

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

**YEARS ENDED
MARCH 31, 2016 AND 2015**

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

YEARS ENDED MARCH 31, 2016 AND 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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 20, 2016

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents:		
Cash	\$ 1,010,409	\$ 742,035
Cash equivalents in investment accounts	1,917,786	2,913,882
Cash in overseas accounts or held by agents	<u>1,311,829</u>	<u>1,365,818</u>
Total cash and cash equivalents	4,240,024	5,021,735
Accounts receivable:		
Trade and others, net of allowance for doubtful accounts of \$7,400 and \$18,686 for 2016 and 2015, respectively	191,473	245,980
MCCC		412,769
Grants receivable	539,887	275,544
Inventory	2,213,589	1,996,035
Prepaid expenses	416,781	505,245
Investments	27,044,471	21,939,189
Loans receivable	2,268	4,635
Interest in MASP reserve	800,912	866,438
Beneficial interest in perpetual trusts	356,798	393,474
Property and equipment, net of accumulated depreciation	<u>7,542,743</u>	<u>7,448,283</u>
Total assets	<u>\$ 43,348,946</u>	<u>\$ 39,109,327</u>

See notes to consolidated financial statements.

LIABILITIES AND NET ASSETS

	2016	2015
Liabilities:		
Payables:		
Trade and others	\$ 970,513	\$ 1,075,334
Service workers	599,538	509,108
Noninterest-bearing demand notes	15,000	15,000
Accrued salaries and benefits	946,211	873,374
Deferred income	18,628	76,314
Total liabilities	2,549,890	2,549,130
 Net assets:		
Unrestricted	35,743,166	32,348,587
Restricted:		
Temporarily	3,991,752	3,141,081
Permanently	1,064,138	1,070,529
Total net assets	40,799,056	36,560,197
Total liabilities and net assets	\$ 43,348,946	\$ 39,109,327

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED MARCH 31, 2016 AND 2015

	2016			2015				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue:								
Contributions	\$ 20,868,595	\$ 7,710,447	\$ 250	\$ 28,579,292	\$ 22,584,942	\$ 6,050,552	\$ 200	\$ 28,635,694
Grants, nongovernment	982,049			982,049	1,271,098			1,271,098
Investment earnings	365,021		44,370	409,391	154,887		143,507	298,394
Other program and miscellaneous	1,765,235			1,765,235	2,152,459			2,152,459
Material resources donated in-kind	3,407,425			3,407,425	2,880,184			2,880,184
Net assets released from restrictions	6,910,787	(6,859,776)	(51,011)		6,824,979	(6,791,645)	(33,334)	
Total revenue	34,299,112	850,671	(6,391)	35,143,392	35,868,549	(741,093)	110,373	35,237,829
Expenses:								
Programs:								
Disaster relief	4,739,919			4,739,919	5,384,997			5,384,997
Justice and peacebuilding	5,178,043			5,178,043	4,637,943			4,637,943
Sustainable community development	14,261,828			14,261,828	12,594,859			12,594,859
General administration	5,165,723			5,165,723	5,016,970			5,016,970
Fundraising	1,559,020			1,559,020	1,569,880			1,569,880
Total expenses	30,904,533			30,904,533	29,204,649			29,204,649
Change in net assets	3,394,579	850,671	(6,391)	4,238,859	6,663,900	(741,093)	110,373	6,033,180
Net assets:								
Beginning of year	32,348,587	3,141,081	1,070,529	36,560,197	25,684,687	3,882,174	960,156	30,527,017
End of year	\$ 35,743,166	\$ 3,991,752	\$ 1,064,138	\$ 40,799,056	\$ 32,348,587	\$ 3,141,081	\$ 1,070,529	\$ 36,560,197

