

Non-consolidated Financial Statements of

**MENNONITE CENTRAL COMMITTEE
BRITISH COLUMBIA**

And Independent Auditors' Report thereon

Year ended March 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Members of Mennonite Central Committee British Columbia

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Mennonite Central Committee British Columbia (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies and other explanatory information

(hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "**Basis for Qualified Opinion**" section of our auditors' report, the financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020 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 Qualified Opinion

In common with many charitable organizations, the Entity derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we are not able to determine whether any adjustments might be necessary to donation revenues and excess of revenue over expenses reported in the statement of operations and changes in net assets and statement of cash flows for the years ended March 31, 2020 and March 31, 2019, current assets in the statement of financial position as at the March 31, 2020 and March 31, 2019, and net assets reported in the statement of operations and changes in net assets, both at the beginning and end of the year, for the years ending March 31, 2020 and March 31, 2019.

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



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

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

Emphasis of Matter – Comparative Information

We draw attention to note 20 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2019 has been recast.

Note 20 explains the reason for the recast and also explains the adjustment that was applied to recast certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

The financial statements as at and for the year ended March 31, 2019, excluding the adjustment that was applied to recast certain comparative information, were audited by another auditor who expressed a qualified opinion on those financial statements on October 15, 2019, due to the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report.

As part of our audit of the financial statements for the year ended March 31, 2020, we also audited the adjustment that was applied to recast certain comparative information presented for the year ended March 31, 2019. In our opinion, the adjustment is appropriate and has been properly applied.

Other than with respect to the adjustment that was applied to recast certain comparative information, we were not engaged to audit, review or apply any procedures to the financial statements for the year ended March 31, 2019. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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



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

We also:

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by the Entity in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Chartered Professional Accountants
Abbotsford, Canada
June 30, 2020

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Operations
For the year ended March 31, 2020, with comparative information for 2019

	2020		2019
	Actual	Budget	
			(Recast - note 20)
REVENUE			
Donations and bequests (schedule 1)	\$ 5,677,435	\$ 5,281,685	\$ 5,366,480
Thrift shops (schedule 2)	7,407,725	7,329,100	7,382,754
Relief Festival and banquets	1,179,542	1,045,000	1,123,942
Sales and fees for service	953,290	732,812	785,401
Grant funding (note 17)	439,454	91,835	162,704
Amortization of deferred capital contributions (note 9)	229,946	210,968	223,785
Interest and investment income	252,353	125,000	184,424
Rental income	78,796	81,734	67,667
TOTAL REVENUE	16,218,541	14,898,134	15,297,157
EXPENSES			
Thrift shops (schedule 2)	5,343,482	5,534,100	5,402,103
BC programs (schedule 3)	2,402,343	2,317,526	2,246,943
Support services	1,163,660	1,144,676	1,112,563
Advancement	447,177	483,172	432,142
Relief Festival and banquets	373,110	309,801	337,823
Remittance to MCC Canada - global ministry	6,142,025	5,269,963	5,517,932
TOTAL EXPENSES	15,871,797	15,059,238	15,049,506
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	346,744	(161,104)	247,651
Gain (loss) on disposal of capital assets	10,315	-	(5,353)
Equity income (loss) from investment in subsidiaries (note 4)	1,405,142	-	(1,516,990)
Building project transitional costs	-	-	(28,000)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 1,762,201	\$ (161,104)	\$ (1,302,692)

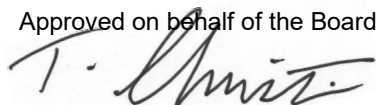
See accompanying notes to non-consolidated financial statements.

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Financial Position
March 31, 2020, with comparative information for 2019

