

Metropolitan Bible Church Ministry Corporation

Financial Statements
December 31, 2020



Independent auditor's report

To the Congregation of Metropolitan Bible Church Ministry Corporation

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, 2020 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 (ASNPO).

What we have audited

The Ministry's financial statements comprise:

- the statement of financial position as at December 31, 2020;
- 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 financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

In common with many not-for-profit organizations, the Ministry derives revenues from cash donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue 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 provided by (used in) operating activities for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019 and fund balances as at the beginning and the end of the years ended December 31, 2020 and 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 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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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.

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.

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.

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 12, 2021

Metropolitan Bible Church Ministry Corporation

Statement of Financial Position

As at December 31, 2020

	2020 \$	2019 \$
Assets		
Current assets		
Cash	665,505	371,298
Short-term investments (note 3)	688,433	455,365
Accounts receivable	23,017	39,704
Note receivable from Metropolitan Bible Church Property Corporation (note 6)	50,000	-
	<u>1,426,955</u>	<u>866,367</u>
Investments (note 3)	197,404	389,400
Loans receivable from employees (note 8)	85,050	85,350
Note receivable from Metropolitan Bible Church Property Corporation (note 6)	-	100,000
Capital assets (note 4)	<u>58,700</u>	<u>61,922</u>
	<u>1,768,109</u>	<u>1,503,039</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	72,040	51,383
Deferred contributions (note 7)	61,919	61,919
	<u>133,959</u>	<u>113,302</u>
Fund Balances		
General Fund	914,177	806,096
Internally Restricted Funds	450,359	350,000
Externally Restricted Funds	<u>269,614</u>	<u>233,641</u>
	<u>1,634,150</u>	<u>1,389,737</u>
	<u>1,768,109</u>	<u>1,503,039</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, 2020

	Balance – Beginning of year \$	Net revenue (expense) for the year \$	Transfers (from) to \$	Balance – End of year \$
General Fund	806,096	148,597	(40,516)	914,177
Internally Restricted Funds				
Reserve Fund	350,000	-	(72,180)	277,820
Ministry Initiatives Fund	-	-	172,539	172,539
	350,000	-	100,359	450,359
Externally Restricted Funds				
Missions Fund	22,896	977	-	23,873
Capital Fund	4	(4)	-	-
Benevolent Fund	11,148	24,513	-	35,661
Memorial Fund	54,488	24,344	-	78,832
Scholarship Fund	3,190	-	-	3,190
Vision Fund	129,146	11,148	(59,843)	80,451
Timothy Trust Fund	12,769	34,838	-	47,607
	233,641	95,816	(59,843)	269,614
	1,389,737	244,413	-	1,634,150

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, 2020

										2020	2019
	Restricted funds										
	General Fund	Missions Fund	Capital Fund	Benevolent Fund	Memorial Fund	Scholarship Fund	Vision Fund	Timothy Trust Fund	Encounter the Truth	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue											
Donations											
Specific	20,372	92,478	31,950	94,387	60,130	-	11,148	45,045	2,650	358,160	245,337
Church program	3,254,446	-	-	-	-	-	-	-	-	3,254,446	3,249,876
Rental income	53,977	-	-	-	-	-	-	-	-	53,977	65,690
Wage Subsidy (note 9)	25,000	-	-	-	-	-	-	-	-	25,000	-
Interest income	15,951	-	-	-	-	-	-	-	-	15,951	22,139
Class registrations	1,295	-	-	-	-	-	-	-	-	1,295	11,790
Ministries	32,091	-	-	-	-	-	-	-	-	32,091	185,736
	3,403,132	92,478	31,950	94,387	60,130	-	11,148	45,045	2,650	3,740,920	3,780,568
Expense											
Administration	121,648	-	-	-	-	-	-	2,693	2,650	126,991	132,326
Pastoral support	43,207	-	-	-	-	-	-	-	-	43,207	62,884
Facility	323,457	-	-	-	-	-	-	-	-	323,457	418,048
Personnel	1,771,119	-	-	-	-	-	-	7,514	-	1,778,633	1,687,354
Living community	33,841	-	-	-	-	-	-	-	-	33,841	84,079
Regional outreach	5,252	-	-	-	-	-	-	-	-	5,252	15,237
Children's Ministries	29,151	-	-	-	-	-	-	-	-	29,151	69,427
Youth Ministries	41,207	-	-	-	-	-	-	-	-	41,207	126,359
Adult Ministries	18,520	-	-	-	-	-	-	-	-	18,520	36,516
Missions	641,117	91,501	-	-	-	-	-	-	-	732,618	807,681
Other	13,836	-	-	-	-	-	-	-	-	13,836	28,795
Rent (note 6)	140,000	-	-	-	-	-	-	-	-	140,000	140,000
Scholarship	-	-	-	-	-	-	-	-	-	-	2,250
Donation to the Property Corporation (note 6)	72,180	-	31,954	-	35,586	-	-	-	-	139,720	151,991
Social assistance	-	-	-	69,874	-	-	-	-	-	69,874	37,331
Memorial	-	-	-	-	200	-	-	-	-	200	22,795
	3,254,535	91,501	31,954	69,874	35,786	-	-	10,207	2,650	3,496,507	3,823,073
Net revenue (expense) for the year	148,597	977	(4)	24,513	24,344	-	11,148	34,838	-	244,413	(42,505)