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED MARCH 31, 2016 AND 2015

2016	Disaster relief	Justice and peacebuilding	Sustainable community development	General administration	Fundraising	Total expenses
Salaries and benefits	\$ 1,418,631	\$ 2,566,800	\$ 4,459,954	\$ 3,461,202	\$ 931,407	\$ 12,837,994
Travel	190,837	618,083	848,891	252,636	99,094	2,009,541
Grants	1,389,085	1,122,735	4,520,826		7,500	7,040,146
Freight	127,801	21	125,724			253,546
Occupancy	169,145	190,092	289,884	159,378	38,820	847,319
Supplies	266,338	27,474	382,321	225,016	9,048	910,197
Communications	29,446	48,731	138,187	198,411	59,196	473,971
Meetings and seminars	40,733	295,651	235,668	47,845	24,642	644,539
Professional fees	81,146	56,892	132,061	302,579	42,227	614,905
Other	341,654	251,564	600,650	518,656	347,086	2,059,610
Material resources donated in-kind	685,103		2,527,662			3,212,765
Total 2016	\$ 4,739,919	\$ 5,178,043	\$ 14,261,828	\$ 5,165,723	\$ 1,559,020	\$ 30,904,533
2015						
Salaries and benefits	\$ 1,438,998	\$ 2,301,851	\$ 4,106,372	\$ 3,323,919	\$ 949,459	\$ 12,120,599
Travel	227,072	469,736	826,876	246,870	98,567	1,869,121
Grants	2,043,889	1,003,270	3,866,516	11,700	7,288	6,932,663
Freight	119,205		142,484			261,689
Occupancy	180,688	169,000	253,662	179,335	54,529	837,214
Supplies	310,439	26,258	403,725	173,636	8,486	922,544
Communications	9,438	9,214	17,108	233,309	74,174	343,243
Meetings and seminars	8,306	30,180	44,763	68,806	32,121	184,176
Professional fees	30,886	27,396	26,743	289,537	40,621	415,183
Other	399,268	601,038	965,194	489,858	304,635	2,759,993
Material resources donated in-kind	616,808		1,941,416			2,558,224
Total 2015	\$ 5,384,997	\$ 4,637,943	\$ 12,594,859	\$ 5,016,970	\$ 1,569,880	\$ 29,204,649

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Changes in net assets	\$ 4,238,859	\$ 6,033,180
Adjustments:		
Depreciation	832,980	780,176
Unrealized (gain) loss on investments	(110,411)	136,804
Realized gain on investments	(141,090)	(306,272)
Gain on disposal of property and equipment	(51,813)	(106,080)
Foreign exchange rate losses	205,372	100,376
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable:		
Trade and others	54,507	17,362
MCCC	412,769	(27,913)
Grants receivable	(264,343)	(199,329)
Inventory	(217,554)	(393,501)
Prepaid expenses	88,464	(125,394)
Loans receivable	2,367	2,228
Interest in MASP reserve	65,526	125,233
Beneficial interest in perpetual trusts	36,676	2,264
Increase (decrease) in:		
Payables:		
Trade and others	(104,821)	(66,276)
Service workers	90,430	(2,032)
Accrued salaries and benefits	72,837	5,892
Deferred income	(57,686)	76,314
Total adjustments	<u>914,210</u>	<u>19,852</u>
Net cash provided by operating activities	<u>5,153,069</u>	<u>6,053,032</u>
Cash flows from investing activities:		
Proceeds from sale of:		
Property and equipment	110,944	145,618
Investments	15,671,627	19,693,093
Purchases of:		
Investments	(20,525,410)	(25,776,716)
Property and equipment	(986,569)	(1,157,419)
Net cash used in investing activities	<u>(5,729,408)</u>	<u>(7,095,424)</u>

(continued)

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED MARCH 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	<u>\$ (205,372)</u>	<u>\$ (100,376)</u>
Net decrease in cash and cash equivalents	(781,711)	(1,142,768)
Cash and cash equivalents:		
Beginning	<u>5,021,735</u>	<u>6,164,503</u>
Ending	<u><u>\$ 4,240,024</u></u>	<u><u>\$ 5,021,735</u></u>

See notes to consolidated financial statements.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2016 AND 2015

1. Summary of significant accounting policies:

General:

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 Mennonite Central Committee U.S. regional boards of directors.

