

MENNONITE CENTRAL COMMITTEE (ONTARIO)

FINANCIAL STATEMENTS

MARCH 31, 2016

INDEX

Page 2	Independent Auditors' Report
Page 3	Statement of Financial Position
Page 4	Statement Changes in Net Assets
Page 5	Statement of Operations - Operating Fund
Page 6	Statement of Operations - Capital Fund
Page 7	Statement of Cash Flows
Pages 8-12	Notes to the Financial Statements
Page 13	Thrift Shops
Page 14	Ontario Expenses - Programs, Fundraising and Administration

Approved on behalf of the board of directors:

Karen Comies

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, 2016, 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, 2016, 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
May 20, 2016
Kitchener, ON

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MENNONITE CENTRAL COMMITTEE (ONTARIO)**STATEMENT OF FINANCIAL POSITION****AS AT MARCH 31, 2016****With comparative figures as at March 31, 2015**

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

ASSETS	2016			2015		
	<u>Operating</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>	<u>Total</u>	<u>Operating</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>	<u>Total</u>
CURRENT						
Cash - General Operating Fund	3,625,005	0	3,625,005	944,914	0	944,914
Cash - Operating Reserve (notes 1 and 5)	2,069,916	0	2,069,916	534,904	0	534,904
Cash - Capital Fund	0	1,583,478	1,583,478	0	2,312,486	2,312,486
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	227,780	227,780	0	227,896	227,896
Accounts receivable	543,401	167,060	710,461	736,494	478,549	1,215,043
	6,538,322	1,978,318	8,516,640	2,516,312	3,018,931	5,535,243
REAL ESTATE, EQUIPMENT AND VEHICLES (note 3)						
Cost	0	22,933,450	22,933,450	0	20,516,291	20,516,291
Accumulated amortization	0	3,759,281	3,759,281	0	2,839,441	2,839,441
	0	19,174,169	19,174,169	0	17,676,850	17,676,850
	\$6,538,322	\$21,152,487	\$27,690,809	\$2,516,312	\$20,695,781	\$23,212,093
LIABILITIES						
CURRENT						
Accounts payable	398,747	0	398,747	613,775	0	613,775
Deferred income (note 6)	3,355,670	0	3,355,670	824,627	0	824,627
Current portion of long-term debt (note 4)	0	1,651,555	1,651,555	0	3,577,836	3,577,836
	3,754,417	1,651,555	5,405,972	1,438,402	3,577,836	5,016,238
LONG-TERM DEBT (note 4)	0	9,399,355	9,399,355	0	6,810,362	6,810,362
NET ASSETS						
OPERATING FUND (page 4)						
Unrestricted	413,989	0	413,989	243,006	0	243,006
Internally Restricted						
Operating Reserve (notes 1 and 5)	2,369,916	0	2,369,916	834,904	0	834,904
CAPITAL FUND (page 4)						
Internally restricted						
Capital Improvement Fund (note 1)	0	1,811,258	1,811,258	0	2,540,382	2,540,382
Investment in Property, Equipment and Vehicles	0	8,290,319	8,290,319	0	7,767,201	7,767,201
	2,783,905	10,101,577	12,885,482	1,077,910	10,307,583	11,385,493
	\$6,538,322	\$21,152,487	\$27,690,809	\$2,516,312	\$20,695,781	\$23,212,093

MENNONITE CENTRAL COMMITTEE (ONTARIO)**STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED MARCH 31, 2016****With comparative figures for the year ended March 31, 2015**

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

	<u>2016</u>			<u>2015</u>		
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>
EXCESS (DEFICIT) OF INCOME OVER EXPENSES	1,946,498	(446,509)	1,499,989	626,431	(806,758)	(180,327)
Interfund transfers						
Operating Fund - budget and other transfers	(99,033)	99,033	0	(57,984)	57,984	0
Thrift - mortgage and loan payments	0	0	0	(488,534)	488,534	0
Transfer to Capital Fund - Thrift Reserve	(39,265)	39,265	0	(452,728)	452,728	0
Operating Reserve	0	0	0	333,104	(333,104)	0
Capital assets purchased	(102,205)	102,205	0	(173,622)	173,622	0
CHANGE IN NET ASSETS	1,705,995	(206,006)	1,499,989	(213,333)	33,006	(180,327)
OPENING NET ASSETS	1,077,910	10,307,583	11,385,493	1,291,243	10,274,577	11,565,820
CLOSING NET ASSETS	\$2,783,905	\$10,101,577	\$12,885,482	\$1,077,910	\$10,307,583	11,385,493

REPRESENTED BY:

