

**MENNONITE CENTRAL COMMITTEE (ONTARIO)**

**FINANCIAL STATEMENTS**

**MARCH 31, 2018**

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Approved on behalf of the board of directors:

  
\_\_\_\_\_

Chair

  
\_\_\_\_\_

Treasurer



## INDEPENDENT AUDITORS' REPORT

To the Directors of Mennonite Central Committee (Ontario)

### Report on the Financial Statements

We have audited the accompanying financial statements of Mennonite Central Committee (Ontario) which comprise the statement of financial position as at March 31, 2018, the statement of changes in net assets, the statement of operations for the Operating Fund and the Capital Fund, and the statement of cash flows, for the year then ended, and 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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Basis of Qualified Opinion

In common with many not-for-profit organizations, Mennonite Central Committee (Ontario) derives a portion of its revenues from the general public in the form of donations and sales of donated goods, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues from these sources was limited to accounting for the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to income, excess of income over expenses, and net assets.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Mennonite Central Committee (Ontario) as at March 31, 2018, and its results of operations, changes in net assets and cash flows, for the year then ended, in accordance with Canadian Accounting Standards for Not-for-profit Organizations.

*Cardy Winters & Simon LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 5, 2018  
Kitchener, ON

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**MENNONITE CENTRAL COMMITTEE (ONTARIO)****STATEMENT OF FINANCIAL POSITION****AS AT MARCH 31, 2018****With comparative figures as at March 31, 2017**

(the accompanying notes are an integral part of these financial statements)

ASSETS	2018			2017		
	Operating Fund	Capital Fund	Total	Operating Fund	Capital Fund	Total
<b>CURRENT</b>						
Cash - General Operating Fund	2,433,830	0	2,433,830	2,777,358	0	2,777,358
Cash - Operating Reserve (notes 1 and 5)	1,154,430	0	1,154,430	1,311,367	0	1,311,367
Cash - Capital Fund	0	2,296,965	2,296,965	0	1,590,256	1,590,256
Investment - Operating Reserve (notes 1, 2 and 5)	300,000	0	300,000	300,000	0	300,000
Investment - Capital Improvement Fund (note 2)	0	246,350	246,350	0	238,514	238,514
Accounts receivable	286,247	0	286,247	229,711	167,059	396,770
	4,174,507	2,543,315	6,717,822	4,618,436	1,995,829	6,614,265
<b>LONG-TERM</b>						
Real estate, equipment and vehicles (note 3)						
Cost	0	24,091,989	24,091,989	0	23,185,721	23,185,721
Accumulated amortization	0	5,621,819	5,621,819	0	4,706,558	4,706,558
	0	18,470,170	18,470,170	0	18,479,163	18,479,163
Investment - Capital Improvement Fund (note 2)	0	86,606	86,606	0	0	0
	0	18,556,776	18,556,776	0	18,479,163	18,479,163
	\$4,174,507	\$21,100,091	\$25,274,598	\$4,618,436	\$20,474,992	\$25,093,428
<b>LIABILITIES</b>						
<b>CURRENT</b>						
Accounts payable	92,535	0	92,535	203,640	0	203,640
Deferred income (note 6)	1,786,024	0	1,786,024	2,158,619	0	2,158,619
Current portion of long-term debt (note 4)	0	4,626,809	4,626,809	0	1,562,304	1,562,304
	1,878,559	4,626,809	6,505,368	2,362,259	1,562,304	3,924,563
<b>LONG-TERM (note 4)</b>	0	5,817,759	5,817,759	0	8,844,124	8,844,124
<b>NET ASSETS</b>						
<b>OPERATING FUND (page 4)</b>						
Unrestricted	841,518	0	841,518	644,810	0	644,810
Internally Restricted						
Operating Reserve (notes 1 and 5)	1,454,430	0	1,454,430	1,611,367	0	1,611,367
<b>CAPITAL FUND (page 4)</b>						
Internally restricted						
Capital Improvement Fund (note 1)	0	2,629,921	2,629,921	0	1,828,770	1,828,770
Investment in Property, Equipment and Vehicles	0	8,025,602	8,025,602	0	8,239,794	8,239,794
	2,295,948	10,655,523	12,951,471	2,256,177	10,068,564	12,324,741
	\$4,174,507	\$21,100,091	\$25,274,598	\$4,618,436	\$20,474,992	\$25,093,428

