

MENNONITE CENTRAL COMMITTEE ALBERTA
Financial Statements
Year Ended March 31, 2021

MENNONITE CENTRAL COMMITTEE ALBERTA
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Year Ended March 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
Mennonite Central Committee Alberta

Qualified Opinion

We have audited the financial statements of Mennonite Central Committee Alberta, which comprise of the statement of financial position as at March 31, 2021, statement of revenue and expenditures, statement of changes in net assets and 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 effect of the matter described in the *Basis for Qualified Opinion*, the accompanying financial statements present fairly, in all material respects, the financial position of Mennonite Central Committee Alberta as at March 31, 2021 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

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 Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In common with many not-for-profit organizations, the Society derives revenues from donations, the completeness of which is not readily susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to fund raising activities and donations, excess of revenue over expenses, assets and fund balances.

Responsibilities of Management's 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 these financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 to do so.

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

Auditor's Responsibility 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 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

CALGARY, ALBERTA
June 23, 2021

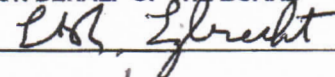
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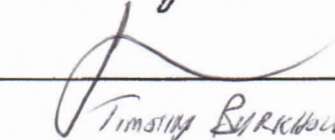
CHARTERED PROFESSIONAL ACCOUNTANTS

MENNONITE CENTRAL COMMITTEE ALBERTA
Statement of Financial Position
March 31, 2021

	2021	Restated 2020
ASSETS		
CURRENT		
Cash and temporary investments (Note 4)	\$2,944,710	\$1,683,034
Accounts receivable	60,368	134,575
Inventory	-	7,412
Goods and services tax recoverable	13,400	15,036
Prepaid expenses	58,282	51,909
	<u>3,076,760</u>	<u>1,891,966</u>
 CAPITAL ASSETS (Note 5)	 5,789,322	 5,982,024
	<u>\$8,866,082</u>	<u>\$7,873,990</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$415,381	\$258,410
Current portion of mortgage payable (Note 6)	1,563,704	1,363,211
Deferred income	2,010	3,090
	<u>1,981,095</u>	<u>1,624,711</u>
 MORTGAGE PAYABLE (Note 6)	 -	 269,562
 DEFERRED OPERATING CONTRIBUTIONS (Note 7)	 761,890	 625,556
 DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	 610,227	 633,934
	<u>3,353,212</u>	<u>3,153,763</u>
NET ASSETS		
Unrestricted	1,353,479	914,382
Internally restricted (Note 9)	544,000	90,528
Invested in capital assets (Note 10)	3,615,391	3,715,317
	<u>5,512,870</u>	<u>4,720,227</u>
	<u>\$8,866,082</u>	<u>\$7,873,990</u>

ON BEHALF OF THE BOARD

 Director

 Director

MENNONITE CENTRAL COMMITTEE ALBERTA
Statement of Revenues and Expenditures
Year Ended March 31, 2021

	2021	Restated 2020
REVENUE		
GENERAL DONATIONS	\$2,099,044	\$2,540,781
THRIFT SHOPS (Schedule 2)	2,944,238	2,689,024
RELIEF SALE	-	275,953
DESIGNATED DONATIONS		
Canadian Foodgrains Bank	455,342	376,034
Disaster Response	342,786	33,804
Other	862,671	1,118,082
	1,660,799	1,527,920
NON-CASH CREDITS		
Material Resources	133,354	169,194
In-Kind Donations	16,753	19,026
	150,107	188,220
REFUGEE SPONSORSHIPS	109,555	156,577
GRANTS/CONTRACTS FOR SERVICES	546,379	400,334
OTHER	31,813	36,863
	7,541,935	7,815,672
EXPENSES		
FORWARDING TO MCC CANADA (Note 11)		
Cash Forwarding	3,002,134	3,243,591
Material Resources	133,354	169,194
	3,135,488	3,412,785
COMMUNITY SERVICES		
Restorative Justice	344,710	441,334
Refugee Sponsorship	157,413	221,094
Community Development	297,844	499,948
	799,967	1,162,376
RESOURCE GENERATION		
Material Resources	90,035	125,575
Thrift Shops (Schedule 2)	1,732,957	1,841,916
Development and Communications	379,471	482,532
	2,202,463	2,450,023
ADMINISTRATION	611,374	560,213
	6,749,292	7,585,397
EXCESS OF REVENUE OVER EXPENSES	\$792,643	\$230,275

MENNONITE CENTRAL COMMITTEE ALBERTA
Statement of Changes in Net Assets
Year Ended March 31, 2021

