



Mennonite Central Committee

YEARS ENDED
MARCH 31, 2022 AND 2021



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

YEARS ENDED MARCH 31, 2022 AND 2021

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Independent Auditor's Report

Members
Mennonite Central Committee U.S.
Akron, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of Mennonite Central Committee U.S. and subsidiaries (nonprofit organizations) (the Organization), which comprise the consolidated statements of financial position as of March 31, 2022 and 2021 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mennonite Central Committee U.S. and subsidiaries as of March 31, 2022 and 2021 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Brown Schultz Steidman & Fritz

Lancaster, Pennsylvania
August 17, 2022

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents:		
Cash	\$ 4,696,800	\$ 5,198,994
Cash equivalents in investment accounts	219,694	1,270,115
Cash in overseas accounts or held by agents	<u>831,730</u>	<u>788,512</u>
Total cash and cash equivalents	5,748,224	7,257,621
Accounts receivable, trade and others, net	138,309	215,781
Grants receivable	1,604,113	1,544,115
Inventory	3,918,858	2,842,842
Prepaid expenses	469,211	358,165
Investments	60,423,555	47,474,985
Loan receivable	2,655,085	2,846,364
Interest in MASP reserve	809,236	928,868
Beneficial interest in perpetual trusts	376,454	393,548
Property and equipment, net of accumulated depreciation	<u>5,208,637</u>	<u>5,317,260</u>
Total assets	<u>\$ 81,351,682</u>	<u>\$ 69,179,549</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Payables:		
Trade and others	\$ 1,414,244	\$ 1,214,998
Service workers	577,318	485,452
Accrued salaries and benefits	1,157,459	1,006,432
Deferred income	6,440	325
Capital lease liability	15,886	33,628
Paycheck Protection Program loan		<u>1,480,018</u>
Total liabilities	<u>3,171,347</u>	<u>4,220,853</u>
Net assets:		
Without donor restrictions:		
Designated by Mennonite Central Committee	31,014,490	25,452,533
Undesignated	<u>38,211,261</u>	<u>32,889,071</u>
Total without donor restrictions	69,225,751	58,341,604
With donor restrictions	<u>8,954,584</u>	<u>6,617,092</u>
Total net assets	<u>78,180,335</u>	<u>64,958,696</u>
Total liabilities and net assets	<u>\$ 81,351,682</u>	<u>\$ 69,179,549</u>

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2022 AND 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue:						
Contributions	\$ 29,469,611	\$ 9,134,655	\$ 38,604,266	\$ 25,147,789	\$ 8,350,233	\$ 33,498,022
Grants	972,182		972,182	1,613,922		1,613,922
Investment earnings	1,276,697	20,263	1,296,960	7,710,545	310,373	8,020,918
Other program and miscellaneous	1,844,666		1,844,666	1,257,786		1,257,786
Gain on extinguishment of debt	1,480,018		1,480,018			
Material resources donated in-kind	4,546,198		4,546,198	2,954,689		2,954,689
Net assets released from restrictions	6,817,426	(6,817,426)	-	5,957,736	(5,957,736)	-
Total revenue	46,406,798	2,337,492	48,744,290	44,642,467	2,702,870	47,345,337
Expenses:						
Programs:						
Disaster relief	8,276,690		8,276,690	5,635,597		5,635,597
Justice and peacebuilding	5,644,403		5,644,403	4,761,341		4,761,341
Sustainable community development	14,404,377		14,404,377	13,138,060		13,138,060
Total program expenses	28,325,470		28,325,470	23,534,998		23,534,998
General administration	4,386,114		4,386,114	3,922,466		3,922,466
Fundraising	2,811,067		2,811,067	2,375,244		2,375,244
Total expenses	35,522,651		35,522,651	29,832,708		29,832,708
Change in net assets	10,884,147	2,337,492	13,221,639	14,809,759	2,702,870	17,512,629
Net assets:						
Beginning of year	58,341,604	6,617,092	64,958,696	43,531,845	3,914,222	47,446,067
End of year	\$ 69,225,751	\$ 8,954,584	\$ 78,180,335	\$ 58,341,604	\$ 6,617,092	\$ 64,958,696

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2022

2022	Disaster relief	Justice and peacebuilding	Sustainable community development	General administration	Fundraising	Total expenses
Salaries and benefits	\$ 2,403,876	\$ 3,302,942	\$ 5,945,997	\$ 2,995,035	\$ 1,962,391	\$ 16,610,241
Travel	159,415	271,788	519,469	136,610	17,593	1,104,875
Grants	2,060,948	1,052,428	4,293,488		4,000	7,410,864
Freight	282,692		97,701			380,393
Occupancy	239,859	191,432	373,584	21,099	160,668	986,642
Supplies	657,497	70,784	413,352	151,142	8,783	1,301,558
Communications	49,540	64,770	157,501	66,628	151,341	489,780
Meetings and seminars	52,931	322,531	160,295	63,585	13,320	612,662
Professional fees	87,241	81,810	179,833	251,190	46,488	646,562
Other	500,266	285,918	580,260	700,825	446,483	2,513,752
Material resources donated in-kind	1,782,425		1,682,897			3,465,322
Total	\$ 8,276,690	\$ 5,644,403	\$ 14,404,377	\$ 4,386,114	\$ 2,811,067	\$ 35,522,651

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2021

2021	Disaster relief	Justice and peacebuilding	Sustainable community development	General administration	Fundraising	Total expenses
Salaries and benefits	\$ 2,071,894	\$ 3,081,718	\$ 5,477,873	\$ 2,651,979	\$ 1,691,035	\$ 14,974,499
Travel	73,167	115,069	288,006	38,667	2,776	517,685
Grants	1,006,690	952,939	3,897,370			5,856,999
Freight	185,854		147,690			333,544
Occupancy	218,343	155,860	278,159	155,615	138,929	946,906
Supplies	315,368	19,770	309,741	129,447	4,891	779,217
Communications	43,501	56,752	149,641	62,673	72,418	384,985
Meetings and seminars	10,005	178,057	69,801	26,157	6,008	290,028
Professional fees	67,163	48,517	146,257	127,913	104,037	493,887
Other	427,452	152,659	470,952	730,015	355,150	2,136,228
Material resources donated in-kind	1,216,160		1,902,570			3,118,730
Total	\$ 5,635,597	\$ 4,761,341	\$ 13,138,060	\$ 3,922,466	\$ 2,375,244	\$ 29,832,708

