
METROPOLITAN COMMUNITY CHURCH OF TORONTO

FINANCIAL STATEMENTS

DECEMBER 31, 2021

Independent Auditor's Report

To the Members of Metropolitan Community Church of Toronto

Qualified Opinion

We have audited the financial statements of Metropolitan Community Church of Toronto (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets 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 Organization as at December 31, 2021, 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 non-for-profit organizations, the Organization derives revenues from fundraising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we are not able to determine whether, as at and for the years ended December 31, 2021 and December 31, 2020, any adjustment might be necessary to revenues and excess of revenues over expense reported in the statements of operations, and assets and net assets reported in the statements of financial position. For the same reason, the audit opinion rendered for the year ended December 31, 2020 was also modified because of the possible effects of this limitation.

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 Organization 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 ability of the Organization 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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Organization.

Independent Auditor's Report (continued)

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 the 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 internal control of the Organization.
- 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 ability of the Organization 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 Organization 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Toronto, Ontario
TBD

Chartered Professional Accountants
Licensed Public Accountants

METROPOLITAN COMMUNITY CHURCH OF TORONTO

STATEMENT OF FINANCIAL POSITION

DECEMBER 31

	Operating		Mission Teams		Restricted Fund		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS								
Current assets								
Cash	915,764	394,328	71,942	71,943	324,567	1,322,733	1,312,273	1,789,004
Investments (note 3)	-	-	-	-	2,873,856	787,263	2,873,856	787,263
Accounts receivable	30,788	29,399	-	-	-	-	30,788	29,399
Inter-fund receivable (note 6)	-	117,874	-	-	517,304	-	517,304	117,874
Prepaid expenses and deposits	16,431	9,205	-	-	-	-	16,431	9,205
	962,983	550,806	71,942	71,943	3,715,727	2,109,996	4,750,652	2,732,745
Capital assets (note 4)	2,755,282	2,560,227	-	-	-	-	2,755,282	2,560,227
	3,718,265	3,111,033	71,942	71,943	3,715,727	2,109,996	7,505,934	5,292,972
LIABILITIES								
Current liabilities								
Account payable and accrued liabilities	45,782	191,336	-	-	5,500	2,995	51,282	194,331
Inter-fund payable (note 6)	515,224	-	2,080	3,566	-	114,308	517,304	117,874
Current portion of post-retirement benefit liability (note 10)	32,472	31,848	-	-	-	-	32,472	31,848
Loan payable (note 11)	60,000	40,000	-	-	-	-	60,000	40,000
	653,478	263,184	2,080	3,566	5,500	117,303	661,058	384,053
Post-retirement benefit liability (note 10)	132,736	160,720	-	-	-	-	132,736	160,720
	786,214	423,904	2,080	3,566	5,500	117,303	793,794	544,773
NET ASSETS (note 5)	2,932,051	2,687,129	69,862	68,377	3,710,227	1,992,693	6,712,140	4,748,199
	3,718,265	3,111,033	71,942	71,943	3,715,727	2,109,996	7,505,934	5,292,972

APPROVED ON BEHALF OF THE BOARD:

_____ Moderator

_____ Vice-Moderator

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

METROPOLITAN COMMUNITY CHURCH OF TORONTO

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31

	Operating		Mission Teams		Restricted Fund		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
		(note 13)		(note 13)		(note 13)		(note 13)
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES								
Regular offerings	449,060	483,748	-	-	-	-	449,060	483,748
Outreach events & activities	64,733	68,958	-	-	200,230	180,888	264,963	249,846
Bequests	348,721	154,145	-	-	-	-	348,721	154,145
Regular programs & services	78,093	25,077	2,140	25,500	5,000	2,200	85,233	52,777
Special offerings	308,638	344,096	-	-	-	-	308,638	344,096
Donations to Elevation Campaign	-	-	-	-	1,690,318	419,096	1,690,318	419,096
Government grants	20,193	26,130	-	-	-	-	20,193	26,130
Investment income (note 7)	2,277	4,531	-	-	51,355	15,682	53,632	20,213
Total revenues	1,271,715	1,106,685	2,140	25,500	1,946,903	617,866	3,220,758	1,750,051
EXPENSES								
Worship & congregational life (note 8)	312,608	235,218	-	-	-	-	312,608	235,218
Fundraising, general & administration (note 8)	473,990	529,379	-	-	45	287	474,035	529,666
Other programs & services	-	-	655	1,470	1,500	8,063	2,155	9,533
Amortization of capital assets	135,171	108,961	-	-	-	-	135,171	108,961
Outreach events & activities	120,613	97,997	-	4,599	49,993	48,124	170,606	150,720
Facilities	194,608	183,049	-	-	-	-	194,608	183,049
Tithes To UFMCC (note 9)	44,838	47,051	-	-	-	-	44,838	47,051
Total expenses	1,281,828	1,201,655	655	6,069	51,538	56,474	1,334,021	1,264,198
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE BEFORE THE FOLLOWING	(10,113)	(94,970)	1,485	19,431	1,895,365	561,392	1,886,737	485,853
Government Assistance (note 11)	77,204	76,998	-	-	-	-	77,204	76,998
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	67,091	(17,972)	1,485	19,431	1,895,365	561,392	1,963,941	562,851

