

Financial Statements of

**MENNONITE CENTRAL
COMMITTEE CANADA**

And Independent Auditor's Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Members of Mennonite Central Committee Canada

Opinion

We have audited the financial statements of Mennonite Central Committee Canada (the "Entity"), which comprise the statement of financial position as at March 31, 2023, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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



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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

September 15, 2023

MENNONITE CENTRAL COMMITTEE CANADA

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 14,828,103	\$ 30,219,263
Accounts receivable (note 3)	5,525,712	6,146,957
Receivable from MCC U.S., non-interest bearing	–	29,608
Prepaid expenses	1,118,989	746,874
Inventories (note 4)	1,367,750	1,231,927
Investments (note 5)	29,094,814	45,765
Assets held for sale (note 6)	–	775,001
	<u>51,935,368</u>	<u>39,195,395</u>
Long-term grants receivable	1,082,072	736,083
Investment in Canadian Foodgrains Bank Association Inc.	6,428,258	5,590,355
Capital assets (note 6)	924,733	710,292
	<u>\$ 60,370,431</u>	<u>\$ 46,232,125</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,895,286	\$ 4,902,043
Payable to MCC U.S., non-interest bearing	93,392	–
Payable to service workers	838,155	680,585
	<u>6,826,833</u>	<u>5,582,628</u>
Fund balances:		
General Funds:		
Unrestricted - Operating	8,343,706	8,276,845
Internally restricted (note 9)	28,311,001	19,174,002
Restricted Fund - International (schedule B)	16,888,891	13,198,650
	<u>53,543,598</u>	<u>40,649,497</u>
Commitments and contingencies (note 13)		
	<u>\$ 60,370,431</u>	<u>\$ 46,232,125</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

MENNONITE CENTRAL COMMITTEE CANADA

Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	General Fund		Restricted Fund		Total 2023	Total 2022
	Operating		International			
	2023	2022	2023	2022		
Revenue (note 11):						
Contributions:						
General	\$ 17,729,790	\$ 15,805,233	\$ -	\$ -	\$ 17,729,790	\$ 15,805,233
Designated:						
CFGB	762,276	628,780	5,101,383	4,207,991	5,863,659	4,836,771
Disaster restricted	1,281,988	1,122,866	5,127,953	4,491,462	6,409,941	5,614,328
Other	2,003,310	2,140,367	8,159,400	8,696,663	10,162,710	10,837,030
Centennial	1,000	463,202	-	-	1,000	463,202
Material resources	-	-	1,572,485	1,332,192	1,572,485	1,332,192
MCC Canada Domestic	19,710	352,885	-	-	19,710	352,885
Grants:						
GAC - CFGB	-	-	9,287,786	6,655,095	9,287,786	6,655,095
CFGB	-	-	3,688,829	2,509,325	3,688,829	2,509,325
Other	39,431	28,644	1,076,675	1,137,101	1,116,106	1,165,745
Foreign exchange loss	(24,377)	(1,529)	10,853	(52,754)	(13,524)	(54,283)
Other (note 12)	3,394,272	800,186	490,849	513,648	3,885,121	1,313,834
	25,207,400	21,340,634	34,516,213	29,490,723	59,723,613	50,831,357
Expenses:						
Program (schedule A):						
International	-	-	37,996,433	28,539,823	37,996,433	28,539,823
Domestic	1,249,945	1,110,716	-	-	1,249,945	1,110,716
Support services:						
Administration and communication	2,202,001	2,168,577	-	-	2,202,001	2,168,577
Resource generation	703,959	666,218	-	-	703,959	666,218
Other:						
Grants to Provincial MCCs (note 14)	4,677,174	3,486,671	-	-	4,677,174	3,486,671
	8,833,079	7,432,182	37,996,433	28,539,823	46,829,512	35,972,005
Excess (deficiency) of revenue over expenses	\$ 16,374,321	\$ 13,908,452	\$ (3,480,220)	\$ 950,900	\$ 12,894,101	\$ 14,859,352

See accompanying notes to financial statements.

