

Metropolitan Bible Church Property Corporation

Financial Statements
December 31, 2017



April 30, 2018

Independent Auditor's Report

Congregation of Metropolitan Bible Church Property Corporation

We have audited the accompanying financial statements of Metropolitan Bible Church Property Corporation, which comprise the statement of financial position as at December 31, 2017 and the statements of operations and changes in fund balances 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Metropolitan Bible Church Property Corporation 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 Property Corporation

Statement of Financial Position

As at December 31, 2017

			2017	2016
	General Fund	Building Fund	Total	Total
	\$	\$	\$	\$
Assets				
Current assets				
Cash	-	26,623	26,623	498,072
Investments (note 3)	-	-	-	460,718
Accounts receivable	-	7,877	7,877	161,027
	-	34,500	34,500	1,119,817
Capital assets (note 4)	15,798,956	-	15,798,956	15,133,767
	15,798,956	34,500	15,833,456	16,253,584
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	-	-	-	691,499
Due to Metropolitan Bible Church Ministry Corporation (note 5)	-	-	-	16,062
Current portion of notes payable (note 6)	-	12,000	12,000	12,000
Current portion mortgage payable (note 7)	-	65,000	65,000	-
	-	77,000	77,000	719,561
Mortgage payable (note 7)	-	468,750	468,750	-
Notes payable (note 6)	-	36,000	36,000	48,000
	-	581,750	581,750	767,561
Fund Balances				
General Fund	15,798,956	-	15,798,956	15,133,767
Building Fund	-	(547,250)	(547,250)	352,256
	15,798,956	(547,250)	15,251,706	15,486,023
	15,798,956	34,500	15,833,456	16,253,584

Approved by the Board of Directors

 Director
  Director

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

Metropolitan Bible Church Property Corporation

Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2017

			2017	2016
	General Fund	Building Fund	Total	Total
	\$	\$	\$	\$
Revenue				
Donations (note 5)	-	163,720	163,720	289,138
Interest	-	878	878	19,789
Rental (note 5)	120,000	-	120,000	120,000
	120,000	164,598	284,598	428,927
Expense				
Administration and professional fees	9,244	9,223	18,467	8,507
Interest on long-term debt	16,226	-	16,226	466
Amortization of capital assets	484,222	-	484,222	427,852
	509,692	9,223	518,915	436,825
Net revenue (expense) for the year	(389,692)	155,375	(234,317)	(7,898)
Fund balances - Beginning of year	15,133,767	352,256	15,486,023	15,493,921
Transfers from (to)	1,054,881	(1,054,881)	-	-
Fund balances - End of year	15,798,956	(547,250)	15,251,706	15,486,023

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

Metropolitan Bible Church Property Corporation

Statement of Cash Flows

For the year ended December 31, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Net expense for the year	(234,317)	(7,898)
Item not affecting cash - amortization of capital assets	484,222	427,852
Net change in non-cash working capital items	137,088	(94,414)
	<hr/> 386,993	<hr/> 325,540
Investing activities		
Purchase of investments	-	(1,699,563)
Proceeds on disposal of investments	460,718	2,976,432
Purchase of capital assets	(1,840,910)	(1,433,720)
	<hr/> (1,380,192)	<hr/> (156,851)
Financing activities		
Proceeds from (repayments of) notes payable	(12,000)	60,000
Proceeds from mortgage payable	650,000	-
Repayment of mortgage	(116,250)	-
	<hr/> 521,750	<hr/> 60,000
Net change in cash during the year	(471,449)	228,689
Cash - Beginning of year	498,072	269,383
Cash - End of year	<hr/> 26,623	<hr/> 498,072
Supplementary non-cash information		
Purchase of capital assets	691,499	(691,499)
Change in accounts payable and accrued liabilities related to capital assets	(691,499)	691,499

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

Metropolitan Bible Church Property Corporation

Notes to Financial Statements

December 31, 2017

1 Governing statutes and purpose of the organization

The purpose of the Metropolitan Bible Church Property Corporation (“the Property Corporation”) is to establish places for worship and the preaching of the Gospel, to conduct religious training classes, to establish missions, to acquire the necessary property for the erection of churches, missions and buildings incidental thereto and to promote the principles of Christian fellowship and communion. The Property Corporation does not operate as a church.

The Property Corporation 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 Property Corporation’s administration and operations.

The Building Fund accounts for externally restricted donations for capital projects, including a building expansion, as well as transfers received from the Ministry.

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:

Building	40 years
Paving	12 years
Furniture and equipment	20 years
Audiovisual and lighting	5 years

No amortization is recorded for items under construction until the asset is put into use.

Metropolitan Bible Church Property Corporation

Notes to Financial Statements

December 31, 2017

Revenue recognition

The Property Corporation follows the restricted fund method of accounting for contributions.

Externally restricted contributions for capital projects, including a new building, are reported as revenue of the Building 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.

3 Investments

	2017 \$	2016 \$
Guaranteed investment certificates	-	196,000
High interest savings account	-	264,718
	<hr/>	<hr/>
	-	460,718
	<hr/>	<hr/>

Guaranteed investment certificates bore interest at rates ranging from 1.35% to 1.45% and matured in 2017. The high interest savings account bore interest at 0.75%.

4 Capital assets

	<hr/>		2017	<hr/>	2016
	Cost \$	Accumulated amortization \$	Net \$	<hr/>	Net \$
Land	1,621,791	-	1,621,791	<hr/>	1,621,791
Building	16,556,167	3,014,987	13,541,180	<hr/>	10,616,148
Paving	1,013,202	730,364	282,838	<hr/>	367,272
Furniture and equipment	364,966	113,899	251,067	<hr/>	165,108
Audiovisual and lighting	374,870	272,790	102,080	<hr/>	516
Chapel under construction	-	-	-	<hr/>	2,362,932
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	19,930,996	4,132,040	15,798,956		15,133,767

Cost and accumulated amortization amounted to \$18,781,584 and \$3,647,817 respectively at December 31, 2016.

Metropolitan Bible Church Property Corporation

Notes to Financial Statements

December 31, 2017

5 Related party balances and transactions

The Metropolitan Bible Church Ministry Corporation (“the Ministry”) is related to the Property Corporation, 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 members of the Property Corporation.

All rental income is derived from the Ministry, and the Ministry is responsible for operating costs. The Ministry also donated \$163,720 (2016 - \$285,910) to the Building Fund. These transactions are recorded at the exchange amount, which is the amount established and agreed to by related parties involved.

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

6 Notes payable

Notes payable issued by the Property Corporation to congregants to help finance the capital expansion are non-interest bearing and are repayable as follows:

	\$
2018	12,000
2019	12,000
2020	12,000
2021	12,000
	<hr/>
	48,000
	<hr/>

7 Mortgage payable

As at September 20, 2017, the Property Corporation secured a bank mortgage for \$650,000, bearing interest at prime (currently 2.95%) plus 0.50%, for its building expansion. The Property Corporation has since repaid \$116,250 of the principal, leaving a balance owing as at December 31, 2017 of \$533,750.