Non-consolidated Financial Statements of

MENNONITE CENTRAL COMMITTEE BRITISH COLUMBIA

And Independent Auditors' Report thereon

Year ended March 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of Mennonite Central Committee British Columbia

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Mennonite Central Committee British Columbia (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies and other explanatory information

(hereinafter 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 auditors' report, the financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021 and its results of 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 charitable organizations, the Entity derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we are not able to determine whether any adjustments might be necessary to donation revenues and excess of revenue over expenses reported in the statement of operations and changes in net assets and statement of cash flows for the years ended March 31, 2021 and March 31, 2020, current assets in the statement of financial position as at the March 31, 2021 and March 31, 2020, and net assets reported in the statement of operations and changes in net assets, both at the beginning and end of the year, for the years ending March 31, 2021 and March 31, 2020. Our opinion on the financial statements for the year ended March 31, 2020 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by the Entity in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Professional Accountants

Abbotsford, Canada

September 24, 2021

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Operations
For the year ended March 31, 2021, with comparative information for 2020

	2021 Actual	2021 Budget	2020 (Recast - note 21)
REVENUE			
Donations and bequests (schedule 1)	$ 5,702,151	$ 4,200,129	$ 6,347,205
Thrift shops (schedule 2)	7,093,668	5,980,000	7,407,725
Grant funding (note 17)	1,810,795	1,335,551	439,454
Relief Festival and banquets	851,255	887,688	1,179,542
Sales and fees for service	822,140	952,853	953,290
Amortization of deferred capital contributions (note 10)	248,541	225,000	229,946
Interest and investment income	119,393	148,746	252,353
Rental income	35,332	48,396	78,796
TOTAL REVENUE	16,683,275	13,778,363	16,888,311
EXPENSES			
Thrift shops (schedule 2)	5,210,668	5,650,000	5,343,482
BC programs (schedule 3)	3,088,337	2,824,791	3,072,113
Support services	1,083,442	1,061,829	1,163,660
Advancement	452,318	617,460	447,177
Relief Festival and banquets	79,489	308,438	373,110
Remittance to MCC Canada - global ministry	6,023,546	3,587,765	6,142,025
TOTAL EXPENSES	15,937,800	14,050,283	16,541,567
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	745,475	(271,920)	346,744
Gain on disposal of capital assets	5,620	-	10,315
Equity income from investment in subsidiaries (note 5)	1,627,772	-	1,405,142
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 2,378,867	$ (271,920)	$ 1,762,201

See accompanying notes to non-consolidated financial statements.

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Financial Position
March 31, 2021, with comparative information for 2020

		2021		2020
				(Recast - note 21)
ASSETS				
Current Assets				
Cash	$	2,949,929	$	5,514,178
Short-term investments (note 3)		3,000,000		-
Accounts receivable		264,573		291,211
Inventory		114,437		151,043
Prepaid expenses		64,360		63,394
		6,393,299		6,019,826
Due from Subsidiary (note 4)		2,586,570		2,586,570
Investment in Subsidiaries (note 5)				
Investment in subsidiaries - MCC Legacy Trust		49,489,884		44,968,609
Investment in subsidiaries - MCC Social Enterprise		100		2,893,603
		49,489,984		47,862,212
Capital Assets (note 6)		25,782,976		26,087,654
	$	84,252,829	$	82,556,262
LIABILITIES & NET ASSETS				
Current Liabilities				
Accounts payable and accrued liabilities (note 7)	$	683,522	$	678,725
Due to MCC Canada		527,357		824,251
Deferred operating contributions (note 9)		384,674		296,504
Refugee sponsorship group deposits		1,524,217		1,459,289
Short-term debt (note 11)		265,127		40,000
Current portion of long-term debt (note 12)		2,202,360		1,464,592
		5,587,257		4,763,361
Long-term Liabilities				
Deferred capital contributions (note 10)		7,739,847		7,985,014
Long-term debt (note 12)		4,256,901		5,520,627
		11,996,748		13,505,641
Net Assets (notes 15 and 16)		66,668,824		64,287,260
Commitments and contingency (notes 13 and 14)				
Impact of COVID-19 (note 20)				
	$	84,252,829	$	82,556,262

See accompanying notes to non-consolidated financial statements.