Unrestricted:	265,576	8,290,319	8,555,895	284,257	7,767,201	8,051,458
Thrift Shops (page 13)	145,021	0	145,021	(44,617)	0	(44,617)
Alumni Loan Fund	3,392	0	3,392	3,366	0	3,366
	413,989	8,290,319	8,704,308	243,006	7,767,201	8,010,207
Restricted:						
Operating Reserve (note 5)	2,369,916	0	2,369,916	834,904	0	834,904
Capital Improvement Fund	0	1,811,258	1,811,258	0	2,540,382	2,540,382
	\$2,783,905	\$10,101,577	\$12,885,482	\$1,077,910	\$10,307,583	11,385,493

Interfund transfers

Operating Fund - budget and other transfers - funds which management and the Board allocate to fund expected capital costs

Thrift - mortgage and loan payments - reflect principal payments made by Thrift Shops

Transfer to Capital Fund - Thrift Reserve - allocation of Thrift forwardings from Leamington to Capital Fund

Operating Reserve - transfer of funds to Capital Fund

Capital assets purchased - purchases of capital assets by Thrift Shops or with other Operating Funds

MENNONITE CENTRAL COMMITTEE (ONTARIO)**STATEMENT OF OPERATIONS - OPERATING FUND****FOR THE YEAR ENDED MARCH 31, 2016****With comparative figures for the year ended March 31, 2015**

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

INCOME	<u>2016</u>	<u>2015</u>
Donations		
General fund	3,596,460	3,980,967
Designated for forwarding	4,133,247	2,762,699
	<hr/> 7,729,707	<hr/> 6,743,666
Other		
Thrift Shops (page 13)	6,290,453	5,620,298
Operating Reserve (note 5)	2,253,380	701,984
Relief Sales	649,216	590,069
Interest income	24,295	9,544
	<hr/> 9,217,344	<hr/> 6,921,895
Direct Support for Ontario Programs		
Designated donations	1,509,012	726,250
Grants and other income (note 6)	1,442,326	1,188,004
	<hr/> 2,951,338	<hr/> 1,914,254
TOTAL INCOME	<hr/> 19,898,389	<hr/> 15,579,815
FORWARDED TO MCC (CANADA)		
Designated donations	4,133,247	2,762,699
General donations	5,840,262	5,344,770
	<hr/> 9,973,509	<hr/> 8,107,469
INCOME RETAINED FOR ONTARIO	<hr/> 9,924,880	<hr/> 7,472,346
ONTARIO EXPENSES (page 14)		
Programs	3,654,121	2,896,274
Fundraising Coordination	454,777	287,955
Fundraising Projects	101,226	76,449
General administration and board	838,277	1,014,869
Thrift Shops	2,929,981	2,570,368
	<hr/> 7,978,382	<hr/> 6,845,915
EXCESS (DEFICIT) OF INCOME OVER EXPENSES	<hr/> \$1,946,498	<hr/> \$626,431

MENNONITE CENTRAL COMMITTEE (ONTARIO)**STATEMENT OF OPERATIONS - CAPITAL FUND****FOR THE YEAR ENDED MARCH 31, 2016****With comparative figures for the year ended March 31, 2015**

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

	<u>2016</u>	<u>2015</u>
INCOME		
Donations	568,959	212,520
Investment income	27,093	27,740
Rent and common costs	215,159	142,843
	<hr/> 811,211	<hr/> 383,103
EXPENSES		
Amortization of cost of property and equipment:		
Programs and administration		
Equipment	86,709	94,013
Vehicles	10,653	9,838
Real estate	519,662	542,508
	<hr/> 617,024	<hr/> 646,359
Thrift Shops		
Equipment	74,352	67,233
Vehicles	10,420	13,067
Leasehold improvements	276	316
Real estate	237,035	187,067
	<hr/> 322,083	<hr/> 267,683
Mortgage interest	318,613	275,819
	<hr/> 1,257,720	<hr/> 1,189,861
EXCESS (DEFICIT) OF INCOME OVER EXPENSES	<hr/> (\$446,509)	<hr/> (\$806,758)

MENNONITE CENTRAL COMMITTEE (ONTARIO)**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016**

