

*Financial Statements of*

**MENNONITE CENTRAL COMMITTEE  
MANITOBA INC.**

*March 31, 2020*

## INDEPENDENT AUDITOR'S REPORT

To the Board Members of  
Mennonite Central Committee Manitoba Inc.

### Qualified Opinion

We have audited the financial statements of Mennonite Central Committee Manitoba Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from contributions, fundraising events and donations of material resources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to recorded contributions, net revenue and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Deloitte, featuring the word "Deloitte" in a stylized, cursive font with a small "UP" to its right.

Chartered Professional Accountants

Winnipeg, Manitoba  
June 22, 2020

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**MENNONITE CENTRAL COMMITTEE MANITOBA INC.****Statement of Revenue and Expenditures****Year Ended March 31, 2020**

	<u>2020</u>	<u>2019</u>
REVENUE		
Undesignated contributions:		
General	\$ 2,104,497	\$ 1,821,558
Thrift shops	2,902,153	2,983,860
Bequests	846,966	301,842
Designated contributions (Schedule 1)	3,739,013	3,309,306
Relief sales and other events (Schedule 2)	228,425	223,950
Material resources	595,489	519,378
Grant funding	276,863	390,611
Sales and Fees for Service	253,733	293,347
Interest	22,825	27,030
Gifts-in-kind	3,995	18,069
Other	2,347	6,459
	<b>10,976,306</b>	<b>9,895,410</b>
EXPENDITURES		
Programs (Schedule 3)		
Justice & Peacebuilding	528,432	674,710
Disaster Relief	373,337	407,007
Sustainable Community Development	754,313	598,073
Program Administration	177,327	174,393
	<b>1,833,409</b>	<b>1,854,183</b>
Support Services		
Administration	572,010	556,733
Communication & donor relations	592,978	608,672
Social enterprise	224,675	193,131
Relief sales and other events (Schedule 2)	70,237	64,808
	<b>1,459,900</b>	<b>1,423,344</b>
Forwardings to MCC Canada (Schedule 4)	7,782,746	6,621,948
	<b>11,076,055</b>	<b>9,899,475</b>
NET LOSS BEFORE OTHER ITEM	<b>(99,749)</b>	<b>(4,065)</b>
OTHER ITEM		
Change in investment in Initiatives for Just Communities (Note 6)	207,391	62,101
NET REVENUE (LOSS)	<b>\$ 107,642</b>	<b>\$ 58,036</b>

# MENNONITE CENTRAL COMMITTEE MANITOBA INC.

## Statement of Financial Position

March 31, 2020

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 652,118	\$ 575,565
Accounts receivable (Note 3)	211,722	41,144
Inventory	73,979	64,487
Prepaid expenses	9,207	6,659
	<b>947,026</b>	<b>687,855</b>
ABUNDANCE CANADA INVESTMENT (Note 4)	308,863	403,143
INVESTMENT IN THE JUBILEE FUND INC. (Note 5)	50,652	50,325
INVESTMENT IN IJC (Note 6)	1,114,789	907,398
INVESTMENT IN OLD GRACE HOUSING CO-OP (Note 7)	42,000	42,000
OTHER INVESTMENTS (Note 8)	408,678	459,482
CAPITAL ASSETS (Note 9)	1,617,503	1,698,272
	<b>\$ 4,489,511</b>	<b>\$ 4,248,475</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 10)	\$ 73,808	\$ 87,864
Due to MCC Canada	721,105	312,421
Deferred revenue	279,405	456,452
Current portion of long term debt (Note 11)	52,000	85,601
	<b>1,126,318</b>	<b>942,338</b>
Designated contributions - capital assets	160,870	170,190
Long term debt (Note 11)	284,705	325,971
	<b>1,571,893</b>	<b>1,438,499</b>
COMMITMENTS (Note 14)		
<b>NET ASSETS</b>		
Unrestricted	211,863	392,363
Internally Restricted (Note 12)	471,038	393,705
Invested in Capital Assets (Note 13)	1,119,928	1,116,510
Invested in Initiatives for Just Communities	1,114,789	907,398
	<b>2,917,618</b>	<b>2,809,976</b>
	<b>\$ 4,489,511</b>	<b>\$ 4,248,475</b>