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Changes in net assets	\$ 13,221,639	\$ 17,512,629
Adjustments:		
Depreciation	804,505	851,863
Unrealized (gain) loss on investments	946,123	(4,914,699)
Realized gain on investments	(1,423,692)	(2,285,207)
Gain on disposal of property and equipment	(25,070)	(78,204)
Gain on extinguishment of debt	(1,480,018)	
Foreign exchange rate (gains) loss	(51,291)	20,127
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, trade and others	77,472	333,618
Grants receivable	(59,998)	(708,888)
Inventory	(1,076,016)	157,480
Prepaid expenses	(111,046)	104,303
Loan receivable	191,279	106,441
Interest in MASP reserve	119,632	(72,527)
Beneficial interest in perpetual trusts	17,094	(51,558)
Increase (decrease) in:		
Payables:		
Trade and others	199,246	20,028
Service workers	91,866	(132,352)
Accrued salaries and benefits	151,027	69,344
Deferred income	6,115	(1,175)
Total adjustments	<u>(1,622,772)</u>	<u>(6,581,406)</u>
Net cash provided by operating activities	<u>11,598,867</u>	<u>10,931,223</u>
Cash flows from investing activities:		
Proceeds from sale of:		
Property and equipment	34,222	122,354
Investments	18,066,401	16,098,957
Purchases of:		
Investments	(30,537,402)	(30,066,966)
Property and equipment	(705,034)	(268,606)
Net cash used in investing activities	<u>(13,141,813)</u>	<u>(14,114,261)</u>

(continued)

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from financing activities:		
Effect of foreign currency exchange rate changes on cash and cash equivalents	\$ 51,291	\$ (20,127)
Payments made on capital leases	(17,742)	(45,268)
Proceeds from Paycheck Protection Program loan		1,480,018
	<u>33,549</u>	<u>1,414,623</u>
Net cash provided by financing activities	33,549	1,414,623
Net increase (decrease) in cash and cash equivalents	(1,509,397)	(1,768,415)
Cash and cash equivalents:		
Beginning of year	7,257,621	9,026,036
Ending of year	<u>\$ 5,748,224</u>	<u>\$ 7,257,621</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 3,514	\$ 6,352
Noncash financing activities:		
During 2022, the Organization received forgiveness of its Paycheck Protection Program (PPP) loan of \$1,480,018.		

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

1. Nature of the Organization and summary of significant accounting policies:

Nature of the Organization:

Mennonite Central Committee U.S. (MCC U.S. or the Organization), 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 U.S. envisions communities worldwide in the right relationship with God, one another and creation. MCC U.S. is governed by its board of directors which is appointed primarily by participating church denominations and MCC U.S. regional boards of directors.

The financial statements include the accounts of MCC U.S., a Pennsylvania nonprofit corporation, as well as the following controlled corporations: Mennonite Central Committee East Coast (MCC East Coast), a Pennsylvania nonprofit corporation; Mennonite Central Committee Central States, Inc. (MCC Central States), a Kansas nonprofit corporation; Mennonite Central Committee Great Lakes, Inc. (MCC Great Lakes), an Indiana nonprofit corporation and West Coast Mennonite Central Committee, Inc. (West Coast MCC), a California nonprofit corporation. As described below, the financial statements also include the Organization's share of assets, liabilities and activities of the international operations as outlined by the covenant between MCC U.S. and Mennonite Central Committee Canada (MCCC). All material interorganizational transactions and balances have been eliminated.

MCCC and MCC U.S. entered into a covenant to share the operations and all related assets, including property, relationships, reputation, knowledge, experience and supporting systems of the MCC international programs (internally referred to as Shared Program). 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.

Much of the Organization's support comes from a variety of generous individuals and churches. MCC U.S. is strongly supported by Mennonite, Brethren in Christ and Amish communities of faith, as well as by many churches and individuals who are not Anabaptist. MCC U.S. thrift shops and relief sales, included in contributions, together provided approximately 20% (\$9,897,715) and 15% (\$7,014,725) of the Organization's total revenue for the years ended March 31, 2022 and 2021, respectively. Volunteer-initiated events from bike rides to bake sales provide consistent ongoing financial support. Gifts-in-kind include donations of items such as school, relief and health kits, blankets and other material aid.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

1. Nature of the Organization and summary of significant accounting policies (continued):

Basis of presentation:

Financial statement presentation follows the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities in up to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions - are those not restricted by donors or the donor-imposed restrictions have expired.

Net assets with donor restrictions - are those subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Cash and cash equivalents:

For purposes of the statements of cash flows, all repurchase agreements and other highly liquid investments, including money market mutual funds and government agency securities with maturities of three months or less when purchased, as well as variable rate demand notes, are considered to be cash equivalents. All cash equivalents held in investment accounts are Level 1 measurements.

Receivables:

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables.

Inventory valuation:

Inventories of material resources donated in-kind are valued at the lower of cost or net realizable value which approximates fair value at the time of donation.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

1. Nature of the Organization and summary of significant accounting policies (continued):

Foreign currency:

The statements of financial position reflect foreign accounts in the U.S. dollar equivalent using the rate of exchange at year end. Contributions and expenses are converted using the average exchange rate in the month of the transaction. The amount of foreign exchange gain included in the statements of activities was \$51,291 for the year ended March 31, 2022. The amount of foreign exchange loss included in the statements of activities was \$20,127 for the year ended March 31, 2021.

