

Metropolitan Bible Church Ministry Corporation

Financial Statements
December 31, 2017



April 30, 2018

Independent Auditor's Report

To the Congregation of Metropolitan Bible Church Ministry Corporation

We have audited the accompanying financial statements of Metropolitan Bible Church Ministry Corporation ("the Ministry"), which comprise the statement of financial position as at December 31, 2017 and the statements of changes in fund balances, operations and cash flows for the year then ended, and the related notes, which comprise 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, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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Basis for qualified opinion

In common with many not-for-profit organizations, the Ministry derives revenues from open service offerings, other donations and fundraising, 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 Ministry. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, net revenue (expense) and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at the beginning and the end of the years ended December 31, 2017 and 2016. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effect of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Ministry as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Metropolitan Bible Church Ministry Corporation

Statement of Financial Position

As at December 31, 2017

	2017 \$	2016 \$
Assets		
Current assets		
Cash	414,012	229,110
Investments (note 3)	1,364,940	1,329,069
Accounts receivable	45,291	39,520
Due from Metropolitan Bible Church Property Corporation (note 6)	-	16,062
	<u>1,824,243</u>	<u>1,613,761</u>
Loans receivable from employees (note 6)	38,000	41,600
Capital assets (note 4)	<u>180,908</u>	<u>180,355</u>
	<u>2,043,151</u>	<u>1,835,716</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	128,575	76,213
Deferred contributions	7,568	11,568
	<u>136,143</u>	<u>87,781</u>
Fund Balances		
General Fund	702,004	655,241
Restricted Funds	<u>1,205,004</u>	<u>1,092,694</u>
	<u>1,907,008</u>	<u>1,747,935</u>
	<u>2,043,151</u>	<u>1,835,716</u>

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

Metropolitan Bible Church Ministry Corporation

Statement of Changes in Fund Balances

For the year ended December 31, 2017

	Balance - Beginning of year \$	Net revenue (expense) for the year \$	Transfers from (to) \$	Balance - End of year \$
General Fund	655,241	46,763	-	702,004
Missions Fund	146,489	(11,501)	-	134,988
Capital Fund	-	4	-	4
Benevolent Fund	12,945	597	-	13,542
Memorial Fund	51,988	46,356	-	98,344
Scholarship Fund	1,813	3,015	-	4,828
Vision Fund	429,459	73,839	-	503,298
Reserve Fund	450,000	-	-	450,000
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	1,747,935	159,073	-	1,907,008
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The accompanying notes are an integral part of these financial statements.

Metropolitan Bible Church Ministry Corporation

Statement of Operations

For the year ended December 31, 2017

							2017	2016
	General Fund	Restricted Funds					Total	Total
	Missions Fund	Capital Fund	Benevolent Fund	Memorial Fund	Scholarship Fund	Vision Fund		
	\$	\$	\$	\$	\$	\$		
Revenue								
Donations -								
Specific	11,428	244,622	116,764	22,027	89,133	4,754	467,750	956,478
Church program	3,084,993	-	-	-	-	-	-	3,084,993
Rental income	54,570	-	-	-	-	-	-	54,570
Interest	16,536	-	-	-	-	-	-	16,536
Ministries	10,023	-	-	-	-	-	-	10,023
	<u>3,177,550</u>	<u>244,622</u>	<u>116,764</u>	<u>22,027</u>	<u>89,133</u>	<u>4,754</u>	<u>467,750</u>	<u>4,122,600</u>
								<u>4,335,571</u>
Expense								
Administration	94,768	-	-	-	-	-	-	94,768
Pastoral support	46,022	-	-	-	-	-	-	46,022
Plant	413,101	-	-	-	-	-	-	413,101
Personnel	1,516,017	-	-	-	-	-	-	1,516,017
Living community	45,786	-	-	-	-	-	-	45,786
Regional outreach	3,222	-	-	-	-	-	-	3,222
Children's Ministries	33,073	-	-	-	-	-	-	33,073
Youth Ministries	61,885	-	-	-	-	-	-	61,885
Adult Ministries	11,861	-	-	-	-	-	-	11,861
Missions	734,227	256,123	-	-	-	-	-	990,350
Other	50,825	-	-	-	-	-	-	50,825
Rent (note 6)	120,000	-	-	-	-	-	-	120,000
Scholarship	-	-	-	-	-	1,739	-	1,739
Donation to the Property Corporation (note 6)	-	-	116,760	-	-	-	-	116,760
Social assistance	-	-	-	21,430	-	-	-	21,430
Memorial	-	-	-	-	42,777	-	-	42,777
Reproducing church	-	-	-	-	-	-	393,911	393,911
	<u>3,130,787</u>	<u>256,123</u>	<u>116,760</u>	<u>21,430</u>	<u>42,777</u>	<u>1,739</u>	<u>393,911</u>	<u>3,963,527</u>
								<u>4,197,490</u>
Net revenue (expense) for the year	<u>46,763</u>	<u>(11,501)</u>	<u>4</u>	<u>597</u>	<u>46,356</u>	<u>3,015</u>	<u>73,839</u>	<u>159,073</u>
								<u>138,081</u>

The accompanying notes are an integral part of these financial statements.

