

Financial Statements of

**MENNONITE CENTRAL
COMMITTEE CANADA**

Year ended March 31, 2014



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INDEPENDENT AUDITORS' REPORT

To the Members of Mennonite Central Committee Canada

We have audited the accompanying financial statements of Mennonite Central Committee Canada, which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in fund balances, and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mennonite Central Committee Canada as at March 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information in the Schedules are presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

KPMG LLP

Chartered Accountants

September 18, 2014

Winnipeg, Canada

MENNONITE CENTRAL COMMITTEE CANADA

Statement of Financial Position

March 31, 2014, with comparative information for 2013

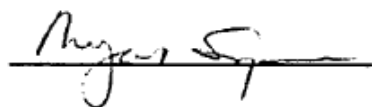
	2014	2013
Assets		
Current assets:		
Cash	\$ 4,210,488	\$ 4,966,445
Accounts receivable (note 3)	4,374,905	4,824,571
Prepaid expenses	265,956	326,052
Inventories (note 4)	4,850,594	5,163,253
Investments (note 5)	8,595,736	9,340,417
	<u>22,297,679</u>	<u>24,620,738</u>
Investment in Canadian Foodgrains Bank Association Inc.	3,742,752	3,394,678
Capital assets (note 6)	4,817,192	5,130,806
	<u>\$ 30,857,623</u>	<u>\$ 33,146,222</u>

Liabilities, Deferred Contributions and Fund Balances

Current liabilities:		
Bank indebtedness (note 7)	\$ 189,966	\$ 199,642
Payable to MCC U.S., non-interest bearing	467,223	29,900
Accounts payable and accrued liabilities	1,818,136	1,969,766
Payable to service workers	621,916	596,059
Loan payable (note 8)	—	207,738
Current portion of long-term debt (note 10)	89,112	101,431
	<u>3,186,353</u>	<u>3,104,536</u>
Deferred contributions related to expenses of future periods (note 9)	523,790	550,000
Long-term debt (note 10)	1,695,282	1,784,394
Fund balances:		
Unrestricted	9,866,208	12,391,449
Internally restricted:		
General Operations (note 11)	1,342,290	782,290
Ten Thousand Villages Canada	1,963,369	2,116,839
Externally restricted - International (schedule B)	12,280,331	12,416,714
	<u>25,452,198</u>	<u>27,707,292</u>
Commitments and contingencies (note 15)		
	<u>\$ 30,857,623</u>	<u>\$ 33,146,222</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

