

Metropolitan Bible Church Ministry Corporation

Financial Statements
December 31, 2021



Independent auditor's report

To the Members 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, 2021 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, 2021;
- 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 significant accounting policies and other explanatory information.

Basis for qualified opinion

In common with many not-for-profit organizations, the Ministry derives revenue 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 provided by operating activities for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020 and fund balances as at the beginning and the end of the years ended December 31, 2021 and 2020. Our audit opinion on the financial statements for the year ended December 31, 2020 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.

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.

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 4, 2022


Metropolitan Bible Church Ministry Corporation

Statement of Financial Position

As at December 31, 2021

	2021 \$	2020 \$
Assets		
Current assets		
Cash	746,102	665,505
Short-term investments (note 3)	908,058	688,433
Accounts receivable	65,740	23,017
Loans receivable – employees (note 8)	51,958	-
Note receivable from Metropolitan Bible Church Property Corporation (note 6)	-	50,000
	1,771,858	1,426,955
Investments (note 3)	-	197,404
Loans receivable from employees (note 8)	6,836	85,050
Capital assets (note 4)	181,468	58,700
	1,960,162	1,768,109
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	206,272	72,040
Deferred contributions (note 7)	75,231	61,919
	281,503	133,959
Fund Balances		
General Fund	1,008,511	914,177
Internally Restricted Funds	366,732	450,359
Externally Restricted Funds	303,416	269,614
	1,678,659	1,634,150
	1,960,162	1,768,109

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, 2021

	Balance – Beginning of year \$	Net revenue (expense) for the year \$	Transfers to (from) \$	Balance – End of year \$
General Fund	914,177	(30,666)	125,000	1,008,511
Internally Restricted Funds				
Reserve Fund	277,820	-	-	277,820
Ministry Initiatives Fund	172,539	(58,627)	(25,000)	88,912
	450,359	(58,627)	(25,000)	366,732
Externally Restricted Funds				
Missions Fund	23,873	(23,873)	-	-
Capital Fund	-	-	-	-
Benevolent Fund	35,661	28,902	-	64,563
Memorial Fund	78,832	151,282	(100,000)	130,114
Scholarship Fund	3,190	225	-	3,415
Vision Fund	80,451	24,873	-	105,324
Timothy Trust Fund	47,607	(47,607)	-	-
Encounter the Truth Fund	-	-	-	-
	269,614	133,802	(100,000)	303,416
	1,634,150	44,509	-	1,678,659

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, 2021

	Externally Restricted Funds										2021	2020
	General Fund \$	Missions Fund \$	Capital Fund \$	Benevolent Fund \$	Memorial Fund \$	Scholarship Fund \$	Vision Fund \$	Timothy Trust Fund \$	Encounter the Truth \$	Total \$	Total \$	Total \$
Revenue												
Donations	19,262	45,652	26,818	116,845	151,282	1,100	24,873	1,762	20,204	407,798	358,160	
Specific Church program	3,422,205	-	-	-	-	-	-	-	-	3,422,205	3,254,446	
Rental income	4,339	-	-	-	-	-	-	-	-	4,339	53,977	
Wage subsidy (note 9)	-	-	-	-	-	-	-	-	-	-	25,000	
Accounting services (note 6)	7,500	-	-	-	-	-	-	-	-	7,500	-	
Interest income	10,792	-	-	-	-	-	-	-	-	10,792	15,951	
Class registrations	1,312	-	-	-	-	-	-	-	-	1,312	1,295	
Ministries	39,787	-	-	-	-	-	-	-	-	39,787	32,091	
	3,505,197	45,652	26,818	116,845	151,282	1,100	24,873	1,762	20,204	3,893,733	3,740,920	
Expense												
Administration	135,525	-	-	-	-	-	-	9,865	20,204	165,594	126,991	
Pastoral support	71,190	-	-	-	-	-	-	-	-	71,190	43,207	
Facility	368,087	-	-	-	-	-	-	-	-	368,087	323,457	
Personnel	1,921,770	-	-	-	-	-	-	17,621	-	1,939,391	1,778,633	
Living community	35,612	-	-	-	-	-	-	-	-	35,612	33,841	
Regional outreach	30,646	-	-	-	-	-	-	-	-	30,646	5,252	
Children's ministries	40,987	-	-	-	-	-	-	-	-	40,987	29,151	
Youth ministries	53,749	-	-	-	-	-	-	-	-	53,749	41,207	
Adult ministries	19,860	-	-	-	-	-	-	-	-	19,860	18,520	
Missions	692,640	69,525	-	-	-	-	-	-	-	762,165	732,618	
Other	25,797	-	-	-	-	-	-	21,883	-	47,680	13,836	
Rent (note 6)	140,000	-	-	-	-	-	-	-	-	140,000	140,000	
Scholarship	-	-	-	-	-	875	-	-	-	875	-	
Donation to the Property Corporation (note 6)	-	-	26,818	-	-	-	-	-	-	26,818	139,720	
Social assistance	-	-	-	87,943	-	-	-	-	-	87,943	69,874	
Memorial	-	-	-	-	-	-	-	-	-	-	200	
Ministry initiatives	58,627	-	-	-	-	-	-	-	-	58,627	-	
	3,594,490	69,525	26,818	87,943	-	875	-	49,369	20,204	3,849,224	3,496,507	
Net revenue (expense) for the year	(89,293)	(23,873)	-	28,902	151,282	225	24,873	(47,607)	-	44,509	244,413	

