



Non-consolidated Financial Statements

March 31, 2017

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ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

To the members of:

MENNONITE CENTRAL COMMITTEE BC

We were engaged to audit the accompanying non-consolidated financial statements of MENNONITE CENTRAL COMMITTEE BC which are comprised of the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, along with a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

In common with many charitable organizations, the society derives part of its revenue from the general public in the form of donations; the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the society and we were not able to determine whether any adjustment might be necessary to contributions, excess of revenue over expenses, current assets, and net assets.

Qualified Opinion

Except for the failure to satisfy ourselves as to the completeness of donations, in our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of MENNONITE CENTRAL COMMITTEE BC as at March 31, 2017 and its financial performance and its cash flows for the year then ended, in accordance with Canadian accounting standards for not for profit organizations.

Report on Other Legal and Regulatory Requirements

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

Friesen Pankratz & Associates LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Abbotsford, B.C.
August 16, 2017

MENNONITE CENTRAL COMMITTEE BC

Non-consolidated Statement of Operations

For the year ended March 31, 2017

	2017		Restated
	Actual	Budget	2016
SHARED INTERNATIONAL REVENUE			
Undesignated:			
Contributions	\$ 1,407,441	\$ 1,600,000	\$ 1,365,013
Thrift Store Revenues (see schedule)	6,874,539	5,841,100	6,467,531
Interest - shared	15,000	15,000	15,000
Relief Festivals and Banquets (see schedule)	868,025	776,374	912,580
Bequests	591,721	100,000	338,332
	9,756,726	8,332,474	9,098,456
Designated:			
Designated contributions	1,005,793	1,000,000	610,322
Material resources	244,810	335,000	296,772
Canadian Foodgrains Bank	47,690	100,000	24,642
Contributions - Major Disasters	260,028	-	872,998
Constituancy Initiated Projects	-	-	10,666
	1,558,321	1,435,000	1,815,400
TOTAL SHARED INTERNATIONAL REVENUE	11,315,047	9,767,474	10,913,856
LOCAL B.C. REVENUE			
Domestic Designated:			
Local B.C. program fundraising	157,830	214,199	148,094
Local B.C. Relief Festival (see schedule)	211,849	200,000	-
	369,679	414,199	148,094
Refugee Private Sponsorships	359,788	-	-
Capital campaign	141,433	164,000	84,990
Grants	110,452	98,900	113,116
IVEP and service worker program	136,885	155,527	132,810
Material resources	31,963	11,300	72,943
Rent	104,925	55,121	69,309
Interest - local	38,968	-	39,788
Legacy - interest from subsidiaries	76,954	83,000	82,431
Recoveries from subsidiaries	44,147	82,428	112,119
Other revenue	17,564	-	32,615
	1,063,079	650,276	740,121
Ten Thousand Villages	485,547	480,000	497,860
Common Place Cafe	-	-	276,089
	485,547	480,000	773,949
TOTAL LOCAL B.C. REVENUE	1,918,305	1,544,475	1,662,164
TOTAL REVENUE	13,233,352	11,311,949	12,576,020

See accompanying Notes to Financial Statements and Auditor's Report

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Operations
For the year ended March 31, 2017

	2017		Restated
	Actual	Budget	2016
TOTAL REVENUE (Continued from previous page)	13,233,352	11,311,949	12,576,020
EXPENDITURES			
Programs:			
Disaster Relief (see schedule)	157,640	520,843	209,311
Community Development (see schedule)	1,151,018	1,158,488	1,038,973
Justice and Peace (see schedule)	245,285	227,972	206,603
Refugee Private Sponsorships (see schedule)	359,788	-	-
Ten Thousand Villages	531,354	480,000	528,917
Common Place Cafe	-	-	413,522
	2,445,085	2,387,303	2,397,326
Resource Development:			
Advancement	400,135	442,153	332,699
Thrift Stores (see schedule)	4,915,611	4,341,100	4,603,668
Relief Festivals and Banquets (see schedule)	303,332	226,374	246,347
	5,619,078	5,009,627	5,182,714
Support Services:			
Finance and Administration	887,286	907,097	934,650
Legacy - related costs	64,987	83,000	98,673
Human resources	109,327	84,058	132,266
	1,061,600	1,074,155	1,165,589
TOTAL EXPENDITURES	9,125,763	8,471,085	8,745,629
EXCESS OF REVENUE FROM OPERATIONS	4,107,589	2,840,864	3,830,391
Remittance to MCC Canada	(3,270,601)	(2,840,864)	(2,939,791)
Remittance to MCC Canada - Material Resources	(244,200)	-	(296,772)
Remittance to MCC Canada - Major Disasters	(260,048)	-	(872,998)
NAAFO contribution from MCC Canada	-	-	547,992
EXCESS OF REVENUE BEFORE OTHER ITEMS	332,740	-	268,822
Gain on disposal of capital assets	7,808	-	22,745
Subsidiary net income (Note 17)	1,980,696	-	900,059
Building project transitional revenue	-	-	182,050
Building project transitional costs	(75,000)	-	(182,050)
EXCESS OF REVENUE	\$ 2,246,244	\$ -	\$ 1,191,626