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, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Net expense (revenue) for the year	244,413	(42,505)
Items not affecting cash		
Amortization of capital assets	33,839	38,282
In-kind donated investments	(15,160)	(24,322)
Accretion of interest	(15,835)	(22,049)
Changes in non-cash working capital items		
Accounts receivable	6,610	8,850
Deferred contributions	-	45,860
Accounts payable and accrued liabilities	20,657	(31,647)
	<hr/> 274,524	<hr/> (27,531)
Investing activities		
Proceeds on realization of investments	-	250,000
Purchase of capital assets	(30,617)	(12,464)
	<hr/> (30,617)	<hr/> 237,536
Financing activities		
Repayment of note receivable from Metropolitan Bible Church Property Corporation (note 6)	50,000	-
Advances to employees	-	(50,000)
Repayment of loan receivable to employees	300	400
	<hr/> 50,300	<hr/> (49,600)
Change in cash during the year	294,207	160,405
Cash – Beginning of year	<hr/> 371,298	<hr/> 210,893
Cash – End of year	<hr/> <hr/> 665,505	<hr/> <hr/> 371,298

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

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2020

1 Governing statutes and purpose of the organization

The purpose of 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 (Canada).

2 Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) and include the following significant accounting policies.

Use of estimates

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 expense during the reporting periods. Actual results could differ from these estimates.

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.

Fund accounting

General Fund

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

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2020

Internally Restricted Funds

The Reserve Fund is set aside to cover any potential major repairs to the building.

The Ministry Initiatives Fund is set aside for internally funded ministry development activities.

Externally Restricted Funds

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 (the 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 and, unless otherwise designated by the donor and agreed to by the Board, will be used to underwrite capital purchases or projects, or special ministry initiatives approved by the Board.

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 initiatives.

The Timothy Trust Fund accounts for externally restricted contributions for the advancement of expository Bible teaching and preaching training for ministry. The Board of Directors of the Ministry are in the process of establishing The Timothy Trust Fund as an independent charity. Until this is complete, all Timothy Trust activities are undertaken by the Ministry under 'The Timothy Trust Fund's accounts.

The Encounter the Truth Fund accounts for externally restricted contributions for global media ministry initiatives.

Cash

Cash comprises cash on hand and deposits held with banks.

Investments

Investments are initially recognized at fair value and are subsequently measured at amortized cost. Investments with original maturities of three months or less held for the purpose other than meeting cash commitments or with maturities of less than 12 months are classified as short-term investments. Interest income on investments is computed using the effective interest rate method at the current market rate of interest.

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2020

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.

Financial instruments

Measurement of financial instruments

The Ministry initially measures its financial assets and financial liabilities at fair value, except for certain instruments originated or acquired in related party transactions. The Ministry subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost comprise cash, investments, accounts receivable, loans receivable from employees and note receivable from the Property Corporation. Financial liabilities measured at amortized cost comprise accounts payable and accrued liabilities.

Impairment

At the end of each reporting period, the Ministry assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. If there are indicators of impairment, and the Ministry determines there has been a significant adverse change in the expected amount or timing of future cash flows, the carrying amount of the asset is reduced to the higher of the expected cash flows expected to be generated by holding the asset, discounted using a current market rate of interest, and the amount that could be realized by selling the asset at the statement of financial position date.

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2020

3 Investments

	2020 \$	2019 \$
Guaranteed investment certificates	562,628	745,900
High interest savings accounts	323,209	98,865
	<hr/>	<hr/>
Short-term investments	885,837	844,765
	688,433	455,365
	<hr/>	<hr/>
Investments	197,404	389,400
	<hr/>	<hr/>

Guaranteed investment certificates bear interest at rates ranging from 0.71% to 2.90% (2019 – 2.13% to 2.90%) and mature from 2021 to 2022 (2019 – from 2020 to 2022). The high interest savings accounts earn interest at 1.00% (2019 – 1.00%).