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

METROPOLITAN COMMUNITY CHURCH OF TORONTO

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31

	Operating 2021	2020	Mission Teams 2021	2020	Restricted Fund 2021	2020	Total 2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	2,687,129	2,274,522	68,377	55,824	1,992,693	1,855,002	4,748,199	4,185,348
Excess (deficiency) of revenues over expenses	67,091	(17,972)	1,485	19,431	1,895,365	561,392	1,963,941	562,851
Inter-fund transfers (note 6)	177,831	430,579		(6,878)	(177,831)	(423,701)	-	-
Balance, end of year (note 5)	2,932,051	2,687,129	69,862	68,377	3,710,227	1,992,693	6,712,140	4,748,199

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

METROPOLITAN COMMUNITY CHURCH OF TORONTO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31

	2021	2020
	\$	\$
Cash flows from operating activities		
Excess of revenues over expenses for year	1,963,941	562,851
Items not affecting cash		
Amortization of capital assets	135,171	108,961
Unrealized (gain) loss on investments	(51,036)	16,710
Post-retirement benefit	4,476	5,155
	2,052,552	693,677
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	(1,389)	54,514
Decrease (increase) in prepaid expenses and deposits	(7,226)	14,896
Increase (decrease) in accounts payable and accrued liabilities	(143,049)	114,795
	1,900,888	877,882
Cash flows from investing activities		
Purchase of capital assets	(330,226)	(355,532)
Net increase in investments	(2,035,557)	(32,392)
	(2,365,783)	(387,924)
Cash flows from financing activities		
Proceeds of loan payable	20,000	40,000
Post-retirement benefit payment	(31,836)	(31,224)
	(11,836)	8,776
Net change in cash during year	(476,731)	498,734
Cash, beginning of year	1,789,004	1,290,270
Cash, end of year	1,312,273	1,789,004

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

Purpose of the organization

Metropolitan Community Church of Toronto (the "Organization") is incorporated provincially as a not-for-profit corporation without share capital. The objectives of the Organization are to bind together persons to share in the worship of God in the Congregational Christian tradition in an inclusive, affirmative and caring environment. The Organization is a member of the Universal Fellowship of Metropolitan Community Churches.

The Organization is a registered charity under the Income Tax Act, and accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Part III of the CPA Canada Handbook - Accounting, and in accordance with Canadian generally accepted accounting principles. The financial statements have been prepared within the framework of the significant accounting policies summarized below.

a) Fund accounting

The Organization uses fund accounting, whereby a separate set of accounts is maintained for each fund based on its specific purpose as follows:

Operating Fund

General unrestricted programs and program activities are reflected in the operating fund. The operating fund is comprised of net assets invested in capital assets and unrestricted net assets (see note 5).

Mission Teams

Mission Teams comprise various self-directed groups at the Organization for which monies have been raised or donated in order to allow the Mission Teams to fulfil their mandates (see note 5).

Restricted Fund

The restricted fund includes contributions from external donors for which monies were provided to the Organization for specified purposes as well as reserves which have been internally restricted by the Board of Directors (see note 5). These funds are not available for any other purposes without approval by the Board of Directors.

b) Revenue recognition

The Organization follows the restricted fund method of accounting for contributions. Contributions made for restricted purposes are recognized as revenue of the restricted fund at the time they are made. Unrestricted contributions are recognized as revenue when received or, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is comprised of interest, dividends, realized gains/(losses) and the net change in unrealized gains/(losses) for the year, less administrative and management fees. Interest income is recorded on an accrual basis. Dividends are recorded as revenue when declared.

c) Financial instruments

i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measured at amortized cost. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for portfolio investments which are carried at fair value.

Financial assets measured at amortized cost include cash, investments in guaranteed investment certificates and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and loan payable.