	2020	2019
		(Recast - note 20)
ASSETS		
Current Assets		
Cash	\$ 5,514,178	\$ 6,169,160
Accounts receivable	291,211	36,354
Inventory	151,043	188,034
Prepaid expenses	63,394	47,379
Current portion of due from subsidiaries (note 3)	-	3,616,862
	6,019,826	10,057,789
Due from subsidiaries (note 3)	2,586,570	-
Investment in Subsidiaries (note 4)		
Investment in subsidiaries - MCC Legacy Trust	44,968,609	43,136,095
Investment in subsidiaries - MCC Social Enterprise	2,893,603	3,320,875
	47,862,212	46,456,970
Capital Assets (note 5)	26,087,654	26,405,440
	\$ 82,556,262	\$ 82,920,199
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 678,725	\$ 578,091
Due to MCC Canada	824,251	1,349,215
Deferred operating contributions (note 8)	296,504	406,326
Refugee sponsorship deposits	1,459,289	1,113,020
Short-term debt (note 10)	40,000	40,000
Current portion of long-term debt (note 11)	4,659,569	6,450,848
	7,958,338	9,937,500
Long-term Liabilities		
Deferred capital contributions (note 9)	7,985,014	8,192,745
Long-term debt (note 11)	2,325,650	2,293,482
	10,310,664	10,486,227
Net Assets (notes 14, 15, and 16)	64,287,260	62,496,472
Commitments and contingency (notes 12 and 13)		
Subsequent event (note 21)		
	\$ 82,556,262	\$ 82,920,199

See accompanying notes to non-consolidated financial statements.

Approved on behalf of the Board:


 Terry Christie


 Peter Wolfe

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Changes in Net Assets
For the year ended March 31, 2020, with comparative information for 2019

	Invested in capital assets (note 14)	Internally restricted (note 15)	Unrestricted (note 16)	2020	2019 (Recast - note 20)
Net assets, beginning of year	\$ 9,468,365	\$ 51,699,069	\$ 1,329,038	\$ 62,496,472	\$ 58,989,047
Excess (deficiency) of revenue over expenses	(304,021)	1,405,142	661,080	1,762,201	(1,302,692)
Contributions	28,587	-	-	28,587	4,810,117
Interfund transfers	-	(990,000)	990,000	-	-
Change in net assets invested in capital assets	1,924,490	-	(1,924,490)	-	-
Net assets, end of year	\$ 11,117,421	\$ 52,114,211	\$ 1,055,628	\$ 64,287,260	\$ 62,496,472

See accompanying notes to non-consolidated financial statements.

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Cash Flows
For the year ended March 31, 2020, with comparative information for 2019

	2020	2019
		(Recast - note 20)
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 1,762,201	\$ (1,302,692)
Items not involving cash:		
Depreciation	533,967	587,317
(Gain) loss on disposal of capital assets	(10,315)	5,353
Amortization of deferred capital contributions	(229,946)	(223,785)
Equity (income) loss from investment in subsidiaries	(1,405,142)	1,516,990
Building project transitional costs	-	28,000
	650,765	611,183
Change in non-cash working capital:		
Accounts receivable	(254,857)	41,235
Inventory	36,991	(31,621)
Prepaid expenses	(16,015)	10,929
Accounts payable and accrued liabilities	100,634	2,119,471
Due to MCC Canada	(524,964)	(1,049,721)
Rental deposits	-	(1,313)
Deferred operating contributions	(109,822)	(54,394)
Refugee sponsorship deposits	346,269	314,132
	229,001	1,959,901
Investing activities:		
Acquisitions of capital assets	(216,181)	(166,522)
Proceeds from disposal of capital assets	10,315	2,317
Receipt of amounts due from subsidiaries	1,030,292	926,867
Building transitional costs	-	(28,000)
Investment in shares of MCC Employment Services Inc.	(100)	-
	824,326	734,662
Financing activities:		
Net repayment of long-term debt	(1,759,111)	(1,904,124)
Repayment of short-term debt	-	(20,000)
Payment of amounts due to subsidiaries	-	(93,976)
Receipt of capital contributions	22,215	503,318
Receipt of contributions for the repayment of long-term debt	28,587	8,177
	(1,708,309)	(1,506,605)
Change in cash	(654,982)	1,187,958
Cash, beginning of year	6,169,160	4,981,202
Cash, end of year	\$ 5,514,178	\$ 6,169,160

See accompanying notes to non-consolidated financial statements.

MENNONITE CENTRAL COMMITTEE BC

Notes to Non-consolidated Financial Statements

For the year ended March 31, 2020

1. PURPOSE OF THE ORGANIZATION

Mennonite Central Committee (“MCC”) started in 1920 in response to hunger in Ukraine, and is the co-operative relief, service and development agency of the Mennonite and Brethren in Christ Churches in North America.

- MCC is a worldwide ministry of Anabaptist churches whose priorities are disaster relief, sustainable community development and justice and peace-building.
- MCC endeavours to share 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.

The Mennonite Central Committee British Columbia (the “Society”) was established as a not-for-profit society in 1968 and is incorporated under the Societies Act (British Columbia). It is registered as a charity for purposes of the Income Tax Act (Canada) and, accordingly, is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition:

The Society uses the deferral method of accounting for contributions, which includes donations and grants.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related asset.

