

Financial Statements of

**MENNONITE CENTRAL
COMMITTEE CANADA**

Year ended March 31, 2015



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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, 2015, 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, 2015, 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 19, 2015

Winnipeg, Canada

MENNONITE CENTRAL COMMITTEE CANADA

Statement of Financial Position

March 31, 2015, with comparative information for 2014

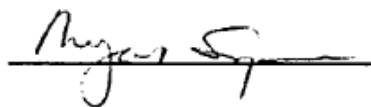
	2015	2014
Assets		
Current assets:		
Cash	\$ 5,654,551	\$ 4,210,488
Accounts receivable (note 3)	8,901,055	4,374,905
Prepaid expenses	512,576	265,956
Inventories (note 4)	5,556,346	4,850,594
Investments (note 5)	3,391,053	8,595,736
	<u>24,015,581</u>	<u>22,297,679</u>
Investment in Canadian Foodgrains Bank Association Inc.	3,390,753	3,742,752
Capital assets (note 6)	4,702,747	4,817,192
	<u>\$ 32,109,081</u>	<u>\$ 30,857,623</u>

Liabilities, Deferred Contributions and Fund Balances

Current liabilities:		
Bank indebtedness (note 7)	\$ 380,431	\$ 189,966
Payable to MCC U.S., non-interest bearing	545,123	467,223
Accounts payable and accrued liabilities (note 8)	2,110,704	1,818,136
Loan payable (note 9)	28,146	–
Payable to service workers	614,197	621,916
Current portion of long-term debt (note 11)	93,807	89,112
	<u>3,772,408</u>	<u>3,186,353</u>
Deferred contributions related to expenses of future periods (note 10)	804,823	523,790
Long-term debt (note 11)	1,601,475	1,695,282
Fund balances (note 12):		
Unrestricted	8,714,629	9,866,208
Internally restricted:		
General operations (note 13)	679,723	1,342,290
Ten Thousand Villages Canada	2,251,305	1,963,369
Externally restricted - International (schedule B)	14,284,718	12,280,331
	<u>25,930,375</u>	<u>25,452,198</u>
Commitments and contingencies (note 17)		
Subsequent event (note 11)		
	<u>\$ 32,109,081</u>	<u>\$ 30,857,623</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, 2015, with comparative information for 2014

	General Funds						Restricted Fund			
	Operating		Ten Thousand Villages Canada		Total		International		Total	Total
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue (note 15):										
Contributions:										
General	\$ 11,457,609	\$ 10,562,314	\$ -	\$ -	\$ 11,457,609	\$ 10,562,314	\$ -	\$ -	\$ 11,457,609	\$ 10,562,314
Designated:										
CFGB	-	-	-	-	-	-	3,449,540	3,521,134	3,449,540	3,521,134
Active Disasters	31,716	-	-	-	31,716	-	770,563	3,699,568	802,279	3,699,568
Other	1,247,850	1,304,507	7,739	4,048	1,255,589	1,308,555	5,220,664	5,110,654	6,476,253	6,419,209
Material resources	-	-	-	-	-	-	1,508,268	1,238,907	1,508,268	1,238,907
Grants:										
DFATD - CFGB	-	-	-	-	-	-	10,368,254	10,064,971	10,368,254	10,064,971
DFATD - Other	-	-	-	-	-	-	6,569,786	2,341,857	6,569,786	2,341,857
CFGB	-	-	-	-	-	-	2,009,529	1,251,119	2,009,529	1,251,119
Other	-	-	-	-	-	-	279,043	120,000	279,043	120,000
Fair trade sales	-	-	11,583,456	10,982,993	11,583,456	10,982,993	-	-	11,583,456	10,982,993
Foreign exchange gain (loss)	(22,156)	(107,915)	78,226	61,723	56,070	(46,192)	485,284	-	541,354	(46,192)
Gain on sale of capital assets	-	1,774	-	-	-	1,774	-	-	-	1,774
Other (note 16)	390,867	470,371	152,351	89,219	543,218	559,590	545,618	516,000	1,088,836	1,075,590
	13,105,886	12,231,051	11,821,772	11,137,983	24,927,658	23,369,034	31,206,549	27,864,210	56,134,207	51,233,244
Expenses:										
Program (schedule A)	1,714,486	1,731,769	-	-	1,714,486	1,731,769	38,325,596	35,890,236	40,040,082	37,622,005
Fair trade:										
Cost of sales	-	-	4,769,831	4,542,117	4,769,831	4,542,117	-	-	4,769,831	4,542,117
Operations	-	-	5,332,911	4,923,219	5,332,911	4,923,219	-	-	5,332,911	4,923,219
Administration	-	-	1,313,582	1,540,300	1,313,582	1,540,300	-	-	1,313,582	1,540,300
Restructuring (note 18)	-	-	-	177,401	-	177,401	-	-	-	177,401
Support services:										
Administration and communication	2,986,169	3,085,963	-	-	2,986,169	3,085,963	-	-	2,986,169	3,085,963
Resource generation	755,005	640,689	-	-	755,005	640,689	-	-	755,005	640,689
Material resources	58,450	56,644	-	-	58,450	56,644	-	-	58,450	56,644
Other:										
Grants to Provincial MCCs (note 19)	400,000	900,000	-	-	400,000	900,000	-	-	400,000	900,000
	5,914,110	6,415,065	11,416,324	11,183,037	17,330,434	17,598,102	38,325,596	35,890,236	55,656,030	53,488,338
Excess (deficiency) of revenue over expenses	\$ 7,191,776	\$ 5,815,986	\$ 405,448	\$ (45,054)	\$ 7,597,224	\$ 5,770,932	\$ (7,119,047)	\$ (8,026,026)	\$ 478,177	\$ (2,255,094)