**MENNONITE CENTRAL COMMITTEE (ONTARIO)****STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED MARCH 31, 2018****With comparative figures for the year ended March 31, 2017**

(the accompanying notes are an integral part of these financial statements)

	<u>2018</u>			<u>2017</u>		
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>
<b>EXCESS OF INCOME OVER EXPENSES</b>	1,498,523	(871,793)	626,730	69,815	(630,556)	(560,741)
Interfund transfers						
Operating Fund - budgeted capital funding	(107,421)	107,421	0	(111,987)	111,987	0
Thrift Shop forwardings for capital projects	(671,267)	671,267	0	(395,600)	395,600	0
Thrift Shop forwardings for mortgage payments	(598,934)	598,934	0	(27,065)	27,065	0
Capital assets purchased - Thrift Shops	(81,130)	81,130	0	(62,891)	62,891	0
<b>CHANGE IN NET ASSETS</b>	39,771	586,959	626,730	(527,728)	(33,013)	(560,741)
<b>OPENING NET ASSETS</b>	2,256,177	10,068,564	12,324,741	2,783,905	10,101,577	12,885,482
<b>CLOSING NET ASSETS</b>	\$2,295,948	\$10,655,523	\$12,951,471	\$2,256,177	\$10,068,564	\$12,324,741

**REPRESENTED BY:**

## Unrestricted:

Thrift Shops (page 13)	489,572	0	489,572	369,547	0	369,547
Alumni Loan Fund	3,453	0	3,453	3,417	0	3,417
General Operations	348,493	0	348,493	271,846	0	271,846
Investment in Property, Equipment and Vehicles	0	8,025,602	8,025,602	0	8,239,794	8,239,794
	841,518	8,025,602	8,867,120	644,810	8,239,794	8,884,604

## Internally Restricted:

Operating Reserve (note 5)	1,454,430	0	1,454,430	1,611,367	0	1,611,367
Capital Improvement Fund						
50 Kent Capital Maintenance	0	2,341,977	2,341,977	0	1,956,480	1,956,480
Equipment and Vehicle Capital Replacement	0	325,044	325,044	0	239,637	239,637
Thrift Shop Capital Expansion	0	(37,100)	(37,100)	0	(367,347)	(367,347)
	1,454,430	2,629,921	4,084,351	1,611,367	1,828,770	3,440,137
	\$2,295,948	\$10,655,523	\$12,951,471	\$2,256,177	\$10,068,564	\$12,324,741

**MENNONITE CENTRAL COMMITTEE (ONTARIO)****STATEMENT OF OPERATIONS - OPERATING FUND  
FOR THE YEAR ENDED MARCH 31, 2018**

With comparative figures for the year ended March 31, 2017

(the accompanying notes are an integral part of these financial statements)

<b>INCOME</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Donations		
General fund	3,883,884	4,115,559
Designated for forwarding	3,970,949	3,317,451
	<hr/> 7,854,833	<hr/> 7,433,010
Other		
Thrift Shops (page 13)	7,928,400	7,166,780
Operating Reserve (note 5)	706,677	1,114,539
Relief Sales	595,601	587,766
Interest income	27,792	40,315
	<hr/> 9,258,470	<hr/> 8,909,400
Direct Support for Ontario Programs		
Designated donations	1,820,757	3,566,645
Grants and other income (note 6)	1,204,140	970,580
	<hr/> 3,024,897	<hr/> 4,537,225
<b>TOTAL INCOME</b>	<hr/> <b>20,138,200</b>	<hr/> <b>20,879,635</b>
<b>FORWARDED TO MCC (CANADA)</b>		
Designated donations	3,970,949	3,317,451
General donations	5,906,967	7,628,159
	<hr/> 9,877,916	<hr/> 10,945,610
<b>INCOME RETAINED FOR ONTARIO</b>	<b>10,260,284</b>	<b>9,934,025</b>
<b>ONTARIO EXPENSES</b> (page 14)		
Programs	3,955,650	5,324,727
Fundraising Coordination	485,653	451,610
Fundraising Projects	136,193	50,382
General administration and board	830,369	904,274
Thrift Shops	3,353,896	3,133,217
	<hr/> 8,761,761	<hr/> 9,864,210
<b>EXCESS OF INCOME OVER EXPENSES</b>	<hr/> <b>\$1,498,523</b>	<hr/> <b>\$69,815</b>