	Unrestricted	Internally restricted (Note 9)	Invested in capital assets (Note 10)	2021	Restated 2020
NET ASSETS - BEGINNING OF YEAR	\$914,382	\$90,528	\$3,715,317	\$4,720,227	\$4,489,952
EXCESS OF REVENUE OVER EXPENSES	792,643	-	-	792,643	230,275
INTERNALLY RESTRICTED TRANSFER	(453,472)	453,472	-	-	-
CHANGES IN CAPITAL ASSETS	99,926	-	(99,926)	-	-
NET ASSETS - END OF YEAR	\$1,353,479	\$544,000	\$3,615,391	\$5,512,870	\$4,720,227

MENNONITE CENTRAL COMMITTEE ALBERTA
Statement of Cash Flows
Year Ended March 31, 2021

	2021	Restated 2020
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$792,643	\$230,275
Items not affecting cash:		
Amortization of capital assets	200,967	219,818
Amortization of deferred capital contributions	(23,707)	(25,749)
	969,903	424,344
Changes in non-cash working capital:		
Accounts receivable	74,207	(97,949)
Inventory	7,412	1,921
Prepaid expenses	(6,373)	21,341
Goods and services tax recoverable	1,636	6,178
Accounts payable and accrued liabilities	156,971	16,711
Deferred income	(1,080)	(7,885)
Deferred operating contributions	136,334	171,300
	369,107	111,617
Cash flow from operating activities	1,339,010	535,961
INVESTING ACTIVITY		
Purchase of capital assets	(8,265)	(44,343)
FINANCING ACTIVITIES		
Repayment of long-term debt	(69,069)	(142,794)
INCREASE (DECREASE) IN CASH FLOW	1,261,676	348,824
Cash - beginning of year	1,683,034	1,334,210
CASH - END OF YEAR	\$2,944,710	\$1,683,034
CASH CONSISTS OF:		
Cash	\$2,245,401	\$1,089,671
Marketable securities	699,309	593,363
	\$2,944,710	\$1,683,034

MENNONITE CENTRAL COMMITTEE ALBERTA
Notes to Financial Statements
Year Ended March 31, 2021

1. PURPOSE OF MCCA

Mennonite Central Committee Alberta (“MCCA”) is a not-for-profit organization incorporated in 1967 under the Societies Act of the Province of Alberta and is a registered charity, and therefore not subject to tax under Section 149 (1) of the Income Tax Act. MCCA is an agency of the Mennonite and the Brethren in Christ Churches in Alberta. MCCA’s purpose is to demonstrate God’s love through work among people suffering from poverty, conflict, oppression, and natural disaster. MCCA strives for peace, justice, and dignity of all people by sharing our experiences, resources, and faith in Jesus Christ.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNFPPO).

Fund accounting

MCCA accounts for its operations using the following funds:

Unrestricted – accounts for unrestricted assets and liabilities that are used to support ongoing operations and to aid ongoing projects approved by the Board of Directors and management.

Internally restricted – accounts for funds that have been set aside by the Board of Directors for future designated purposes.

Invested in capital assets – net assets invested in capital assets net of related liabilities and deferred contributions.

Revenue recognition

MCCA follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Fundraising and other revenues are recognized as revenue when received or receivable.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are temporary investments (Note 3) and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

(continues)

MENNONITE CENTRAL COMMITTEE ALBERTA
Notes to Financial Statements
Year Ended March 31, 2021

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

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Land	N/A	Non-depreciable
Buildings	40 Years	Straight-line method
Equipment and furniture	5 Years	Straight-line method
Motor vehicles	3 Years	Straight-line method
Computer equipment	3 Years	Straight-line method
Leasehold improvements	10 Years	Straight-line method

MCCA regularly reviews its capital assets to eliminate obsolete items. Capital assets acquired in the year but not placed into use are not amortized until they are placed into use.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Measurement uncertainty

When preparing financial statements according to ASNFPO, management makes estimates and assumptions relating to:

- Reported amounts of revenues and expenses
- Reported amounts of assets and liabilities
- Disclosure of contingent assets and liabilities

Estimates are based on several factors including historical experience, current events, and actions that MCCA may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

MENNONITE CENTRAL COMMITTEE ALBERTA
Notes to Financial Statements
Year Ended March 31, 2021

3. RESTATEMENT OF PRIOR YEAR FIGURES

The restatement of prior year figures is the result of a change in depreciation methodology from declining balance to straight-line.

The effects of this restatement are as follows:

	Original	Restated	Change
Statement of Financial Position			
Capital assets	5,547,962	5,982,024	434,062
Deferred capital contributions	620,921	633,934	13,013
Invested in capital assets	3,294,269	3,715,317	421,048
Statement of Revenues and Expenditures			
Deferred capital contribution	17,614	25,749	8,135
Amortization	165,912	219,818	53,906
Statement of Changes in Net Assets			
Net assets – 2020 opening	4,023,123	4,489,952	466,829
Net assets – 2020 closing	4,299,172	4,720,227	421,055

4. TEMPORARY INVESTMENTS

Temporary investments consist of redeemable deposits bearing interest at 1.00% (2020 – 1.30%).