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, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Net revenue for the year	44,509	244,413
Items not affecting cash		
Amortization of capital assets	54,687	33,839
In-kind donated investments	(15,679)	(15,160)
Accretion of interest	(10,351)	(15,835)
Changes in non-cash working capital items		
Accounts receivable	(42,723)	6,610
Deferred contributions	13,312	-
Accounts payable and accrued liabilities	134,232	20,657
	<u>177,987</u>	<u>274,524</u>
Investing activities		
Proceeds on realization of investments	3,809	-
Purchase of capital assets	<u>(177,455)</u>	<u>(30,617)</u>
	<u>(173,646)</u>	<u>(30,617)</u>
Financing activities		
Repayment of note receivable from Metropolitan Bible Church Property Corporation (note 6)	50,000	50,000
Advances to employees	(10,000)	-
Repayment of loan receivable to employees	<u>36,256</u>	<u>300</u>
	<u>76,256</u>	<u>50,300</u>
Change in cash during the year	80,597	294,207
Cash – Beginning of year	<u>665,505</u>	<u>371,298</u>
Cash – End of year	<u>746,102</u>	<u>665,505</u>

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

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2021

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, 2021

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 is in the process of establishing The Timothy Trust Fund as an independent charity. Until this is complete, all Timothy Trust Fund activities are undertaken by the Ministry under 'The Timothy Trust Fund's accounts. On December 31, 2021, the Timothy Trust Fund achieved separate charity status; the fund balance was transferred, and the fund was closed.

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.

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2021

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.

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, 2021

3 Investments

	2021 \$	2020 \$
Guaranteed investment certificates	561,751	562,628
High interest savings accounts	346,307	323,209
	908,058	885,837
Short-term investments	908,058	688,433
Investments	-	197,404

As at December 31, 2021, guaranteed investment certificates bear interest at rates ranging from 0.63% to 2.45% and mature in 2022 (2020 – 0.71% to 2.90%; mature from 2021 to 2022). The high interest savings accounts earn interest at 1.00% (2020 – 1.00%).

4 Capital assets

	2021		2020	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and equipment	571,014	406,964	164,050	34,101
Automotive equipment	20,676	20,676	-	-
Leasehold improvements	106,692	89,274	17,418	24,599
	698,382	516,914	181,468	58,700

As at December 31, 2020, cost and accumulated amortization amounted to \$771,130 and \$712,430.

As at December 31, 2021, assets were adjusted by \$250,203 related to fully amortized assets that were disposed of during the year.

5 Government remittances

Government remittances owing amounted to \$18,192 of withholding taxes as at December 31, 2021 (2020 – nil).

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2021

6 Related party balances and transactions

- a) 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. During the year ended December 31, 2021, rent expense of \$140,000 was charged to the Property Corporation (2020 – \$140,000) and accounting services revenue of \$7,500 was received from the Property Corporation (2020 – nil). The Ministry is responsible for operating costs. Future minimum rent payments are estimated as follows:

	\$
2022	155,000

- b) During the year ended December 31, 2021, the Ministry made externally restricted donations of \$26,818 for capital projects (2020 – \$67,540). The Ministry also made general donations to the Property Corporation of nil (2020 – \$72,180), drawn from the Internally Restricted – Reserve Fund, for the purpose of 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.
- c) As at December 31, 2021, accounts receivable include nil due from the Property Corporation (2020 – \$779). Also, accounts payable and accrued liabilities include \$106 due to the Property Corporation (2020 – \$9,487).
- d) As at December 31, 2021, the note receivable from the Property Corporation was non-interest bearing and repaid in full during the year (2020 – \$50,000 repaid 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 amid the COVID-19 pandemic. The disbursement of funds is subject to the immigration processing time of the refugee family by Canadian immigration authorities.

	2021 \$	2020 \$
Balance – Beginning of the year	61,919	61,919
Change in deferred contributions during the year	13,312	-
Balance – End of the year	75,231	61,919

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2021

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 facility of \$75,000 from its financial institution. As at December 31, 2021, 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 and loans receivable from employees. 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, 2021

9 Impact of COVID-19 pandemic

The COVID-19 outbreak has developed rapidly since March of 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. The Ministry received \$25,000 under the subsidy, which was recorded as a contribution. No such subsidy was received during the year ended December 31, 2021.