The financial statements include the accounts of Mennonite Central Committee 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.

Effective April 1, 2012, MCCC and MCC U.S. entered into a covenant to share the operations and all related assets including property, relationships, reputation, knowledge, experience and supporting systems of the MCC international programs (internally referred to as Shared Program). It is intended that the share that each national entity owns under this arrangement in each country program will be an undivided share.

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

Much of the Organization's support comes from a variety of generous individuals and churches. MCC U.S. is strongly supported by Mennonite, Brethren in Christ and Amish communities of faith, as well as by many churches and individuals who are not Anabaptist. MCC U.S. thrift shops and relief sales together provided approximately 31% and 32% of the Organization's total revenue for the years ended 2016 and 2015, respectively. Volunteer-initiated events from bike rides to bake sales provide consistent ongoing financial support. Gifts in kind include donations of items such as school, relief and health kits, blankets and other material aid.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2016 AND 2015

1. Summary of significant accounting policies (continued):

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.

Cash and cash equivalents:

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

Receivables:

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

Inventory valuation:

Inventories of material resources donated in-kind are valued at the lower of cost or market 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 losses included in the statements of activities for the years ended March 31, 2016 and 2015 are \$205,372 and \$100,376, respectively.

Investments:

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

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2016 AND 2015

1. 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 estimated fair value. Such donations are reported as unrestricted contributions 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 temporarily restricted net assets. 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 temporarily restricted net assets to unrestricted net assets 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 unrestricted, temporarily restricted and permanently restricted support depending on the existence or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor restrictions.

Grants and pledges receivable and grants payable:

MCC U.S. records unconditional grants and other contributions receivable due in subsequent years as temporarily restricted support. 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.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2016 AND 2015

1. Summary of significant accounting policies (continued):

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 have and have not been satisfied. However, no amounts are reflected in the accompanying statements of activities due to immateriality.

Functional allocation of 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 among the programs and supporting services benefited.

In 2016, the significant classifications included in other expenses are promotion, insurance, memberships, staff development, foreign exchange loss, amortization and other classifications.

Comparative figures for 2015 for shared program communications, professional fees and meetings/conferences expenses are not readily available. These costs were included in other expenses in 2015.

In 2016, the natural classifications of communications, professional fees and meetings/conferences were separated from other expenses. The same natural classifications were retrospectively applied to fiscal 2015 for MCC U.S. to provide comparability. While the allocation of expenses within the natural classes has changed, the overall expenses have not.

Income taxes:

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

Pension benefits:

The Organization sponsors a defined contribution plan which covers all employees after three years of qualifying service (two years of service if considered a domestic service worker). 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, 2016 and 2015 totaled \$820,073 and \$750,873, respectively.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2016 AND 2015

1. Summary of significant accounting policies (continued):

Other postemployment benefits:

MCC U.S. provides certain medical benefits to former employees. In accordance with generally accepted accounting principles, 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.

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.

2. Cash and cash equivalents:

MCC U.S. maintains several bank accounts which may at times exceed the federally insured limits. At March 31, 2016, the amount of deposits in cash held at various banks exceeded the Federal Deposit Insurance Corporation (FDIC) limit by approximately \$2,441,000. 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. Grants receivable:

Unconditional grants receivable of \$539,887 were due in the fiscal year ended March 31, 2016. At March 31, 2015, there was \$275,544 of unconditional grants receivable.

4. 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 (CONTINUED)
YEARS ENDED MARCH 31, 2016 AND 2015

4. 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 fair values of investments measured on a recurring basis at March 31, 2016 and 2015 are as follows:

Valuation inputs	Investment in securities	
	2016	2015
Level 1 - Quoted prices	\$ 9,419,493	\$ 5,102,845
Level 2 - Other significant observable inputs	17,624,978	16,836,344
	\$ 27,044,471	\$ 21,939,189

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2016 AND 2015

4. Investment valuation and investments (continued):

Investments are comprised of the following:

	2016		2015	
	Cost	Carrying value	Cost	Carrying value
Investments held:				
Government agency securities	\$ 951,633	\$ 952,324	\$ 2,716,313	\$ 2,716,159
Common stock	8,199,441	8,559,515	4,568,177	4,945,369
Corporate and municipal bonds	15,707,966	15,725,894	13,363,438	13,374,398
Other	259,227	382,843	160,322	226,208
	<u>25,118,267</u>	<u>25,620,576</u>	<u>20,808,250</u>	<u>21,262,134</u>
Endowment funds held:				
Government agency securities			86,496	86,491
Common stock	789,991	859,978	145,466	157,476
Corporate and municipal bonds	530,594	534,520	425,535	425,885
Other	26,871	29,397	5,105	7,203
	<u>1,347,456</u>	<u>1,423,895</u>	<u>662,602</u>	<u>677,055</u>
	<u>\$ 26,465,723</u>	<u>\$ 27,044,471</u>	<u>\$ 21,470,852</u>	<u>\$ 21,939,189</u>

The following schedule summarizes the investment earnings and its classification in the statements of activities for the years ended March 31, 2016 and 2015:

	2016	2015
Interest and dividends	\$ 240,429	\$ 186,353
Realized gain	141,090	306,272
Unrealized gains (losses)	110,411	(136,804)
Expenses	<u>(82,539)</u>	<u>(57,427)</u>
	<u>\$ 409,391</u>	<u>\$ 298,394</u>

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2016 AND 2015

5. Property and equipment:

Property and equipment consist of the following:

	2016	2015
Land and buildings	\$ 10,414,545	\$ 10,332,018
Construction in progress	51,500	201,354
Furniture and equipment	3,034,620	2,854,839
Vehicles	2,007,212	1,551,479
	15,507,877	14,939,690
Accumulated depreciation	7,965,134	7,491,407
Total property and equipment	<u>\$ 7,542,743</u>	<u>\$ 7,448,283</u>

Depreciation charged to expense during the years ended March 31, 2016 and 2015 totaled \$832,980 and \$780,176, respectively.

6. Line of credit:

The Organization has a \$3,000,000 line of credit with Fulton Bank. The line is secured by the assets held in an investment account managed by Fulton Financial Advisors. Interest is calculated at London Interbank Offered Rate (LIBOR) plus 2.25%, which was 2.70% at March 31, 2016 or an interest rate floor of 4%. There were no borrowings on the line of credit at March 31, 2016.

7. 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 permanently restricted on the accompanying statements of financial position and is valued at the present value of its estimated future cash receipts, which approximates the fair value of the trust assets. Fair values are determined using quoted market prices. Changes in value for the period are recognized as an element of the change in permanently restricted net assets.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2016 AND 2015

8. Permanently restricted net assets:

Permanently restricted net assets include the following at March 31:

	2016	2015
Endowment funds	\$ 707,340	\$ 677,055
Beneficial interests in third-party trusts	356,798	393,474
	\$ 1,064,138	\$ 1,070,529

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 (CONTINUED)
YEARS ENDED MARCH 31, 2016 AND 2015

8. Permanently restricted net assets (continued):

Changes in endowment-related activities for the years ended 2016 and 2015 are as follows:

	<u>Board designated unrestricted</u>	<u>Permanently restricted</u>	<u>Total</u>
April 1, 2014	\$ -	\$ 666,687	\$ 666,687
Net investment income		43,502	43,502
Contributions		200	200
Appropriated for expenditure		<u>(33,334)</u>	<u>(33,334)</u>
March 31, 2015	-	677,055	677,055
Net investment income	45,414	30,285	75,699
Contributions	<u>705,560</u>		<u>705,560</u>
March 31, 2016	<u>\$ 750,974</u>	<u>\$ 707,340</u>	<u>\$ 1,458,314</u>

9. Temporarily restricted net assets:

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2016</u>	<u>2015</u>
Time restrictions	\$ 600,817	\$ 198,832
Program restrictions	<u>3,390,935</u>	<u>2,942,249</u>
	<u>\$ 3,991,752</u>	<u>\$ 3,141,081</u>