**MENNONITE CENTRAL COMMITTEE (ONTARIO)****STATEMENT OF OPERATIONS - CAPITAL FUND****FOR THE YEAR ENDED MARCH 31, 2018****With comparative figures for the year ended March 31, 2017**

(the accompanying notes are an integral part of these financial statements)

	<u>2018</u>	<u>2017</u>
<b>INCOME</b>		
Donations	210,634	380,340
Investment income	29,579	22,625
Rent and capital reserve contributions	260,612	316,273
Gain on sale of Erie St. Leamington Thrift Shop	41,761	0
	<u>542,586</u>	<u>719,238</u>
<b>EXPENSES</b>		
rePurpose Centre start-up	54,953	0
Amortization of property and equipment costs:		
Programs and administration:		
Equipment	78,053	79,512
Vehicles	16,494	20,377
Real estate	472,431	497,296
	<u>566,978</u>	<u>597,185</u>
Thrift Shops:		
Equipment	81,157	80,069
Vehicles	6,923	6,021
Leasehold improvements	72,005	4,030
Real estate	260,902	272,622
	<u>420,987</u>	<u>362,742</u>
Total Amortization	<u>987,965</u>	<u>959,927</u>
Mortgage interest	371,461	389,867
	<u>1,414,379</u>	<u>1,349,794</u>
<b>EXCESS (DEFICIT) OF INCOME OVER EXPENSES</b>	<b>(\$871,793)</b>	<b>(\$630,556)</b>

**MENNONITE CENTRAL COMMITTEE (ONTARIO)****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2018**

With comparative figures for the year ended March 31, 2017

(the accompanying notes are an integral part of these financial statements)

	2018			2017		
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>
<b>SOURCES (USES) OF CASH:</b>						
<b>OPERATING ACTIVITIES</b>						
Excess of income over expenses for the year	1,498,523	(871,793)	626,730	69,815	(630,556)	(560,741)
Items not affecting cash flows:						
Amortization - buildings, equipment and vehicles	0	987,965	987,965	0	959,927	959,927
Gain on sale of Erie St. Leamington Thrift Shop	0	(41,761)	(41,761)	0	0	0
	1,498,523	74,411	1,572,934	69,815	329,371	399,186
Change in current assets and liabilities:						
Investments	0	(7,836)	(7,836)	0	(10,734)	(10,734)
Accounts receivable	(56,536)	167,059	110,523	313,690	1	313,691
Accounts payable	(111,105)	0	(111,105)	(195,107)	0	(195,107)
Deferred income	(372,595)	0	(372,595)	(1,197,051)	0	(1,197,051)
	958,287	233,634	1,191,921	(1,008,653)	318,638	(690,015)
<b>INVESTING ACTIVITIES</b>						
Purchases of real estate, equipment and vehicles	0	(1,072,473)	(1,072,473)	0	(264,921)	(264,921)
Proceeds from sale of real estate	0	135,262	135,262	0	0	0
Purchase of long-term investment	0	(86,606)	(86,606)	0	0	0
	0	(1,023,817)	(1,023,817)	0	(264,921)	(264,921)
<b>FINANCING ACTIVITIES</b>						
Long-term debt obtained	0	571,000	571,000	0	1,450,000	1,450,000
Long-term debt repaid	0	(532,860)	(532,860)	0	(2,094,482)	(2,094,482)
Interfund transfers	(1,458,752)	1,458,752	0	(597,543)	597,543	0
	(1,458,752)	1,496,892	38,140	(597,543)	(46,939)	(644,482)
<b>CHANGE IN CASH FOR THE YEAR</b>	<b>(500,465)</b>	<b>706,709</b>	<b>206,244</b>	<b>(1,606,196)</b>	<b>6,778</b>	<b>(1,599,418)</b>
<b>CASH ON HAND - beginning of the year</b>	<b>4,088,725</b>	<b>1,590,256</b>	<b>5,678,981</b>	<b>5,694,921</b>	<b>1,583,478</b>	<b>7,278,399</b>
<b>CASH ON HAND - end of the year</b>	<b>\$3,588,260</b>	<b>\$2,296,965</b>	<b>\$5,885,225</b>	<b>\$4,088,725</b>	<b>\$1,590,256</b>	<b>\$5,678,981</b>
<b>REPRESENTED BY:</b>						
Cash - General Operating Fund	2,433,830	0	2,433,830	2,777,358	0	2,777,358
Cash - Operating Reserve (notes 1 and 5)	1,154,430	0	1,154,430	1,311,367	0	1,311,367
Cash - Capital Fund	0	2,296,965	2,296,965	0	1,590,256	1,590,256
	\$3,588,260	\$2,296,965	\$5,885,225	\$4,088,725	\$1,590,256	\$5,678,981

