

**Metropolitan Bible Church
Ministry Corporation**

Financial Statements
December 31, 2016



April 25, 2017

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 ("the Ministry"), which comprise the statement of financial position as at December 31, 2016 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.

*PricewaterhouseCoopers LLP
99 Bank Street, Suite 800, Ottawa, Ontario, Canada K1P 1E4
T: +1 613 237 3702, F: +1 613 237 3963*

"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 (expense) for the year and cash flows from operations for the years ended December 31, 2016 and 2015, current assets as at December 31, 2016 and 2015, and net assets as at the beginning and the end of the years ended December 31, 2016 and 2015. Our audit opinion on the financial statements for the year ended December 31, 2015 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 the Ministry as at December 31, 2016 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, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash	229,110	255,936
Investments (note 3)	1,329,069	1,251,188
Accounts receivable	39,520	49,222
Due from Metropolitan Bible Church Property Corporation (note 6)	16,062	-
	<u>1,613,761</u>	<u>1,556,346</u>
Loans receivable from employees (note 6)	41,600	44,400
Capital assets (note 4)	<u>180,355</u>	<u>127,894</u>
	<u>1,835,716</u>	<u>1,728,640</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	76,213	74,936
Deferred contributions	11,568	30,900
Due to Metropolitan Bible Church Property Corporation (note 6)	-	12,950
	<u>87,781</u>	<u>118,786</u>
Fund Balances		
General Fund	655,241	807,945
Restricted Funds	<u>1,092,694</u>	<u>801,909</u>
	<u>1,747,935</u>	<u>1,609,854</u>
	<u>1,835,716</u>	<u>1,728,640</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, 2016

	Balance - Beginning of year \$	Net revenue (expense) for the year \$	Transfers from (to) \$	Balance - End of year \$
General Fund	807,945	(10,251)	(142,453)	655,241
Missions Fund	38,918	107,571	-	146,489
Capital Fund	7,547	-	(7,547)	-
Benevolent Fund	15,525	(2,580)	-	12,945
Memorial Fund	174,776	(122,788)	-	51,988
Scholarship Fund	2,206	(393)	-	1,813
Vision Fund	262,937	166,522	-	429,459
Reserve Fund	300,000	-	150,000	450,000
	<hr/>			
	1,609,854	138,081	-	1,747,935

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, 2016

	2016					2015		
	General Fund	Missions Fund	Capital Fund	Benevolent Fund	Memorial Fund	Scholarship Fund	Vision Fund	Total
Revenue								
Donations -								
Specific								
Church program	27,671	388,034	121,564	16,337	41,609	2,315	414,899	1,012,429
Church income	3,071,642	-	-	-	-	-	-	3,071,642
Rental income	45,525	-	-	-	-	-	-	45,525
Interest	18,997	-	-	-	-	-	-	18,997
Ministries	186,978	-	-	-	-	-	-	186,978
	3,350,813	388,034	121,564	16,337	41,609	2,315	414,899	4,335,571
Expense								
Administration	108,727	-	-	-	-	-	-	108,727
Pastoral support	101,636	-	-	-	-	-	-	101,636
Plant	397,313	-	-	-	-	-	-	397,313
Personnel	1,546,609	-	-	-	-	-	-	1,546,609
Living community	48,942	-	-	-	-	-	-	48,942
Regional outreach	16,830	-	-	-	-	-	-	16,830
Children's Ministries	67,519	-	-	-	-	-	-	67,519
Youth Ministries	159,239	-	-	-	-	-	-	159,239
Adult Ministries	65,848	-	-	-	-	-	-	65,848
Missions	714,350	280,463	-	-	-	-	-	994,813
Other	14,051	-	-	-	-	-	-	14,051
Rent (note 6)	120,000	-	-	-	-	-	-	120,000
Scholarship	-	-	-	-	-	2,708	-	2,708
Donation to Metropolitan Bible Church	-	-	121,564	-	164,346	-	-	285,910
Property Corporation (note 6)	-	-	-	18,917	-	-	-	18,917
Social assistance	-	-	-	-	51	-	-	51
Memorial	-	-	-	-	-	-	248,377	248,377
Reproducing church	-	-	-	-	-	-	-	-
	3,361,064	280,463	121,564	18,917	164,397	2,708	248,377	4,197,490
Net revenue (expense) for the year	(10,251)	107,571	-	(2,580)	(122,788)	(393)	166,522	138,081
								8,740

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, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Net revenue for the year	138,081	8,740
Item not affecting cash - Amortization of capital assets	57,155	51,583
Net change in non-cash working capital items	(37,365)	6,466
	<hr/> 157,871	<hr/> 66,789
Investing activities		
Purchase of investments	(755,926)	(836,989)
Proceeds on disposal of investments	678,045	776,983
Purchase of capital assets	(109,616)	(63,278)
Repayments of loans receivable from employees	2,800	6,250
	<hr/> (184,697)	<hr/> (117,034)
Net change in cash for the year	(26,826)	(50,245)
Cash - Beginning of year	<hr/> 255,936	<hr/> 306,181
Cash - End of year	<hr/> <u>229,110</u>	<hr/> <u>255,936</u>

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

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2016

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 Corporation’s 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 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, 2016

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

	2016	2015
	\$	\$
Guaranteed investment certificates	644,569	970,044
High interest savings accounts	684,500	281,144
	<u>1,329,069</u>	<u>1,251,188</u>

Guaranteed investment certificates bear interest at rates ranging from 1.30% to 2.05% (2015 - 1.45% to 2.05%) and mature from 2016 to 2018 (2015 - 2016 to 2018). The high interest savings accounts earn interest at 0.75% (2015 - 0.10%).

Metropolitan Bible Church Ministry Corporation

Notes to Financial Statements

December 31, 2016

4 Capital assets

			2016	2015
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and equipment	666,046	513,508	152,538	101,658
Automotive equipment	28,332	22,590	5,742	9,405
Leasehold improvements	34,569	12,494	22,075	16,831
	728,947	548,592	180,355	127,894

Cost and accumulated amortization amounted to \$619,331 and \$491,437 respectively at December 31, 2015.

5 Accounts payable and accrued liabilities

Government remittances total \$nil as at December 31, 2016 (2015 - \$ 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, 2017	120,000
2018	120,000
2019	120,000
2020	120,000
2021	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 from or 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.