See accompanying notes to financial statements.

MENNONITE CENTRAL COMMITTEE CANADA

Statement of Changes in Fund Balances

Year ended March 31, 2015, with comparative information for 2014

	General Funds			Restricted Fund		2015 Total	2014 Total
	Unrestricted	Internally restricted	Ten Thousand Villages Canada	International			
Balance, beginning of year	\$ 9,866,208	\$ 1,342,290	\$ 1,963,369	\$ 12,280,331	\$ 25,452,198	\$ 27,707,292	
Excess (deficiency) of revenue over expenses	7,191,776	–	405,448	(7,119,047)	478,177	(2,255,094)	
Inter-fund transfers (note 13)	780,079	(662,567)	(117,512)	–	–	–	
Inter-fund transfer for International programs (Schedule B)	(9,123,434)	–	–	9,123,434	–	–	
Balance, end of year	\$ 8,714,629	\$ 679,723	\$ 2,251,305	\$ 14,284,718	\$ 25,930,375	\$ 25,452,198	

See accompanying notes to financial statements.

MENNONITE CENTRAL COMMITTEE CANADA

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating:		
Excess (deficiency) of revenue over expenses	\$ 478,177	\$ (2,255,094)
Items not involving cash:		
Amortization of capital assets	741,245	829,059
Write down of capital assets	–	64,857
	<u>1,219,422</u>	<u>(1,361,178)</u>
Change in non-cash operating working capital:		
Accounts receivable	(4,526,150)	449,666
Prepaid expenses	(246,620)	60,096
Inventories	(705,752)	312,659
Payable to MCC U.S.	77,900	437,323
Accounts payable and accrued liabilities	292,568	(151,630)
Payable to service workers	(7,719)	25,857
Loan payable	28,146	(207,738)
Change in deferred contributions related to expenses of future periods	<u>281,033</u>	<u>(26,210)</u>
	<u>(3,587,172)</u>	<u>(461,155)</u>
Investing activities:		
Decrease (increase) in investment in Canadian Foodgrains Bank Association Inc.	351,999	(348,074)
Additions to investments	(195,317)	(255,319)
Proceeds on disposal of investments	5,400,000	1,000,000
Purchase of capital assets	<u>(626,800)</u>	<u>(580,303)</u>
	<u>4,929,882</u>	<u>(183,696)</u>
Financing activities:		
Repayment of long-term debt	(89,112)	(101,430)
Increase (decrease) in bank indebtedness	<u>190,465</u>	<u>(9,676)</u>
	<u>101,353</u>	<u>(111,106)</u>
Increase (decrease) in cash	<u>1,444,063</u>	<u>(755,957)</u>
Cash, beginning of year	4,210,488	4,966,445
Cash, end of year	<u>\$ 5,654,551</u>	<u>\$ 4,210,488</u>

See accompanying notes to financial statements.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements

Year ended March 31, 2015

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.

Mennonite Central Committee Canada (MCCC) and Mennonite Central Committee U.S. (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.