Net assets released from temporary restriction were as follows:

	<u>2016</u>	<u>2015</u>
Released from:		
Time restrictions expired	\$ 401,382	\$ 94,068
Program restrictions, other international activities	<u>6,458,394</u>	<u>6,697,577</u>
	<u>\$ 6,859,776</u>	<u>\$ 6,791,645</u>

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2016 AND 2015

10. Unrestricted net assets:

Unrestricted net assets consist of amounts which are applied to long-term assets, reserved by the MCC U.S. Board for special purposes and available for operations. Unrestricted net assets are summarized as follows:

	2016	2015
Applied to long-term assets:		
Invested in property and equipment	\$ 7,542,743	\$ 7,448,283
Other unrestricted	20,415,592	16,615,537
	27,958,335	24,063,820
Reserved by board action (not available for current operations):		
Board designated endowments	750,974	
Bequests	4,762,008	6,091,761
Pension reserve	337,290	337,290
Capital reserve	1,934,559	1,855,716
	7,784,831	8,284,767
Total unrestricted net assets	\$ 35,743,166	\$ 32,348,587

11. MASP employee healthcare assistance benefit program:

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

Under the MASP, the Organization is responsible for claims up to the retention of \$30,000 per person (retained claims). Claims in excess of the retention up to \$280,000 will be pooled with the other agencies. Claims in excess of the retention plus the \$280,000 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 \$280,000. The actual amount may differ from this estimate based on the Organization's and pooled agencies' actual experience.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2016 AND 2015

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

The MASP maintains a reserve fund, which can be drawn upon in the event of a large single claim or a series of large claims or if the MASP chooses to allocate a portion of the reserve fund to lower the aggregate shared claims limit. Claims are expensed as incurred. The Organization has determined its estimated share of the reserve fund to be \$800,912 and \$866,438 at March 31, 2016 and 2015, respectively.

12. Foreign assets and liabilities:

Foreign assets and liabilities consist of the following:

	<u>2016</u>	<u>2015</u>
Cash	<u>\$ 1,263,283</u>	<u>\$ 1,321,808</u>
Accounts receivable	<u>\$ 124,898</u>	<u>\$ 154,066</u>
Prepaid expenses	<u>\$ 82,129</u>	<u>\$ 218,586</u>
Property and equipment, net	<u>\$ 477,455</u>	<u>\$ 546,374</u>
Payables and accrued benefits	<u>\$ 854,985</u>	<u>\$ 784,375</u>

13. Commitments:

The Organization leases office facilities under month-to-month lease agreements. The Organization leased a facility from a church organization affiliated with a member of the MCC U.S. Board of Directors through March 31, 2016. Rent expense for this facility was \$22,254 and \$21,111 for the years ended March 31, 2016 and 2015, respectively. The Organization also leases a facility from another church organization with a lease term expiring April 30, 2018. Rent expense for this facility was \$28,132 and \$20,051 for the years ended March 31, 2016 and 2015, respectively.

As part of the shared program, MCC U.S. and MCCC have entered into agreements to lease premises for various periods until March 2021.

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2016 AND 2015

13. Commitments (continued):

Future minimum lease payments under these agreements are as follows:

2017	\$ 147,296
2018	113,930
2019	40,993
2020	4,506
2021	<u>3,002</u>
Total minimum future rental payments	<u>\$ 309,727</u>

Rent expense totaled \$185,698 and \$170,685 for the years ended March 31, 2016 and 2015, respectively.

14. Derivative transactions:

MCC U.S. is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, MCCC and MCC U.S. incur international expenditures denominated in various foreign currencies and have agreed to share the currency risk related to these expenditures equally. On behalf of both national entities, MCCC entered into structured options to mitigate this risk during the year ended March 31, 2016. As of March 31, 2016, MCCC had foreign exchange contracts outstanding of US \$4,704,822 at exchange rates (CDN/USD) from 1.42 to 1.28 which mature between March 31, 2016 to July 29, 2016. MCC U.S. has recognized \$129,482 as its share of the unrealized loss on these foreign exchange contracts at March 31, 2016. Fair value of contracts outstanding is measured using other observable inputs (Level 2).

