


**MENNONITE CENTRAL COMMITTEE (ONTARIO)**

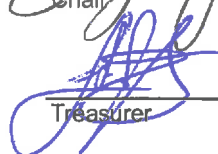
**FINANCIAL STATEMENTS  
MARCH 31, 2019**

**INDEX**

Page 2	Independent Auditors' Report
Page 3	Statement of Financial Position
Page 4	Statement Changes in Net Assets
Page 5	Statement of Operations - Operating Fund
Page 6	Statement of Operations - Capital Fund
Page 7	Statement of Cash Flows
Pages 8-12	Notes to the Financial Statements
Page 13	Thrift Shops
Page 14	Ontario Expenses - Programs, Fundraising and Administration

Approved on behalf of the board of directors:

  
\_\_\_\_\_  
Chair

  
\_\_\_\_\_  
Treasurer



## INDEPENDENT AUDITORS' REPORT

To the Directors of Mennonite Central Committee (Ontario)

### Qualified Opinion

We have audited the financial statements of Mennonite Central Committee (Ontario), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and changes in net assets for the Operating Fund and the Capital Fund, and the statement of cash flows, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Mennonite Central Committee (Ontario) as at March 31, 2019 and its consolidated results of operations, changes in net assets, and cash flows, for the year then ended, in accordance with Canadian Accounting Standards for Not-for-profit Organizations.

### Basis of Qualified Opinion

In common with many charitable organizations, Mennonite Central Committee (Ontario) derives a portion of its revenues from the general public in the form of donations and sales of donated goods, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues from these sources was limited to accounting for the amounts recorded in the records of Mennonite Central Committee (Ontario). Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess (deficit) of revenues over expenses, and cash flows for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1, 2018 and March 31, 2019 and 2018. Our audit opinion on the financial statements for the year ended March 31, 2018 was also modified because of the possible effects of the same 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our 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 qualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated 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.

### 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 these financial statements.

As part of an audit in accordance with Canadian 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 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 Company'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.

*Cardy Winters & Simon LLP*

May 12, 2019  
Kitchener, ON

***Cardy Winters & Simon LLP***  
Chartered Professional Accountants  
Licensed Public Accountants

Suite 103 – 630 Riverbend Drive, Kitchener, ON N2K 3S2  
Tel (519) 744-4030 Fax (519) 579-7576 www.cwsca.ca

**MENNONITE CENTRAL COMMITTEE (ONTARIO)****STATEMENT OF FINANCIAL POSITION****AS AT MARCH 31, 2019****With comparative figures as at March 31, 2018**

(the accompanying notes are an integral part of these financial statements)

ASSETS	2019			2018		
	Operating Fund	Capital Fund	Total	Operating Fund	Capital Fund	Total
<b>CURRENT</b>						
Cash - General Operating Fund	2,279,419	0	2,279,419	2,433,830	0	2,433,830
Cash - Operating Reserve (notes 1 and 5)	1,022,559	0	1,022,559	1,154,430	0	1,154,430
Cash - Capital Fund	0	2,262,346	2,262,346	0	2,296,965	2,296,965
Investment - Operating Reserve (notes 1, 2 and 5)	300,000	0	300,000	300,000	0	300,000
Investment - Capital Improvement Fund (note 2)	0	251,157	251,157	0	246,350	246,350
Accounts receivable	176,899	0	176,899	286,247	0	286,247
	<b>3,778,877</b>	<b>2,513,503</b>	<b>6,292,380</b>	<b>4,174,507</b>	<b>2,543,315</b>	<b>6,717,822</b>
<b>LONG-TERM</b>						
Real estate, equipment and vehicles (note 3)						
Cost	0	24,331,033	24,331,033	0	24,091,989	24,091,989
Accumulated amortization	0	6,638,880	6,638,880	0	5,621,819	5,621,819
	0	17,692,153	17,692,153	0	18,470,170	18,470,170
Investment - Capital Improvement Fund (note 2)	0	82,545	82,545	0	86,606	86,606
	0	17,774,698	17,774,698	0	18,556,776	18,556,776
	<b>\$3,778,877</b>	<b>\$20,288,201</b>	<b>\$24,067,078</b>	<b>\$4,174,507</b>	<b>\$21,100,091</b>	<b>\$25,274,598</b>
<b>LIABILITIES</b>						
<b>CURRENT</b>						
Accounts payable	53,535	0	53,535	92,535	0	92,535
Deferred income (note 6)	1,870,830	0	1,870,830	1,786,024	0	1,786,024
Current portion of long-term debt (note 4)	0	3,853,025	3,853,025	0	4,626,809	4,626,809
	<b>1,924,365</b>	<b>3,853,025</b>	<b>5,777,390</b>	<b>1,878,559</b>	<b>4,626,809</b>	<b>6,505,368</b>
<b>LONG-TERM (note 4)</b>	0	5,384,220	5,384,220	0	5,817,759	5,817,759
<b>TOTAL LIABILITIES</b>	<b>1,924,365</b>	<b>9,237,245</b>	<b>11,161,610</b>	<b>1,878,559</b>	<b>10,444,568</b>	<b>12,323,127</b>
<b>NET ASSETS</b>						
<b>OPERATING FUND (page 4)</b>						
Unrestricted	531,953	0	531,953	841,518	0	841,518
Internally Restricted						
Operating Reserve (notes 1 and 5)	1,322,559	0	1,322,559	1,454,430	0	1,454,430
<b>CAPITAL FUND (page 4)</b>						
Internally restricted						
Capital Improvement Fund (note 1)	0	2,596,048	2,596,048	0	2,629,921	2,629,921
Investment in Property, Equipment and Vehicles	0	8,454,908	8,454,908	0	8,025,602	8,025,602
	<b>1,854,512</b>	<b>11,050,956</b>	<b>12,905,468</b>	<b>2,295,948</b>	<b>10,655,523</b>	<b>12,951,471</b>
	<b>\$3,778,877</b>	<b>\$20,288,201</b>	<b>\$24,067,078</b>	<b>\$4,174,507</b>	<b>\$21,100,091</b>	<b>\$25,274,598</b>

