

**MENNONITE CENTRAL COMMITTEE U.S.
AND SUBSIDIARIES**

**YEARS ENDED
MARCH 31, 2019 AND 2018**

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

YEARS ENDED MARCH 31, 2019 AND 2018

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Independent Auditors' Report

Members
Mennonite Central Committee U.S.
Akron, Pennsylvania

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Mennonite Central Committee U.S. and subsidiaries (nonprofit organizations) (the Organization), which comprise the consolidated statements of financial position as of March 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mennonite Central Committee U.S. and subsidiaries as of March 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Brown Schultz Steidman & Fritz

Lancaster, Pennsylvania
July 22, 2019

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents:		
Cash	\$ 5,705,337	\$ 3,315,532
Cash equivalents in investment accounts	657,773	632,823
Cash in overseas accounts or held by agents	<u>1,246,804</u>	<u>1,321,303</u>
Total cash and cash equivalents	7,609,914	5,269,658
Accounts receivable, trade and others, net of allowance for doubtful accounts of \$18,000 for 2019 and 2018	848,945	353,425
Grants receivable	768,754	824,653
Inventory	2,751,299	3,163,481
Prepaid expenses	667,461	626,381
Investments	29,091,018	33,238,997
Loan receivable	376,770	50,000
Interest in MASP reserve	960,251	944,784
Beneficial interest in perpetual trusts	371,952	378,327
Property and equipment, net of accumulated depreciation	<u>5,990,066</u>	<u>6,451,588</u>
Total assets	<u>\$ 49,436,430</u>	<u>\$ 51,301,294</u>

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2019 AND 2018

LIABILITIES AND NET ASSETS

	<u>2019</u>	<u>2018</u>
Liabilities:		
Payables:		
Trade and others	\$ 1,627,031	\$ 1,212,096
Service workers	632,600	666,270
Accrued salaries and benefits	1,087,025	1,137,106
Deferred income	36,835	25,513
Capital lease liability	90,109	107,773
	<u>3,473,600</u>	<u>3,148,758</u>
Total liabilities		
Net assets:		
Without donor restrictions	40,688,254	42,777,278
With donor restrictions	5,274,576	5,375,258
	<u>45,962,830</u>	<u>48,152,536</u>
Total net assets		
Total liabilities and net assets	<u>\$ 49,436,430</u>	<u>\$ 51,301,294</u>

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED MARCH 31, 2019 AND 2018

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue:						
Contributions	\$ 21,448,746	\$ 5,430,854	\$ 26,879,600	\$ 26,368,865	\$ 6,095,785	\$ 32,464,650
Grants, nongovernment	1,232,017		1,232,017	324,171		324,171
Investment earnings	945,683	2,584	948,267	1,290,002	68,278	1,358,280
Other program and miscellaneous	2,412,010		2,412,010	1,777,859		1,777,859
Material resources donated in-kind	3,400,043		3,400,043	3,913,397		3,913,397
Net assets released from restrictions	5,534,120	(5,534,120)	-	6,020,018	(6,020,018)	-
Total revenue	<u>34,972,619</u>	<u>(100,682)</u>	<u>34,871,937</u>	<u>39,694,312</u>	<u>144,045</u>	<u>39,838,357</u>
Expenses:						
Programs:						
Disaster relief	5,659,523		5,659,523	6,637,137		6,637,137
Justice and peacebuilding	6,435,210		6,435,210	6,158,671		6,158,671
Sustainable community development	18,379,479		18,379,479	15,809,364		15,809,364
Total program expenses	30,474,212		30,474,212	28,605,172		28,605,172
General administration	4,173,412		4,173,412	3,869,278		3,869,278
Fundraising	2,414,019		2,414,019	2,319,916		2,319,916
Total expenses	<u>37,061,643</u>		<u>37,061,643</u>	<u>34,794,366</u>		<u>34,794,366</u>
Change in net assets	(2,089,024)	(100,682)	(2,189,706)	4,899,946	144,045	5,043,991
Net assets:						
Beginning of year	<u>42,777,278</u>	<u>5,375,258</u>	<u>48,152,536</u>	<u>37,877,332</u>	<u>5,231,213</u>	<u>43,108,545</u>
End of year	<u>\$ 40,688,254</u>	<u>\$ 5,274,576</u>	<u>\$ 45,962,830</u>	<u>\$ 42,777,278</u>	<u>\$ 5,375,258</u>	<u>\$ 48,152,536</u>

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED MARCH 31, 2019 AND 2018

2019	Disaster relief	Justice and peacebuilding	Sustainable community development	General administration	Fundraising	Total expenses
Salaries and benefits	\$ 1,747,276	\$ 3,272,900	\$ 5,665,885	\$ 2,765,076	\$ 1,619,897	\$ 15,071,034
Travel	177,733	655,064	1,035,779	322,599	45,503	2,236,678
Grants	805,236	1,393,122	6,921,639	(5,980)	8,000	9,122,017
Freight	201,705		156,554			358,259
Occupancy	193,188	172,276	263,382	66,610	155,089	850,545
Supplies	501,989	45,975	423,617	200,245	8,285	1,180,111
Communications	47,337	74,982	202,950	79,353	71,678	476,300
Meetings and seminars	50,550	431,949	311,974	67,501	33,720	895,694
Professional fees	70,926	82,534	234,168	104,203	93,398	585,229
Other	501,805	306,408	699,646	573,805	378,449	2,460,113
Material resources donated in-kind	1,361,778		2,463,885			3,825,663
Total 2019	<u>\$ 5,659,523</u>	<u>\$ 6,435,210</u>	<u>\$ 18,379,479</u>	<u>\$ 4,173,412</u>	<u>\$ 2,414,019</u>	<u>\$ 37,061,643</u>

