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**METROPOLITAN COMMUNITY CHURCH OF TORONTO**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

## **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, 2022, 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, 2022, 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 not-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 were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and net assets and cashflows for the year ended December 31, 2022.

Our audit opinion on the financial statements for the year ended December 31, 2021 was modified because of the effects of this scope 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  
May 24, 2023

Chartered Professional Accountants  
Licensed Public Accountants

## METROPOLITAN COMMUNITY CHURCH OF TORONTO

### Statement of Financial Position

December 31	Operating		Mission Teams		Restricted		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>								
Current assets								
Cash	327,113	915,764	55,942	71,942	132,693	324,567	515,748	1,312,273
Investments (note 3)	-	-	-	-	3,022,937	2,873,856	3,022,937	2,873,856
Accounts receivable	140,357	30,788	-	-	-	-	140,357	30,788
Inter-fund receivable (note 6)	445,298	-	8,746	-	-	517,304	454,044	517,304
Prepaid expenses and deposits	12,528	16,431	-	-	-	-	12,528	16,431
	925,296	962,983	64,688	71,942	3,155,630	3,715,727	4,145,614	4,750,652
Capital assets (note 4)	4,086,169	2,755,282	-	-	-	-	4,086,169	2,755,282
	5,011,465	3,718,265	64,688	71,942	3,155,630	3,715,727	8,231,783	7,505,934
<b>LIABILITIES</b>								
Current liabilities								
Account payable and accrued liabilities	523,517	45,782	-	-	-	5,500	523,517	51,282
Inter-fund payable (note 6)	-	515,224	-	2,080	454,044	-	454,044	517,304
Current portion of post-retirement benefit liability (note 10)	33,120	32,472	-	-	-	-	33,120	32,472
Loan payable (note 11)	60,000	60,000	-	-	-	-	60,000	60,000
	616,637	653,478	-	2,080	454,044	5,500	1,070,681	661,058
Post-retirement benefit liability (note 10)	103,404	132,736	-	-	-	-	103,404	132,736
	720,041	786,214	-	2,080	454,044	5,500	1,174,085	793,794
<b>NET ASSETS</b> (note 5)	4,291,424	2,932,051	64,688	69,862	2,701,586	3,710,227	7,057,698	6,712,140
	5,011,465	3,718,265	64,688	71,942	3,155,630	3,715,727	8,231,783	7,505,934

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_  
Moderator

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Vice-Moderator

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

## METROPOLITAN COMMUNITY CHURCH OF TORONTO

### Statement of Operations

Year ended December 31	Operating		Mission Teams		Restricted		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>								
Regular offerings	414,403	449,060	-	-	-	-	414,403	449,060
Outreach events and activities	125,606	64,733	-	-	378,849	200,230	504,455	264,963
Bequests	291,986	348,721	-	-	-	-	291,986	348,721
Regular programs and services	176,894	76,087	6,845	2,140	-	5,000	183,739	83,227
Special offerings	230,266	310,644	-	-	-	-	230,266	310,644
Donations to Elevation Campaign	-	-	-	-	514,692	1,690,318	514,692	1,690,318
Government grants	31,529	20,193	-	-	-	-	31,529	20,193
Investment income (loss) (note 7)	49,687	2,277	-	-	(50,920)	51,355	(1,233)	53,632
	<b>1,320,371</b>	<b>1,271,715</b>	<b>6,845</b>	<b>2,140</b>	<b>842,621</b>	<b>1,946,903</b>	<b>2,169,837</b>	<b>3,220,758</b>
<b>Expenses</b>								
Worship and congregational life (note 8)	353,848	312,608	-	-	-	-	353,848	312,608
Fundraising, general and administration (note 8)	608,857	473,990	-	-	2,324	45	611,181	474,035
Other programs and services	-	-	5,965	655	4,000	1,500	9,965	2,155
Amortization of capital assets	145,764	135,171	-	-	-	-	145,764	135,171
Outreach events and activities (note 8)	264,174	120,613	-	-	104,893	49,993	369,067	170,606
Facilities (note 8)	298,208	194,608	-	-	-	-	298,208	194,608
Tithes to UFMCC (note 9)	41,440	44,838	-	-	-	-	41,440	44,838
	<b>1,712,291</b>	<b>1,281,828</b>	<b>5,965</b>	<b>655</b>	<b>111,217</b>	<b>51,538</b>	<b>1,829,473</b>	<b>1,334,021</b>
<b>Excess of revenues over expenses (expenses over revenues) before the following:</b>								
	<b>(391,920)</b>	<b>(10,113)</b>	<b>880</b>	<b>1,485</b>	<b>731,404</b>	<b>1,895,365</b>	<b>340,364</b>	<b>1,886,737</b>
Government assistance (note 11)	5,194	77,204	-	-	-	-	5,194	77,204
<b>Excess of revenues over expenses (expenses over revenues) for year</b>								
	<b>(386,726)</b>	<b>67,091</b>	<b>880</b>	<b>1,485</b>	<b>731,404</b>	<b>1,895,365</b>	<b>345,558</b>	<b>1,963,941</b>