MENNONITE CENTRAL COMMITTEE CANADA

Statement of Changes in Fund Balances

Year ended March 31, 2023, with comparative information for 2022

	General Fund		Restricted Fund		2023 Total	2022 Total
	Unrestricted	Internally restricted	International			
Balance, beginning of year	\$ 8,276,845	\$ 19,174,002	\$ 13,198,650	\$ 40,649,497	\$ 25,790,145	
Excess (deficiency) of revenue over expenses	16,374,321	–	(3,480,220)	12,894,101	14,859,352	
Inter-fund transfers (note 9)	(9,136,999)	9,136,999	–	–	–	
Inter-fund transfer for International programs (schedule B)	(7,170,461)	–	7,170,461	–	–	
Balance, end of year	\$ 8,343,706	\$ 28,311,001	\$ 16,888,891	\$ 53,543,598	\$ 40,649,497	

See accompanying notes to financial statements.

MENNONITE CENTRAL COMMITTEE CANADA

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by:		
Operating:		
Excess of revenue over expenses	\$ 12,894,101	\$ 14,859,352
Items not involving cash:		
Amortization of capital assets	164,469	243,165
Gain on disposal of assets held for sale	(2,304,461)	–
	<u>10,754,109</u>	<u>15,102,517</u>
Change in non-cash operating working capital:		
Accounts receivable	621,245	(2,933,218)
Prepaid expenses	(372,115)	(331,258)
Inventories	(135,823)	(358,280)
Long-term grants receivable	(345,989)	(125,964)
Accounts payable and accrued liabilities	993,243	207,489
Payable to/receivable from MCC U.S.	123,000	173,809
Payable to service workers	157,570	105,966
	<u>11,795,240</u>	<u>11,841,061</u>
Investing activities:		
Increase in investment in Canadian Foodgrains Bank Association Inc.	(837,903)	(32,109)
Change in investments, net	(29,049,049)	(174)
Purchase of capital assets	(378,910)	(379,400)
Proceeds on disposal of assets held for sale	3,079,462	–
	<u>(27,186,400)</u>	<u>(411,683)</u>
Increase (decrease) in cash	(15,391,160)	11,429,378
Cash, beginning of year	30,219,263	18,789,885
Cash, end of year	<u>\$ 14,828,103</u>	<u>\$ 30,219,263</u>

See accompanying notes to financial statements.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements

Year ended March 31, 2023

1. Nature of the operations and basis of presentation:

Mennonite Central Committee (MCC), a worldwide ministry of Anabaptist churches, shares God's love and compassion for all in the name of Christ by responding to basic human needs and working for peace and justice. MCC envisions communities worldwide in right relationship with God, one another and creation.

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

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

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

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

2. Significant accounting policies:

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

(a) Fund accounting:

MCCC follows the restricted fund method of accounting for contributions.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(i) General Funds:

(a) Unrestricted:

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

(b) Internally restricted:

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

(ii) Restricted Fund - International:

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

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

(b) Revenue recognition:

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

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

2. Significant accounting policies (continued):

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

In accordance with the covenant referred to in note 1, MCCC has allocated to the General Operating Fund a portion of the designated contributions received for the Restricted International Fund. This allocation, which aggregated \$4,047,574 (2022 - \$3,892,013) for the year ended March 31, 2023, is to offset administrative and resource generation expenses incurred by the General Operating Fund.

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

(c) Foreign exchange:

Monetary assets and liabilities denominated in foreign currencies are converted to Canadian dollars using the year end exchange rate. Revenue and expense items are converted using the average exchange rate in the month of the transaction. The foreign exchange loss included in the statement of operations for the year ended March 31, 2023 is \$13,524 (2022 - loss of \$54,283).

(d) Contributed services:

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

(e) Cash and cash equivalents:

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

(f) Inventories:

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

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(g) Investment:

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

(h) Capital assets:

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

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

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

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

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(i) Financial instruments:

Financial instruments are recorded at fair value or exchange amount on initial recognition. Freestanding derivatives that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. MCCC has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

(j) Allocation of expenses:

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

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

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

(k) Government assistance:

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

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(l) Use of estimates:

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

3. Accounts receivable:

	2023	2022
Receivable from Provincial MCC's	\$ 4,999,901	\$ 6,007,287
Other	525,811	139,670
	\$ 5,525,712	\$ 6,146,957

4. Inventories:

	2023	2022
General operations - books and reading materials	\$ 301,399	\$ 327,396
Material resources	544,245	900,487
Other	522,106	4,044
	\$ 1,367,750	\$ 1,231,927

The amount of inventories recognized as an expense within international programs for the year ended March 31, 2023 is \$2,228,631 (2022 - \$1,366,170).

