its residual value. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds their fair value.

Change in accounting estimate

Effective January 1, 2025, the Entity has revised its depreciation methodology for certain classes of capital assets. Previously, computer, equipment, furniture, and library were depreciated using the declining balance method. Under the revised policy, these assets are now depreciated using the straight-line method over their estimated useful lives.

This change was made to better reflect the pattern in which economic benefits are expected to be consumed and to improve consistency in the application of depreciation across asset classes.

The change in accounting estimate has been applied prospectively, and the carrying amount of the asset is being amortized over the remaining useful life on a straight-line basis. Accordingly, no adjustment has been made to prior periods.

Financial instruments

The Entity's financial instruments are initially measured at fair value. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. For financial instruments subsequently measured at fair value, transaction costs and financing fees are recognized in operations in the year in which they are incurred.

The Entity subsequently measures all of its financial assets and financial liabilities at amortized cost, with the exception of investments which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and promissory note receivable.

2. Summary of significant accounting policies (continued)

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and debt.

For financial assets measured at cost or amortized cost, the Entity regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Entity determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

It is management's opinion that the organization is not exposed to significant currency or credit risks arising from these financial instruments other than its debt which are exposed to interest rate risk. The Entity does not currently mitigate the risk.

Revenue recognition

The Entity 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. All other restricted contributions are recognized as revenue in the appropriate restricted fund.

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

Donations and grants are recognized when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donated services are not recognized in the financial statements due to the difficulty in determining their fair value.

Building and accommodations revenue and tuition revenue are recognized in the period the services are provided.

Deferred income represents income received in the current year that is related to the subsequent year.

Goods and services tax (GST)

Carey Hall qualifies for a 67% rebate on GST paid on its expenditures relating to charitable programs. Carey Hall is also registered for GST relating to is commercial activities on building and accommodations and is collecting GST on those revenues and claiming full input tax credits on the related expenditures.

Income taxes

Carey Hall is exempt from income taxes under the provisions of the Income Tax Act as a registered charity.

3. Promissory note receivable

	2025	2024
Canadian Baptists of Western Canada Foundation (CBWCF) promissory note receivable	**$ 1,500,000**	$ 1,500,000

Interest is accrued monthly at 2% per annum, due on December 31, 2026. The promissory note receivable is collateral for the loan disclosed in Note 10.

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of $Nil (2024 - $99,605).

Included in accounts payable and accrued liabilities is a holdback in relation to the construction of Building – Lot 40B/42 of $Nil (2024 - $1,512,138) and a payable in relation to the construction of Building – Lot 40B/42 of $Nil (2024 - $934,765).

5. Deferred income

The deferred income represents amounts collected in advance for the subsequent year tuition fees and rental income. Changes in the deferred income balance are as follows:

	2025	2024
Balance, beginning of year	**$ 415,025**	$ 317,032
Add amounts received in the year	**826,851**	415,025
Less amounts recognized as revenue in the year	**(415,025)**	(317,032)
Balance, end of year	**$ 826,851**	$ 415,025

6. Interfund transfers and interfund balances

Carey Hall may not use the internally restricted amounts without the approval of the Board of Administration.

(a) Interfund balances bear no interest and are without specific payment terms.

(b) Amounts are transferred from the Specific Fund to the General Fund as Endowment draws which in 2025 totalled $Nil (2024 - $64,020). Other transfers are approved by the Board of Administration periodically to eliminate interfund receivable and payable balances when payments are made by the General Fund on behalf of the other Funds.

(c) The Board of Administration approved transfers that were made from the Specific Fund in 2021 and 2020 to cover COVID related General Fund shortages as well as GST and Parking Tax voluntary disclosure remittances. These amounts totalled $465,878 in 2021 and $637,230 in 2020. The allocation of these amounts are $750,000 for COVID, $263,108 for GST, and $90,000 for Parking Tax. It is intended that these transfers be returned to the Specific Fund when cash from future operations is available to do so.

7. Specific Fund

The Specific Fund is internally restricted for a capital campaign for Lot 40B/42 development and for other specific purposes.

	2025	2024
Charles Bentall Chair Endowment	**$ 545,742**	$ 545,742
McDonald Chair Endowmnet	**261,988**	261,988
Charles Bentall Fund	**178,275**	178,275
ERB/Gullison Chair Endowmnet	**144,070**	144,070
Education & Mission Chair Endowment	**73,257**	73,257
H & A Johnson	**67,289**	67,289
First Baptist Curch Saskatoon	**23,806**	23,806
Pioneer McDonald Fund	**21,090**	21,090
Grenz Theology Lectures	**20,811**	20,811
Mae Benedict Fund	**18,688**	18,688
Ralston Bursary	**14,932**	14,932
Shee Lee & Ah See Fellowship	**13,602**	13,602
Housing Contingency Fund	**7,864**	7,864
Baxter Speical Use	**6,597**	6,597
Eva & Frank Smith Felllowship	**6,437**	6,437
CBM Bursary	**4,560**	4,560
A. Becker Memorial	**1,134**	1,134
Warren Lai Bursary	**808**	808
	1,410,952	1,410,952
Capital campaign for lot 40B/42 development	**103,807**	103,819
	$ 1,514,759	$ 1,514,771
Represented by		
Promissory note receivable (Note 3)	**$ 1,500,000**	$ 1,500,000
Cash and cash equivalents	**14,759**	14,771
	$ 1,514,759	$ 1,514,771