## **MENNONITE CENTRAL COMMITTEE (ONTARIO)**

### **NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2018**

#### **PURPOSE**

**Mennonite Central Committee (MCC), a worldwide ministry of Anabaptist churches, shares God's love and compassion for all in the name Christ by responding to basic human needs and working for peace and justice. Mennonite Central Committee (Ontario), (MCCO), is incorporated in Ontario, without share capital, is a registered charity, and as such does not pay income tax.**

#### **1. ACCOUNTING POLICIES**

##### **Basis of presentation**

These financial statements have been prepared using Canadian Accounting Standards for Not-for-profit Organizations.

##### **Fund Accounting**

MCCO maintains its accounts in accordance with the principles of fund accounting, wherein resources for various purposes are classified in accordance with activities or objectives as specified by the Board, management or donors.

The **Operating Fund** reflects the assets, liabilities, income and expenses related to all ongoing programs of MCCO.

The **Operating Reserve** is a pool of funding contained within the Operating Fund which is used to stabilize the often fluctuating cash flows available for Operating Fund expenditures. All undesignated bequests are deposited into the Operating Reserve. Accumulated bequests and interest are transferred to the Operating Fund bank account monthly based on a formula which restricts minimum and maximum balances in net assets available for operations.

The **Capital Fund** reflects MCCO's net **Investment in Capital Assets**, plus the net assets restricted by the Board in the **Capital Improvement Fund (CIF)**. The Capital Improvement Fund has three components - **50 Kent Capital Maintenance**, which is a reserve of assets designed to enable maintenance of MCCO's head office, **Equipment and Vehicle Capital Maintenance**, which is a reserve of assets designed to enable the replacement of equipment and vehicles, and **Thrift Shop Capital Expansion**, which is a reserve of funds which are advanced to Thrift Shops to enable expansion. The 50 Kent Capital Maintenance portion of the Fund receives rent and common cost reimbursements from tenants, capital donations, capital loans, and transfers from Thrift Shops, and disburses funds on mortgage payments and maintenance of the head office. The Equipment and Vehicle Capital Maintenance portion of the Fund receives annual budgeted allocations from the Operating Fund for equipment and vehicle replacement. The Thrift Shop Capital Expansion portion of the Fund receives donations, loans and transfers from Thrift Shops, which are used to enable capital expansion at Thrift Shops.

##### **Income Recognition**

MCCO uses the restricted fund method of accounting, whereby restricted (designated) contributions are reflected as income when received or receivable, and the accumulated amount of such contributions, net of respective expenditures, is reflected as restricted net assets in the appropriate restricted fund (the Capital Fund) on the statement of financial position until the funds are spent as designated.

All Operating Fund receipts which are designated for a specific purpose (such as government grants and donations designated for programs) are reflected as deferred income on the statement of financial position until expended as designated, whereupon the funds are reflected as income. Undesignated receipts are reflected as income when received or receivable, provided collection is reasonably assured and amounts reasonably estimable. When MCCO receives restricted contributions which are conditional on MCCO obtaining funding from third parties in addition to the restricted contributions (matching funding), expenses are funded first with matching funds, then with donor restricted funds.

MCCO receives material-in-kind contributions from supporters which are forwarded to communities in need. MCCO assigns values to these in-kind contributions based on conservative estimates of their market values, and reflects these contributions as contributions designated for forwarding. MCCO also receives many hours of service from its many volunteers. Because it is impractical to determine a fair value for these services, their value is not reflected in these financial statements.