(continued)

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

YEARS ENDED MARCH 31, 2019 AND 2018

2018	Disaster relief	Justice and peacebuilding	Sustainable community development	General administration	Fundraising	Total expenses
Salaries and benefits	\$ 1,804,191	\$ 3,259,160	\$ 5,563,460	\$ 2,650,246	\$ 1,483,451	\$ 14,760,508
Travel	221,318	594,189	1,021,210	246,458	66,677	2,149,852
Grants	1,771,233	1,243,535	4,934,509		8,000	7,957,277
Freight	255,929	81	100,452			356,462
Occupancy	214,017	190,855	332,493	7,152	152,019	896,536
Supplies	423,564	46,013	411,454	173,411	13,956	1,068,398
Communications	48,246	72,953	210,348	69,707	63,533	464,787
Meetings and seminars	67,753	341,660	321,561	68,493	20,316	819,783
Professional fees	97,702	83,170	191,618	104,687	101,435	578,612
Other	471,533	327,055	633,815	549,124	410,529	2,392,056
Material resources donated in-kind	1,261,651		2,088,444			3,350,095
Total 2018	\$ 6,637,137	\$ 6,158,671	\$ 15,809,364	\$ 3,869,278	\$ 2,319,916	\$ 34,794,366

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Changes in net assets	<u>\$ (2,189,706)</u>	<u>\$ 5,043,991</u>
Adjustments:		
Depreciation	917,545	904,337
Unrealized gain on investments	(254,942)	(43,812)
Realized gain on investments	(55,808)	(770,193)
Gain on disposal of property and equipment	(17,763)	(24,893)
Foreign exchange rate gains	(57,892)	(31,034)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, trade and others	(495,520)	179,124
Grants receivable	55,899	(113,101)
Inventory	412,182	(569,549)
Prepaid expenses	(41,080)	86,019
Loan receivable	(326,770)	(50,000)
Interest in MASP reserve	(15,467)	(83,598)
Beneficial interest in perpetual trusts	6,375	(8,242)
Increase (decrease) in:		
Payables:		
Trade and others	414,935	90,590
Service workers	(33,670)	(15,475)
Accrued salaries and benefits	(50,081)	110,966
Deferred income	<u>11,322</u>	<u>18,923</u>
 Total adjustments	 <u>469,265</u>	 <u>(319,938)</u>
 Net cash provided by (used in) operating activities	 <u>(1,720,441)</u>	 <u>4,724,053</u>
 Cash flows from investing activities:		
Proceeds from sale of:		
Property and equipment	23,822	33,622
Investments	11,520,259	6,213,138
Purchases of:		
Investments	(7,061,530)	(10,487,965)
Property and equipment	<u>(458,434)</u>	<u>(458,750)</u>
 Net cash provided by (used in) investing activities	 <u>4,024,117</u>	 <u>(4,699,955)</u>

(continued)

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED MARCH 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from financing activities:		
Effect of foreign currency exchange rate changes on cash and cash equivalents	\$ 57,892	\$ 31,034
Noninterest-bearing demand notes Payments made on capital leases	<u>(21,312)</u>	<u>(17,788)</u>
Net cash provided by financing activities	<u>36,580</u>	<u>13,246</u>
Net increase in cash and cash equivalents	2,340,256	37,344
Cash and cash equivalents:		
Beginning	<u>5,269,658</u>	<u>5,232,314</u>
Ending	<u><u>\$ 7,609,914</u></u>	<u><u>\$ 5,269,658</u></u>

During 2019 and 2018, the entity entered into capital leases for vehicles with a net present value of \$3,648 and \$124,916, respectively.

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

1. Nature of organization and summary of significant accounting policies:

Nature of organization:

Mennonite Central Committee U.S. (MCC U.S. or Organization), a worldwide ministry of Anabaptist churches, shares God's love and compassion for all in the name of Christ by responding to basic human needs and working for peace and justice. MCC U.S. envisions communities worldwide in the right relationship with God, one another and creation. MCC U.S. is governed by its board of directors which is appointed primarily by participating church denominations and MCC U.S. regional boards of directors.

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

MCCC and MCC U.S. entered into a covenant to share the operations and all related assets including property, relationships, reputation, knowledge, experience and supporting systems of the MCC international programs (internally referred to as Shared Program). It is intended that the share that each national entity owns under this arrangement in each country program will be an undivided share.

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

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

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

Nature of organization:

Much of the Organization's support comes from a variety of generous individuals and churches. MCC U.S. is strongly supported by Mennonite, Brethren in Christ and Amish communities of faith, as well as by many churches and individuals who are not Anabaptist. MCC U.S. thrift shops and relief sales, included in contributions, together provided approximately 30% (\$10,532,464) and 24% (\$9,687,497) of the Organization's total revenue for the years ended March 31, 2019 and 2018, respectively. Volunteer-initiated events from bike rides to bake sales provide consistent ongoing financial support. Gifts in kind include donations of items such as school, relief and health kits, blankets and other material aid.

