

Annual General Meeting November 12, 2016

Supporting Documentation Contents

2016 Annual General Meeting Agenda	Page 2
AGM Minutes – November 14, 2015	Page 3
Nominating Committee Report	Page 4
Statement of Financial Position as of June 30, 2016	Page 5
General Fund	Page 6/7
Compassion Fund	Page 8
Growth Fund	Page 9
Transform Summary	Page 10
Proxy Ballot	Page 11
2015-2016 Audited Financial Statements	Page 12-30

AGENDA

- | | |
|---|------------------------|
| 1. Welcome | Bruxy Cavey/David Lees |
| a. Pastor's Welcome and Prayer | |
| b. Chair's Welcome, Call to Order and Quorum | |
| 2. Overseers Address | David Lees |
| a. Chair's Address | |
| b. BIC Greetings | Doug Sider |
| c. Introduction of Overseers | |
| d. Prayer | Michelle Dermenjian |
| 3. Senior Pastor's Address | Bruxy Cavey |
| 4. Membership Changes Review and Clarification | David Ho |
| a. <u>Motion</u> : Approval of November 14, 2015 AGM Minutes | |
| 5. Nominating Committee Report | Matthew Kerr |
| a. <u>Motion</u> : Election of Overseers | |
| 6. Treasurer's Report | Mathew Moore/Rod Tombs |
| a. 2015-2016 Audited Financial Statements | |
| b. <u>Motion</u> : Approval of Audited Financial Statements for Fiscal Year Ended June 30, 2016 | |
| c. <u>Motion</u> : Approval of Appointment of Auditor | |
| 7. Presentation of 2016-2017 Budget and Year-to-Date | Rod Tombs |
| 8. Closing Prayer and Dismissal | David Lees |

Annual General Meeting Minutes Saturday, November 14, 2015

1. Music, Welcome, and Prayer – Dave Lees and Bruxy Cavey

- Quorum is met

2. Chair's Welcome – Dave Lees

- Appreciation for departing Overseers
- Overseers growing in staying balanced between fiduciary governance and spiritual leadership
- Year of challenge, learning, and growth for Overseers
- Bruxy stepped up as interim leader

3. BIC Updates – Doug Sider

- Boundless expectations for initiatives, local and global projects
- Deep partnership with BIC has always been a normative practice for TMH, and it is appreciated
- Staff recognition

4. Senior Leadership Update – Bruxy Cavey

- We exist to grow loving communities of Jesus-followers who live and proclaim His irreligious message
- We walk in the way of Jesus towards community, simplicity, and peace
- Leadership Structure: Overseers, Directors, Management Team, Regional Leads, Shepherding Team, and Leadership Community

5. Membership Review and Clarification – David Ho and Bruxy Cavey

- Approval of AGM Minutes from last year
 - Motion: Moved by Russ Skinner. Seconded by Don Corey. Carried.
- Overseers Nominations
 - Election of Overseers for 1st 3-year term: Bruce Daccord, Mario Ferlanti, Vincent John, & Fiona Miles and re-election for 2nd 3-year term: David Lees and Mat Moore
 - Motion: Moved by Russ Skinner. Seconded by Judy Maranta. Carried.
 - Confirmation of Appointment of Darrell Winger as Overseer
 - Motion: Moved by Reena Pennet. Seconded by Marsha Scheffler. Carried.

6. Finance Governance – Mat Moore

- Spring Budget Approval by Overseers in June
- Fall Annual General Meeting in November

7. Review of Audited Statements – Rod Tombs

- Summary of statements
- Motion: Accept the 2014-2015 Audited Statements
 - Moved by Delvin Fletcher. Seconded by Russ Skinner. Carried
- Motion: Appoint Grant Thornton Chartered Accountants as auditors for the 2015-2016 fiscal year
 - Moved by Tim Miller. Seconded by Don Corey. Carried.

8. First Quarter Review to Budget – Rod Tombs

- Compassion Surplus - we are releasing an additional \$300,000 to support the ongoing refugee crisis and local compassion needs.
- This year was trending 3% over last year's adjusted rate based on last quarter
- We are currently below budget by 3.8%, including October figures

9. Closing Prayer and Dismissal – Dave Lees and Ron Burkholder

NOMINATING COMMITTEE REPORT

Members at this year's Annual General Meeting will be presented with three candidates for election/re-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 are very excited to recommend this 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.

