



MENNONITE CENTRAL COMMITTEE ALBERTA

Financial Statements

Year Ended March 31, 2023

MENNONITE CENTRAL COMMITTEE ALBERTA

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Year Ended March 31, 2023



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Mennonite Central Committee Alberta,

Opinion

We have audited the financial statements of Mennonite Central Committee Alberta, which comprise of the statement of financial position as at March 31, 2023, and the statements of revenues and expenditures, changes in net assets and 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, 2023 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 (ASNPO).

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 Committee 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 Committee 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 Committee 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 (ASNPO), 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 Committee'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 Committee or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Committee'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 Committee'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 Committee'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 Committee 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 20, 2023

The logo for Aperture Chartered Professional Accountants, featuring the word "Aperture" in a stylized, cursive script font.


CHARTERED PROFESSIONAL ACCOUNTANTS

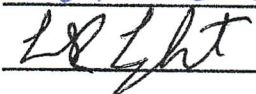
MENNONITE CENTRAL COMMITTEE ALBERTA
Statement of Financial Position
March 31, 2023



	2023	2022
ASSETS		
CURRENT		
Cash and Investments (Note 3)	\$2,593,290	\$3,202,479
Accounts receivable	6,544	25,943
Goods and services tax recoverable	23,160	16,763
Prepaid expenses	77,638	56,091
	<u>2,700,622</u>	<u>3,301,276</u>
CAPITAL ASSETS (Note 4)	<u>6,489,945</u>	<u>5,856,747</u>
	<u>\$9,190,567</u>	<u>\$9,158,023</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts Payable	\$207,256	\$542,300
Current portion of mortgage payable (Note 5)	498,314	545,054
Deferred income	7,010	2,010
	<u>712,580</u>	<u>1,089,364</u>
MORTGAGE PAYABLE (Note 5)	<u>138,921</u>	<u>166,486</u>
DEFERRED OPERATING CONTRIBUTIONS (Note 6)	<u>1,160,422</u>	<u>1,062,729</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	<u>566,897</u>	<u>588,562</u>
	<u>2,578,820</u>	<u>2,907,141</u>
NET ASSETS		
Unrestricted	954,167	1,217,032
Internally restricted (Note 8)	371,767	477,205
Invested in capital assets (Note 9)	5,285,813	4,556,645
	<u>6,611,747</u>	<u>6,250,882</u>
	<u>\$9,190,567</u>	<u>\$9,158,023</u>

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

MENNONITE CENTRAL COMMITTEE ALBERTA
Statement of Revenues and Expenditures
Year Ended March 31, 2023



	2023	2022
REVENUE		
GENERAL DONATIONS	\$2,254,510	\$2,537,018
THRIFT SHOPS (Schedule 2)	3,483,369	3,359,610
RELIEF SALE	102,466	-
DESIGNATED DONATIONS		
Canadian Foodgrains Bank	849,252	603,050
Disaster Restricted	658,463	469,352
International Programs	822,313	847,460
Local Programs	129,421	116,407
	2,459,449	2,036,269
NON-CASH CREDITS		
Material Resources	157,137	157,724
In-Kind Donations	41,529	16,226
	198,666	173,950
REFUGEE SPONSORSHIPS	99,667	33,738
GRANTS/CONTRACTS FOR SERVICES	60,416	209,838
OTHER	48,297	49,492
	8,706,840	8,399,915
EXPENSES		
FORWARDING TO MCC CANADA (Note 10)		
Cash Forwarding	3,833,527	3,901,229
Material Resources	157,137	157,724
	3,990,664	4,058,953
COMMUNITY SERVICES		
Restorative Justice	80,877	136,493
Refugee Sponsorship	162,833	60,966
Community Development	196,938	218,767
	440,648	416,226
RESOURCE GENERATION		
Material Resources	104,799	84,639
Thrift Shops (Schedule 2)	2,186,474	1,992,204
Development and Communications	679,674	507,185
	2,970,947	2,584,028
ADMINISTRATION	943,716	602,696
	8,345,975	7,661,903
EXCESS OF REVENUE OVER EXPENSES	\$360,865	\$738,012

MENNONITE CENTRAL COMMITTEE ALBERTA
Statement of Changes in Net Assets
Year Ended March 31, 2023



	Unrestricted	Internally restricted (Note 8)	Invested in capital assets (Note 9)	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$1,217,032	\$477,205	\$4,556,645	\$6,250,882	\$5,512,870
EXCESS OF REVENUE OVER EXPENSES	360,865			360,865	738,012
INTERNALLY RESTRICTED TRANSFER	(200,000)	200,000		-	
CHANGES IN CAPITAL ASSETS	(423,730)	(305,438)	729,168	-	
NET ASSETS - END OF YEAR	\$954,167	\$371,767	\$5,285,813	\$6,611,747	\$6,250,882

