

Financial Statements of

**MENNONITE CENTRAL COMMITTEE
MANITOBA INC.**

March 31, 2019

Independent Auditor's Report

To the Board Members of
Mennonite Central Committee Manitoba Inc.

Qualified Opinion

We have audited the financial statements of Mennonite Central Committee Manitoba Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2019, and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from contributions, fundraising events and donations of material resources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to recorded contributions, net revenue and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 qualified audit 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization 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.

We 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.

The logo for Deloitte, featuring the word "Deloitte" in a stylized, cursive script font, followed by a small graphic element resembling a checkmark or a stylized "W".

Chartered Professional Accountants
Winnipeg, Manitoba
June 8, 2019

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MENNONITE CENTRAL COMMITTEE MANITOBA INC.**Statement of Revenue and Expenditures****Year Ended March 31, 2019**

	<u>2019</u>	<u>2018</u>
REVENUE		
Undesignated contributions:		
General	\$ 1,821,558	\$ 1,809,185
Thrift shops	2,983,860	2,941,690
Bequests	301,842	750,070
Designated contributions (Schedule 1)	3,309,306	4,218,482
Relief sales and other events (Schedule 2)	223,950	179,930
Material resources	519,378	463,085
Grant funding	390,611	393,645
Sales and Fees for Service	293,347	246,653
Interest	27,030	17,836
Gifts-in-kind	18,069	57,982
Other	6,459	10,411
	<u>9,895,410</u>	<u>11,088,969</u>
EXPENDITURES		
Programs (Schedule 3)		
Justice & Peacebuilding	674,710	596,825
Disaster Relief	407,007	373,600
Sustainable Community Development	598,073	551,567
Program Administration	174,393	160,180
	<u>1,854,183</u>	<u>1,682,172</u>
Support Services		
Administration	556,733	592,893
Communication & donor relations	608,672	505,793
Social enterprise	193,131	197,458
Relief sales and other events (Schedule 2)	64,808	59,079
	<u>1,423,344</u>	<u>1,355,223</u>
Forwardings to MCC Canada (Schedule 4)	6,621,948	8,060,940
	<u>9,899,475</u>	<u>11,098,335</u>
NET LOSS BEFORE OTHER ITEM	(4,065)	(9,366)
OTHER ITEM		
Change in investment in Initiatives for Just Communities (Note 6)	62,101	68,450
NET REVENUE	\$ 58,036	\$ 59,084

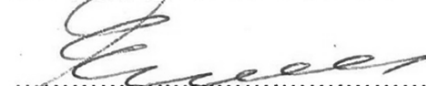
MENNONITE CENTRAL COMMITTEE MANITOBA INC.

Statement of Financial Position

March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 575,565	\$ 360,575
Accounts receivable (Note 3)	41,144	94,606
Inventory	64,487	73,516
Prepaid expenses	6,659	10,406
	687,855	539,103
ABUNDANCE CANADA INVESTMENT (Note 4)	403,143	396,779
INVESTMENT IN THE JUBILEE FUND INC. (Note 5)	50,325	50,000
INVESTMENT IN IJC (Note 6)	907,398	845,297
INVESTMENT IN OLD GRACE HOUSING CO-OP (Note 7)	42,000	42,000
OTHER INVESTMENTS (Note 8)	459,482	455,164
CAPITAL ASSETS (Note 9)	1,698,272	1,762,175
	\$ 4,248,475	\$ 4,090,518
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 10)	\$ 87,864	\$ 92,395
Due to MCC Canada	312,421	282,429
Deferred revenue	456,452	323,012
Current portion of long term debt (Note 11)	85,601	131,145
	942,338	828,981
Designated contributions - capital assets	170,190	164,510
Long term debt (Note 11)	325,971	345,087
	1,438,499	1,338,578
COMMITMENTS (Note 14)		
NET ASSETS		
Unrestricted	392,363	(52,331)
Internally Restricted (Note 12)	393,705	837,541
Invested in Capital Assets (Note 13)	1,116,510	1,121,433
Invested in Initiatives for Just Communities	907,398	845,297
	2,809,976	2,751,940
	\$ 4,248,475	\$ 4,090,518