15. Subsequent events:

MCC U.S. has evaluated subsequent events through July 20, 2016, the date which the financial statements were available to be issued.



Independent Auditors' Report
on Accompanying 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, 2016 and 2015, and our report thereon dated July 20, 2016, 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 accompanying information is presented for the purpose of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations and cash flows for the individual geographical areas and 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 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 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 20, 2016

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

COMBINING STATEMENT OF FINANCIAL POSITION

MARCH 31, 2016

	<u>U.S.</u>	<u>Shared program</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents:			
Cash	\$ 1,010,409		\$ 1,010,409
Cash equivalents in investment accounts	1,917,786		1,917,786
Cash in overseas accounts or held by agents	<u>48,546</u>	\$ 1,263,283	<u>1,311,829</u>
Total cash and cash equivalents	2,976,741	1,263,283	4,240,024
Trade and other accounts receivable, net of allowance for doubtful accounts of \$7,400	66,575	124,898	191,473
Grants receivable	539,887		539,887
Inventory	2,213,589		2,213,589
Prepaid expenses	334,652	82,129	416,781
Investments	27,044,471		27,044,471
Loans receivable	2,268		2,268
Interest in MASP reserve	800,912		800,912
Beneficial interest in perpetual trusts	356,798		356,798
Property and equipment (net of accumulated depreciation of \$7,479,114 and \$486,020 for MCC U.S. and MCC U.S. shared program, respectively)	<u>7,065,288</u>	<u>477,455</u>	<u>7,542,743</u>
Total assets	<u>\$ 41,401,181</u>	<u>\$ 1,947,765</u>	<u>\$ 43,348,946</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Payables:			
Trade and others	\$ 688,982	\$ 281,531	\$ 970,513
Service workers	26,084	573,454	599,538
Noninterest-bearing demand notes	15,000		15,000
Accrued salaries and benefits	946,211		946,211
Deferred income	<u>18,628</u>		<u>18,628</u>
Total liabilities	<u>1,694,905</u>	<u>854,985</u>	<u>2,549,890</u>
Net assets:			
Unrestricted	34,650,386	1,092,780	35,743,166
Restricted:			
Temporarily	3,991,752		3,991,752
Permanently	<u>1,064,138</u>		<u>1,064,138</u>
Total net assets	<u>39,706,276</u>	<u>1,092,780</u>	<u>40,799,056</u>
Total liabilities and net assets	<u>\$ 41,401,181</u>	<u>\$ 1,947,765</u>	<u>\$ 43,348,946</u>

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

COMBINING STATEMENT OF FINANCIAL POSITION

MARCH 31, 2015

	<u>U.S.</u>	<u>Shared program</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents:			
Cash	\$ 742,035		\$ 742,035
Cash equivalents in investment accounts	2,913,882		2,913,882
Cash in overseas accounts or held by agents	<u>44,010</u>	<u>\$ 1,321,808</u>	<u>1,365,818</u>
Total cash and cash equivalents	3,699,927	1,321,808	5,021,735
Accounts receivable:			
Trade and others, net of allowance for doubtful accounts of \$18,686	91,914	154,066	245,980
MCCC	412,769		412,769
Grants receivable	275,544		275,544
Inventory	1,996,035		1,996,035
Prepaid expenses	286,659	218,586	505,245
Investments	21,939,189		21,939,189
Loans receivable	4,635		4,635
Interest in MASP reserve	866,438		866,438
Beneficial interest in perpetual trusts	393,474		393,474
Property and equipment (net of accumulated depreciation of \$6,988,582 and \$502,825 for MCC U.S. and MCC U.S. shared program, respectively)	<u>6,901,909</u>	<u>546,374</u>	<u>7,448,283</u>
Total assets	<u>\$ 36,868,493</u>	<u>\$ 2,240,834</u>	<u>\$ 39,109,327</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Payables:			
Trade and others	\$ 775,877	\$ 299,457	\$ 1,075,334
Service workers	24,190	484,918	509,108
Noninterest-bearing demand notes	15,000		15,000
Accrued salaries and benefits	873,374		873,374
Deferred income	<u>76,314</u>		<u>76,314</u>
Total liabilities	<u>1,764,755</u>	<u>784,375</u>	<u>2,549,130</u>
Net assets:			
Unrestricted	30,892,128	1,456,459	32,348,587
Restricted:			
Temporarily	3,141,081		3,141,081
Permanently	<u>1,070,529</u>		<u>1,070,529</u>
Total net assets	<u>35,103,738</u>	<u>1,456,459</u>	<u>36,560,197</u>
Total liabilities and net assets	<u>\$ 36,868,493</u>	<u>\$ 2,240,834</u>	<u>\$ 39,109,327</u>