**MENNONITE CENTRAL COMMITTEE (ONTARIO)****STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED MARCH 31, 2019****With comparative figures for the year ended March 31, 2018**

(the accompanying notes are an integral part of these financial statements)

	<u>2019</u>			<u>2018</u>		
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>
<b>EXCESS (DEFICIT) OF INCOME OVER EXPENSES</b>	926,613	(972,616)	(46,003)	1,498,523	(871,793)	626,730
Interfund transfers						
Operating Fund - budgeted capital funding	(96,985)	96,985	0	(107,421)	107,421	0
Thrift Shop forwardings for capital projects	(662,100)	662,100	0	(671,267)	671,267	0
Thrift Shop forwardings for mortgage payments	(608,964)	608,964	0	(598,934)	598,934	0
Capital assets purchased - Thrift Shops	0	0	0	(81,130)	81,130	0
<b>CHANGE IN NET ASSETS</b>	(441,436)	395,433	(46,003)	39,771	586,959	626,730
<b>OPENING NET ASSETS</b>	2,295,948	10,655,523	12,951,471	2,256,177	10,068,564	12,324,741
<b>CLOSING NET ASSETS</b>	<b>\$1,854,512</b>	<b>\$11,050,956</b>	<b>\$12,905,468</b>	<b>\$2,295,948</b>	<b>\$10,655,523</b>	<b>12,951,471</b>

**REPRESENTED BY:**

## Unrestricted:

Thrift Shops (page 13)	1,984	0	1,984	489,572	0	489,572
Alumni Loan Fund	3,498	0	3,498	3,453	0	3,453
General Operations	526,471	0	526,471	348,493	0	348,493
Investment in Property, Equipment and Vehicles	0	8,454,908	8,454,908	0	8,025,602	8,025,602
	531,953	8,454,908	8,986,861	841,518	8,025,602	8,867,120

## Internally Restricted:

Operating Reserve (note 5)	1,322,559	0	1,322,559	1,454,430	0	1,454,430
Capital Improvement Fund						
50 Kent Capital Maintenance	0	2,128,316	2,128,316	0	2,341,977	2,341,977
Equipment and Vehicle Capital Replacement	0	77,754	77,754	0	325,044	325,044
Thrift Shop Capital Expansion	0	389,978	389,978	0	(37,100)	(37,100)
	1,322,559	2,596,048	3,918,607	1,454,430	2,629,921	4,084,351
	<b>\$1,854,512</b>	<b>\$11,050,956</b>	<b>\$12,905,468</b>	<b>\$2,295,948</b>	<b>\$10,655,523</b>	<b>\$12,951,471</b>

**MENNONITE CENTRAL COMMITTEE (ONTARIO)****STATEMENT OF OPERATIONS - OPERATING FUND****FOR THE YEAR ENDED MARCH 31, 2019**

