

Financial Statements of

**MENNONITE CENTRAL  
COMMITTEE CANADA**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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## INDEPENDENT AUDITORS' REPORT

To the Members of Mennonite Central Committee Canada

### ***Opinion***

We have audited the financial statements of Mennonite Central Committee Canada (the "Entity"), which comprise the statement of financial position as at March 31, 2022, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, 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 Opinion***

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 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 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 Group 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.

*KPMG LLP*

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Chartered Professional Accountants

Winnipeg, Canada

September 16, 2022

# MENNONITE CENTRAL COMMITTEE CANADA

## Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 30,219,263	\$ 18,789,885
Accounts receivable (note 3)	6,146,957	3,213,739
Receivable from MCC U.S., non-interest bearing	29,608	203,417
Prepaid expenses	746,874	415,616
Inventories (note 4)	1,231,927	873,647
Investments (note 5)	45,765	45,591
Assets held for sale (note 6)	775,001	—
	<u>39,195,395</u>	<u>23,541,895</u>
Long-term grants receivable	736,083	610,119
Investment in Canadian Foodgrains Bank Association Inc.	5,590,355	5,558,246
Capital assets (note 6)	710,292	1,349,058
	<u>\$ 46,232,125</u>	<u>\$ 31,059,318</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 4,902,043	\$ 4,694,554
Payable to service workers	680,585	574,619
	<u>5,582,628</u>	<u>5,269,173</u>
Fund balances:		
General Funds:		
Unrestricted - Operating	8,276,845	6,841,732
Internally restricted (note 9)	19,174,002	10,306,586
Restricted Fund - International (schedule B)	13,198,650	8,641,827
	<u>40,649,497</u>	<u>25,790,145</u>
Subsequent event (note 6)		
Commitments and contingencies (note 13)		
	<u>\$ 46,232,125</u>	<u>\$ 31,059,318</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

# MENNONITE CENTRAL COMMITTEE CANADA

## Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	General Fund		Restricted Fund		Total 2022	Total 2021
	Operating		International			
	2022	2021	2022	2021		
Revenue (note 11):						
Contributions:						
General	\$ 15,805,233	\$ 14,291,281	\$ -	\$ -	\$ 15,805,233	\$ 14,291,281
Designated:						
CFGB	628,780	650,711	4,207,991	4,354,756	4,836,771	5,005,467
Disaster restricted	1,122,866	55,948	4,491,462	223,794	5,614,328	279,742
Other	2,140,367	1,204,571	8,696,663	4,883,394	10,837,030	6,087,965
Centennial	463,202	2,352,451	-	-	463,202	2,352,451
Material resources	-	-	1,332,192	1,039,865	1,332,192	1,039,865
MCC Canada Domestic	352,885	-	-	-	352,885	-
Grants:						
GAC - CFGB	-	-	6,655,095	7,219,020	6,655,095	7,219,020
CFGB	-	-	2,509,325	3,298,635	2,509,325	3,298,635
Other	28,644	27,854	1,137,101	1,838,309	1,165,745	1,866,163
Foreign exchange loss	(1,529)	(47,697)	(52,754)	(236,634)	(54,283)	(284,331)
Other (note 12)	800,186	1,918,424	513,648	474,663	1,313,834	2,393,087
	21,340,634	20,453,543	29,490,723	23,095,802	50,831,357	43,549,345
Expenses:						
Program (schedule A):						
International	-	-	28,539,823	27,484,125	28,539,823	27,484,125
Domestic	1,110,716	1,105,926	-	-	1,110,716	1,105,926
Support services:						
Administration and communication	2,168,577	1,702,826	-	-	2,168,577	1,702,826
Resource generation	666,218	549,787	-	-	666,218	549,787
Other:						
Grants to Provincial MCCs (note 14)	3,486,671	4,000,034	-	-	3,486,671	4,000,034
	7,432,182	7,358,573	28,539,823	27,484,125	35,972,005	34,842,698
Excess (deficiency) of revenue over expenses before discontinued operations	13,908,452	13,094,970	950,900	(4,388,323)	14,859,352	8,706,647
Discontinued operations (note 15)	-	2,756,698	-	-	-	2,756,698
Excess (deficiency) of revenue over expenses	\$ 13,908,452	\$ 15,851,668	\$ 950,900	\$ (4,388,323)	\$ 14,859,352	\$ 11,463,345

See accompanying notes to financial statements.

