

Financial Statements of

**MENNONITE CENTRAL
COMMITTEE CANADA**

And Independent Auditors' Report thereon

Year ended March 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Members of Mennonite Central Committee Canada

Opinion

We have audited the financial statements of Mennonite Central Committee Canada (the "Entity"), which comprise the statement of financial position as at March 31, 2021, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

September 18, 2021

MENNONITE CENTRAL COMMITTEE CANADA

Statement of Financial Position

March 31, 2021, with comparative information for 2020

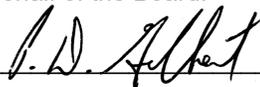
	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 18,789,885	\$ 11,119,730
Accounts receivable (note 3)	3,213,739	5,885,610
Receivable from MCC U.S., non-interest bearing	203,417	-
Prepaid expenses	415,616	828,217
Inventories (note 4)	873,647	2,050,980
Assets held for sale (notes 6 and 16)	-	1,328,156
Investments (note 5)	45,591	45,382
	<u>23,541,895</u>	<u>21,258,075</u>
Long-term grants receivable	610,119	-
Investment in Canadian Foodgrains Bank Association Inc.	5,558,246	3,974,323
Capital assets (note 6)	1,349,058	1,502,066
	<u>\$ 31,059,318</u>	<u>\$ 26,734,464</u>

Liabilities and Fund Balances

Current liabilities:		
Payable to MCC U.S., non-interest bearing	\$ -	\$ 448,125
Accounts payable and accrued liabilities (note 7)	4,694,554	8,399,704
Payable to service workers	574,619	838,341
Liabilities relating to assets held for sale (note 8)	-	2,721,494
	<u>5,269,173</u>	<u>12,407,664</u>
Fund balances:		
General Funds:		
Unrestricted - Operating (note 9)	6,841,732	3,561,736
Internally restricted (note 10)	10,306,586	3,097,451
Restricted Fund - International (schedule B)	8,641,827	7,667,613
	<u>25,790,145</u>	<u>14,326,800</u>
Commitments and contingencies (note 14)		
	<u>\$ 31,059,318</u>	<u>\$ 26,734,464</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, 2021, with comparative information for 2020

	General Fund		Restricted Fund		Total 2021	Total 2020
	Operating		International			
	2021	2020	2021	2020		
Revenue (note 12):						
Contributions:						
General	\$ 14,291,281	\$ 17,070,942	\$ -	\$ -	\$ 14,291,281	\$ 17,070,942
Designated:						
CFGB	650,711	282,825	4,354,756	3,253,308	5,005,467	3,536,133
Disaster restricted	55,948	28,456	223,794	116,371	279,742	144,827
Other	1,204,571	1,137,916	4,883,394	4,656,412	6,087,965	5,794,328
Centennial projects	-	44,123	-	138,954	-	183,077
Centennial other	2,352,451	874,327	-	1,242,836	2,352,451	2,117,163
Material resources	-	-	1,039,865	1,900,528	1,039,865	1,900,528
Grants:						
GAC - CFGB	-	-	7,219,020	8,454,375	7,219,020	8,454,375
CFGB	-	-	3,298,635	1,910,500	3,298,635	1,910,500
Other	27,854	22,283	1,838,309	(347,539)	1,866,163	(325,256)
Foreign exchange gain (loss)	(47,697)	10,357	(236,634)	238,193	(284,331)	248,550
Other (note 13)	1,918,424	233,869	474,663	503,932	2,393,087	737,801
	20,453,543	19,705,098	23,095,802	22,067,870	43,549,345	41,772,968
Expenses:						
Program (schedule A):						
International	-	-	27,484,125	34,928,138	27,484,125	34,928,138
Domestic	1,105,926	1,458,819	-	-	1,105,926	1,458,819
Support services:						
Administration and communication	1,702,826	1,991,640	-	-	1,702,826	1,991,640
Resource generation	549,787	813,565	-	-	549,787	813,565
Other:						
Grants to Provincial MCCs (note 15)	4,000,034	2,386,823	-	-	4,000,034	2,386,823
	7,358,573	6,650,847	27,484,125	34,928,138	34,842,698	41,578,985
Excess (deficiency) of revenue over expenses before discontinued operations	13,094,970	13,054,251	(4,388,323)	(12,860,268)	8,706,647	193,983
Discontinued operations (note 16)	2,756,698	(4,681,857)	-	-	2,756,698	(4,681,857)
Excess (deficiency) of revenue over expenses	\$ 15,851,668	\$ 8,372,394	\$ (4,388,323)	\$ (12,860,268)	\$ 11,463,345	\$ (4,487,874)