APPROVED BY THE BOARD


..... Director


..... Director

MENNONITE CENTRAL COMMITTEE MANITOBA INC.
Statement of Changes in Net Assets
Year Ended March 31, 2019

	2019				2018	
	Unrestricted	Internally Restricted	Invested in Capital Assets	Invested in Initiatives For Just Communities	Total	Total
Balance, beginning of year	(52,331)	837,541	1,121,433	845,297	2,751,940	2,557,856
Net revenue (expenditures)	83,403	325	(87,793)	62,101	58,036	59,084
Designated contributions to acquire a non-depreciable asset	-	-	-	-	-	135,000
Inter fund transfers (Note 12)	361,291	(444,161)	82,870	-	-	-
Balance, end of year	\$ 392,363	\$ 393,705	\$ 1,116,510	\$ 907,398	\$ 2,809,976	\$ 2,751,940

MENNONITE CENTRAL COMMITTEE MANITOBA INC.**Statement of Cash Flows**

Year Ended March 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Net revenue	\$ 58,036	\$ 59,084
Items not affecting cash:		
Loss on disposal of capital assets	471	2,050
Amortization of capital assets	96,642	97,689
Amortization of designated contributions	(9,320)	(6,880)
Change in investment in Initiatives for Just Communities	(62,101)	(68,450)
	<u>83,728</u>	<u>83,493</u>
Net change in non-cash operating working capital items:		
Accounts receivable	53,462	(44,340)
Inventory	9,029	(21,238)
Prepaid expenses	3,747	2,651
Accounts payable and accrued liabilities	(4,531)	11,072
Due to MCC Canada	29,992	(293,455)
Deferred revenue	133,440	(117,029)
	<u>308,867</u>	<u>(378,846)</u>
FINANCING ACTIVITIES		
Designated contributions received - capital assets	15,000	171,390
Repayment of long term debt	(64,660)	(60,869)
	<u>(49,660)</u>	<u>110,521</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(33,210)	(338,720)
Purchase of Guaranteed Income Certificates (net)	(4,318)	(105,164)
(Increase) decrease in The Jubilee Fund Inc.	(325)	36,879
(Increase) decrease in Abundance Canada investment	(6,364)	92,240
Net investment in the Old Grace Housing Co-op	-	(42,000)
	<u>(44,217)</u>	<u>(356,765)</u>
NET INCREASE (DECREASE) IN CASH POSITION	214,990	(625,090)
CASH, BEGINNING OF YEAR	360,575	985,665
CASH, END OF YEAR	\$ 575,565	\$ 360,575

MENNONITE CENTRAL COMMITTEE MANITOBA INC.
Notes to the Financial Statements
March 31, 2019

1. PURPOSE OF THE ORGANIZATION

The purpose of the Mennonite Central Committee Manitoba Inc. (the "Organization" or "MCCM") is:

- a) to function as a charitable organization in the relief of human suffering; in aiding, rehabilitating and re-establishing Mennonite and other refugees and immigrants; in supporting, conducting, maintaining and administering relief and kindred charitable projects; to help fulfill the mission of the church, "In the Name of Christ, the Prince of Peace";
- b) to co-ordinate the relief, peace and service efforts of the province's Mennonites;
- c) to act as a united voice of the Manitoba Mennonite membership in matters of provincial concern such as peace witness, alternative service government contact, immigration, and such other matters as may be assigned to it by the member conferences, churches or organizations; and
- d) to give leadership in exploring and initiating new areas of service.

The Organization recognizes Mennonite Central Committee Canada ("MCC Canada") and Mennonite Central Committee United States ("MCC US") as the international relief agencies for Mennonites and Brethren in Christ in Canada and the United States. Revenues for the shared international programs are distributed according to the Covenant between MCC Canada and MCC US. Where deemed advisable, the Organization will co-operate with other provincial institutions, relief, peace and service agencies, conferences and churches.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

a) *Fund Accounting*

The Organization accounts for its operation using the following funds:

- Unrestricted – accounts for unrestricted assets and liabilities that are used to support ongoing operations and to aid in ongoing projects approved by the Board of Directors and management.
- Internally Restricted – accounts for funds that have been set aside by the Board of Directors for future designated purposes.
- Invested in Capital Assets – accounts for assets, liabilities, revenues and expenditures related to capital assets.
- Invested in Initiatives for Just Communities – accounts for the Organization's net investment in Initiatives for Just Communities (Note 6).