APPROVED BY THE BOARD



Board Chair

Name: Catherine Enns



Treasurer

Name: Tony Schellenberg

**MENNONITE CENTRAL COMMITTEE MANITOBA INC.**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2020**

	2020				2019	
	Unrestricted	Internally Restricted	Invested in Capital Assets	Invested in Initiatives For Just Communities	Total	Total
Balance, beginning of year	\$ 392,363	\$ 393,705	\$ 1,116,510	\$ 907,398	<b>\$ 2,809,976</b>	\$ 2,751,940
Net revenue (expenditures)	(16,624)	327	(83,452)	207,391	<b>107,642</b>	58,036
Inter fund transfers (Note 12)	(163,876)	77,006	86,870	-	-	-
Balance, end of year	\$ 211,863	\$ 471,038	\$ 1,119,928	\$ 1,114,789	<b>\$ 2,917,618</b>	\$ 2,809,976

**MENNONITE CENTRAL COMMITTEE MANITOBA INC.****Statement of Cash Flows**

Year Ended March 31, 2020

	<u>2020</u>	<u>2019</u>
<b>OPERATING ACTIVITIES</b>		
Net (loss) revenue	\$ 107,642	\$ 58,036
Items not affecting cash:		
Loss on disposal of capital assets	3,222	471
Amortization of capital assets	89,550	96,642
Amortization of designated contributions	(9,320)	(9,320)
Change in investment in Initiatives for Just Communities	(207,391)	(62,101)
	<u>(16,297)</u>	83,728
Net change in non-cash operating working capital items:		
Accounts receivable	(170,578)	53,462
Inventory	(9,492)	9,029
Prepaid expenses	(2,548)	3,747
Accounts payable and accrued liabilities	(14,056)	(4,531)
Due to MCC Canada	408,684	29,992
Deferred revenue	(177,047)	133,440
	<u>18,666</u>	308,867
<b>FINANCING ACTIVITIES</b>		
Designated contributions received - capital assets	-	15,000
Repayment of long term debt	(74,867)	(64,660)
	<u>(74,867)</u>	(49,660)
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(12,003)	(33,210)
Redemption (purchase) of Guaranteed Income Certificates (net)	50,804	(4,318)
Increase in The Jubilee Fund Inc.	(327)	(325)
Decrease (increase) in Abundance Canada investment	94,280	(6,364)
	<u>132,754</u>	(44,217)
<b>NET INCREASE IN CASH POSITION</b>	<b>76,553</b>	214,990
<b>CASH, BEGINNING OF YEAR</b>	<b>575,565</b>	360,575
<b>CASH, END OF YEAR</b>	<b>\$ 652,118</b>	<b>\$ 575,565</b>



**MENNONITE CENTRAL COMMITTEE MANITOBA INC.**  
**Notes to the Financial Statements**  
**March 31, 2020**

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**1. PURPOSE OF THE ORGANIZATION**

The purpose of the Mennonite Central Committee Manitoba Inc. (the "Organization" or "MCCM") is:

- a) to function as a charitable organization in the relief of human suffering; in aiding, rehabilitating and re-establishing Mennonite and other refugees and immigrants; in supporting, conducting, maintaining and administering relief and kindred charitable projects; to help fulfill the mission of the church, "In the Name of Christ, the Prince of Peace";
- b) to co-ordinate the relief, peace and service efforts of the province's Mennonites;
- c) to act as a united voice of the Manitoba Mennonite membership in matters of provincial concern such as peace witness, alternative service government contact, immigration, and such other matters as may be assigned to it by the member conferences, churches or organizations; and
- d) to give leadership in exploring and initiating new areas of service.

The Organization recognizes Mennonite Central Committee Canada ("MCC Canada") and Mennonite Central Committee United States ("MCC US") as the international relief agencies for Mennonites and Brethren in Christ in Canada and the United States. Revenues for the shared international programs are distributed according to the Covenant between MCC Canada and MCC US. Where deemed advisable, the Organization will co-operate with other provincial institutions, relief, peace and service agencies, conferences and churches.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

a) *Fund Accounting*

The Organization accounts for its operation using the following funds:

- Unrestricted – accounts for unrestricted assets and liabilities that are used to support ongoing operations and to aid in ongoing projects approved by the Board of Directors and management.
- Internally Restricted – accounts for funds that have been set aside by the Board of Directors for future designated purposes.
- Invested in Capital Assets – accounts for assets, liabilities, revenues and expenditures related to capital assets.
- Invested in Initiatives for Just Communities – accounts for the Organization's net investment in Initiatives for Just Communities (Note 6).