See accompanying notes to financial statements.

MENNONITE CENTRAL COMMITTEE CANADA

Statement of Changes in Fund Balances

Year ended March 31, 2021, with comparative information for 2020

	General Fund		Restricted Fund	2021 Total	2020 Total
	Unrestricted	Internally restricted	International		
Balance, beginning of year	\$ 3,561,736	\$ 3,097,451	\$ 7,667,613	\$ 14,326,800	\$ 18,814,674
Excess (deficiency) of revenue over expenses	15,851,668	–	(4,388,323)	11,463,345	(4,487,874)
Inter-fund transfers (note 10)	(7,209,135)	7,209,135	–	–	–
Inter-fund transfer for International programs (schedule B)	(5,362,537)	–	5,362,537	–	–
Balance, end of year	\$ 6,841,732	\$ 10,306,586	\$ 8,641,827	\$ 25,790,145	\$ 14,326,800

See accompanying notes to financial statements.

MENNONITE CENTRAL COMMITTEE CANADA

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by:		
Operating:		
Excess (deficiency) of revenue over expenses	\$ 11,463,345	\$ (4,487,874)
Items not involving cash:		
Amortization of capital assets	246,415	734,545
Loss (gain) on disposal of capital assets	(3,172,942)	172,883
	8,536,818	(3,580,446)
Change in non-cash operating working capital:		
Accounts receivable	2,671,871	(855,671)
Receivable from/payable to MCC U.S.	(651,542)	313,948
Prepaid expenses	412,601	(249,550)
Inventories	1,177,333	3,028,123
Long-term grants receivable	(610,119)	55,986
Accounts payable and accrued liabilities	(3,705,150)	5,242,641
Payable to service workers	(263,722)	50,707
Change in deferred contributions related to expenses of future periods	-	(183,510)
	7,568,090	3,822,228
Investing activities:		
Increase in investment in Canadian Foodgrains Bank Association Inc.	(1,583,923)	(21,280)
Change in investments, net	(209)	698,006
Purchase of capital assets	(97,122)	(201,098)
Proceeds on disposal of assets held for sale	4,504,813	-
	2,823,559	475,628
Financing activities:		
Repayment of liabilities related to assets held for sale	(2,721,494)	(117,696)
Increase in cash and cash equivalents	7,670,155	4,180,160
Cash and cash equivalents, beginning of year	11,119,730	6,939,570
Cash and cash equivalents, end of year	\$ 18,789,885	\$ 11,119,730
Cash and cash equivalents is comprised of the following:		
Cash	\$ 10,289,885	\$ 11,119,730
Guaranteed investment certificates	8,500,000	-
	\$ 18,789,885	\$ 11,119,730

See accompanying notes to financial statements.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements

Year ended March 31, 2021

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, 2021

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.

During the year ended March 31, 2020, the Board of MCCC had approved the decision to cease operations of Villages Canada by June 30, 2020. The financial statements of MCCC at March 31, 2020 had included all anticipated costs associated with the Board's decision to cease operations including severance costs, costs associated with breaking of operating leases and write-down of inventory to its net realizable value. In addition, Villages Canada disposed of its land and buildings during the year ended March 31, 2021 and the proceeds from the disposal were utilized to repay the mortgage payable and any remaining liabilities to external entities (note 16).