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 a *Special Act of the Parliament of Canada* 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.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2015

2. Significant accounting policies (continued):

(i) General Funds:

(a) Unrestricted:

Operating activities include the administration of Domestic programming in the areas of Sustainable Community Development and Justice and Peacebuilding. Included in the unrestricted fund are amounts invested in capital assets and the non-building capital asset reserve.

(b) Internally restricted:

Funds have been internally restricted for various purposes as disclosed in note 13.

(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.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2015

2. Significant accounting policies (continued):

(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.

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 \$1,246,532 (2014 - \$1,289,325) for the year ended March 31, 2015, 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 gain included in the statement of operations for the year ended March 31, 2015 is \$541,354 (2014 - foreign exchange loss of \$46,192).

(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.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2015

2. Significant accounting policies (continued):

(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.

(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 include project grants 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, 2015

2. Significant accounting policies (continued):

(h) Financial instruments:

Financial instruments are recorded at fair value or exchange amount on initial recognition. Freestanding derivatives that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. 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, 2015

3. Accounts receivable:

	2015	2014
Receivable from Provincial MCC's	\$ 2,680,295	\$ 3,794,108
Customers of Ten Thousand Villages Canada	225,969	199,591
Grants receivable - Department of Foreign Affairs, Trade and Development Canada (DFATD)	5,700,000	71,240
Other	294,791	309,966
	<u>\$ 8,901,055</u>	<u>\$ 4,374,905</u>

4. Inventories:

	2015	2014
Ten Thousand Villages Canada - merchandise	\$ 4,837,247	\$ 4,220,313
General operations - books and reading materials	267,480	260,984
Material resources	451,619	369,297
	<u>\$ 5,556,346</u>	<u>\$ 4,850,594</u>

The amount of inventories recognized as an expense within costs of sales and international programs for the year ended March 31, 2015 is \$6,621,890 (2014 - \$6,095,473).

5. Investments:

	2015	2014
Mennonite Foundation of Canada:		
Fixed income portfolio fund	\$ 3,366,026	\$ 8,595,736
Other	25,027	-
	<u>\$ 3,391,053</u>	<u>\$ 8,595,736</u>

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, 2015

6. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 672,795	\$ –	\$ 672,795	\$ 657,359
Buildings	6,113,989	3,587,879	2,526,110	2,733,796
Equipment	4,087,994	3,418,153	669,841	979,721
Vehicles	1,072,671	519,191	553,480	381,091
Leasehold improvements	1,123,028	842,507	280,521	65,225
	<u>\$ 13,070,477</u>	<u>\$ 8,367,730</u>	<u>\$ 4,702,747</u>	<u>\$ 4,817,192</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 4.10 percent (2014 - 4.25 percent) at March 31, 2015. The line of credit is secured by a general security agreement covering inventory, accounts receivable and equipment. At March 31, 2015, Ten Thousand Villages Canada utilized \$380,431 (2014 - \$189,966) of this line of credit.

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at March 31, 2015 are government remittances payable of \$208,602 (2014 - \$7,089) relating to federal and provincial sales tax, payroll taxes, health taxes and workers safety insurance.

9. Loan payable:

Ten Thousand Villages Canada has a loan facility with Shared Interest Society Limited in the amount of US\$250,000 (2014 - US\$250,000). The loan payable to Shared Interest Society Limited bears interest at 7 percent (2014 - 7 percent) and is repayable on demand. There have been no assets pledged as collateral for the loan payable. At March 31, 2015, \$28,146 (US\$ 22,221) (2014 - nil) of the facility has been utilized.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2015

10. 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.

	2015	2014
Balance, beginning of year	\$ 523,790	\$ 550,000
Add amounts received during the year	333,658	–
Less amounts recognized into revenue in the year	(52,625)	(26,210)
	<u>\$ 804,823</u>	<u>\$ 523,790</u>

11. Long-term debt:

	2015	2014
Mortgage payable to Mennonite Savings and Credit Union, repayable in blended monthly payments of \$3,236, interest at 6.0%, due June 1, 2015	\$ 297,909	\$ 318,420
Mortgage payable to Mennonite Savings and Credit Union, repayable in blended monthly payments of \$12,025, interest at 5.45% due April 21, 2019	1,397,373	1,465,974
	<u>1,695,282</u>	<u>1,784,394</u>
Current portion	93,807	89,112
	<u>\$ 1,601,475</u>	<u>\$ 1,695,282</u>

The mortgage payable of \$297,909 was renewed on June 1, 2015 with blended monthly payments of \$2,979, interest at 4.15 percent and is due June 1, 2020.