Approved on behalf of the Board:

T. Christie

Treasurer

Peter Wolfe

Chair of the Board

MENNONITE CENTRAL COMMITTEE BC

Non-consolidated Statement of Changes in Net Assets

For the year ended March 31, 2021, with comparative information for 2020

	Invested in capital assets (note 15)	Internally restricted (note 16)	Unrestricted	2021	2020
Net assets, beginning of year	$ 11,117,421	$ 52,114,211	$ 1,055,628	$ 64,287,260	$ 62,496,472
Excess (deficiency) of revenue over expenses	(319,558)	1,627,772	1,070,653	2,378,867	1,762,201
Contributions	2,697	-	-	2,697	28,587
Interfund transfers	-	568,099	(568,099)	-	-
Change in net assets invested in capital assets	783,308	-	(783,308)	-	-
Net assets, end of year	$ 11,583,868	$ 54,310,082	$ 774,874	$ 66,668,824	$ 64,287,260

See accompanying notes to non-consolidated financial statements.

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Cash Flows
For the year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 2,378,867	$ 1,762,201
Items not involving cash:		
Depreciation	568,099	533,967
Gain on disposal of capital assets	(5,620)	(10,315)
Amortization of deferred capital contributions	(248,541)	(229,946)
Equity income from investment in subsidiaries	(1,627,772)	(1,405,142)
	1,065,033	650,765
Change in non-cash working capital:		
Accounts receivable	26,638	(254,857)
Inventory	36,606	36,991
Prepaid expenses	(966)	(16,015)
Accounts payable and accrued liabilities	4,797	100,634
Due to MCC Canada	(296,894)	(524,964)
Deferred operating contributions	88,170	(109,822)
Refugee sponsorship group deposits	64,928	346,269
	988,312	229,001
Investing activities:		
Acquisitions of short-term investments	(3,000,000)	-
Acquisitions of capital assets	(263,421)	(216,181)
Proceeds from disposal of capital assets	5,620	10,315
Receipt of amounts due from subsidiaries	-	1,030,292
Investment in shares of MCC Employment Services Inc.	-	(100)
	(3,257,801)	824,326
Financing activities:		
Net repayment of long-term debt	(525,958)	(1,759,111)
Proceeds from short-term debt	225,127	-
Receipt of capital contributions	3,374	22,215
Receipt of contributions for the repayment of long-term debt	2,697	28,587
	(294,760)	(1,708,309)
Change in cash	(2,564,249)	(654,982)
Cash, beginning of year	5,514,178	6,169,160
Cash, end of year	$ 2,949,929	$ 5,514,178

See accompanying notes to non-consolidated financial statements.

1. PURPOSE OF THE ORGANIZATION

Mennonite Central Committee ("MCC") started in 1920 in response to hunger in Ukraine, and is the co-operative relief, service and development agency of the Mennonite and Brethren in Christ Churches in North America.

- MCC is a worldwide ministry of Anabaptist churches whose priorities are disaster relief, sustainable community development and justice and peace-building.
- MCC endeavours to share God's love and compassion for all "In the name of Christ" by responding to basic human needs and working for peace and justice.
- MCC envisions communities worldwide in right relationship with God, one another and creation.

The Mennonite Central Committee British Columbia (the "Society") was established as a not-for-profit society in 1968 and is incorporated under the Societies Act (British Columba). It is registered as a charity for purposes of the Income Tax Act (Canada) and, accordingly, is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Revenue recognition:

The Society uses the deferral method of accounting for contributions, which includes donations and grants.

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 expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related asset.