MENNONITE CENTRAL COMMITTEE CANADA

Statement of Operations

Year ended March 31, 2014, with comparative information for 2013

	General Funds						Restricted Fund			
	Operating		Ten Thousand Villages Canada		Total		International		Total	Total
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue:										
Contributions:										
General	\$ 10,562,314	\$ 10,332,043	\$ -	\$ -	\$ 10,562,314	\$ 10,332,043	\$ -	\$ -	\$ 10,562,314	\$ 10,332,043
Designated:										
Canadian Foodgrains Bank	-	-	-	-	-	-	3,521,134	3,030,424	3,521,134	3,030,424
Major Disasters	-	-	-	-	-	-	3,699,568	724,778	3,699,568	724,778
Other	1,304,507	1,411,114	4,048	26,206	1,308,555	1,437,320	5,110,654	5,125,215	6,419,209	6,562,535
Material resources	-	-	-	-	-	-	1,238,907	1,936,955	1,238,907	1,936,955
Grants:										
DFATD - Canadian Foodgrains Bank	-	-	-	-	-	-	10,064,971	5,262,952	10,064,971	5,262,952
DFATD - Other	-	-	-	-	-	-	2,341,857	831,987	2,341,857	831,987
Canadian Foodgrains Bank	-	-	-	-	-	-	1,251,119	607,866	1,251,119	607,866
Other	-	-	-	-	-	-	636,000	869,316	636,000	869,316
Fair trade sales	-	-	10,982,993	13,429,566	10,982,993	13,429,566	-	-	10,982,993	13,429,566
Foreign exchange gain (loss)	(107,915)	336,213	61,723	67,650	(46,192)	403,863	-	-	(46,192)	403,863
Gain on sale of capital assets	1,774	464,625	-	-	1,774	464,625	-	-	1,774	464,625
Other (note 13)	470,371	392,842	89,219	86,875	559,590	479,717	-	-	559,590	479,717
Contribution from MCC U.S (note 1)	-	6,236,873	-	-	-	6,236,873	-	6,536,637	-	12,773,510
	12,231,051	19,173,710	11,137,983	13,610,297	23,369,034	32,784,007	27,864,210	24,926,130	51,233,244	57,710,137
Expenses:										
Program (schedule A)	1,731,769	1,659,713	-	-	1,731,769	1,659,713	35,890,236	26,364,295	37,622,005	28,024,008
Fair trade:										
Cost of sales	-	-	4,542,117	5,696,603	4,542,117	5,696,603	-	-	4,542,117	5,696,603
Operations	-	-	4,923,219	7,120,729	4,923,219	7,120,729	-	-	4,923,219	7,120,729
Administration	-	-	1,540,300	1,852,624	1,540,300	1,852,624	-	-	1,540,300	1,852,624
Restructuring (note 16)	-	-	177,401	762,969	177,401	762,969	-	-	177,401	762,969
Support services:										
Administration	3,085,963	2,561,397	-	-	3,085,963	2,561,397	-	-	3,085,963	2,561,397
Resource generation	640,689	537,496	-	-	640,689	537,496	-	-	640,689	537,496
Material resources	56,644	53,979	-	-	56,644	53,979	-	-	56,644	53,979
Other:										
Grants to Provincial MCCs (note 17)	900,000	400,000	-	-	900,000	400,000	-	-	900,000	400,000
	6,415,065	5,212,585	11,183,037	15,432,925	17,598,102	20,645,510	35,890,236	26,364,295	53,488,338	47,009,805
Excess (deficiency) of revenue over expenses	\$ 5,815,986	\$ 13,961,125	\$ (45,054)	\$ (1,822,628)	\$ 5,770,932	\$ 12,138,497	\$ (8,026,026)	\$ (1,438,165)	\$ (2,255,094)	\$ 10,700,332

See accompanying notes to financial statements.

MENNONITE CENTRAL COMMITTEE CANADA

Statement of Changes in Fund Balances

Year ended March 31, 2014, with comparative information for 2013

	General Funds			Restricted Fund		2014 Total	2013 Total
	Unrestricted	Internally restricted	Ten Thousand Villages Canada	International			
Balance, beginning of year	\$ 12,391,449	\$ 782,290	\$ 2,116,839	\$ 12,416,714	\$ 27,707,292	\$ 17,006,960	
Excess (deficiency) of revenue over expenses	5,815,986	-	(45,054)	(8,026,026)	(2,255,094)	10,700,332	
Inter-fund transfers (note 11)	(451,584)	560,000	(108,416)	-	-	-	
Inter-fund transfer for International programs (Schedule B)	(7,889,643)	-	-	7,889,643	-	-	
Balance, end of year	\$ 9,866,208	\$ 1,342,290	\$ 1,963,369	\$ 12,280,331	\$ 25,452,198	\$ 27,707,292	

See accompanying notes to financial statements.

MENNONITE CENTRAL COMMITTEE CANADA

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating:		
Excess (deficiency) of revenue over expenses	\$ (2,255,094)	\$ 10,700,332
Items not involving cash:		
Non-cash portion of initial transfer of net assets and liabilities from MCC U.S.	–	159,609
Amortization of capital assets	829,059	892,458
Loss on disposal of capital assets	–	(464,625)
Write down of capital assets	64,857	–
	(1,361,178)	11,287,774
Change in non-cash operating working capital:		
Accounts receivable	449,666	(2,181,767)
Prepaid expenses	60,096	(74,667)
Inventories	312,659	1,074,498
Payable to MCC U.S.	437,323	(6,302,368)
Accounts payable and accrued liabilities	(151,630)	242,406
Payable to service workers	25,857	44,696
Loan payable	(207,738)	(1,462,270)
Change in deferred contributions related to expenses of future periods	(26,210)	–
	(461,155)	2,628,302
Investing activities:		
Decrease (increase) in investment in Canadian Foodgrains Bank Association Inc.	(348,074)	92,595
Additions to investments	(255,319)	(4,160,289)
Proceeds on disposal of investments	1,000,000	–
Purchase of capital assets	(580,303)	(649,491)
Proceeds from disposal of capital assets	–	573,985
	(183,696)	(4,143,200)
Financing activities:		
Repayment of long-term debt	(101,430)	(95,986)
Increase (decrease) in bank indebtedness	(9,676)	199,642
	(111,106)	103,656
Decrease in cash	(755,957)	(1,411,242)
Cash, beginning of year	4,966,445	6,377,687
Cash, end of year	\$ 4,210,488	\$ 4,966,445