	2021	2020
Abundance Canada Term Investment	<u>\$599,309</u>	<u>\$593,363</u>

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value
Land	\$1,148,339	\$ -	\$1,148,339
Buildings	5,499,853	968,334	4,531,519
Equipment and furniture	258,205	227,014	31,191
Motor vehicles	102,829	100,014	2,815
Computer equipment	82,749	67,278	15,471
Leasehold improvements	85,695	25,708	59,987
	<u>\$7,177,670</u>	<u>\$1,388,348</u>	<u>\$5,789,322</u>

	Cost	Accumulated amortization	Restated 2020 Net book value
Land	\$1,148,339	\$ -	\$1,148,339
Buildings	5,499,854	830,838	4,669,016
Equipment and furniture	258,205	195,769	62,436
Motor vehicles	102,829	95,558	7,271
Computer equipment	102,789	76,383	26,406
Leasehold improvements	85,695	17,139	68,556
	<u>\$7,197,711</u>	<u>\$1,215,687</u>	<u>\$5,982,024</u>

MENNONITE CENTRAL COMMITTEE ALBERTA
Notes to Financial Statements
Year Ended March 31, 2021

6. MORTGAGE PAYABLE

	2021	2020
Abundance Canada loan bearing interest at 3.8% per annum, repayable in monthly blended payments of \$7,600. The loan matures on September 30, 2021 and is secured by land and building with a net book value of \$4,322,051 (2020 - \$4,428,335).	\$1,282,922	\$1,310,049
Abundance Canada loan bearing interest at 4.3% per annum, repayable in monthly blended payments of \$5,500. The loan matures on April 24, 2022 and is secured by land and building with a net book value of \$1,094,282 (2020 - \$1,118,659).	280,782	322,724
	1,563,704	1,632,773
Amounts payable within one year	(1,563,704)	(1,363,211)
	\$ -	\$269,562

Since the mortgages mature in the subsequent year and have not been renewed as of the date of the audit report, they have been classified as short-term liabilities.

Total mortgage interest expense for the year was \$61,932 (2020 - \$65,406).

7. DEFERRED OPERATING CONTRIBUTIONS

MCCA uses the deferred contribution method for recognizing externally restricted revenue for specific purposes. These revenues are deferred until the related expenditures have been incurred. Changes in deferred operating contributions during the year are as follows:

	Beginning	Additions	Utilizations	Ending
Refugee Fund BVOR	\$259,213	\$131,136	\$80,326	\$310,023
Named Refugee Fund	350,825	146,545	70,772	426,598
Chaplaincy	1,602	-	1,583	19
Grow Hope	13,916	106,359	95,025	25,250
	\$625,556	\$384,040	\$247,706	\$761,890

8. DEFERRED CAPITAL CONTRIBUTIONS

The deferred capital contribution amounts relate to donations received for specific purposes related to the acquisition of the Calgary building and a cargo trailer for the Edmonton Thrift Shop. As such, they are treated as restricted contributions, with revenue being recognized using the same rate and method as the amortization expense of the building and trailer, respectively. Changes in deferred capital contributions during the year are as follows:

	Beginning	Additions	Utilizations	Ending
Calgary building	\$631,892	\$ -	\$21,665	\$610,227
Edmonton cargo trailer	2,042	-	2,042	-
	\$633,934	\$ -	\$23,707	\$610,227

9. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors of MCCA have internally restricted \$544,000 (2020 - \$90,528) of net assets as reserves for capital assets.

MENNONITE CENTRAL COMMITTEE ALBERTA
Notes to Financial Statements
Year Ended March 31, 2021

10. NET ASSETS INVESTED IN CAPITAL ASSETS

	2021	2020
Capital assets, net	\$5,789,322	\$5,982,024
Less: mortgage payable	(1,563,704)	(1,632,773)
Less: deferred capital contributions	(610,227)	(633,934)
	\$3,615,391	\$3,715,317

11. FORWARDING TO MCC CANADA AND OTHER RELATED PARTY TRANSACTIONS

MCCA operates under a vision, mission, brand, and trademark that are owned by MCC Canada and common across the six separate MCC organizations in Canada. The *MCCs in Canada Covenant* is a document that describes the working relationships among the organizations, including the use of financial resources. Provincial and national staff work together for joint planning and decision-making, and one director from MCCA also serves on the Board of MCC Canada. There are policies surrounding revenue sharing, which result in the provincial organizations (including MCCA) receiving amounts from as well contributing amounts to MCC Canada.