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

5. Investments:

	2023	2022
Abundance Canada:		
Fixed income portfolio fund	\$ 20,982	\$ 20,765
Guaranteed investment certificates	29,048,822	–
Other	25,010	25,000
	<u>\$ 29,094,814</u>	<u>\$ 45,765</u>

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

The guaranteed investment certificates are interest bearing at a weighted average interest rate of 4.14 percent (2022 - nil) and mature between July 11, 2023 to December 1, 2023.

6. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 129,666	\$ –	\$ 129,666	\$ 119,730
Equipment	1,323,266	1,011,581	311,685	161,949
Vehicles	884,248	474,556	409,692	361,168
Leasehold improvements	131,194	57,504	73,690	67,445
	<u>\$ 2,468,374</u>	<u>\$ 1,543,641</u>	<u>\$ 924,733</u>	<u>\$ 710,292</u>

During fiscal 2022, the Board of MCCC approved the sale of 134 Plaza Drive. As a result of MCCC listing the property for disposal, the property was included in assets held for sale at March 31, 2022 on the statement of financial position. The sale of the property closed effective June 1, 2022 (note 12).

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at March 31, 2023 are government remittances payable of \$17,186 (2022 - \$7,258) relating to federal and provincial sales tax, payroll taxes, health taxes and workers safety insurance.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

8. Investment in capital assets:

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

	General Fund		Restricted Fund		Total	Total
	2023	2022	2023	2022	2023	2022
Capital assets	\$ 161,415	\$ 96,800	\$ 763,318	\$ 613,492	\$ 924,733	\$ 710,292
Assets held for sale	—	775,001	—	—	—	775,001
	\$ 161,415	\$ 871,801	\$ 763,318	\$ 613,492	\$ 924,733	\$ 1,485,293

9. Internally Restricted Fund and inter-fund transfers:

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

	2023	2022
MCCC:		
Investment in Donor Relations	\$ 642,944	\$ 514,909
Non-building capital asset reserve	50,000	50,000
MCC Canada Surplus Fund	2,697,437	1,766,841
MCC Canada Centennial Fund	26,080	135,546
MCC Canada Capital Asset Reserve	2,304,461	—
MCC Canada Website Development	12,829	—
MCC Canada Bequest Fund	1,126,958	773,434
International Program:		
Surplus/Deficit Fund	15,170,722	10,585,402
Bequest Fund	2,800,644	1,696,637
Centennial Core Programming Fund	990,879	1,777,613
MCC's in Canada:		
Bequest Fund	1,874,047	1,259,620
Strategic Investment Fund:		
National Domestic Programs	129,000	129,000
General	485,000	485,000
	\$ 28,311,001	\$ 19,174,002

During the year ended March 31, 2023, \$192,298 (2022 - \$279,425) was transferred from the General Operating Fund to the MCCC Internally Restricted Fund held as an Investment in Donor Relations and \$64,263 (2022 - \$94,929) was transferred from the Internally Restricted Fund held as an Investment in Donor Relations to the General Operating Fund to cover expenses incurred during the year.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

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

During the year ended March 31, 2023, \$930,596 (2022 - \$724,232) was transferred from the General Operating Fund to the Internally Restricted Fund held as a Surplus Fund on behalf of MCC Canada and nil (2022 - \$75,136) was transferred from the Surplus Fund to the General Operating Fund to cover operating expenses.

During the year ended March 31, 2023, \$109,466 (2022 - \$129,328) was transferred from the Internally Restricted MCC Canada Centennial Fund to the General Operating Fund to cover certain fund raising expenses and nil (2022 - \$43,360) was transferred from the General Operating Fund to the MCC Canada Centennial Fund for MCC Canada Centennial admin recoveries and MCC Canada's portion of Core program allocations.