Externally restricted contributions for the purchase of capital assets that will not be amortized or for the repayment of debt that was incurred to fund the purchase of a capital asset that will not be amortized are recognized as direct increases in net assets.

The Society's policy, which coincides with MCC Canada policy, is to recognize all estate donations as revenue in the year of receipt.

Revenue from the sale of product is recognized in the period that the sale takes place and the title to product is transferred. Material resources revenue is recognized in the period that they are shipped. Revenue from other sources such as rent and interest are recognized when earned and collection is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(b) Contributed services:

Volunteers contribute an undetermined number of hours per year to assist the Society in the delivery of programs and services. Due to the difficulty in determining fair value of volunteer hours, contributed services are not recognized in these financial statements.

(c) Donations and gifts in kind:

Donations of materials and services are recognized in the accounts of the Society at estimated fair market value when the materials and services are used in the normal course of the Society's operations and would otherwise have been acquired for distribution in accordance with the Society's purpose and objectives. The total donations in kind recorded as contributions during the year were $115,081 (2020 - $186,092).

(d) Inventory:

Inventory is recorded at the lower of cost and replacement cost. Cost of inventory is computed using the first in first out method. Items donated for Material Resource shipments overseas are recorded at standard cost stipulated by MCC Canada when shipped.

(e) Investment in subsidiaries:

The Society accounts for its investments in wholly owned, for-profit subsidiary corporations using the equity method.

(f) Capital assets:

Purchased capital assets are recorded at cost, less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

Amortization is provided using the straight-line method using the following rates:

Buildings	40 Years
Land improvements	20 Years
Furniture and fixtures	10 Years
Equipment	5 Years
Motor vehicles	3 Years
Computer equipment	3 Years
Computer software	2 Years

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the either the full or partial amount of the asset no longer has long-term service potential to the Society. If such conditions exist, an impairment loss is measured at the amount by which either the full or partial carrying amount of the asset exceeds its residual value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(g) Leases:

Leases are classified as either capital leases or operating leases. Leases that transfer substantially all the benefits and risks of ownership of the asset to the Society are accounted for as capital leases. Capital lease obligations reflect the present value of future lease payments, discounted at the appropriate interest rate.

All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry its financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant areas requiring the use of management estimates include the determination of useful lives of capital assets for purposes of amortization and valuation of investment in subsidiaries and accrued liabilities. Actual results could differ from the estimates.

3. SHORT-TERM INVESTMENTS

The Society holds three term deposits, one cashable and two non-redeemable, each with a balance of $1,000,000, maturing in March 2022. The cashable term deposit bears interest at 0.50% and the non-redeemable term deposits bear interest at 0.85%.

4. DUE FROM SUBSIDIARY

Amount due from Cedar Ridge Estates Inc., a wholly owned for-profit subsidiary, is a long-term loan subject to interest at 4% per annum with no scheduled terms of repayment and is due March 31, 2023. This shareholder loan was transferred to the Society at the time Cedar Ridge Estates Inc. was donated and is intended to be an investment that generates interest income to support the work of the Society.

	2021	2020
Cedar Ridge Estates Inc.	$ 2,586,570	$ 2,586,570
	$ 2,586,570	$ 2,586,570

5. INVESTMENT IN SUBSIDIARIES

MCC Legacy Trust consists of Promontory Ridge Estates Inc., Cedar Ridge Estates Inc. and Pacific Peace Properties Inc. The shares and shareholder loans of Promontory Ridge Estates Inc. and Cedar Ridge Estates Inc. were gifts from a donor to the Society, whereas Pacific Peace Properties Inc. is the corporate entity created to hold the gift of land and apartment buildings in Prince George to the Society by the same donor. The donor's wish is that these donated properties be held as revenue generating assets to support the ministry of the Society for generations to come, with some of the net income from these properties being re-invested to maintain the revenue generating asset base, and some of the net income being used as donations to support the global ministry of the Society at the discretion of the Society's Board of Directors (the "Board").