With comparative figures for the year ended March 31, 2018

(the accompanying notes are an integral part of these financial statements)

<b>INCOME</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Donations		
General fund	3,831,264	3,883,884
Designated for forwarding	3,093,192	3,970,949
	<hr/> 6,924,456	<hr/> 7,854,833
Other		
Thrift Shops (page 13)	8,480,598	7,928,400
Operating Reserve (note 5)	931,018	706,677
Relief Sales	498,983	595,601
Interest income	18,376	27,792
	<hr/> 9,928,975	<hr/> 9,258,470
Direct Support for Ontario Programs		
Designated donations	1,536,632	1,820,757
Grants and other income (note 6)	1,203,640	1,204,140
	<hr/> 2,740,272	<hr/> 3,024,897
<b>TOTAL INCOME</b>	<hr/> <b>19,593,703</b>	<hr/> <b>20,138,200</b>
<b>FORWARDED TO MCC (CANADA)</b>		
Designated donations	3,093,192	3,970,949
General donations	5,783,954	5,906,967
	<hr/> 8,877,146	<hr/> 9,877,916
<b>INCOME RETAINED FOR ONTARIO</b>	<b>10,716,557</b>	<b>10,260,284</b>
<b>ONTARIO EXPENSES (page 14)</b>		
Programs	3,864,352	3,955,650
Fundraising Coordination	568,645	485,653
Fundraising Projects	89,117	136,193
General administration and board	718,161	830,369
Thrift Shops	4,549,669	3,353,896
	<hr/> 9,789,944	<hr/> 8,761,761
<b>EXCESS OF INCOME OVER EXPENSES</b>	<hr/> <b>\$926,613</b>	<hr/> <b>\$1,498,523</b>

**MENNONITE CENTRAL COMMITTEE (ONTARIO)****STATEMENT OF OPERATIONS - CAPITAL FUND****FOR THE YEAR ENDED MARCH 31, 2019****With comparative figures for the year ended March 31, 2018**

(the accompanying notes are an integral part of these financial statements)

	<u>2019</u>	<u>2018</u>
<b>INCOME</b>		
Donations	32,650	210,634
Investment income	37,078	29,579
Rent and capital reserve contributions	314,660	260,612
Gain on sale of Erie St. Leamington Thrift Shop	0	41,761
	<u>384,388</u>	<u>542,586</u>
<b>EXPENSES</b>		
rePurpose Centre start-up	0	54,953
Amortization of property and equipment costs:		
Programs and administration:		
Equipment	86,467	78,053
Vehicles	24,585	16,494
Real estate	449,202	472,431
	<u>560,254</u>	<u>566,978</u>
Thrift Shops:		
Equipment	69,555	81,157
Vehicles	4,846	6,923
Leasehold improvements	127,275	72,005
Real estate	255,131	260,902
	<u>456,807</u>	<u>420,987</u>
Total Amortization	<u>1,017,061</u>	<u>987,965</u>
Mortgage interest	339,943	371,461
	<u>1,357,004</u>	<u>1,414,379</u>
<b>EXCESS (DEFICIT) OF INCOME OVER EXPENSES</b>	<u>(\$972,616)</u>	<u>(\$871,793)</u>

**MENNONITE CENTRAL COMMITTEE (ONTARIO)****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2019****With comparative figures for the year ended March 31, 2018**

(the accompanying notes are an integral part of these financial statements)