See accompanying Notes to Financial Statements and Auditor's Report

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Changes in Net Assets
For the year ended March 31, 2017

	Restricted (Note 2.m)	Internally Restricted (Note 25)	Unrestricted (Note 26)	2017	Restated 2016
NET ASSETS - Open	\$ 9,470,875	\$ 2,700,078	\$ 43,997,158	\$ 56,168,111	\$ 54,971,991
Excess(Deficiency) of Revenue	(576,450)	-	2,822,694	2,246,244	1,191,626
Contributions	6,913	-	-	6,913	4,494
Internally Restricted Transfer (Note 2.j)	-	45,390,258	(45,390,258)	-	-
Changes in Capital Assets	(50,231)	-	50,231	-	-
NET ASSETS - Close	\$ 8,851,107	\$ 48,090,336	\$ 1,479,825	\$ 58,421,268	\$ 56,168,111

See accompanying Notes to Financial Statements and Auditor's Report

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Financial Position
As at March 31, 2017

	2017	Restated 2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 4,361,879	\$ 4,409,846
Temporary investments (Note 4)	18,118	731,774
Accounts receivable	90,353	125,105
Inventory (Note 5)	169,225	171,832
Prepaid expenses	136,365	116,962
Current portion of due from related parties (Note 6)	3,563,285	752,441
	8,339,225	6,307,960
LONG-TERM INVESTMENTS IN SUBSIDIARIES		
Long-term portion of due from related parties (Note 6)	1,600,000	2,876,614
Investment in Subsidiaries - MCC Legacy Trust (Note 7)	35,182,843	33,511,638
Investment in Subsidiaries - MCC Social Enterprise (Note 7)	7,600,344	7,290,853
	44,383,187	43,679,105
CAPITAL ASSETS (Note 13)	23,876,920	24,291,008
	\$ 76,599,332	\$ 74,278,073

APPROVED ON BEHALF OF THE BOARD:



Terry Christie



Peter Wolfe

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Financial Position
As at March 31, 2017

	2017	Restated 2016
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Short-term debt (Note 14)	\$ 351,948	\$ 1,573,483
Accounts payable and accruals	166,702	247,178
Payable to MCC Canada	1,163,106	458,346
Payroll and deductions payable	221,866	229,590
Current portion of due to related parties (Note 15)	117,119	1,397,477
Deferred operating contributions (Note 18)	492,546	230,997
Deferred capital contributions - current (Note 19)	151,022	95,221
Refugee sponsorship deposits	589,660	426,804
Current portion of long-term debt (Note 21)	9,512,030	9,580,953
Sales taxes payable	50,708	24,455
	12,816,707	14,264,504
LONG-TERM LIABILITIES		
Deferred capital contributions - long-term (Note 19)	5,359,857	3,419,119
Rental deposits	1,500	1,500
Long-term debt (Note 21)	-	424,839
	5,361,357	3,845,458
NET ASSETS	58,421,268	56,168,111
	\$ 76,599,332	\$ 74,278,073

See accompanying Notes to Financial Statements and Auditor's Report

MENNONITE CENTRAL COMMITTEE BC

Non-consolidated Statement of Cash Flows

For the year ended March 31, 2017

	2017	Restated 2016
OPERATING ACTIVITIES		
Excess of revenue before other items	\$ 332,740	\$ 268,822
Add: non-cash items affecting operations		
Amortization	580,435	594,720
Accounts receivable	34,752	(72,589)
Inventory	2,607	36,718
Prepaid expenses	(19,403)	735
Accounts payable and accruals	624,284	16,931
Sales taxes payable	26,253	317,312
Payroll and deductions payable	(7,724)	86,155
Deferred operating contributions	261,550	(15,281)
Deferred capital contributions	2,003,453	301,941
Refugee sponsorship deposits	162,856	426,804
Building transitional costs	(75,000)	-
	3,926,803	1,962,268
FINANCING ACTIVITIES		
Proceeds of long-term debt	-	8,305,000
Repayment of long-term debt	(493,763)	(9,838,780)
Short-term debt	(1,221,535)	1,313,483
Due to related parties	(1,276,132)	(1,209,399)
	(2,991,430)	(1,429,696)
INVESTING ACTIVITIES		
Acquisitions of capital assets	(171,013)	(123,031)
Proceeds from disposal of capital assets	12,471	137,610
Due from related parties	(1,538,454)	(25,404)
	(1,696,996)	(10,825)
(DECREASE) INCREASE IN CASH OR EQUIVALENTS	(761,623)	521,747
CASH - OPEN	5,141,620	4,619,873
CASH - CLOSE	\$ 4,379,997	\$ 5,141,620
CASH REPRESENTED BY:		
Cash	\$ 4,361,879	\$ 4,409,846
Temporary investments	18,118	731,774
	\$ 4,379,997	\$ 5,141,620