The mortgages payable 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, reflecting the renewal of the mortgage payable subsequent to year-end, are as follows:

2016	\$ 93,807
2017	99,505
2018	104,670
2019	110,107
2020	1,118,617
Thereafter	168,576
	<u>\$ 1,695,282</u>

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2015

12. Investment in capital assets:

MCCC has the following investment in capital assets included within the fund balances:

	General Funds				Restricted Funds		Total 2015	Total 2014
	Operating		Ten Thousand Villages Canada		International			
	2015	2014	2015	2014	2015	2014		
Capital assets	\$ 1,603,507	\$ 1,739,416	\$ 2,407,203	\$ 2,606,264	\$ 692,037	\$ 471,512	\$ 4,702,747	\$ 4,817,192
Amounts financed by:								
Long-term debt	-	-	(1,695,282)	(1,784,394)	-	-	(1,695,282)	(1,784,394)
	\$ 1,603,507	\$ 1,739,416	\$ 711,921	\$ 821,870	\$ 692,037	\$ 471,512	\$ 3,007,465	\$ 3,032,798

13. 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:

	2015	2014
Grant to MCC BC, in support of their building program	\$ -	\$ 400,000
Overages	-	389,000
Investment in Donor Relations	389,000	-
International program, consultation on development	180,723	387,659
Human Resource Information System (HRIS)	60,000	100,000
Non-building capital asset reserve	50,000	-
Record data software	-	50,000
Other	-	10,000
Inclusion/Anti-racism program	-	4,682
Youth and young adult initiatives	-	949
	\$ 679,723	\$ 1,342,290

During the year, an amount of \$117,512 (2014 - \$108,416) relating to interest of \$59,012 (2014 - \$54,416) and rental payments of \$58,500 (2014 - \$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, 2015, \$712,567 was transferred to the General Operating Fund from the internally restricted funds to cover the expenses incurred to support the MCC BC building program, to fund certain of the costs associated with the HRIS and certain other projects. In addition, \$50,000 was transferred from the General Operating Fund to the internally restricted funds for a non-building capital asset reserve.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2015

14. 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 \$5,020,128 (2014 - \$4,611,000) have been allocated as follows:

	2015	2014
Sustainable Community Development	\$ 2,899,075	\$ 2,862,000
Disaster Response	1,027,492	848,000
Justice and Peacebuilding	1,093,561	901,000
	<u>\$ 5,020,128</u>	<u>\$ 4,611,000</u>

15. Revenue:

Included in MCCC's revenue are the following amounts that were recorded as revenue by the Canadian Provincial MCCs and forwarded to MCCC as grants in accordance with a predetermined revenue sharing agreement between the MCCs in Canada.

	2015	2014
Contribution revenue:		
General contributions	\$ 11,351,026	\$ 10,482,078
Designated contributions:		
CFGB	3,441,607	3,392,154
Active Disasters	774,884	3,653,378
Other - International programs	6,200,146	6,352,571
Material resources	1,192,429	1,550,570
Grant revenue:		
Other	159,998	146,399
	<u>\$ 23,120,090</u>	<u>\$ 25,577,150</u>

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2015

16. Other revenue:

	2015	2014
Operating Fund:		
Administration fees from MCC U.S.	\$ 12,013	\$ 16,059
Administration fees from CFGB	159,632	116,436
Interest	171,003	255,319
Other	48,219	82,557
Ten Thousand Villages Canada:		
Interest	5,044	8,570
Sales tax refund	64,445	-
Other	82,862	80,649
Shared Program		
Other contributions and grants	545,618	516,000
	<u>\$ 1,088,836</u>	<u>\$ 1,075,590</u>

17. Commitments and contingencies:

MCCC has entered into agreements to lease premises for various periods until 2020. 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:

2016	\$ 887,567
2017	732,285
2018	454,450
2019	226,838
2020	90,693

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, 2015 is approximately \$1,500,000 (2014 - \$4,500,000).

MCCC has guaranteed an operating loan of Mennonite World Conference, a related party of which MCCC is a member, 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, 2015, 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.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2015

17. Commitments and contingencies (continued):

MCCC has signed a contract in connection with the development of a Human Resource Information System (HRIS). As at March 31, 2015, there is approximately \$60,000 remaining to be spent on this contract. In addition, an agreement has been signed for user fees in the amount of \$100,000 per year to December 31, 2017.