See accompanying notes to financial statements.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements

Year ended March 31, 2014

1. Nature of the operations and basis of presentation:

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

To March 31, 2012, Mennonite Central Committee Canada (MCCC) and Mennonite Central Committee U.S. (MCC U.S.) performed the majority of their international work through MCC Binational (MCCBN) located in Akron, Pennsylvania. During the year ended March 31, 2012, MCC BN, MCCC and the MCC U.S. reorganized so as to continue the international operations of MCC as a shared program, while continuing their respective domestic programs. Under the terms of the reorganization, the by-laws of MCCBN were changed such that the Board of MCCBN transferred control of its corporate status, assets, liabilities and net assets to a new Board on March 30, 2012 and became known as MCC U.S. Through a document called "Principles of Sharing MCC Binational's Assets and Liabilities", the respective Boards of MCCC and MCC U.S. and their respective delegate bodies, approved the transfer of the former MCCBN assets to MCCC and MCC U.S. effective April 1, 2012.

The transfer of assets and liabilities from MCC U.S. to MCCC at carrying value included the following:

	Net assets available for General Operations	Net assets available for the Restricted Fund	Total
Cash	\$ 6,336,834	\$ 6,491,447	\$ 12,828,281
Accounts receivable	–	338,851	338,851
Prepaid expenses	–	61,895	61,895
Capital assets, net	–	470,412	470,412
Accounts payable and accrued liabilities	(99,961)	(274,605)	(374,566)
Payable to service workers	–	(551,363)	(551,363)
	\$ 6,236,873	\$ 6,536,637	\$ 12,773,510

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

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2014

1. Nature of the operations and basis of presentation (continued):

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.

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

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

2. Significant accounting policies:

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

(a) Fund accounting:

MCCC follows the restricted fund method of accounting for contributions.

(i) General Funds:

(a) Unrestricted:

Operating activities include the administration of Domestic programming in the areas of Sustainable Community Development and Justice and Peacebuilding.

(b) Internally restricted:

Funds internally restricted by the Board for overages of prior years, as disclosed in note 11, are for expenditures to be made that will benefit all of the MCCs in Canada. The amounts transferred to this internally restricted fund from the General Operating Fund represented the excess contributions received and forwarded to MCCC by the provincial MCCs over the budgeted amounts expected from them.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2014

2. Significant accounting policies (continued):

Funds have also been internally restricted for various purposes as disclosed in note 11, including international programs which may involve programs that MCCC would be involved in outside of the Shared International Program with MCC U.S.

(c) Ten Thousand Villages Canada:

The operations of Ten Thousand Villages Canada, a program of MCCC, create opportunities with artisans in developing countries to earn income by bringing their products and stories to Canadian markets through long-term fair trading relationships.

(ii) Restricted Fund - International:

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

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

(b) Revenue recognition:

Restricted contributions related to general operations are recognized as revenue of the appropriate General Fund, depending on the nature of the contribution, in the year in which the related expenses are incurred. Contributions restricted for international programs are recognized as revenue in the Restricted International Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured,

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

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2014

2. Significant accounting policies (continued):

In accordance with the covenant referred to in note 1, MCCC has allocated to the General Operating Fund a portion of the designated contributions received for the Restricted International Fund. This allocation, which aggregated \$1,289,325 (2013 - \$1,388,364) for the year ended March 31, 2014, is to offset administrative and resource generation expenses incurred by the General Operating Fund.

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

(c) Foreign exchange:

Monetary assets and liabilities denominated in foreign currencies are converted to Canadian dollars using the year end exchange rate. Revenue and expense items are converted using the average exchange rate in the month of the transaction. The foreign exchange loss included in the statement of operations for the year ended March 31, 2014 is \$46,192 (2013 - foreign exchange gain of \$403,863).