Externally restricted contributions for the purchase of capital assets that will not be amortized or for the repayment of debt that was incurred to fund the purchase of a capital asset that will not be amortized are recognized as direct increases in net assets.

The Society's policy, which coincides with MCC Canada policy, is to recognize all estate donations as revenue in the year of receipt.

Revenue from the sale of product is recognized in the period that the sale takes place and the title to product is transferred. Material resources revenue is recognized in the period that they are shipped. Revenue from other sources such as rent and interest are recognized when earned and collection is reasonably assured.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(b) Contributed services:

Volunteers contribute an undetermined number of hours per year to assist the Society in the delivery of programs and services. Due to the difficulty in determining fair value of volunteer hours, contributed services are not recognized in these financial statements.

(c) Inventory:

Inventory is recorded at the lower of cost and replacement cost. Cost of inventory is computed using the first in first out method. Replacement cost for inventory is the estimated selling price in the ordinary course of business. Items donated for Material Resource shipments overseas are recorded at standard cost stipulated by MCC Canada when shipped.

(d) Investment in subsidiaries:

The Society accounts for its investments in wholly owned, for-profit subsidiary corporations using the equity method.

(e) Capital assets:

Purchased capital assets are recorded at cost, less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

Amortization is provided using the straight-line method using the following rates:

Buildings	40 Years
Land improvements	20 Years
Furniture and fixtures	10 Years
Equipment	5 Years
Motor vehicles	3 Years
Computer equipment	3 Years
Computer software	2 Years

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the either the full or partial amount of the asset no longer has long-term service potential to the Society. If such conditions exist, an impairment loss is measured at the amount by which either the full or partial carrying amount of the asset exceeds its residual value.

(f) Leases:

Leases are classified as either capital leases or operating leases. Leases that transfer substantially all the benefits and risks of ownership of the property to the Society are accounted for as capital leases. Capital lease obligations reflect the present value of future lease payments, discounted at the appropriate interest rate.

All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments 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. The Society has not elected to carry its 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.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant areas requiring the use of management estimates include the determination of useful lives of capital assets for purposes of amortization, valuation of accounts receivable, and valuation of investment in subsidiaries and accrued liabilities. Actual results could differ from the estimates.

(i) Donations and gifts in kind:

Donations of materials and services are recognized in the accounts of the Society at estimated fair market value when the materials and services are used in the normal course of the Society's operations and would otherwise have been acquired for distribution in accordance with the Society's purpose and objectives. The total donations in kind recorded as contributions during the year were \$186,092 (2019 - \$4,941,708). In 2019, \$4,803,900 was a gift of land and apartment buildings in Prince George; the land and buildings were subsequently transferred to Legacy Trust group under the name Pacific Peace Properties Inc., a wholly owned for-profit subsidiary.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2020

3. DUE FROM SUBSIDIARIES

Amount due from Cedar Ridge Estates Inc., a wholly owned for-profit subsidiary, is subject to interest at 4% per annum with no scheduled terms of repayment and is due March 31, 2023.

	2020	2019
Cedar Ridge Estates Inc.	\$ 2,586,570	\$ 2,586,570
Ecoworks Landscape Services Inc.	-	1,000,000
Pacific Peace Properties Inc.	-	29,987
MCC Community Enterprises Inc.	-	305
	\$ 2,586,570	\$ 3,616,862

4. INVESTMENT IN SUBSIDIARIES

MCC Legacy Trust consists of Promontory Ridge Estates Inc., Cedar Ridge Estates Inc. and Pacific Peace Properties Inc. The shares and shareholder loans of Promontory Ridge Estates Inc. and Cedar Ridge Estates Inc. were gifts from a donor to the Society, whereas Pacific Peace Properties Inc. is the corporate entity created to hold the gift of land and apartment buildings in Prince George to the Society by the same donor. The donor's wish is that these donated properties be held as revenue generating assets to support the ministry of the Society for generations to come, with some of the net income from these properties being re-invested to maintain the revenue generating asset base, and some of the net income being used as donations to support the global ministry of the Society at the discretion of the Society's Board of Directors (the "Board").

MCC Social Enterprises consists of Ecoworks Landscape Services Inc., MCC Community Enterprises Inc., and MCC Employment Services Inc. These entities are social enterprises created with the purposes of empowering people and communities towards job creation and economic self-reliance and to provide resources for the Society's programs.