Adoption of new accounting pronouncement:

In 2019, the Organization implemented Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative periods presented. The new standard changes the following aspects of the Organization's financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted and permanently restricted net asset classes have been renamed net assets with donor restrictions.
- The footnotes include a new disclosure about liquidity and availability of resources (Note 3).

Cash and cash equivalents:

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

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

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

Receivables:

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

Inventory valuation:

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

Foreign currency:

The statement of financial position reflects foreign accounts in the U.S. dollar equivalent using the rate of exchange at year end. Contributions and expenses are converted using the average exchange rate in the month of the transaction. The amount of foreign exchange gain included in the statements of activities is \$57,892 and \$31,034 for the years ended March 31, 2019 and 2018, respectively.

Investments:

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

Endowments:

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

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

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

Property and equipment:

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

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

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

Contributions, including grants:

Contributions and grants are recorded as net assets with or without donor restrictions depending on the existence or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the donor restrictions.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

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

Grants and pledges receivable and grants payable:

MCC U.S. records unconditional grants and other contributions receivable due in subsequent years as net assets with donor restrictions. Unconditional grants and pledges due in subsequent years are recorded at net realizable present value, using a risk-free interest rate to discount the amounts. An allowance for uncollectible grants and pledges is provided based on management's evaluation of potential uncollectible grants and pledges receivable at year end.

Similarly, MCC U.S. records unconditional grants and pledges it has made to other organizations as expenses in the year the commitment has been made. Unconditional grants and pledges payable in subsequent years are recorded at the present value of the future cash outflows.

Material resources donated in-kind:

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

Contributed services:

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

Functional expenses:

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

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

Income taxes:

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

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

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

Pension benefits:

The Organization sponsors a defined contribution plan that covers salaried employees after six months of employment, domestic service workers after two years of service and international service workers after three years of service. The Organization contributes an amount equal to 7% of the employee's eligible compensation. For employees who were active members of the Organization's pension plan on December 31, 1991, and who have continued service without interruption, MCC U.S.'s contributions will be 10% of salary during employment years in which workers are 50 years old or older. Contributions to the plan for the years ended March 31, 2019 and 2018 totaled \$1,014,029 and \$991,815, respectively.

Other postemployment benefits:

MCC U.S. provides certain medical benefits to former employees. In accordance with GAAP, these costs are accounted for on the accrual basis. The benefit obligation is calculated using a discount rate of 4% over the expected lives of the participants.

Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications:

Certain reclassifications have been made to the 2018 financial statement amounts in order to conform to the 2019 presentation.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

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

Recently issued accounting standards:

Revenue:

FASB ASU 2014-09, *Revenue from Contracts and Customers (Topic 606)*, with effective dates amended by FASB ASU 2015-14, is effective for the Organization's March 31, 2020 fiscal year end and identifies specific steps to be applied to properly recognize revenue from customer contracts. Under the standard, revenue recognition is determined using a five-step model which identifies customer contracts, identifies performance obligations in each contract, determines transaction price, allocates transaction price to performance obligations and recognizes revenue when or as the performance obligations are satisfied. The standard permits the use of either the retrospective or cumulative effect transition method. The Organization is evaluating the effect that ASU 2014-09 will have on the Organization's financial statements. The Organization has not yet selected a transition method, nor has it determined the effect of the standard on its ongoing financial reporting.

Leases:

FASB ASU 2016-02, *Leases*, is effective for the Organization's March 31, 2021 fiscal year end and requires that all leases with terms of more than 12 months be recognized as assets and liabilities on the balance sheet. Recognition of these lease assets and lease liabilities represents a change from previous GAAP, which did not require lease assets and lease liabilities to be recognized for operating leases. Qualitative disclosures along with specific quantitative disclosures will be required to provide enough information to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an entity's leasing activities.

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

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

2. Cash and cash equivalents:

MCC U.S. maintains several bank accounts which may at times exceed the federally insured limits. At March 31, 2019, the amount of deposits in cash held at various banks exceeded the Federal Deposit Insurance Corporation (FDIC) limit by approximately \$5,322,000. The Organization has experienced no losses related to uninsured balances. Cash in overseas accounts or held by agents and cash equivalents in investment accounts are not federally insured.

3. Financial assets and liquidity resources:

As of March 31, 2019 and 2018, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, payments on notes payable, and purchases of property and equipment were as follows:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents (1)	\$ 7,580,050	\$ 5,237,963
Marketable securities (1)	18,991,242	24,020,482
Receivables:		
Trade	848,945	353,425
Grant	768,754	824,653
Current portion loans	<u>376,770</u>	<u>50,000</u>
 Total financial assets available within one year	 28,565,761	 30,486,523
 Liquidity resources, line of credit	 3,000,000	 3,000,000
 Net assets with donor restrictions (1)	 (4,098,365)	 (4,201,530)
 Net assets without donor restrictions, board designated	 <u>(6,651,070)</u>	 <u>(7,133,528)</u>
 Total financial assets and liquidity resources available within one year	 <u>\$ 20,816,326</u>	 <u>\$ 22,151,465</u>

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

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

3. Financial assets and liquidity resources (continued):

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

To manage unanticipated liquidity needs, MCC maintains a \$3,000,000 line of credit with a bank that can be drawn upon as needed during the year to manage cash flows. MCC had no draws on the line of credit in 2019 or 2018.