# MENNONITE CENTRAL COMMITTEE CANADA

## Statement of Changes in Fund Balances

Year ended March 31, 2022, with comparative information for 2021

	General Fund		Restricted Fund		2022 Total	2021 Total
	Unrestricted	Internally restricted	International			
Balance, beginning of year	\$ 6,841,732	\$ 10,306,586	\$ 8,641,827	\$ 25,790,145	\$ 14,326,800	
Excess of revenue over expenses	13,908,452	–	950,900	14,859,352	11,463,345	
Inter-fund transfers (note 9)	(8,867,416)	8,867,416	–	–	–	
Inter-fund transfer for International programs (schedule B)	(3,605,923)	–	3,605,923	–	–	
Balance, end of year	\$ 8,276,845	\$ 19,174,002	\$ 13,198,650	\$ 40,649,497	\$ 25,790,145	

See accompanying notes to financial statements.

# MENNONITE CENTRAL COMMITTEE CANADA

## Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by:		
Operating:		
Excess of revenue over expenses	\$ 14,859,352	\$ 11,463,345
Items not involving cash:		
Amortization of capital assets	243,165	246,415
Gain on disposal of capital assets	–	(3,172,942)
	<u>15,102,517</u>	<u>8,536,818</u>
Change in non-cash operating working capital:		
Accounts receivable	(2,933,218)	2,671,871
Receivable from/payable to MCC U.S.	173,809	(651,542)
Prepaid expenses	(331,258)	412,601
Inventories	(358,280)	1,177,333
Long-term grants receivable	(125,964)	(610,119)
Accounts payable and accrued liabilities	207,489	(3,705,150)
Payable to service workers	105,966	(263,722)
	<u>11,841,061</u>	<u>7,568,090</u>
Investing activities:		
Increase in investment in Canadian Foodgrains Bank Association Inc.	(32,109)	(1,583,923)
Change in investments, net	(174)	(209)
Purchase of capital assets	(379,400)	(97,122)
Proceeds on disposal of assets held for sale	–	4,504,813
	<u>(411,683)</u>	<u>2,823,559</u>
Financing activities:		
Repayment of liabilities related to assets held for sale	–	(2,721,494)
Increase in cash and cash equivalents	11,429,378	7,670,155
Cash and cash equivalents, beginning of year	18,789,885	11,119,730
Cash and cash equivalents, end of year	<u>\$ 30,219,263</u>	<u>\$ 18,789,885</u>
Cash and cash equivalents is comprised of the following:		
Cash	\$ 30,219,263	\$ 10,289,885
Guaranteed investment certificates	–	8,500,000
	<u>\$ 30,219,263</u>	<u>\$ 18,789,885</u>

See accompanying notes to financial statements.



# MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements

Year ended March 31, 2022

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## 1. Nature of the operations and basis of presentation:

Mennonite Central Committee (MCC), a worldwide ministry of Anabaptist churches, shares 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.

Mennonite Central Committee Canada (MCCC) and Mennonite Central Committee U.S. (MCC U.S.) have entered into a covenant to share the ownership of each of the MCC international programs in each country that MCC operates in and all related assets including property, relationships, reputation, knowledge, experience, and supporting systems located in those countries. It is intended that the share that each national entity owns under this arrangement in each country program will be an undivided share.

Both MCCC and MCC U.S. have agreed to collaborate and work together in the operation of the shared program so that it will be seen as one integrated MCC shared program. This commitment does not preclude either entity from agreeing occasionally to fund and manage on its own an entire project or an entire country program. In addition to the international program, MCCC and MCC U.S. agreed to resource and manage other programs on a shared basis.

MCCC receives the majority of its contribution revenue from Canadian Provincial MCC's and collaborates with the Canadian Provincial MCC's in Canadian domestic program activity.

