

Metropolitan Bible Church Property Corporation

Financial Statements
December 31, 2015



April 28, 2016

Independent Auditor's Report

To the Congregation of Metropolitan Bible Church Property Corporation

We have audited the accompanying financial statements of Metropolitan Bible Church Property Corporation, which comprise the statement of financial position as at December 31, 2015 and the statements of operations and changes in fund balances 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Metropolitan Bible Church Property 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 Property Corporation

Statement of Financial Position

As at December 31, 2015

			2015	2014
	General Fund	Building Fund	Total	Total
	\$	\$	\$	\$
Assets				
Current assets				
Cash	3,421	265,962	269,383	244,029
Investments (note 3)	-	1,737,587	1,737,587	1,535,364
Accounts receivable	-	37,601	37,601	11,046
Due from Metropolitan Bible Church Ministry Corporation (note 6)	-	12,950	12,950	16,127
	3,421	2,054,100	2,057,521	1,806,566
Capital assets (note 4)	13,436,400	-	13,436,400	13,824,744
	13,439,821	2,054,100	15,493,921	15,631,310
Fund Balances				
General Fund	13,439,821	-	13,439,821	13,840,359
Building Fund	-	2,054,100	2,054,100	1,790,951
	13,439,821	2,054,100	15,493,921	15,631,310

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, 2015

			2015	2014
	General Fund \$	Building Fund \$	Total \$	Total \$
Revenue				
Donations (note 6)	-	150,776	150,776	216,644
Interest income	-	29,795	29,795	21,662
Rental income (note 6)	120,000	-	120,000	120,000
	120,000	180,571	300,571	358,306
Expense				
Administration and professional fees	10,108	-	10,108	7,067
Amortization of capital assets	427,852	-	427,852	427,852
	437,960	-	437,960	434,919
Net revenue (expense) for the year	(317,960)	180,571	(137,389)	(76,613)
Fund balances – Beginning of year	13,840,359	1,790,951	15,631,310	15,707,923
Transfers from (to)	(82,578)	82,578	-	-
Fund balances – End of year	13,439,821	2,054,100	15,493,921	15,631,310

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, 2015

	2015 \$	2014 \$
Cash flows provided by (used in)		
Operating activities		
Net expense for the year	(137,389)	(76,613)
Item not affecting cash – amortization of capital assets	427,852	427,852
Net change in non-cash working capital items	(23,378)	10,569
	<hr/> 267,085	<hr/> 361,808
Investing activities		
Purchase of investments	(848,234)	(1,587,175)
Proceeds on disposal of investments	646,011	1,365,430
Purchase of capital assets	(39,508)	-
	<hr/> (241,731)	<hr/> (221,745)
Net change in cash for the year	25,354	140,063
Cash – Beginning of year	<hr/> 244,029	<hr/> 103,966
Cash – End of year	<hr/> 269,383	<hr/> 244,029

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

Metropolitan Bible Church Property Corporation

Notes to Financial Statements

December 31, 2015

1 Governing statutes and purpose of the organization

The purpose of the Metropolitan Bible Church Property Corporation (“the Property Corporation”) is to establish places for worship and the preaching of the Gospel, to conduct religious training classes, to establish missions, to acquire the necessary property for the erection of churches, missions and buildings incidental thereto and to promote the principles of Christian fellowship and communion. 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*.

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 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 the Ministry.

Investments

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

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
Audio visual and lighting	5 years

No amortization is recorded for items under construction until the asset is put into use.

Metropolitan Bible Church Property Corporation

Notes to Financial Statements

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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.

3 Investments

	2015 \$	2014 \$
Guaranteed investment certificates	1,652,015	1,506,000
High interest savings account	85,572	29,364
	<u>1,737,587</u>	<u>1,535,364</u>

Guaranteed investment certificates bear interest at rates ranging from 1.25% to 2.05% (2014 – 1.75% to 2.05%) and mature from 2016 to 2018 (2014 – 2016 to 2018). The high interest savings accounts earn interest at 0.10% (2014 – 0.10%).

4 Capital assets

	<u>2015</u>		<u>2014</u>	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	1,621,791	-	1,621,791	1,621,791
Building	13,258,452	2,310,843	10,947,609	11,279,071
Paving	1,013,202	561,497	451,705	536,139
Furniture and equipment	239,145	86,234	152,911	164,867
Audio visual and lighting	261,391	261,391	-	-
Chapel under construction	262,384	-	262,384	222,876
	<u>16,656,365</u>	<u>3,219,965</u>	<u>13,436,400</u>	<u>13,824,744</u>

Cost and accumulated amortization amounted to \$16,616,857 and \$2,792,113, respectively, at December 31, 2014.

Metropolitan Bible Church Property Corporation

Notes to Financial Statements

December 31, 2015

5 Letter of credit

As at December 31, 2015, a letter of credit has been established by the Property Corporation in the amount of \$15,813 (2014 – \$15,813) in favour of the City of Ottawa.

6 Related party balances and transactions

The Metropolitan Bible Church Ministry Corporation (“the Ministry”) is related to the Property Corporation 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 members of the Property Corporation.

All rental income is derived from the Ministry, and the Ministry is responsible for operating costs. The Ministry also donated \$146,629 (2014 – \$214,750) to the Building Fund. These transactions are recorded at the exchange amount, which is the amount established and agreed to by related parties involved.

Amounts due from the Ministry are non-interest bearing and have no specified terms of repayment.