

**Metropolitan Bible Church
Ministry Corporation**

Financial Statements
December 31, 2015



April 28, 2016

Independent Auditor's Report

To the Congregation of Metropolitan Bible Church Ministry Corporation

We have audited the accompanying financial statements of Metropolitan Bible Church Ministry Corporation, which comprise the statement of financial position as at December 31, 2015 and the statements of changes in fund balances, operations and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with many not-for-profit organizations, the Ministry derives revenues from open service offerings, other donations and fundraising, 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 for the year and cash flows from operations for the years ended December 31, 2015 and 2014, current assets as at December 31, 2015 and 2014, and net assets as at the beginning and the end of the years ended December 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effect of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Metropolitan Bible Church Ministry Corporation as at December 31, 2015 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

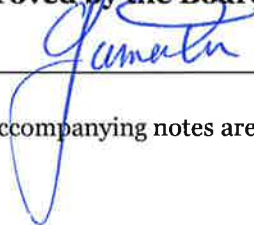
Metropolitan Bible Church Ministry Corporation

Statement of Financial Position

As at December 31, 2015

	2015 \$	2014 \$
Assets		
Current assets		
Cash	255,936	306,181
Investments (note 3)	1,251,188	1,191,182
Accounts receivable	49,222	47,028
	<u>1,556,346</u>	<u>1,544,391</u>
Loans receivable from employees (note 6)	44,400	50,650
Capital assets (note 4)	127,894	116,199
	<u>1,728,640</u>	<u>1,711,240</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	74,936	74,431
Deferred contributions	30,900	19,568
Due to Metropolitan Bible Church Property Corporation (note 6)	12,950	16,127
	<u>118,786</u>	<u>110,126</u>
Fund Balances		
General Fund	807,945	1,051,591
Restricted Funds	801,909	549,523
	<u>1,609,854</u>	<u>1,601,114</u>
	<u>1,728,640</u>	<u>1,711,240</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, 2015

	Balance - Beginning of year \$	Net revenue (expense) for the year \$	Transfers from (to) \$	Balance - End of year \$
General Fund	1,051,591	(102,837)	(140,809)	807,945
Missions Fund	24,507	14,411	-	38,918
Capital Fund	16,738	-	(9,191)	7,547
Benevolent Fund	23,450	(7,925)	-	15,525
Memorial Fund	166,650	8,126	-	174,776
Scholarship Fund	4,751	(2,545)	-	2,206
Vision Fund	163,427	99,510	-	262,937
Reserve Fund	150,000	-	150,000	300,000
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	1,601,114	8,740	-	1,609,854