MCCC is incorporated under a *Special Act of the Parliament of Canada* as a non-profit organization without share capital. MCCC is a registered charity within the meaning of the *Income Tax Act* (Canada) and is exempt from income taxes.

## 2. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The significant accounting policies incorporated into these financial statements are as follows:

### (a) Fund accounting:

MCCC follows the restricted fund method of accounting for contributions.

# MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 2. Significant accounting policies (continued):

### (i) General Funds:

#### (a) Unrestricted:

Operating activities include the administration of Domestic programming in the areas of Sustainable Community Development and Justice and Peacebuilding. Included in the unrestricted fund are amounts invested in capital assets and the non-building capital asset reserve.

During the year ended March 31, 2020, the Board of MCCC had approved the decision to cease operations of Ten Thousand Villages Canada (Villages Canada), a program of MCCC by June 30, 2020 (note 15).

#### (b) Internally restricted:

Funds have been internally restricted for various purposes as disclosed in note 10.

### (ii) Restricted Fund - International:

Operating activities include the administration of international programming in the areas of Sustainable Community Development, Disaster Response and Justice and Peacebuilding. Included in this fund are the contributions designated for international programs.

Included in this fund are also the contributions received for MCCC's member account with Canadian Foodgrains Bank Association Inc. (CFGB). CFGB is a partnership of 15 Canadian churches and church-based agencies working to end global hunger. On behalf of its member agencies and their partners, CFGB collects grain and cash donations, provides funds and expert advice for projects submitted by member agencies and their partners, manages procurement and supply of food commodities, and engages in public policy and educational activities related to hunger.

# MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 2. Significant accounting policies (continued):

### (b) Revenue recognition:

Restricted contributions related to general operations are recognized as revenue of the appropriate General Fund, depending on the nature of the contribution, in the year in which the related expenses are incurred. Contributions restricted for international programs are recognized as revenue in the Restricted International Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Contributions received from the Government which are restricted for international programs are subject to review by the Government for utilization of the contribution in accordance with the Government agreement. Adjustments, if any, are recorded in the period they are communicated by the Government to MCCC.

Unrestricted contributions are recognized as revenue of the appropriate General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

In accordance with the covenant referred to in note 1, MCCC has allocated to the General Operating Fund a portion of the designated contributions received for the Restricted International Fund. This allocation, which aggregated \$3,892,013 (2021 - \$1,911,230) for the year ended March 31, 2022, is to offset administrative and resource generation expenses incurred by the General Operating Fund.

Sales revenue is recognized when the related merchandise is sold to the customer. Interest and other revenue are recognized as earned.

### (c) Foreign exchange:

Monetary assets and liabilities denominated in foreign currencies are converted to Canadian dollars using the year end exchange rate. Revenue and expense items are converted using the average exchange rate in the month of the transaction. The foreign exchange loss included in the statement of operations for the year ended March 31, 2022 is \$54,283 (2021 - loss of \$284,331).

### (d) Contributed services:

Volunteers are an integral part of carrying out the activities of MCCC. Contributed services are not recognized in the financial statements because of the difficulty in determining their fair value.

# MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 2. Significant accounting policies (continued):

### (e) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition.

### (f) Inventories:

Material resource donations intended for overseas shipments are recorded as inventory and revenue in the Restricted Fund at fair value when received. Inventory is expensed when goods are shipped.

### (g) Investment:

The investment in CFGB is recorded utilizing the equity method of accounting. In accordance with the equity method of accounting, the carrying value of MCCC's investment in CFGB is adjusted by MCCC's share of the excess of revenue over expenses of CFGB. MCCC's share of the revenue includes donations received by MCCC for its member account at CFGB or received by CFGB for MCCC's member account. Revenues also include grants received by CFGB for MCCC's member account. MCCC's share of the expenses include project grants made by CFGB at the direction of MCCC. The accumulated net assets related to MCCC's investment in CFGB, are included in the externally restricted fund balance on the statement of financial position.