- **David Ho** nominated to serve and return for three years, the first year of his 2nd three-year term; attends High Park site
- **Catherine MacKeil** nominated to serve and return for three years, the first year of her 1st three-year term; attends Richmond Hill site
- **Carole Ann Stephen** nominated to serve and return for three years, the first year of her 1st three-year term; attends Oakville site

We want to thank Michelle Dermenjian and Darrell Winger for their passion and invaluable years of service on the Overseers board. Darrell has recently resigned from the board to assume the role of Executive Pastor at The Meeting House, where we will continue to partner with and benefit from his wisdom and experience. Michelle has completed her second three-year term and will continue to serve our Parry Sound community in meaningful ways.

Respectfully submitted on behalf of the nominating committee,

Mario Ferlanti
Matthew Kerr
Fiona Miles
Darrell Winger

THE MEETING HOUSE CHURCH FAMILY
Statement of Financial Position
As at June 30, 2016

ASSETS	General Fund	Growth Fund	Compassion Fund	Property Fund	Total
Current Assets					
Current Bank Accounts	290,296				290,296
RBC Savings Accounts	1,200,689	344,732	894,422	449,437	2,889,280
Cash Balances owing between funds	32,406	(25,110)	(7,296)		-
Accounts Receivable & HST Receivable	48,253	-			48,253
Prepaid Expenses & Security Deposits	21,516	27,812	2,925		52,252
Resource Centre Inventory	5,677				5,677
Total Current Assets	1,598,837	347,433	890,050	449,437	3,285,758
Fixed Assets					
Building (net of depreciation)				8,598,023	8,598,023
Land				2,070,000	2,070,000
Computer Equipment (net)				39,750	39,750
Furniture & Equipment				213,373	213,373
Sound/Video (net)				509,515	509,515
Vehicles & Trailers (net)				87,643	87,643
Total Fixed Assets				11,518,303	11,518,303
Total Assets	1,598,837	347,433	890,050	11,967,741	14,804,061
LIABILITIES & FUND BALANCES					
Current Liabilities					
Accounts Payable & Accrued Liabilities	504,236	3,318	2,387		509,941
Deferred Revenue – Other	15,201				15,201
Current Portion of Mortgage				313,450	313,450
Total Current Liabilities	519,437	3,318	2,387	313,450	838,591
Long Term Portion of Mortgage				4,962,175	4,962,175
Total Liabilities	519,437	3,328	2,387	5,275,624	5,800,766
Fund Balances					
Fund Balance June 30, 2016	799,336	521,424	1,412,365	7,020,298	9,753,423
Restricted for Future New Sites	25,848				25,848
Change in Fund Balance Current Year	254,216	(177,309)	(524,702)	(328,181)	(775,975)
Total Fund Balance	1,079,400	344,115	887,663	6,692,117	9,003,295
	1,598,837	347,433	890,050	11,967,741	14,804,061

GENERAL FUND

	Actual 2016	Budget 2016	Budget 2017
INCOME			
Offerings	7,804,850	7,765,000	8,212,500
Transfer from Deferred Revenue for new sites	24,680	18,000	20,530
Bristol Lease & Rentals Income - Net	383,058	316,520	316,520
Interest, Resource Centre & Other Income	18,258	6000	6000
TOTAL INCOME	8,230,846	8,105,520	8,555,550
EXPENSES			
BIC Co-operative, New Ministry, Consulting	403,172	377,075	301,690
Kidmax	317,263	371,331	391,960
theUnderground	437,784	473,188	484,060
Adult Ministries	1,883,720	1,986,135	2,170,430
Communications	599,669	697,585	490,800
Weekend Service	892,537	913,812	1,041,590
Shared Ministry Expenses	998,711	1,133,381	1,349,500
Facilities & Rent	1,676,861	1,756,003	1,806,190
Mortgage Interest	188,882	188,850	178,510
TOTAL OPERATING EXPENSES	7,398,600	7,897,360	8,214,730
Net Operating Income (Loss)	832,247	208,160	340,820
Equipment Purchases & Building Repairs	44,985	50,000	237,000
Mortgage Principal	303,046	303,080	313,420
Transfer to Growth Fund	100,000		
Transfer to Property Fund	130,000	30,000	30,000
Total Cash Outflow	7,976,631	8,280,440	8,795,150
NET OPERATING CASH FLOW	254,216	(174,920)	(239,600)
General Fund Balance at Beginning of Year	799,336	799,337	865,170
Restricted for New Sites	25,848	32,530	-
General Fund Balance at End of Year/Period	1,079,400	656,947	625,570

