

METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members,
Metropolitan Bible Church Ministry Corporation:

Qualified opinion

We have audited the financial statements of Metropolitan Bible Church Ministry Corporation ("the Entity"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 the Entity as at December 31, 2022, 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.

Basis for qualified opinion

In common with many not-for-profit organizations, the Entity derives revenue 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, net revenue for the year, and cash flows from operations for the year ended December 31, 2022, current assets and fund balances as at December 31, 2022.

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 are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other matter

The financial statements for the year ended December 31, 2021, were audited by another auditor who expressed a qualified opinion on those financial statement on May 4, 2022.

Responsibilities of management and those charged with governance 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.

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

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

OHCI LLP

OUSELEY HANVEY CLIPSHAM DEEP LLP

Licensed Public Accountants

Ottawa, Ontario

March 29, 2023

METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 551,434	\$ 746,102
Short-term investments (note 3)	930,183	908,058
Accounts receivable	47,146	64,659
Prepaid expense	6,082	1,081
Current portion of loan receivable	3,900	51,958
	1,538,745	1,771,858
LOAN RECEIVABLE FROM EMPLOYEES	-	6,836
CAPITAL ASSETS (note 4)	236,750	181,468
	\$ 1,775,495	\$ 1,960,162
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 108,104	\$ 206,272
Deferred contributions (note 6)	20,916	75,231
	129,020	281,503
FUND BALANCES		
General Fund	1,061,243	1,008,511
Internally restricted funds	306,732	366,732
Externally restricted funds	278,500	303,416
	1,646,475	1,678,659
	\$ 1,775,495	\$ 1,960,162

Approved on behalf of the Board:

METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2022

	Balance - Beginning of year	Net revenue (expense) for the year	Transfers to (from)	Balance- End of year
General Fund	\$ 1,008,511	\$ 101,397	\$ (48,665)	\$ 1,061,243
Internally Restricted Funds				
Reserve Fund	277,820	-	-	277,820
Ministry Initiatives Fund	88,912	-	(60,000)	28,912
	366,732	-	(60,000)	306,732
Externally Restricted Funds				
Missions Fund	-	-	-	-
Capital Fund	-	-	-	-
Benevolent Fund	64,563	5,404	-	69,967
Memorial Fund	130,114	1,042	(42,886)	88,270
Scholarship Fund	3,415	(1,100)	-	2,315
Vision Fund	105,324	12,624	-	117,948
Encounter the Truth Fund	-	(151,551)	151,551	-
	303,416	(133,581)	108,665	278,500
	1,678,659	(32,184)	\$ -	\$ 1,646,475

METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

		Externally Restricted							2022	2021
	General Fund	Missions Fund	Capital Fund	Benevolent Fund	Memorial Fund	Scholarship Fund	Vision Fund	Encounter the Truth	Total	Total
REVENUE										
Donations										
Specific	\$ 50,023	\$ 105,325	\$ 28,572	\$ 74,259	\$ 1,042	\$ 900	\$ 12,717	\$ 57,407	\$ 330,245	\$ 407,798
Church program	3,679,209	-	-	-	-	-	-	-	3,679,209	3,422,205
Rental income	15,535	-	-	-	-	-	-	-	15,535	4,339
Accounting services (note 5)	7,500	-	-	-	-	-	-	-	7,500	7,500
Class Registrations	-	-	-	-	-	-	-	-	-	1,312
Interest	14,903	-	-	-	-	-	-	-	14,903	10,792
ETT Support Missions	-	-	-	-	-	-	-	-	-	-
Ministries	127,377	-	-	-	-	-	-	-	127,377	39,787
	3,894,547	105,325	28,572	74,259	1,042	900	12,717	57,407	4,174,769	3,893,733
EXPENSE										
Administration	152,299	642	173	778	-	-	93	208,958	362,943	165,594
Pastoral support	100,789	-	-	-	-	-	-	-	100,789	71,190
Facility	433,169	-	-	-	-	-	-	-	433,169	368,087
Personnel	1,889,999	-	-	-	-	-	-	-	1,889,999	1,939,391
Living community	68,396	-	-	-	-	-	-	-	68,396	35,612
Regional outreach	13,569	-	-	-	-	-	-	-	13,569	30,646
Children's ministries	85,575	-	-	-	-	-	-	-	85,575	40,987
Youth ministries	123,914	-	-	-	-	-	-	-	123,914	53,749
Adult ministries	28,350	-	-	-	-	-	-	-	28,350	19,860
Missions	726,625	104,683	-	-	-	-	-	-	831,308	762,165
Other	15,465	-	-	-	-	-	-	-	15,465	47,680
Scholarship	-	-	-	-	-	2,000	-	-	2,000	875
Rent (note 5)	155,000	-	-	-	-	-	-	-	155,000	140,000
Donation to the Property Corporation (note 5)	-	-	28,399	-	-	-	-	-	28,399	26,818
Social assistance	-	-	-	68,077	-	-	-	-	68,077	87,943
Ministry initiatives	-	-	-	-	-	-	-	-	-	58,627
	3,793,150	105,325	28,572	68,855	-	2,000	93	208,958	4,206,953	3,849,224
NET REVENUE (EXPENSE)										
FOR THE YEAR	\$ 101,397	\$ -	\$ -	\$ 5,404	\$ 1,042	\$ (1,100)	\$ 12,624	\$ (151,551)	\$ (32,184)	\$ 44,509



METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue (expense) for the year	\$ (32,184)	\$ 44,509
Items not requiring cash:		
Amortization of capital assets	58,228	54,687
In-kind donated investments	(6,761)	(15,679)
Accretion of interest	(7,305)	(10,351)
Change in operating components of working capital:		
Accounts receivable	17,513	(41,642)
Prepaid expense	(5,001)	(1,081)
Accounts payable	(98,168)	134,232
Deferred revenue	(54,315)	13,312
	(127,993)	177,987
INVESTING ACTIVITIES		
Proceeds on realization of investments	(8,059)	3,809
Purchase of capital assets	(113,510)	(177,455)
	(121,569)	(173,646)
FINANCING ACTIVITIES		
Repayment of note receivable from Metropolitan Bible Church Property	-	50,000
Advances to employees	-	(10,000)
Repayment of loan receivable to employees	54,894	36,256
	54,894	76,256
CHANGE IN CASH FOR THE YEAR	(194,668)	80,597
Cash beginning of the year	746,102	665,505
CASH END OF YEAR	\$ 551,434	\$ 746,102

METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

The Metropolitan Bible Church Ministry Corporation (the Ministry) glorifies God by fulfilling the mission and vision God has given to His living Church through His word. The Ministry is incorporated under the Canada Not-for-profit Corporations Act as a not-for-profit organization without share capital and is a Registered Charity under the Income Tax Act. The Ministry is not subject to income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) 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.

(b) Contributed services

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

(c) 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 include cash, accounts receivable and short-term investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(d) Capital assets

Capital assets are recorded at cost and are then amortized on a straight-line basis, over their anticipated useful lives. Amortization is provided as follows:

Furniture and equipment	5 years
Automotive equipment	6 years
Leasehold improvements	3 years

One-half year of amortization is recorded on assets in the year of acquisition.



METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Use of estimates

The preparation of these 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

2. FINANCIAL INSTRUMENTS

Financial instruments consist of cash, accounts receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest rate, currency, credit, liquidity or market risks arising from its financial instruments and the carrying amount of the financial instruments approximate their fair value.

3. INVESTMENTS

Investments are recorded at amortized cost. As at December 31, 2022 there were no Guaranteed Investment Certificates (2021 Guaranteed Investment Certificates earning annual interest between 0.63% to 2.45%). The high interest savings account earns interest at 4.10% (2021 - 1.00%) per annum.

	2022	2021
Guaranteed investment certificates	\$ -	\$ 561,751
High interest savings accounts	930,183	346,307
Investments	\$ 930,183	\$ 908,058

4. CAPITAL ASSETS

			2022	2021
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	\$ 681,407	\$ 453,947	\$ 227,460	\$ 164,050
Automotive equipment	-	-	-	-
Leasehold improvements	109,810	100,520	9,290	17,418
	\$ 791,217	\$ 554,467	\$ 236,750	\$ 181,468

During the year, amortization of capital assets amounted to \$58,228 (2021 - \$54,687).

METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

5. RELATED PARTY 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. During the year ended December 31, 2022, rent expense of \$155,000 was charged to the Ministry (2021 - \$140,000) and accounting services revenue of \$7,500 was received from the Property Corporation (2021 - \$7,500).

During the year, the Ministry donated \$28,399 (2021 - \$26,818) to the Building Fund.

Accounts receivable includes \$1,100 due from the Property Corporation (2021 - \$106 accounts payable due 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.

Unless otherwise specified, amounts due from and to the Ministry are non-interest bearing and have no specified terms of repayment.

The Ministry and Timothy Trust are entities under common influence, as the corporations have some board members in common. During the year, the Ministry was reimbursed for salary expense in the amount of \$23,482 (2021 - \$nil).

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent contributions received for the Ministry's Syrian Refugee Project and Youth Missions Trip.

	2022	2021
Balance, beginning of year	\$ 75,231	\$ 61,919
Less: amount recognized as revenue during the year	(55,685)	-
Plus: amount received related to the following year	1,370	13,312
Balance, end of year	\$ 20,916	\$ 75,231

7. 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 other capital projects.

The Benevolent Fund accounts for externally restricted contributions for social assistance and the needy.



METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

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7. EXTERNALLY RESTRICTED FUNDS (continued)

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. 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.

8. COMPARATIVE FIGURES

The comparative figures were audited by another firm of Chartered Professional Accountants.