SOURCES (USES) OF CASH:	2019			2018		
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>						
Excess of income over expenses for the year	926,613	(972,616)	(46,003)	1,498,523	(871,793)	626,730
Items not affecting cash flows:						
Amortization - buildings, equipment and vehicles	0	1,017,061	1,017,061	0	987,965	987,965
Gain on sale of Erie St. Leamington Thrift Shop	0	0	0	0	(41,761)	(41,761)
	926,613	44,445	971,058	1,498,523	74,411	1,572,934
Change in current assets and liabilities:						
Investments	0	(4,807)	(4,807)	0	(7,836)	(7,836)
Accounts receivable	109,348	0	109,348	(56,536)	167,059	110,523
Accounts payable	(39,000)	0	(39,000)	(111,105)	0	(111,105)
Deferred income	84,806	0	84,806	(372,595)	0	(372,595)
	1,081,767	39,638	1,121,405	958,287	233,634	1,191,921
<b>INVESTING ACTIVITIES</b>						
Purchases of real estate, equipment and vehicles	0	(239,044)	(239,044)	0	(1,072,473)	(1,072,473)
Proceeds from sale of real estate	0	0	0	0	135,262	135,262
Repayment (acquisition) of mortgage receivable	0	4,061	4,061	0	(86,606)	(86,606)
	0	(234,983)	(234,983)	0	(1,023,817)	(1,023,817)
<b>FINANCING ACTIVITIES</b>						
Long-term debt obtained	0	0	0	0	571,000	571,000
Long-term debt repaid	0	(1,207,323)	(1,207,323)	0	(532,860)	(532,860)
Interfund transfers	(1,368,049)	1,368,049	0	(1,458,752)	1,458,752	0
	(1,368,049)	160,726	(1,207,323)	(1,458,752)	1,496,892	38,140
<b>CHANGE IN CASH FOR THE YEAR</b>	<b>(286,282)</b>	<b>(34,619)</b>	<b>(320,901)</b>	<b>(500,465)</b>	<b>706,709</b>	<b>206,244</b>
<b>CASH ON HAND - beginning of the year</b>	<b>3,588,260</b>	<b>2,296,965</b>	<b>5,885,225</b>	<b>4,088,725</b>	<b>1,590,256</b>	<b>5,678,981</b>
<b>CASH ON HAND - end of the year</b>	<b>\$3,301,978</b>	<b>\$2,262,346</b>	<b>\$5,564,324</b>	<b>\$3,588,260</b>	<b>\$2,296,965</b>	<b>\$5,885,225</b>
<b>REPRESENTED BY:</b>						
Cash - General Operating Fund	2,279,419	0	2,279,419	2,433,830	0	2,433,830
Cash - Operating Reserve (notes 1 and 5)	1,022,559	0	1,022,559	1,154,430	0	1,154,430
Cash - Capital Fund	0	2,262,346	2,262,346	0	2,296,965	2,296,965
	\$3,301,978	\$2,262,346	\$5,564,324	\$3,588,260	\$2,296,965	\$5,885,225

## **MENNONITE CENTRAL COMMITTEE (ONTARIO)**

### **NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2019**

#### **PURPOSE**

**Mennonite Central Committee (MCC), a worldwide ministry of Anabaptist churches, shares God's love and compassion for all in the name Christ by responding to basic human needs and working for peace and justice. Mennonite Central Committee (Ontario), (MCCO), is incorporated in Ontario, without share capital, is a registered charity, and as such does not pay income tax.**

#### **1. ACCOUNTING POLICIES**

##### **Basis of presentation**

These financial statements have been prepared using Canadian Accounting Standards for Not-for-profit Organizations.

##### **Fund Accounting**

MCCO maintains its accounts in accordance with the principles of fund accounting, wherein resources for various purposes are classified in accordance with activities or objectives as specified by the Board, management or donors.

The **Operating Fund** reflects the assets, liabilities, income and expenses related to all ongoing programs of MCCO.

The **Operating Reserve** is a pool of funding contained within the Operating Fund which is used to stabilize the often fluctuating cash flows available for Operating Fund expenditures. All undesignated bequests are deposited into the Operating Reserve. Accumulated bequests and interest are transferred to the Operating Fund bank account monthly based on a formula which restricts minimum and maximum balances in net assets available for operations.

The **Capital Fund** reflects MCCO's net **Investment in Capital Assets**, plus the net assets restricted by the Board in the **Capital Improvement Fund (CIF)**. The Capital Improvement Fund has three components - **50 Kent Capital Maintenance**, which is a reserve of assets designed to enable maintenance of MCCO's head office, **Equipment and Vehicle Capital Replacement**, which is a reserve of assets designed to enable the replacement of equipment and vehicles, and **Thrift Shop Capital Expansion**, which is a reserve of funds which are advanced to Thrift Shops to enable expansion. The 50 Kent Capital Maintenance portion of the Fund receives rent and common cost reimbursements from tenants, capital donations, capital loans, and transfers from Thrift Shops, and disburses funds on mortgage payments and maintenance of the head office. The Equipment and Vehicle Capital Replacement portion of the Fund receives annual budgeted allocations from the Operating Fund for equipment and vehicle replacement. The Thrift Shop Capital Expansion portion of the Fund receives donations, loans and transfers from Thrift Shops, which are used to enable capital expansion at Thrift Shops.

##### **Income Recognition**

MCCO uses the restricted fund method of accounting, whereby restricted (designated) contributions are reflected as income when received or receivable, and the accumulated amount of such contributions, net of respective expenditures, is reflected as restricted net assets in the appropriate restricted fund (the Capital Fund) on the statement of financial position until the funds are spent as designated.