General Fund Notes

- General offerings ended the year just slightly above budget. Next year's budget is set at a 5% increase based on starting a new site and current site's projected growth.
- 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.
- Net Rentals income at Bristol (Oakville Site) increased with the new renovations allowing for larger events.
- Our contribution to the BIC Co-operative Ministries helps to fund our denominational work in Canada. In 2016 we also sponsored a one year new initiatives work led by City Movement. We also contribute to BIC's work in missions and church planting within the Growth and Compassion Funds.
- Total operating expenses ended the year \$498,760 under budget. Of this \$250,000 was due to open staff positions, \$60,000 was an allowance for site rent increases from Cineplex that did not happen in 2016 but will go into effect in 2017. We also allowed \$30,000 for site growth for extra theatre rentals which were not needed and the balance was for smaller amounts in various ministries.
- Kidmax and Underground expenses include supplies for weekly curriculum, Sunday and midweek programs, staff, and subsidies for retreats and events.

7. Adult Ministries includes all of the costs to serve our adult community including pastoral care programs, counseling, first and next steps, events, resourcing home churches and the salaries of our pastors.
8. Communications includes the costs to promote The Meeting House externally and the internal costs related to Sunday service teaching, graphics and video production.
9. Weekend Service covers the costs of vehicle and equipment maintenance, weekly supplies to service all of our ministries at each location, printing, Sunday coffee, music and support staff.
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 the operating and staffing costs for the Oakville production site and rent at regional sites Sunday services, midweek youth programs and music rehearsal space.
12. Equipment purchases covers new equipment such as computers, projectors and other audio visual equipment at all locations. The transfer to the property fund is a value to cover anticipated major building and equipment repairs as well as site equipment and vehicle replacements.
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. Typically, our cash balances are highest after the Christmas season and lowest through the end of summer/early fall. This balance ensures we have enough cash on hand for lower monthly income throughout the summer months. (note - the balances in the other funds are restricted and cannot be used for General Fund needs.)

COMPASSION FUND

INCOME	Actual 2016	Plan 2016	Plan 2017
Donations	816,456	900,000	850,000
MCC Fundraising Aids Care Kits & Cards	270,289	300,000	
Interest & Other Income	10,805	10,000	
Total Income	1,097,549	1,210,000	850,000
EXPENSES			
Global Compassion			
MCC Aids Care, Program Support & Africa Learning Teams	861,529	407,250	
BIC Global Ministry & Compassion Support	75,000	75,000	
Extended Partner Support & Mission Trips	39,357	34,000	
Total Global Compassion	975,886	516,250	658,000
Local Compassion			
Local Agency Funding	195,500	200,000	
One Time Grants – local agencies & MCC refugee response	210,000		
Local Site Level Partner Support & Mission Trips	34,081	74,325	
Total Local Compassion	439,581	274,325	443,500
Shared Costs – Communication, Staff and Administration	206,785	220,000	
Total Expenses	1,622,252	1,010,575	1,101,500
Net Cash Flow	(524,702)	199,425	(251,500)
Fund Balance at Beginning of Year	1,412,365	1,412,365	867,125
Fund Balance at End of Year	887,663	1,611,790	615,125

Compassion Fund Notes

- Offerings came in above projections over the last few years of Transform resulting in a growing cash balance. As part of Transform we had made a five-year commitment to MCC, ending in 2017, to fund various projects in Southern Africa. Using part of this cash balance we were able to distribute just over \$860,000 to MCC for Aids Care and project funding to wrap up the Transform commitment one year early. We also supported our denominations global projects with \$75,000 and other overseas missionaries and mission trips with \$39,000.
- 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 \$400,000 to partner agencies as well as provide funds to MCC to support the Canadian refugee sponsorship initiative.