MENNONITE CENTRAL COMMITTEE ALBERTA

Statement of Cash Flows

Year Ended March 31, 2023



	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$360,865	\$738,012
Items not affecting cash:		
Amortization of capital assets	196,068	189,371
Amortization of deferred capital contributions	(21,665)	(21,665)
Gain on sale of capital assets	(319)	-
	<u>534,949</u>	<u>905,718</u>
Changes in non-cash working capital:		
Accounts receivable	19,399	34,425
Prepaid expenses	(21,547)	2,191
Goods and services tax recoverable	(6,387)	(3,363)
Accounts payable and accrued liabilities	(335,045)	126,918
Deferred income	5,000	-
Deferred operating contributions	97,693	300,839
	<u>(240,887)</u>	<u>461,010</u>
Cash flow from operating activities	294,062	1,366,728
INVESTING ACTIVITY		
Purchase of capital assets	(832,640)	(256,795)
Proceeds on sale of capital assets	3,694	-
	<u>(828,946)</u>	<u>(256,795)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(74,305)	(852,164)
(DECREASE) INCREASE IN CASH FLOW	(609,189)	257,769
Cash - beginning of year	<u>3,202,479</u>	<u>2,944,710</u>
CASH - END OF YEAR	<u>\$2,593,290</u>	<u>\$3,202,479</u>
CASH CONSISTS OF:		
Cash	970,690	2,597,956
Marketable securities	1,622,600	604,523
	<u>\$2,593,290</u>	<u>\$3,202,479</u>

MENNONITE CENTRAL COMMITTEE ALBERTA

Notes to Financial Statements

Year Ended March 31, 2023



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 (ASNPO).

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 and grants 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, thrift shop, material resources, in-kind donations 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.

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. Amortization is taken monthly on the first month after acquisition at the following rates and methods:

Land	N/A	Non-depreciable
Buildings	40 Years	Straight-line method
Equipment and furniture	5 or 15 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 ASNPO, 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, 2023



3. CASH AND INVESTMENTS

Cash and investments include temporary investments which consist of redeemable deposits bearing interest at 1.02%-4.40% (2022 – 0.87%).

	2023	2022
Abundance Canada Term Investment	\$610,674	\$604,523
ATB Financial T-Bill Savings	720,073	-
ATB Financial Redeemable GICs	291,853	-
	<u>\$1,622,600</u>	<u>\$604,523</u>

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value
Land	\$1,148,339	\$ -	\$1,148,339
Buildings	6,415,339	1,255,568	5,159,771
Equipment and furniture	321,011	229,380	91,631
Motor vehicles	90,577	90,577	-
Computer equipment	103,810	56,454	47,356
Leasehold improvements	85,695	42,847	42,848
	<u>\$8,164,771</u>	<u>\$1,674,826</u>	<u>\$6,489,945</u>

	Cost	Accumulated amortization	2022 Net book value
Land	\$1,148,339	\$ -	\$1,148,339
Buildings	5,633,290	1,106,932	4,526,358
Equipment and furniture	291,332	210,007	81,325
Motor vehicles	95,637	91,440	4,197
Computer equipment	124,933	79,822	45,111
Leasehold improvements	85,695	34,278	51,417
	<u>\$7,379,226</u>	<u>\$1,522,479</u>	<u>\$5,856,747</u>

5. MORTGAGE PAYABLE

	2023	2022
Abundance Canada loan bearing interest at 6.05% per annum, repayable in monthly blended payments of \$3,443. The loan matures on September 30, 2023 and is secured by land and building with a net book value of \$4,147,570 (2022 - \$4,239,330).	\$470,708	\$485,907
Abundance Canada loan bearing interest at 6.60% per annum, repayable in monthly blended payments of \$2,527. The loan matures on April 24, 2024 and is secured by land and building with a net book value of \$856,417 (2022 - \$1,177,343).	166,527	225,633
	<u>637,235</u>	<u>711,540</u>
Less: principal amounts due within one year	498,314	545,054
	<u>\$138,921</u>	<u>\$166,486</u>

MENNONITE CENTRAL COMMITTEE ALBERTA

Notes to Financial Statements

Year Ended March 31, 2023



5. MORTGAGE PAYABLE (cont'd)

Total mortgage interest expense for the year was \$29,232 (2022 - \$43,104).

6. 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:

	<u>Beginning</u>	<u>Additions</u>	<u>Utilizations</u>	<u>Ending</u>
Refugee Fund BVOR	\$372,831	\$370	\$233,661	\$139,540
Named Refugee Fund	660,826	532,698	293,508	900,016
Grow Hope	29,072	119,884	97,500	51,456
Other	-	122,202	52,792	69,410
	\$1,062,729	\$775,154	\$677,461	\$1,160,422

7. DEFERRED CAPITAL CONTRIBUTIONS

The deferred capital contribution amounts relate to donations received for specific purposes related to the acquisition of the Calgary building. 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. Changes in deferred capital contributions during the year are as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Utilizations</u>	<u>Ending</u>
Calgary building	\$588,562	\$ -	\$21,665	\$566,897

8. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors of MCCA have internally restricted \$371,767 (2022 - \$477,205) of net assets as reserves for the acquisition of capital assets.