See accompanying Notes to Financial Statements and Auditor's Report

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Schedule of Program Expenses
For the year ended March 31, 2017

	2017	Restated 2016
PROGRAM EXPENSES		
Disaster Relief		
Material Resources	\$ 157,640	\$ 209,311
Community Development		
Homelessness Prevention and Outreach	120,590	113,835
MCC guest house	48,354	54,773
Poverty reduction projects	263,451	254,758
Program coordination and development	105,316	108,238
Refugee assistance	263,618	147,344
Service Worker program and IVEP	265,709	249,240
Volunteer development	56,719	54,272
COSA	27,261	56,513
	1,151,018	1,038,973
Justice and Peace		
End Abuse	109,117	104,628
Indigenous relations	38,451	29,154
Constituency engagement	97,717	72,821
	245,285	206,603
Refugee Private Sponsorships		
Refugee Private Sponsorship Groups	\$ 359,788	\$ -

See accompanying Notes to Financial Statements and Auditor's Report

MENNONITE CENTRAL COMMITTEE BC

Non-consolidated Schedule of Thrift Stores

For the year ended March 31, 2017

	2017	Restated 2016
REVENUE		
Chilliwack store	\$ 400,258	\$ 336,703
Clearbrook clothing store	1,083,091	1,068,675
Fort St. John store	478,935	369,840
Kelowna store	642,207	625,802
MCC Centre	1,960,000	1,825,319
Mission store	596,309	573,914
Powell River store	475,781	447,505
Surrey store	605,932	624,909
Vancouver store	581,236	546,150
Yarrow store	50,790	45,257
Other sales and donations	-	3,457
	6,874,539	6,467,531
EXPENDITURES		
Advertising	24,867	13,883
Amortization	200,791	200,499
Human resources	1,772	3,431
Insurance	49,900	43,824
Interest on long-term debt	81,334	99,887
Office expenses	77,971	87,494
Products for resale	30,037	35,899
Property tax	191,794	179,516
Rent	957,174	959,372
Repair and building costs	326,272	276,093
Store operating expenses	375,812	420,438
Travel and delivery	109,184	90,529
Wages and benefits	2,488,703	2,192,803
	4,915,611	4,603,668
EXCESS OF REVENUE	\$ 1,958,928	\$ 1,863,863

See accompanying Notes to Financial Statements and Auditor's Report

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MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Schedule of Relief Festivals and Banquets
For the year ended March 31, 2017

	2017	Restated 2016
SHARED INTERNATIONAL REVENUE		
Fraser Valley	\$ 843,442	\$ 871,095
Black Creek (net)	6,483	13,985
Prince George (net)	18,100	27,500
	868,025	912,580
LOCAL B.C. REVENUE		
Fraser Valley	211,849	-
TOTAL REVENUE	1,079,874	912,580
EXPENDITURES		
Advertising and promotion	31,239	11,834
Amortization	1,990	1,990
Banquets	10,100	16,608
Facilities and equipment	80,005	70,916
Food and supplies	57,197	71,272
Insurance	2,253	2,439
Office expenses	35,024	16,500
Setup and maintenance	1,854	6,788
Travel and meetings	4,910	2,542
Wages and benefits	78,760	45,458
	303,332	246,347
EXCESS OF REVENUE	\$ 776,542	\$ 666,233

See accompanying Notes to Financial Statements and Auditor's Report

MENNONITE CENTRAL COMMITTEE BC

Notes to Non-consolidated Financial Statements

For the year ended March 31, 2017

1. PURPOSE OF THE ORGANIZATION

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

- Mennonite Central Committee (MCC) is a worldwide ministry of Anabaptist churches whose priorities are disaster relief, sustainable community development and justice and peace-building.
- MCC endeavours to share God's love and compassion for all "In the name of Christ" by responding to basic human needs and working for peace and justice.
- MCC envisions communities worldwide in right relationship with God, one another and creation.

The Mennonite Central Committee British Columbia was established as a not-for-profit society in 1968. It is registered as a charity for purposes of the Income Tax Act (Canada), and as such is not subject to income tax on its excess of revenues over expenditures.

2. ACCOUNTING POLICIES

(a) Accounting framework

These financial statements have been prepared in accordance with accounting standards for not-for-profit organizations.

(b) Amortization

Capital assets are recorded at cost, or, in the case of donated assets, at their fair market value at the time of contribution, and are being amortized on the straight-line basis at the following rates. Full year amortization is claimed in the year of purchase except for buildings for which amortization is recorded for the fraction of the year of purchase or construction, based on the date the building is available for use as determined by management.

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

Leasehold improvements are being amortized on the straight-line basis over their estimated useful life. Vancouver Thrift Store building leaseholds are being amortized over the life of the underlying land lease.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2017

ACCOUNTING POLICIES (Continued)

(c) Investments

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

(d) Revenue recognition

The Society uses the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period when the related expenses are incurred. Deferred contributions, related to purchase of capital assets, and the repayment of debt on capital assets, are deferred and recognized as revenue over the life of the related capital asset.