	2021	2020
Contributions received from MCC Canada	\$ 318,518	\$ 87,812
Cash contributions paid to MCC Canada	3,002,134	3,243,591
Material resources shipped to MCC Canada	133,354	169,194
Accounts receivable from MCC Canada	-	4,563
Accounts payable to MCC Canada	265,498	3,865

12. FINANCIAL INSTRUMENTS

MCCA is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about MCCA's risk exposure and concentration as of March 31, 2021.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. MCCA is exposed to credit risk from amounts due from granting/contracting agencies.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The exposure of MCCA to interest rate risk arises from its interest-bearing assets and its mortgage payable.

MENNONITE CENTRAL COMMITTEE ALBERTA
Notes to Financial Statements
Year Ended March 31, 2021

13. COMMITMENTS

As at March 31, 2021, MCCA has entered into operating lease agreements with terms extending beyond the current fiscal year. These commitments are as follows:

Premises

The Organization's commitments on operating leases for store premises are as follows:

The Edmonton Thrift Shop has a lease agreement at 12345 – 149 Street, Edmonton, AB that expires May 31, 2022. The annual commitment is as follows:

2022 - \$102,000

2023 - \$ 17,000

14. CONTINGENT LIABILITY

MCC Canada 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. MCC Canada's responsibilities under this agreement were assigned to the various provincial MCCs. MCCA has partnered with various church and community groups to assist with the sponsorship and resettlement of certain refugee families in Alberta. These groups have placed on deposit with MCCA the necessary funds or have committed to raise and hold sufficient funds to sponsor and support these refugee families for the required twelve-month period, from the date of arrival. However, should any of these groups default on their financial obligations, MCCA will be responsible for providing the funding shortfall. As at March 31, 2021, MCCA has 137 active refugee sponsorship cases with an estimated contingent liability of \$1.1 million.

MENNONITE CENTRAL COMMITTEE ALBERTA
Schedule of Operating Expenses by Natural Classifications
Year Ended March 31, 2021

(Schedule 1)

	2021	Restated 2020
OPERATING EXPENSES		
Advertising and promotion	\$9,774	\$26,375
Amortization	85,450	96,413
Bank charges	7,571	6,432
Facility costs	151,669	147,219
Forwarding to MCC Canada	3,135,488	3,412,785
Hospitality and hosting	2,897	19,690
Insurance	38,293	40,530
Materials and supplies	6,736	20,771
Office	42,861	15,119
Professional fees	188,636	94,454
Refugee settlement costs	71,944	118,437
Relief sales and other events	95,551	166,023
Salaries and benefits	1,224,132	1,560,388
Telecommunications	34,946	36,650
Thrift shops (Schedule 2)	1,608,971	1,721,208
Training and volunteer appreciation	16,698	12,952
Travel	27,549	89,000
Vehicle	126	951
	\$6,749,292	\$7,585,397

MENNONITE CENTRAL COMMITTEE ALBERTA
Thrift Shop Activities
Year Ended March 31, 2021

(Schedule 2)

	Calgary	Edmonton	Lethbridge	Taber	2021	Restated 2020
REVENUE						
Sales	\$1,292,917	\$434,575	\$721,942	\$259,198	\$2,708,632	\$2,633,797
Interest and other income	132,655	26,238	46,615	30,098	235,606	55,227
	1,425,572	460,813	768,557	289,296	2,944,238	2,689,024
OPERATING EXPENSES						
Advertising and promotion	-	2,465	-	-	2,465	5,559
Amortization	72,965	11,340	24,377	6,835	115,517	123,405
Bank charges	8,481	7,450	6,765	1,667	24,363	18,784
Facility and office costs	101,244	116,025	58,256	30,848	306,373	329,392
Insurance	325	4,099	6,301	848	11,573	11,735
Professional fees	-	-	704	-	704	1,672
Salaries and benefits	617,483	130,073	232,063	144,196	1,123,815	1,205,519
Telecommunications	701	2,038	1,414	2,194	6,347	7,077
Training and volunteer appreciation	923	759	921	1,729	4,332	7,328
Travel	-	-	-	-	-	927
Vehicle	5,912	3,096	2,777	1,697	13,482	9,810
	808,034	277,345	333,578	190,014	1,608,971	1,721,208
EXCESS OF REVENUE OVER OPERATING EXPENSES	\$617,538	\$183,468	\$434,979	\$99,282	\$1,335,267	\$967,816

Note: MCCA incurred an additional \$123,986 (2020 - \$120,708) in expenses for management and administration, which is included in Thrift Shop Expenses in the Statement of Revenues and Expenditures.