Investments:

Investments are carried at fair value. Unrealized gains and losses are included in the change in net assets.

Endowments:

The Organization's endowments consist of individual funds established for a variety of purposes. Its endowments include funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization may annually spend up to 4% of the average market value of the fund for the previous five years, using June 30 valuations, unless otherwise restricted by the donor.

Property and equipment:

Property and equipment are stated at cost. Expenditures that significantly extend the useful life of an asset are capitalized. Maintenance and repairs are charged to expense as incurred. When depreciable properties are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income. Depreciation is computed primarily by the straight-line depreciation method at rates based on estimated service lives.

Donations of property and equipment, including related contributed labor and services, are recorded as contributions at their fair value. Such donations are reported as contributions without donor restrictions, unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

1. Nature of the Organization and summary of significant accounting policies (continued):

Property and equipment:

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Endowments:

The Organization has interpreted the Pennsylvania Uniform Principal and Income Act and Pennsylvania Act 141 as requiring the preservation of the fair value of the original gift as of the receipt date of the donor restricted endowment funds, to the extent that there are no donor stipulations to the contrary. The Organization classifies the original value of gifts donated to the endowments that are perpetual in nature and the original value of subsequent gifts made to the endowments as with donor restrictions. The earnings of the donor-restricted endowment funds are classified as without donor restrictions.

Revenue recognition:

The Organization's primary sources of revenues are contributions and grants from individuals, foundations and businesses.

Contributions are considered non-exchange transactions and are recognized when received. Contributions received are recorded as support without donor restrictions, unless they are restricted by donor-imposed stipulations. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. For restricted contributions where the restrictions are satisfied in the same period as receipt of contributions, the Organization reports these contributions as support without donor restrictions.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

1. Nature of the Organization and summary of significant accounting policies (continued):

Revenue recognition:

The Organization receives grants from various parties. Some of the grants are reimbursement based. The Organization will perform the work outlined in the agreements and then submit for reimbursement for the costs incurred to fulfill the performance obligations outlined in the agreements. The Organization recognizes revenue at the point in time when the performance obligation is met. Other grants are received and specified to be used in a particular time period or for a particular project. This grant revenue is reported as support without donor restrictions, unless the funds are received with grantor stipulations that limit the use of the grant funds. When stipulations of use exist, the grant revenue is reported as support with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Other program and miscellaneous revenue are included as other revenue and are recognized at a point in time or over time based on the nature of the transaction.

Material resources donated in-kind:

MCC U.S. records gifts of meat, clothing, bedding and other donated items at fair value when they are received.

Contributed services:

The Organization receives a significant amount of donated services from volunteers who assist in various program activities for which the criteria for recognition of these services under generally accepted accounting principles (GAAP) have not been satisfied. Therefore, no amounts are reflected in the accompanying statements of activities.

Functional expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated generally based on payroll or actual cost for each program and supporting service benefited.

The significant classifications included in other expenses are promotion, insurance, memberships, staff development, amortization and other classifications.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

1. Nature of the Organization and summary of significant accounting policies (continued):

Income taxes:

The Organization has been recognized as corporations exempt from United States federal income taxes under Section 501(c)(3) of the IRC. Accordingly, no provision for income taxes has been reflected in the Organization's financial statements.

Retirement plan:

The Organization sponsors a defined contribution plan that covers salaried employees after six months of employment, domestic service workers after two years of service and international service workers after three years of service. The Organization contributes an amount equal to 7% of the employee's eligible compensation. This contribution was suspended from August 2020 through January 2021. For employees who were active members of the Organization's pension plan on December 31, 1991, and who have continued service without interruption, MCC U.S.'s contributions will be 10% of salary during employment years in which workers are 50 years old or older. Contributions to the plan for the years ended March 31, 2022 and 2021 totaled \$1,099,912 and \$748,400, respectively. During the year ended March 31, 2021, employer contributions were suspended from July 2020 to January 2021 due to the COVID-19 pandemic.

Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications:

Certain reclassifications have been made to the 2021 financial statement amounts in order to conform to the 2022 presentation.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

1. Nature of the Organization and summary of significant accounting policies (continued):

Recently issued accounting standards:

Leases:

FASB Accounting Standards Update (ASU) 2016-02, *Leases*, with effective dates amended by FASB ASU 2020-05, is effective for the Organization's March 31, 2023 fiscal year end and requires that all leases with terms of more than 12 months be recognized as assets and liabilities on the balance sheet. Recognition of these lease assets and lease liabilities represents a change from previous GAAP, which did not require lease assets and lease liabilities to be recognized for operating leases. Qualitative disclosures, along with specific quantitative disclosures, will be required to provide enough information to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an entity's leasing activities.

The Organization will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that the Organization may elect to apply. At adoption, the Organization will recognize a right-of-use asset and a lease liability initially measured at the present value of its operating lease payments. The Organization is currently evaluating the impacts of adopting this guidance on its financial position, results of operations and cash flows.

Contributed nonfinancial assets:

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard will require contributed nonfinancial assets to be a separate line item in the statement of activities and enhanced disclosures. The required disclosures include a disaggregation of the amount of contributed nonfinancial assets recognized in the statement of activities by category that depicts the type of contributed nonfinancial assets and for each category of contributed nonfinancial assets: 1) qualitative information regarding utilization or monetization of the contributed nonfinancial assets, 2) the programs or activities the contributed nonfinancial assets were utilized for, 3) the entity's policy for monetizing rather than utilizing contributed nonfinancial assets (if applicable), 4) a description of any donor-imposed restrictions on the nonfinancial assets, 5) a description of the valuation techniques and inputs used to arrive at the fair market value assigned to the contributed nonfinancial assets and 6) the principal market used to arrive at a fair value measure if it is a market in which the recipient not-for-profit is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial asset. The standard is to be applied retrospectively and will be effective for the Organization beginning April 1, 2022. The Organization is currently evaluating the impacts of adopting this guidance on its financial statements and related disclosures.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

2. Cash and cash equivalents:

MCC U.S. maintains several bank accounts which may at times exceed the federally insured limits. At March 31, 2022, the amount of deposits in cash held at various banks exceeded the Federal Deposit Insurance Corporation (FDIC) limit by approximately \$4,626,000. The Organization has experienced no losses related to uninsured balances. Cash in overseas accounts or held by agents and cash equivalents in investment accounts are not federally insured.