### (h) Capital assets:

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful life of the assets as follows:

Asset	Term
Buildings	20 - 30 years
Equipment	3 - 10 years
Vehicles	3 - 5 years
Leasehold improvements	Term of the lease

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# MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 2. Significant accounting policies (continued):

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When circumstances indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The write-down of the asset is charged to income during the year. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

In March 2022, the land and building known as 134 Plaza Drive that MCCC utilizes for its head office had been listed for sale and reclassified as "Assets held for sale". These assets were sold in June 2022. Assets to be disposed are classified as held for sale and are no longer amortized. Assets held for sale are recognized at the lower of net book value and fair value less cost of disposal.

### (i) Financial instruments:

Financial instruments are recorded at fair value or exchange amount on initial recognition. Freestanding derivatives 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. MCCC has not elected to carry any such 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.

### (j) Allocation of expenses:

MCCC records a number of its expenses by program. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program.

MCCC incurs a number of general program support expenditures that are common to the operation of the international and domestic programs. MCCC allocates its general program support expenditures by identifying the appropriate basis of allocating the component expenditures and applying that basis consistently each year.

# MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 2. Significant accounting policies (continued):

General Program support expenditures relate primarily to the country program supervision costs, the Program Directors department and certain of the expenditures for the Program Learning and Disaster Response department. These expenditures have been allocated proportionately to the program priorities based on the direct expenditures attributable to those program priorities. The basis of allocation is reviewed periodically and may be revised according to circumstances prevailing from time to time.

### (k) Government assistance:

MCCC makes periodic applications for financial assistance under available government incentive programs. Government assistance is included in the determination of income for the period as other revenue. A liability to repay government assistance, if any, is recorded in the period in which the conditions arise that cause the assistance to become repayable.

### (l) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

## 3. Accounts receivable:

	2022	2021
Receivable from Provincial MCC's	\$ 6,007,287	\$ 2,458,806
Other	139,670	754,933
	<u>\$ 6,146,957</u>	<u>\$ 3,213,739</u>

# MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 4. Inventories:

	2022	2021
General operations - books and reading materials	\$ 327,396	\$ 307,413
Material resources	900,487	566,234
Other	4,044	-
	<u>\$ 1,231,927</u>	<u>\$ 873,647</u>

The amount of inventories recognized as an expense within discontinued operations and international programs for the year ended March 31, 2022 is \$1,366,170 (2021 - \$2,578,705).

## 5. Investments:

	2022	2021
Abundance Canada:		
Fixed income portfolio fund	\$ 20,765	\$ 20,579
Other	25,000	25,012
	<u>\$ 45,765</u>	<u>\$ 45,591</u>

The investments held at Abundance Canada may be withdrawn at any time, with due notice. Investment earnings are paid by Abundance Canada based on its pooled rate, less a fixed percentage for administration fees.

## 6. Capital assets:

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 119,730	\$ -	\$ 119,730	\$ 332,690
Buildings	-	-	-	581,029
Equipment	1,151,956	(990,007)	161,949	116,676
Vehicles	889,494	(528,326)	361,168	269,954
Leasehold improvements	160,004	(92,559)	67,445	48,709
	<u>\$ 2,321,184</u>	<u>\$ (1,610,892)</u>	<u>\$ 710,292</u>	<u>\$ 1,349,058</u>

# MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 6. Capital assets (continued):

During fiscal 2022, the Board of MCCC approved the sale of 134 Plaza Drive. As a result of MCCC listing the property for disposal, the property was included in assets held for sale at March 31, 2022 on the statement of financial position. The sale of the property closed effective June 1, 2022.

## 7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at March 31, 2022 are government remittances payable of \$7,258 (2021 - \$7,357) relating to federal and provincial sales tax, payroll taxes, health taxes and workers safety insurance.