MENNONITE CENTRAL COMMITTEE MANITOBA INC.
Notes to the Financial Statements
March 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Revenue Recognition

The Organization follows the deferral method of accounting for contributions which includes undesignated donations, designated donations, grants, events, bequests and gifts in kind.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenditure is recognized. Contributions restricted for the purchases of capital assets are deferred and amortized into revenue at the same rate as the corresponding capital asset.

Revenue relating to sales and fees for service is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

c) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded using the declining balance method at the following rates:

Buildings	5%
Furniture	10%
Equipment	20%
Vehicles	30%

Amortization on computer equipment is recorded on a straight-line basis over four years.

d) Gifts-in-kind

Supplies for material resource kits are purchased and donated during the year. The contributions and corresponding forwarding expenses are recorded at their fair market value when the packed goods are shipped from the Organization.

Donations in kind are valued at their fair market value at the time the donations are received.

MENNONITE CENTRAL COMMITTEE MANITOBA INC.
Notes to the Financial Statements
March 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Investment in IJC

In 2012, the Organization transferred certain assets to Initiatives for Just Communities (“IJC”), a registered charity whose directors are appointed subject to the approval of the directors of the Organization. Accordingly, IJC is considered a controlled entity for financial reporting purposes and is accounted for by the Organization on an equity basis. In addition to the carrying value of the transferred assets, the Organization’s investment in IJC includes the carrying value of land and buildings at 39136 Ridgewood Road in the RM of Ste. Anne, Manitoba that has been provided to IJC for their operational use and beneficial interest at a nominal annual lease amount. The lease is set to expire on March 31, 2021.

f) Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

g) Income Tax

The Organization was established as a not-for-profit organization and is registered as a charity for purposes of the Income Tax Act (Canada), and as such is not subject to income tax on its net revenue.

h) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from management’s best estimates. These financial statements include significant estimates relating to the estimated useful life of capital assets.

MENNONITE CENTRAL COMMITTEE MANITOBA INC.

Notes to the Financial Statements

March 31, 2019

3. ACCOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
Due from MCC Canada	\$ 11,806	\$ 8,373
Due from IJC	-	28,125
GST receivable	6,094	13,936
Trade receivables, other	23,244	44,172
	<u>\$ 41,144</u>	<u>\$ 94,606</u>

4. ABUNDANCE CANADA INVESTMENT

The investment in Abundance Canada, formerly known as the Mennonite Foundation, represents funds that have been invested in a pooled investment account with Abundance Canada. These funds bear interest at 1.72% and may be withdrawn from Abundance Canada upon three month's written notice by the Organization.

5. INVESTMENT IN THE JUBILEE FUND INC.

The Jubilee Fund Inc., governed by a Winnipeg-based coalition of faith organizations, is an independent not-for-profit organization and is registered as a charitable organization under the Income Tax Act (Canada). The purpose of The Jubilee Fund Inc. is to provide flexible financing in the form of loan guarantees for commercial, social and housing projects that contribute to community development.

6. INVESTMENT IN INITIATIVES FOR JUST COMMUNITIES ("IJC")

A summary of IJC's financial position and results for its fiscal year ended March 31, 2019 is as follows:

	<u>2019</u>	<u>2018</u>
Financial Position		
Total assets	\$ 1,632,703	\$ 1,580,702
Total liabilities	(725,305)	(735,405)
Net assets	<u>\$ 907,398</u>	<u>\$ 845,297</u>
Results of operations		
Total revenue	\$ 3,949,454	\$ 3,649,914
Total operating expenditures	(3,850,112)	(3,555,316)
Capital fund - net expense	(37,241)	(26,148)
Excess revenue	62,101	68,450
Investment, beginning of year	845,297	641,847
Designated contributions to acquire a non-depreciable asset	-	135,000
Investment, end of year	<u>\$ 907,398</u>	<u>\$ 845,297</u>