1. Significant accounting policies (continued)

c) Financial instruments (continued)

ii) Impairment

Financial assets measured at amortized cost are tested for impairment annually for indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a writedown is recognized in the statement of operations. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

d) Investments

Investments in cashable guaranteed investment certificates whose term to maturity ranges from three months to twelve months from the date of acquisition are classified as current. Cashable guaranteed investment certificates whose term to maturity is beyond twelve months from the date of acquisition are classified as long term.

Other portfolio investments are initially recorded at cost on the date of acquisition and subsequently re-measured at fair value at each reporting date. Unrealized gains and losses arising from the change in fair value of these investments are recognized in the statement of operations.

e) Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as a capital asset; otherwise, costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use. Contributed capital assets are recorded at their fair values at the respective donation date.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the statements of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

Capital assets are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided for, upon commencement of the utilization of the assets, on a straight line basis at rates designed to amortize the cost of the capital assets over their estimated useful lives as follows:

Building Improvements	20 - 24 years
Building	40 years
Equipment	5 years
Furniture and fixtures	20 years

f) Contributed materials and services

Volunteers contribute numerous hours each year to assist the Organization in carrying out its activities. The fair value of the contributed services cannot be reasonably estimated and is not recognized in the financial statements. Contributed materials are recognized at fair value when materials would normally be purchased by the Organization.

METROPOLITAN COMMUNITY CHURCH OF TORONTO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Significant accounting policies (continued)

g) Post-retirement benefit liability

Post-retirement benefit liability is recorded at the net present value of the expected future annual retirement payments from the individual's date of retirement and up until the date of death, taking into consideration factors including the individual's date of birth, life expectancy, actuaries longevity analysis, estimated rate of inflation and discount rate. These factors are reviewed on an annual basis and any adjustments in the net present value are recorded in fundraising general & administration expense in the statement of operations.

h) Allocation of expenses

Certain salary and benefit costs are allocated to functional areas based on an estimate of staff time related to each activity.

i) Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Actual results may differ from these estimates, the impact of which would be recorded in future periods. A significant estimate is the provision for the post retirement benefit liability as this estimate includes rate of inflation, discount rate and mortality assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

j) Government assistance

Government assistance is recognized as income when the related expenses are incurred or when there is reasonable assurance that the Organization has complied or will comply with all of the conditions of the assistance, and collection is reasonably assured.

2. Financial instrument risk management

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at December 31, 2021.

The financial instruments of the Organization and the nature of the risks to which it may be subject are as follows:

Financial instrument	Risks				
	Credit	Liquidity	Market risk		
			Currency	Interest rate	Other price
Cash	X			X	
Investments	X		X	X	X
Accounts receivable	X				
Accounts payable and accrued liabilities		X			
Loan payable		X			

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur financial loss. The Organization does not hold directly any collateral as security for financial obligations of counterparties.

METROPOLITAN COMMUNITY CHURCH OF TORONTO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

2. Financial instrument risk management (continued)

The maximum exposure of the Organization to credit risk is as follows:

	2021	2020
	\$	\$
Cash	1,312,273	1,789,004
Investments	2,873,856	787,263
Accounts receivable	30,788	29,399
	<u>4,216,917</u>	<u>2,605,666</u>

The Organization reduces its exposure to the credit risk of cash by holding cash in a major Canadian bank.

The Organization is exposed to credit risk arises from its cash, investments in guaranteed investment certificates and fixed income investments which are held in pooled funds and those risks are monitored by the third party managing the invested pooled funds and by Board oversight.

The Organization is not exposed to significant credit risk in respect of accounts receivable as accounts receivable includes \$7,951 (2020 - \$21,028) from HST public services bodies' rebates, which have been collected after the year end.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Organization not being able to liquidate assets in a timely manner at a reasonable price.

The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and holds assets that can be readily converted into cash. The investments are held in pooled funds that are liquid. The maximum exposure to liquidity risk is represented by accounts payable and accrued liabilities and loan payable amounting to \$111,282 (2020 - \$234,331).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and price risk.

Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Organization holds cash and investments in foreign currencies and is therefore exposed to currency risk. The investments are held in pooled funds managed by a third party organization who monitors investment performance. The Organization does not use any derivative financial instruments to manage foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The exposure of the Organization to interest rate risk arises from its investments in guaranteed investment certificates and fixed income investments which are held in pooled funds managed by a third party organization and in its cash balances.

Price risk

Price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

METROPOLITAN COMMUNITY CHURCH OF TORONTO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

2. Financial instrument risk management (continued)

Price risk (continued)

The Organization is exposed to price risk in its investments and those risks are monitored by the third party managing the invested pooled funds and by Board oversight.

Changes in risk

There have been no significant changes in the Organization's risk exposures from the prior year.