## 8. Investment in capital assets:

MCCC has the following investment in capital assets included within the fund balances:

	General Fund		Restricted Fund		Total	Total
	2022	2021	2022	2021	2022	2021
Capital assets	\$ 96,800	\$ 897,332	\$ 613,492	\$ 451,726	\$ 710,292	\$ 1,349,058
Assets held for sale	775,001	-	-	-	775,001	-
	\$ 871,801	\$ 897,332	\$ 613,492	\$ 451,726	\$ 1,485,293	\$ 1,349,058



# MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 9. Internally Restricted Fund and inter-fund transfers:

The internally restricted fund balance consists of the following internally restricted funds for certain programs and expenses of future years:

	2022	2021
MCCC:		
Investment in Donor Relations	\$ 514,909	\$ 330,413
Non-building capital asset reserve	50,000	50,000
MCC Canada Surplus Fund	1,766,841	1,117,745
MCC Canada Centennial Fund	135,546	221,514
Shared Program:		
Surplus/Deficit Fund	10,585,402	3,535,169
Bequest Fund	1,696,637	924,824
Centennial Core Programming Fund	1,777,613	2,739,487
MCC's in Canada:		
Bequest Fund	1,259,620	773,434
Strategic Investment Fund:		
National Domestic Programs	129,000	129,000
General	485,000	485,000
Bequest Fund	773,434	-
	<b>\$ 19,174,002</b>	<b>\$ 10,306,586</b>

During the year ended March 31, 2022, \$279,425 (2021 - \$50,000) was transferred from the General Operating Fund to the MCC Canada Internally Restricted Fund held as an Investment in Donor Relations and \$94,929 (2021 - \$2,072) was transferred from the Internally Restricted Fund held as an Investment in Donor Relations to the General Operating Fund to cover expenses incurred during the year.

During the year ended March 31, 2022, \$724,232 (2021 - \$769,171) was transferred from the General Operating Fund to the Internally Restricted Fund held as a Surplus Fund on behalf of MCC Canada and \$75,136 (2021 - nil) was transferred from the Surplus Fund to the General Operating Fund to cover operating expenses.

During the year ended March 31, 2022, \$129,328 (2021 - \$181,586) was transferred from the Internally Restricted MCC Canada Centennial Fund to the General Operating Fund to cover certain fund raising expenses and \$43,360 (2021 - \$121,891) was transferred from the General Operating Fund to the MCC Canada Centennial Fund for MCC Canada Centennial admin recoveries and MCC Canada's portion of Core program allocations.

During the year ended March 31, 2022, \$7,050,233 (2021 - \$3,535,169) was transferred from the General Operating Fund to the Internally Restricted Shared Program Surplus/Deficit Fund.

# MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 9. Internally Restricted Fund and inter-fund transfers (continued):

During the year ended March 31, 2022, \$1,007,696 (2021 - \$688,941) was transferred from the General Operating Fund to the Internally Restricted Shared Program Bequest Fund and \$235,883 (2021 - nil) was transferred from the Internally Restricted Shared Program Bequest Fund to the General Operating Fund to fund MCCC's commitment to Shared Program.

During the year ended March 31, 2022, \$283,650 (2021 - \$1,496,651) was transferred from the General Operating Fund to the Internally Restricted Shared Program Centennial Core Programming Fund and \$1,245,524 (2021 - nil) was transferred from the the Internally Restricted Shared Program Centennial Core Programming Fund to the General Operating Fund to fund MCCC's commitment to Shared Program.

During the year ended March 31, 2022, \$1,259,620 (2021 - \$773,434) was transferred from the General Operating Fund to the MCC's in Canada Internally Restricted Bequest Fund and \$773,434 (2021 - nil) was transferred from the Bequest Fund to the MCC's in Canada Internally Restricted Strategic Investment Fund.