3. Financial assets and liquidity resources:

As of March 31, 2022 and 2021, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, payments on notes payable, and purchases of property and equipment were as follows:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents (1)	\$ 5,692,025	\$ 7,201,422
Investments (1)	37,795,799	32,036,001
Receivables:		
Trade	138,309	215,781
Grant	1,604,113	1,544,115
Current portion loans	<u>100,118</u>	<u>86,737</u>
Total financial assets available within one year	45,330,364	41,084,056
Net assets with donor restrictions (1)	(5,136,197)	(2,688,822)
Net assets without donor restrictions, board designated	<u>(11,640,957)</u>	<u>(13,149,983)</u>
Total financial assets and liquidity resources available within one year	<u>\$ 28,553,210</u>	<u>\$ 25,245,251</u>

(1) Excluding amounts held for endowment and beneficial interests in third-party trusts.

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations become due.

To manage unanticipated liquidity needs, MCC U.S. maintains a \$3,000,000 line of credit with a bank that can be drawn upon as needed during the year to manage cash flows. MCC U.S. had no draws on the line of credit in 2022 or 2021.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

4. Grants receivable:

Unconditional grants receivable of \$1,604,113 and \$1,544,115 were due as of March 31, 2022 and March 31, 2021, respectively.

5. Loans receivable:

Loans are extended to thrift shops to help finance construction. Payment terms on the loans generally vary from several months to ten years, and interest rates vary from interest free to prime minus 1%. For larger loans receivable, collateral includes the properties owned by the thrift shop. Management believes the loans will be collected.

6. Investment valuation and investments:

Investments for which market prices are readily available (common stock) are valued by reference to quoted market prices.

Investments for which market prices are not readily available include fixed income securities (U.S. government bonds, corporate and municipal bonds) and other investments. The fixed income securities are valued by the broker using a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to calculate an estimated market value.

These methodologies are consistent with methodologies previously used to value investments.

FASB ASC 820 clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of the fair value measurements. ASC 820 also establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset. Observable inputs reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset developed based on the best information available in the circumstances. The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 – Quoted prices in active markets for identical investment

Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments). The Organization does not hold any Level 3 investments as of March 31, 2022 or 2021.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2022 AND 2021

6. Investment valuation and investments (continued):

The fair values of investments measured on a recurring basis at March 31, 2022 and 2021 were as follows:

Valuation inputs	Investment in securities	
	2022	2021
Level 1 - Quoted prices	\$ 31,629,361	\$ 24,268,664
Level 2 - Other significant observable inputs	29,170,648	23,599,869
	<u>\$ 60,800,009</u>	<u>\$ 47,868,533</u>

Investments were comprised of the following:

	2022		2021	
	Cost	Carrying value	Cost	Carrying value
Investments held:				
Common stock	\$ 16,324,261	\$ 18,124,023	\$ 13,370,722	\$ 15,005,180
Corporate and municipal bonds	20,163,452	19,324,370	16,745,721	16,773,567
Other	281,199	347,406	203,993	257,254
	<u>36,768,912</u>	<u>37,795,799</u>	<u>30,320,436</u>	<u>32,036,001</u>
Endowment funds held:				
Common stock	11,460,788	13,505,338	7,381,114	9,263,484
Corporate and municipal bonds	9,065,659	8,667,795	5,792,891	5,866,487
Other	372,908	454,623	271,670	309,013
	<u>20,899,355</u>	<u>22,627,756</u>	<u>13,445,675</u>	<u>15,438,984</u>
	<u>\$ 57,668,267</u>	<u>\$ 60,423,555</u>	<u>\$ 43,766,111</u>	<u>\$ 47,474,985</u>

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

6. Investment valuation and investments (continued):

The following schedule summarizes the investment earnings and its classification in the statements of activities for the years ended March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest, dividends and expenses	\$ 819,391	\$ 821,012
Realized gain	1,423,692	2,285,207
Unrealized gains (losses)	<u>(946,123)</u>	<u>4,914,699</u>
	<u>\$ 1,296,960</u>	<u>\$ 8,020,918</u>

7. Property and equipment:

Property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Land and buildings	\$ 10,996,340	\$ 10,811,007
Construction in progress	42,185	3,742
Furniture and equipment	2,482,771	2,536,766
Vehicles	<u>2,060,452</u>	<u>1,893,727</u>
	15,581,748	15,245,242
Accumulated depreciation	<u>10,373,111</u>	<u>9,927,982</u>
Total property and equipment	<u>\$ 5,208,637</u>	<u>\$ 5,317,260</u>

Depreciation charged to expense during the years ended March 31, 2022 and 2021 totaled \$804,505 and \$851,863, respectively.

8. Line of credit:

The Organization has a \$3,000,000 line of credit with Fulton Bank. The line is secured by the assets held in an investment account managed by Fulton Financial Advisors. Interest is calculated at London Interbank Offered Rate (LIBOR) plus 2.25%, which was 2.69% at March 31, 2022 or an interest rate floor of 4%. There were no borrowings on the line of credit at March 31, 2022.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

9. Paycheck Protection Program loan:

In April 2020, the Organization secured and received funding totaling \$1,480,018 from the Paycheck Protection Program, a government program authorizing loans to small businesses to cover payroll costs, rent and utility costs over an eight-week period. The loan might have become due if the Organization used funds for anything besides these costs or did not incur enough of the qualified costs. The Organization received forgiveness for the full balance of the funding received and, as such, has recorded \$1,480,018 as grant income in the March 31, 2022 consolidated statement of activities.

