

## **Annual General Meeting November 11, 2017**

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## **AGENDA**

- |   |                        |
|---|------------------------|
| <b>1. Welcome</b>   | Bruxy Cavey/David Lees |
| a. Pastor's Welcome and Prayer  |                        |
| b. BICC of Canada Greetings   | Doug Sider             |
| c. Chair's Welcome, Call to Order and Quorum  |                        |
| <b>2. Overseers Address</b>   | David Lees             |
| a. Chair's Address  |                        |
| b. Introduction of Overseers  |                        |
| c. Prayer   | Matthew Kerr           |
| <b>3. Senior Pastor's Address</b>   | Bruxy Cavey            |
| <b>4. Nominating Committee Report</b>   | Matthew Kerr           |
| a. <u>Motion</u> : Election of Overseers  |                        |
| <b>5. Treasurer's Report</b>  | Mathew Moore/Rod Tombs |
| a. 2016-2017 Audited Financial Statements   |                        |
| b. <u>Motion</u> : Approval of Audited Financial Statements for Fiscal Year Ended June 30, 2017 |                        |
| c. <u>Motion</u> : Approval of Appointment of 2017-2018 Auditors                                |                        |
| <b>6. Presentation of 2017-2018 Budget and Year-to-Date</b>                                     | Rod Tombs              |
| <b>7. Closing Prayer and Dismissal</b>  | David Lees             |

## Annual General Meeting Minutes Saturday, November 12, 2016

### 1. Welcome & Prayer – Bruxy Cavey

- a. Quorum is met

### 2. Chair's Welcome – Dave Lees

- a. Highlights of looking back and looking forward
  - i. Bruxy's leadership – moved from interim to permanent
  - ii. Curriculum production in-house
  - iii. The Meeting House Network discussions are on-going
  - iv. Starting up of the regional Town Halls

### 3. Who are the Overseers – Dave Lees

- a. Board of Directors
  - i. with legal and fiduciary requirements
  - ii. with spiritual commitments to lead our community well
  - iii. Strategic Planning
  - iv. Committees that each Overseer is on
  - v. Grateful for how Leadership works together

### 4. BIC greetings – Doug Sider

### 5. Overseer Discussions:

- a. Discipleship and Leadership Development
- b. Key Leadership at TMH
- c. Next Steps in Evangelism
- d. How do we leverage our HC's
- e. Higher visibility and increased accountability to the community
- f. Overseer introductions and brief prayer request

### 6. 2015 Annual General Meeting Minutes

- a. Approval of AGM Minutes from last year
  - i. Motion: moved by Timmon Janson Seconded by Russ Skinner. Comments – none. Carried.

### 7. Treasurer's Report:

- a. **Auditors statement:** In our opinion, the financial statements present fairly, in all material respects, the financial position of The Meeting House Church Family as at June 30, 201, and the results of its operations and its cash flows for the year then ended in accordance with ...
- b. Clean Audit with no reservations. Less than 10% of Canadian Charities achieve this.
- c. Finances this year have been a more open, regular dialogue through Town Halls, through increased resourcing of our lead pastors and other videos. We want to explore the Art of the Possible with regards to our finances. We always manage within our means, but we have been able to accomplish amazing things due to our community's generosity.
- d. Financial Motions:
  - i. Accept the 2015-2016 Audited Statements.
    - 1. Motion by Russ Skinner. Seconded by Timmon Jansen. Carried.
  - ii. Appoint Grant Thornton Chartered Accountants as auditors for the 2016-2017 fiscal year.
    - 1. Motion by Erin Biggs. Seconded by Bruce Miller. Carried.

8. **Presentation of 2016-2017 Budgets and Status Year-to-Date** – Rod Tombs
  - a. Last year actual closed vs. anticipated
  - b. Increased Spending
9. **Senior Pastors Address** – Bruxy Cavey
  - a. Lots of number and lots of money = lots to steward
  - b. Tough transitions last year and this year, but God is so gracious.
10. **Nominating Committee Report:**
  - a. Catherine McKeil – first year of first 3-year term
  - b. Carole Ann Stephen – First year of first 3-year term
  - c. David Ho – first year of second 3-year term
  - d. Motion to elect Catherine McKeil & Carole Ann Stephen to a 1<sup>st</sup> 3-year term, and David Ho to a 2<sup>nd</sup> 3-year term.
  - e. Motion by Kat McCubbing. Seconded by Jennifer Denys. Carried.
11. **Calling the meeting to Close, Prayer, and Dismissal** – Dave Lees

## Finance Team Report 2017

Thank you for faithfully supporting the work of our church this past year. We truly depend on your offerings to fuel all our ministries. The majority of our income (96%) comes from individual donors, with the remainder coming from renting our Oakville facility and a few other miscellaneous sources. Our heart is to honour your generosity and steward these gifts in cost effective ways that allow us to extend God's kingdom here at The Meeting House.

This past year was a bit of an anomaly for The Meeting House, and that was reflected in our finances. We encountered a more substantial staff change at the very beginning of the year which resulted in some significant open positions which were not filled for much of the year. At the same time, we had some rental cost saving. These two situations resulted in spending well below budget by \$473,000. Despite some of these staff challenges, God blessed us beyond expectation last year with increased offerings in general, as well as a few special one-time donations that we would not anticipate receiving on a regular basis in the future. The result was a total income approximately \$383,000 over budget. The cumulative effect produced a net cash flow of \$856,000 over budget which allowed us to transfer funds to the Growth and Property funds to meet some specific needs.