During the year ended March 31, 2023, \$4,585,320 (2022 - \$7,050,233) was transferred from the General Operating Fund to the Internally Restricted International Program Surplus/Deficit Fund.

During the year ended March 31, 2023, \$1,104,007 (2022 - \$1,007,696) was transferred from the General Operating Fund to the Internally Restricted International Program Bequest Fund and nil (2022 - \$235,883) was transferred from the Internally Restricted International Program Bequest Fund to the General Operating Fund to fund MCCC's commitment to International Program.

During the year ended March 31, 2023, \$640 (2022 - \$283,650) was transferred from the General Operating Fund to the Internally Restricted International Program Centennial Core Programming Fund and \$787,374 (2022 - \$1,245,524) was transferred from the Internally Restricted International Program Centennial Core Programming Fund to the General Operating Fund to fund MCCC's commitment to International Program.

During the year ended March 31, 2023, \$1,380,007 (2022 - \$1,259,620) was transferred from the General Operating Fund to the MCC's in Canada Internally Restricted Bequest Fund and \$510,000 (2022 - \$773,434) was transferred from the MCC's in Canada Bequest Fund to the MCC Canada Bequest Fund and \$255,580 was transferred from the MCC's in Canada Bequest Fund to MCC Canada Website Development Fund.

During the year ended March 31, 2023, a new capital asset reserve was created with an initial funding of \$2,304,461 from the sale of 134 Plaza Drive, to cover the future cost related to the new MCC Canada office.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

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

During the year ended March 31, 2023, \$242,751 (2022 - nil) was transferred from the MCC Canada Website Development Internally Restricted Fund to the General Operating Fund and \$156,476 (2022 - nil) was transferred from MCC Canada Bequest Fund to the General Operating Fund

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

10. Allocation of international expenses:

General Program support expenditures relate primarily to the country program supervision costs, the Program Directors department and certain of the expenditures for the Program Learning and Disaster Response department. These expenditures totaling \$6,431,534 (2022 - \$5,551,982) have been allocated as follows:

	2023	2022
Sustainable Community Development	\$ 3,043,230	\$ 2,931,587
Disaster Response	1,815,421	1,334,930
Justice and Peacebuilding	1,572,883	1,285,465
	\$ 6,431,534	\$ 5,551,982

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

11. Revenue:

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

	2023	2022
Contribution revenue:		
General contributions	\$ 17,456,073	\$ 15,478,093
Designated contributions:		
CFGB	5,857,777	4,829,263
Disasters restricted	6,104,851	5,491,161
Other - international programs	9,878,512	11,019,277
Material resources	1,557,645	1,310,535
Grant revenue:		
Other	203,590	292,115
	\$ 41,058,448	\$ 38,420,444

12. Other revenue:

	2023	2022
Operating Fund:		
Administration fees from CFGB	\$ 185,678	\$ 233,046
Canada Emergency Wage Subsidy (CEWS)	-	330,665
Canada Emergency Rent Subsidy (CERS)	-	27,996
Gain on disposal of assets held for resale	2,304,461	-
Interest	856,023	166,969
Other	48,321	41,510
International:		
Other contributions and grants	490,638	513,648
	\$ 3,885,121	\$ 1,313,834

MCCC has submitted nil claims (2022 - \$330,665) for reimbursement under the Government of Canada CEWS program during the year ended March 31, 2023. The amount claimed for reimbursement during the year ended March 31, 2022 related to salaries and wages incurred.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

13. Commitments and contingencies:

MCCC has entered into agreements to lease premises for various periods until March 2028. The minimum lease payments, exclusive of realty taxes and other occupancy charges, for each of the next five years are as follows:

2024	\$	247,061
2025		225,017
2026		208,435
2027		181,098
2028		181,264

MCCC has signed a Private Sponsorship of Refugees (PSR) Agreement with Immigration Refugee and Citizenship Canada (IRCC) to provide financial, human resources and moral support to a certain number of refugees sponsored under the PSR program. MCCC's responsibilities under this agreement were assigned to the various Canadian MCCs, but MCCC remains contingently liable for the financial obligations. The estimated amount of the contingent liability as at March 31, 2023 is approximately \$6,200,000 (2022 - \$6,100,000).