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2016

	Unrestricted		Temporarily restricted	Permanently restricted	Total
	U.S.	Shared program			
Revenue:					
Contributions	\$ 20,868,595		\$ 20,868,595	\$ 7,710,447	\$ 28,579,292
Grants, nongovernment	982,049		982,049		982,049
Investment earnings	365,021		365,021	44,370	409,391
Other program and miscellaneous	1,765,235		1,765,235		1,765,235
Material resources donated in-kind	3,407,425		3,407,425		3,407,425
Transfers to shared program	(18,445,646)	\$ 18,445,646			
Net assets released from restrictions	6,910,787		6,910,787	(6,859,776)	(51,011)
Total revenue	15,853,466	18,445,646	34,299,112	850,671	(6,391)
Expenses:					
Programs:					
Disaster relief	1,294,111	3,445,808	4,739,919		4,739,919
Justice and peacebuilding	1,797,052	3,380,991	5,178,043		5,178,043
Sustainable community development	2,279,302	11,982,526	14,261,828		14,261,828
General administration	5,165,723		5,165,723		5,165,723
Fundraising	1,559,020		1,559,020		1,559,020
Total expenses	12,095,208	18,809,325	30,904,533		30,904,533
Change in net assets	3,758,258	(363,679)	3,394,579	850,671	(6,391)
Net assets:					
Beginning of year	30,892,128	1,456,459	32,348,587	3,141,081	1,070,529
End of year	\$ 34,650,386	\$ 1,092,780	\$ 35,743,166	\$ 3,991,752	\$ 1,064,138

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2015

	Unrestricted		Temporarily restricted	Permanently restricted	Total
	U.S.	Shared program			
Revenue:					
Contributions	\$ 22,584,942		\$ 22,584,942	\$ 200	\$ 28,635,694
Grants, nongovernment	1,271,098		1,271,098		1,271,098
Investment earnings	154,887		154,887	143,507	298,394
Other program and miscellaneous	2,152,459		2,152,459		2,152,459
Material resources donated in-kind	2,880,184		2,880,184		2,880,184
Transfers to shared program	(17,797,750)	\$ 17,797,750			
Net assets released from restrictions	6,824,979		6,824,979	(33,334)	
Total revenue	18,070,799	17,797,750	35,868,549	110,373	35,237,829
Expenses:					
Programs:					
Disaster relief	1,421,514	3,963,483	5,384,997		5,384,997
Justice and peacebuilding	1,628,330	3,009,613	4,637,943		4,637,943
Sustainable community development	1,822,368	10,772,491	12,594,859		12,594,859
General administration	5,016,970		5,016,970		5,016,970
Fundraising	1,569,880		1,569,880		1,569,880
Total expenses	11,459,062	17,745,587	29,204,649		29,204,649
Change in net assets	6,611,737	52,163	6,663,900	(741,093)	6,033,180
Net assets:					
Beginning of year	24,280,391	1,404,296	25,684,687	960,156	30,527,017
End of year	\$ 30,892,128	\$ 1,456,459	\$ 32,348,587	\$ 1,070,529	\$ 36,560,197