MCC Legacy Trust and MCC Social Enterprises are managed by separate Board of Directors appointed by the Board of the Society.

	Opening balance	Equity income (loss)	New investment	Closing balance
Ecoworks Landscape Services Inc.	\$ 4,518,497	\$ 1,594,977	\$ -	\$ 6,113,474
MCC Community Enterprises Inc.	(1,197,622)	(2,022,349)	-	(3,219,971)
Cedar Ridge Estates Inc.	6,582,767	449,006	-	7,031,773
Promontory Ridge Estates Inc.	31,794,757	1,559,770	-	33,354,527
Pacific Peace Properties Inc.	4,758,571	(176,262)	-	4,582,309
MCC Employment Services Inc.	-	-	100	100
	\$ 46,456,970	\$ 1,405,142	\$ 100	\$ 47,862,212

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2020

4. INVESTMENT IN SUBSIDIARIES (CONTINUED):

The investments in subsidiaries are accounted for using the equity method. The subsidiaries are wholly owned for-profit companies and are subject to income tax and use the taxes payable method. The following represents summary information from the subsidiaries' unaudited financial statements for the year ended March 31, 2020 and comparisons for the year ended March 31, 2019.

(a) Ecoworks Landscape Services Inc.:

	2020	2019
Total assets	\$ 13,196,741	\$ 11,595,841
Total liabilities	8,254,663	8,248,740
Share capital and retained earnings	4,942,078	3,347,101
Revenue	2,659,649	672,000
Expenses	1,064,672	2,802,799
Net income (loss)	1,594,977	(2,130,799)
Cash provided by (used in) operating activities	192,238	(1,610,059)
Cash provided by (used in) financing activities	(227,850)	(517,684)
Cash provided by (used in) investing activities	-	1,718,474

(b) MCC Community Enterprises Inc.:

	2020	2019
Total assets	\$ 317,451	\$ 1,686,534
Total liabilities	2,815,117	2,161,851
Shareholders' deficiency	(2,497,666)	(475,317)
Revenue	3,219,132	5,358,831
Expenses	5,241,481	6,924,794
Net loss	(2,022,349)	(1,565,963)
Cash provided by (used in) operating activities	(1,942,910)	(1,095,323)
Cash provided by (used in) financing activities	1,440,136	1,040,117
Cash provided by (used in) investing activities	217,985	133,338

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2020

4. INVESTMENT IN SUBSIDIARIES (CONTINUED):

(c) Cedar Ridge Estates Inc.:

	2020	2019
Total assets	\$ 4,755,312	\$ 4,284,998
Total liabilities	2,791,446	2,770,138
Share capital and retained earnings	1,963,866	1,514,860
Revenue	3,053,733	5,730,758
Expenses	2,604,727	5,475,122
Net income	449,006	255,636
Cash provided by (used in) operating activities	2,011,551	3,198,993
Cash provided by (used in) financing activities	8,342	(872,523)
Cash provided by (used in) investing activities	3,141	4,297

(d) Promontory Ridge Estates Inc.:

	2020	2019
Total assets	\$ 42,934,302	\$ 41,577,178
Total liabilities	37,268,623	37,471,269
Share capital and retained earnings	5,665,679	4,105,909
Revenue	4,233,377	3,951,983
Expenses	4,206,257	3,688,726
Income from joint ventures	1,532,650	1,704,309
Net income	1,559,770	1,967,566
Cash provided by (used in) operating activities	889,619	634,934
Cash provided by (used in) financing activities	(296,726)	6,239,494
Cash provided by (used in) investing activities	397,861	2,826,495

(e) Pacific Peace Properties Inc.:

	2020	2019
Total assets	\$ 5,368,297	\$ 5,529,599
Total liabilities	785,988	768,028
Share capital and retained earnings	4,582,309	4,758,571
Revenue	595,020	99,995
Expenses	771,282	143,425
Net loss	(176,262)	(43,430)
Cash provided by (used in) operating activities	77,015	(1,819)
Cash provided by (used in) financing activities	(103,188)	102,674
Cash provided by (used in) investing activities	26,173	(100,855)

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2020

4. INVESTMENT IN SUBSIDIARIES (CONTINUED):

(f) MCC Employment Services Inc.:

MCC Employment Services Inc. was incorporated on January 23, 2020. The initial investment in shares by the Society for \$100 cash consideration was the only transaction that occurred during the year ended March 31, 2020.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2020	2019
Land	\$ 9,968,659	\$ -	\$ 9,968,659	\$ 9,968,659
Buildings	19,602,140	(3,693,309)	15,908,831	16,318,887
Land improvements	42,768	(4,277)	38,491	40,630
Computer equipment	89,195	(49,162)	40,033	3,940
Computer software	13,186	(13,186)	-	-
Equipment	486,347	(455,687)	30,660	17,247
Furniture and fixtures	109,485	(57,003)	52,482	52,104
Motor vehicles	368,348	(319,850)	48,498	3,973
	\$ 30,680,128	\$ (4,592,474)	\$ 26,087,654	\$ 26,405,440

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$12,559 (2019 - \$19,600), which includes amounts payable for GST and payroll related taxes.

7. RELATED PARTY TRANSACTIONS

During the year the Society entered into various transactions with its wholly owned for-profit subsidiaries. These transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Asset Purchase

On March 31, 2020, the Society purchased certain assets and liabilities of the Common Place Café and Agora Employment Essentials from MCC Community Enterprises Inc. The assets acquired and liabilities assumed constitute a business and enable the Society to facilitate ongoing operations of these enterprises. Accordingly, the acquisition has been accounted for as a business combination.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2020

7. RELATED PARTY TRANSACTIONS (CONTINUED):

The value of assets acquired was \$123,259, offset by assumed liabilities of \$123,259, resulting in a net purchase price of nil.

The following table summarizes the estimated fair value of the assets acquired and the liabilities assumed at the date of acquisition.

Assets:	
Accounts receivable	\$ 72,966
Inventory	3,350
Prepaid expenses	2,797
Capital assets	44,146
	123,259
Liabilities:	
Accounts payable	47,020
Deferred revenue	76,239
	123,259
	\$ -

Throughout the year, the Society also purchased vehicles from MCC Community Enterprises Inc. for total consideration of \$37,700.

Interest on Related Party Debt

The Society has received interest on related party debt in the current fiscal year from Ecoworks Landscape Services Inc. of \$51,553 (2019 - \$29,877), from Cedar Ridge Estates Inc. of \$103,746 (2019 - \$90,530), and from Promontory Ridge Estates Inc. of nil (2019 - \$2,766). The Society has received repayment of principal on related party debt from Ecoworks Landscape Services Inc. of \$1,000,000 (2019 - nil).

Administrative Services

The Society has received payments for rent, compensation and benefits, administration and office services in the current fiscal year from MCC Community Enterprises Inc. of \$87,987 (2019 - \$44,538), and from Promontory Ridge Estates Inc. of \$4,816 (2019 - \$21,716).

Fees for Service

The Society has made payment for landscaping and maintenance services for various Thrift shops and the Deer Trail Guest House to MCC Community Enterprises Inc. of \$37,675 (2019 - \$29,612).

Donations

During the year, the Society received a donation of \$721,000 (2019 - \$1,500,000) from Cedar Ridge Estates Inc. Of this, \$721,000 (2019 - \$1,000,000) was donated to MCC Canada's international relief work per the original donor's wishes. No amounts (2019 - \$500,000) are included in deferred capital contributions in the current year.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2020

8. DEFERRED OPERATING CONTRIBUTIONS

Deferred operating contributions represent both funding that is received in advance of the delivery of services and unspent externally restricted contributions.

The changes in deferred operating contributions for the year are as follows:

	2020	2019
		(Recast - note 20)
Opening balance	\$ 406,326	\$ 460,720
Contributions received	2,554,482	3,313,669
Amounts recognized as revenue	(2,664,304)	(3,368,063)
Closing balance	\$ 296,504	\$ 406,326

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions relate to contributions received for the acquisition of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

The changes in deferred capital contributions for the year are as follows:

	2020	2019
Opening balance	\$ 8,192,745	\$ 7,918,693
Contributions received	22,215	505,278
Amounts recognized as revenue	(229,946)	(231,226)
Closing balance	\$ 7,985,014	\$ 8,192,745

10. SHORT-TERM DEBT

The Society has received private demand loans payable without interest or security. Balance outstanding at March 31, 2020 is \$40,000 (2019 - \$40,000).