**MENNONITE CENTRAL COMMITTEE (ONTARIO)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**Financial instruments**

A financial instrument is a contract that creates a financial asset for one entity and a financial liability or equity instrument of another. Financial assets and liabilities are initially measured at fair value, except for non-arm's length transactions, if any. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments with quoted fair values in an active market, if any, which are measured at fair value. Changes in fair value are recognized in net income. Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized on the statement of operations and changes in net assets. Any previously recognized impairment losses may be reversed and reflected in income to the extent of improvement, provided they are no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously.

**Real Estate, Equipment and Vehicles**

Real estate, equipment and vehicles are reflected at cost, and amortized at the following annual rates:

Buildings	- 5% on the declining balance
Leasehold improvements	- 20% on the declining balance
Equipment	- 20% on the declining balance
Vehicles	- 30% on the declining balance

**Use of Estimates**

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations sometimes requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. In particular, MCCO includes in income (Donations designated for forwarding), the estimated fair value of donated materials included in material aid shipments made during the year (\$823,869 and \$532,259 in the current and prior years respectively). These estimates are reviewed periodically and adjusted proactively as they become necessary. An identical amount is included in expenses for the year as Forwarded to MCC (Canada). Actual fair values could differ from those estimated.

**Allocation of Administrative Expenses to Programs**

MCCO allocates certain general administrative expenses, such as telephone and internet charges, office supplies, building maintenance, building and equipment amortization, building insurance, software, computer support and receptionist's payroll costs, to its departments. These expenses are allocated to departments based on the number of full-time-equivalent employees working directly in each department.

**2. FINANCIAL INSTRUMENTS**

	<u>2018</u>		<u>2017</u>	
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Total</u>
Financial assets reflected at fair value				
Balanced Pool Funds	0	246,350	246,350	238,514
Financial assets reflected at amortized cost				
Operating Reserve - 1.42% Fixed Income Fund	300,000	0	300,000	300,000
Capital Improvement Fund:				
Mortgage receivable - Erie St. Leamington, 3%, monthly payments of \$559 principal and interest, due March 2022		86,606	86,606	0
	300,000	332,956	632,956	538,514
Cash and accounts receivable	3,874,507	2,296,965	6,171,472	6,075,751
	<u>\$4,174,507</u>	<u>\$2,629,921</u>	<u>\$6,804,428</u>	<u>\$6,614,265</u>

As in the prior year, management believes the organization does face some interest rate risk, in that, significant increases in market interest rates could significantly increase interest costs relating to its mortgages and loans payable, upon renewal of these obligations. As in the prior year, management believes it does not face any significant market, credit, currency or liquidity risk with respect to its remaining financial instruments.

**MENNONITE CENTRAL COMMITTEE (ONTARIO)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**3. REAL ESTATE, EQUIPMENT AND VEHICLES**

			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Buildings				
Head office and partner facility - Kitchener - Kent Ave.	11,550,779	2,574,595	8,976,184	9,448,615
Thrift Shops:				
Elmira - Church St.	589,100	287,785	301,315	317,174
Leamington - Mill St.	1,658,131	200,905	1,457,226	1,618,354
New Hamburg - Heritage Dr.	2,184,693	787,958	1,396,735	1,232,643
St. Catharines - Grantham Ave	632,991	220,225	412,766	434,491
Stouffville - Ringwood Dr.	1,884,728	350,155	1,534,573	1,595,109
	<u>18,500,422</u>	<u>4,421,623</u>	<u>14,078,799</u>	<u>14,646,386</u>
Land				
Head office and partner facility - Kitchener - Kent Ave.	1,545,165	0	1,545,165	1,545,165
Thrift Shops:				
Elmira - Church St.	147,275	0	147,275	147,275
Leamington - Mill St.	254,000	0	254,000	275,250
New Hamburg - Heritage Dr.	321,389	0	321,389	321,389
St. Catharines - Grantham Ave	155,625	0	155,625	155,625
Stouffville - Ringwood Dr.	565,000	0	565,000	565,000
	<u>2,988,454</u>	<u>0</u>	<u>2,988,454</u>	<u>3,009,704</u>
Leasehold Improvements	710,978	98,212	612,766	35,281
<b>Total Real Estate</b>	<b>22,199,854</b>	<b>4,519,835</b>	<b>17,680,019</b>	<b>17,691,371</b>
Equipment	1,672,635	961,865	710,770	722,124
Vehicles	219,500	140,119	79,381	65,668
	<u>\$24,091,989</u>	<u>\$5,621,819</u>	<u>\$18,470,170</u>	<u>\$18,479,163</u>