3. Investments

	2021 \$	2020 \$
RBC cashable Guaranteed investment certificates - 0.55% due December 21, 2022	2,000,000	-
Toronto Community Foundation - Investments - pooling arrangement	873,856	787,263
	2,873,856	787,263

The Organization has arranged to invest its investments with the Toronto Community Foundation under a pooling of investments arrangement. Under this agreement, the Organization's funds are commingled with other investors' funds and invested as a whole. The Organization has ownership of a prorated percentage of the total investment portfolio. The investment under the pooling arrangement holds the following mix of asset class:

	2021 %	2020 %
Cash and fixed income	25	16
Canadian and global equities	56	45
Other strategies - including benchmark-free and absolute return strategies	19	39
	100	100

4. Capital assets

	2021		
	Cost \$	Accumulated Amortization \$	Net \$
Land	802,900	-	802,900
Building Improvements	2,348,720	643,791	1,704,929
Building	530,214	369,922	160,292
Equipment	315,417	293,284	22,133
Furniture and fixtures	155,382	99,605	55,777
Renovation in progress	9,251	-	9,251
	4,161,884	1,406,602	2,755,282

METROPOLITAN COMMUNITY CHURCH OF TORONTO

NOTES TO FINANCIAL STATEMENTS

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4. Capital assets (continued)

	2020		
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Land	802,900	-	802,900
Building Improvements	1,700,099	538,602	1,161,497
Building	530,214	356,667	173,547
Equipment	348,947	314,123	34,824
Furniture and fixtures	152,153	95,570	56,583
Renovation in progress	330,876	-	330,876
	3,865,189	1,304,962	2,560,227

During the fiscal year, the Organization entered into a contract for the social hall renovation project. The cost in connection with the work completed as of December 31, 2021 amounted to \$9,251 and was included in renovation in progress. No amortization was recorded on the statement of operations as the renovation project was not complete as of December 31, 2021.

5. Net Assets

Net assets of the operating fund are comprised of the following:

	2021	2020
	\$	\$
Net assets invested in capital assets	2,755,282	2,560,227
Unrestricted net assets	176,769	126,902
	2,932,051	2,687,129

The components of the Mission Teams fund are as follows:

	2021	2020
	\$	\$
Donor designated		
Children's Ministry	37,881	37,881
Pride & Joy	8,662	8,597
Community Meal	6,250	6,250
Life Long Learning	5,283	5,283
Emerging Ministries	3,127	3,127
Men's Retreat	3,697	2,277
Other	4,962	4,962
	69,862	68,377

METROPOLITAN COMMUNITY CHURCH OF TORONTO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

5. Net Assets (continued)

The components of the restricted fund are as follows:

	2021	2020
	\$	\$
Board designated		
General Reserve Fund	404,588	377,237
Internally Restricted Funds	327,594	304,726
Executive Director Fund	300,000	-
	1,032,182	681,963
	2021	2020
	\$	\$
Donor designated		
Elevation Campaign	2,126,792	821,612
Refugee Sponsorship Fund	246,869	164,061
Brent Hawkes Legacy Fund	90,016	113,155
Depression Initiative Fund	68,177	68,177
MCC Toronto Hope Fund	37,745	35,579
Music Fund	30,069	30,069
Refugee Program Administration and Discretionary Fund	32,000	30,000
Triangle Scholarship Fund	9,147	10,647
Health and Wellness	10,228	10,228
Community Outreach Partners	9,280	9,610
Benevolence	7,557	7,417
Triangle Impact Study	5,000	5,000
Community Care	2,568	2,568
Other	2,597	2,607
	2,678,045	1,310,730
	3,710,227	1,992,693

METROPOLITAN COMMUNITY CHURCH OF TORONTO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

6. Inter-fund transfers and inter-fund payable and receivable

The following is a summary of inter-fund transfers during the year:

	2021		
	Operating \$	Mission Teams \$	Restricted Fund \$
Executive Director Fund	(300,000)	-	300,000
Elevation Campaign	385,137	-	(385,137)
Refugee Program Administration	65,602	-	(65,602)
Internally Restricted Fund	(4,872)	-	4,872
General Reserve Fund	(4,872)	-	4,872
Brent Hawkes Legacy	31,836	-	(31,836)
Music Fund	5,000	-	(5,000)
Total	177,831	-	(177,831)

	2020		
	Operating \$	Mission Teams \$	Restricted Fund \$
Children's Ministry	6,878	(6,878)	-
Elevation Campaign	502,688	-	(502,688)
Refugee Program Administration	40,630	-	(40,630)
Internally Restricted Fund	(75,415)	-	75,415
General Reserve Fund	(75,415)	-	75,415
Brent Hawkes Legacy	31,213	-	(31,213)
Total	430,579	(6,878)	(423,701)

Inter-fund transfers to the Operating Fund from the Mission Teams and/or Restricted Fund represent transfers to cover program expenses or capital improvements meeting the requirements of the specific restricted fund and recorded in the Operating Fund. Inter-fund transfers from the Operating Fund to the Restricted Fund represent transfers of funds as determined by the Board. All inter-fund transfers are subject to the approval of the Board.