4. Grants receivable:

Unconditional grants receivable of \$768,754 were due as of March 31, 2019. At March 31, 2018, there was \$824,653 of unconditional grants receivable.

5. Loans receivable:

Loans are extended to thrift shops to help finance construction. Payment terms on the loans generally vary from several months to two years and interest rates are prime minus 1%. For larger loans receivable, collateral includes the properties owned by the thrift shop. The loan balance is fully collectable and the balances mature in the next year.

6. Investment valuation and investments:

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

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

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

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

6. Investment valuation and investments (continued):

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

Level 1 – Quoted prices in active markets for identical investment

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

Level 3 – Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments). The Organization does not hold any level 3 investments as of March 31, 2019 or 2018.

The fair values of investments measured on a recurring basis at March 31, 2019 and 2018 are as follows:

Valuation inputs	Investment in securities	
	2019	2018
Level 1 - Quoted prices	\$ 14,665,509	\$ 15,308,539
Level 2 - Other significant observable inputs	14,425,509	17,930,458
	<u>\$ 29,091,018</u>	<u>\$ 33,238,997</u>

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

6. Investment valuation and investments (continued):

Investments are comprised of the following:

	2019		2018	
	Cost	Carrying value	Cost	Carrying value
Investments held:				
Government agency securities			\$ 350,686	\$ 349,671
Common stock	\$ 7,264,210	\$ 8,371,033	8,871,106	9,755,729
Corporate and municipal bonds	10,393,230	10,368,012	13,783,809	13,641,086
Other	177,249	252,197	193,904	273,996
	<u>17,834,689</u>	<u>18,991,242</u>	<u>23,199,505</u>	<u>24,020,482</u>
Endowment funds held:				
Common stock	6,084,945	6,294,476	5,180,327	5,552,810
Corporate and municipal bonds	3,639,318	3,614,870	3,559,162	3,477,550
Other	172,523	190,430	195,402	188,155
	<u>9,896,786</u>	<u>10,099,776</u>	<u>8,934,891</u>	<u>9,218,515</u>
	<u>\$ 27,731,475</u>	<u>\$ 29,091,018</u>	<u>\$ 32,134,396</u>	<u>\$ 33,238,997</u>

The following schedule summarizes the investment earnings and its classification in the statements of activities for the years ended March 31, 2019 and 2018:

	2019	2018
Interest and dividends	\$ 770,673	\$ 672,948
Realized gain	55,808	770,193
Unrealized gains	254,942	43,812
Expenses	(133,156)	(128,673)
	<u>\$ 948,267</u>	<u>\$ 1,358,280</u>

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

7. Property and equipment:

Property and equipment consist of the following:

	<u>2019</u>	<u>2018</u>
Land and buildings	\$ 10,190,777	\$ 10,000,619
Construction in progress	38,624	23,401
Furniture and equipment	2,513,375	2,575,025
Vehicles	<u>2,190,790</u>	<u>2,235,536</u>
	14,933,566	14,834,581
Accumulated depreciation	<u>8,943,500</u>	<u>8,382,993</u>
Total property and equipment	<u><u>\$ 5,990,066</u></u>	<u><u>\$ 6,451,588</u></u>

Depreciation charged to expense during the years ended March 31, 2019 and 2018 totaled \$917,545 and \$904,337, respectively.

8. Line of credit:

The Organization has a \$3,000,000 line of credit with Fulton Bank. The line is secured by the assets held in an investment account managed by Fulton Financial Advisors. Interest is calculated at London Interbank Offered Rate (LIBOR) plus 2.25%, which was 4.73% at March 31, 2019 or an interest rate floor of 4%. There were no borrowings on the line of credit at March 31, 2019.

9. Beneficial interest in perpetual trusts:

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

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

10. Net assets with donor restrictions:

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

	<u>2019</u>	<u>2018</u>
Endowment funds	\$ 804,259	\$ 795,300
Beneficial interests in third-party trusts	371,952	378,428
Time restrictions	342,624	601,473
Program restrictions	<u>3,755,741</u>	<u>3,600,057</u>
	<u>\$ 5,274,576</u>	<u>\$ 5,375,258</u>

Endowment fund:

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

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

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

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

10. Net assets with donor restrictions (continued):

Changes in endowment-related activities for the years ended 2019 and 2018 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
April 1, 2017	\$ 3,473,874	\$ 759,660	\$ 4,233,534
Net investment income	351,270	60,035	411,305
Contributions	4,696,260		4,696,260
Distributions	<u>(66,495)</u>	<u>(24,395)</u>	<u>(90,890)</u>
March 31, 2018	8,454,909	795,300	9,250,209
Net investment income	116,331	8,959	125,290
Contributions	<u>754,140</u>		<u>754,140</u>
March 31, 2019	<u>\$ 9,325,380</u>	<u>\$ 804,259</u>	<u>\$ 10,129,639</u>

Net assets released from restrictions were as follows:

	<u>2019</u>	<u>2018</u>
Released from:		
Time restrictions expired	\$ 476,692	\$ 204,129
Program restrictions, other international activities	<u>5,057,428</u>	<u>5,815,889</u>
	<u>\$ 5,534,120</u>	<u>\$ 6,020,018</u>