MENNONITE CENTRAL COMMITTEE MANITOBA INC.
Notes to the Financial Statements
March 31, 2019

7. INVESTMENT IN OLD GRACE HOUSING CO-OP

The Organization has provided \$84,000 to reserve adequate, safe, affordable housing in a local housing cooperative for three newcomer households. To assist with funding this housing reserve, the Organization received a grant of \$42,000 from The Winnipeg Foundation. The Organization is able to terminate the housing agreement and sell its shares in the Co-op on May 12, 2022, which is 5 years after the date the agreement was signed, at which time the \$84,000 will be refunded. However if this were to occur, The Winnipeg Foundation has the right to request that the \$42,000 grant be returned or redirected and therefore the investment in Old Grace Housing Co-op has been recorded net of the grant received related to this investment.

8. OTHER INVESTMENTS

Other investments represents amounts invested in guaranteed investment certificates ("GIC"). The respective values, maturity dates, and interest rates for these investments are as follows:

	<u>2019</u>	<u>2018</u>
24 month GIC matured February 17, 2019	\$ -	\$ 101,855
36 month GIC maturing February 17, 2020 earning interest at a rate of 2.20%	156,682	153,309
36 month GIC maturing February 17, 2021 earning interest at a rate of 2.65%	100,000	100,000
36 month GIC maturing February 17, 2022 earning interest at a rate of 3.00%	100,000	100,000
48 month GIC maturing February 17, 2022 earning interest at a rate of 2.80%	102,800	-
	\$ 459,482	\$ 455,164

MENNONITE CENTRAL COMMITTEE MANITOBA INC.
Notes to the Financial Statements
March 31, 2019

9. CAPITAL ASSETS

	2019			2018
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
134 Plaza Drive				
Land	\$ 212,965	\$ -	\$ 212,965	\$ 212,965
Buildings	1,222,854	701,437	521,417	548,860
Furniture	59,559	41,116	18,443	20,492
Equipment	49,687	45,356	4,331	5,414
Computers	50,102	35,032	15,070	9,078
	1,595,167	822,941	772,226	796,809
159 Henderson Highway				
Land	65,000	-	65,000	65,000
Buildings	1,102,948	293,185	809,763	841,156
Furniture	29,909	14,982	14,927	16,586
Equipment	37,384	23,028	14,356	17,945
Computers	34,940	25,276	9,664	10,158
	1,270,181	356,471	913,710	950,845
Other				
Buildings	12,045	4,675	7,370	7,758
Furniture	1,203	808	395	439
Equipment	6,078	2,966	3,112	3,890
Computers	4,742	3,283	1,459	2,434
	24,068	11,732	12,336	14,521
	\$ 2,889,416	\$ 1,191,144	\$ 1,698,272	\$ 1,762,175

Included in building and equipment cost expenses on Schedule 5 is amortization of capital assets of totaling \$96,642 (2018 - \$97,689).

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade payable	\$ 9,112	\$ 9,333
Accrued liabilities	77,350	82,597
Government remittances payable	1,402	465
	\$ 87,864	\$ 92,395

MENNONITE CENTRAL COMMITTEE MANITOBA INC.
Notes to the Financial Statements
March 31, 2019

11. LONG TERM DEBT

	<u>2019</u>	<u>2018</u>
Abundance Canada mortgage, interest at 4.10% per annum, repayable in monthly blended payments of \$2,545, renewable in July 2022, secured by the building at 134 Plaza Drive	\$ 342,766	\$ 362,715
Crosstown Civic Credit Union promissory note, due on demand, variable interest at prime plus 0.5% per annum, repayable in monthly blended payments of \$4,050, maturing August 2020, secured by the building at 159 Henderson Highway	68,806	113,517
	411,572	476,232
Less: Current portion	(85,601)	(131,145)
	\$ 325,971	\$ 345,087

The amount due to Crosstown Civic Credit Union is due on demand and accordingly the full amount has been classified as current. Assuming debts will be renewed at similar terms and rates, the estimated principal repayments over the next five years are as follows:

2020	\$ 63,378
2021	39,720
2022	18,228
2023	18,989
2024	19,783

12. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets are comprised of the following:

	<u>2019</u>	<u>2018</u>
Legacy Fund	\$ 98,432	\$ 598,432
Refugee Fund	32,471	40,063
The Jubilee Fund Inc.	50,325	50,000
Old Grace Housing Co-op	42,000	42,000
Capital Asset Reserve Fund	170,477	107,046
	\$ 393,705	\$ 837,541

During the year, the Board approved the net transfer of \$444,161 from internally restricted net assets, consisting of transfers to the Unrestricted Fund of \$500,000 and \$7,592 from the Legacy Fund and the Refugee Fund respectively to help with operations and cover program costs and the transfer of \$63,431 from the Unrestricted Fund to the Capital Asset Reserve Fund. In addition, the Unrestricted Fund also transferred \$82,870 to the Invested in Capital Assets Fund.

MENNONITE CENTRAL COMMITTEE MANITOBA INC.
Notes to the Financial Statements
March 31, 2019

13. NET ASSETS INVESTED IN CAPITAL ASSETS

a) *Invested in capital assets is calculated as follows:*

	<u>2019</u>	<u>2018</u>
Capital assets	\$ 1,698,272	\$ 1,762,175
Amount financed by:		
Long term debt	(411,572)	(476,232)
Designated contributions - capital assets	(170,190)	(164,510)
	<u>\$ 1,116,510</u>	<u>\$ 1,121,433</u>

b) *Changes in net assets invested in capital assets is calculated as follows:*

	<u>2019</u>	<u>2018</u>
Amortization of capital assets	\$ (96,642)	\$ (97,689)
Amortization of designated contributions	9,320	6,880
Principal repayments of long term debt	64,660	60,869
Purchase of capital assets	33,210	338,720
Designated contributions received - capital assets	(15,000)	(171,390)
Net book value of disposed assets	(471)	(2,050)
	<u>\$ (4,923)</u>	<u>\$ 135,340</u>

14. COMMITMENTS

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

MCC Manitoba has partnered with various church and community groups to assist with the sponsorship and resettlement of certain refugee families in Manitoba. These groups have committed to providing the required funding to sponsor and support these refugee families for the required period of time. However, should any of these groups default on their financial obligations MCCC would be responsible for providing the funding shortfall. As at March 31, 2019, MCCC has a maximum estimated contingent liability of \$843,000 relating to resettlement sponsorship commitments for 102 individuals.

MENNONITE CENTRAL COMMITTEE MANITOBA INC.
Notes to the Financial Statements
March 31, 2019

15. FINANCIAL RISKS

a) Interest rate risk

Interest rate risk is the risk to the Organization's earnings that arises from fluctuations in interest rates and the degree of volatility of those rates. Long-term debt bears interest at floating rates and rates reset regularly, and therefore these debts are subject to interest rate risk due to changes in the prime rate. The Organization does not use derivative financial instruments to reduce its exposure to variable interest rate risk.

b) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Organization is exposed to credit risk relating to its accounts receivables and its funds invested in both the Abundance Canada and The Jubilee Fund Inc.

Investments in The Jubilee Fund Inc. are not protected under the Manitoba Securities Act. The Investments Certificates are handled by the Assiniboine Credit Union as agents on behalf of The Jubilee Fund Inc. Since the investments are not a product of the Credit Union, they are not insured by the Credit Union Deposit Guarantee Corporation or by any other source. However, The Jubilee Fund Inc. maintains a loan loss reserve fund which can be utilized in the event of a loan default. As at December 31, 2018 the value of The Jubilee Fund Inc.'s Loan Loss Reserve Fund was \$184,639 (2017 – \$181,123).