Metropolitan Bible Church Ministry Corporation

Statement of Cash Flows

For the year ended December 31, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Net revenue for the year	159,073	138,081
Item not affecting cash - Amortization of capital assets	74,359	57,155
Net change in non-cash working capital items	58,653	(37,365)
	<hr/> 292,085	<hr/> 157,871
Investing activities		
Purchase of investments	(915,375)	(755,926)
Proceeds on disposal of investments	879,504	678,045
Purchase of capital assets	(74,912)	(109,616)
Repayments of loans receivable from employees	3,600	2,800
	<hr/> (107,183)	<hr/> (184,697)
Net change in cash during the year	184,902	(26,826)
Cash - Beginning of year	<hr/> 229,110	<hr/> 255,936
Cash - End of year	<hr/> 414,012	<hr/> 229,110

The accompanying notes are an integral part of these financial statements.

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2017

1 Governing statutes and purpose of the organization

The purpose of the Metropolitan Bible Church Ministry Corporation (“the Ministry”) is to glorify God by fulfilling the mission and vision God has given to His living Church through His word.

The Ministry is incorporated without share capital under the *Ontario Corporations Act* and is a charitable organization within the meaning of the *Income Tax Act*.

2 Significant accounting policies

Use of estimates

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 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 expense during the year. Actual results could differ from these estimates.

Fund accounting

The General Fund accounts for the Ministry’s administration, personnel, missions and ministries, and plant maintenance activities.

The Missions Fund accounts for externally restricted contributions for support to missionaries around the world.

The Capital Fund accounts for externally restricted contributions for the Property Corporation’s capital projects (note 6) as well as for other capital projects.

The Benevolent Fund accounts for externally restricted contributions for social assistance to the needy.

The Memorial Fund accounts for externally restricted contributions received in memory of loved ones to underwrite the purchase of furniture and other effects.

The Scholarship Fund accounts for externally restricted contributions received for preparing young people for ministry.

The Vision Fund accounts for externally restricted contributions received for the Reproducing Church initiative.

The Reserve Fund accounts for internally restricted funds set aside to cover any potential major repairs to the building.

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2017

Investments

Investments are recorded at amortized cost. Interest is calculated using the effective interest rate method.

Capital assets

Capital assets acquired are initially recorded at cost and are then amortized, on a straight-line basis, over their anticipated useful lives as follows:

Furniture and equipment	5 years
Automotive equipment	6 years
Leasehold improvements	3 years

Revenue recognition

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

Externally restricted contributions for which there is no corresponding restricted fund are deferred and recognized as revenue during the year in which the related expenses are incurred. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund.

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

Contributed services

Due to the difficulty of determining their value, contributed services are not recognized in the financial statements.

3 Investments

	2017 \$	2016 \$
Guaranteed investment certificates	884,500	644,569
High interest savings accounts	480,440	684,500
	<hr/>	<hr/>
	1,364,940	1,329,069

Guaranteed investment certificates bear interest at rates ranging from 1.10% to 2.25% (2016 - 1.30% to 2.05%) and mature from 2018 to 2019 (2016 - 2017 to 2018). The high interest savings accounts earn interest at 1.0% (2016 - 0.75%).

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2017

4 Capital assets

			2017	2016
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and equipment	717,735	571,198	146,537	152,538
Automotive equipment	28,332	23,866	4,466	5,742
Leasehold improvements	57,792	27,887	29,905	22,075
	803,859	622,951	180,908	180,355

Cost and accumulated amortization amounted to \$728,947 and \$548,592 respectively at December 31, 2016.

5 Accounts payable and accrued liabilities

Government remittances total \$nil as at December 31, 2017 (2016 - \$nil).

6 Related party balances and transactions

The Metropolitan Bible Church Property Corporation (“the Property Corporation”) is related to the Ministry, as the Treasurer and Secretary of the Board of Directors of the Property Corporation also serve on the board of the Ministry. Members of the Property Corporation are members of the Ministry. The members elect their own Board of Directors. The Secretary and Treasurer of the Ministry are non-voting officers of the Property Corporation.

All rent expense is charged by the Property Corporation. The Ministry is responsible for operating costs. Future minimum rent payments are estimated as follows:

	\$
Year ending December 31, 2018	120,000
2019	120,000
2020	120,000
2021	120,000
2022	120,000

Externally restricted donations for capital projects were donated to the Property Corporation.

These transactions are recorded at the exchange amount which is the amount established and agreed to by the related parties involved.

Amounts due from or to the Property Corporation are non-interest bearing and have no specified terms of repayment.

Loans receivable from employees are non-interest bearing and have terms of repayment that are varied at the discretion of the Ministry.