9. NET ASSETS INVESTED IN CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Capital assets, net	\$6,489,945	\$5,856,747
Less: mortgage payable	637,235	711,540
Less: deferred capital contributions	566,897	588,562
	\$5,285,813	\$4,556,645

MENNONITE CENTRAL COMMITTEE ALBERTA

Notes to Financial Statements

Year Ended March 31, 2023



10. 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.

	2023	2022
Contributions received from MCC Canada	\$ 483,131	\$ 456,037
Cash contributions paid to MCC Canada	3,833,527	3,901,229
Material resources shipped to MCC Canada	157,137	157,724
Accounts receivable from MCC Canada	476	-
Accounts payable to MCC Canada	57,171	424,056

11. 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, 2023.

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, 2023



12. COMMITMENTS

As at March 31, 2023, MCCA has entered into operating lease agreements with terms extending beyond the current fiscal year. These commitments are as follows:

Premises

The Edmonton Thrift Shop has a lease agreement at 12345 – 149 Street, Edmonton, AB that expires May 31, 2027. The annual commitment is as follows:

2024 - \$110,400
2025 - \$113,400
2026 - \$114,000
2027 - \$114,000
2028 - \$ 19,000

Vehicles

The Lethbridge Thrift Shop has a lease agreement for a delivery van that expires August 31, 2025. The annual commitment is as follows:

2024 - \$14,020
2025 - \$14,020
2026 - \$ 5,842

13. 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, 2023, MCCA has 173 active refugee sponsorship cases with an estimated contingent liability of \$310,000.

14. COMPARATIVE FIGURES

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

MENNONITE CENTRAL COMMITTEE ALBERTA
Schedule 1 - Operating Expenses by Natural Classifications
Year Ended March 31, 2023



	2023	2022
OPERATING EXPENSES		
Advertising and promotion	\$21,867	\$11,328
Amortization	75,634	76,256
Bank charges	43,789	8,189
Facility costs	96,863	96,400
Forwarding to MCC Canada	3,990,664	4,058,953
Hospitality and hosting	17,206	3,902
Insurance	48,208	46,769
Materials and supplies	31,848	10,598
Office	75,848	59,345
Professional fees	39,470	30,897
Refugee settlement costs	37,192	19,128
Relief sales and other events	134,234	101,609
Salaries and benefits	1,544,118	1,155,658
Telecommunications	149,422	109,311
Thrift shops (Schedule 2)	1,951,420	1,854,153
Training and volunteer appreciation	30,566	7,696
Travel	57,626	11,711
	\$8,345,975	\$7,661,903

MENNONITE CENTRAL COMMITTEE ALBERTA

Schedule 2 - Thrift Shop Activities

Year Ended March 31, 2023



	Calgary	Edmonton	Lethbridge	Taber	2023	2022
REVENUE						
Sales	\$1,561,569	\$499,385	\$1,019,158	\$363,024	\$3,443,136	\$3,308,527
Interest and other income	12,668	6,374	21,191	-	40,233	51,083
	1,574,237	505,759	1,040,349	363,024	3,483,369	3,359,610
OPERATING EXPENSES						
Advertising and promotion	-	30	292	390	712	610
Amortization	65,607	9,430	37,014	8,383	120,434	113,115
Bank charges	13,220	7,804	7,551	4,158	32,733	27,740
Facility and office costs	132,199	119,547	84,022	27,571	363,339	344,167
Insurance	623	3,069	10,948	6,859	21,499	13,306
Local and program support	-	-	1,600	-	1,600	-
Materials and supplies	660	7,840	2,346	2,231	13,077	3,020
Professional fees	-	-	-	-	-	1,449
Salaries and benefits	703,124	180,008	279,985	189,915	1,353,032	1,315,891
Telecommunications	4,877	3,741	1,252	1,820	11,690	10,453
Training and volunteer appreciation	2,625	1,837	5,335	-	9,797	5,870
Travel	-	2,353	-	754	3,107	-
Vehicle	6,803	(349)	15,726	(1,780)	20,400	18,532
	929,738	335,310	446,071	240,301	1,951,420	1,854,153
EXCESS OF REVENUE OVER OPERATING EXPENSES	\$644,499	\$170,449	\$594,278	\$122,723	\$1,531,949	\$1,505,457

Note: MCCA incurred an additional \$235,054 (2022 - \$138,051) in expenses for management and administration, which is included in Thrift Shop Expenses in the Statement of Revenue and Expenditures.