8. Buildings and equipment

	2025		
	Cost	**Accumulated amortization**	**Net book value**
Building - Lot 40A	**$ 10,194,159**	**$ 5,148,297**	**$ 5,045,862**
Building - Lot 40B/42	**29,752,131**	**356,345**	**29,395,786**
Walter Gage Road development	**198,550**	**91,074**	**107,476**
Computer equipment	**65,275**	**53,178**	**12,097**
Equipment	**188,207**	**110,108**	**78,099**
Furniture	**679,628**	**366,142**	**313,486**
Library	**58,002**	**23,397**	**34,605**
	$ 41,135,952	**$ 6,148,541**	**$ 34,987,411**

	2024		
	Cost	Accumulated amortization	Net book value
Building - Lot 40A	$ 10,535,448	$ 4,937,588	$ 5,597,860
Building - Lot 40B/42	25,281,428	-	25,281,428
Walter Gage Road development	198,550	86,110	112,440
Computer equipment	65,275	45,113	20,162
Equipment	109,853	104,709	5,144
Furniture	373,072	345,226	27,846
Library	58,002	21,010	36,992
	$ 36,621,628	$ 5,539,756	$ 31,081,872

Included in buildings and equipment is $29,752,131 (2024 - $25,295,592) of building construction, which completed in July 2025. This includes finance costs capitalized in the period of $623,547 (2024 - $978,395).

9. Leases

Carey Hall has long-term prepaid leases for Lots 40, 41, and 42 with the University of British Columbia for 999 years which commenced in 1958. Lot 41's leasehold rights for 99 years were sold to a developer in 2004. After the 99-year lease expires for lot 41, the balance of the original 999-year lease resumes.

10. Debt

	2025	2024
Peoples Group mortgage, bearing interest at BMO Bank prime rate less 0.25% per annum, minimum 3.82%, with monthly payments of $78,620, including principal and interest, due December 1, 2030.	**$ 21,092,451**	$ 16,235,492
Canadian Baptists of Western Canada Foundation (CBWCF) line of credit, bearing interest at 1.00% per annum, with monthly interest-only payments, due December 31, 2025.	**-**	1,465,575
Canadian Baptists of Western Canada Foundation (CBWCF) mortgage, secured by the Lot 40 assets, collateral for $3.55M, and pledge of promissory note receivable (Note 3), bearing interest at 5.75% per annum, with monthly payments of $24,500, including principal and interest, due February 1, 2027.	**5,017,874**	3,541,035
	$ 26,110,325	$ 21,242,102
Current portion of debt	**153,682**	17,701,067
	$ 25,956,643	$ 3,541,035

The CBWCF mortgage balance includes $24,386 (2024 - $18,746) of accrued interest.

Estimated principal repayments over the next five years are as follows:

2026	$ 153,682
2027	5,163,003
2028	158,103
2029	164,200
2030	20,471,337
	$ 26,110,325

11. Endowment funds

Carey Hall is entitled to the earnings from endowment funds held by the Vancouver Foundation. The capital of the funds is not readily available to Carey Hall and not included as an asset in the Carey Hall Statement of Financial Position.

The Vancouver Foundation is a not-for-profit organization that receives and invests funds and from these provides investment income to other not-for-profit organizations under the terms of agreements with them. During the year, the Vancouver Foundation held the following funds for the benefit of Carey Hall:

	Market 2025	**Cost 2025**	Market 2024	Cost 2024
Carey Hall Endowment Fund	**$ 2,031,576**	**$ 949,475**	$ 1,942,014	$ 949,475

12. Commitments

Carey Hall has completed the construction of a new student residence building on Lot 42 in July 2025 with an initial estimated project cost of $28,850,000 with project financing of $20,850,000 arranged with Peoples Trust Company. Costs incurred on the project in 2025 were $4,470,702 (2024 - $17,087,878). As of December 31, 2025, the Entity does not have any commitments in relation to the new student residence building.

13. Financial instruments

The carrying amounts of financial assets measured at amortized cost are $2,860,208 as at December 31, 2025 (2024 - $4,941,429).

The carrying amounts of financial liabilities measured at amortized cost are $26,958,229 as at December 31, 2025 (2024 - $24,099,479).

The Entity's activities expose it to a variety of financial risks. The Entity uses various strategies to manage these risks. The following analysis provides a measure of the entity's risk exposure as at December 31, 2025.

Market risk

Market risk is the potential for financial loss to the Entity from changes in the values of its financial instruments due to changes in interest rates, equity prices, currency exchange and other price risks.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk arises primarily from the Entity's interest-bearing mortgage payable.

13. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Entity cannot meet a demand for cash or fund its obligations as they come due. Maximum exposure to liquidity risk is $26,958,229 as at December 31, 2025 (2024 - $24,099,479), comprised of accounts payable and accrued liabilities, and debt. The current portion of the Entity's liabilities that are due to be paid in full before December 31, 2026 is $1,001,586 (2025 - $20,558,444), comprised of accounts payable and accrued liabilities, and debt.

Credit risk

Carey Hall is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. Carey Hall does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

14. Comparative figures

Certain comparative figures have been reclassified to conform to the classification used in the current year.