**MENNONITE CENTRAL COMMITTEE MANITOBA INC.**  
**Notes to the Financial Statements**  
**March 31, 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*b) Revenue Recognition*

The Organization follows the deferral method of accounting for contributions which includes undesignated donations, designated donations, grants, events, bequests and gifts in kind.

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

Externally restricted contributions are recognized as revenue in the year in which the related expenditure is recognized. Contributions restricted for the purchases of capital assets are deferred and amortized into revenue at the same rate as the corresponding capital asset.

Revenue relating to sales and fees for service is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

*c) Capital Assets*

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded using the declining balance method at the following rates:

Buildings	5%
Furniture	10%
Equipment	20%
Vehicles	30%

Amortization on computer equipment is recorded on a straight-line basis over four years.

*d) Gifts-in-kind*

Supplies for material resource kits are purchased and donated during the year. The contributions and corresponding forwarding expenses are recorded at their fair market value when the packed goods are shipped from the Organization.

Donations in kind are valued at their fair market value at the time the donations are received.

**MENNONITE CENTRAL COMMITTEE MANITOBA INC.**  
**Notes to the Financial Statements**  
**March 31, 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*e) Investment in IJC*

In 2012, the Organization transferred certain assets to Initiatives for Just Communities (“IJC”), a registered charity whose directors are appointed subject to the approval of the directors of the Organization. Accordingly, IJC is considered a controlled entity for financial reporting purposes and is accounted for by the Organization on an equity basis. In addition to the carrying value of the transferred assets, the Organization’s investment in IJC includes the carrying value of land and buildings at 39136 Ridgewood Road in the RM of Ste. Anne, Manitoba that has been provided to IJC for their operational use and beneficial interest at a nominal annual lease amount. The lease is set to expire on March 31, 2021.

*f) Financial Instruments*

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

*g) Income Tax*

The Organization was established as a not-for-profit organization and is registered as a charity for purposes of the Income Tax Act (Canada), and as such is not subject to income tax on its net revenue.

*h) Use of Estimates*

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from management’s best estimates. These financial statements include significant estimates relating to the estimated useful life of capital assets.

**MENNONITE CENTRAL COMMITTEE MANITOBA INC.**  
**Notes to the Financial Statements**  
**March 31, 2020**

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**3. ACCOUNTS RECEIVABLE**

	<u>2020</u>	<u>2019</u>
Due from MCC Canada	\$ 14,466	\$ 11,806
GST receivable	6,034	6,094
Trade receivables, other	191,492	23,244
	<u>\$ 211,992</u>	<u>\$ 41,144</u>

**4. ABUNDANCE CANADA INVESTMENT**

The investment in Abundance Canada, formerly known as the Mennonite Foundation, represents funds that have been invested in a pooled investment account with Abundance Canada. These funds bear interest at 1.32% and may be withdrawn from Abundance Canada upon three month's written notice by the Organization.

**5. INVESTMENT IN THE JUBILEE FUND INC.**

The Jubilee Fund Inc., governed by a Winnipeg-based coalition of faith organizations, is an independent not-for-profit organization and is registered as a charitable organization under the Income Tax Act (Canada). The purpose of The Jubilee Fund Inc. is to provide flexible financing in the form of loan guarantees for commercial, social and housing projects that contribute to community development.

**6. INVESTMENT IN INITIATIVES FOR JUST COMMUNITIES ("IJC")**

A summary of IJC's financial position and results for its fiscal year ended March 31, 2020 is as follows:

	<u>2020</u>	<u>2019</u>
<b>Financial Position</b>		
Total assets	\$ 1,754,905	\$ 1,632,703
Total liabilities	(640,116)	(725,305)
<b>Net assets</b>	<u>\$ 1,114,789</u>	<u>\$ 907,398</u>
<b>Results of operations</b>		
Total revenue	\$ 4,713,945	\$ 3,949,454
Total operating expenditures	(4,475,555)	(3,850,112)
Capital fund - net expense	(30,999)	(37,241)
Excess revenue	207,391	62,101
Investment, beginning of year	907,398	845,297
<b>Investment, end of year</b>	<u>\$ 1,114,789</u>	<u>\$ 907,398</u>

**MENNONITE CENTRAL COMMITTEE MANITOBA INC.**  
**Notes to the Financial Statements**  
**March 31, 2020**

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**7. INVESTMENT IN OLD GRACE HOUSING CO-OP**

The Organization has provided \$84,000 to reserve adequate, safe, affordable housing in a local housing cooperative for three newcomer households. To assist with funding this housing reserve, the Organization received a grant of \$42,000 from The Winnipeg Foundation. The Organization is able to terminate the housing agreement and sell its shares in the Co-op on May 12, 2022, 5 years after the date the agreement was signed, at which time the \$84,000 will be refunded. However if this were to occur, The Winnipeg Foundation has the right to request that the \$42,000 grant be returned or redirected and therefore the investment in Old Grace Housing Co-op has been recorded net of the grant received related to this investment.