The purpose of the Strategic Investment Fund is to provide funds to meet special targets of opportunity or needs that further the mission of MCC in Canada and throughout the world and which may or may not have specific expectation of incremental or long-term increased revenue. In addition, its purpose is to provide funds for organizational capacity such as staff development, research and development, or investment in infrastructure that will build the long-term capacity of MCC in Canada. This fund is held by MCCC on behalf of all of the MCCs in Canada

## 10. Allocation of international expenses:

General Program support expenditures relate primarily to the country program supervision costs, the Program Directors department and certain of the expenditures for the Program Learning and Disaster Response department. These expenditures totaling \$5,551,982 (2021 - \$5,163,579) have been allocated as follows:

	2022	2021
Sustainable Community Development	\$ 2,931,587	\$ 2,892,080
Disaster Response	1,334,930	1,116,253
Justice and Peacebuilding	1,285,465	1,155,246
	<u>\$ 5,551,982</u>	<u>\$ 5,163,579</u>

# MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 11. Revenue:

Included in MCCC's revenue are the following amounts that were recorded as revenue by the Canadian Provincial MCCs and forwarded to MCCC as grants in accordance with a predetermined revenue sharing agreement between the MCCs in Canada.

	2022	2021
Contribution revenue:		
General contributions	\$ 15,478,093	\$ 14,022,334
Designated contributions:		
CFGB	4,829,263	5,000,319
Disasters restricted	5,491,161	240,510
Other - international programs	11,019,277	8,146,283
Material resources	1,310,535	919,415
Grant revenue:		
Other	292,115	224,723
	<b>\$ 38,420,444</b>	<b>\$ 28,553,584</b>

## 12. Other revenue:

	2022	2021
Operating Fund:		
Administration fees from CFGB	\$ 233,046	\$ 171,557
Canada Emergency Wage Subsidy (CEWS)	330,665	1,612,898
Canada Emergency Rent Subsidy (CERS)	27,996	-
Interest	166,969	(6,155)
Other	41,510	140,124
International:		
Other contributions and grants	513,648	474,663
	<b>\$ 1,313,834</b>	<b>\$ 2,393,087</b>

MCCC has submitted claims for \$330,665 (2021 - \$1,612,898) for reimbursement under the Government of Canada CEWS program during the year ended March 31, 2022 with nil (2021 - \$121,058) in accounts receivable at March 31, 2022. The amount claimed for reimbursement relates to salaries and wages incurred during the year ended March 31, 2022.

# MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

## 13. Commitments and contingencies:

MCCC has entered into agreements to lease premises for various periods until March 2026. The minimum lease payments, exclusive of realty taxes and other occupancy charges, for each of the next four years are as follows:

2023	\$	267,160
2024		143,151
2025		52,360
2026		31,857

MCCC has signed a Private Sponsorship of Refugees (PSR) Agreement with Immigration Refugee and Citizenship Canada (IRCC) 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, but MCCC remains contingently liable for the financial obligations. The estimated amount of the contingent liability as at March 31, 2022 is approximately \$6,100,000 (2021 - \$14,400,000).

MCCC, together with MCC U.S., are committed to user fees in connection with the Human Resource Information System for \$94,000 (US\$74,000) to December 28, 2022.

## 14. Grants to Provincial MCCs:

During the years ended March 31, 2022 and 2021, the following grant payments were made to provincial MCCs for the purposes indicated:

	2022	2021
Administrative recoveries Disaster/Centennial contributions	\$ 247,305	\$ 513,183
Bequest policy payments	250,985	162,486
Annual surplus policy payments	2,918,669	2,901,605
Centennial core programming payments	69,712	411,760
Other grants	-	11,000
	<b>\$ 3,486,671</b>	<b>\$ 4,000,034</b>

# MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 15. Discontinued operations:

During the year ended March 31, 2020, the Board of MCCC had approved the decision to cease operations of Villages Canada by June 30, 2020. Six company stores and two board stores were closed at the end of March 2020 and the remaining five company stores as well as the webstore were closed at the end of May 2020. The head office staff were employed to the end of June 2020.

Accordingly, the operating results of Villages Canada were classified as a discontinued operation for the year ended March 31, 2021. During the year ended March 31, 2021, Villages Canada recorded \$828,707 of fair trade sales and excess of revenue over expenditures of \$2,756,698.

During the year ended March 31, 2021, the land and building held by Villages Canada was disposed of for proceeds of \$4,700,000 resulting in a gain on disposition of \$3,177,000.