(d) Contributed services:

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

(e) Inventories:

Inventories of Ten Thousand Villages Canada are valued at the lower of cost, determined on a weighted average basis, and net realizable value. Cost includes the purchase cost and transportation expenses incurred to bring inventory to its present location.

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

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2014

2. Significant accounting policies (continued):

(f) Investment:

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

(g) Capital assets:

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

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

Amortization of leasehold improvements is calculated on a straight-line basis over the term of the related lease.

When a capital asset no longer contributes to MCCC's ability to provide services, its carrying amount is written down to its residual value.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2014

2. Significant accounting policies (continued):

(h) Financial instruments:

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

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

(i) Allocation of expenses:

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

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

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

(j) Use of estimates:

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

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2014

3. Accounts receivable:

	2014	2013
Receivable from Provincial MCCs	\$ 3,794,108	\$ 3,727,849
Customers of Ten Thousand Villages Canada	199,591	181,482
Department of Foreign Affairs, Trade and Development Canada grants receivable	71,240	638,627
Other	309,966	276,613
	<u>\$ 4,374,905</u>	<u>\$ 4,824,571</u>

4. Inventories:

	2014	2013
Ten Thousand Villages Canada - merchandise	\$ 4,220,313	\$ 4,391,130
General operations - books and reading materials	260,984	253,425
Material resources	369,297	518,698
	<u>\$ 4,850,594</u>	<u>\$ 5,163,253</u>

Inventories are written down to estimated net realizable value when the cost of inventories is estimated to be greater than the anticipated selling price. For the year ended March 31, 2014, inventories were written down by \$46,000 (2013 - \$237,778).

The amount of inventories recognized as an expense within costs of sales and international programs for the year ended March 31, 2014 is \$6,095,473 (2013 - \$8,071,595).

5. Investments:

	2014	2013
Mennonite Foundation of Canada: Fixed income portfolio fund	\$ 8,595,736	\$ 9,340,417

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

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2014

6. Capital assets:

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 657,359	\$ –	\$ 657,359	\$ 650,125
Buildings	6,073,700	3,339,904	2,733,796	2,940,613
Equipment	4,166,962	3,187,241	979,721	1,050,771
Vehicles	731,293	350,202	381,091	376,235
Leasehold improvements	809,593	744,368	65,225	113,062
	<u>\$ 12,438,907</u>	<u>\$ 7,621,715</u>	<u>\$ 4,817,192</u>	<u>\$ 5,130,806</u>

7. Bank indebtedness:

Ten Thousand Villages Canada has a line of credit with Mennonite Savings and Credit Union up to a maximum of \$900,000 payable on demand. Interest is payable at prime plus 1.25 percent for a total interest rate of 4.25 percent (2013 - 4.25 percent) at March 31, 2014. The line of credit is secured by a general security agreement covering inventory, accounts receivable and equipment. At March 31, 2014, Ten Thousand Villages Canada utilized \$189,966 (2013 - \$199,642) of this line of credit.

At March 31, 2014, MCCC also has an outstanding letter of credit in the amount of \$71,600 (2013 - \$71,600).

8. Loan payable:

Ten Thousand Villages Canada has a loan facility with Shared Interest Society Limited in the amount of US\$250,000 (2013 - US\$250,000). Loan payable to Shared Interest Society Limited bears interest at 7 percent (2013 - 7 percent) and is repayable on demand. There have been no assets pledged as collateral for the loan payable. At March 31, 2014, nil (2013 - \$207,738) of the facility has been utilized.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2014

9. Deferred contributions related to expenses of future periods:

Deferred contributions related to expenses of future periods represent restricted funding received for expenses to be incurred in the future years.

	2014	2013
Balance, beginning of year	\$ 550,000	\$ 550,000
Less amounts recognized into revenue in the year	(26,210)	–
	<u>\$ 523,790</u>	<u>\$ 550,000</u>

10. Long-term debt:

	2014	2013
Mortgage payable to Mennonite Savings and Credit Union, repayable in blended monthly payments of \$3,236, interest at 6.0%, due June 1, 2015	\$ 318,420	\$ 337,754
Mortgage payable to Mennonite Savings and Credit Union, repayable in blended monthly payments of \$12,025, interest at 5.45% due April 21, 2019	1,465,974	1,548,071
	<u>1,784,394</u>	<u>1,885,825</u>
Current portion	89,112	101,431
	<u>\$ 1,695,282</u>	<u>\$ 1,784,394</u>

The mortgages payable to Mennonite Savings and Credit Union are secured by an all purpose collateral mortgage registered over the property at 65 Heritage Drive in New Hamburg, Ontario.