A major project that we have talked about for a few years is a significant repair of the roof at the Oakville production site. The Overseers approved a \$550,000 transfer to the Property Fund to begin the next phase of this repair project. Some of these funds will also be used to support our regional sites with the replacement of aging equipment and vehicles, and other such needs. We also transferred \$250,000 to the Growth Fund to help support the creation of kidmax and youth curriculum. The Compassion Fund was again well supported, allowing us to distribute almost \$1 million to many compassion agencies, refugee support initiatives, and peace-work.

It is with deep gratitude that we offer this financial report. The trust and generosity offered to us by our community gives The Meeting House opportunity to follow God's leading as we build loving communities of Jesus-followers. Our commitment to you is that we will continue to walk in the way of Jesus towards simplicity, stewarding your financial gifts thoughtfully and responsibly. Thank you for partnering with us!

Sincerely,

Handwritten signature of Judy Maranta in black ink.

Judy Maranta, CPA, CMA  
Finance Manager

Handwritten signature of Mathew Moore in black ink.

Mathew Moore, CPA, CA  
Treasurer

Handwritten signature of the Senior Pastor in black ink.

Senior Pastor

## **NOMINATING COMMITTEE REPORT**

Members at this year's Annual General Meeting will be presented with three candidates for election to our Board of Overseers to serve our community in the areas of spiritual oversight, strategic vision and planning, as well as fiduciary governance.

The Overseers' Nominating Committee, together with the Board, prayerfully reviewed our proposed Overseers' team complement for approval by the members. We want to thank all those who graciously participated in the nomination or discernment process over the past several months. As a church, we are blessed with many gifted individuals. Following a careful process of review, interaction, and prayer, we are very excited to recommend the following gifted group of servant leaders who are deeply committed to The Meeting House and clearly exhibit the qualities outlined in 1 Timothy 3: 1-7 and 1 Peter 5:1-7.

- **Cody Buchenauer** nominated to serve and return for three years, the first year of his 1st three-year term; attends Kitchener site
- **Maggie John** nominated to serve and return for three years, the first year of her 1st three-year term; attends Hamilton Mountain site
- **Nathan Piche** nominated to serve and return for three years, the first year of his 1st three-year term; attends Ottawa site

Thank you to Bruce Daccord and Fiona Miles for their service and contributions to the Overseers. Both Fiona and Bruce resigned from the Board during this past year, and continue to serve in the East Toronto and Brampton communities respectively. We want to thank Matthew Kerr for his invaluable years of service on the Overseers board. Matthew has completed his second three-year term and will continue to serve our Ottawa community in meaningful ways.

Respectfully submitted on behalf of the nominating committee,

Mario Ferlanti  
Matthew Kerr  
Carole Ann Stephen  
Darrell Winger

**THE MEETING HOUSE CHURCH FAMILY**  
**Statement of Financial Position**  
**As at June 30, 2017**

<b>ASSETS</b>	<b>General Fund</b>	<b>Growth Fund</b>	<b>Compassion Fund</b>	<b>Property Fund</b>	<b>Total</b>
Current Assets					
Current Bank Accounts	236,251				236,251
RBC Savings Accounts	1,047,693	447,673	820,077	764,612	3,080,056
Accounts Receivable & HST Receivable	93,293				93,293
Prepaid Expenses & Security Deposits	15,548				15,548
Resource Centre Inventory	29,071				29,071
<b>Total Current Assets</b>	<b>1,421,857</b>	<b>447,673</b>	<b>820,077</b>	<b>764,612</b>	<b>3,454,220</b>
Fixed Assets					
Building (net of depreciation)				8,260,214	8,260,214
Land				2,070,000	2,070,000
Computer Equipment (net)				27,825	27,825
Furniture & Equipment				269,172	269,172
Sound/Video (net)				475,534	475,534
Vehicles & Trailers (net)				108,135	108,135
<b>Total Fixed Assets</b>				<b>11,210,879</b>	<b>11,210,879</b>
<b>Total Assets</b>	<b>1,421,857</b>	<b>447,673</b>	<b>820,077</b>	<b>11,975,492</b>	<b>14,665,099</b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
Current Liabilities					
Accounts Payable & Accrued Liabilities	443,175	2,835	6,294		452,304
Deferred Revenue – Other	52,581				52,581
Current Portion of Mortgage—renews Oct 2017				2,789,901	
Current Portion of Mortgage Buildout				92,210	92,210
<b>Total Current Liabilities</b>	<b>495,757</b>	<b>2,835</b>	<b>6,294</b>	<b>2,882,112</b>	<b>3,386,997</b>
Long Term Portion of Mortgage—renews Jun 2019				<b>2,080,094</b>	<b>2,080,094</b>
<b>Total Liabilities</b>	<b>495,757</b>	<b>2,835</b>	<b>6,294</b>	<b>4,962,205</b>	<b>5,467,091</b>
Fund Balances					
Fund Balance June 30, 2017	1,053,551	344,115	887,663	6,692,117	8,977,446
Restricted for Future New Sites	25,848				25,848
Change in Fund Balance Current Year	(153,298)	100,723	(73,880)	321,170	197,715
<b>Total Fund Balance</b>	<b>926,100</b>	<b>444,838</b>	<b>813,784</b>	<b>7,013,286</b>	<b>9,198,008</b>
	<b>1,421,857</b>	<b>447,673</b>	<b>820,077</b>	<b>11,975,492</b>	<b>14,665,099</b>