GROWTH FUND

INCOME	Actual 2016	Plan 2016	Plan 2017
Donations	637,552	900,000	800,000
Transfer from General Fund	100,000		
Interest and Other Income	2,922	2,000	
Total Income	740,473	902,000	800,000
EXPENSES			
Oakville Production Site Expansion	130,971	130,770	
New Site Launches and Expansion	67,270	170,350	175,000
Curriculum and Invite Goals	479,615	677,000	694,700
BIC Church Planting and New Ministry Support	239,927	239,730	75,000
Total Expenses	917,782	1,217,850	944,700
Net Cash Flow	(177,309)	(315,850)	(144,700)
Fund Balance at Beginning of Year	521,424	521,424	253,285
Fund Balance at End of Year	344,115	205,574	108,585

Growth Fund Notes

- Offerings this year were below previous years and planned levels likely due to the wrapping up of Transform. From the surplus in the General Fund we were able to transfer \$100,000 to the Growth Fund to ensure we could meet our commitments for the coming year.
- Oakville production site expansion included some final small projects to complete the renovation.
- New Site Development and Site Expansion 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. Downtown Hamilton became our 16th full site this year. We had allowed funds for one more site but the costs for the East Toronto site launch this fall will be in fiscal 2017.
- The creation of new curriculum for Kidmax and Underground programs is an ongoing multi-year project involving video production and written materials. A major focus will continue in this area in the coming year.
- BIC church planting and new ministry support includes a one-year gift to support new initiatives, including City Movement Inc., started by Tim Day.

TRANSFORM SUMMARY

INCOME	Actual	Plan
Donations	8,569,103	8,300,000
MCC Fundraising Aids Care	1,486,719	1,500,000
Interest and Other Income	115,028	0
Transfer from General Fund	647,000	400,000
Total Income	10,817,851	10,200,000
Expenses		
Global Compassion	2,567,486	2,665,232
Local Compassion	1,160,140	1,295,700
BIC Global and Local Ministry Support	838,927	675,000
Shared Costs – Communication, Staff and Administration	744,254	664,068
Oakville Production Site Expansion	2,892,926	2,900,000
New Site Launches and Expansion	710,433	1,967,770
Curriculum and Invite Goals	1,694,677	1,000,000
Total Expenses	10,608,843	11,167,770
Net Cash Flow	209,008	(967,770)
Beginning Fund Balances	1,022,771	1,022,771
Ending Fund Balances	1,231,779	55,000

Transform Notes

1. Transform began as a five year overarching plan, using our Growth and Compassion funds. The financial response to Transform was amazing as offerings came in over target and surplus General funds were transferred to reach our goals. Throughout the duration of the mission, strategies for all the initiatives were in ongoing development as staff processed information and revisions were discerned accordingly. We also revised our plans regarding the ending fund balances so that there would be sufficient working capital to be able to continue all the good things that were started during the mission and continue into the future with our Three Fund Model.

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.



Proxy Form for Annual Meeting

I, _____
(name of member)

have reviewed the 2016 Annual Report and 2015-2016 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 12th day of November, 2016 and at any adjournment of such meeting.

DATED this _____ day of _____, 2016.

(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, 2016

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of General Fund Activity and Changes in Fund Balance	3
Statement of Restricted Funds Activity and Changes in Fund Balances	4
Statement of Property Fund Activity and Changes in Fund Balance	5
Statement of Changes in Fund Balances	6
Statement of Financial Position	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 16

Independent Auditor's Report

To the Directors of
The Meeting House Church Family

Grant Thornton LLP
Suite 501
201 City Centre Drive
Mississauga, ON
L5B 2T4
T +1 416 366 0100
F +1 905 804 0509
www.GrantThornton.ca

We have audited the accompanying financial statements of The Meeting House Church Family, which comprise the statement of financial position as at June 30, 2016 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, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Mississauga, Canada
October 6, 2016