All Operating Fund receipts which are designated for a specific purpose (such as government grants and donations designated for programs) are reflected as deferred income on the statement of financial position until expended as designated, whereupon the funds are reflected as income. Undesignated receipts are reflected as income when received or receivable, provided collection is reasonably assured and amounts reasonably estimable. When MCCO receives restricted contributions which are conditional on MCCO obtaining funding from third parties in addition to the restricted contributions (matching funding), expenses are funded first with matching funds, then with donor restricted funds.

MCCO receives material-in-kind contributions from supporters which are forwarded to communities in need. MCCO assigns values to these in-kind contributions based on conservative estimates of their market values, and reflects these contributions as contributions designated for forwarding. MCCO also receives many hours of service from its many volunteers. Because it is impractical to determine a fair value for these services, their value is not reflected in these financial statements.



**MENNONITE CENTRAL COMMITTEE (ONTARIO)****NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2019****Financial instruments**

A financial instrument is a contract that creates a financial asset for one entity and a financial liability or equity instrument of another. Financial assets and liabilities are initially measured at fair value, except for non-arm's length transactions, if any. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments with quoted fair values in an active market, if any, which are measured at fair value. Changes in fair value are recognized in net income. Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized on the statement of operations and changes in net assets. Any previously recognized impairment losses may be reversed and reflected in income to the extent of improvement, provided they are no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously.

**Real Estate, Equipment and Vehicles**

Real estate, equipment and vehicles are reflected at cost, and amortized at the following annual rates:

Buildings	- 5% on the declining balance
Leasehold improvements	- 20% on the declining balance
Equipment	- 20% on the declining balance
Vehicles	- 30% on the declining balance

**Use of Estimates**

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations sometimes requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. In particular, MCCO includes in income (Donations designated for forwarding), the estimated fair value of donated materials included in material aid shipments made during the year (\$536,003 and \$823,869 in the current and prior years respectively). These estimates are reviewed periodically and adjusted proactively as they become necessary. An identical amount is included in expenses for the year as Forwarded to MCC (Canada). Actual fair values could differ from those estimated. In addition, amortization of property and equipment requires estimates and assumptions related to the useful life of the related assets. Actual results could differ from those estimates.

**Allocation of Administrative Expenses to Programs**

MCCO allocates certain general administrative expenses, such as telephone and internet charges, office supplies, building maintenance, building and equipment amortization, building insurance, software, computer support and receptionist's payroll costs, to its departments. These expenses are allocated to departments based on the number of full-time-equivalent employees working directly in each department.

**2. FINANCIAL INSTRUMENTS**

	<u>2019</u>		<u>2018</u>	
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Total</u>
Financial assets reflected at fair value				
Balanced Pool Funds	0	251,157	251,157	246,350
Financial assets reflected at amortized cost				
Operating Reserve - 1.53% Fixed Income Fund	300,000	0	300,000	300,000
Capital Improvement Fund:				
Mortgage receivable - Erie St. Leamington, 3%, monthly payments of \$549 principal and interest, due March 2022		82,545	82,545	86,606
	<u>300,000</u>	<u>333,702</u>	<u>633,702</u>	<u>632,956</u>
Cash and accounts receivable	3,478,877	2,262,346	5,741,223	6,171,472
	<u>\$3,778,877</u>	<u>\$2,596,048</u>	<u>\$6,374,925</u>	<u>\$6,804,428</u>

As in the prior year, management believes the organization does face some interest rate risk, in that, significant increases in market interest rates could significantly increase interest costs relating to its mortgages and loans payable, upon renewal of these obligations. As in the prior year, management believes it does not face any significant market, credit, currency or liquidity risk with respect to its remaining financial instruments.

**MENNONITE CENTRAL COMMITTEE (ONTARIO)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**3. REAL ESTATE, EQUIPMENT AND VEHICLES**