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2020

11. LONG-TERM DEBT

	2020	2019
Fort St. John Thrift Store - Commercial promissory note from Envision Financial with monthly payments of \$12,441 including interest at 4.05% per annum. Loan matures in 2022. Secured by a mortgage over real property and a general security agreement.	\$ 1,886,081	\$ 1,957,832
Kelowna Thrift Store - Commercial promissory note payable on demand from Envision Financial with monthly payments of \$8,963 including interest at 3.80% per annum. Loan matures in 2022. Secured by a mortgage over real property.	1,367,227	1,420,969
MCC Centre - Commercial promissory note payable on demand from Envision Financial with monthly payments of \$5,929 including interest at 3.75% per annum. Loan matures in 2022. Secured by a mortgage over real property.	977,393	-
MCC Centre - Commercial promissory note payable on demand from Envision Financial with monthly payments of \$5,903 including interest at 3.7% per annum. Loan matures in 2021. Secured by a mortgage over real property.	977,268	-
MCC Centre - Commercial promissory note payable on demand from Envision Financial with monthly payments of \$5,877 including interest at 3.65% per annum. Loan matures in 2020. Secured by a mortgage over real property.	977,144	-
Powell River Thrift Store - Commercial promissory note from Envision Financial with monthly payments of \$3,080 including interest at 4.2% per annum. Loan matures in 2024. Secured by a mortgage over real property and a general security agreement.	407,010	426,130
Powell River Thrift Store - Commercial promissory note from Envision Financial with monthly payments of \$984 plus interest at 3.77% per annum. Loan matures in 2022. Secured by a mortgage over real property and a general security agreement.	133,937	184,800

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2020

11. LONG-TERM DEBT (CONTINUED):

Mission Thrift Store - Mortgage payable to Abundance Canada, due July 2020, secured by real property, repayable in equal monthly installments of \$3,113, including interest at 3.75%.	259,159	286,298
MCC Centre - HSBC Banker's Acceptance payable on demand.	-	3,514,437
Fort St. John Thrift Store - Commercial promissory note from Envision Financial.	-	953,864
	6,985,219	8,744,330
Less: principal amounts due within one year and on demand	4,659,569	6,450,848
	\$ 2,325,650	\$ 2,293,482

The scheduled long-term debt principal repayments are as follows:

2021	\$ 1,464,590
2022	1,262,662
2023	3,914,647
2024	343,320
	\$ 6,985,219

12. COMMITMENTS

The Society has entered into various operating leases for premises and equipment. Under the terms of the leases, the minimum annual lease payments over the next five years are as follows:

2021	\$ 157,609
2022	56,723
2023	13,050
2024	13,050
2025	12,915
	\$ 253,347

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2020

13. CONTINGENCY

MCC Canada has a Private Sponsorship of Refugees Agreement (“PSR”) with Immigration Refugee and Citizenship Canada 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 Canadian affiliates of MCC Canada, including the Society.

As a result, the Society has partnered with various church and community groups to assist with the sponsorship and resettlement of refugee families in British Columbia. These groups have committed to providing the required funding to sponsor and support these refugee families for the required twelve-month period. As at March 31, 2020, the Society has 256 (2019 - 233) active sponsorship cases with various time commitments remaining. Should all of these churches or other groups default on their financial obligations, the Society will be responsible for providing the funding shortfall resulting in a contingent liability estimated to be \$362,115 (2019 - \$195,021). Although there is no history of groups defaulting on their financial obligations, the ability to estimate the Society's potential liability is indeterminable. As such, the cost of providing the funding shortfall will be recorded in the period the amount becomes known and determinable.

14. INVESTED IN CAPITAL ASSETS

(a) Invested in capital assets is calculated as follows:

	2020	2019
Capital assets	\$ 26,087,654	\$ 26,405,440
Amounts financed by:		
Long-term debt	6,985,219	8,744,330
Deferred capital contributions	7,985,014	8,192,745
	14,970,233	16,937,075
	\$ 11,117,421	\$ 9,468,365

(b) Deficiency of revenue over expenses in capital assets:

	2020	2019
Amortization of deferred capital contributions	\$ 229,946	\$ 223,785
Depreciation of capital assets	(533,967)	(587,317)
	\$ (304,021)	\$ (363,532)

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2020

14. INVESTED IN CAPITAL ASSETS (CONTINUED):

(c) Contributions in capital assets:

	2020	2019
Contributions for the repayment of long-term debt	\$ 28,587	\$ 8,177
Contribution of non-depreciable capital assets	-	4,802,000
	\$ 28,587	\$ 4,810,177

(d) Change in net assets invested in capital assets:

	2020	2019
Acquisition of capital assets	\$ 216,181	\$ 166,522
Repayment of long-term debt	1,759,111	1,904,124
Purchases funded by deferred capital contributions	(22,215)	(503,318)
Repayment of long-term debt funded by contributions	(28,587)	(8,177)
	\$ 1,924,490	\$ 1,559,151

15. INTERNALLY RESTRICTED FUNDS

The Society, in accordance with its approved annual budget, has internally restricted net assets for the benefit of local programs. The amounts in the fund are internally restricted and are not available without the approval of the Board.