MCC Social Enterprises consists of Ecoworks Landscape Services Inc., MCC Community Enterprises Inc., and MCC Employment Services Inc. These entities are social enterprises created with the purposes of empowering people and communities towards job creation and economic self-reliance and to provide resources for the Society's programs. On April 1, 2020, MCC Community Enterprises Inc. and Ecoworks Landscaping Services Inc. amalgamated with Promontory Ridge Estates Inc.

MCC Legacy Trust and MCC Social Enterprises are managed by separate Boards of Directors appointed by the Board of the Society.

5. INVESTMENT IN SUBSIDIARIES (CONTINUED):

	Opening balance	Equity income (loss)	Amalga-mation	Closing balance
Ecoworks Landscape Services Inc.	$ 6,113,474	$ -	$(6,113,474)	$ -
MCC Community Enterprises Inc.	(3,219,971)	-	3,219,971	-
Cedar Ridge Estates Inc.	7,031,773	(75,894)	-	6,955,879
Promontory Ridge Estates Inc.	33,354,527	1,910,211	2,893,503	38,158,241
Pacific Peace Properties Inc.	4,582,309	(206,545)	-	4,375,764
MCC Employment Services Inc.	100	-	-	100
	$ 47,862,212	$ 1,627,772	$ -	$ 49,489,984

The investments in subsidiaries are accounted for using the equity method. The subsidiaries are wholly owned for-profit companies and are subject to income tax and use the taxes payable method. The following represents summary information from the subsidiaries' financial statements for the year ended March 31, 2021 and comparisons for the year ended March 31, 2020.

The comparative financial statements for Promontory Ridge Estates Inc. have been presented on a continuity-of-interest basis where the assets and liabilities were combined together with Ecoworks Landscape Services Inc. and MCC Community Enterprises Inc. at their historical costs as if the three entities had always been amalgamated.

(a) Cedar Ridge Estates Inc.:

	2021	2020
Total assets	$ 4,507,801	$ 4,755,312
Total liabilities	2,619,829	2,791,446
Share capital and retained earnings	1,887,972	1,963,866
Revenue	45,679	3,053,733
Expenses	121,573	2,604,727
Net income (loss)	(75,894)	449,006
Cash provided by (used in) operating activities	(84,297)	2,011,551
Cash provided by (used in) financing activities	-	8,342
Cash provided by (used in) investing activities	(104,618)	3,141

5. INVESTMENT IN SUBSIDIARIES (CONTINUED):

(b) Promontory Ridge Estates Inc.:

	2021	2020
Total assets	$ 53,316,958	$ 51,941,264
Total liabilities	50,135,158	50,669,675
Share capital and retained earnings	3,181,800	1,271,589
Revenue	4,989,524	7,809,590
Expenses	4,976,925	9,991,788
Income from joint ventures	1,785,562	1,532,650
Other income	112,050	1,781,946
Net income	1,910,211	1,132,398
Cash provided by (used in) operating activities	1,269,222	(808,849)
Cash provided by (used in) financing activities	(583,690)	(579,440)
Cash provided by (used in) investing activities	(1,132,788)	2,058,642

(c) Pacific Peace Properties Inc.:

	2021	2020
Total assets	$ 5,351,525	$ 5,368,297
Total liabilities	975,761	785,988
Share capital and retained earnings	4,375,764	4,582,309
Revenue	656,157	595,020
Expenses	862,702	771,282
Net loss	(206,545)	(176,262)
Cash provided by (used in) operating activities	(202,366)	77,015
Cash provided by (used in) financing activities	157,557	(103,188)
Cash provided by (used in) investing activities	44,809	26,173

(d) MCC Employment Services Inc.:

	2021	2020
Total assets	$ 20,961	$ 100
Total liabilities	20,861	-
Share capital and retained earnings	100	100
Revenue	401,290	-
Expenses	401,290	-
Net income	-	-
Cash provided by (used in) operating activities	5,787	-
Cash provided by (used in) financing activities	-	100
Cash provided by (used in) investing activities	100	-