(b) Internally restricted:

Funds have been internally restricted for various purposes as disclosed in note 10.

(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, 2021

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. Contributions received from the Government which are restricted for international programs are subject to review by the Government for utilization of the contribution in accordance with the Government agreement. Adjustments, if any, are recorded in the period they are communicated by the Government to MCCC.

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 \$1,911,230 (2020 - \$2,367,647) for the year ended March 31, 2021, 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, 2021 is \$284,331 (2020 - gain of \$248,550).

(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, 2021

2. Significant accounting policies (continued):

(e) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition.

(f) Inventories:

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.

(g) 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.

(h) 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

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

2. Significant accounting policies (continued):

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When circumstances indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The write-down of the asset is charged to income during the year. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

During fiscal 2020, the land, buildings and equipment of Villages Canada had been listed for sale and reclassified as "Assets held for sale". These assets were sold by June 30, 2020. Assets to be disposed are classified as held for sale and are no longer amortized. Assets held for sale are recognized at the lower of net book value and fair value less cost of disposal. Long-term debt to be repaid as part of the sale transaction was also classified as "Liabilities relating to assets held for sales".

(i) 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.

(j) 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 and domestic 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.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

2. Significant accounting policies (continued):

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.

(k) Government assistance:

MCCC makes periodic applications for financial assistance under available government incentive programs. Government assistance is included in the determination of income for the period as other revenue. A liability to repay government assistance, if any, is recorded in the period in which the conditions arise that cause the assistance to become repayable.

(l) 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 capital assets. Actual results could differ from those estimates.

3. Accounts receivable:

	2021	2020
Receivable from Provincial MCC's	\$ 2,458,806	\$ 2,699,741
Customers of Villages Canada	–	119,737
Current portion of long-term grants receivable	–	58,688
CFGB	–	2,606,606
Other	754,933	400,838
	\$ 3,213,739	\$ 5,885,610

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

4. Inventories:

	2021	2020
Villages Canada - merchandise	\$ –	\$ 800,000
General operations - books and reading materials	307,413	324,667
Material resources	566,234	926,313
	\$ 873,647	\$ 2,050,980

The amount of inventories recognized as an expense within discontinued operations and international programs for the year ended March 31, 2021 is \$2,578,705 (2020 - \$8,400,138).

5. Investments:

	2021	2020
Abundance Canada:		
Fixed income portfolio fund	\$ 20,579	\$ 20,368
Other	25,012	25,014
	\$ 45,591	\$ 45,382

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

6. Capital assets:

	2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 332,690	\$ –	\$ 332,690	\$ 348,135
Buildings	1,687,394	1,106,365	581,029	627,491
Equipment	2,178,628	2,061,952	116,676	157,440
Vehicles	763,898	493,944	269,954	304,049
Leasehold improvements	134,055	85,346	48,709	64,951
	\$ 5,096,665	\$ 3,747,607	\$ 1,349,058	\$ 1,502,066

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

6. Capital assets (continued):

During fiscal 2020, the Board of MCCC approved ceasing operations of Villages Canada by June 30, 2020 (note 16). As a result, Villages Canada listed the property for disposal and the property was included in assets held for sale at March 31, 2020 on the statement of financial position. The sale of the property closed effective June 30, 2020 for proceeds of \$4,700,000.

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at March 31, 2021 are government remittances payable of \$7,357 (2020 - \$38,792) relating to federal and provincial sales tax, payroll taxes, health taxes and workers safety insurance.

8. Liabilities relating to assets held for sale:

	2021	2020
Mortgage payable to Kindred Credit Union, interest at 3.99%	\$ –	\$ 2,721,494

The mortgage had been reclassified at March 31, 2020 to liabilities relating to assets held for sale as the mortgage was repaid with the proceeds from the disposal of the land and building subsequent to March 31, 2020. The mortgage was repaid by Villages Canada in conjunction with the disposition of the property on June 30, 2020 (note 16).