## GENERAL FUND

	Actual 2017	Budget 2017	Budget 2018
<b>INCOME</b>			
Offerings	8,561,556	8,212,500	8,623,132
Transfer from Deferred Revenue for new sites		20,530	15,848
Bristol Lease & Rentals Income - Net	356,598	316,520	366,520
Interest, Resource Centre & Other Income	20,123	6000	10,000
<b>TOTAL INCOME</b>	<b>8,938,277</b>	<b>8,555,550</b>	<b>9,015,500</b>
<b>EXPENSES</b>			
BIC Co-operative, New Ministry, Consulting	320,900	301,690	324,280
Kidmax	374,296	391,960	415,610
theUnderground	429,327	484,060	501,980
Adult Ministries	2,069,930	2,170,430	2,445,640
Communications	491,843	490,800	539,100
Weekend Service	903,217	1,041,590	1,020,680
Shared Ministry Expenses	1,302,838	1,349,500	1,365,070
Facilities & Rent	1,684,251	1,806,190	1,846,820
Mortgage Interest	178,509	178,510	167,780
<b>TOTAL OPERATING EXPENSES</b>	<b>7,746,112</b>	<b>8,214,730</b>	<b>8,626,960</b>
<b>Net Operating Income (Loss)</b>	<b>1,192,165</b>	<b>340,820</b>	<b>388,540</b>
Equipment Purchases & Building Repairs	232,044	237,000	67,350
Mortgage Principal	313,419	313,420	324,150
Transfer to Property Fund	30,000	30,000	100,000
<b>Total Budgeted Expenditures</b>	<b>8,321,575</b>	<b>8,795,150</b>	<b>9,118,460</b>
<b>Total Cash Outflow</b>	<b>616,702</b>	<b>(239,600)</b>	<b>(102,960)</b>
<b>Unbudgeted Transfers</b>			
Transfer to Property Fund	520,000		
Transfer to Growth Fund	250,000		
<b>NET OPERATING CASH FLOW</b>	<b>(153,298)</b>	<b>(239,600)</b>	<b>(102,960)</b>
<b>General Fund Balance at Beginning of Year</b>	<b>1,053,550</b>	<b>865,170</b>	<b>818,963</b>
<b>Restricted for New Sites</b>	<b>25,848</b>	<b>-</b>	<b>-</b>
<b>General Fund Balance at End of Year/Period</b>	<b>926,100</b>	<b>625,570</b>	<b>716,003</b>

### General Fund Notes

- General offerings ended the year almost \$350,000 over budget, primarily from a few special one-time donations that we do not anticipate receiving on a regular basis in the future. Next year's budget is set at a 5% increase over last year's budget and is based on current giving trends.
- Deferred revenue is the transfer of a reserve that was set aside to help fund new sites that may not cover their direct costs in their first two years after launch. It was not needed this year as both the new sites (East Toronto and London) covered their direct costs.
- The budget for rentals income was reduced this year to reflect the loss of some of our school board rentals due to a change in their internal policies. In the end, most of this loss was offset by new clients.
- Our contribution to the BIC Co-operative Ministries helps to fund our denominational work in Canada, church planting and global missions. It is based on 5.5% of general donations less the amounts we contribute through the Growth and Compassion Funds.
- Total expenses ended the year at about \$473,000 under budget. Open staff positions would account for approximately \$289,000 of this variance, \$96,000 was an allowance for site rent increases that did not happen in 2017 but will go into effect in 2018. In the budget were allowances for some site growth including extra theatre rentals which were not necessary. The balance of savings were smaller amounts in various ministries.



6. Kidmax and Underground expenses include supplies for weekly curriculum, Sunday and midweek programs, staff that serve in these ministries, and subsidies for retreats and events.
7. Adult Ministries includes all of the costs to serve our adult community including home churches, pastoral care programs, counseling, first and next steps, events, and the salaries of our pastors.
8. Communications includes the costs to capture Sunday service teaching, provide ministry support through branding and video production and promote The Meeting House externally and the internally.
9. Weekend Service covers the costs of producing and dispersing weekly supplies to service all of our ministries at each location, printing, Sunday coffee, music and support staff, as well as vehicle and equipment maintenance.
10. Shared Ministry expenses includes administration costs such as insurance, IT, telephone, professional fees and general office expenses as well as the senior leadership and administrative staff that serve all sites and ministries.
11. Facilities and Site Rent includes rent at regional site Sunday services, midweek youth program locations, music rehearsal space, and the operating and staffing costs for the Oakville production site.
12. Equipment purchases, covers new equipment at all locations and this year included the implementation of a new data base and equipment for Kidmax check-in at all sites. The transfer to the property fund is a value to cover anticipated major building and equipment repairs and site equipment and vehicle replacements due to wear and tear.
13. The General Fund Balance is held to allow for fluctuations in cash flow throughout the year and as an emergency fund for unforeseen events. Seasonal fluctuation within this fund is normative. Our cash balances are naturally the highest around the Christmas season and lowest through the summer. The balance in these statements would be typical for June and this level ensures we have enough cash on hand for expenses throughout the summer months. (note - the balances in the other funds are restricted and cannot be used for General Fund needs.)
14. The year-end surplus allowed us to transfer funds to the Property and Growth funds. These will be used to begin repairs to the Oakville production site roof, continue to replace aging equipment and vehicles at all sites, continue to support curriculum development and resource Network research.

## **Finance Notes:**

### **Restricted Funds**

The Growth and Compassion Funds are considered externally restricted funds meaning donations to these funds should be used for their stated purposes and not for General Fund needs. The General Fund is not restricted and therefore surplus funds at year end can be transferred from it to the Growth or Compassion funds as directed by the Overseers.