18. 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. 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.

19. Grants to Provincial MCCs:

During the year, grant payments were made to MCC BC of \$400,000 (2014 - \$400,000) and MCC Ontario of nil (2014 - \$500,000), to provide financial support for their respective building programs.

20. 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 \$296,680 (2014 - \$277,878) have been expensed during the year ended March 31, 2015 and are included in administration expenses.

21. 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. In addition, Ten Thousand Villages Canada purchases inventories denominated in U.S. dollars. Ten Thousand Villages Canada entered into forward contracts to mitigate this risk during the year ended March 31, 2015. As at March 31, 2015, Ten Thousand Villages Canada had foreign exchange contracts outstanding of US\$700,000 at exchange rates from 1.261 to 1.264 which mature between April 30, 2015 to July 31, 2015. There were no forward contracts outstanding at March 31, 2014.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2015

21. Financial risks (continued):

(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 2014.

(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, 9 and note 11.

22. Comparative information:

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

MENNONITE CENTRAL COMMITTEE CANADA

Program Expenses

Schedule A

Year ended March 31, 2015, with comparative information for 2014

	Domestic Program	International Program	2015 Total	2014 Total
Sustainable Community Development:				
Education	\$ 164,929	\$ 2,927,545	\$ 3,092,474	\$ 4,084,995
Global Family	1,259	1,907,399	1,908,658	2,079,350
Food security and sustainable livelihoods	138,458	11,166,872	11,305,330	8,633,154
HIV AIDS	–	118,568	118,568	568,811
Water	–	1,641,178	1,641,178	1,110,300
Health	41,373	751,407	792,780	904,048
HIV AIDS	1,215	1,323,840	1,325,055	1,435,773
Water	–	214,943	214,943	574,293
Migration and resettlement	223,182	68,801	291,983	342,544
	570,416	20,120,553	20,690,969	19,733,268
Disaster Response:				
Humanitarian relief and disaster response (HRDR)	58,972	5,576,916	5,635,888	8,127,359
HRDR - Food	–	9,075,150	9,075,150	4,948,110
	58,972	14,652,066	14,711,038	13,075,469
Justice and Peacebuilding:				
Peacebuilding and conflict transformation	660,675	2,983,360	3,644,035	3,774,692
Conflict prevention	80,539	530,998	611,537	648,701
Restorative justice	343,884	38,619	382,503	389,875
	1,085,098	3,552,977	4,638,075	4,813,268
Total expenses	\$ 1,714,486	\$ 38,325,596	\$ 40,040,082	\$ 37,622,005

MENNONITE CENTRAL COMMITTEE CANADA

Restricted Funds Summary

Schedule B

Year ended March 31, 2015, with comparative information for 2014

	Fund balance March 31, 2014	Revenue	Program expenses	Inter-fund transfers	Fund balance March 31, 2015
CFGB	\$ 3,998,946	\$ 15,827,323	\$ (16,435,516)	\$ -	\$ 3,390,753
Shared Program	1,451,768	-	-	59,421	1,511,189
Designated government grants:					
DFATD	124,123	6,569,786	(1,327,567)	-	5,366,342
Designated contributions:					
The Meeting House	323,301	318,772	(359,804)	-	282,269
East Africa drought	1,064,445	-	(383,070)	-	681,375
Haiti earthquake	2,205,157	-	(1,423,686)	831,000	1,612,471
Philippines Typhoon	1,263,362	78,290	(1,200,292)	-	141,360
Syrian Crisis	25,159	515,980	(541,139)	-	-
Ukraine	-	176,292	-	-	176,292
Water general	382,490	583,284	(416,464)	-	549,310
Other international programs	932,535	4,073,156	(4,733,036)	(272,655)	-
Material Resources	369,297	1,508,268	(1,425,946)	-	451,619
Constituency Initiated Projects	139,748	245,451	(263,461)	-	121,738
Other	-	1,309,947	(9,815,615)	8,505,668	-
Total International Fund	\$ 12,280,331	\$ 31,206,549	\$ (38,325,596)	\$ 9,123,434	\$ 14,284,718

Note

The Haiti earthquake fund balance was adjusted during the year for an over allocation of program expenses to this fund during fiscal 2013. This adjustment has been reflected through an inter-fund transfer of \$831,000 from the unrestricted general fund.