**8. OTHER INVESTMENTS**

Other investments represents amounts invested in guaranteed investment certificates ("GIC"). The respective values, maturity dates, and interest rates for these investments are as follows:

	<u>2020</u>	<u>2019</u>
36 month GIC matured February 17, 2020	\$ -	\$ 156,682
36 month GIC maturing February 17, 2021 earning interest at a rate of 2.65%	<b>100,000</b>	100,000
36 month GIC maturing February 17, 2021 earning interest at a rate of 2.45%	<b>100,000</b>	100,000
36 month GIC maturing February 17, 2022 earning interest at a rate of 3.00%	<b>105,678</b>	102,800
36 month GIC maturing February 17, 2022 earning interest at a rate of 3.00%	<b>103,000</b>	-
	<b>\$ 408,678</b>	<b>\$ 459,482</b>

**MENNONITE CENTRAL COMMITTEE MANITOBA INC.**  
**Notes to the Financial Statements**  
**March 31, 2020**

**9. CAPITAL ASSETS**

	<b>2020</b>			<b>2019</b>
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
<b>134 Plaza Drive</b>				
Land	212,965	\$ -	\$ 212,965	\$ 212,965
Buildings	1,222,854	727,507	495,347	521,417
Furniture	59,559	42,960	16,599	18,443
Equipment	50,872	46,459	4,413	4,331
Computers	48,649	37,277	11,372	15,070
	<b>1,594,899</b>	<b>854,203</b>	<b>740,696</b>	<b>772,226</b>
<b>159 Henderson Highway</b>				
Land	65,000	-	65,000	65,000
Buildings	1,102,948	333,673	769,275	809,763
Furniture	29,909	16,474	13,435	14,927
Equipment	35,849	24,453	11,396	14,356
Computers	34,484	26,274	8,210	9,664
	<b>1,268,190</b>	<b>400,874</b>	<b>867,316</b>	<b>913,710</b>
<b>Other</b>				
Buildings	12,045	5,044	7,001	7,370
Furniture	-	-	-	395
Equipment	6,078	3,588	2,490	3,112
Computers	-	-	-	1,459
	<b>18,123</b>	<b>8,632</b>	<b>9,491</b>	<b>12,336</b>
	<b>\$ 2,881,212</b>	<b>\$ 1,263,709</b>	<b>\$ 1,617,503</b>	<b>\$ 1,698,272</b>

Included in building and equipment cost expenses on Schedule 5 is amortization of capital assets of totaling \$89,550 (2019 - \$96,642).

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2020</b>	<b>2019</b>
Trade payables	\$ 3,407	\$ 9,112
Accrued liabilities	68,785	77,350
Government remittances payable	1,016	1,402
	<b>\$ 73,208</b>	<b>\$ 87,864</b>

**MENNONITE CENTRAL COMMITTEE MANITOBA INC.**  
**Notes to the Financial Statements**  
**March 31, 2020**

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**11. LONG TERM DEBT**

	<u>2020</u>	<u>2019</u>
Abundance Canada mortgage, interest at 4.10% per annum, repayable in monthly blended payments of \$2,545, renewable July 2022, secured by the building at 134 Plaza Dr.	\$ 314,369	\$ 342,766
Crosstown Civic Credit Union promissory note, due on demand, variable interest at prime plus 0.5% per annum, repayable in monthly blended payments of \$4,050, maturing August 2020, secured by the building at 159 Henderson Highway.	<u>22,336</u>	<u>68,806</u>
	<u>336,705</u>	<u>411,572</u>
Less: Current portion	<u>(52,000)</u>	<u>(85,601)</u>
	<u>\$ 284,705</u>	<u>\$ 325,971</u>

The amount due to Crosstown Civic Credit Union is due on demand and accordingly the full amount has been classified as current. Assuming debts will be renewed at similar terms and rates, the estimated principal repayments over the next five years are as follows:

2021	\$ 52,000
2022	30,904
2023	32,195
2024	33,540
2025	34,391

**12. INTERNALLY RESTRICTED NET ASSETS**

Internally restricted net assets are comprised of the following:

	<u>2020</u>	<u>2019</u>
Legacy Fund	\$ 98,432	\$ 98,432
Refugee Fund	32,471	32,471
The Jubilee Fund Inc.	50,652	50,325
Old Grace Housing Co-op	42,000	42,000
Capital Asset Reserve Fund	<u>247,483</u>	<u>170,477</u>
	<u>\$ 471,038</u>	<u>\$ 393,705</u>

During the year, the Board approved the net transfer of \$77,006 to internally restricted net assets, consisting of transfers from the Unrestricted Fund to the Capital Asset Reserve Fund of \$89,587 less transfers from the Capital Asset Reserve Fund to the Invested in Capital Assets Fund of \$12,581. In addition, the Unrestricted Fund also transferred \$74,289 to the Invested in Capital Assets Fund.

**MENNONITE CENTRAL COMMITTEE MANITOBA INC.**  
**Notes to the Financial Statements**  
**March 31, 2020**

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**13. NET ASSETS INVESTED IN CAPITAL ASSETS**

a) *Invested in capital assets is calculated as follows:*

	<u>2020</u>	<u>2019</u>
Capital assets	\$ 1,617,503	\$ 1,698,272
Amounts financed by:		
Long term debt	(336,705)	(411,572)
Designated contributions - capital assets	(160,870)	(170,190)
	<u>\$ 1,119,928</u>	<u>\$ 1,116,510</u>

b) *Changes in net assets invested in capital assets is calculated as follows:*

	<u>2020</u>	<u>2019</u>
Amortization of capital assets	\$ (89,550)	\$ (96,642)
Amortization of designated contributions	9,320	9,320
Principal repayments of long term debt	74,867	64,660
Purchase of capital assets	12,003	33,210
Designated contributions received - capital assets	-	(15,000)
Net book value of disposed assets	(3,222)	(471)
	<u>\$ 3,418</u>	<u>\$ (4,923)</u>

**14. COMMITMENTS**

MCC Canada (MCCC) has signed a national Private Sponsorship of Refugees (PSR) Agreement with Immigration Refugee and Citizenship Canada (IRCC) committing to provide financial, human resource and moral support to a certain number of refugees sponsored under the PSR program. MCCC's responsibilities under this agreement have been assigned to the various Canadian MCCs.

MCC Manitoba has partnered with various church and community groups to assist with the sponsorship and resettlement of certain refugee families in Manitoba. These groups have committed to providing the required funding to sponsor and support these refugee families for the required period of time. However, should any of these groups default on their financial obligations MCCC would be responsible for providing the funding shortfall. As at March 31, 2020, MCCC has a maximum estimated contingent liability of \$2,253,025 relating to resettlement sponsorship commitments for 220 individuals.



**MENNONITE CENTRAL COMMITTEE MANITOBA INC.**  
**Notes to the Financial Statements**  
**March 31, 2020**

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**15. FINANCIAL RISKS**

*a) Interest rate risk*

Interest rate risk is the risk to the Organization's earnings that arises from fluctuations in interest rates and the degree of volatility of those rates. Long-term debt bears interest at floating rates and rates reset regularly, and therefore these debts are subject to interest rate risk due to changes in the prime rate. The Organization does not use derivative financial instruments to reduce its exposure to variable interest rate risk.

*b) Credit risk*

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Organization is exposed to credit risk relating to its accounts receivables and its funds invested in both the Abundance Canada and The Jubilee Fund Inc.

Investments in The Jubilee Fund Inc. are not protected under the Manitoba Securities Act. The Investments Certificates are handled by the Assiniboine Credit Union as agents on behalf of The Jubilee Fund Inc. Since the investments are not a product of the Credit Union, they are not insured by the Credit Union Deposit Guarantee Corporation or by any other source. However, The Jubilee Fund Inc. maintains a loan loss reserve fund which can be utilized in the event of a loan default. As at December 31, 2019 the value of The Jubilee Fund Inc.'s Loan Loss Reserve Fund was \$191,847 (2018 – \$184,639).

**16. DEVELOPING EVENTS**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including MCCM's. This outbreak could impact the contributions received by MCCM. It is not possible for the Organization to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Organization's business.