### **Designated Giving Policy**

Spending of funds is confined to organization-approved programs and projects. Each restricted contribution designated towards an organization approved program or project will be used as designated with the understanding that, when the need for such a program or project has been met or cannot be completed for any reason determined by the organization, the remaining restricted contributions designated for such program or project will be used where needed most.

## COMPASSION FUND

<b>INCOME</b>	<b>Actual 2017</b>	<b>Plan 2017</b>	<b>Plan 2018</b>
Donations	825,336	850,000	800,000
MCC Fundraising Aids Care Kits & Cards	270,809		255,000
Interest & Other Income	21,287		
<b>Total Income</b>	<b>1,117,432</b>	<b>850,000</b>	<b>1,055,000</b>
<b>EXPENSES</b>			
Global Compassion			
MCC Peacemakers & Program Support	378,783	350,000	256,500
World Vision Support & Mission Trips	212,861	50,000	50,000
BIC Global Ministry & Compassion Support	75,000	85,000	85,000
Extended Partner Support & Mission Trips	22,263	35,000	65,000
Ministry Oversight & Communication	107,143	138,500	120,500
<b>Total Global Compassion</b>	<b>796,049</b>	<b>658,500</b>	<b>577,000</b>
Local Compassion			
Local Agency Funding	200,000	200,000	250,000
Site Level Partner Support and Benevolence	86,065	93,000	104,000
Extended Partner Support, Peacework, Designated Donations	15,468	7,000	33,500
Ministry Oversight & Communication	93,729	143,500	138,000
<b>Total Local Compassion</b>	<b>395,262</b>	<b>443,500</b>	<b>525,500</b>
<b>Total Expenses</b>	<b>1,191,311</b>	<b>1,102,000</b>	<b>1,102,500</b>
<b>Net Cash Flow</b>	<b>(73,879)</b>	<b>(252,000)</b>	<b>(47,500)</b>
<b>Fund Balance at Beginning of Year</b>	<b>887,663</b>	<b>867,125</b>	<b>867,953</b>
<b>Fund Balance at End of Year</b>	<b>813,784</b>	<b>615,125</b>	<b>820,453</b>

### Compassion Fund Notes

1. When Transform ended we were cautious in our projections of offerings, not knowing if they would drop with the completion of pledges, and how the change from Aids Care to Peacemakers fundraising would be received. There was no need for caution as our community has a very generous spirit when it comes to supporting Compassionate and Missions oriented work.
2. Global Compassion supports partner agencies and mission workers in global relief and development, and evangelistic work. This year we were able to provide funds over and above our plans, specifically a special donation of \$150,000 to World Vision for East Africa famine relief.
3. Local Compassion provides funding to the various agencies we partner with at each of our sites. It also provides support for Canadian mission workers, local mission trips, site level compassion initiatives, and benevolence needs in our local communities. This year we were able to distribute over \$200,000 to partner agencies as well as provide funds for a new Peace education initiative.

## GROWTH FUND

<b>INCOME</b>	<b>Actual 2017</b>	<b>Plan 2017</b>	<b>Plan 2018</b>
Donations	579,611	800,000	600,000
Network Research Support			50,000
Interest and Other Income	1,937		1,200
<b>Total Income</b>	<b>581,548</b>	<b>800,000</b>	<b>651,200</b>
<b>EXPENSES</b>			
New Site Launches, Expansion & TMH Network	164,191	175,000	150,000
Curriculum	490,956	684,700	540,000
BIC Church Planting	75,000	75,000	75,000
Fundraising & Video Support	678	10,000	5,000
<b>Total Expenses</b>	<b>730,825</b>	<b>944,700</b>	<b>770,000</b>
<b>Net Cash Flow</b>	<b>(149,277)</b>	<b>(144,700)</b>	<b>(118,800)</b>
<b>Fund Balance at Beginning of Year</b>	344,114	344,115	406,015
Transfer from General Fund	250,000		
<b>Fund Balance at End of Year</b>	<b>444,837</b>	<b>199,415</b>	<b>287,215</b>

### Growth Fund Notes

1. Donations this year were below plan. When the plan was set we had hoped to solicit more donations from outside sources for curriculum. Even though the development rate of the curriculum modules was exceeding expectations, the quantity completed to encourage financial partnership with other churches wasn't sufficient to support any incremental income. We are now prepared though, with a broader range of completed modules and have developed a platform to share this with partnering churches who can afford to donate back and at the same time, continue to support those that cannot.
2. In 2018 the BIC has committed \$50,000 towards funding research of how a Network of Meeting House churches might be set up. We have begun this work and it continues into next year.
3. New Site Launches and Site Expansions provides funds for the equipment, promotion and staff needed to start new sites and track with home churches and communities that are exploring the feasibility of becoming full sites. East Toronto and London became our 17<sup>th</sup> and 18<sup>th</sup> sites this year. We are not planning a new site for 2018 to allow for focus on the Network research.
4. The curriculum for kids and youth teaching is an ongoing multi-year project involving video production and written materials. A major focus will continue in this area in the coming year and we are targeting a completion within the next year.
5. We support our denomination, the BIC, with church planting and new ministry support.
6. From the General Fund surplus we were able to transfer \$250,000 to support next years' plans.