The Employment and Community Development ("ECD") funds were generated through local employment programs prior to ECD being transferred into two independent, but still wholly owned entities, MCC Community Enterprises Inc. and Ecoworks Landscape Services Inc.

	Opening balance	Transfers in	Transfers out	Closing balance
ECD Funds	\$ 1,335,529	\$ -	\$ -	\$ 1,335,529
MCC Legacy Trust	45,722,665	1,832,514	-	47,555,179
MCC Social Enterprise	3,320,875	-	(427,372)	2,893,503
Thrift store expansion	990,000	-	(990,000)	-
Non-building capital	330,000	-	-	330,000
	\$ 51,699,069	\$ 1,832,514	\$ (1,417,372)	\$ 52,114,211

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2020

16. NET ASSETS AVAILABLE FOR OPERATIONS

The Society's agreement with MCC Canada calls for a calculation of Net Assets Available for Operations ("NAAFO") as it relates to thrift store and general operating expenses for the coming year. This calculation is based on the balance of unrestricted net assets at the end of the year of \$1,055,628.

The amount to be allocated to thrift store operating expenses is to be calculated at 'between one and three months' average budgeted operating expenses'. Based on the Society's 2021 budget, this amount is \$508,982, which is equal to one month reserve and, therefore, is in compliance with the agreement.

The amount to be allocated to the general operating expenses calls for 'between two and four months' budgeted operating expenses'. After subtracting from unrestricted net assets the amount for thrift store operating expenses, there remains \$546,646 available towards general operating expenses. This is the equivalent of two months' reserve of expenses and, therefore, is in compliance with the agreement.

17. GRANT FUNDING

	2020	2019
Grants from MCC Canada	\$ 313,678	\$ 89,545
Canada Emergency Wage Subsidy ("CEWS")	128,000	-
Other grants	65,776	73,159
CEWS included in thrift revenue	(68,000)	-
	\$ 439,454	\$ 162,704

18. PAYMENTS TO EMPLOYEES AND CONTRACTORS

The Societies Act (British Columbia) requires the disclosure of remuneration paid by the Society to employees and contractors whose remuneration was at least \$75,000, and any amounts of remuneration paid by the Society to directors.

For the fiscal year ended March 31, 2020, the Society paid total remuneration of \$1,158,629 to 13 employees for service, who received total annual remuneration of \$75,000 or greater. Included in remuneration is the cost of salaries and premiums for employment insurance, Canada pension plan, workers compensation, and benefits including medical, dental, life insurance, and long-term disability.

No remuneration of \$75,000 or greater was paid to contractors for services and no remuneration was paid to any members of the Board.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2020

19. FINANCIAL RISKS:

(a) Liquidity risk:

Liquidity risk is the risk that Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements and preparing budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society's financial assets that are exposed to credit risk are cash, contributions, loans and proceeds receivable. Credit risk is minimized by restricting the granting of credit and by application of internal collection policies and procedures.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed-interest and non-interest bearing financial instruments are subject to changes in fair value, while floating rate financial instruments are subject to fluctuations in cash flows. The Society is exposed to fair value risk with respect to its long-term debt facilities which bear interest at fixed rates. The Society is exposed to cash flow risk as a result of variable interest rates on its commercial promissory notes (note 11).

Management does not believe the Society is exposed to any significant concentration of risk. There has been no change to the risk exposures from the prior year.

20. RECAST OF COMPARATIVE FIGURES

The Society determined that revenue was not recognized in prior years for certain funds disbursed to the Society for operating purposes. As at and for the year ended March 31, 2019, the Society's deferred operating contributions was overstated by \$135,000, opening unrestricted net assets was understated by \$67,500, and contributions revenue was understated by \$67,500. Accordingly, the comparative figures have been adjusted to reflect deferred operating contributions of \$406,326, net assets of \$62,496,472, and deficiency of revenue of \$1,302,692 for the year then ended.