Future principal repayments required on the long-term debt are as follows:

2015	\$ 89,112
2016	368,418
2017	74,602
2018	78,723
2019	83,072
Thereafter	1,090,467
	<u>\$ 1,784,394</u>

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2014

11. Internally Restricted Fund and inter-fund transfers:

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

	2014	2013
Grant to MCC BC, in support of their building program	\$ 400,000	\$ -
Overages	389,000	389,000
International program, consultation on development	387,659	387,659
Human Resource Information System (HRIS)	100,000	-
Record data software	50,000	-
Other	10,000	-
Inclusion/Anti-racism program	4,682	4,682
Youth and young adult initiatives	949	949
	<u>\$ 1,342,290</u>	<u>\$ 782,290</u>

During the year, an amount of \$108,416 (2013 - \$58,275) relating to interest of \$54,416 (2013 - \$4,275) and rental payments of \$54,000 (2013 - \$54,000) paid by Ten Thousand Villages Canada to MCCC were transferred from the Ten Thousand Villages Canada Fund to the General Operating Fund.

During the year ended March 31, 2014, \$560,000 (2013 - nil) was transferred from the General Operating Fund to the internally restricted funds to set aside funds to be used in the next year for the following purposes: to support the MCC BC building program, to fund certain of the costs associated with the HRIS and certain other projects.

12. Allocation of International expenses:

General Program support expenditures relate primarily to the country program supervision costs, the Program Directors department and certain of the expenditures for the Program Learning and Disaster Response department. These expenditures totaling approximately \$4,611,000 (2013 - \$4,243,000) have been allocated as follows:

	2014	2013
Sustainable Community Development	\$ 2,862,000	\$ 2,778,000
Disaster Response	848,000	707,000
Justice and Peacebuilding	901,000	758,000
	<u>\$ 4,611,000</u>	<u>\$ 4,243,000</u>

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2014

13. Other revenue:

	2014	2013
Operating Fund:		
Administration fees from MCC U.S.	\$ 16,059	\$ 15,737
Administration fees from CFGB	116,436	98,643
Interest	254,147	137,141
Other	83,729	91,037
House sale proceeds received from MCC U.S.	–	50,284
Ten Thousand Villages Canada:		
Interest	8,570	6,091
Other	80,649	80,784
	<u>\$ 559,590</u>	<u>\$ 479,717</u>

14. Pension plan:

MCCC sponsors a defined contribution group RRSP for eligible employees. MCCC's contributions are based on 5 percent of salary costs. Contributions of \$277,878 (2013 - \$346,023) have been expensed during the year ended March 31, 2014 and are included in administrative expenses.

15. Commitments and contingencies:

MCCC has entered into agreements to lease premises for various periods until 2019.

The minimum lease payments, exclusive of realty taxes and other occupancy charges, in the aggregate and for each of the next five years are as follows:

2015	\$ 814,991
2016	660,654
2017	403,203
2018	215,957
2019	136,374

MCCC has signed a Private Sponsorship of Refugees (PSR) Agreement with 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 but MCCC remains contingently liable for the financial obligations. The estimated amount of the contingent liability as at March 31, 2014 is approximately \$4,500,000 (2013 - \$6,500,000).

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2014

15. Commitments and contingencies (continued):

MCCC has guaranteed an operating loan of Mennonite World Conference, a related party which MCCC is one of the members of, to a maximum of \$500,000. The purpose of this loan is to fund the 2015 World Conference operating expenses. This credit facility will expire September 1, 2015, at which time the loan is to be repaid in full from conference revenues. At March 31, 2014, no amounts have been advanced on this loan. MCC U.S. has provided a similar guarantee for the same purpose and for an equivalent amount.