## Proxy Form for Annual Meeting

I, \_\_\_\_\_  
(name of member)

have reviewed the 2017 Annual Report and 2016-2017 Audited Statements and appoint

\_\_\_\_\_  
(name of proxy)

to attend and to speak and vote on my behalf at the Annual Meeting of the Members of THE MEETING HOUSE CHURCH FAMILY to be held on the 11th day of November 2017 and at any adjournment of such meeting.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

\_\_\_\_\_  
(signature of member)

### **The Meeting House**

2700 Bristol Circle | Oakville | Ontario | L6H 6E1

905.287.7000 | Fax 905.287.7099



Financial Statements

The Meeting House Church Family

June 30, 2017

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## Independent Auditor's Report

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To the Overseers of  
The Meeting House Church Family

We have audited the accompanying financial statements of The Meeting House Church Family, which comprise the statement of financial position as at June 30, 2017 and the statements of General Fund activity and changes in fund balance, Restricted Funds activity and changes in fund balances, Property Fund activity and changes in fund balance, changes in fund balances and cash flows for the year then ended, and 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.

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 The Meeting House Church Family as at June 30, 2017, 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.



Mississauga, Canada  
October 2, 2017

Chartered Professional Accountants  
Licensed Public Accountants

# The Meeting House Church Family

## Statement of General Fund Activity and Changes in Fund Balance

Year ended June 30	2017	2016
Revenue		
Offerings	\$ 8,572,103	\$ 7,791,214
Rental and sales income	589,064	630,202
Ministry reimbursements	177,621	163,562
Interest and other	<u>48,984</u>	<u>48,466</u>
	<u>9,387,772</u>	<u>8,633,444</u>
Expenditures		
Adult ministries	2,101,752	1,922,813
Facilities	1,686,946	1,681,676
Weekend services	944,253	914,283
Administration	899,306	867,537
Youth	595,006	588,492
Communications	520,623	607,760
Shared staff expense	480,755	164,000
Kidmax	375,631	319,089
Missions and partnership support	320,900	403,172
Rent and sales expense	237,235	239,006
Interest on long-term debt (Note 6)	<u>178,509</u>	<u>188,882</u>
	<u>8,340,916</u>	<u>7,896,710</u>
Excess of revenue over expenditures	<u>1,046,856</u>	<u>736,734</u>
Fund balance, beginning of year	<u>1,053,553</u>	<u>799,336</u>
Interfund transfers		
Purchase of property and equipment	(86,736)	-
Repayment of loan principal	(313,419)	(303,046)
Funding of property and equipment reserve fund	(550,000)	(130,000)
Support to the Growth Fund	(250,000)	(100,000)
Support of church start-up expenses	<u>-</u>	<u>50,529</u>
Fund balance, end of year	<u>\$ 900,254</u>	<u>\$ 1,053,553</u>

## The Meeting House Church Family

### Statement of Restricted Funds Activity and Changes in Fund Balances

Year ended June 30	Growth Fund	Compassion Fund	Total 2017	Total 2016
Revenue				
Offerings	\$ 579,612	\$ 1,110,980	\$ 1,690,592	\$ 1,740,732
Other income	345	5,234	5,579	28,204
Investment income	<u>1,937</u>	<u>7,153</u>	<u>9,090</u>	<u>13,726</u>
	<u>581,894</u>	<u>1,123,367</u>	<u>1,705,261</u>	<u>1,782,662</u>
Expenditures				
Compassion - local and global	75,000	996,306	1,071,306	1,673,512
Curriculum and growth and invite goals	491,980	-	491,980	495,658
Expansion - new and current sites	129,978	-	129,978	199,101
Ministry oversight and communication	<u>-</u>	<u>200,940</u>	<u>200,940</u>	<u>209,022</u>
	<u>696,958</u>	<u>1,197,246</u>	<u>1,894,204</u>	<u>2,577,293</u>
Deficiency of revenue over expenditures	(115,064)	(73,879)	(188,943)	(794,631)
Fund balance, beginning of year	<u>344,114</u>	<u>887,663</u>	<u>1,231,777</u>	<u>1,984,317</u>
Interfund transfers				
Purchase of property and equipment	(34,213)	-	(34,213)	(7,380)
Support from the General Fund	250,000	-	250,000	100,000
Support of church start-up expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,529)</u>
Fund balance, end of year	<u>\$ 444,837</u>	<u>\$ 813,784</u>	<u>\$ 1,258,621</u>	<u>\$ 1,231,777</u>

See accompanying notes to the financial statements.

# The Meeting House Church Family

## Statement of Property Fund Activity and Changes in Fund Balance

Year ended June 30	2017	2016
Revenue		
Gain on disposal of property and equipment	\$ 22,555	\$ 9,166
Other income	3,416	-
Interest income	<u>2,490</u>	<u>3,707</u>
	<u>28,461</u>	<u>12,873</u>
Expenditures		
Amortization of property and equipment	553,585	587,022
Property repairs and replacement equipment	<u>138,074</u>	<u>194,458</u>
	<u>691,659</u>	<u>781,480</u>
Deficiency of revenue over expenditures	<u>(663,198)</u>	<u>(768,607)</u>
Fund balance, beginning of year	<u>6,692,115</u>	<u>7,020,296</u>
Interfund transfers		
Purchase of property and equipment	120,949	7,380
Repayment of loan principal	313,419	303,046
Support from the General Fund	<u>550,000</u>	<u>130,000</u>
Fund balance, end of year	<u>\$ 7,013,285</u>	<u>\$ 6,692,115</u>

## The Meeting House Church Family

### Statement of Changes in Fund Balances

Year ended June 30	General Fund	Restricted Funds	Property Fund	Total 2017	Total 2016
Fund balances, beginning of year	\$ 1,053,553	\$ 1,231,777	\$ 6,692,115	<b>\$ 8,977,445</b>	\$ 9,803,949
Excess (deficiency) of revenue over expenditures	1,046,856	(188,943)	(663,198)	<b>194,715</b>	(826,504)
Interfund transfers					
Purchase of property and equipment	(86,736)	(34,213)	120,949	-	-
Loan principal repayments	(313,419)	-	313,419	-	-
Support from the General Fund	<u>(800,000)</u>	<u>250,000</u>	<u>550,000</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u><b>\$ 900,254</b></u>	<u><b>\$ 1,258,621</b></u>	<u><b>\$ 7,013,285</b></u>	<u><b>\$ 9,172,160</b></u>	<u><b>\$ 8,977,445</b></u>