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

## METROPOLITAN COMMUNITY CHURCH OF TORONTO

### Statement of Changes in Net Assets

Year ended December 31	Operating		Mission Teams		Restricted		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	<b>2,932,051</b>	2,687,129	<b>69,862</b>	68,377	<b>3,710,227</b>	1,992,693	<b>6,712,140</b>	4,748,199
Excess of revenues over expenses (expenses over revenues) for year	<b>(386,726)</b>	67,091	<b>880</b>	1,485	<b>731,404</b>	1,895,365	<b>345,558</b>	1,963,941
Inter-fund transfers (note 6)	<b>1,746,099</b>	177,831	<b>(6,054)</b>	-	<b>(1,740,045)</b>	(177,831)	-	-
Balance, end of year (note 5)	<b>4,291,424</b>	2,932,051	<b>64,688</b>	69,862	<b>2,701,586</b>	3,710,227	<b>7,057,698</b>	6,712,140

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

## METROPOLITAN COMMUNITY CHURCH OF TORONTO

### Statement of Cash Flows

Year ended December 31	2022 \$	2021 \$
Cash flows from operating activities		
Excess of revenues over expenses for year	345,558	1,963,941
Adjustments to determine net cash provided by (used in) operating activities		
Amortization of capital assets	145,764	135,171
Unrealized loss (gain) in the fair value of investments	55,533	(51,036)
Post-retirement benefit expense	3,789	4,476
Post-retirement benefit payment	(32,473)	(31,836)
	518,171	2,020,716
Changes in non-cash working capital items		
Increase in accounts receivable	(109,569)	(1,389)
Decrease (increase) in prepaid expenses and deposits	3,903	(7,226)
Increase (decrease) in accounts payable and accrued liabilities	472,235	(143,049)
	884,740	1,869,052
Cash flows from investing activities		
Purchase of capital assets	(1,476,651)	(330,226)
Purchase of investments	(2,204,614)	(2,035,557)
Proceeds on sale of investments	2,000,000	-
	(1,681,265)	(2,365,783)
Cash flows from financing activities		
Proceeds of loan payable	-	20,000
Net change in cash	(796,525)	(476,731)
Cash, beginning of year	1,312,273	1,789,004
Cash, end of year	515,748	1,312,273

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

# METROPOLITAN COMMUNITY CHURCH OF TORONTO

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## Notes to Financial Statements

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December 31, 2022

### **Nature and description of the organization**

Metropolitan Community Church of Toronto (the "Organization") was incorporated under the laws of the Province of Ontario as a 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 not-for-profit organization, and a registered charity under the Income Tax Act, and therefore is not subject to income taxes and is able to issue donation receipts for income tax purposes.

### **1. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **(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**

The Operating fund accounts for the day-to-day service delivery activities of the Organization in fulfilling its purpose. Net assets of the Operating fund are 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**

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 which include offerings, bequests, outreach events and activities and grants. Contributions received for restricted purposes are recognized as revenue of the restricted fund at the time the contributions are received. Unrestricted contributions are recognized as revenue of the operating fund when received or, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from regular programs and services is recorded in the year that the services are performed or goods are delivered.

Investment income is comprised of interest, dividends, realized gains and losses on the sale of investments and unrealized gains and losses in the fair value of investments, less administrative and management fees. Interest is recorded on an accrual basis. Dividends are recorded as revenue when declared.

#### **(c) Financial instruments**

##### **Measurement of financial assets and liabilities**

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Transaction costs of those financial assets and financial liabilities subsequently measured at fair value are recognized in income in the year incurred.



**Notes to Financial Statements (continued)**

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December 31, 2022

**1. Significant accounting policies (continued)**

**(c) Financial instruments (continued)**

**Measurement of financial assets and liabilities (continued)**

The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in pooled funds, which are measured at fair value. Changes in fair value are recognized in income in the year the changes occur. Fair values are determined by reference to published price quotations in an active market at year end.

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

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

Financial assets measured at fair value include investments in pooled funds.

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

**Impairment**

At the end of each year, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; and bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset.

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the financial asset to the greater of the following:

- the present value of the cash flows expected to be generated by holding the financial asset discounted using a current market rate of interest appropriate to the financial asset; and
- the amount that could be realized by selling the financial asset at the statement of financial position date.