16. Restructuring of Ten Thousand Villages Canada:

During the year ended March 31, 2013, the Board of MCCC and the senior management team of Ten Thousand Villages Canada approved the closure of ten stores and the restructuring of the management of Villages Canada. The costs accrued during the year ended March 31, 2013 related to this restructuring aggregated \$762,969. In April 2013, the ten stores were closed and the lease termination settlements were negotiated and were recognized in fiscal 2014 in the amount of \$177,401.

17. Grants to Provincial MCCs:

During the year, grant payments were made to MCC BC of \$400,000 (2013 - \$400,000) and MCC Ontario of \$500,000 (2013 - nil), to provide financial support for their respective building programs.

18. Financial risks:

(a) Currency risk:

MCCC is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, MCCC incurs international expenditures denominated in various foreign currencies. MCCC does not currently enter into forward contracts to mitigate this risk.

(b) Liquidity risk:

Liquidity risk is the risk that MCCC will be unable to fulfill its obligations on a timely basis or at a reasonable cost. MCCC manages its liquidity risk by monitoring its operating requirements. MCCC prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2013.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2014

17. Financial risks (continued):

(c) Credit risk:

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. MCCC is exposed to credit risk with respect to the accounts receivable. MCCC assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(d) Interest rate risk:

MCCC is exposed to interest rate risk on its fixed and variable interest rate financial instruments. Further details about the fixed rate financial instruments are included in note 7, 8 and note 10.

18. Comparative information:

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

MENNONITE CENTRAL COMMITTEE CANADA

Program Expenses

Schedule A

Year ended March 31, 2014, with comparative information for 2013

	Domestic Program	International Program	2014 Total	2013 Total
Sustainable Community Development:				
Education	\$ 148,523	\$ 3,936,472	\$ 4,084,995	\$ 3,537,615
Global Family	–	2,079,350	2,079,350	1,817,979
Food security and sustainable livelihoods	145,858	8,487,296	8,633,154	6,954,516
HIV AIDS	–	568,811	568,811	245,215
Water	–	1,110,300	1,110,300	930,704
Health	40,410	863,638	904,048	891,909
HIV AIDS	–	1,435,773	1,435,773	1,352,061
Water	–	574,293	574,293	573,270
Migration and resettlement	225,464	117,080	342,544	416,289
	560,255	19,173,013	19,733,268	16,719,558
Disaster Response:				
Humanitarian relief and disaster response (HRDR)	56,466	8,070,893	8,127,359	4,282,972
HRDR - Food	–	4,948,110	4,948,110	2,536,242
	56,466	13,019,003	13,075,469	6,819,214
Justice and Peacebuilding:				
Peacebuilding and conflict transformation	657,961	3,116,731	3,774,692	3,585,367
Conflict prevention	93,261	555,440	648,701	544,090
Restorative justice	363,826	26,049	389,875	355,779
	1,115,048	3,698,220	4,813,268	4,485,236
Total expenses	\$ 1,731,769	\$ 35,890,236	\$37,622,005	\$28,024,008

MENNONITE CENTRAL COMMITTEE CANADA

Restricted Funds Summary

Schedule B

Year ended March 31, 2014, with comparative information for 2013

	Fund balance March 31, 2013	Revenue	Program expenses	Inter-fund transfers	Fund balance March 31, 2014
CFGB	\$ 3,421,440	\$ 14,837,224	\$ (14,259,718)	\$ -	\$ 3,998,946
Shared Program	1,262,205	-	-	189,563	1,451,768
Designated contributions:					
The Meeting House	426,186	377,810	(480,695)	-	323,301
East Africa drought	1,419,931	-	(355,486)	-	1,064,445
Haiti earthquake	3,983,728	-	(1,778,571)	-	2,205,157
Philippines Typhoon	-	3,061,922	(1,798,560)	-	1,263,362
Syrian Crisis	-	637,646	(612,487)	-	25,159
Water general	574,616	261,501	(453,627)	-	382,490
Other international programs	743,887	4,172,827	(3,984,179)	-	932,535
Material Resources	518,698	1,238,907	(1,388,308)	-	369,297
Constituency Initiated Projects	66,023	222,953	(149,228)	-	139,748
Other	-	3,053,420	(10,629,377)	7,700,080	124,123
Total International Fund	\$ 12,416,714	\$ 27,864,210	\$ (35,890,236)	\$ 7,889,643	\$ 12,280,331