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	2016	2015
Revenue		
Offerings	\$ 7,791,214	\$ 7,788,617
Rental and sales income	630,202	492,780
Ministry reimbursements	163,562	136,484
Interest and other	<u>48,466</u>	<u>65,760</u>
	<u>8,633,444</u>	<u>8,483,641</u>
Expenditures		
Adult ministries	1,922,813	1,795,672
Facilities	1,681,676	1,731,982
Weekend services	914,283	1,013,888
Administration	867,537	896,121
Communications	607,760	456,099
Youth	588,492	570,756
Missions and partnership support	403,172	262,150
Kidmax	319,089	323,607
Rent and sales expense	239,006	158,641
Interest on long-term debt (Note 6)	188,882	197,290
Shared staff expense	<u>164,000</u>	<u>288,096</u>
	<u>7,896,710</u>	<u>7,694,302</u>
Excess of revenue over expenditures	<u>736,734</u>	<u>789,339</u>
Fund balance, beginning of year	<u>799,336</u>	<u>623,676</u>
Interfund transfers		
Purchase of property and equipment	-	(6,903)
Repayment of loan principal	(303,046)	(294,638)
Funding of property and equipment reserve fund	(130,000)	(205,000)
Support to the Growth Fund	(100,000)	(147,000)
Support of church start-up expenses	<u>50,529</u>	<u>39,862</u>
Fund balance, end of year	<u>\$ 1,053,553</u>	<u>\$ 799,336</u>

The Meeting House Church Family

Statement of Restricted Funds Activity and Changes in Fund Balances

Year ended June 30	Growth Fund	Compassion Fund	Church Start-up Fund	Total 2016	Total 2015
Revenue					
Capital campaign offerings	\$ 637,552	\$ 1,103,180	\$ -	\$ 1,740,732	\$ 2,090,743
Other income	24,284	3,920	-	28,204	13,978
Investment income	2,921	10,805	-	13,726	17,993
	<u>664,757</u>	<u>1,117,905</u>	<u>-</u>	<u>1,782,662</u>	<u>2,122,714</u>
Expenditures					
Compassion - local and global	239,927	1,433,585	-	1,673,512	894,022
Curriculum and growth and invite goals	495,658	-	-	495,658	524,885
Administration	-	209,022	-	209,022	191,429
Expansion - new and current sites	199,101	-	-	199,101	261,137
	<u>934,686</u>	<u>1,642,607</u>	<u>-</u>	<u>2,577,293</u>	<u>1,871,473</u>
Excess (deficiency) of revenue over expenditures	(269,929)	(524,702)	-	(794,631)	251,241
Fund balance, beginning of year	<u>521,423</u>	<u>1,412,365</u>	<u>50,529</u>	<u>1,984,317</u>	<u>1,727,927</u>
Interfund transfers					
Purchase of property and equipment	(7,380)	-	-	(7,380)	(101,989)
Support from the General Fund	100,000	-	-	100,000	147,000
Support of church start-up expenses	-	-	(50,529)	(50,529)	(39,862)
Fund balance, end of year	<u>\$ 344,114</u>	<u>\$ 887,663</u>	<u>\$ -</u>	<u>\$ 1,231,777</u>	<u>\$ 1,984,317</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	2016	2015
Revenue		
Gain on disposal of property and equipment	\$ 9,166	\$ 13,518
Interest income	<u>3,707</u>	<u>3,786</u>
	<u>12,873</u>	<u>17,304</u>
Expenditures		
Amortization of property and equipment	587,022	650,119
Property repairs and replacement equipment	<u>194,458</u>	<u>41,128</u>
	<u>781,480</u>	<u>691,247</u>
Deficiency of revenue over expenditures	<u>(768,607)</u>	<u>(673,943)</u>
Fund balance, beginning of year	<u>7,020,296</u>	<u>7,085,709</u>
Interfund transfers		
Purchase of property and equipment	7,380	108,892
Repayment of loan principal	303,046	294,638
Support from the General Fund	<u>130,000</u>	<u>205,000</u>
Fund balance, end of year	<u>\$ 6,692,115</u>	<u>\$ 7,020,296</u>

The Meeting House Church Family

Statement of Changes in Fund Balances

Year ended June 30	General Fund	Restricted Funds	Property Fund	Total 2016	Total 2015
Fund balances, beginning of year	\$ 799,336	\$ 1,984,317	\$ 7,020,296	\$ 9,803,949	\$ 9,437,312
Excess (deficiency) of revenue over expenditures	736,734	(794,631)	(768,607)	(826,504)	366,637
Interfund transfers					
Purchase of property and equipment	-	(7,380)	7,380	-	-
Loan principal repayments	(303,046)	-	303,046	-	-
Support from the Growth Fund	(230,000)	100,000	130,000	-	-
Transfer from Church Start-up Fund	50,529	(50,529)	-	-	-
Fund balances, end of year	<u>\$ 1,053,553</u>	<u>\$ 1,231,777</u>	<u>\$ 6,692,115</u>	<u>\$ 8,977,445</u>	<u>\$ 9,803,949</u>