Any impairment of the financial asset is recognized in income in the year in which the impairment occurs.

When the extent of impairment of a previously written-down financial asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, but not in excess of the impairment loss. The amount of the reversal is recognized in income in the year the reversal occurs.

**(d) Investments**

Investments in cashable guaranteed investment certificates and pooled funds are classified as current as these assets are capable of reasonably prompt liquidation.

**(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.

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

**Notes to Financial Statements (continued)**

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December 31, 2022

1. **Significant accounting policies (continued)**

(e) **Capital assets (continued)**

Amortization is provided for using the straight-line method, upon commencement of the utilization of the assets, at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

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

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the capital asset to its fair value. Any impairment of a capital asset is recognized in income in the year in which the impairment occurs.

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

(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.

(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 and administration expense in the statement of operations.

(h) **Allocation of expenses**

Salaries and benefits are allocated to functional areas based on time spent by staff members related to each activity. (note 8).

(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 year. Actual results may differ from these estimates, the impact of which would be recorded in future years.

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.

# METROPOLITAN COMMUNITY CHURCH OF TORONTO

## Notes to Financial Statements (continued)

December 31, 2022

### 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.

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

Financial instrument	Risks				
	Credit	Liquidity	Market risk		
			Currency	Interest rate	Other price
Cash	X		X	X	
Investments - cashable guaranteed investment certificates	X			X	
Investments - pooled funds	X		X	X	X
Accounts receivable	X				
Accounts payable and accrued liabilities		X			
Loan payable		X			

#### Credit risk

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Organization could incur a financial loss.

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

	2022 \$	2021 \$
Cash	515,748	1,312,273
Investments - cashable guaranteed investment certificates	2,200,000	2,000,000
Investments - pooled funds	74,064	218,464
Accounts receivable	140,357	30,788
	2,930,169	3,561,525

The Organization reduces its exposure to the credit risk of cash and investments in cashable guaranteed investment certificates by maintaining balances with a Canadian financial institution.

The Organization is exposed to credit risk arising from its cash 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 \$54,905 (2021 - \$7,951) from HST public services bodies' rebates, which have been collected after the year end.

# METROPOLITAN COMMUNITY CHURCH OF TORONTO

## Notes to Financial Statements (continued)

December 31, 2022

### 2. Financial instrument risk management (continued)

#### 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.

The liquidity of the Organization is monitored by management to ensure sufficient cash is available to meet liabilities as they become due.

#### 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 other 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 cashable guaranteed investment certificates and fixed income investments which are held in pooled funds managed by a third party organization.

#### Other price risk

Other price risk is 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.

The Organization is exposed to other price risk in its investments held in pooled funds 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 risk profile of the financial instruments of the Organization from that of the prior year.

### 3. Investments

	2022 \$	2021 \$
RBC cashable guaranteed investment certificates - 0.70%, due March 9, 2023 (2021 - 0.55%, due December 21, 2022)	2,200,000	2,000,000
Pooled funds	822,937	873,856
	<u>3,022,937</u>	<u>2,873,856</u>

# METROPOLITAN COMMUNITY CHURCH OF TORONTO

## Notes to Financial Statements (continued)

December 31, 2022

### 3. Investments (continued)

The Organization has arranged to invest certain of 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 classes:

	2022 %	2021 %
Cash and fixed income	9	25
Canadian and global equities	52	56
Other strategies - including benchmark-free and absolute return strategies	39	19
	100	100

### 4. Capital assets

	Cost \$	Accumulated Amortization \$	2022 Net \$
Land	802,900	-	802,900
Building	530,214	383,177	147,037
Building improvements	2,365,815	756,470	1,609,345
Equipment	394,752	308,087	86,665
Furniture and fixtures	204,737	104,633	100,104
Renovation in progress	1,340,118	-	1,340,118
	5,638,536	1,552,367	4,086,169

	Cost \$	Accumulated Amortization \$	2021 Net \$
Land	802,900	-	802,900
Building	530,214	369,922	160,292
Building improvements	2,348,720	643,791	1,704,929
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

During the prior 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, 2022 amounted to \$1,340,118 (2021 - \$9,251) and was included in renovation in progress. No amortization has been recorded on the statement of operations as the renovation project was not complete as of December 31, 2022.