MENNONITE CENTRAL COMMITTEE MANITOBA INC.
Schedule of Designated Contributions
Year Ended March 31, 2019

	2019	2018
DESIGNATED CONTRIBUTIONS		
International programming	\$ 946,246	\$ 1,227,948
Canadian Foodgrains Bank	1,909,076	2,079,122
Manitoba provincial programming	221,483	174,486
Disaster response & constituency initiated projects	189,906	672,676
Learning Tours	42,595	64,250
	\$ 3,309,306	\$ 4,218,482

Schedule of Relief Sales and Other Events
Revenue and Expenditures
Year Ended March 31, 2019

	Revenue	Expenditures	Net Revenue 2019	Net Revenue 2018
Brandon relief sale	\$ 101,554	\$ 34,598	\$ 66,956	\$ 67,009
Cycle Clear Lake	46,709	3,381	43,328	37,889
Golf tournament	53,590	19,566	34,024	-
SpringFest	20,837	5,469	15,368	15,151
Other local events	1,260	1,794	(534)	802
	\$ 223,950	\$ 64,808	\$ 159,142	\$ 120,851

Of the net revenue received from relief sales and other events, \$110,284 was forwarded to MCC Canada during the 2019 fiscal year (2018 - \$120,049). The remainder of the net revenue was used to help fund MCCM programs in Manitoba.

The golf tournament held in July 2017 earned net revenue of \$33,780. However, because the net proceeds of this golf tournament were designated to assist in the financing of the renovations completed at Sam's Place, they were included in designated contributions - capital assets on the Statement of Financial Position and are being amortized into revenue as the related capital assets are amortized.

MENNONITE CENTRAL COMMITTEE MANITOBA INC.
Schedule of Program Expenditures
Year Ended March 31, 2019

	<u>2019</u>	<u>2018</u>
MANITOBA PROGRAMS		
Abuse response and prevention	\$ 61,384	\$ 60,031
Learning Tours	42,595	61,193
Indigenous Neighbours	97,615	102,908
International Volunteers' Exchange Program	118,135	86,755
Material resources	407,007	373,600
MCC Low German Mennonite services	79,467	84,338
Migration and resettlement	280,595	198,029
Peace	61,138	57,027
Program administration	174,393	160,180
Sam's Place	361,854	329,261
OTHER ORGANIZATIONAL SUPPORT		
Initiatives for Just Communities	170,000	168,850
	\$ 1,854,183	\$ 1,682,172

MENNONITE CENTRAL COMMITTEE MANITOBA INC.
Schedule of Forwardings to MCC Canada
Year Ended March 31, 2019

	<u>2019</u>	<u>2018</u>
DESIGNATED		
Forwardings for special projects:		
Canadian Foodgrains Bank	\$ 1,909,075	\$ 2,079,121
Canadian projects	100	-
Food	103,480	63,053
HIV/AIDS	900	900
Material resources, donations in kind	519,378	462,236
International - General	369,542	601,716
Serving and Learning Together	13,777	26,799
Forwardings for specific locations:		
Africa	206,357	710,022
Asia	168,381	130,838
Europe & Middle East	92,138	101,003
Latin America	271,078	461,291
Relief Sales and Other Events (Schedule 2)	110,284	120,049
Manitoba Council for International Cooperation - Grants		
Afghanistan	130,000	130,000
	3,894,490	4,887,028
UNDESIGNATED	2,727,458	3,173,912
	\$ 6,621,948	\$ 8,060,940

MENNONITE CENTRAL COMMITTEE MANITOBA INC.
Schedule of Expenses by Function
Year Ended March 31, 2019

	2019	2018
Staff support		
Salaries	\$ 1,533,983	\$ 1,429,254
Benefits	296,754	285,085
Building costs	338,556	316,514
Communications	101,284	90,764
Contributions to other organizations	187,496	202,707
Equipment costs	73,830	58,503
Gifts-in-kind	18,069	58,831
Goods for resale	103,290	76,318
Insurance	25,797	22,657
Learning Tours	42,595	61,193
Material resource purchases	71,684	37,493
Meetings & hospitality	33,272	40,076
Other	43,495	55,449
Professional fees	137,728	144,171
Refugee support	147,597	57,517
Supplies and subscriptions	63,277	39,850
Travel	58,820	61,013
Forwardings to MCC Canada	6,621,948	8,060,940
	\$ 9,899,475	\$ 11,098,335