The Meeting House Church Family

Statement of Financial Position

As at June 30	General Fund	Restricted Funds	Property Fund	Total 2016	Total 2015
Assets					
Current					
Cash and cash equivalents (Note 4)	\$ 1,490,985	\$ 1,239,153	\$ 449,437	\$ 3,179,575	\$ 3,575,920
Pledges receivable (Note 2)	-	-	-	-	1,580,477
Taxes recoverable	30,427	-	-	30,427	56,233
Miscellaneous receivables	17,825	-	-	17,825	2,094
Prepaid expenses and deposits	21,518	30,736	-	52,254	27,294
Resource Centre inventory	5,677	-	-	5,677	5,384
Interfund loan	32,406	(32,406)	-	-	-
	1,598,838	1,237,483	449,437	3,285,758	5,247,402
Property and equipment (Note 5)	-	-	11,518,303	11,518,303	12,066,786
	\$ 1,598,838	\$ 1,237,483	\$ 11,967,740	\$ 14,804,061	\$ 17,314,188
Liabilities					
Current					
Accounts payable and accrued liabilities	\$ 504,236	\$ 5,706	\$ -	\$ 509,942	\$ 334,797
Deferred revenue	41,049	-	-	41,049	16,295
Deferred pledge revenue (Note 2)	-	-	-	-	1,580,477
Long-term debt (Note 6)	-	-	313,450	313,450	303,075
	545,285	5,706	313,450	864,441	2,234,644
Long-term debt (Note 6)	-	-	4,962,175	4,962,175	5,275,595
	545,285	5,706	5,275,625	5,826,616	7,510,239
Fund balances					
Working capital reserve	1,053,553	-	-	1,053,553	799,336
Internally restricted					
Church Start-up Fund	-	-	-	-	50,529
Property Fund	-	-	449,437	449,437	532,180
Invested in property and equipment	-	-	6,242,678	6,242,678	6,488,116
Externally restricted					
Growth Fund	-	344,114	-	344,114	521,423
Compassion Fund	-	887,663	-	887,663	1,412,365
	1,053,553	1,231,777	6,692,115	8,977,445	9,803,949
	\$ 1,598,838	\$ 1,237,483	\$ 11,967,740	\$ 14,804,061	\$ 17,314,188

On behalf of the Overseers Committee

Director

Director

See accompanying notes to the financial statements.

The Meeting House Church Family

Statement of Cash Flows

Year ended June 30	2016	2015
Increase (decrease) in cash and cash equivalents		
Operating		
Excess (deficiency) of revenue over expenditures	\$ (826,504)	\$ 366,637
Items not affecting cash		
Amortization of property and equipment	587,022	650,119
Gain on disposal of property and equipment	(9,166)	(13,518)
	<u>(248,648)</u>	<u>1,003,238</u>
Change in non-cash working capital items		
Pledges receivable	1,580,477	1,359,059
Taxes recoverable	25,806	(8,664)
Miscellaneous receivables	(15,731)	24,861
Prepaid expenses and deposits	(24,960)	64,414
Resource Centre inventory	(293)	5,401
Accounts payable and accrued liabilities	175,145	(103,065)
Deferred revenue	24,754	885
Deferred pledge revenue	(1,580,477)	(1,359,059)
	<u>184,721</u>	<u>(16,168)</u>
	<u>(63,927)</u>	<u>987,070</u>
Financing		
Loan principal repayments	<u>(303,045)</u>	<u>(294,638)</u>
Investing		
Proceeds from sale of property and equipment	10,193	19,336
Purchase of property and equipment	<u>(39,566)</u>	<u>(128,730)</u>
	<u>(29,373)</u>	<u>(109,394)</u>
Increase (decrease) in cash and cash equivalents	(396,345)	583,038
Cash and cash equivalents (Note 4)		
Beginning of year	<u>3,575,920</u>	<u>2,992,882</u>
End of year	<u>\$ 3,179,575</u>	<u>\$ 3,575,920</u>

See accompanying notes to the financial statements.

The Meeting House Church Family

Notes to the Financial Statements

June 30, 2016

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.