21. SUBSEQUENT EVENT

On April 1, 2020, the Society's subsidiaries, MCC Community Enterprises Inc. and Ecoworks Landscaping Services Inc., amalgamated with Promontory Ridge Estates Inc.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2020

22. IMPACT OF COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation presents uncertainty over the Society's future cash flows and may have a significant impact on the Society's future operations. Potential impacts on the Society's operations could include future decreases in revenues and increases in expenses. At the time of approval of these financial statements, the Society has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Temporary closure of thrift stores to the public
- Temporary closure of facilities to the public
- Postponement and/or cancellation of fundraising events
- Working from home requirements for those able to do so

As the situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate of the financial effect on the Society is not practicable at this time.

23. COMPARATIVE FIGURES

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

MENNONITE CENTRAL COMMITTEE BC
Schedule 1 - Donations and Bequests
For the year ended March 31, 2020

	2020	2019
Undesignated contributions		
General	\$ 2,502,188	\$ 2,265,203
Bequests	744,124	103,770
	3,246,312	2,368,973
Designated contributions		
International programming	1,752,308	2,259,293
BC programs	326,028	284,565
Material resources - gifts in kind	186,092	285,869
Canadian Foodgrains Bank	111,725	109,811
Major disasters	26,970	57,969
Bequests	28,000	-
	2,431,123	2,997,507
TOTAL DONATIONS AND BEQUESTS	\$ 5,677,435	\$ 5,366,480

MENNONITE CENTRAL COMMITTEE BC
Schedule 2 - Thrift Shops
For the year ended March 31, 2020

	2020	2019
REVENUE		
Chilliwack	\$ 327,223	\$ 368,011
Clearbrook Clothing	997,524	1,071,235
Fort St. John	968,921	1,018,914
Kelowna	718,243	655,088
MCC Centre	2,262,618	2,028,673
Mission	563,783	597,931
Powell River	381,111	387,935
Surrey	612,413	616,011
Vancouver	498,709	570,587
Yarrow	77,180	68,369
	7,407,725	7,382,754
EXPENSES		
Wages and benefits	2,980,691	2,823,324
Rent	781,068	782,987
Repairs and maintenance	315,842	382,417
Property taxes	310,291	318,408
Depreciation	193,621	230,369
Interest	172,814	209,182
Supplies	140,167	158,554
Utilities	127,455	126,834
Travel and meetings	82,704	77,102
Insurance	59,307	55,356
Bank and credit card fees	58,343	55,900
Tools, equipment and software	29,635	33,437
Telephone and internet	24,864	30,758
Forwarding	24,827	35,963
Advertising	15,196	49,501
Miscellaneous expense	11,256	6,801
Cost of goods sold	10,012	22,523
Professional fees	3,961	2,667
Events and project expenses	1,428	20
	5,343,482	5,402,103
EXCESS OF REVENUE OVER EXPENSES	\$ 2,064,243	\$ 1,980,651

MENNONITE CENTRAL COMMITTEE BC
Schedule 3 - BC Programs
For the year ended March 31, 2020

	2020	2019
REVENUE		
Sales and fees for service	\$ 917,649	\$ 747,448
Donations and bequests	371,365	346,057
Grant funding	106,350	143,986
Rental income	33,822	29,154
Other revenue	5,143	38
TOTAL PROGRAM REVENUE	1,434,329	1,266,683
EXPENSES		
Disaster Relief		
Material resources	265,593	309,958
Remittance to Mennonite Disaster Service	1,760	-
	267,353	309,958
Community Development		
Homelessness prevention and outreach	204,734	202,352
Refugee assistance	273,137	287,545
IVEP and service worker program	223,170	280,265
Program coordination and development	223,980	131,784
Poverty reduction projects	121,158	134,347
MCC Guest House	48,784	45,930
Volunteer development	39,254	51,641
Young adult programs	13,911	-
	1,148,128	1,133,864
Justice and Peace		
End Abuse program	150,031	148,794
Indigenous relations	93,648	57,530
Constituency engagement	124,247	78,984
	367,926	285,308
Ten Thousand Villages	618,937	517,814
TOTAL PROGRAM EXPENSES	2,402,344	2,246,944
NET PROGRAM EXPENSES	\$ (968,015)	\$ (980,261)