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2021	2020
Land	$ 9,968,659	$ -	$ 9,968,659	$ 9,968,659
Buildings	19,854,581	(4,187,952)	15,666,629	15,908,831
Land improvements	42,768	(6,415)	36,353	38,491
Computer equipment	91,823	(79,344)	12,479	40,033
Computer software	13,186	(13,186)	-	-
Equipment	493,847	(464,785)	29,062	30,660
Furniture and fixtures	110,337	(68,874)	41,463	52,482
Motor vehicles	351,628	(323,297)	28,331	48,498
	$ 30,926,829	$ (5,143,853)	$ 25,782,976	$ 26,087,654

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of $31,688 (2020 - $12,559), which includes amounts payable for federal and provincial sales taxes.

8. RELATED PARTY TRANSACTIONS

During the year the Society entered into various transactions with its wholly owned for-profit subsidiaries. These transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Interest on Related Party Debt

The Society has received interest on related party debt in the current fiscal year from Ecoworks Landscape Services Inc. of nil (2020 - $51,553), and from Cedar Ridge Estates Inc. of $103,463 (2020 - $103,746).

Administrative Services

The Society has received payments for rent, compensation and benefits, administration and office services in the current fiscal year from MCC Community Enterprises Inc. of nil (2020 - $87,987), from Promontory Ridge Estates Inc. of $10,737 (2020 - $4,816), and from MCC Employment Services Inc. of $18,000 (2020 - nil).

8. RELATED PARTY TRANSACTIONS (CONTINUED):

Fees for Service

The Society has made payment for landscaping and maintenance services for various Thrift shops and the Deer Trail Guest House to MCC Community Enterprises Inc. of nil (2020 - $37,675). The Society has made payment for contracted employees and the related placement fee to MCC Employment Services Inc. of $401,290 (2020 - nil).

Donations

During the year, the Society received a donation of nil (2020 - $721,000) from Cedar Ridge Estates Inc. Of this, nil (2020 - $721,000) was donated to MCC Canada's international relief work per the original donor's wishes.

9. DEFERRED OPERATING CONTRIBUTIONS

Deferred operating contributions represent both funding that is received in advance of the delivery of services and unspent externally restricted contributions.

The changes in deferred operating contributions for the year are as follows:

		2021		2020
Opening balance	$	296,504	$	406,326
Contributions received		2,651,137		2,554,482
Amounts recognized as revenue		(2,562,967)		(2,664,304)
Closing balance	$	384,674	$	296,504

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions relate to contributions received for the acquisition of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

The changes in deferred capital contributions for the year are as follows:

		2021		2020
Opening balance	$	7,985,014	$	8,192,745
Contributions received		3,374		22,215
Amounts recognized as revenue		(248,541)		(229,946)
Closing balance	$	7,739,847	$	7,985,014

11. SHORT-TERM DEBT

The Society has received private demand loans payable without interest or security. The balance outstanding at March 31, 2021 is $40,000 (2020 - $40,000).

Under its credit agreement with Envision Financial, the Society has a line of credit facility to a maximum of $4,000,000. The line of credit is due on demand and bears interest at bank prime plus 0.25%. As at year-end, the Society has drawn $225,127 (2020 - nil) against the line of credit.

The total indebtedness is secured by a registered collateral first charge mortgage in the amount of $12,000,000 over real property owned by the Society, and a general security agreement.

Interest of $3,127 (2020 - nil) on the line of credit has been included in thrift shop expenses.

