

**Metropolitan Bible Church  
Property Corporation**

Financial Statements  
**December 31, 2016**



April 25, 2017

## **Independent Auditor's Report**

### **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, 2016 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, 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 Property Corporation

## Statement of Financial Position

As at December 31, 2016

			2016	2015
	General Fund	Building Fund	Total	Total
	\$	\$	\$	\$
<b>Assets</b>				
<b>Current assets</b>				
Cash	-	498,072	498,072	269,383
Investments (note 3)	-	460,718	460,718	1,737,587
Accounts receivable	-	161,027	161,027	37,601
Due from Metropolitan Bible Church Ministry Corporation (note 6)	-	-	-	12,950
	-	1,119,817	1,119,817	2,057,521
<b>Capital assets (note 4)</b>	<b>15,133,767</b>	<b>-</b>	<b>15,133,767</b>	<b>13,436,400</b>
	<b>15,133,767</b>	<b>1,119,817</b>	<b>16,253,584</b>	<b>15,493,921</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	-	691,499	691,499	-
Due to Metropolitan Bible Church Ministry Corporation (note 6)	-	16,062	16,062	-
Current portion of notes payable (note 7)	-	12,000	12,000	-
	-	719,561	719,561	-
<b>Notes payable (note 7)</b>	<b>-</b>	<b>48,000</b>	<b>48,000</b>	<b>-</b>
	<b>-</b>	<b>767,561</b>	<b>767,561</b>	<b>-</b>
<b>Fund Balances</b>				
General Fund	15,133,767	-	15,133,767	13,439,821
Building Fund	-	352,256	352,256	2,054,100
	<b>15,133,767</b>	<b>352,256</b>	<b>15,486,023</b>	<b>15,493,921</b>
	<b>15,133,767</b>	<b>1,119,817</b>	<b>16,253,584</b>	<b>15,493,921</b>

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, 2016

			2016	2015
	General Fund \$	Building Fund \$	Total \$	Total \$
<b>Revenue</b>				
Donations (note 6)	-	289,138	289,138	150,776
Interest	-	19,789	19,789	29,795
Rental (note 6)	120,000	-	120,000	120,000
	120,000	308,927	428,927	300,571
<b>Expense</b>				
Administration and professional fees	8,973	-	8,973	10,108
Amortization of capital assets	427,852	-	427,852	427,852
	436,825	-	436,825	437,960
<b>Net revenue (expense) for the year</b>	(316,825)	308,927	(7,898)	(137,389)
<b>Fund balances - Beginning of year</b>	13,439,821	2,054,100	15,493,921	15,631,310
<b>Transfers from (to)</b>	2,010,771	(2,010,771)	-	-
<b>Fund balances - End of year</b>	15,133,767	352,256	15,486,023	15,493,921

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, 2016

	2016 \$	2015 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net expense for the year	(7,898)	(137,389)
Item not affecting cash - amortization of capital assets	427,852	427,852
Net change in non-cash working capital items	(94,414)	(23,378)
	<u>325,540</u>	<u>267,085</u>
<b>Investing activities</b>		
Purchase of investments	(1,699,563)	(848,234)
Proceeds on disposal of investments	2,976,432	646,011
Purchase of capital assets	(1,433,720)	(39,508)
	<u>(156,851)</u>	<u>(241,731)</u>
<b>Financing activity</b>		
Proceeds from notes payable	60,000	-
	<u>228,689</u>	<u>25,354</u>
<b>Net change in cash for the year</b>	<u>269,383</u>	<u>244,029</u>
<b>Cash - Beginning of year</b>	<u>498,072</u>	<u>269,383</u>
<b>Cash - End of year</b>	<u>498,072</u>	<u>269,383</u>
<b>Supplementary non-cash information</b>		
Non-cash purchase of capital assets	(691,499)	-
Change in accounts payable and accrued liabilities related to capital assets	691,499	-

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

# Metropolitan Bible Church Property Corporation

Notes to Financial Statements

December 31, 2016

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## 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

December 31, 2016

### 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

	2016 \$	2015 \$
Guaranteed investment certificates	196,000	1,652,015
High interest savings account	264,718	85,572
	<u>460,718</u>	<u>1,737,587</u>

Guaranteed investment certificates bear interest at rates ranging from 1.35% to 1.45% (2015 - 1.25% to 2.05%) and mature in 2017 (2015 - 2016 to 2018). The high interest savings accounts earn interest at 0.75% (2015 - 0.10%).

### 4 Capital assets

			2016	2015
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	1,621,791	-	1,621,791	1,621,791
Building	13,258,453	2,642,305	10,616,148	10,947,609
Paving	1,013,202	645,930	367,272	451,705
Furniture and equipment	263,300	98,192	165,108	152,911
Audio visual and lighting	261,906	261,390	516	-
Chapel under construction	2,362,932	-	2,362,932	262,384
	<u>18,781,584</u>	<u>3,647,817</u>	<u>15,133,767</u>	<u>13,436,400</u>

Cost and accumulated amortization amounted to \$16,656,365 and \$3,219,965, respectively, at December 31, 2015.



# Metropolitan Bible Church Property Corporation

Notes to Financial Statements

December 31, 2016

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## 5 Letter of credit

As at December 31, 2016, a letter of credit has been established by the Property Corporation in the amount of \$15,813 (2015 - \$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 \$285,910 (2015 - \$146,629) 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 and to the Ministry are non-interest bearing and have no specified terms of repayment.

## 7 Notes payable

Notes payable issued by the Property Corporation to congregants to help finance the capital expansion are non-interest bearing and are repayable as follows.

	\$
Year ending December 31, 2017	12,000
2018	12,000
2019	12,000
2020	12,000
2021	12,000

## 8 Subsequent event

Subsequent to year-end, the Property Corporation secured a construction loan of up to \$800,000, bearing interest at prime plus 0.50%, for its building expansion.