9. Investment in capital assets:

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

	General Fund		Restricted Fund		Total 2021	Total 2020
	2021	2020	2021	2020		
Capital assets	\$ 897,332	\$ 983,561	\$ 451,726	\$ 518,505	\$ 1,349,058	\$ 1,502,066
Assets held for sale	–	1,328,156	–	–	–	1,328,156
Amounts financed by:						
Liabilities relating to assets held for sale	–	(1,219,494)	–	–	–	(1,219,494)
	\$ 897,332	\$ 1,092,223	\$ 451,726	\$ 518,505	\$ 1,349,058	\$ 1,610,728

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

10. Internally Restricted Fund and inter-fund transfers:

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

	2021	2020
MCCC:		
Investment in Donor Relations	\$ 330,413	\$ 282,485
Non-building capital asset reserve	50,000	50,000
MCC Canada Surplus Fund	1,117,745	348,574
MCC Canada Centennial Fund	221,514	279,550
Shared Program:		
Surplus/Deficit Fund	3,535,169	–
Bequest Fund	924,824	235,883
Centennial Core Programming Fund	2,739,487	1,242,836
MCC's in Canada:		
Bequest Fund	773,434	–
Centennial Projects Fund	–	44,123
Strategic Investment Fund:		
Affordable Housing	–	300,000
National Domestic Programs	129,000	129,000
General	485,000	185,000
	\$ 10,306,586	\$ 3,097,451

During the year ended March 31, 2021, \$50,000 (2020 - \$251,462) was transferred from the General Operating Fund to the Internally Restricted Fund held as an Investment in Donor Relations. In addition, during the year ended March 31, 2021, \$2,072 (2020 - nil) was transferred from the Internally Restricted Fund held as an Investment in Donor Relations to the General Operating Fund to cover expenses incurred during the year.

During the year ended March 31, 2021, \$181,586 (2020 - \$295,511) was transferred from the Internally Restricted Fund to the General Operating Fund to cover the expenses incurred to fund certain costs associated with the Centennial campaign. In addition, during the year ended March 31, 2021, \$121,891 (2020 - nil) was transferred from the General Operating Fund to the Internally Restricted MCC Canada Centennial Fund for MCC Canada Centennial administration recoveries and MCC Canada's portion of Core program allocation.

During the year ended March 31, 2021, \$42,464 (2020 - \$44,123) was transferred from the Internally Restricted MCC's in Canada Centennial Projects Fund to the General Operating Fund to cover a Centennial Core programming allocation to provinces. In addition, during the year ended March 31, 2021, \$1,659 (2020 - nil) was transferred from the Internally Restricted MCC's in Canada Centennial Projects Fund to the MCC Canada Centennial Fund.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

10. Internally Restricted Fund and inter-fund transfers (continued):

During the year ended March 31, 2021, \$7,263,366 (2020 - \$584,457) was transferred from the General Operating Fund to the Internally Restricted Fund. Of this amount, \$688,941 (2020 - \$235,883) was transferred to the Bequest Fund held on behalf of Shared Program, \$769,171 (2020 - \$348,574) was transferred to the Surplus Fund held on behalf of MCC Canada, \$773,434 (2020 - nil) was transferred to the Bequest Fund held on behalf of the MCC's in Canada, \$1,496,651 (2020 - nil) was transferred to the Centennial Core Programming Fund held on behalf of Shared Program and \$3,535,169 (2020 - nil) was transferred to the Surplus/Deficit Fund held on behalf of Shared Program.

During the year ended March 31, 2021, nil (2020 - \$250,000) was transferred to the General Operating Fund from the Internally Restricted Fund to cover the expenses to fund certain costs associated with the Centennial Grants to the provinces.

During the year ended March 31, 2021, \$300,000 (2020 - nil) was transferred from the Internally Restricted MCC's in Canada Affordable Housing Strategic Investment Fund to the MCC's in Canada General Strategic Investment Fund.