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

11. Net assets without donor restrictions:

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

	<u>2019</u>	<u>2018</u>
Applied to long-term assets:		
Invested in property and equipment	\$ 5,990,066	\$ 6,451,588
Other unrestricted	<u>18,721,738</u>	<u>20,737,253</u>
	<u>24,711,804</u>	<u>27,188,841</u>
Reserved by board action (not available for current operations):		
Board designated endowments	9,325,380	8,454,909
Bequests	2,451,140	3,411,207
Pension reserve	337,290	337,290
Capital reserve	2,862,640	2,385,031
Centennial reserve	<u>1,000,000</u>	<u>1,000,000</u>
	<u>15,976,450</u>	<u>15,588,437</u>
Total unrestricted net assets	<u><u>\$ 40,688,254</u></u>	<u><u>\$ 42,777,278</u></u>

12. MASP employee healthcare assistance benefit program:

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

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

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

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

The MASP maintains a reserve fund, which can be drawn upon in the event of a large single claim or a series of large claims or if the MASP chooses to allocate a portion of the reserve fund to lower the aggregate shared claims limit. Claims are expensed as incurred. The Organization has determined its estimated share of the reserve fund to be \$960,251 and \$944,784 at March 31, 2019 and 2018, respectively.

13. Commitments:

The Organization has agreements to lease premises for various periods until June 2024.

Future minimum lease payments under these agreements are as follows:

2020	\$ 212,348
2021	148,994
2022	80,473
2023	28,569
2024	<u>1,710</u>
Total minimum future rental payments	<u>\$ 472,094</u>

Rent expense totaled \$235,150 and \$191,415 for the years ended March 31, 2019 and 2018, respectively.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

13. Commitments (continued):

The Company leases vehicles under agreements that are classified as capital leases. The cost of equipment under capital leases is included in the statement of financial position as vehicles was \$149,583 and \$124,916 at March 31, 2019 and 2018, respectively. Accumulated amortization of the leased equipment at March 31, 2019 and 2018 was \$40,246 and \$15,263, respectively. Amortization of assets under capital leases is included in depreciation expense.

The future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of March 31, 2019, are as follows:

2020	\$ 30,521
2021	30,521
2022	30,521
2023	14,768
2024	1,206
thereafter	<u>445</u>
Total minimum lease payments	107,982
Less: Amount representing maintenance included in total amounts above	<u>(2,370)</u>
Net minimum lease payments	105,612
Less: Amount representing interest	<u>(15,503)</u>
Present value of net minimum lease payments	<u>\$ 90,109</u>

14. Related parties:

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

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

14. Related parties (continued):

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

As of March 31, 2019, MCC U.S. is contingently liable as guarantor with respect to \$10,071,473 of indebtedness of TTV. At any time, should TTV fail to pay debt payments when due, MCC U.S. will be obligated to perform under the guarantee by primarily making the required payments, including late fees and penalties. The maximum potential amount of future payments that the Company is required to make under the guarantee is \$13,654,905. The Organization's guarantee is secured by three properties that were appraised at a combined value of \$10,270,000 at the time the guarantee was obtained, as well as being secured by the inventory and personal property of TTV. The Company feels that the guarantee on the loan is substantially secure with these properties. TTV is current with their debt payments at March 31, 2019. After several years of significant positive changes to its net assets, the Organization made a strategic decision to provide more programming and incur higher service expenses, and as a result MCC U.S. and TTV did not meet the cash flow ratio in the joint debt covenant. The bank has granted a waiver based on the significant collateral it holds and the fact that the mission of an organization such as MCC U.S. is to deliver services in line with its financial capabilities. As of February 2018, TTV has consented to the execution of a contingent mortgage to secure its obligation to MCC U.S. arising from MCC U.S.'s guarantee of payment or performance of TTV's obligations to Fulton Bank.

TTV reimbursed MCC U.S. for various operating expenses throughout the year. Amounts due from TTV at March 31, 2019 and 2018 were \$7,589 and \$7,644, respectively.

During fiscal year 2018, MCC U.S. provided a grant to TTV totaling \$100,000 to assist with the revolving loan fund for contract stores.

During fiscal year 2019, MCC U.S. made unrestricted contributions to TTV and TTV Canada totaling \$1,500,000 and \$500,000 respectively.

Amounts due from MCC Canada at March 31, 2019 and 2018 were \$104,563 and \$75,802, respectively. This balance was included in accounts receivable.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

15. Foreign assets and liabilities:

Foreign assets and liabilities consist of the following:

	<u>2019</u>	<u>2018</u>
Cash	<u>\$ 1,217,950</u>	<u>\$ 1,262,684</u>
Accounts receivable	<u>\$ 68,725</u>	<u>\$ 90,027</u>
Grant receivable	<u>\$ 527,911</u>	<u>\$ 342,192</u>
Prepaid expenses	<u>\$ 286,244</u>	<u>\$ 227,668</u>
Property and equipment, net	<u>\$ 416,311</u>	<u>\$ 544,131</u>
Payables and accrued benefits	<u>\$ 978,032</u>	<u>\$ 1,031,832</u>

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

16. Domestic and international program expenses:

Domestic and international program expenses consist of the following:

	2019			2018		
	Domestic program	International program	Total program	Domestic program	International program	Total program
Salaries and benefits	\$ 4,407,770	\$ 6,278,291	\$ 10,686,061	\$ 3,229,900	\$ 7,396,911	\$ 10,626,811
Travel	574,523	1,294,053	1,868,576	441,198	1,395,519	1,836,717
Grants	2,489,485	6,630,512	9,119,997	412,368	7,536,909	7,949,277
Freight	57,342	300,917	358,259	61,724	294,738	356,462
Occupancy	180,665	448,181	628,846	336,758	400,607	737,365
Supplies	538,334	433,247	971,581	400,705	480,326	881,031
Communications	141,230	184,039	325,269	49,881	281,666	331,547
Meetings and seminars	167,417	627,056	794,473	127,720	603,254	730,974
Professional fees	134,292	253,336	387,628	73,762	298,728	372,490
Other	635,316	872,543	1,507,859	556,282	876,121	1,432,403
Material resources donated in-kind	126,651	3,699,012	3,825,663	195,111	3,154,984	3,350,095
Total	\$ 9,453,025	\$ 21,021,187	\$ 30,474,212	\$ 5,885,409	\$ 22,719,763	\$ 28,605,172
Total expenses by priority						
	Domestic program	International program	Total program	Domestic program	International program	Total program
Disaster relief	\$ 1,846,508	\$ 3,813,015	\$ 5,659,523	\$ 1,542,598	\$ 5,094,539	\$ 6,637,137
Justice and peacebuilding	2,115,692	4,319,518	6,435,210	1,830,935	4,327,736	6,158,671
Sustainable community development	5,490,825	12,888,654	18,379,479	2,511,876	13,297,488	15,809,364
Total	\$ 9,453,025	\$ 21,021,187	\$ 30,474,212	\$ 5,885,409	\$ 22,719,763	\$ 28,605,172

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

17. Joint costs (allocated to multiple functions):

The Organization operates a communications department that aims to keep donors, constituents and the general public informed about the Organization's activities, and invites participation in and support of the Organization's work through prayer, service, advocacy and giving. The department's major operating costs are salaries, benefits, occupancy travel and production costs, notably printing and mailing. The communications department costs are allocated as follows:

	<u>2019</u>	<u>2018</u>
Disaster relief	\$ 80,339	\$ 88,772
Justice and peacebuilding	76,322	84,545
Sustainable community development	245,032	249,407
General administration	522,734	563,632
Fundraising	<u>401,693</u>	<u>422,724</u>
Total joint costs	<u>\$ 1,326,120</u>	<u>\$ 1,409,080</u>

18. Subsequent events:

MCC U.S. has evaluated subsequent events through July 22, 2019, the date which the financial statements were available to be issued.



Independent Accountants' Report on Consolidating Information

Members

Mennonite Central Committee U.S.
Akron, Pennsylvania

We have audited the consolidated financial statements of Mennonite Central Committee U.S. and subsidiaries as of and for the years ended March 31, 2019 and 2018 and our report thereon dated July 22, 2019, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on the consolidating statements of financial position and the consolidating statements of activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Brown Schultz Sheridan & Fritz

Lancaster, Pennsylvania
July 22, 2019

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

MARCH 31, 2019

(See independent accountants' report on supplementary information)

	ASSETS						
	U.S. and shared program	East coast	Central states	Great lakes	West coast	Eliminations	Total
Cash and cash equivalents:							
Cash	\$ 5,555,539	\$ 13,490	\$ 37,163	\$ 44,067	\$ 55,078		\$ 5,705,337
Cash equivalents in investment accounts	654,865	509		2,399			657,773
Cash in overseas accounts or held by agents	1,217,950		21	28,263	570		1,246,804
Total cash and cash equivalents	7,428,354	13,999	37,184	74,729	55,648		7,609,914
Accounts receivable, trade and others, net	800,803	30,088	8,165	9,782	107		848,945
Due from related entity		1,483,520	1,190,850	1,512,740	551,814	\$ (4,738,924)	-
Grants receivable	768,754						768,754
Inventory	2,518,838				232,461		2,751,299
Prepaid expenses	614,963	6,646	1,416	41,306	3,130		667,461
Investments	27,473,274	886,942		730,802			29,091,018
Loan receivable	76,770		300,000				376,770
Interest in MASP reserve	960,251						960,251
Beneficial interest in perpetual trusts	371,952						371,952
Property and equipment, net	4,347,697	636,946	542,529	198,549	264,345		5,990,066
Total assets	\$ 45,361,656	\$ 3,058,141	\$ 2,080,144	\$ 2,567,908	\$ 1,107,505	\$ (4,738,924)	\$ 49,436,430

(continued)

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

MARCH 31, 2019

(See independent accountants' report on supplementary information)

