

Metropolitan Bible Church Property Corporation

Financial Statements
December 31, 2021



Independent auditor's report

To the Members of Metropolitan Bible Church Property Corporation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Metropolitan Bible Church Property Corporation (the Property Corporation) 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 Property Corporation's financial statements comprise:

- the statement of financial position as at December 31, 2021;
- the statement of operations and changes in fund balances 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 opinion

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 opinion.

Independence

We are independent of the Property Corporation 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.

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



In preparing the financial statements, management is responsible for assessing the Property Corporation'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 Property Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Property Corporation'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 Property Corporation'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 Property Corporation'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 Property Corporation 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 5, 2022

Metropolitan Bible Church Property Corporation

Statement of Financial Position

As at December 31, 2021

| | 2021 | | 2020 |
|---|--------------------------------|---------------------------------|---------------------|
| | General Fund \$ | Building Fund \$ | Total \$ |
| Assets | | | |
| Current assets | | | |
| Cash | - | 168,546 | 168,546 |
| Accounts receivable | - | 926 | 19,885 |
| | - | 169,472 | 78,207 |
| Capital assets (note 3) | 13,862,896 | - | 14,382,517 |
| | 13,862,896 | 169,472 | 14,460,724 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities (note 4) | - | - | 15,649 |
| Notes payable (note 6) | - | - | 50,000 |
| | - | - | 65,649 |
| Fund Balances | | | |
| General Fund | 13,862,896 | - | 14,382,517 |
| Building Fund | - | 169,472 | 12,558 |
| | 13,862,896 | 169,472 | 14,395,075 |
| | 13,862,896 | 169,472 | 14,460,724 |

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, 2021

| | 2021 | | 2020 |
|---|----------------------------|-----------------------------|---------------------|
| | General Fund \$ | Building Fund \$ | Total \$ |
| Revenue | | | |
| Donations (note 5) | - | 34,162 | 34,162 |
| Interest income | - | 6 | 6 |
| Rental (note 5) | 140,000 | - | 140,000 |
| | 140,000 | 34,168 | 174,168 |
| Expense | | | |
| Administration and professional fees | 17,255 | - | 17,255 |
| Interest on long-term debt | - | - | - |
| Amortization of capital assets | 519,620 | - | 519,620 |
| | 536,875 | - | 536,875 |
| Net revenue (expense) for the year | (396,875) | 34,168 | (362,707) |
| Fund balances – Beginning of year | 14,382,516 | 12,559 | 14,395,075 |
| Transfers from (to) | (122,745) | 122,745 | - |
| Fund balances – End of year | 13,862,896 | 169,472 | 14,032,368 |

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, 2021

| | 2021 \$ | 2020 \$ |
|---|----------------|-----------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Net expense for the year | (362,707) | (261,885) |
| Item not affecting cash | | |
| Amortization of capital assets | 519,620 | 540,943 |
| Changes in non-cash working capital items | | |
| Accounts receivable | 18,960 | (9,772) |
| Accounts payable and accrued liabilities | (15,649) | (82,839) |
| | <hr/> 160,224 | <hr/> 186,447 |
| Investing activities | | |
| Purchase of capital assets | <hr/> - | <hr/> (95,025) |
| Financing activities | | |
| Repayments of notes payable | (50,000) | (107,000) |
| Repayment of mortgage payable | <hr/> - | <hr/> (38,750) |
| | <hr/> (50,000) | <hr/> (145,750) |
| Change in cash during the year | 110,224 | (54,328) |
| Cash – Beginning of year | <hr/> 58,322 | <hr/> 112,650 |
| Cash – End of year | <hr/> 168,546 | <hr/> 58,322 |

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

Metropolitan Bible Church Property Corporation

Notes to Financial Statements

December 31, 2021

1 Governing statutes and purpose of the organization

The purpose of Metropolitan Bible Church Property Corporation (the Property Corporation) is to establish places for worship and the preaching of the Gospel and to acquire the necessary property for the erection of churches, missions and buildings incidental thereto. 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 (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 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.

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.

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 Metropolitan Bible Church Ministry Corporation (the Ministry).

Metropolitan Bible Church Property Corporation

Notes to Financial Statements

December 31, 2021

Financial instruments

Measurement of financial instruments

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

Financial assets measured at amortized cost comprise cash and accounts receivable. Financial liabilities measured at amortized cost comprise accounts payable and accrued liabilities and notes payable.

Impairment

At the end of each reporting period, the Property Corporation 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 Property Corporation 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.

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 equipment and lighting | 5 years |

3 Capital assets

| | 2021 | | 2020 | |
|--------------------------|------------|-----------------------------------|------------|------------|
| | Cost \$ | Accumulated amortization \$ | Net \$ | Net \$ |
| Land | 1,621,791 | - | 1,621,791 | 1,621,791 |
| Building | 16,556,167 | 4,670,604 | 11,885,563 | 12,299,467 |
| Paving | 1,185,381 | 1,044,119 | 141,262 | 198,918 |
| Furniture and equipment | 364,966 | 186,892 | 178,074 | 196,322 |
| Audiovisual and lighting | 410,455 | 374,249 | 36,206 | 66,019 |
| | 20,138,760 | 6,275,864 | 13,862,896 | 14,382,517 |

Metropolitan Bible Church Property Corporation

Notes to Financial Statements

December 31, 2021

Cost and accumulated amortization amounted to \$20,138,760 and \$5,756,243, respectively, as at December 31, 2020.

4 Government remittances

Government remittances owing are nil as at December 31, 2021 (2020 – nil).

5 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 Boards of Directors of each corporation, are in common.

All rental income is derived from the Ministry, and the Ministry is responsible for operating costs. The Ministry also donated \$26,818 (2020 – \$139,720) to the Building Fund, with nil (2020 – \$72,180) of these donated funds being for the purpose of completing major repairs (2020 – major parking lot repairs). These transactions are recorded at the exchange amount, which is the amount established and agreed to by related parties involved.

Accounts receivable include \$106 (2020 – \$8,708) due from the Ministry, net of the due to balance of nil (2020 – \$779).

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

Unless otherwise specified, 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 were non-interest bearing and outstanding were fully repaid in 2021.

In 2018, a note payable was issued by the Property Corporation to the Ministry for \$100,000 to help finance the capital expansion. The \$50,000 balance of this note was repaid in 2021.

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Notes to Financial Statements

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7 Financial instruments

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

Liquidity risk

The Property Corporation's objective is to have sufficient liquidity to meet its liabilities when due. The Property Corporation monitors its cash balances and cash flows generated from operations to meet its requirements and seek funds in the form of donations from the Ministry if required. The Property Corporation's liquidity risk is primarily a default in monthly rent payments by the Ministry, its primary tenant.

Credit risk

The Property Corporation's credit risk arises on cash and accounts receivable. Cash is maintained at major financial institutions; therefore, the Property Corporation considers the risk of non-performance of these instruments to be remote. Accounts receivable mainly represent receivables from the government; management has assessed credit risk in respect of such receivables to be low.

8 Impact of COVID-19 pandemic

The COVID-19 outbreak has developed rapidly since March 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.