The purpose of the Strategic Investment Fund is to provide funds to meet special targets of opportunity or needs that further the mission of MCC in Canada and throughout the world and which may or may not have specific expectation of incremental or long-term increased revenue. In addition, its purpose is to provide funds for organizational capacity such as staff development, research and development, or investment in infrastructure that will build long-term capacity of MCC in Canada. This fund is held by MCCC on behalf of all of the MCCs in Canada.

11. 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 \$5,163,579 (2020 - \$6,578,404) have been allocated as follows:

	2021	2020
Sustainable Community Development	\$ 2,892,080	\$ 3,504,091
Disaster Response	1,116,253	1,201,517
Justice and Peacebuilding	1,155,246	1,872,796
	<u>\$ 5,163,579</u>	<u>\$ 6,578,404</u>

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

12. 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.

	2021	2020
Contribution revenue:		
General contributions	\$ 14,022,334	\$ 16,917,424
Designated contributions:		
CFGB	5,000,319	3,525,367
Disasters restricted	240,510	93,210
Other - international programs	8,146,283	5,729,399
Material resources	919,415	1,865,691
Grant revenue:		
Other	224,723	89,007
	\$ 28,553,584	\$ 28,220,098

13. Other revenue:

	2021	2020
Operating Fund:		
Administration fees from CFGB	\$ 171,557	\$ 173,640
Canada Emergency Wage Subsidy (CEWS)	1,612,898	-
Administration fees from Global Affairs Canada (GAC)	-	57,999
Interest	(6,155)	5,426
Other	140,124	(3,196)
International:		
Other contributions and grants	474,663	503,932
	\$ 2,393,087	\$ 737,801

MCCC has submitted claims for \$1,612,898 for reimbursement under the Government of Canada CEWS program during the year ended March 31, 2021 with \$121,058 in accounts receivable at March 31, 2021. The amount claimed for reimbursement relates to salaries and wages incurred during the year ended March 31, 2021.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

14. Commitments and contingencies:

MCCC has entered into agreements to lease premises for various periods until June 2026. The minimum lease payments, exclusive of realty taxes and other occupancy charges, for each of the next five years are as follows:

2022	\$	296,479
2023		259,487
2024		131,078
2025		40,322
2026		19,491

MCCC has signed a Private Sponsorship of Refugees (PSR) Agreement with Immigration Refugee and Citizenship Canada (IRCC) 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, 2021 is approximately \$14,400,000 (2020 - \$8,500,000).

MCCC, together with MCC U.S., are committed to user fees in connection with the Human Resource Information System for \$124,000 (US\$99,000) per annum to December 28, 2022.

15. Grants to Provincial MCCs:

During the years ended March 31, 2021 and 2020, the following grant payments were made to provincial MCCs for the purposes indicated:

	2021	2020
Administrative recoveries Disaster/Centennial contributions	\$ 513,183	\$ 224,523
Bequest policy payments	162,486	890,513
Annual surplus policy payments	2,901,605	612,507
Centennial core programming payments	411,760	414,280
Other grants	11,000	245,000
	\$ 4,000,034	\$ 2,386,823

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

16. Discontinued operations:

During the year ended March 31, 2020, the Board of MCCC had approved the decision to cease operations of Villages Canada by June 30, 2020. Six company stores and two board stores were closed at the end of March 2020 and the remaining five company stores as well as the webstore were closed at the end of May 2020. The head office staff were employed to the end of June 2020.

Accordingly, the operating results of Villages Canada has been classified as a discontinued operation. During the year ended March 31, 2021, Villages Canada recorded \$828,707 (2020 - \$9,169,177) of fair trade sales and excess of revenue over expenditures of \$2,756,698 (2020 - deficiency of revenue over expenditures of \$4,681,857).

During the year ended March 31, 2021, the land and building held by Villages Canada was disposed of for proceeds of \$4,700,000 resulting in a gain on disposition of \$3,177,000. The mortgage payable related to the property (note 8) was repaid with the proceeds.