**4. LONG-TERM DEBT**

	<u>2018</u>	<u>2017</u>
50 Kent Ave, Kitchener, ON		
Mortgage payable - Abundance Canada - 4.65% interest, requiring monthly principal and interest payments of \$13,911, due July 2018, secured by a \$6,000,000 first mortgage on the real estate at 50 Kent Ave. held jointly by Abundance Canada and Kindred Credit Union.	1,033,441	1,150,172
Mortgage payable - Abundance Canada - 3.99% interest, requiring monthly principal and interest payments of \$7,356, due February 2021, secured by a \$6,000,000 first mortgage on the real estate at 50 Kent Ave. held jointly by Abundance Canada and Kindred Credit Union.	260,120	336,668
Mortgage payable - Kindred Credit Union - 4.65% interest, requiring monthly principal and interest payments of \$10,000, due July 2018, secured by a \$6,000,000 first mortgage on the real estate at 50 Kent Ave. held jointly by Abundance Canada and Kindred Credit Union.	1,266,090	1,326,247
Promissory note payable - Kindred Credit Union - 3.99 % interest, requiring monthly principal and interest monthly payments of \$8,455, due February 2021, secured by a \$6,000,000 first mortgage on the real estate at 50 Kent Ave., held jointly by Abundance Canada and Kindred Credit Union.	1,299,933	1,348,888
Mortgage payable - Mennonite Conference of Eastern Canada - 5.5 % interest, requiring monthly payments of interest only, due October 2023, secured by a \$1,425,000 third mortgage on the real estate at 50 Kent Ave.	1,425,000	1,425,000

continued on the next page

**MENNONITE CENTRAL COMMITTEE (ONTARIO)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

4. LONG-TERM DEBT (continued)	<u>2018</u>	<u>2017</u>
50 Kent Ave, Kitchener, ON (continued)		
Raising Hope Construction Loans - promissory notes, unsecured, requiring payment of interest between 0% and 2.5% annually, principal of \$1,576,000 due on demand or in the forthcoming year, \$335,000, \$61,000, \$1,000 and \$200,000 in the subsequent fiscal years.	2,173,000	2,009,000
Leamington Thrift Shop		
Demand note payable - Kindred Credit Union - 4.05 % interest, requiring monthly principal and interest payments of \$6,070, due July 2020, secured by a \$1,000,000 first mortgage on the real estate at 62 Mill St. Leamington and 41 Heritage Dr., New Hamburg.	905,510	941,195
Private loans - promissory notes, unsecured, requiring payments of interest of 2% annually, principal due on demand	50,000	150,000
Stouffville Thrift Shop		
Mortgage payable - Abundance Canada - Stouffville Thrift Shop - 4.65% interest, requiring monthly principal and interest payments of \$10,030, due March 2020, secured by a first charge on real estate at 33 Ringroad Drive., Stouffville	1,425,474	1,469,258
Private loans - promissory notes, unsecured, 0% interest, principal due on demand	250,000	250,000
rePurpose Centre, Elmira		
Private loans - promissory notes, unsecured, 0% interest, principal due on demand	356,000	0
	10,444,568	10,406,428
Current portion	4,626,809	1,562,304
	<u>\$5,817,759</u>	<u>\$8,844,124</u>

Projected repayment of long-term debt:

Year	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2022 +</u>	<u>Total</u>
Amount	4,626,809	1,918,247	2,273,512	1,000	1,625,000	10,444,568

5. OPERATING RESERVE

	<u>2018</u>	<u>2017</u>
Income		
Donations by bequest	573,996	1,092,304
Interest	15,872	22,235
MCC Canada contribution	116,809	0
Total income for the year (page 5)	706,677	1,114,539
Opening net assets	1,611,367	2,369,916
Transfer from (to) General Operations	(863,614)	(1,873,088)
Closing net assets (page 3)	<u>\$1,454,430</u>	<u>\$1,611,367</u>
Represented by:		
Cash (page 3)	1,154,430	1,311,367
Investment (page 3)	300,000	300,000
	<u>\$1,454,430</u>	<u>\$1,611,367</u>