# METROPOLITAN COMMUNITY CHURCH OF TORONTO

## Notes to Financial Statements (continued)

December 31, 2022

### 5. Net Assets

The components of the Operating fund are as follows:

	2022 \$	2021 \$
Invested in capital assets	4,086,169	2,755,282
Unrestricted	205,255	176,769
	<u>4,291,424</u>	<u>2,932,051</u>

The components of the Mission Teams fund are as follows:

	2022 \$	2021 \$
<b>Donor designated</b>		
Children's Ministry	31,827	37,881
Pride & Joy	9,412	8,662
Community Meal	6,250	6,250
Life Long Learning	5,283	5,283
Emerging Ministries	3,127	3,127
Men's Retreat	3,827	3,697
Other	4,962	4,962
	<u>64,688</u>	<u>69,862</u>

The components of the Restricted fund are as follows:

	2022 \$	2021 \$
<b>Board designated</b>		
General Reserve Fund	410,496	404,588
Internally Restricted Funds	336,141	327,594
Executive Director Fund	242,973	300,000
	<u>989,610</u>	<u>1,032,182</u>
<b>Donor designated</b>		
Elevation Campaign	1,040,292	2,126,792
Refugee Sponsorship Fund	410,243	246,869
Brent Hawkes Legacy Fund	50,442	90,016
Depression Initiative Fund	68,027	68,177
MCC Toronto Hope Fund	35,546	37,745
Music Fund	30,069	30,069
Refugee Program Administration and Discretionary Fund	32,000	32,000
Triangle Scholarship Fund	7,147	9,147
Health and Wellness	8,378	10,228
Community Outreach Partners	9,580	9,280
Benevolence	5,357	7,557
Triangle Impact Study	5,000	5,000
Triangle Outreach Fund	5,000	-
Community Care	2,568	2,568
Other	2,327	2,597
	<u>1,711,976</u>	<u>2,678,045</u>
	<u>2,701,586</u>	<u>3,710,227</u>

# METROPOLITAN COMMUNITY CHURCH OF TORONTO

## Notes to Financial Statements (continued)

December 31, 2022

### 6. Inter-fund transfers and inter-fund payables and receivables

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

	<b>2022</b>		
	<b>Operating</b>	<b>Mission Teams</b>	<b>Restricted</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Executive Director Fund	57,027	-	(57,027)
Elevation Campaign	1,601,462	-	(1,601,462)
Refugee Program Administration and Discretionary Fund	112,481	-	(112,481)
Internally Restricted Funds	(29,199)	-	29,199
General Reserve Fund	(29,199)	-	29,199
Brent Hawkes Legacy	32,473	-	(32,473)
Children's Ministry	6,054	(6,054)	-
Triangle Outreach Fund	(5,000)	-	5,000
<b>Total</b>	<b>1,746,099</b>	<b>(6,054)</b>	<b>(1,740,045)</b>

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

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 payables or receivables represent any unsettled inter-fund transfers at the end of the year. These inter-fund balances are non-interest bearing and have no specific repayment terms.

# METROPOLITAN COMMUNITY CHURCH OF TORONTO

## Notes to Financial Statements (continued)

December 31, 2022

### 7. Investment income (loss)

The Organization has investments in cashable guaranteed investment certificates and pooled funds which are reported under the Restricted fund. The Investment income (loss) is allocated as follows:

	<b>Operating</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Investment - cashable guaranteed investment certificates measured at amortized cost</b>		
Interest	49,687	2,277
	<b>Restricted</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Investment - pooled funds measured at fair value</b>		
Dividends and interest	15,363	16,119
Realized loss on the sale of investments	(1,236)	(5,478)
Unrealized gain (loss) in the fair value of investments	(55,533)	51,036
Administrative and investment management fees	(9,514)	(10,322)
	(50,920)	51,355
	(1,233)	53,632

### 8. Allocation of expenses

The expenses reported in the Statement of Operations include an allocation of salaries and benefits as follows:

	<b>Operating</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Facilities	75,919	64,229
Fundraising, general and administration	359,904	341,157
Outreach events and activities	149,485	65,069
Worship and congregational life	232,075	215,826
	817,383	686,281

### 9. Commitment

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 \$41,440 for the year ended December 31, 2022 (2021 - \$44,838).



## METROPOLITAN COMMUNITY CHURCH OF TORONTO

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### Notes to Financial Statements (continued)

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December 31, 2022

#### 10. Post-retirement benefit liability

The board has approved a post-retirement benefit to a 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 \$136,524 (2021 - \$165,208). 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 \$3,789 (\$4,476 - 2021) is recorded in fundraising, general and administration expense in the statement of operations.

#### 11. Government assistance

During the year, the Organization received \$nil (2021 - \$69,614) in government assistance through the Canada Emergency Wage Subsidy program and in the current year \$5,194 (2021 - \$7,590) 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 (2021 - \$60,000), 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.

# HILBORN

LISTENERS. THINKERS. DOERS.