Rent and interest is recognized as revenue for the period to which it relates.

Revenue from the sale of product is recognized in the period that the sale takes place and the title to product is transferred. Material resources revenue is recognized in the period that they are shipped.

Revenue from grants is recognized when performance of the program specified by the grant is achieved.

(e) Measurement uncertainty

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. These estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

(f) Foreign currency

Foreign-currency-denominated monetary assets and liabilities are translated to Canadian dollars at the exchange rate in effect at the balance sheet date. Foreign-currency-denominated non-monetary assets and liabilities are translated to Canadian dollars at the exchange rate in effect on the transaction date. Revenue and expense items are translated at the exchange rate in effect at the time of the transaction. Amortization and property write-downs are translated at the same exchange rate as the assets to which they relate. Foreign exchange gains or losses are included in the determination of net earnings for the year.

(g) Estate donations

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

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2017

ACCOUNTING POLICIES (Continued)

(h) Donations and gifts in kind

Donations of materials and services are recognized in the accounts of the Society at estimated fair market value when the materials and services are used in the normal course of the Society's operations and would otherwise have been acquired for distribution in accordance with the Society's purpose and objectives. The total donations in kind recorded as contributions during the year was \$141,798 (2016 - \$181,999).

(i) Contributed services

Thousands of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(j) Internally restricted funds

The Society has internally restricted net assets for a number of purposes. In addition, the MCC BC Board has passed resolutions to internally restricted funds as detailed in (Note 25).

(k) Capitalization of constructed assets

The Society has a policy to capitalize all costs associated with the acquisition, construction and development of capital assets. This includes carrying costs related to property held for construction and development, such as interest and property taxes. Interest and property taxes related to land that are not held for construction or development, are recorded as an expense in the period in which they are incurred.

(l) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

(m) Restricted funds

The restricted net assets of the Society are comprised of the net book value of capital assets less debt related to the purchase of those assets, and contributions designated for the purchase of capital assets.

(n) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and on deposit in financial institutions, as well as short term investments that are on deposit with Abundance Canada.

MENNONITE CENTRAL COMMITTEE BC

Notes to Non-consolidated Financial Statements

For the year ended March 31, 2017

3. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below:

Credit Risk

The Society's financial assets that are exposed to credit risk are cash, investments, contributions, loans and proceeds receivable. Credit risk associated with cash and investments is minimized substantially by ensuring these assets are invested in accounts at a Schedule I bank with investment grade ratings. Credit risk associated with contributions, loans and proceeds receivable is minimized by restricting the granting of credit and by application of internal collection policies and procedures.

Interest Rate Risk

The Society is exposed to interest rate risk on its banker's acceptances and commercial promissory note because they are subject to fluctuation in the prime lending rate of the Society's financial institution. The Society is not exposed to interest rate risk on other long-term debt because these financial instruments are subject to fixed rates of interest.

Liquidity Risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its long-term debt and its accounts payable.

4. TEMPORARY INVESTMENTS

Investments are grouped by financial institution. The maturity dates commence April 2017 and the investments bear interest at rates ranging from 1.71% to 2%.

	2017	2016
Envision Financial	\$ -	\$ 713,868
Abundance Canada	6,308	6,213
Abundance Canada	3,400	3,400
Canadian Conference of MB Churches	8,410	8,293
	\$ 18,118	\$ 731,774

5. INVENTORY

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

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2017

6. DUE FROM RELATED PARTIES

The Society has notes receivable from Ecoworks Landscaping Services Inc., a wholly owned for profit subsidiary. The first loan is repayable in annual payments of \$60,000 bearing interest at Envision Financial prime minus 1.25%. The second loan is repayable in annual payments of \$75,600 bearing interest at Envision Financial prime plus 0.5%.

All amounts due from MCC Community Enterprises, a wholly owned for profit subsidiary, are current accounts payable and not subject to interest.

The Society has notes receivable from 4171 Investments Ltd., a wholly owned for profit subsidiary. The first note is for \$1.1 million, and had been fully advanced by March 31, 2017. The note bears interest at 3% per annum and is payable on demand. The second note is for a maximum of \$1.25 million, of which \$500,000 had been advanced as of March 31, 2017. The note bears interest at 3.5% per annum and is due on demand. The amounts of the two notes has been classified as long-term as they are not expected to be demanded within the current year. The balance of the amount due from 4171 Investments Ltd. is comprised of accrued interest on the above notes and other amounts paid on behalf of the company. These other amounts are subject to interest at 3% and due upon demand.

All amounts due from Cedar Ridge Estates Inc., a wholly owned for profit subsidiary, are subject to interest at 3%, and due August 1, 2017.

All amounts due from Promontory Ridge Estates Inc., a wholly owned for profit subsidiary, are subject to interest at 5%, and due on demand.