LIABILITIES AND NET ASSETS

	U.S. and shared program	East coast	Central states	Great lakes	West coast	Eliminations	Total
Liabilities:							
Payables:							
Trade and others	\$ 1,394,147	\$ 27,461	\$ 144,403	\$ 47,644	\$ 13,376		\$ 1,627,031
Service workers	595,465			37,135			632,600
Due to related entity	4,738,924					\$(4,738,924)	-
Accrued salaries and benefits	678,293	168,582	79,781	92,894	67,475		1,087,025
Deferred income	36,835						36,835
Capital lease liability	90,109						90,109
Total liabilities	7,533,773	196,043	224,184	177,673	80,851	(4,738,924)	3,473,600
Net assets:							
Without donor restrictions	32,597,547	2,857,251	1,838,250	2,371,152	1,024,054		40,688,254
With donor restrictions	5,230,336	4,847	17,710	19,083	2,600		5,274,576
Total net assets	37,827,883	2,862,098	1,855,960	2,390,235	1,026,654		45,962,830
Total liabilities and net assets	\$ 45,361,656	\$ 3,058,141	\$ 2,080,144	\$ 2,567,908	\$ 1,107,505	\$ (4,738,924)	\$ 49,436,430

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

MARCH 31, 2018

(See independent accountants' report on supplementary information)

	ASSETS						
	U.S. and shared program	East coast	Central states	Great lakes	West coast	Eliminations	Total
Cash and cash equivalents:							
Cash	\$ 3,149,478	\$ 41,680	\$ 39,420	\$ 40,657	\$ 44,297		\$ 3,315,532
Cash equivalents in investment accounts	631,789	1,557		(523)			632,823
Cash in overseas accounts or held by agents	1,266,684	77	21	53,951	570		1,321,303
Total cash and cash equivalents	5,047,951	43,314	39,441	94,085	44,867		5,269,658
Accounts receivable, trade and others, net	331,892	20,141	(278)	1,364	306		353,425
Due from related entity		1,637,143	1,449,550	1,548,823	488,468	\$ (5,123,984)	-
Grants receivable	824,653						824,653
Inventory	2,944,458				219,023		3,163,481
Prepaid expenses	558,275	9,658	822	50,887	6,739		626,381
Investments	31,788,521	875,472		575,004			33,238,997
Loans receivable	50,000						50,000
Interest in MASP reserve	944,784						944,784
Beneficial interest in perpetual trusts	378,327						378,327
Property and equipment, net	4,853,228	582,128	543,762	177,801	294,669		6,451,588
Total assets	\$ 47,722,089	\$ 3,167,856	\$ 2,033,297	\$ 2,447,964	\$ 1,054,072	\$ (5,123,984)	\$ 51,301,294

(continued)

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

MARCH 31, 2018

(See independent accountants' report on supplementary information)

LIABILITIES AND NET ASSETS

	U.S. and shared program	East coast	Central states	Great lakes	West coast	Eliminations	Total
Liabilities:							
Payables:							
Trade and others	\$ 994,514	\$ 12,255	\$ 145,710	\$ 58,704	\$ 913		\$ 1,212,096
Service workers	637,691			28,579			666,270
Due to related entity	5,123,984					\$ (5,123,984)	-
Accrued salaries and benefits	740,576	141,913	84,101	102,478	68,038		1,137,106
Deferred income	21,663			3,850			25,513
Capital lease liability	107,773						107,773
Total liabilities	<u>7,626,201</u>	<u>154,168</u>	<u>229,811</u>	<u>193,611</u>	<u>68,951</u>	<u>(5,123,984)</u>	<u>3,148,758</u>
Net assets:							
Without donor restrictions	34,749,937	3,010,618	1,790,672	2,241,530	984,521		42,777,278
With donor restrictions	5,345,951	3,070	12,814	12,823	600		5,375,258
Total net assets	<u>40,095,888</u>	<u>3,013,688</u>	<u>1,803,486</u>	<u>2,254,353</u>	<u>985,121</u>		<u>48,152,536</u>
Total liabilities and net assets	<u>\$ 47,722,089</u>	<u>\$ 3,167,856</u>	<u>\$ 2,033,297</u>	<u>\$ 2,447,964</u>	<u>\$ 1,054,072</u>	<u>\$ (5,123,984)</u>	<u>\$ 51,301,294</u>

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2019

(See independent accountants' report on supplementary information)

	<u>U.S. and shared program</u>	<u>East coast</u>	<u>Central states</u>	<u>Great lakes</u>	<u>West coast</u>	<u>Total</u>
Activities without donor restrictions:						
Revenue:						
Contributions	\$ 16,310,125	\$ 1,509,000	\$ 1,325,277	\$ 1,415,632	\$ 888,712	\$ 21,448,746
Grants, nongovernment	1,160,350	69,893		110	1,664	1,232,017
Investment earnings	537,412	141,291	85,745	112,498	68,737	945,683
Other program and miscellaneous	1,405,569	366,184	65,763	276,157	298,337	2,412,010
Material resources donated in-kind	3,273,392	123,016		3,635		3,400,043
Net assets released from restrictions	<u>5,474,338</u>	<u>30,519</u>	<u>11,663</u>	<u>17,600</u>		<u>5,534,120</u>
Total revenue	<u>28,161,186</u>	<u>2,239,903</u>	<u>1,488,448</u>	<u>1,825,632</u>	<u>1,257,450</u>	<u>34,972,619</u>
Expenses:						
Programs:						
Disaster relief	4,800,129	535,062	185,035	135,579	3,718	5,659,523
Justice and peacebuilding	5,519,998	357,986	256,951	150,106	150,169	6,435,210
Sustainable community development	16,403,960	612,601	360,785	772,296	229,837	18,379,479
General administration	2,063,885	576,391	422,290	372,738	738,108	4,173,412
Fundraising	<u>1,525,604</u>	<u>311,230</u>	<u>215,809</u>	<u>265,291</u>	<u>96,085</u>	<u>2,414,019</u>
Total expenses	<u>30,313,576</u>	<u>2,393,270</u>	<u>1,440,870</u>	<u>1,696,010</u>	<u>1,217,917</u>	<u>37,061,643</u>
Change in net assets without donor restrictions	<u>(2,152,390)</u>	<u>(153,367)</u>	<u>47,578</u>	<u>129,622</u>	<u>39,533</u>	<u>(2,089,024)</u>