Inter-fund payable or receivable represents any unsettled inter-fund transfers at the end of the year. These inter-fund payable or receivable balances are non-interest bearing and have no specific repayment terms.

METROPOLITAN COMMUNITY CHURCH OF TORONTO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

7. Investment income

The components of investment income are as follows:

	2021	2020
	\$	\$
Dividend and interest income	18,396	28,084
Realized capital gain (loss)	(5,478)	17,851
Unrealized capital gain (loss)	51,036	(16,710)
Administrative and investment management fee	(10,322)	(9,012)
	53,632	20,213
Net investment income	53,632	20,213

8. Allocation of expenses

The Organization records direct expenses for worship, fundraising and administration to their respective activities; including salary and benefit costs for individuals dedicated to that function. In addition, salary and benefit costs for individuals involved in more than one functional area are allocated based on the estimated time related to each area of activity.

Salaries and benefit costs allocated:

	Operating Fund	
	2021	2020
	\$	\$
Facilities	64,229	-
Fundraising, general & administration	341,157	287,399
Outreach Events & Activities	65,069	56,981
Worship & congregational life	215,826	147,922
	686,281	492,302
	686,281	492,302

9. Commitments

The Organization leases photocopying equipment. The annual payments for the lease obligation including applicable sales taxes are as follows:

	\$
2022	5,871

As a member of the denomination of the Universal Fellowship of Metropolitan Community Churches, the Organization has committed to pay 10% of its regular offerings to Metropolitan Community Churches In Canada, which totaled \$44,838, for the year ended December 31, 2021 (2020 - \$47,051).

10. Post-retirement benefit liability

The board approved a post-retirement benefit to the retiring pastor effective January 31, 2018. The retirement payment is subject to annual inflation. The estimated net present value of the post-retirement benefit liability is \$165,208 (2020 - \$192,568). The current portion of post-retirement benefit liability represents the amount of liability to be settled in the upcoming year.

The adjustment in the net present value includes estimates for interest, inflation, and mortality rate and therefore this amount is expected to change annually. This year's adjustment of \$4,476 (\$5,155 - 2020) was recorded in fundraising, general & administration expense in the statement of operations.

11. Government assistance

During the year, the Organization received \$Nil (2020 - \$9,625) in government assistance through the 10% Temporary Wage Subsidy for Employers program, \$69,614 (2020 - \$67,373) in government assistance through the Canada Emergency Wage Subsidy program and \$7,590 (2020 - \$Nil) in government assistance through the Canada Recovery Hiring program.

The government assistance is not subject to any specific future terms or conditions, however, the Canada Revenue Agency may require additional reporting in a future period to verify the eligibility and compliance of the Organization with the terms and conditions of the programs.

The Organization received a loan under the Canadian Emergency Benefit Account program, totalling \$60,000 (2020 - \$40,000), for the payment of non-deferrable expenses. During the initial term ending December 31, 2023, the Organization is not required to repay any portion of the loan and no interest shall accrue. If the Organization repays 67% of the loan by December 31, 2023, the remainder of the loan is eligible to be forgiven if certain terms and conditions are met.

If the Organization does not repay the loan by December 31, 2023, the loan will bear interest at a rate of 5% per annum and the full amount of the loan including principal and interest is due and payable on December 31, 2025.

12. Impact of global pandemic

The global pandemic of the virus known as COVID-19 led the Canadian Federal government, as well as provincial and local governments, to impose measures, such as restricting foreign travel, mandating self-isolations and physical distancing and closing non-essential businesses. The Organization had to close down the church and conduct virtual services for a portion of the year, resulting in revenue declines in certain months. Because of the high level of uncertainty related to the outcome of this pandemic, it is difficult to estimate the financial effect on the Organization. No adjustments have been made in the financial statements as a result of these events other than the recording of the government assistance outlined in note 11.

13. Comparative figures

Certain prior year comparative figures in the statement of operations have been reclassified to conform with the financial statements presentation adopted in the current year and there is no impact on the excess of revenues over expenses.