

# **Metropolitan Bible Church Ministry Corporation**

Financial Statements  
**December 31, 2018**



## *Independent auditor's report*

To the Congregation of Metropolitan Bible Church Ministry Corporation

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### *Our qualified opinion*

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 Metropolitan Bible Church Ministry Corporation (the Ministry) as at December 31, 2018 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.

#### **What we have audited**

The Ministry's financial statements comprise:

- the statement of financial position as at December 31, 2018;
  - the statement of changes in fund balances for the year then ended;
  - the statement of operations for the year then ended;
  - the statement of cash flows for the year then ended; and
  - the notes to the financial statements, which include a summary of significant accounting policies.
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### *Basis for qualified opinion*

In common with many not-for-profit organizations, the Ministry derives revenues from donations, 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 operating activities for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017 and net assets as at the beginning and the end of the years ended December 31, 2018 and 2017. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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



## **Independence**

We are independent of the Ministry in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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## *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 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 Ministry'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 Ministry or to cease operations, or has no realistic alternative but to do so.

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

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
May 6, 2019

# Metropolitan Bible Church Ministry Corporation

## Statement of Financial Position

As at December 31, 2018

	2018 \$	2017 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	210,893	414,012
Investments (note 3)	1,048,150	1,364,940
Accounts receivable	48,798	45,291
	<u>1,307,841</u>	<u>1,824,243</u>
Loans receivable from employee (note 6)	35,750	38,000
Note receivable from Metropolitan Bible Church Property Corporation (note 6)	100,000	-
Capital assets (note 4)	87,740	180,908
	<u>1,531,331</u>	<u>2,043,151</u>
<b>Liabilities and Fund Balances</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	83,030	128,575
Deferred contributions	16,059	7,568
	<u>99,089</u>	<u>136,143</u>
<b>Fund balances</b>		
General Fund	668,320	702,004
Internally Restricted – Reserve Fund	450,000	450,000
Externally Restricted Funds	313,922	755,004
	<u>1,432,242</u>	<u>1,907,008</u>
	<u>1,531,331</u>	<u>2,043,151</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, 2018

	Balance - Beginning of year \$	Net revenue (expense) for the year \$	Transfers (from) to \$	Balance - End of year \$
<b>General Fund</b>	702,004	13,080	(46,764)	668,320
<b>Internally Restricted – Reserve Fund</b>	450,000	-	-	450,000
<b>Externally – Restricted Funds</b>				
Missions Fund	134,988	(40,944)		94,044
Capital Fund	4	-		4
Benevolent Fund	13,542	(5,871)		7,671
Memorial Fund	98,344	14,102		112,446
Scholarship Fund	4,828	237		5,065
Vision Fund	503,298	(455,370)	46,764	94,692
	755,004	(487,846)	46,764	313,922
	1,907,008	(474,766)	-	1,432,242

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, 2018

								2018	2017
	General Fund	Missions Fund	Capital Fund	Benevolent Fund	Memorial Fund	Scholarship Fund	Restricted Funds Vision Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>									
Donations									
Specific	23,425	207,572	95,823	23,761	14,102	2,100	131,535	498,317	956,478
Church program	3,090,000	-	-	-	-	-	-	3,090,000	3,095,016
Rental income	58,188	-	-	-	-	-	-	58,188	54,570
Interest	20,154	-	-	-	-	-	-	20,154	16,536
Ministries	153,646	-	-	-	-	-	-	153,646	154,783
	3,345,412	207,572	95,823	23,761	14,102	2,100	131,535	3,820,305	4,277,383
<b>Expense</b>									
Administration	99,043	-	-	-	-	-	-	99,043	97,864
Pastoral support	57,872	-	-	-	-	-	-	57,872	46,022
Plant	418,990	-	-	-	-	-	-	418,990	424,394
Personnel	1,582,847	-	-	-	-	-	-	1,582,847	1,536,117
Living community	55,796	-	-	-	-	-	-	55,796	51,485
Regional outreach	14,069	-	-	-	-	-	-	14,069	11,461
Children's Ministries	67,164	-	-	-	-	-	-	67,164	69,009
Youth Ministries	120,398	-	-	-	-	-	-	120,398	111,766
Adult Ministries	60,722	-	-	-	-	-	-	60,722	30,243
Missions	703,955	248,516	-	-	-	-	-	952,471	992,082
Other	31,476	-	-	-	-	-	-	31,476	50,825
Rent (note 6)	120,000	-	-	-	-	-	-	120,000	120,000
Scholarship	-	-	-	-	-	1,863	-	1,863	1,739
Donation to the Property Corporation (note 6)	-	-	95,823	-	-	-	-	95,823	116,760
Social assistance	-	-	-	29,632	-	-	-	29,632	21,430
Memorial	-	-	-	-	-	-	-	-	42,777
Reproducing Church	-	-	-	-	-	-	586,905	586,905	394,336
	3,332,332	248,516	95,823	29,632	-	1,863	586,905	4,295,071	4,118,310
<b>Net revenue (expense) for the year</b>	13,080	(40,944)	-	(5,871)	14,102	237	(455,370)	(474,766)	159,073