	2017	2016
Ecoworks Landscape Services Inc.	\$ 306,200	\$ 338,773
MCC Community Enterprises Inc.	-	111,658
4171 Investments Ltd.	1,708,465	99,716
Cedar Ridge Estates Inc.	2,948,620	2,876,607
Promontory Ridge Estates Inc.	200,000	202,301
	5,163,285	3,629,055
Less: principal due within one year	(3,563,285)	(752,441)
	\$ 1,600,000	\$ 2,876,614

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2017

7. INVESTMENT IN SUBSIDIARIES

The shares and shareholder loans of Promontory Ridge Estates Inc., Cedar Ridge Estates Inc., and 4171 Investments Ltd. were gifts from a donor to MCC BC and are grouped together as "MCC Legacy Trust" and managed by a Board of Directors with related expertise, appointed by the Board of MCC BC. The donor's wish is that these donated properties be held as revenue generating assets to support the ministry of MCC for generations to come, similar to an endowment, with some of the net income from these properties being re-invested to maintain the revenue generating asset base, and some of the net income being used as donations to support the global ministry of MCC at the discretion of the MCC BC Board, with a focus on helping the poorest of the poor in the developing world.

Ecoworks Landscape Services Inc. and MCC Community Enterprises Inc. are social enterprises created with the purposes of empowering people and communities towards job creation and economic self reliance and to provide resources for MCC BC programs.

	2017	2016
Ecoworks Landscape Services Inc.	\$ 6,621,207	\$ 6,339,017
MCC Community Enterprises Inc.	979,137	951,836
4171 Investments Ltd.	1,336,065	4,202,877
Cedar Ridge Estates Inc.	6,266,474	5,557,282
Promontory Ridge Estates Inc.	27,580,304	23,751,479
	\$ 42,783,187	\$ 40,802,491

8. ECOWORKS LANDSCAPE SERVICES INC.

The investment in Ecoworks Landscape Services Inc., a wholly owned for profit subsidiary, is accounted for using the equity method. The subsidiary is subject to income tax and uses the taxes payable method. The following represents summary information from the subsidiary's unaudited financial statements for the year ended March 31, 2017 and comparisons for the year ended March 31, 2016.

	2017	2016
Total assets	\$ 14,831,194	\$ 14,999,982
Total liabilities	9,381,383	9,832,361
Share capital and retained earnings	5,449,811	5,167,621
Revenue	2,599,962	2,789,362
Expenses	2,317,772	3,042,133
Net income (loss)	282,190	(252,771)
Cash flow from operating	389,232	(179,203)
Cash flow from financing	(157,065)	(89,153)
Cash flow from investing	(85,077)	501,971

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9. MCC COMMUNITY ENTERPRISES INC.

The investment in MCC Community Enterprises Inc., a wholly owned for profit subsidiary, is accounted for using the equity method. The subsidiary is subject to income tax and uses the taxes payable method. The following represents summary information from the subsidiary's unaudited financial statements for the year ended March 31, 2017 and comparisons for the year ended March 31, 2016.

	2017	2016
Total assets	\$ 1,337,597	\$ 1,305,266
Total liabilities	358,457	353,427
Share capital and retained earnings	979,140	951,839
Revenue	2,944,066	2,758,397
Expenses	2,916,765	2,561,567
Net income	27,301	196,830
Cash flow from operating	84,528	608,774
Cash flow from financing	-	(197,903)
Cash flow from investing	99,282	(175,497)

10. 4171 INVESTMENTS LTD.

The investment in 4171 Investments Ltd., a wholly owned for profit subsidiary, is accounted for using the equity method. The subsidiary is subject to income tax and uses the taxes payable method. The following represents summary information from the subsidiary's unaudited financial statements for the year ended March 31, 2017 and comparisons for the year ended March 31, 2016.

	2017	2016
Total assets	\$ 8,707,816	\$ 8,716,156
Total liabilities	13,662,535	10,804,063
Share capital and deficit	(4,954,719)	(2,087,907)
Revenue	1,235,447	1,037,326
Expenses	4,102,259	1,664,734
Net loss	(2,866,812)	(627,408)
Cash flow from operating	(2,557,056)	(361,438)
Cash flow from financing	2,915,318	54,889
Cash flow from investing	(78,363)	(1,346)

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11. CEDAR RIDGE ESTATES INC.

The investment in Cedar Ridge Estates Inc., a wholly owned for profit subsidiary, is accounted for using the equity method. The subsidiary is subject to income tax and uses the taxes payable method. The following represents summary information from the subsidiary's unaudited financial statements for the year ended March 31, 2017 and comparisons for the year ended March 31, 2016. There is a permanent difference of \$5,044,751 between the carrying cost of the assets on the financial statements of the subsidiary and the fair market value of the company at the time it was donated to MCC BC on August 1, 2012.