**MENNONITE CENTRAL COMMITTEE (ONTARIO)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**6. DEFERRED INCOME, GOVERNMENT GRANTS AND OTHER INCOME**

	<u>Opening</u> <u>Deferred</u> <u>Income</u>	<u>Income</u> <u>Received</u>	<u>Income</u> <u>Expended</u>	<u>Closing</u> <u>Deferred</u> <u>Income</u>
Government grants:				
Correctional Services Canada - Community Integration	3,108	362,797	338,488	27,417
Health Canada - Community Action Program for Children	0	324,254	324,254	0
Regional Municipality of Waterloo - Circle of Friends	0	60,900	1,222	59,678
	<u>3,108</u>	<u>747,951</u>	<u>663,964</u>	<u>87,095</u>
Other Grants	11,445	122,016	93,834	39,627
<b>Total Government and Other Grants</b>	<b>14,553</b>	<b>869,967</b>	<b>757,798</b>	<b>126,722</b>
Other Income	0	446,342	446,342	0
<b>Total Grants and Other Income (page 5)</b>	<b>14,553</b>	<b>1,316,309</b>	<b>1,204,140</b>	<b>126,722</b>
Designated donations				
Ontario Programs				
- Refugee support (note 8)	1,403,225	0	619,052	784,173
- Other	616,399	429,456	317,981	727,874
Meat Canning	114,796	255,449	273,061	97,184
Other Programs	9,646	150,239	109,814	50,071
	<u>2,144,066</u>	<u>835,144</u>	<u>1,319,908</u>	<u>1,659,302</u>
<b>Total Deferred Income (page 3)</b>	<b>\$2,158,619</b>	<b>\$2,151,453</b>	<b>\$2,524,048</b>	<b>\$1,786,024</b>

**7. CONTRACTUAL OBLIGATIONS, COMMITMENTS, CONTINGENCIES**

MCCO has entered into lease agreements with a number of tenants at its head office and partner facility which generate an annual base rental income of approximately \$240,000. All leases mature in October 2018, except one, which generates an annual base rent of approximately \$73,000, which matures in October 2023. In addition to base rent, tenants typically pay a pro rata share of common costs, plus contribute to a capital reserve which is intended to accumulate funds to finance future significant capital costs necessary for continued operation of the building.

MCCO is the co-beneficiary of a life insurance policy which will provide \$250,000 upon the passing of the insured. As collection is contingent on the death of the insured, and the measurement of its current value not reasonably estimable, this income will be reflected when collection is assured and the fair value determinable.

**8. CONTINGENT LIABILITIES**

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

MCC Ontario has partnered with various church and community groups to assist with the sponsorship and resettlement of certain refugee families in Ontario. These groups have placed on deposit with MCC Ontario the necessary funds to sponsor and support these refugee families for the required period of time. Management believes it has sufficient designated funds on hand and volunteer group support to meet its commitment to IRCC.

**MENNONITE CENTRAL COMMITTEE (ONTARIO)**  
**THRIFT SHOPS**  
**INCOME, EXPENSES AND CHANGE IN NET OPERATING ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