(continued)

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)

YEAR ENDED MARCH 31, 2019

(See independent accountants' report on supplementary information)

	<u>U.S. and shared program</u>	<u>East coast</u>	<u>Central states</u>	<u>Great lakes</u>	<u>West coast</u>	<u>Total</u>
Donor restricted activities:						
Revenue:						
Contributions	\$ 5,356,139	\$ 32,296	\$ 16,559	\$ 23,860	\$ 2,000	\$ 5,430,854
Investment earnings	2,584					2,584
Net assets released from restrictions	<u>(5,474,338)</u>	<u>(30,519)</u>	<u>(11,663)</u>	<u>(17,600)</u>		<u>(5,534,120)</u>
Change in net assets with donor restrictions	<u>(115,615)</u>	<u>1,777</u>	<u>4,896</u>	<u>6,260</u>	<u>2,000</u>	<u>(100,682)</u>
Change in net assets	(2,268,005)	(151,590)	52,474	135,882	41,533	(2,189,706)
Net assets:						
Beginning of year	<u>40,095,888</u>	<u>3,013,688</u>	<u>1,803,486</u>	<u>2,254,353</u>	<u>985,121</u>	<u>48,152,536</u>
End of year	<u>\$ 37,827,883</u>	<u>\$ 2,862,098</u>	<u>\$ 1,855,960</u>	<u>\$ 2,390,235</u>	<u>\$ 1,026,654</u>	<u>\$ 45,962,830</u>

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2018

(See independent accountants' report on supplementary information)

	<u>U.S. and shared program</u>	<u>East coast</u>	<u>Central states</u>	<u>Great lakes</u>	<u>West coast</u>	<u>Total</u>
Activities without donor restrictions:						
Revenue:						
Contributions	\$ 20,186,693	\$ 3,034,886	\$ 1,097,138	\$ 1,172,853	\$ 877,295	\$ 26,368,865
Grants, nongovernment	289,896	28,483	500	300	4,992	324,171
Investment earnings	1,026,960	82,659	45,491	98,170	36,722	1,290,002
Other program and miscellaneous	933,319	324,266	59,839	180,312	280,123	1,777,859
Material resources donated in-kind	3,718,286	165,430		29,681		3,913,397
Net assets released from restrictions	5,980,805	11,784	15,641	11,788		6,020,018
Total revenue	<u>32,135,959</u>	<u>3,647,508</u>	<u>1,218,609</u>	<u>1,493,104</u>	<u>1,199,132</u>	<u>39,694,312</u>
Expenses:						
Programs:						
Disaster relief	5,810,211	498,275	177,936	145,960	4,755	6,637,137
Justice and peacebuilding	5,243,137	322,878	267,061	200,156	125,439	6,158,671
Sustainable community development	13,847,990	699,854	328,676	721,406	211,438	15,809,364
General administration	1,917,198	509,470	409,244	310,969	722,397	3,869,278
Fundraising	1,489,234	261,849	210,214	227,626	130,993	2,319,916
Total expenses	<u>28,307,770</u>	<u>2,292,326</u>	<u>1,393,131</u>	<u>1,606,117</u>	<u>1,195,022</u>	<u>34,794,366</u>
Change in net assets without donor restrictions	<u>3,828,189</u>	<u>1,355,182</u>	<u>(174,522)</u>	<u>(113,013)</u>	<u>4,110</u>	<u>4,899,946</u>

(continued)

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)

YEAR ENDED MARCH 31, 2018

(See independent accountants' report on supplementary information)

	<u>U.S. and shared program</u>	<u>East coast</u>	<u>Central states</u>	<u>Great lakes</u>	<u>West coast</u>	<u>Total</u>
Donor restricted activities:						
Contributions	\$ 6,047,523	\$ 13,468	\$ 14,615	\$ 19,579	\$ 600	\$ 6,095,785
Investment earnings	68,278					68,278
Net assets released from restrictions	<u>(5,980,805)</u>	<u>(11,784)</u>	<u>(15,641)</u>	<u>(11,788)</u>		<u>(6,020,018)</u>
Change in net assets with donor restrictions	<u>134,996</u>	<u>1,684</u>	<u>(1,026)</u>	<u>7,791</u>	<u>600</u>	<u>144,045</u>
Change in net assets	3,963,185	1,356,866	(175,548)	(105,222)	4,710	5,043,991
Net assets:						
Beginning of year	<u>36,132,703</u>	<u>1,656,822</u>	<u>1,979,034</u>	<u>2,359,575</u>	<u>980,411</u>	<u>43,108,545</u>
End of year	<u>\$ 40,095,888</u>	<u>\$ 3,013,688</u>	<u>\$ 1,803,486</u>	<u>\$ 2,254,353</u>	<u>\$ 985,121</u>	<u>\$ 48,152,536</u>

See notes to consolidated financial statements.