10. Beneficial interest in perpetual trusts:

MCC U.S. is an income beneficiary of several perpetual trusts held by third parties. Under the terms of these trusts, MCC U.S. has the irrevocable right to receive the income earned on the trust assets in perpetuity. The beneficial interest in perpetual trusts is reflected as net assets with donor restrictions on the accompanying statements of financial position and is valued at fair value using quoted market prices. Changes in value for the period are recognized as an element of the change in net assets with donor restrictions. Perpetual trusts are included as level 2 investments in Note 6.

11. Net assets with donor restrictions:

Net assets with donor restrictions included the following at March 31:

	<u>2022</u>	<u>2021</u>
Endowment funds	\$ 3,441,933	\$ 3,534,722
Beneficial interests in third-party trusts	376,454	393,548
Time restrictions	1,045,130	620,646
Program restrictions	<u>4,091,067</u>	<u>2,068,176</u>
	<u>\$ 8,954,584</u>	<u>\$ 6,617,092</u>

Endowment fund:

The long-term objective of the endowment fund is to pursue a set of objectives designed to maximize the returns of the endowment fund without exposing it to undue risk. In order to meet its goals, the investment strategy of the endowment fund is to emphasize total return, that is, the aggregate return from capital appreciation and dividend and interest income. The objective shall be achieved by investing in a mix of cash equivalents, fixed income instruments and equity securities that meet the investment strategy. The objective may also be achieved by use of alternative investment that meets the investment strategy.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2022 AND 2021

11. Net assets with donor restrictions (continued):

Endowment fund:

Investment strategies employed by the managers shall conserve and enhance the capital value of the endowment fund in real terms through asset appreciation and income generation, while maintaining an appropriate investment risk profile.

In order to achieve its objectives for its assets, the endowment fund will experience volatility of returns and fluctuations of market value. A level of volatility similar to a comparable market index is deemed acceptable in order to achieve the investment objectives of the endowment fund.

Changes in endowment-related activities for the years ended 2022 and 2021 were as follows:

	Without donor restrictions (board designated)	With donor restrictions	Total
April 1, 2020	\$ 9,023,284	\$ 770,905	\$ 9,794,189
Net investment income	2,890,264	258,815	3,149,079
Contributions	389,002	2,505,002	2,894,004
March 31, 2021	12,302,550	3,534,722	15,837,272
Net investment income	489,734	(218,590)	271,144
Contributions	6,581,249	125,801	6,707,050
March 31, 2022	<u>\$ 19,373,533</u>	<u>\$ 3,441,933</u>	<u>\$ 22,815,466</u>

Net assets released from restrictions were as follows:

	2022	2021
Released from:		
Time restrictions expired	\$ 590,575	\$ 653,684
Program restrictions, other international activities	6,226,851	5,304,052
	<u>\$ 6,817,426</u>	<u>\$ 5,957,736</u>

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2022 AND 2021

12. Net assets without donor restrictions:

Net assets without donor restrictions consist of amounts which are applied to long-term assets, reserved by the MCC U.S. Board for special purposes and available for operations. Net assets without donor restrictions are summarized as follows:

	<u>2022</u>	<u>2021</u>
Applied to long-term assets, invested in property and equipment	\$ 5,208,637	\$ 5,317,260
Other unrestricted	<u>33,002,624</u>	<u>27,571,811</u>
	<u>38,211,261</u>	<u>32,889,071</u>
 Reserved by board action (not available for current operations):		
Board designated endowments	19,373,533	12,302,550
Capital reserve	5,640,957	3,744,983
Centennial reserve		405,000
Ten Thousand Villages reserve	<u>6,000,000</u>	<u>9,000,000</u>
	<u>31,014,490</u>	<u>25,452,533</u>
 Total net assets without donor restrictions	<u>\$ 69,225,751</u>	<u>\$ 58,341,604</u>

13. MASP employee healthcare assistance benefit program:

The Organization participates in a self-funded employee healthcare assistance benefit program, Mutual Aid Sharing Program (MASP). The MASP is a not-for-profit employee benefit plan whereby mission and service agencies of the Anabaptist Community share with each other the cost of providing healthcare assistance and death benefits to their employees.

Under the MASP, the Organization is responsible for claims up to the retention of \$30,000 per person (retained claims). Claims in excess of the retention up to \$250,000 will be pooled with the other agencies. Claims in excess of the retention and the \$250,000 are reinsured by a stop loss policy that covers all MASP agencies. The stop loss reinsurance defines a claim as the total medical claims per individual per MASP fiscal year (October 1 through September 30). The Organization has expensed its retained claims and its monthly payments to the MASP for its expected share of pooled claims and administrative costs including stop loss premiums. The payments include the actuarially projected amount to cover claims that exceed the agency retention up to \$250,000. The actual amount may differ from this estimate based on the Organization's and pooled agencies' actual experience.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

13. MASP employee healthcare assistance benefit program (continued):

The MASP maintains a reserve fund, which can be drawn upon in the event of a large single claim or a series of large claims or if the MASP chooses to allocate a portion of the reserve fund to lower the aggregate shared claims limit. Claims are expensed as incurred. The Organization has determined its estimated share of the reserve fund to be \$809,236 and \$928,868 at March 31, 2022 and 2021, respectively.

14. Commitments:

The Organization has agreements to lease premises for various periods until March 2027.

Future minimum lease payments under these agreements are as follows:

2023	\$ 137,261
2024	103,375
2025	45,698
2026	25,494
2027	<u>1,674</u>
Total minimum future rental payments	<u>\$ 313,502</u>

Rent expense totaled \$131,819 and \$174,135 for the years ended March 31, 2022 and 2021, respectively.