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, 2015

								2015	2014
	General Fund	Missions Fund	Capital Fund	Benevolent Fund	Memorial Fund	Scholarship Fund	Restricted Funds Vision Fund Reserve Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Donations -									
Specific	22,837	307,893	146,629	30,846	8,226	3,055	236,635	756,121	642,822
Church program	3,084,048	-	-	-	-	-	-	3,084,048	3,316,746
Rental income	14,836	-	-	-	-	-	-	14,836	10,553
Interest	19,521	-	-	-	-	-	-	19,521	20,160
Ministries	154,882	-	-	-	-	-	-	154,882	179,081
	<u>3,296,124</u>	<u>307,893</u>	<u>146,629</u>	<u>30,846</u>	<u>8,226</u>	<u>3,055</u>	<u>236,635</u>	<u>4,029,408</u>	<u>4,169,362</u>
Expense									
Administration	109,206	-	-	-	-	-	-	109,206	118,720
Pastoral support	82,650	-	-	-	-	-	-	82,650	58,200
Plant	378,513	-	-	-	-	-	-	378,513	406,736
Personnel	1,583,674	-	-	-	-	-	-	1,583,674	1,616,521
Living community	51,803	-	-	-	-	-	-	51,803	49,627
Regional outreach	8,475	-	-	-	-	-	-	8,475	8,720
Children's Ministries	59,261	-	-	-	-	-	-	59,261	64,388
Youth Ministries	139,898	-	-	-	-	-	-	139,898	150,626
Adult Ministries	87,749	-	-	-	-	-	-	87,749	100,286
Missions	759,899	289,482	-	-	-	-	-	1,049,381	1,047,697
Other	17,833	-	-	-	-	-	-	17,833	13,770
Rent (note 6)	120,000	-	-	-	-	-	-	120,000	120,000
Scholarship	-	4,000	-	-	-	5,600	-	9,600	6,000
Donation to									
Metropolitan Bible									
Church Property									
Corporation (note 6)	-	-	146,629	-	-	-	-	146,629	214,750
Social assistance	-	-	-	38,771	-	-	-	38,771	45,852
Memorial	-	-	-	-	100	-	-	100	10,520
Reproducing church	-	-	-	-	-	-	137,125	137,125	22,377
	<u>3,398,961</u>	<u>293,482</u>	<u>146,629</u>	<u>38,771</u>	<u>100</u>	<u>5,600</u>	<u>137,125</u>	<u>4,020,668</u>	<u>4,054,790</u>
Net revenue (expense) for the year	<u>(102,837)</u>	<u>14,411</u>	<u>-</u>	<u>(7,925)</u>	<u>8,126</u>	<u>(2,545)</u>	<u>99,510</u>	<u>8,740</u>	<u>114,572</u>

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, 2015

	2015	2014
	\$	\$
Cash provided by (used in)		
Operating activities		
Net revenue for the year	8,740	114,572
Item not affecting cash - Amortization of capital assets	51,583	54,915
Net change in non-cash working capital items	6,466	(14,312)
	<u>66,789</u>	<u>155,175</u>
Investing activities		
Purchase of investments	(836,989)	(596,752)
Proceeds on disposal of investments	776,983	481,000
Purchase of capital assets	(63,278)	(25,853)
Repayments of loans receivable from employees	6,250	5,400
	<u>(117,034)</u>	<u>(136,205)</u>
Net change in cash for the year	(50,245)	18,970
Cash - Beginning of year	<u>306,181</u>	<u>287,211</u>
Cash - End of year	<u>255,936</u>	<u>306,181</u>

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

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2015

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 Significant accounting policies

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 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 these estimates.

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 Property capital projects 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 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.

The Reserve Fund accounts for internally restricted funds set aside to cover any potential major repairs to the building.

Investments

Investments are recorded at amortized cost. Interest is calculated using the effective interest rate method.

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2015

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

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.

Contributed services

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

3 Investments

	2015 \$	2014 \$
Guaranteed investment certificates	970,044	968,044
High interest savings accounts	281,144	223,138
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	1,251,188	1,191,182

Guaranteed investment certificates bear interest at rates ranging from 1.45% to 2.05% (2014 - 1.25% to 2.20%) and mature from 2016 to 2018 (2014 - 2015 to 2018). The high interest savings accounts earn interest at 0.10% (2014 - 0.10%).

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2015

4 Capital assets

			2015	2014
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and equipment	570,802	469,144	101,658	110,365
Automotive equipment	28,331	18,926	9,405	5,834
Leasehold improvements	20,198	3,367	16,831	-
	619,331	491,437	127,894	116,199

Cost and accumulated amortization amounted to \$556,053 and \$439,854 respectively at December 31, 2014.

5 Accounts payable and accrued liabilities

Government remittances total \$nil as at December 31, 2015 (2014 - \$ 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 Board of Directors. The Secretary and Treasurer of the Ministry are non-voting officers of the Property Corporation.

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

	\$
Year ending December 31, 2016	120,000
2017	120,000
2018	120,000
2019	120,000
2020	120,000

Externally restricted donations 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 related parties involved.

Amounts due to the Property Corporation are non-interest bearing and have no specified terms of repayment.

Loans receivable from employees are non-interest bearing and have terms of repayment that are varied at the discretion of the Ministry.