## 16. Pension plan:

MCCC sponsors a defined contribution group RRSP for eligible employees. MCCC's contributions are based on 5 percent of salary costs. Contributions of \$447,575 (2021 - \$127,567) have been expensed during the year ended March 31, 2022 and are included in administration expenses.

## 17. Financial risks:

MCCC manages risk and risk exposures by applying policies approved by the Board of Directors of MCCC.

### (a) Currency risk:

MCCC is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates.

In the normal course of business, MCCC and MCC U.S. incur international expenditures denominated in various foreign currencies and have agreed to share the currency risk related to these expenditures equally. As at March 31, 2022, MCCC had no foreign exchange contracts outstanding.

# MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 17. Financial risks (continued):

### (b) Liquidity risk:

Liquidity risk is the risk that MCCC will be unable to fulfill its obligations on a timely basis or at a reasonable cost. MCCC manages its liquidity risk by monitoring its operating requirements. MCCC prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2021.

### (c) Credit risk:

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. MCCC is exposed to credit risk with respect to the accounts receivable. MCCC assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The allowance for doubtful accounts at March 31, 2022 is nil (2021 - nil). There has been no change to the risk exposure from 2021.

**MENNONITE CENTRAL COMMITTEE CANADA**

Program Expenses

Schedule A

Year ended March 31, 2022, with comparative information for 2021

	Domestic Program	International Program	2022 Total	2021 Total
<b>Sustainable Community Development:</b>				
Education	\$ 34,587	\$ 2,668,295	\$ 2,702,882	\$ 2,717,150
Food security and sustainable livelihoods:	19,506	8,129,529	8,149,035	7,827,973
HIV AIDS	—	—	—	4,579
Water	—	442,764	442,764	451,914
Health:	5,238	1,013,599	1,018,837	718,370
HIV AIDS	—	—	—	318,311
Water	—	593,240	593,240	960,183
Migration and resettlement	294,351	—	294,351	374,654
	353,682	12,847,427	13,201,109	13,373,134
<b>Disaster Response:</b>				
Humanitarian relief and disaster response (HRDR)	143,900	2,389,924	2,533,824	2,530,465
HRDR - Food	—	10,025,114	10,025,114	9,273,194
	143,900	12,415,038	12,558,938	11,803,659
<b>Justice and Peacebuilding:</b>				
Peacebuilding and conflict transformation	513,978	3,277,358	3,791,336	2,563,676
Conflict prevention	14,765	—	14,765	705,377
Restorative justice	84,391	—	84,391	144,205
	613,134	3,277,358	3,890,492	3,413,258
<b>Total expenses</b>	<b>\$ 1,110,716</b>	<b>\$ 28,539,823</b>	<b>\$ 29,650,539</b>	<b>\$ 28,590,051</b>

**MENNONITE CENTRAL COMMITTEE CANADA**

Restricted Fund Summary

Schedule B

Year ended March 31, 2022, with comparative information for 2021

	Fund balance March 31, 2021	Revenue	Program expenses	Inter-fund transfers	Fund balance March 31, 2022
CFGB	\$ 5,558,248	\$ 13,372,411	\$ 13,340,304	\$ -	\$ 5,590,355
Shared Program	1,171,418	-	-	-	1,171,418
Designated government grants	90,804	1,137,101	1,367,082	139,177	-
Designated contributions:					
DRF	-	4,491,462	-	-	4,491,462
Other international programs	-	9,049,309	12,657,655	3,608,346	-
Restricted bequest	1,132,800	-	-	(141,600)	991,200
Material resources	584,152	1,332,192	1,015,857	-	900,487
Constituency initiated projects	104,405	108,248	158,925	-	53,728
<b>Total International Fund</b>	<b>\$ 8,641,827</b>	<b>\$ 29,490,723</b>	<b>\$ 28,539,823</b>	<b>\$ 3,605,923</b>	<b>\$ 13,198,650</b>

Note

In accordance with the Covenant referred to in Note 1, during the year ended March 31, 2022, \$3,608,346 (2021 - \$5,362,537) was allocated from other international programs to the Restricted Fund to cover related international program expenses from undesignated revenue in the General Fund.