The Company leases vehicles under agreements that are classified as capital leases. The cost of equipment under capital leases, included in the statements of financial position as vehicles, was \$170,818 at March 31, 2022 and 2021. Accumulated amortization of the leased equipment at March 31, 2022 and 2021 was \$118,547 and \$84,383, respectively. Amortization of assets under capital leases is included in depreciation expense.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

14. Commitments (continued):

The future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of March 31, 2022 are as follows:

2023	\$ 12,906
2024	4,932
2025	<u>2,712</u>
Total minimum lease payments	20,550
Less amount representing maintenance included in total amounts above	<u>1,975</u>
Net minimum lease payments	18,575
Less amount representing interest	<u>2,689</u>
Present value of net minimum lease payments	<u><u>\$ 15,886</u></u>

15. Related parties:

The Organization is named in Ten Thousand Villages' (TTV) adopted restated bylaws effective October 29, 2016, whereby the number of MCC U.S. appointed representatives shall at all times be one (1) less than a majority of the then current number of directors of TTV.

TTV has entered into an agreement with the Organization, whereby the Organization guarantees TTV's bank line of credit and mortgage loans, which were entered into in January 2017. The Organization is committed to the sustainable livelihoods of artisans who produce the TTV's products, as well as the long-term stewardship of their constituency's investment in significant amounts of volunteer and financial resources in support of the ministries of the Organization and TTV.

As of March 31, 2022, MCC U.S. is contingently liable, as guarantor, with respect to \$7,781,052 of indebtedness of TTV. At any time, should TTV fail to pay debt payments when due, MCC U.S. will be obligated to perform under the guarantee by primarily making the required payments, including late fees and penalties. The maximum potential amount of future payments that the Company is required to make under the guarantee is \$10,372,332. The Organization's guarantee is secured by two properties that were appraised at a combined value of \$8,800,000 during the most recent appraisal, as well as being secured by the inventory and personal property of TTV. The Company feels that the guarantee on the loan is substantially secure with these properties. TTV is current with their debt payments at March 31, 2022. As of February 2018, TTV has consented to the execution of a contingent mortgage to secure its obligation to MCC U.S. arising from MCC U.S.'s guarantee of payment or performance of TTV's obligations to Fulton Bank.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

15. Related parties (continued):

TTV reimbursed MCC U.S. for various operating expenses throughout the year. Amounts due from TTV at March 31, 2022 and 2021 were \$2,361 and \$19,831, respectively.

Amounts payable to MCC Canada at March 31, 2022 and 2021 totaled \$23,254 and \$161,877, respectively. This balance was included in accounts payable.

16. Foreign assets and liabilities:

Foreign assets and liabilities consisted of the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 825,297	\$ 780,945
Accounts receivable	39,722	39,619
Grant receivable	589,055	868,919
Prepaid expenses	154,593	108,238
Property and equipment, net	490,952	359,225
Payables and accrued benefits	1,110,057	869,952

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2022 AND 2021

17. Domestic and international program expenses:

Domestic and international program expenses consisted of the following:

	2022			2021		
	Domestic program	International program	Total program	Domestic program	International program	Total program
Salaries and benefits	\$ 3,968,084	\$ 7,684,731	\$ 11,652,815	\$ 4,285,855	\$ 6,345,630	\$ 10,631,485
Travel	195,433	755,239	950,672	58,542	417,700	476,242
Grants	481,346	6,925,518	7,406,864	435,554	5,421,445	5,856,999
Freight	51,268	329,125	380,393	35,951	297,593	333,544
Occupancy	290,992	513,883	804,875	172,348	480,014	652,362
Supplies	628,914	512,719	1,141,633	292,288	352,591	644,879
Communications	57,877	213,934	271,811	113,760	136,134	249,894
Meetings and seminars	97,946	437,811	535,757	93,157	164,706	257,863
Professional fees	42,892	305,992	348,884	90,804	171,133	261,937
Other	515,905	850,539	1,366,444	567,780	483,283	1,051,063
Material resources donated in-kind	160,988	3,304,334	3,465,322	179,706	2,939,024	3,118,730
Total	\$ 6,491,645	\$ 21,833,825	\$ 28,325,470	\$ 6,325,745	\$ 17,209,253	\$ 23,534,998
	Total expenses by priority					
	Domestic program	International program	Total program	Domestic program	International program	Total program
Disaster relief	\$ 1,945,733	\$ 6,330,957	\$ 8,276,690	\$ 1,781,169	\$ 3,854,428	\$ 5,635,597
Justice and peacebuilding	1,688,107	3,956,296	5,644,403	1,641,801	3,119,540	4,761,341
Sustainable community development	2,857,805	11,546,572	14,404,377	2,902,775	10,235,285	13,138,060
Total	\$ 6,491,645	\$ 21,833,825	\$ 28,325,470	\$ 6,325,745	\$ 17,209,253	\$ 23,534,998

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED MARCH 31, 2022 AND 2021

18. Impact of COVID-19 pandemic:

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern” and characterized COVID-19 as a pandemic. The U.S. government has also implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. The spread of this virus caused business disruption to the Organization beginning March 2020, due to state government-imposed shutdowns of business and other results of the illness. The Organization implemented cost reduction measures during 2020 and made use of federal stimulus funds. Although COVID-19 has been a major interruption of the Organization’s international programs, it has found ways to continue implementation of programs and also focus on those made most vulnerable by COVID-19. While the Organization expects this matter may continue to negatively impact its results, the extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on overall demand for the Trust’s services, all of which are highly uncertain and cannot be predicted.

19. Subsequent events:

MCC U.S. has evaluated subsequent events through August 17, 2022, the date which the financial statements were available to be issued.