			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Amortization</u>	<u>Net Book</u>	<u>Net Book</u>
			<u>Value</u>	<u>Value</u>
<b>Buildings</b>				
Head office and partner facility - Kitchener - Kent Avé.	11,566,494	3,023,797	8,542,697	8,976,184
Thrift Shops:				
Elmira - Church St.	589,100	302,851	286,249	301,315
Leamington - Mill St.	1,658,131	273,766	1,384,365	1,457,226
New Hamburg - Heritage Dr.	2,184,693	857,795	1,326,898	1,396,735
St. Catharines - Grantham Ave	632,991	240,863	392,128	412,766
Stouffville - Ringwood Dr.	1,884,728	426,884	1,457,844	1,534,573
	<u>18,516,137</u>	<u>5,125,956</u>	<u>13,390,181</u>	<u>14,078,799</u>
<b>Land</b>				
Head office and partner facility - Kitchener - Kent Ave.	1,545,165	0	1,545,165	1,545,165
Thrift Shops:				
Elmira - Church St.	147,275	0	147,275	147,275
Leamington - Mill St.	254,000	0	254,000	254,000
New Hamburg - Heritage Dr.	321,389	0	321,389	321,389
St. Catharines - Grantham Ave	155,625	0	155,625	155,625
Stouffville - Ringwood Dr.	565,000	0	565,000	565,000
	<u>2,988,454</u>	<u>0</u>	<u>2,988,454</u>	<u>2,988,454</u>
Leasehold Improvements	758,194	225,487	532,707	612,766
<b>Total Real Estate</b>	<b>22,262,785</b>	<b>5,351,443</b>	<b>16,911,342</b>	<b>17,680,019</b>
Equipment	1,811,309	1,117,887	693,422	710,770
Vehicles	256,939	169,550	87,389	79,381
	<u>\$24,331,033</u>	<u>\$6,638,880</u>	<u>\$17,692,153</u>	<u>\$18,470,170</u>

**4. LONG-TERM DEBT**

	<u>2019</u>	<u>2018</u>
<b>50 Kent Ave, Kitchener, ON</b>		
Mortgage payable - Abundance Canada - 3.95% interest, requiring monthly principal and interest payments of \$13,911, due July 2021, secured by a \$6,000,000 first mortgage on the real estate at 50 Kent Ave. held jointly by Abundance Canada and Kindred Credit Union.	906,495	1,033,441
Mortgage payable - Abundance Canada - 3.99% interest, requiring monthly principal and interest payments of \$7,356, due February 2021, secured by a \$6,000,000 first mortgage on the real estate at 50 Kent Ave. held jointly by Abundance Canada and Kindred Credit Union.	180,488	260,120
Mortgage payable - Kindred Credit Union - 3.95% interest, requiring monthly principal and interest payments of \$9,161, due July 2021, secured by a \$6,000,000 first mortgage on the real estate at 50 Kent Ave. held jointly by Abundance Canada and Kindred Credit Union.	1,204,253	1,266,090
Promissory note payable - Kindred Credit Union - 3.99 % interest, requiring monthly principal and interest monthly payments of \$8,455, due February 2021, secured by a \$6,000,000 first mortgage on the real estate at 50 Kent Ave., held jointly by Abundance Canada and Kindred Credit Union.	1,249,006	1,299,933
Mortgage payable - Mennonite Conference of Eastern Canada - 5.5 % interest, requiring monthly payments of interest only, due October 2023, secured by a \$1,425,000 third mortgage on the real estate at 50 Kent Ave.	1,425,000	1,425,000

continued on the next page

**MENNONITE CENTRAL COMMITTEE (ONTARIO)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

4. LONG-TERM DEBT (continued)	<u>2019</u>	<u>2018</u>
50 Kent Ave, Kitchener, ON (continued)		
Raising Hope Construction Loans - promissory notes, unsecured, requiring payment of interest between 0% and 2.5% annually, principal of \$1,041,000 due on demand or in the forthcoming year, \$255,000 and \$201,000 in the subsequent consecutive fiscal years.	1,497,000	2,173,000
Leamington Thrift Shop		
Demand note payable - Kindred Credit Union - 4.05 % interest, requiring monthly principal and interest payments of \$6,070, due July 2020, secured by a \$1,000,000 first mortgage on the real estate at 62 Mill St. Leamington and 41 Heritage Dr., New Hamburg.	868,364	905,510
Private loans - promissory notes, unsecured, requiring payments of interest of 2% annually, principal due on demand	0	50,000
Stouffville Thrift Shop		
Mortgage payable - Abundance Canada - Stouffville Thrift Shop - 4.65% interest, requiring monthly principal and interest payments of \$10,030, due March 2020, secured by a first charge on real estate at 33 Ringroad Drive., Stouffville	1,369,306	1,425,474
Private loans - promissory notes, unsecured, 0% interest, principal due on demand	250,000	250,000
rePurpose Centre, Elmira		
Private loans - promissory notes, unsecured, 0% interest, principal due on demand	287,333	356,000
	9,237,245	10,444,568
Current portion	3,853,025	4,626,809
	<u>\$5,384,220</u>	<u>\$5,817,759</u>