	2017	2016
Total assets	\$ 6,630,114	\$ 7,070,555
Total liabilities	5,431,547	6,581,180
Share capital and retained earnings	1,198,567	489,375
Revenue	6,072,607	285,571
Expenses	4,865,045	299,192
Net income (loss)	709,192	(13,621)
Cash flow from operating	2,793,102	(2,983,040)
Cash flow from financing	(1,301,444)	1,564,378
Cash flow from investing	54,575	275,623

12. PROMONTORY RIDGE ESTATES INC.

The investment in Promontory Ridge Estates Inc., a wholly owned for profit subsidiary, is accounted for using the equity method. The subsidiary is subject to income tax and uses the taxes payable method. The following represents summary information from the subsidiary's unaudited financial statements for the year ended March 31, 2017 and comparisons for the year ended March 31, 2016. There is a permanent difference of \$2,620,244 between the carrying cost of the assets on the financial statements of the subsidiary and the fair market value of the company at the time it was donated to MCC BC on October 1, 2013.

	2017	2016
Total assets	\$ 26,545,929	\$ 22,646,584
Total liabilities	20,363,687	20,293,167
Share capital and retained earnings	6,182,242	2,353,417
Revenue	3,108,971	2,299,065
Expenses	1,506,790	1,414,246
Income from joint ventures	2,226,644	713,649
Net income	3,828,825	1,598,468
Cash flow from operating	4,331,803	3,253,624
Cash flow from financing	(724,370)	949,440
Cash flow from investing	(3,812,678)	(4,103,199)

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Notes to Non-consolidated Financial Statements
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13. CAPITAL ASSETS

	Original Cost	Accumulated Amortization	2017	2016
Land	\$ 8,620,559	\$ -	\$ 8,620,559	\$ 8,620,559
Buildings	17,267,349	(2,292,542)	14,974,807	15,285,237
Computer equipment	167,788	(159,679)	8,109	26,614
Computer software	44,253	(44,253)	-	-
Equipment	701,716	(564,816)	136,900	209,445
Furniture and fixtures	165,578	(93,392)	72,186	77,196
Leasehold improvements	189,121	(176,696)	12,425	21,129
Motor vehicles	358,674	(321,651)	37,023	12,525
Buildings under capital lease	598,430	(583,519)	14,911	38,303
	\$ 28,113,468	\$ (4,236,548)	\$ 23,876,920	\$ 24,291,008

14. SHORT-TERM DEBT

The Society has received private demand loans payable without interest or security. Balance outstanding at March 31, 2017 is \$210,000 (2016 - \$260,000).

The Society has a HSBC Line of credit to a maximum allowable limit of \$6,000,000. Interest only payments are made on the outstanding balance at prime plus 0.25% per annum. Secured by first charge over Gladys Road and South Fraser Way Plaza properties and assignment of rents to a maximum of \$15,000,000. Balance outstanding at March 31, 2017 is \$141,948 (2016 - \$1,313,483).

15. DUE TO RELATED PARTIES

The Society has an amount owing to Promontory Ridge Estates Inc., a wholly owned for profit subsidiary, of \$96,641 (2016 - \$97,477), is non-interest bearing and has no scheduled terms of repayment.

The Society has an amount owing to MCC Community Enterprises Inc., a wholly owned for profit subsidiary, of \$20,478 (2016 - \$NIL), is non-interest bearing and has no scheduled terms of repayment.

The Society had a demand loan payable to Ecoworks Landscape Services Inc. of \$NIL (2016 - \$1,300,000).

16. RELATED PARTY TRANSACTIONS

During the year the Society entered into various transactions with its wholly owned for profit subsidiaries. All transactions have been measured at exchange amount by the parties. With the exception of long-term debt between the parties, all amounts owing from, or due to, the subsidiaries are without interest and are payable in 30 days.

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RELATED PARTY TRANSACTIONS (Continued)

Interest on Related Party Debt

The Society has received interest on related party debt in the current fiscal year from Ecoworks Landscape Services Inc. of \$6,324 (2016 - \$7,108), from MCC Community Enterprises Inc. of \$NIL (2016 - \$5,499), from Cedar Ridge Estates Inc. of \$72,013 (2016 - \$79,567), and from Promontory Ridge Estates Inc. of \$9,973 (2016 - \$10,000).

The Society has repaid principal on related party debt to Ecoworks Landscape Services Inc. of \$1,300,000 (2016 - \$1,200,000) and interest on related party debt to Ecoworks Landscape Services Inc. of \$24,404 (2016 - \$80,017).

During the year, the Society loaned \$1,100,000 to 4171 Investments Inc. at 3.0% interest. As a result, the Society received \$18,305 in interest payments.

During the year, the Society loaned an additional \$500,000 to 4171 Investments Inc. at 3.5% interest. Interest charges began April 1, 2017, therefore there was no interest income earned on this amount during the year.