Independent Accountant's Report on Consolidating Information

Members

Mennonite Central Committee U.S.
Akron, Pennsylvania

We have audited the consolidated financial statements of Mennonite Central Committee U.S. and subsidiaries as of and for the years ended March 31, 2022 and 2021, and our report thereon dated August 17, 2022, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on the consolidating statements of financial position and the consolidating statements of activities are presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position and results of operations of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Brown Schultz Sheridan & Fritz

Lancaster, Pennsylvania
August 17, 2022

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

MARCH 31, 2022

(See independent accountant's report on supplementary information)

	ASSETS						
	U.S. and shared program	East Coast	Central States	Great Lakes	West Coast	Eliminations	Total
Cash and cash equivalents:							
Cash	\$ 4,123,549	\$ 400,439	\$ 71,718	\$ 52,976	\$ 48,118		\$ 4,696,800
Cash equivalents in investment accounts	207,943	3,383	820	6,916	632		219,694
Cash in overseas accounts or held by agents	825,297			6,433			831,730
Total cash and cash equivalents	5,156,789	403,822	72,538	66,325	48,750		5,748,224
Accounts receivable, trade and others, net	125,705	212	4,067	8,325			138,309
Due from related entity		2,783,141	1,808,267	2,114,778	1,411,571	\$ (8,117,757)	-
Grants receivable	1,604,113						1,604,113
Inventory	3,615,739				303,119		3,918,858
Prepaid expenses	437,313	9,908	17,300	3,550	1,140		469,211
Investments	56,433,230	1,850,371	435,535	1,481,688	222,731		60,423,555
Loan receivable	2,555,085			100,000			2,655,085
Interest in MASP reserve	809,236						809,236
Beneficial interest in perpetual trusts	376,454						376,454
Property and equipment, net	3,547,895	563,310	643,139	260,229	194,064		5,208,637
Total assets	\$ 74,661,559	\$ 5,610,764	\$ 2,980,846	\$ 4,034,895	\$ 2,181,375	\$(8,117,757)	\$ 81,351,682

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

MARCH 31, 2022

(See independent accountant's report on supplementary information)

LIABILITIES AND NET ASSETS

	U.S. and shared program	East Coast	Central States	Great Lakes	West Coast	Eliminations	Total
Liabilities:							
Payables:							
Trade and others	\$ 1,238,507	\$ 17,903	\$ 90,031	\$ 41,900	\$ 25,903		\$ 1,414,244
Service workers	577,318						577,318
Due to related entity	8,117,757					\$ (8,117,757)	-
Accrued salaries and benefits	676,220	195,891	96,733	112,264	76,351		1,157,459
Deferred income	6,440						6,440
Capital lease liability	15,886						15,886
Total liabilities	10,632,128	213,794	186,764	154,164	102,254	(8,117,757)	3,171,347
Net assets:							
Without donor restrictions:							
Designated by Mennonite Central Committee	31,014,490						31,014,490
Undesignated	24,844,986	5,171,925	2,531,133	3,648,676	2,014,541		38,211,261
Total without donor restrictions	55,859,476	5,171,925	2,531,133	3,648,676	2,014,541		69,225,751
With donor restrictions	8,169,955	225,045	262,949	232,055	64,580		8,954,584
Total net assets	64,029,431	5,396,970	2,794,082	3,880,731	2,079,121		78,180,335
Total liabilities and net assets	\$ 74,661,559	\$ 5,610,764	\$ 2,980,846	\$ 4,034,895	\$ 2,181,375	\$(8,117,757)	\$ 81,351,682

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

MARCH 31, 2021

(See independent accountant's report on supplementary information)

	ASSETS						
	U.S. and shared program	East Coast	Central States	Great Lakes	West Coast	Eliminations	Total
Cash and cash equivalents:							
Cash	\$ 4,390,727	\$ 306,318	\$ 185,820	\$ 187,481	\$ 128,648		\$ 5,198,994
Cash equivalents in investment accounts	1,254,905	4,427	683	9,572	528		1,270,115
Cash in overseas accounts or held by agents	780,945		(13)	7,010	570		788,512
Total cash and cash equivalents	6,426,577	310,745	186,490	204,063	129,746		7,257,621
Accounts receivable, trade and others, net	192,725	14,347	(506)	8,932	283		215,781
Due from related entity		2,369,437	1,304,748	2,046,790	1,014,352	\$ (6,735,327)	-
Grants receivable	1,544,115						1,544,115
Inventory	2,535,681				307,161		2,842,842
Prepaid expenses	320,176	9,570	159	24,153	4,107		358,165
Investments	44,813,633	1,316,754	189,794	1,075,862	78,942		47,474,985
Loans receivable	2,752,102	94,262					2,846,364
Interest in MASP reserve	928,868						928,868
Beneficial interest in perpetual trusts	393,548						393,548
Property and equipment, net	3,655,613	565,450	640,067	243,164	212,966		5,317,260
Total assets	\$ 63,563,038	\$ 4,680,565	\$ 2,320,752	\$ 3,602,964	\$ 1,747,557	\$(6,735,327)	\$ 69,179,549

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

MARCH 31, 2021

(See independent accountant's report on supplementary information)

LIABILITIES AND NET ASSETS

	U.S. and shared program	East Coast	Central States	Great Lakes	West Coast	Eliminations	Total
Liabilities:							
Payables:							
Trade and others	\$ 1,021,907	\$ 59,803	\$ 108,618	\$ 14,440	\$ 10,230		\$ 1,214,998
Service workers	485,452						485,452
Due to related entity	6,735,327					\$ (6,735,327)	-
Accrued salaries and benefits	610,068	163,129	86,535	92,154	54,546		1,006,432
Deferred income	325						325
Capital lease liability	33,628						33,628
Paycheck Protection Program loan	850,458	244,095	125,652	157,712	102,101		1,480,018
Total liabilities	9,737,165	467,027	320,805	264,306	166,877	(6,735,327)	4,220,853
Net assets:							
Without donor restrictions:							
Designated by Mennonite Central Committee	25,452,533						25,452,533
Undesignated	21,957,652	4,195,392	1,862,341	3,295,136	1,578,550		32,889,071
Total without donor restrictions	47,410,185	4,195,392	1,862,341	3,295,136	1,578,550		58,341,604
With donor restrictions	6,415,688	18,146	137,606	43,522	2,130		6,617,092
Total net assets	53,825,873	4,213,538	1,999,947	3,338,658	1,580,680		64,958,696
Total liabilities and net assets	\$ 63,563,038	\$ 4,680,565	\$ 2,320,752	\$ 3,602,964	\$ 1,747,557	\$(6,735,327)	\$ 69,179,549