12. LONG-TERM DEBT

		2021		2020
Fort St. John Thrift Store - Commercial promissory note from Envision Financial with monthly payments of $12,441 including interest at 4.05% per annum. Loan matures in November 2022. Secured by a mortgage over real property and a general security agreement.	$	1,811,183	$	1,886,081
Kelowna Thrift Store - Commercial promissory note payable from Envision Financial with monthly payments of $8,963 including interest at 3.80% per annum. Loan matures in July 2022. Secured by a mortgage over real property.		1,310,253		1,367,227
MCC Centre - Commercial promissory note payable from Envision Financial with monthly payments of $5,929 including interest at 3.75% per annum. Loan matures in July 2022. Secured by a mortgage over real property.		942,304		977,393
MCC Centre - Commercial promissory note payable from Envision Financial with monthly payments of $5,903 including interest at 3.7% per annum. Loan matures in July 2021. Secured by a mortgage over real property.		942,003		977,268
MCC Centre - Commercial promissory note payable from Envision Financial with monthly payments of $5,490 including interest at 2.85% per annum. Loan matures in July 2021. Secured by a mortgage over real property.		939,694		977,144

12. LONG-TERM DEBT (CONTINUED):

Powell River Thrift Store - Commercial promissory note from Envision Financial with monthly payments of $3,080 including interest at 4.2% per annum. Loan matures in January 2024. Secured by a mortgage over real property and a general security agreement.	386,762	407,010
Powell River Thrift Store - Commercial promissory note from Envision Financial with monthly payments of $984 plus interest at 3.77% per annum. Loan matures in January 2022. Secured by a mortgage over real property and a general security agreement.	127,062	133,937
Mission Thrift Store - Mortgage payable to Abundance Canada.	-	259,159
	6,459,261	6,985,219
Less: principal amounts due within one year	2,202,360	1,464,592
	$ 4,256,901	$ 5,520,627

The scheduled long-term debt principal repayments are as follows:

2022	$ 2,202,360
2023	3,913,586
2024	343,315
	$ 6,459,261

13. COMMITMENTS

The Society has entered into various operating leases for premises and equipment. Under the terms of the leases, the minimum annual lease payments over the next four years are as follows:

2022	$	56,723
2023		13,050
2024		13,050
2025		12,915
	$	95,738

14. CONTINGENCY

MCC Canada has a Private Sponsorship of Refugees Agreement ("PSR") with Immigration Refugee and Citizenship Canada to provide financial, human resources and moral support to a certain number of refugees sponsored under the PSR program. MCC Canada's responsibilities under this agreement were assigned to the various Canadian affiliates of MCC Canada, including the Society.

As a result, the Society has partnered with various church and community groups to assist with the sponsorship and resettlement of refugee families in British Columbia. These groups have committed to providing the required funding to sponsor and support these refugee families for the required twelve-month period. As at March 31, 2021, the Society has 246 (2020 - 256) active sponsorship cases with various time commitments remaining. Should all of these churches or other groups default on their financial obligations, the Society will be responsible for providing the funding shortfall resulting in a contingent liability estimated to be $1,569,949 (2020 - $362,115). Although there is no history of groups defaulting on their financial obligations, the ability to estimate the Society's potential liability is indeterminable. As such, the cost of providing the funding shortfall will be recorded in the period the amount becomes known and determinable.

15. INVESTED IN CAPITAL ASSETS

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

		2021		2020
Capital assets	$	25,782,976	$	26,087,654
Amounts financed by:				
Long-term debt		6,459,261		6,985,219
Deferred capital contributions		7,739,847		7,985,014
		14,199,108		14,970,233
	$	11,583,868	$	11,117,421

(b) Deficiency of revenue over expenses in capital assets:

		2021		2020
Amortization of deferred capital contributions	$	248,541	$	229,946
Depreciation of capital assets		(568,099)		(533,967)
	$	(319,558)	$	(304,021)

(c) Contributions in capital assets:

		2021		2020
Contributions for the repayment of long-term debt	$	2,697	$	28,587
	$	2,697	$	28,587

(d) Change in net assets invested in capital assets:

		2021		2020
Acquisition of capital assets	$	263,421	$	216,181
Repayment of long-term debt		525,958		1,759,111
Purchases funded by deferred capital contributions		(3,374)		(22,215)
Repayment of long-term debt funded by contributions		(2,697)		(28,587)
	$	783,308	$	1,924,490

16. INTERNALLY RESTRICTED FUNDS

The Society, in accordance with its approved annual budget, has internally restricted net assets for the benefit of local programs. The amounts in the fund are internally restricted and are not available without the approval of the Board.