Administrative Services

The Society has received payments for rent, compensation and benefits, administration and office services in the current fiscal year from Ecoworks Landscape Services Inc. of \$5,266 (2016 - \$29,167), from MCC Community Enterprises Inc. of \$165,917 (2016 - \$12,085), from 4171 Investments Ltd. of \$NIL (2016 - \$29,167), from Cedar Ridge Estates Inc. of \$NIL (2016 - \$341), and from Promontory Ridge Estates Inc. of \$22,104 (2016 - \$123,732).

The Society has made payment for landscaping supplies in the current fiscal year to Ecoworks Landscape Services Inc. of \$NIL (2016 - \$183).

Fees for Service

The Society has made payment for landscaping and maintenance services for various Thrift Stores and the Deer Trail Guest House to Ecoworks Landscape Services Inc. of \$10,106 (2016 - \$7,875).

17. SUBSIDIARY NET INCOME

	2017	2016
Ecoworks Landscape Services Inc.	\$ 282,190	\$ (252,773)
MCC Community Enterprises Inc.	27,301	196,830
4171 Investments Ltd.	(2,866,812)	(628,847)
Cedar Ridge Estates Inc.	709,192	(13,621)
Promontory Ridge Estates Inc.	3,828,825	1,598,470
	\$ 1,980,696	\$ 900,059

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Notes to Non-consolidated Financial Statements
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18. DEFERRED OPERATING CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted for operating funding received in the current period that are related to the subsequent period. Changes in the deferred contributions balance are as follows:

	2017	2016
Opening balance	\$ 230,998	\$ 246,278
Less amount recognized as revenue in the year	(134,376)	(598,812)
Add amount received related to next year	395,924	583,531
Closing balance	\$ 492,546	\$ 230,997

19. DEFERRED CAPITAL CONTRIBUTIONS

Deferred contributions related to capital assets represent contributed capital assets and restricted contributions for the purchase of capital assets. The changes in the deferred contributions balance for the period are as follows:

	2017	2016
Opening balance	\$ 3,514,340	\$ 3,218,568
Less amount recognized as revenue in the year	(151,787)	(95,345)
Add amount received related to future years	2,148,326	391,117
Closing balance	5,510,879	3,514,340
Less: current portion	(151,022)	(95,221)
	\$ 5,359,857	\$ 3,419,119

20. LEASES

The Society has entered into various leases for premises, equipment and automobiles.

Under the terms of the leases, the minimum annual lease payments required are:

Year	Operating
2018	\$ 225,646
2019	\$ 61,762
2020	\$ 3,826

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21. LONG-TERM DEBT

	2017	2016
MCC Centre - HSBC Banker's Acceptance maturing April 10, 2017; secured by first charge over Gladys Avenue and South Fraser Way Plaza properties with a net book value of \$11,664,261 and assignment of rents to a maximum of \$15,000,000, bearing interest at 1.02% per annum plus a stamping fee at the banks current rate (at March 31, 2017 - 1.90%).	\$ 3,000,000	\$ 3,000,000
MCC Centre - HSBC Banker's Acceptance maturing June 27, 2017; secured by first charge over Gladys Avenue and South Fraser Way Plaza properties with a net book value of \$11,664,261 and assignment of rents to a maximum of \$15,000,000, bearing interest of 1.01% per annum plus a stamping fee at the banks current rate (at March 31, 2017 - 1.9%).	3,912,625	4,120,375
Kelowna Thrift Store - Commercial promissory note payable on demand from Envision Financial with interest only payments at prime plus 0.50% per annum payable monthly. Note is secured by a mortgage over real property included in capital assets of the Society with a net book value of \$1,041,001.	1,509,000	1,509,000
Surrey Thrift Store - Mortgage payable to Abundance Canada, due March 2018, secured by real property with a net book value of \$289,947, repayable in equal monthly installments of \$2,270, including interest at 3.15%.	78,333	105,804
Mission Thrift Store - Mortgage payable to Abundance Canada, due July 2017, secured by real property with a net book value of \$523,799, repayable in equal monthly installments of \$3,117, including interest at 3.75%.	340,003	367,272
Powell River Thrift Store - Commercial promissory note due on demand from Envision Financial with monthly payments of \$973 plus interest at prime plus 0.90% per annum. Secured by a mortgage over real property with a net book value of \$576,599 and a general security agreement.	208,152	219,828
Powell River Thrift Store - Commercial promissory note payable on demand from Envision Financial with monthly payments of \$2,977 including interest at 3.77% per annum. Loan matures in 2019. Secured by a mortgage over real property with a net book value of \$576,599 and a general security agreement.	463,917	481,946
Constituent Loan - Promissory note payable on demand with interest of 1% per annum. Matures June 2016. Unsecured.	-	201,567
	9,512,030	10,005,792
Less: principal amounts due within one year	(9,512,030)	(9,580,953)
	\$ -	\$ 424,839

See accompanying Auditor's Report

MENNONITE CENTRAL COMMITTEE BC
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LONG-TERM DEBT (Continued)

Under the present terms and conditions of the loans payable, the minimum annual principal payments that will be required to retire the debt will be as follows:

Year	Total
2018	\$ 9,512,030

22. CONTINGENT LIABILITIES

The Society is contingently liable to the City of Abbotsford through Letters of Guarantee issued through HSBC totalling \$28,075 in regards to the MCC Centre building project.