Projected repayment of long-term debt:

Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2022 +</u>	<u>Total</u>
Amount	3,853,025	1,782,079	2,177,141	0	1,425,000	9,237,245

5. OPERATING RESERVE

	<u>2019</u>	<u>2018</u>
Income		
Donations by bequest	915,301	573,996
Interest	15,717	15,872
MCC Canada contribution	0	116,809
Total income for the year (page 5)	931,018	706,677
Opening net assets	1,454,430	1,611,367
Transfer from (to) General Operations	(1,062,889)	(863,614)
Closing net assets (page 3)	<u>\$1,322,559</u>	<u>\$1,454,430</u>
Represented by:		
Cash (page 3)	1,022,559	1,154,430
Investment (page 3)	300,000	300,000
	<u>\$1,322,559</u>	<u>\$1,454,430</u>

**MENNONITE CENTRAL COMMITTEE (ONTARIO)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**6. DEFERRED INCOME, GOVERNMENT GRANTS AND OTHER INCOME**

	<u>Opening</u> <u>Deferred</u> <u>Income</u>	<u>Income</u> <u>Received</u>	<u>Income</u> <u>Expended</u> <u>(Recognized)</u>	<u>Closing</u> <u>Deferred</u> <u>Income</u>
Government grants:				
Correctional Services Canada - Community Integration	27,416	58,772	18,734	67,454
Health Canada - Community Action Program for Children	0	305,900	305,900	0
Regional Municipality of Waterloo - Circle of Friends	59,678	143,117	198,175	4,620
	87,094	507,789	522,809	72,074
Other Grants	116,972	289,664	296,224	110,412
<b>Total Government and Other Grants</b>	<b>204,066</b>	<b>797,453</b>	<b>819,033</b>	<b>182,486</b>
Other Income	0	384,607	384,607	0
<b>Total Grants and Other Income (page 5)</b>	<b>204,066</b>	<b>1,182,060</b>	<b>1,203,640</b>	<b>182,486</b>
Designated donations				
Ontario Programs				
- Refugee support (note 8)	784,173	521,686	683,929	621,930
- Other	653,087	552,041	412,473	792,655
Meat Canning	97,185	231,872	247,305	81,752
Other Programs	47,513	473,189	328,695	192,007
	1,581,958	1,778,788	1,672,402	1,688,344
<b>Total Deferred Income (page 3)</b>	<b>\$1,786,024</b>	<b>\$2,960,848</b>	<b>\$2,876,042</b>	<b>\$1,870,830</b>

**7. CONTRACTUAL OBLIGATIONS, COMMITMENTS, CONTINGENCIES**

MCCO has entered into lease agreements with a number of tenants at its head office and partner facility which generate an annual base rental income of approximately \$240,000. All leases mature in October 2018, except one, which generates an annual base rent of approximately \$73,000, which matures in October 2023. In addition to base rent, tenants typically pay a pro rata share of common costs, plus contribute to a capital reserve which is intended to accumulate funds to finance future significant capital costs necessary for continued operation of the building.

**8. CONTINGENT LIABILITIES**

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

MCC Ontario has partnered with various church and community groups to assist with the sponsorship and resettlement of certain refugee families in Ontario. These groups have placed on deposit with MCC Ontario the necessary funds to sponsor and support these refugee families for the required period of time. Management believes it has sufficient designated funds on hand and volunteer group support to meet its commitment to IRCC.

**MENNONITE CENTRAL COMMITTEE (ONTARIO)****THRIFT SHOPS****INCOME, EXPENSES AND CHANGE IN NET OPERATING ASSETS****FOR THE YEAR ENDED MARCH 31, 2019**