With comparative figures for the year ended March 31, 2017

	<u>2018</u>	<u>2017</u>			
<b>INCOME</b>					
Sales of donated goods	7,604,236	6,953,847			
Other income	28,056	15,289			
Forwardings from Associate Thrift Shops	296,108	197,644			
	<u>7,928,400</u>	<u>7,166,780</u>			
<b>EXPENSES</b>					
Personnel	2,023,323	1,876,648			
Facility costs	364,211	396,114			
Other operating costs	966,362	860,455			
	<u>3,353,896</u>	<u>3,133,217</u>			
<b>NET INCOME</b>	4,574,504	4,033,563			
Net cash forwarded to MCCO Operating Fund	(4,373,349)	(3,746,146)			
<b>NET INCOME RETAINED BY OWNED SHOPS</b>	201,155	287,417			
<b>OPENING NET OPERATING ASSETS - OWNED THRIFT SHOPS</b>	369,547	145,021			
Capital assets purchased	(81,130)	(62,891)			
<b>CLOSING NET OPERATING ASSETS - OWNED THRIFT SHOPS (page 4)</b>	<u>\$489,572</u>	<u>\$369,547</u>			
<b>REPRESENTED BY:</b>					
Cash	786,379	587,890			
Accounts receivable	18,548	19,607			
Accounts payable	(315,355)	(237,950)			
	<u>\$489,572</u>	<u>\$369,547</u>			
<b>FORWARDINGS:</b>					
	<u>General</u>	<u>Thrift Capital</u>	<u>Mortgage and</u>		
<b>Owned Shops:</b>	<u>Operations</u>	<u>Expansion</u>	<u>Capital Reserve</u>		
Elmira	650,000	67,500	0	717,500	630,000
Kitchener-Waterloo	475,000	140,000	361,394	976,394	723,181
Leamington	210,000	140,000	72,840	422,840	356,080
Milverton	6,000	0	0	6,000	3,122
New Hamburg	1,150,000	266,250	0	1,416,250	1,297,435
St. Catharines	509,000	0	0	509,000	478,000
Stouffville	260,000	30,000	192,218	482,218	415,575
	<u>3,260,000</u>	<u>643,750</u>	<u>626,452</u>	<u>4,530,202</u>	<u>3,903,393</u>
<b>Associate Shops:</b>					
Aylmer				6,000	30,457
Harrow				20,008	12,187
Port Rowan				95,100	105,000
Welland / Port Colborne				175,000	50,000
				<u>296,108</u>	<u>197,644</u>
<b>Administrative expenses recovered from forwardings:</b>				(452,961)	(354,891)
<b>Net Forwardings - all shops</b>				<u>\$4,373,349</u>	<u>\$3,746,146</u>

**MENNONITE CENTRAL COMMITTEE (ONTARIO)**  
**ONTARIO EXPENSES - PROGRAMS, FUNDRAISING AND ADMINISTRATION**  
**FOR THE YEAR ENDED MARCH 31, 2018**

With comparative figures for the year ended March 31, 2017

	<u>Administrative</u> <u>Charges</u>	<u>2018</u>	<u>2017</u>
<b>PROGRAMS</b>			
Justice & Peacebuilding			
Peacebuilding and Conflict Transformation	8,668	207,192	232,073
Restorative Justice	37,485	700,599	799,019
	46,153	907,791	1,031,092
Diaster Relief			
Humanitarian Relief & Disaster Recovery	16,351	569,629	561,539
Sustainable Community Development			
Education	584	6,140	5,425
Food Security and Sustainable Livelihoods	48,933	543,272	437,403
Migration and Resettlement	61,477	1,928,818	3,289,268
	110,994	2,478,230	3,732,096
<b>Total Programs (page 5)</b>		<b>3,955,650</b>	<b>5,324,727</b>
<b>FUNDRAISING COORDINATION</b>			
Donor Relations	40,297	481,623	455,660
Relief Sales and Thrift Shops	187	4,030	(4,050)
<b>Total Fundraising Coordination (page 5)</b>	40,484	<b>485,653</b>	<b>451,610</b>
<b>FUNDRAISING PROJECTS</b>			
Relief Sales - donations forwarded		25	3,765
Thrift Shops - donations forwarded and rePurpose Centre start-up		136,168	46,617
<b>Total Fundraising Projects (page 5)</b>		<b>136,193</b>	<b>50,382</b>
<b>GENERAL ADMINISTRATION AND BOARD</b>			
Administration			
Salaries, wages and volunteers' allowances		534,941	571,757
Office and administration		22,239	48,527
		557,180	620,284
Board, annual general meeting, audit		36,321	34,151
Community Engagement		43,425	35,621
Human Resources		198,986	199,256
Physical Resources		129,837	125,761
Regional Representatives		78,602	73,795
		1,044,351	1,088,868
Recoveries: Administrative expenses charged to programs (note 1)		(213,982)	(184,594)
<b>Total General Administration and Board (page 5)</b>		<b>830,369</b>	<b>904,274</b>
<b>THRIFT SHOP EXPENSES (pages 5 and 13)</b>		<b>3,353,896</b>	<b>3,133,217</b>
<b>TOTAL ONTARIO EXPENSES (page 5)</b>	\$213,982	<b>\$8,761,761</b>	<b>\$9,864,210</b>