MCC Canada (MCCC) has signed a Private Sponsorship of Refugees (PSR) Agreement with Immigration Refugee and Citizenship Canada (IRCC), formerly the Department of Citizenship and Immigration Canada (CIC), to provide financial, human resources and moral support to a certain number of refugees sponsored under the PSR program. MCCC's responsibilities under this agreement were assigned to the various Canadian MCCs.

MCC BC has partnered with various church and community groups to assist with the sponsorship and resettlement of refugee families in British Columbia. These groups have committed to providing the required funding to sponsor and support these refugee families for the required twelve-month period. As at March 31, 2017, MCC BC has 250 active sponsorship cases with various time commitments remaining. Should all of these churches or other groups default on their financial obligations, MCC BC will be responsible for providing the funding shortfall resulting in a contingent liability estimated to be \$989,000. Although it is not a reliable predictor of future events, no groups to date have defaulted on their financial obligations.

23. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to current presentation.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2017

24. RESTATEMENT

The statements of Promontory Ridge Estates Inc. have been restated to reflect adjustments in the corporate tax expense in the previous year. As a result, the equity investment of the Society in Promontory Ridge Estates Inc. has been restated to reflect those adjustments.

In addition, the statements of Ecoworks Landscape Service Inc. have been restated to reflect adjustments to the interest rate swap agreement liability in the prior year. As a result, the equity investment of the Society in Ecoworks Landscape Service Inc. has been restated to reflect those adjustments.

	Original	Restated	Change
Statement of Operations			
Income from subsidiaries	\$ 797,811	\$ 900,059	\$ 102,248
Excess of revenue	1,089,377	1,191,625	102,248
Statement of Changes in Net Assets			
Net assets - Open	54,893,442	54,971,990	78,548
Excess of revenue	1,089,377	1,191,625	102,248
Net assets - Close	55,987,314	56,168,110	180,796
Statement of Financial Position			
Investment in subsidiaries - MCC Legacy Trust	33,001,035	33,511,638	510,603
Investment in subsidiaries - MCC Social Enterprise	7,620,660	7,290,853	329,807
Net assets	55,987,314	56,168,110	180,796

25. INTERNALLY RESTRICTED FUNDS

The Society's Board of Directors has internally restricted net assets.

The Employment and Community Development (ECD) equity was generated through local employment programs prior to ECD being transferred into two independent, but still wholly owned entities, MCC Community Enterprises Inc. and Ecoworks Landscape Services Inc.; as such, these assets are being held for the benefit of local programs through MCC BC and its subsidiaries at the discretion of the Board of MCC BC.

	2017 Opening	Transfers in	Transfers out	2017 Closing
Thrift store	\$ 977,603	\$ -	\$ (977,603)	\$ -
Estates	336,946	-	(336,946)	-
ECD Funds	1,335,529	-	-	1,335,529
MCC Legacy Trust	-	38,131,463	-	38,131,463
MCC Social Enterprises	-	7,600,344	-	7,600,344
Thrift store expansion	50,000	300,000	-	350,000
MCC Centre	-	178,000	(75,000)	103,000
Kelowna renovation	-	120,000	-	120,000
Powell River renovation	-	120,000	-	120,000
Non-building capital	-	330,000	-	330,000
	\$ 2,700,078			\$ 48,090,336

MENNONITE CENTRAL COMMITTEE BC
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26. NET ASSETS AVAILABLE FOR OPERATIONS

The Society's agreement with MCC Canada calls for a calculation of 'Net Assets Available for Operations' (NAAFO) as it relates to Thrift and General operating expenses for the coming year. This calculation is based on the balance of unrestricted net assets at the end of the year of \$1,479,825.

The amount to be allocated to Thrift operating expenses is to be calculated at 'between one and three month's average budgeted operating expenses'. Two months is generally used for this and, based on our 2018 budget, this amount is \$856,991.

The amount to be allocated to the General operating expenses calls for 'between two and four months budgeted operating expenses'. After subtracting from unrestricted net assets the amount for Thrift operating expenses, there remains \$622,834 available towards General operating expenses. This is the equivalent of 2.5 months of expenses and, therefore, in compliance with the agreement.

27. PAYMENTS TO EMPLOYEES AND CONTRACTORS

As per the BC Society Act, the Society must disclose remuneration paid to contractors and employees whose remuneration was at least \$75,000 during the year. During the year, a combined total of \$611,939 of salaries and benefits was paid to seven employees.

28. SUBSEQUENT EVENTS

Subsequent to the year end, the Society committed to the purchase of a building to allow for expansion of the Fort St. John Thrift Store operations. The purchase price is \$3,050,000 of which \$350,000 is available in the Society's Thrift Store Expansion Fund and the balance will be financed.