The Employment and Community Development ("ECD") funds were generated through local employment programs in previous years.

	Opening balance	Transfers in	Transfers out	Closing balance
ECD funds	$ 1,335,529	$ -	$ -	$ 1,335,529
MCC Legacy Trust	47,555,179	4,521,175	-	52,076,354
MCC Social Enterprise	2,893,503	-	(2,893,403)	100
Non-building capital	330,000	568,099	-	898,099
	$ 52,114,211	$ 5,089,274	$ (2,893,403)	$ 54,310,082

17. GRANT FUNDING

	2021	2020
Grants from MCC Canada	$ 524,838	$ 313,678
Canada Emergency Wage Subsidy ("CEWS")	1,053,771	128,000
Employment development grants	509,944	-
Homelessness prevention and outreach grants	189,726	4,398
Other grants	91,226	61,378
CEWS included in thrift revenue	(558,710)	(68,000)
	$ 1,810,795	$ 439,454

Grants from MCC Canada include administrative recoveries, bequest policy payments, annual surplus policy payments, and other payments.

18. PAYMENTS TO EMPLOYEES AND CONTRACTORS

The Societies Act (British Columbia) requires the disclosure of remuneration paid by the Society to employees and contractors whose remuneration was at least $75,000, and any amounts of remuneration paid by the Society to directors.

For the fiscal year ended March 31, 2021, the Society paid total remuneration of $1,168,347 (2020 - $1,158,629) to 13 (2020 - 13) employees for service, who received total annual remuneration of $75,000 or greater. Included in remuneration is the cost of salaries and premiums for employment insurance, Canada pension plan, workers' compensation, and benefits including medical, dental, life insurance, and long-term disability.

No remuneration of $75,000 or greater was paid to contractors for services and no remuneration was paid to any members of the Board.

19. FINANCIAL RISKS:

(a) Liquidity risk:

Liquidity risk is the risk that Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements and preparing budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society's financial assets that are exposed to credit risk are cash, contributions, loans and proceeds receivable. Credit risk is minimized by restricting the granting of credit and by application of internal collection policies and procedures.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed-interest and non-interest bearing financial instruments are subject to changes in fair value, while floating rate financial instruments are subject to fluctuations in cash flows. The Society is exposed to fair value risk with respect to its long-term debt facilities which bear interest at fixed rates. The Society is exposed to cash flow risk as a result of variable interest rates on its commercial promissory notes (note 11).

Management does not believe the Society is exposed to any significant concentration of risk. There has been no change to the risk exposures from the prior year with the exception of the pervasive impact of COVID-19 as described in note 20.

20. IMPACT OF COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The current challenging economic climate may lead to adverse changes in cash flows and working capital levels, which may also have a direct impact on the Society's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on our operations in not known at this time.

21. RECAST OF COMPARATIVE FIGURES

During the year the Society identified that the Envision Financial notes payable were incorrectly reported as payable on demand in the Society's March 31, 2020 financial statements when the notes payable are fixed term loans. Accordingly, the current portion of long-term debt reported in the Society's March 31, 2020 financial statements was overstated by $3,194,977 and long-term debt was understated by $3,194,977. The comparative figures have been adjusted to reflect current portion of long-term debt of $1,464,592 and long-term debt of $5,520,627.

In addition, during the year the Society identified that the revenues and disbursements related to the Refugee Sponsorship Program were incorrectly reported on a net basis in the March 31, 2020 financial statements. Accordingly, the comparative figures have been recast to reflect the revenues and disbursements on a gross basis, consistent with the financial statement presentation in the current year. This resulted in an increase in donations and bequests revenue and BC programs expenses of $669,770 in the March 31, 2020 comparative figures.