# The Meeting House Church Family

## Statement of Financial Position

As at June 30	General Fund	Restricted Funds	Property Fund	Total 2017	Total 2016
<b>Assets</b>					
<b>Current</b>					
Cash and cash equivalents (Note 4)	\$ 1,283,944	\$ 1,267,751	\$ 764,612	\$ 3,316,307	\$ 3,179,575
Taxes recoverable	64,846	-	-	64,846	30,427
Miscellaneous receivables	28,447	-	-	28,447	17,825
Prepaid expenses and deposits	15,548	-	-	15,548	52,254
Resource Centre inventory	29,071	-	-	29,071	5,677
	1,421,856	1,267,751	764,612	3,454,219	3,285,758
Property and equipment (Note 5)	-	-	11,210,879	11,210,879	11,518,303
	<u>\$ 1,421,856</u>	<u>\$ 1,267,751</u>	<u>\$ 11,975,491</u>	<u>\$ 14,665,098</u>	<u>\$ 14,804,061</u>
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 443,173	\$ 9,130	\$ -	\$ 452,303	\$ 509,942
Deferred revenue	78,429	-	-	78,429	41,049
Long-term debt (Note 6)	-	-	2,882,112	2,882,112	313,450
	521,602	9,130	2,882,112	3,412,844	864,441
Long-term debt (Note 6)	-	-	2,080,094	2,080,094	4,962,175
	<u>521,602</u>	<u>9,130</u>	<u>4,962,206</u>	<u>5,492,938</u>	<u>5,826,616</u>
<b>Fund balances</b>					
Working capital reserve	900,254	-	-	900,254	1,053,553
Internally restricted					
Property Fund	-	-	764,612	764,612	449,437
Invested in property and equipment	-	-	6,248,673	6,248,673	6,242,678
Externally restricted					
Growth Fund	-	444,837	-	444,837	344,114
Compassion Fund	-	813,784	-	813,784	887,663
	900,254	1,258,621	7,013,285	9,172,160	8,977,445
	<u>\$ 1,421,856</u>	<u>\$ 1,267,751</u>	<u>\$ 11,975,491</u>	<u>\$ 14,665,098</u>	<u>\$ 14,804,061</u>

On behalf of the Overseers Board



Director



Director

See accompanying notes to the financial statements.

# The Meeting House Church Family

## Statement of Cash Flows

Year ended June 30	2017	2016
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess (deficiency) of revenue over expenditures	\$ 194,715	\$ (826,504)
Items not affecting cash		
Amortization of property and equipment	553,585	587,022
Gain on disposal of property and equipment	<u>(22,555)</u>	<u>(9,166)</u>
	<u>725,745</u>	<u>(248,648)</u>
Change in non-cash working capital items		
Pledges receivable	-	1,580,477
Taxes recoverable	(34,419)	25,806
Miscellaneous receivables	(10,622)	(15,731)
Prepaid expenses and deposits	36,706	(24,960)
Resource Centre inventory	(23,394)	(293)
Accounts payable and accrued liabilities	(57,639)	175,145
Deferred revenue	37,380	24,754
Deferred pledge revenue	<u>-</u>	<u>(1,580,477)</u>
	<u>(51,988)</u>	<u>184,721</u>
	<u>673,757</u>	<u>(63,927)</u>
<b>Financing</b>		
Long-term debt principal repayments	<u>(313,419)</u>	<u>(303,045)</u>
<b>Investing</b>		
Proceeds from sale of property and equipment	31,902	10,193
Purchase of property and equipment	<u>(255,508)</u>	<u>(39,566)</u>
	<u>(223,606)</u>	<u>(29,373)</u>
Increase (decrease) in cash and cash equivalents	136,732	(396,345)
Cash and cash equivalents (Note 4)		
Beginning of year	<u>3,179,575</u>	<u>3,575,920</u>
End of year	<u>\$ 3,316,307</u>	<u>\$ 3,179,575</u>

See accompanying notes to the financial statements.

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# The Meeting House Church Family

## Notes to the Financial Statements

June 30, 2017

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### 1. Purpose of the Organization

The Meeting House Church Family (the "Organization") was established to honour God by proclaiming the irreligious message of Jesus and fostering loving communities of fully-committed Christ-followers. The Organization was incorporated under the laws of Ontario on June 4, 2004 as a Not-For-Profit Organization and is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

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### 2. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards. The significant accounting policies selected by the Organization and applied in these financial statements are summarized below.

#### Fund accounting

The accounts are maintained in accordance with the principles of fund accounting, whereby fund balances of the Organization are classified for accounting and reporting purposes into funds to be used according to the directions of the donor or as determined by the Organization.

#### General Fund

The General Fund consists of unrestricted contributions and other revenue and related expenditures pertaining to the operations of the Organization.

#### Restricted Funds

##### *Externally restricted fund - Growth Fund*

The Growth Fund consists of amounts designated by donors to assist in church growth and other programs as established by the Overseers Board (the "Overseers"). Such programs include, but are not limited to, establishing and expanding regional sites, acquisition and improvements of buildings and other assets.