**MENNONITE CENTRAL COMMITTEE MANITOBA INC.**  
**Schedule of Designated Contributions**  
Year Ended March 31, 2020

	2020	2019
DESIGNATED CONTRIBUTIONS		
International programming	\$ 1,146,759	\$ 946,246
Canadian Foodgrains Bank	1,640,142	1,909,076
Manitoba provincial programming	344,205	221,483
MCC Centennial	316,318	-
Disaster response & constituency initiated projects	198,600	189,906
Learning Tours	92,989	42,595
	<b>\$ 3,739,013</b>	<b>\$ 3,309,306</b>

**Schedule of Relief Sales and Other Events**  
**Revenue and Expenditures**  
Year Ended March 31, 2020

	Revenue	Expenditures	Net Revenue 2020	Net Revenue 2019
Brandon relief sale	\$ 97,934	\$ 30,670	\$ 67,264	\$ 66,956
Cycle Clear Lake	44,359	2,872	41,487	43,328
Golf tournament	55,655	24,823	30,832	34,024
SpringFest	28,573	4,516	24,057	15,368
Other local events	1,904	7,356	(5,452)	(534)
	<b>\$ 228,425</b>	<b>\$ 70,237</b>	<b>\$ 158,188</b>	<b>\$ 159,142</b>

Of the net revenue received from relief sales and other events, \$108,752 was forwarded to MCC Canada during the 2020 fiscal year (2019 - \$110,284). The remainder of the net revenue was used to help fund MCCM programs in Manitoba.

**MENNONITE CENTRAL COMMITTEE MANITOBA INC.**  
**Schedule of Program Expenditures**  
**Year Ended March 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>MANITOBA PROGRAMS</b>		
Abuse response and prevention	<b>\$ 65,342</b>	\$ 61,384
Learning Tours	<b>102,822</b>	42,595
Indigenous Neighbours	<b>67,579</b>	97,615
International Volunteers' Exchange Program	<b>108,907</b>	118,135
Material resources	<b>373,337</b>	407,007
MCC Low German Mennonite services	<b>45,001</b>	79,467
Migration and resettlement	<b>391,629</b>	280,595
Peace	<b>8,003</b>	61,138
Program administration	<b>177,327</b>	174,393
Sam's Place	<b>323,462</b>	361,854
<b>OTHER ORGANIZATIONAL SUPPORT</b>		
Initiatives for Just Communities	<b>170,000</b>	170,000
	<b>\$ 1,833,409</b>	<b>\$ 1,854,183</b>

**MENNONITE CENTRAL COMMITTEE MANITOBA INC.**  
**Schedule of Forwardings to MCC Canada**  
**Year Ended March 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>DESIGNATED</b>		
Forwardings for special projects:		
Canadian Foodgrains Bank	\$ 1,640,142	\$ 1,909,076
Canadian projects	-	100
Food	122,229	103,480
HIV/AIDS	900	900
International - General	522,621	369,542
Material resources, donations in kind	595,443	519,378
MCC Centennial	399,095	-
Serving and Learning Together	18,150	13,777
 Forwardings for specific locations:		
Africa	163,540	206,357
Asia	29,595	168,381
Europe & Middle East	112,146	92,138
Latin America	377,144	271,078
 Relief Sales and Other Events (Schedule 2)	108,752	110,284
 Manitoba Council for International Cooperation - Grants		
Guatemala	20,000	-
Laos	130,000	-
Afghanistan	-	130,000
	<b>4,239,757</b>	<b>3,894,491</b>
 <b>UNDESIGNATED</b>	<b>3,542,989</b>	<b>2,727,457</b>
	<b>\$ 7,782,746</b>	<b>\$ 6,621,948</b>

**MENNONITE CENTRAL COMMITTEE MANITOBA INC.**  
**Schedule of Expenses by Function**  
**Year Ended March 31, 2020**

	<b>2020</b>	<b>2019</b>
Staff support		
Salaries	\$ 1,451,042	\$ 1,533,983
Benefits	272,081	296,754
Building costs	322,193	338,556
Communications	81,352	101,284
Contributions to other organizations	162,234	187,496
Equipment costs	66,510	73,830
Gifts-in-kind	4,136	18,069
Goods for resale	101,415	103,290
Insurance	52,511	25,797
Learning Tours	102,822	42,595
Material resource purchases	28,710	71,684
Meetings & hospitality	34,916	33,272
Other	40,335	43,495
Professional fees	135,623	137,728
Refugee support	238,530	147,597
Supplies and subscriptions	63,092	63,277
Travel	135,807	58,820
Forwardings to MCC Canada	7,782,746	6,621,948
	<b>\$ 11,076,055</b>	<b>\$ 9,899,475</b>