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, 2018

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	2018 \$	2017 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net revenue (expense) for the year	(474,766)	159,073
Items not affecting cash		
Amortization of capital assets	50,223	74,359
Transfer of capital assets to WestVillage Church	73,586	-
Net change in non-cash working capital items	(40,561)	58,653
	<u>(391,518)</u>	<u>292,085</u>
<b>Investing activities</b>		
Purchase of investments	(625,951)	(915,375)
Proceeds on disposal of investments	942,741	879,504
Purchase of capital assets	(30,641)	(74,912)
	<u>286,149</u>	<u>(110,783)</u>
<b>Financing activities</b>		
Advance to Property Corporation (note 6)	(100,000)	-
Repayments of loans receivable from employees	2,250	3,600
	<u>(97,750)</u>	<u>3,600</u>
<b>Change in cash during the year</b>	(203,119)	184,902
<b>Cash – Beginning of year</b>	<u>414,012</u>	<u>229,110</u>
<b>Cash – End of year</b>	<u>210,893</u>	<u>414,012</u>

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



# Metropolitan Bible Church Ministry Corporation

## Notes to Financial Statements

December 31, 2018

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### 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 Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### 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 Metropolitan Bible Church Property Corporation's (Property Corporation) 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 or bequests 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 as well as for internally funded ministry development activities.

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, 2018

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### 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.

### 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

### Contributed services

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

### 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 the 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 those estimates.

# Metropolitan Bible Church Ministry Corporation

## Notes to Financial Statements

December 31, 2018

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### 3 Investments

	2018 \$	2017 \$
Guaranteed investment certificates	942,400	884,500
High interest savings accounts	105,750	480,440
	<u>1,048,150</u>	<u>1,364,940</u>

Guaranteed investment certificates bear interest at rates ranging from 1.25% to 2.90% (2017 – 1.10% to 2.25%) and mature from 2019 to 2021 (2017 – from 2018 to 2019). The high interest savings accounts earn interest at 1.00% (2017 – 1.00%).

### 4 Capital assets

	<u>2018</u>		<u>2017</u>	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and equipment	634,502	573,335	61,167	146,537
Automotive equipment	20,676	20,676	-	4,466
Leasehold improvements	72,871	46,298	26,573	29,905
	<u>728,049</u>	<u>640,309</u>	<u>87,740</u>	<u>180,908</u>

Cost and accumulated amortization amounted to \$803,859 and \$622,951, respectively, as at December 31, 2017.

### 5 Accounts payable and accrued liabilities

Government remittances total \$nil as at December 31, 2018 (2017 - \$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 Boards of Directors. The Secretary and Treasurer of the Ministry are non-voting officers of the Property Corporation.

# Metropolitan Bible Church Ministry Corporation

## Notes to Financial Statements

December 31, 2018

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

	\$
2019	140,000
2020	140,000
2021	140,000
2022	140,000
2023	140,000

Externally restricted donations of \$95,823 (2017 – \$ 116,760) 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.

The note receivable from the Property Corporation is non-interest bearing and is due on December 31, 2021.

Loans receivable from employees are non-interest bearing, are secured by a registered second mortgage on the employee's property, and have terms of repayment that are varied at the discretion of the Ministry.

### 7 Comparative figures

Certain comparative figures have been reclassified in order to conform to the current year presentation.