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 Committee (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.

The Meeting House Church Family

Notes to the Financial Statements

June 30, 2016

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.

Pledge receivable and deferred pledge revenue

Periodically, the Organization raises funds for special growth or compassionate initiatives. These initiatives occur over multi-year periods, and donors commit to multi-year pledges. Because of the material amounts involved in these campaigns, the Organization recognizes the pledges as receivable when made. However as the related expenditure will not occur until the funds are received and the final amount that will be received on the pledges is uncertain, the Organization records the corresponding revenue as deferred pledge revenue.

On payment of a pledge, the related deferred revenue and receivable are reversed, and the actual revenue and cash received are recorded.

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.

The Meeting House Church Family

Notes to the Financial Statements

June 30, 2016

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.

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.

The Meeting House Church Family

Notes to the Financial Statements

June 30, 2016

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. The Treasurer 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 Directors 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.

The teams 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 Finance and Directors teams 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 Directors 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.

The Meeting House Church Family

Notes to the Financial Statements

June 30, 2016

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 Directors 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 2016, was in compliance with these requirements.

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

4. Cash and cash equivalents

	<u>2016</u>	<u>2015</u>
General Fund		
Cash	\$ 290,296	\$ 167,373
High interest savings account	<u>1,200,689</u>	<u>1,111,219</u>
	<u>1,490,985</u>	<u>1,278,592</u>
Restricted Funds		
Growth Fund - High interest savings account	344,731	356,338
Compassion Fund - High interest savings account	<u>894,422</u>	<u>1,408,810</u>
	<u>1,239,153</u>	<u>1,765,148</u>
Property Fund		
High interest savings account	<u>449,437</u>	<u>532,180</u>
	<u>\$ 3,179,575</u>	<u>\$ 3,575,920</u>

The Meeting House Church Family

Notes to the Financial Statements

June 30, 2016

5. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2016 Net</u>	<u>2015 Net</u>
Land	\$ 2,070,000	\$ -	\$ 2,070,000	\$ 2,070,000
Building	11,641,379	3,043,357	8,598,022	8,956,274
Sound and video equipment	2,298,257	1,788,742	509,515	615,885
Furniture and equipment	865,492	652,118	213,374	258,414
Computer hardware and software	504,212	464,463	39,749	56,785
Vehicles and trailers	<u>403,636</u>	<u>315,993</u>	<u>87,643</u>	<u>109,428</u>
	\$ 17,782,976	\$ 6,264,673	\$ 11,518,303	\$ 12,066,786

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

	<u>2016</u>	<u>2015</u>
Building	\$ -	\$ 48,753
Sound and video equipment	18,674	31,274
Furniture and equipment	7,380	-
Computer hardware and software	-	-
Vehicles and trailers	<u>13,512</u>	<u>48,703</u>
	\$ 39,566	\$ 128,730

The Meeting House Church Family Notes to the Financial Statements

June 30, 2016

6. Long-term debt

	<u>2016</u>	<u>2015</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	\$ 3,014,620	\$ 3,232,071
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>2,261,005</u>	<u>2,346,599</u>
	5,275,625	5,578,670
Current portion	<u>313,450</u>	<u>303,075</u>
	<u>\$ 4,962,175</u>	<u>\$ 5,275,595</u>

Interest incurred on the above loans in the amount of \$188,882 (2015 - \$197,290) was expensed in the statement of General Fund activity and changes in fund balance.

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

2017	\$ 313,450
2018	2,882,086
2019	<u>2,080,089</u>
	<u>\$ 5,275,625</u>

The Church intends to refinance the mortgages upon maturity.

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.

8. Commitments

The Organization is committed under operating leases for equipment extending for various periods to March 2017. The future minimum annual payment required next year is \$17,580.

The Meeting House Church Family

Notes to the Financial Statements

June 30, 2016

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, 2016, the allowance for doubtful accounts is \$Nil (2015 - \$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 debt service coverage ratio not less than 1.30:1 that is to be assessed at the end of each fiscal year. The Organization is not in compliance with this covenant as at June 30, 2016. The Organization has obtained a waiver from the lender indicating that the financing facilities will not be called for a period of 12 months from the year end of the Organization as a result of this breach. Accordingly, the credit facilities have not been reclassified as current liabilities.

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.