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

COMBINING STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2016

	U.S.					Total expenses
	Disaster relief	Justice and peacebuilding	Sustainable community development	General administration	Fundraising	
Salaries and benefits	\$ 633,189	\$ 1,234,355	\$ 1,196,471	\$ 3,461,202	\$ 931,407	\$ 7,456,624
Travel	55,655	214,477	177,216	252,636	99,094	799,078
Grants	10	47,718	262,406		7,500	317,634
Freight	50,653					50,653
Occupancy	105,629	101,384	75,933	159,378	38,820	481,144
Supplies	238,862	12,633	99,548	225,016	9,048	585,107
Communications	11,173	14,752	25,234	198,411	59,196	308,766
Meetings and seminars	13,240	25,020	60,701	47,845	24,642	171,448
Professional fees	38,457	25,158	50,654	302,579	42,227	459,075
Other	147,243	121,555	222,018	518,656	347,086	1,356,558
Material resources donated in-kind			109,121			109,121
Total	\$ 1,294,111	\$ 1,797,052	\$ 2,279,302	\$ 5,165,723	\$ 1,559,020	\$ 12,095,208
	Shared program					
	Disaster relief	Justice and peacebuilding	Sustainable community development	General administration	Fundraising	Total expenses
Salaries and benefits	\$ 785,442	\$ 1,332,445	\$ 3,263,483			\$ 5,381,370
Travel	135,182	403,606	671,675			1,210,463
Grants	1,389,075	1,075,017	4,258,420			6,722,512
Freight	77,148	21	125,724			202,893
Occupancy	63,516	88,708	213,951			366,175
Supplies	27,476	14,841	282,773			325,090
Communications	18,273	33,979	112,953			165,205
Meetings and seminars	27,493	270,631	174,967			473,091
Professional fees	42,689	31,734	81,407			155,830
Other	194,411	130,009	378,632			703,052
Material resources donated in-kind	685,103		2,418,541			3,103,644
Total	\$ 3,445,808	\$ 3,380,991	\$ 11,982,526	\$ -	\$ -	\$ 18,809,325

MENNONITE CENTRAL COMMITTEE U.S. AND SUBSIDIARIES

COMBINING STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2015

	U.S.					Total expenses
	Disaster relief	Justice and peacebuilding	Sustainable community development	General administration	Fundraising	
Salaries and benefits	\$ 722,098	\$ 1,148,355	\$ 985,906	\$ 3,323,919	\$ 949,459	\$ 7,129,737
Travel	61,468	126,618	122,333	246,870	98,567	655,856
Grants		24,814	209,722	11,700	7,288	253,524
Freight	54,182					54,182
Occupancy	121,460	92,624	69,486	179,335	54,529	517,434
Supplies	280,055	8,275	88,127	173,636	8,486	558,579
Communications	9,438	9,214	17,108	233,309	74,174	343,243
Meetings and seminars	8,306	30,180	44,763	68,806	32,121	184,176
Professional fees	30,886	27,396	26,743	289,537	40,621	415,183
Other	133,621	160,854	155,665	489,858	304,635	1,244,633
Material resources donated in-kind			102,515			102,515
Total	\$ 1,421,514	\$ 1,628,330	\$ 1,822,368	\$ 5,016,970	\$ 1,569,880	\$ 11,459,062
	Shared program					
	Disaster relief	Justice and peacebuilding	Sustainable community development	General administration	Fundraising	Total expenses
Salaries and benefits	\$ 716,900	\$ 1,153,496	\$ 3,120,466			\$ 4,990,862
Travel	165,604	343,118	704,543			1,213,265
Grants	2,043,889	978,456	3,656,794			6,679,139
Freight	65,023		142,484			207,507
Occupancy	59,228	76,376	184,176			319,780
Supplies	30,384	17,983	315,598			363,965
Other	265,647	440,184	809,529			1,515,360
Material resources donated in-kind	616,808		1,838,901			2,455,709
Total	\$ 3,963,483	\$ 3,009,613	\$ 10,772,491	\$ -	\$ -	\$ 17,745,587