##### *Externally restricted fund - Compassion Fund*

The Compassion Fund consists of amounts designated by donors to assist in compassionate ministries and other programs. Such programs include, but are not limited to, local and global compassionate initiatives, and outreach opportunities.

##### *Internally restricted fund - Church Start-up Fund*

The Church Start-up Fund consists of amounts designated by the Overseers to be used to fund initial costs incurred in the establishment of regional sites.

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# **The Meeting House Church Family**

## **Notes to the Financial Statements**

June 30, 2017

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### **2. Summary of significant accounting policies (continued)**

#### **Property Fund**

The Property Fund consists of the assets, liabilities, revenue and expenditures related to the Organization's property and equipment.

#### **Interfund transfers**

Transfers between funds are made when resources of one fund have been authorized to finance activities and acquisitions in another fund.

#### **Revenue recognition**

The Organization follows the restricted fund method of accounting for contributions.

All offerings which are externally restricted by the donor with an associated restricted fund are recorded in the appropriate restricted fund in the year received. Externally restricted offerings to the General Fund are recorded as deferred revenue and subsequently recognized as revenue as the related expenses are incurred.

Unrestricted offerings are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rent, sales, investment, interest and all other income are recognized as earned.

#### **Resource Centre inventory**

The cost of Resource Centre inventory comprises the purchase price and other costs directly attributable to its acquisition. Resource Centre inventory is stated at the lower of cost and net realizable value and relieved on a first-in, first-out basis. Net realizable value is the estimated selling price, in the ordinary course of business, less the estimated costs necessary to make the sale.

Resource Centre inventory is adjusted to net realizable value when the cost of Resource Centre inventory is not estimated to be recoverable. The amount of any write-down of Resource Centre inventory to net realizable value and all losses of Resource Centre inventory are recognized as an expense in the period the write-down occurs.

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# The Meeting House Church Family

## Notes to the Financial Statements

June 30, 2017

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### 2. Summary of significant accounting policies (continued)

#### Property and equipment

Purchased property and equipment are recorded in the Property Fund at cost less accumulated amortization, which is provided for over the expected useful life of the assets as follows:

Building	4% declining balance
Sound and video equipment	20% declining balance
Furniture and equipment	20% declining balance
Computer hardware and software	30% declining balance
Vehicles and trailers	30% declining balance

#### Contributed goods and services

Contributed goods and capital donations are recorded at fair market value as at the date of contribution.

Contributed services are not recognized in these financial statements due to the difficulty in determining their fair value.

#### Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Organization's financial instruments are comprised of cash and cash equivalents, taxes recoverable, miscellaneous receivables, accounts payable and long-term debt.

Financial assets and liabilities obtained in arm's length transactions are initially recorded at their fair value and financial assets and liabilities obtained in related party transactions are initially measured at their exchange amount. The Organization subsequently measures all of its financial assets and liabilities at amortized cost with the exception of cash and cash equivalents, which are subsequently measured at fair value.

#### Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to the excess or deficiency of revenue over expenditures as appropriate in the year they become known.

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# **The Meeting House Church Family**

## **Notes to the Financial Statements**

June 30, 2017

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### **3. Objectives, policies and processes for managing capital**

The Organization's capital is comprised of the net amounts invested in property and equipment, unrestricted funds and internally and externally restricted funds.

#### **Working capital reserve fund - General Fund**

The Overseers' objective is to maintain a working capital reserve fund balance sufficient to meet the annual working capital requirements. This is an amount determined by the Overseers based on the annual budget (less \$150,000 of the available line of credit). Staff prepares and the Overseers approve the annual budget which projects the working capital reserve fund balance required. The Treasurer monitors the actual results against the forecast and notifies the Overseers when changes to plans are required.

#### **Internally restricted funds - Church Start-up Fund**

The objective of the Church Start-up Fund is to provide a reserve to fund initial costs incurred in the establishment of regional sites as determined by the Overseers.

#### **Internally restricted funds - Property Fund**

The Overseers' objective is to maintain a reserve of funds that can be drawn on to fund major building and property repairs and improvements and replace broken or obsolete equipment. The Property Fund is replenished by an annual budgeted transfer from the General Fund based on the spending expectations in the Property Fund replacement plan. Staff monitors the status of the fund and reports to the Overseers on its usage.

#### **Invested in property and equipment**

The Organization invests in property and equipment in order to provide worship and devotional programming that enhances the personal experience of all participants.

The Finance and Senior Pastors teams are responsible for this investment and define the policies to be followed to ensure the smooth functioning of the building and equipment and their maintenance.

Staff develop the annual capital budget which is submitted to the Overseers for examination. The Overseers authorize the funds for the budget, with revisions throughout the year as required. The budget is executed by the Senior Pastors and monthly reports are submitted to the Overseers.

Where cash funds are not required in the short-term, the Finance Manager invests their balances in short-term, low risk and highly liquid financial instruments for both internally and externally restricted funds.

#### **Externally restricted funds - Growth Fund**

The objective of the Growth Fund is to provide for church growth, and other programs as established by the Overseers. The Senior Pastors team is responsible for carrying out the objectives of this fund as set out in the plan. The Treasurer monitors the status of the fund and reports to the Overseers on its usage.



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# The Meeting House Church Family

## Notes to the Financial Statements

June 30, 2017

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### 3. Objectives, policies and processes for managing capital (continued)

#### Externally restricted funds - Compassion Fund

The objective of the Compassion Fund is to provide for compassionate ministries and other programs as established by the Overseers. The Senior Pastors team is responsible for carrying out the objectives of this fund as set out in the plan. The Treasurer monitors the status of the fund and reports to the Overseers on its usage.