4 Capital assets

	<hr/>		2020	<hr/>	2019
	Cost \$	Accumulated amortization \$	Net \$		Net \$
Furniture and equipment	649,767	615,666	34,101		44,977
Automotive equipment	20,676	20,676	-		-
Leasehold improvements	100,687	76,088	24,599		16,945
	<hr/>	<hr/>	<hr/>		<hr/>
	771,130	712,430	58,700		61,922
	<hr/>	<hr/>	<hr/>		<hr/>

Cost and accumulated amortization amounted to \$740,513 and \$678,591, respectively, as at December 31, 2020.

5 Government remittances

Government remittances owing amounted to nil as at December 31, 2020 (2019 – nil).

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2020

6 Related party balances and transactions

The Ministry and the Property Corporation are entities under common control as the members of both corporations, who elect their respective Board of Directors, are in common. All rent expense is charged by the Property Corporation. The Ministry is responsible for operating costs. Future minimum rent payments are estimated as follows:

	\$
2021	140,000

The Ministry made externally restricted donations of \$67,540 (2019 – \$51,991) for capital projects and general donations for the purpose of major parking lot repairs of \$72,180 (2019 – \$100,000) to the Property Corporation. The Internally Restricted – Reserve Fund was used to cover the donations made for major parking lot repairs. These transactions are recorded at the exchange amount, which is the amount established and agreed to by the related parties involved.

Accounts receivable includes \$779 (2019 – nil) due from the Property Corporation. Also, accounts payable and accrued liabilities include \$9,487 (2019 – nil) due to the Property Corporation.

The note receivable from the Property Corporation is non-interest bearing and is due on December 31, 2021. During the year, the Property Corporation repaid \$50,000 (2019 – nil) out of the original \$100,000 loan.

7 Deferred contributions

Deferred contributions represent contributions received for the Ministry's Syrian Refugee Project. The project has been delayed due to travel restrictions imposed by the authorities amidst the COVID-19 pandemic. The disbursement of funds is subject to the immigration processing time of the refugee family by Canadian immigration authorities.

	2020 \$	2019 \$
Balance – Beginning of the year	61,919	16,059
Contributions received	-	61,919
Revenue recognized during the year	-	(16,059)
	<hr/>	<hr/>
Balance – End of the year	61,919	61,919

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2020

8 Financial instruments

The Ministry is exposed to various risks through its financial instruments. The following analysis provides a measure of the Ministry's risk exposure and concentrations. The Ministry does not use derivative financial instruments to manage its risks.

Interest rate risk

Investment in financial instruments renders the Ministry subject to interest rate risks. Interest risk is the risk arising from fluctuations in interest rates and their degree of volatility. The Ministry's exposure to interest rate risk arises from its investments in guaranteed investment certificates and high interest savings accounts (note 3).

Liquidity risk

The Ministry's objective is to have sufficient liquidity to meet its liabilities when due. The Ministry monitors its cash balances, investments and cash flows generated from operations to meet its requirements. The Ministry has an available credit of \$75,000 from its financial institution. As at December 31, 2020, the Ministry's financial liabilities are accounts payable and accrued liabilities.

The credit facility is secured by a general security agreement over all present and future personal property with appropriate insurance coverage, loss if any, payable to the bank. Up to November 2020, the facility was also guaranteed by the Property Corporation.

Credit risk

The Ministry's credit risk arises on cash, investments, accounts receivable, loans receivable from employees and the note receivable from the Property Corporation. The Ministry's cash and investments are maintained at major financial institutions; therefore, the Ministry considers the risk of non-performance of these instruments to be remote.

Loans receivable from employees are non-interest bearing, may be 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.

Accounts receivable mainly represent receivables from the government; management has assessed credit risk in respect of such receivables to be low.

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2020

9 Impact of COVID-19 pandemic

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by the authorities to contain the virus have affected global and local economic activity. The long-term impact of the outbreak remains uncertain. Given the unprecedented nature of this event, it is difficult to predict the length or breadth of any earnings disruption and market movements in general.

During the year ended December 31, 2020, the Ministry qualified for the Temporary Wage Subsidy for Employers (TWSE). The Ministry received \$25,000 under the TWSE, which is recorded as a contribution.

10 Comparative figures

Prior year figures have been reclassified to conform to the current year's presentation.