MENNONITE CENTRAL COMMITTEE BC
Schedule 1 - Donations and Bequests
For the year ended March 31, 2021

	2021	2020
Undesignated contributions		
General	$ 2,852,881	$ 2,502,188
Bequests	474,016	744,124
	3,326,897	3,246,312
Designated contributions		
International programming	1,391,925	1,752,308
Refugee sponsorship groups	359,277	669,770
Canadian Foodgrains Bank	223,901	111,725
BC programs	212,617	326,028
Material resources - gifts in kind	115,081	186,092
Major disasters	40,453	26,970
Bequests	32,000	28,000
	2,375,254	3,100,893
TOTAL DONATIONS AND BEQUESTS	$ 5,702,151	$ 6,347,205

MENNONITE CENTRAL COMMITTEE BC
Schedule 2 - Thrift Shops
For the year ended March 31, 2021

	2021	2020
REVENUE		
Chilliwack	$ 354,626	$ 327,223
Clearbrook Clothing	1,077,127	997,524
Fort St. John	791,500	968,921
Kelowna	692,295	718,243
MCC Centre	2,410,713	2,262,618
Mission	515,051	563,783
Powell River	299,845	381,111
Surrey	583,818	612,413
Vancouver	348,564	498,709
Yarrow	20,129	77,180
	7,093,668	7,407,725
EXPENSES		
Wages and benefits	3,017,060	2,980,691
Rent	781,851	781,068
Repairs and maintenance	278,189	315,842
Property taxes	236,470	310,291
Depreciation	196,753	193,621
Interest	153,659	172,814
Supplies	130,250	140,167
Utilities	115,373	127,455
Insurance	69,407	59,307
Travel and meetings	63,597	82,704
Bank and credit card fees	55,881	58,343
Tools, equipment and software	42,350	29,635
Telephone and internet	25,268	24,864
Forwarding	13,500	24,827
Miscellaneous expense	10,485	11,256
Advertising	7,432	15,196
Events and project expenses	4,713	1,428
Professional fees	4,516	3,961
Cost of goods sold	3,914	10,012
	5,210,668	5,343,482
EXCESS OF REVENUE OVER EXPENSES	$ 1,883,000	$ 2,064,243

A total of $558,710 in Canada Emergency Wage Subsidy funding is included in thrift shop revenue and has been allocated to the various thrift shops.

MENNONITE CENTRAL COMMITTEE BC
Schedule 3 - BC Programs
For the year ended March 31, 2021

	2021	2020
REVENUE		
Sales and fees for service	$ 823,844	$ 917,649
Grant funding	805,150	106,350
Refugee sponsorship groups	359,277	669,770
Donations and bequests	221,953	371,365
Rental income	23,750	33,822
Other revenue	23,701	5,143
TOTAL PROGRAM REVENUE	2,257,675	2,104,099
EXPENSES		
Disaster Relief		
Material resources	228,251	265,593
Remittance to Mennonite Disaster Service	-	1,760
	228,251	267,353
Community Development		
Employment development	726,773	-
Refugee sponsorship distributions	359,277	669,770
Refugee assistance	253,635	273,136
Homelessness prevention and outreach	356,947	204,734
IVEP and service worker program	137,512	223,170
Program coordination and development	129,923	223,980
Poverty reduction projects	45,242	121,158
MCC Guest House	48,217	48,784
Volunteer development	28,916	39,254
Young adult programs	13,264	13,911
	2,099,706	1,817,897
Justice and Peace		
End Abuse program	141,817	150,031
Indigenous relations	92,057	93,648
Constituency engagement	76,058	124,247
	309,932	367,926
Common Place Cafe	233,036	-
Ten Thousand Villages	217,412	618,937
TOTAL PROGRAM EXPENSES	3,088,337	3,072,113
NET PROGRAM EXPENSES	$ (830,662)	$ (968,014)