14. Grants to Provincial MCCs:

During the years ended March 31, 2023 and 2022, the following grant payments were made to provincial MCCs for the purposes indicated:

	2023	2022
Administrative recoveries Disaster/Centennial contributions	\$ 1,291,801	\$ 247,305
Bequest policy payments	276,001	250,985
Annual surplus policy payments	3,109,212	2,918,669
Centennial core programming payments	160	69,712
	\$ 4,677,174	\$ 3,486,671

15. Pension plan:

MCCC sponsors a defined contribution group RRSP for eligible employees. MCCC's contributions are based on 5 percent of salary costs. Contributions of \$406,289 (2022 - \$447,575) have been expensed during the year ended March 31, 2023 and are included in administration expenses.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

16. Financial risks:

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

(a) Currency risk:

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

In the normal course of business, MCCC and MCC U.S. incur international expenditures denominated in various foreign currencies and have agreed to share the currency risk related to these expenditures equally. As at March 31, 2023, MCCC had no foreign exchange contracts outstanding.

(b) Liquidity risk:

Liquidity risk is the risk that MCCC will be unable to fulfill its obligations on a timely basis or at a reasonable cost. MCCC manages its liquidity risk by monitoring its operating requirements. MCCC prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2022.

(c) Credit risk:

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. MCCC is exposed to credit risk with respect to the accounts receivable. MCCC assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The allowance for doubtful accounts at March 31, 2023 is nil (2022 - nil). There has been no change to the risk exposure from 2022.

MENNONITE CENTRAL COMMITTEE CANADA

Program Expenses

Schedule A

Year ended March 31, 2023, with comparative information for 2022

	Domestic Program	International Program	2023 Total	2022 Total
Sustainable Community Development:				
Education	\$ 40,632	\$ 2,930,360	\$ 2,970,992	\$ 2,702,882
Food security and sustainable livelihoods:	15,295	9,895,124	9,910,419	8,149,035
Water	–	173,277	173,277	442,764
Health:	5,479	1,275,395	1,280,874	1,018,837
Water	–	1,209,252	1,209,252	593,240
Migration and resettlement	379,170	–	379,170	294,351
	440,576	15,483,408	15,923,984	13,201,109
Disaster Response:				
Humanitarian relief and disaster response (HRDR)	162,252	4,098,974	4,261,226	2,533,824
HRDR - Food	–	14,359,856	14,359,856	10,025,114
	162,252	18,458,830	18,621,082	12,558,938
Justice and Peacebuilding:				
Peacebuilding and conflict transformation	548,413	4,054,195	4,602,608	3,791,336
Conflict prevention	8,929	–	8,929	14,765
Restorative justice	89,775	–	89,775	84,391
	647,117	4,054,195	4,701,312	3,890,492
Total expenses	\$ 1,249,945	\$ 37,996,433	\$ 39,246,378	\$ 29,650,539

MENNONITE CENTRAL COMMITTEE CANADA

Restricted Fund Summary

Schedule B

Year ended March 31, 2023, with comparative information for 2022

	Fund balance March 31, 2022	Revenue	Program expenses	Inter-fund transfers	Fund balance March 31, 2023
CFGB	\$ 5,590,355	\$ 18,077,998	\$ (17,465,093)	\$ 225,000	\$ 6,428,260
International Program	1,171,418	–	–	–	1,171,418
Designated government grants	–	1,076,675	(903,718)	–	172,957
Designated contributions:					
DRF	4,491,462	5,127,953	(1,698,393)	(225,000)	7,696,022
Other international programs	–	8,577,988	(15,890,049)	7,312,061	–
Restricted bequest	991,200	–	–	(141,600)	849,600
Material resources	900,487	1,572,485	(1,928,728)	–	544,244
Constituency initiated projects	53,728	83,114	(110,452)	–	26,390
Total International Fund	\$ 13,198,650	\$ 34,516,213	\$ (37,996,433)	\$ 7,170,461	\$ 16,888,891

Note

In accordance with the Covenant referred to in Note 1, during the year ended March 31, 2023, \$7,312,061 (2022 - \$3,608,346) was allocated from other international programs to the Restricted Fund to cover related international program expenses from undesignated revenue in the General Fund.