#### Other restrictions

The Organization is subject to the disbursement requirements set by the Canada Revenue Agency for Canadian charities and as at the end of fiscal 2017, was in compliance with these requirements.

The Organization is not subject to any external capital requirements other than those outlined above.

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### 4. Cash and cash equivalents

	<u>2017</u>	<u>2016</u>
General Fund		
Cash	\$ 236,251	\$ 290,296
High interest savings account	<u>1,047,693</u>	<u>1,200,689</u>
	<u>1,283,944</u>	<u>1,490,985</u>
Restricted Funds		
Growth Fund - High interest savings account	447,674	344,731
Compassion Fund - High interest savings account	<u>820,077</u>	<u>894,422</u>
	<u>1,267,751</u>	<u>1,239,153</u>
Property Fund		
High interest savings account	<u>764,612</u>	<u>449,437</u>
	<u>\$ 3,316,307</u>	<u>\$ 3,179,575</u>

# The Meeting House Church Family

## Notes to the Financial Statements

June 30, 2017

### 5. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2017 Net</u>	<u>2016 Net</u>
Land	\$ 2,070,000	\$ -	<b>\$ 2,070,000</b>	\$ 2,070,000
Building	11,647,617	3,387,403	<b>8,260,214</b>	8,598,022
Sound and video equipment	2,373,725	1,898,192	<b>475,533</b>	509,515
Furniture and equipment	974,906	705,734	<b>269,172</b>	213,374
Computer hardware and software	504,212	476,387	<b>27,825</b>	39,749
Vehicles and trailers	<u>395,628</u>	<u>287,493</u>	<b><u>108,135</u></b>	<u>87,643</u>
	<b><u>\$ 17,966,088</u></b>	<b><u>\$ 6,755,209</u></b>	<b><u>\$ 11,210,879</u></b>	<b><u>\$ 11,518,303</u></b>

Additions to property and equipment during the year were as follows:

	<u>2017</u>	<u>2016</u>
Building	<b>\$ 6,236</b>	\$ -
Sound and video equipment	<b>75,469</b>	18,674
Furniture and equipment	<b>109,415</b>	7,380
Vehicles and trailers	<b><u>64,388</u></b>	<u>13,512</u>
	<b><u>\$ 255,508</u></b>	<b><u>\$ 39,566</u></b>

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## The Meeting House Church Family Notes to the Financial Statements

June 30, 2017

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### 6. Long-term debt

	<u>2017</u>	<u>2016</u>
Mortgage with the Royal Bank of Canada, bearing interest at 3.17%, due October 29, 2017, payable by monthly instalments of principal plus interest of \$26,421 and secured by the Bristol Circle property and a general security agreement	\$ 2,789,902	\$ 3,014,620
Mortgage with the Royal Bank of Canada, bearing interest at 3.88%, due on June 20, 2019, payable by monthly installments plus interest of \$14,573 and secured by a general security agreement	<u>2,172,304</u>	<u>2,261,005</u>
	4,962,206	5,275,625
Current portion	<u>2,882,112</u>	<u>313,450</u>
	<u>\$ 2,080,094</u>	<u>\$ 4,962,175</u>

Interest incurred on the above loans in the amount of \$178,509 (2016 - \$188,882) was expensed in the statement of General Fund activity and changes in fund balance.

Minimum principal repayments over the next two fiscal years are as follows:

2018	\$ 2,882,112
2019	<u>2,080,094</u>
	<u>\$ 4,962,206</u>

The Church intends to refinance the mortgages upon maturity.

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### 7. Line of credit

A line of credit is available up to a maximum of \$250,000 and bears interest at the bank prime rate plus 0.5%. The line is secured by a general security agreement on all assets except real property. At year end, there was no amount drawn on this line.

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### 8. Commitments

The Organization is committed under operating leases for equipment and premises extending for various periods to June 2022. The future minimum annual payment required over the next five years are as follows:

2018	\$ 58,114
2019	58,762
2020	59,424
2021	53,678
2022	35,104

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# The Meeting House Church Family

## Notes to the Financial Statements

June 30, 2017

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### 9. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. It is management's opinion that the Organization is not exposed to significant risk arising from its financial instruments. There have been no changes in the nature of risks from prior year.

#### Credit risk

Credit risk is the risk of financial loss occurring as a result of a counter party to a financial instrument failing to discharge an obligation or commitment that it has entered into with the Organization. The Organization's main credit risks relate to its taxes recoverable and miscellaneous receivable.

The Organization provides for its exposure to credit risk by creating an allowance for doubtful accounts when appropriate. As at June 30, 2017, the allowance for doubtful accounts is \$Nil (2016 - \$Nil).

#### Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in raising funds to meet commitments associated to its financial liabilities. The Organization is exposed to liquidity risk mainly in respect to its accounts payable and long-term debt.

The Organization's financing facilities include a requirement to maintain a minimum of \$500,000 of unrestricted funds at all times. The Organization is in compliance with this requirement as at June 30, 2017.

The Organization manages its liquidity risk by forecasting cash flows from operations, investing and financing activities, including a working capital reserve held in the General Fund, to ensure that it has sufficient funds available to meet current and foreseeable financial obligations.

#### Interest rate risk

Interest rate price risk is the risk that the fair value of an interest bearing financial instrument will fluctuate due to changes in market interest rates. Interest rate cash flow risk is the risk that the cash flows of the Organization will fluctuate due to changes in market interest rates.

The Organization's exposure to interest rate price risk is limited to its fixed interest bearing debt. As the Organization does not have variable interest bearing debt or investments, the Organization is not exposed to interest rate cash flow risk.