With comparative figures for the year ended March 31, 2018

	<u>2019</u>	<u>2018</u>			
<b>INCOME</b>					
Sales of donated goods	8,191,505	7,604,236			
Other income	25,093	28,056			
Forwardings from Associate Thrift Shops	264,000	296,108			
	<u>8,480,598</u>	<u>7,928,400</u>			
<b>EXPENSES</b>					
Personnel	2,631,723	2,023,323			
Facility costs	547,738	364,211			
Other operating costs	1,370,208	966,362			
	<u>4,549,669</u>	<u>3,353,896</u>			
<b>NET INCOME</b>	3,930,929	4,574,504			
Net cash forwarded to MCCO Operating Fund	(4,418,517)	(4,373,349)			
<b>NET INCOME RETAINED BY OWNED SHOPS</b>	(487,588)	201,155			
<b>OPENING NET OPERATING ASSETS - OWNED THRIFT SHOPS</b>	489,572	369,547			
Capital assets purchased	0	(81,130)			
<b>CLOSING NET OPERATING ASSETS - OWNED THRIFT SHOPS (page 4)</b>	<u>\$1,984</u>	<u>\$489,572</u>			
<b>REPRESENTED BY:</b>					
Cash	837,218	786,379			
Accounts receivable	26,262	18,548			
Accounts payable	(861,496)	(315,355)			
	<u>\$1,984</u>	<u>\$489,572</u>			
<b>FORWARDINGS:</b>					
	<b>General</b>	<b>Thrift Capital</b>	<b>Mortgage and</b>		
<b>Owned Shops:</b>	<b>Operations</b>	<b>Expansion</b>	<b>Capital Reserve</b>		
Elmira	735,620	0	0	735,620	717,500
Kitchener-Waterloo	606,250	0	333,876	940,126	976,394
Leamington	251,520	69,000	72,840	393,360	422,840
Milverton	13,094	0	0	13,094	6,000
New Hamburg	1,385,490	145,000	0	1,530,490	1,416,250
St. Catharines	535,000	0	0	535,000	509,000
Stouffville	288,430	28,000	202,248	518,678	482,218
General allocation	(420,100)	420,100	0	0	0
	<u>3,395,304</u>	<u>662,100</u>	<u>608,964</u>	<u>4,666,368</u>	<u>4,530,202</u>
<b>Associate Shops:</b>					
Aylmer				12,000	6,000
Harrow				7,000	20,008
Port Rowan				95,000	95,100
Welland / Port Colborne				150,000	175,000
				<u>264,000</u>	<u>296,108</u>
<b>Administrative and rePurpose Centre expenses recovered from forwardings:</b>				(511,851)	(452,961)
<b>Net Forwardings - all shops</b>				<u>\$4,418,517</u>	<u>\$4,373,349</u>

**MENNONITE CENTRAL COMMITTEE (ONTARIO)**  
**ONTARIO EXPENSES - PROGRAMS, FUNDRAISING AND ADMINISTRATION**  
**FOR THE YEAR ENDED MARCH 31, 2019**

With comparative figures for the year ended March 31, 2018

	<u>Administrative</u> <u>Charges</u>	<u>2019</u>	<u>2018</u>
<b>PROGRAMS</b>			
Justice & Peacebuilding			
Peacebuilding and Conflict Transformation	8,130	301,133	207,192
Restorative Justice	27,727	612,242	700,599
	35,857	913,375	907,791
Diaster Relief			
Humanitarian Relief & Disaster Recovery	14,245	545,323	569,629
Sustainable Community Development			
Education	475	6,158	6,140
Food Security and Sustainable Livelihoods	56,106	809,307	543,272
Migration and Resettlement	38,875	1,590,189	1,928,818
	95,456	2,405,654	2,478,230
<b>Total Programs (page 5)</b>		<b>3,864,352</b>	<b>3,955,650</b>
<b>FUNDRAISING COORDINATION</b>			
Donor Relations	39,017	566,056	481,623
Relief Sales and Thrift Shops	152	2,589	4,030
<b>Total Fundraising Coordination (page 5)</b>	<b>39,169</b>	<b>568,645</b>	<b>485,653</b>
<b>FUNDRAISING PROJECTS</b>			
Relief Sales - donations forwarded		1,670	25
Thrift Shops - donations forwarded and rePurpose Centre start-up		87,447	136,168
<b>Total Fundraising Projects (page 5)</b>		<b>89,117</b>	<b>136,193</b>
<b>GENERAL ADMINISTRATION AND BOARD</b>			
Administration		410,470	557,180
Board, annual general meeting, audit		37,719	36,321
Community Engagement		50,307	43,425
Human Resources		231,129	198,986
Physical Resources		130,280	129,837
Regional Representatives		42,983	78,602
		902,888	1,044,351
Recoveries: Administrative expenses charged to programs (note 1)		(184,727)	(213,982)
<b>Total General Administration and Board (page 5)</b>		<b>718,161</b>	<b>830,369</b>
<b>THRIFT SHOP EXPENSES (pages 5 and 13)</b>		<b>4,549,669</b>	<b>3,353,896</b>
<b>TOTAL ONTARIO EXPENSES (page 5)</b>	<b>\$184,727</b>	<b>\$9,789,944</b>	<b>\$8,761,761</b>