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2022

(See independent accountant's report on supplementary information)

	U.S. and shared program	East Coast	Central States	Great Lakes	West Coast	Total
Activities without donor restrictions:						
Revenue:						
Contributions	\$ 22,688,701	\$ 2,326,487	\$ 1,616,099	\$ 1,618,443	\$ 1,219,881	\$ 29,469,611
Grants	913,527	8,630		400	49,625	972,182
Investment earnings	1,201,916	42,740	(845)	34,273	(1,387)	1,276,697
Other program and miscellaneous	818,063	528,566	102,741	146,262	249,034	1,844,666
Gain on extinguishment of debt	850,458	244,095	125,652	157,712	102,101	1,480,018
Material resources donated in-kind	4,384,391	152,673	819	8,315		4,546,198
Net assets released from restrictions	6,409,711	129,497	104,262	147,648	26,308	6,817,426
Allocation of revenue to regions	(572,436)	220,403	135,312	162,074	54,647	-
Total revenue	36,694,331	3,653,091	2,084,040	2,275,127	1,700,209	46,406,798
Expenses:						
Programs:						
Disaster relief	7,063,075	705,908	273,465	224,934	9,308	8,276,690
Justice and peacebuilding	4,855,485	323,980	211,493	147,703	105,742	5,644,403
Sustainable community development	12,381,433	722,086	282,580	742,104	276,174	14,404,377
General administration	2,264,087	568,820	389,862	410,368	752,977	4,386,114
Fundraising	1,680,960	355,764	257,848	396,478	120,017	2,811,067
Total expenses	28,245,040	2,676,558	1,415,248	1,921,587	1,264,218	35,522,651
Change in net assets without donor restrictions	8,449,291	976,533	668,792	353,540	435,991	10,884,147

(continued)

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)

YEAR ENDED MARCH 31, 2022

(See independent accountant's report on supplementary information)

	U.S. and shared program	East Coast	Central States	Great Lakes	West Coast	Total
Donor restricted activities:						
Revenue:						
Contributions	\$ 8,817,798	\$ 88,895	\$ 75,972	\$ 138,070	\$ 13,920	\$ 9,134,655
Investment earnings	(118,868)	50,087	32,000	34,783	22,261	20,263
Allocation of revenue to regions	(534,952)	197,414	121,633	163,328	52,577	-
Net assets released from restrictions	(6,409,711)	(129,497)	(104,262)	(147,648)	(26,308)	(6,817,426)
Change in net assets with donor restrictions	1,754,267	206,899	125,343	188,533	62,450	2,337,492
Change in net assets	10,203,558	1,183,432	794,135	542,073	498,441	13,221,639
Net assets:						
Beginning of year	53,825,873	4,213,538	1,999,947	3,338,658	1,580,680	64,958,696
End of year	\$ 64,029,431	\$ 5,396,970	\$ 2,794,082	\$ 3,880,731	\$ 2,079,121	\$ 78,180,335

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2021

(See independent accountant's report on supplementary information)

	U.S. and shared program	East Coast	Central States	Great Lakes	West Coast	Total
Activities without donor restrictions:						
Revenue:						
Contributions	\$ 18,719,198	\$ 2,457,723	\$ 1,312,997	\$ 1,401,199	\$ 1,256,672	\$ 25,147,789
Grants	1,575,969	37,953				1,613,922
Investment earnings	6,067,359	659,853	264,126	519,244	199,963	7,710,545
Other program and miscellaneous	602,036	289,691	47,082	96,567	222,410	1,257,786
Material resources donated in-kind	2,774,983	166,239		13,467		2,954,689
Net assets released from restrictions	5,845,844	23,041	22,186	66,665		5,957,736
Total revenue	35,585,389	3,634,500	1,646,391	2,097,142	1,679,045	44,642,467
Expenses:						
Programs:						
Disaster relief	4,729,062	536,180	201,835	153,361	15,159	5,635,597
Justice and peacebuilding	4,073,092	260,332	180,052	121,736	126,129	4,761,341
Sustainable community development	11,499,647	626,821	224,021	602,869	184,702	13,138,060
General administration	1,878,578	472,086	638,471	330,240	603,091	3,922,466
Fundraising	1,524,290	317,922	213,632	239,624	79,776	2,375,244
Total expenses	23,704,669	2,213,341	1,458,011	1,447,830	1,008,857	29,832,708
Change in net assets without donor restrictions	11,880,720	1,421,159	188,380	649,312	670,188	14,809,759

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MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)

YEAR ENDED MARCH 31, 2021

(See independent accountant's report on supplementary information)

	U.S. and shared program	East Coast	Central States	Great Lakes	West Coast	Total
Donor restricted activities:						
Contributions	\$ 8,205,862	\$ 27,533	\$ 22,059	\$ 94,236	\$ 543	\$ 8,350,233
Investment earnings	310,373					310,373
Net assets released from restrictions	(5,845,844)	(23,041)	(22,186)	(66,665)		(5,957,736)
Change in net assets with donor restrictions	2,670,391	4,492	(127)	27,571	543	2,702,870
Change in net assets	14,551,111	1,425,651	188,253	676,883	670,731	17,512,629
Net assets:						
Beginning of year	39,274,762	2,787,887	1,811,694	2,661,775	909,949	47,446,067
End of year	\$ 53,825,873	\$ 4,213,538	\$ 1,999,947	\$ 3,338,658	\$ 1,580,680	\$ 64,958,696

See notes to consolidated financial statements.