Assets and liabilities of Villages Canada including assets previously held for sale as at March 31, 2020 were as follows:

Current assets	\$ 2,061,365
Assets held for sale	1,328,156
Current liabilities	(4,880,932)

17. 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 \$127,567 (2020 - \$429,440) have been expensed during the year ended March 31, 2021 and are included in administration expenses.

18. Financial risks:

MCCC manages risk and risk exposures by applying policies approved by the Board of Directors of MCCC.

(a) Currency risk:

MCCC is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates.

MENNONITE CENTRAL COMMITTEE CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2021

18. Financial risks (continued):

In the normal course of business, MCCC and MCC U.S. incur international expenditures denominated in various foreign currencies and have agreed to share the currency risk related to these expenditures equally. As at March 31, 2021, MCCC had no foreign exchange contracts outstanding.

(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 2020.

(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. The allowance for doubtful accounts at March 31, 2021 is nil (2020 - nil). There has been no change to the risk exposure from 2020.

19. COVID-19 impact:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and United States governments, enacting emergency measures to combat the spread of the virus.

These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown.

Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however the success of these interventions is not currently determinable. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on MCCC is not known at this time.

MENNONITE CENTRAL COMMITTEE CANADA

Program Expenses

Schedule A

Year ended March 31, 2021, with comparative information for 2020

	Domestic Program	International Program	2021 Total	2020 Total
Sustainable Community Development:				
Education	\$ 54,451	\$ 2,662,699	\$ 2,717,150	\$ 4,728,146
Food security and sustainable livelihoods:	32,599	7,795,374	7,827,973	9,374,470
HIV AIDS	–	4,579	4,579	21,467
Water	–	451,914	451,914	592,880
Health:	5,463	712,907	718,370	1,308,476
HIV AIDS	–	318,311	318,311	609,789
Water	–	960,183	960,183	1,357,740
Migration and resettlement	249,902	124,752	374,654	494,916
	342,415	13,030,719	13,373,134	18,487,884
Disaster Response:				
Humanitarian relief and disaster response (HRDR)	115,425	2,415,040	2,530,465	2,788,430
HRDR - Food	–	9,273,194	9,273,194	9,453,956
	115,425	11,688,234	11,803,659	12,242,386
Justice and Peacebuilding:				
Peacebuilding and conflict transformation	532,260	2,031,416	2,563,676	4,464,201
Conflict prevention	14,858	690,519	705,377	988,601
Restorative justice	100,968	43,237	144,205	203,885
	648,086	2,765,172	3,413,258	5,656,687
Total expenses	\$ 1,105,926	\$ 27,484,125	\$ 28,590,051	\$ 36,386,957

MENNONITE CENTRAL COMMITTEE CANADA

Restricted Fund Summary

Schedule B

Year ended March 31, 2021, with comparative information for 2020

	Fund balance March 31, 2020	Revenue	Program expenses	Inter-fund transfers	Fund balance March 31, 2021
CFGB	\$ 3,974,325	\$ 14,872,412	\$ 13,373,489	\$ 85,000	\$ 5,558,248
Shared Program	1,171,418	–	–	–	1,171,418
Designated government grants	83,111	699,397	691,704	–	90,804
Designated contributions:					
Lebanon crisis	–	223,793	138,793	(85,000)	–
Other international programs	–	6,179,673	11,542,210	5,362,537	–
Restricted bequest	1,274,400	–	141,600	–	1,132,800
Centennial Restricted	138,954	–	138,954	–	–
Material resources	926,313	1,039,865	1,382,026	–	584,152
Constituency initiated projects	99,092	80,662	75,349	–	104,405
Total International Fund	\$ 7,667,613	\$ 23,095,802	\$ 27,484,125	\$ 5,362,537	\$ 8,641,827

Note

In accordance with the Covenant referred to in Note 1, during the year ended March 31, 2021, \$5,362,537 (2020 - \$13,465,182) was allocated from other international programs to the Restricted Fund to cover related international program expenses from undesignated revenue in the General Fund.