With comparative figures for the year ended March 31, 2015

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

SOURCES (USES) OF CASH:	2016			2015		
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>
OPERATING ACTIVITIES						
Excess of income over expenses for the year	1,946,498	(446,509)	1,499,989	626,431	(806,758)	(180,327)
Items not affecting cash flows:						
Amortization - buildings, equipment and vehicles	0	939,107	939,107	0	914,042	914,042
	1,946,498	492,598	2,439,096	626,431	107,284	733,715
Change in current assets and liabilities:						
Investments	0	116	116	0	(10,480)	(10,480)
Accounts receivable	193,093	311,489	504,582	728	0	728
Accounts payable	(215,028)	0	(215,028)	102,302	0	102,302
Deferred income	2,531,043	0	2,531,043	364,237	0	364,237
	4,455,606	804,203	5,259,809	1,093,698	96,804	1,190,502
INVESTING ACTIVITIES						
Purchases of real estate, equipment and vehicles	0	(2,436,426)	(2,436,426)	0	(719,083)	(719,083)
FINANCING ACTIVITIES						
Long-term debt obtained	0	3,898,127	3,898,127	0	550,000	550,000
Long-term debt repaid	0	(3,235,415)	(3,235,415)	0	(193,168)	(193,168)
Interfund transfers	(240,503)	240,503	0	(839,764)	839,764	0
	(240,503)	903,215	662,712	(839,764)	1,196,596	356,832
CHANGE IN CASH FOR THE YEAR	4,215,103	(729,008)	3,486,095	253,934	574,317	828,251
CASH ON HAND - beginning of the year	1,479,818	2,312,486	3,792,304	1,225,884	1,738,169	2,964,053
CASH ON HAND - end of the year	\$5,694,921	\$1,583,478	\$7,278,399	\$1,479,818	\$2,312,486	\$3,792,304
REPRESENTED BY:						
Cash - General Operating Fund	3,625,005	0	3,625,005	944,914	0	944,914
Cash - Operating Reserve (notes 1 and 5)	2,069,916	0	2,069,916	534,904	0	534,904
Cash - Capital Fund	0	1,583,478	1,583,478	0	2,312,486	2,312,486
	\$5,694,921	\$1,583,478	\$7,278,399	\$1,479,818	\$2,312,486	\$3,792,304

MENNONITE CENTRAL COMMITTEE (ONTARIO)**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2016****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 (including the Operating Fund) to two months and four months of expenditures for Ontario programs respectively.

The **Capital Fund** reflects MCCO's **Investment in Capital Assets**, plus the balance of funds on hand in the **Capital Improvement Fund (both externally restricted donations and internally restricted amounts)** which was established to provide funding for capital purchases. It is the Board's objective to fund the internally restricted portion of the Capital Improvement Fund with annual budgeted allocations from the Operating Fund approximating amortization of the non-thrift assets, annual Shared Revenue surpluses, proceeds from the sale of capital assets, interest, and net rental revenues.

Income Recognition

MCCO uses the restricted fund method of accounting, whereby 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 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. Due the difficulty in determining 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, 2016****ACCOUNTING POLICIES (continued)****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. Transaction costs are recognized in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption. Unless indicated otherwise in these financial statements, as in the prior year, management believes the organization does not face any significant credit, currency, interest rate, liquidity or market risk with respect to its financial instruments.

Real Estate, Equipment and Vehicles

Real estate, equipment and vehicles are reflected at cost, which (excluding the cost of land) is 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 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 reports designated income related to donated materials included in Material Aid shipments based on their estimated fair values (\$528,135 in the current year). These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period which they become known. Actual results could differ from those estimates.

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>Operating Fund</u>	<u>Capital Fund</u>	<u>2016</u>	<u>2015</u>
	<u>Estates and</u>			
	<u>Trusts</u>			
Financial assets reflected at fair value				
Mennonite Foundation of Canada				
Balanced Pool Funds	0	227,780	227,780	227,896
Financial assets reflected at amortized cost				
Mennonite Foundation of Canada				
2.1% Fixed Income Funds	300,000	0	300,000	300,000
Other financial assets reflected at amortized cost	6,238,322	1,750,538	7,988,860	5,007,347
	<u>\$6,538,322</u>	<u>\$1,978,318</u>	<u>\$8,516,640</u>	<u>\$5,535,243</u>

MENNONITE CENTRAL COMMITTEE (ONTARIO)**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2016****3. REAL ESTATE, EQUIPMENT AND VEHICLES**

			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Amortization</u>	<u>Net Book</u>	<u>Net Book</u>
			<u>Value</u>	<u>Value</u>
Buildings				
Head office and partner facility - Kitchener - Kent Ave.	11,550,779	1,604,868	9,945,911	10,320,904
Thrift Shops:				
Elmira - Church St.	589,100	255,233	333,867	351,439
Leamington - Erie St. & Mill St.	1,801,366	102,811	1,698,555	76,080
New Hamburg - Heritage Dr.	1,921,910	656,485	1,265,425	1,133,708
St. Catharines - Grantham Ave	632,991	175,632	457,359	481,431
Stouffville - Ringwood Dr.	1,865,016	185,953	1,679,063	1,767,435
	<u>18,361,162</u>	<u>2,980,982</u>	<u>15,380,180</u>	<u>14,130,997</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 - Erie St. & Mill St.	275,250	0	275,250	21,250
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>3,009,704</u>	<u>0</u>	<u>3,009,704</u>	<u>2,755,704</u>
Leasehold Improvements	23,398	22,177	1,221	1,266
Total Real Estate	21,394,264	3,003,159	18,391,105	16,887,967
Equipment	1,357,183	643,075	714,108	735,439
Vehicles	182,003	113,047	68,956	53,444
	<u>\$22,933,450</u>	<u>\$3,759,281</u>	<u>\$19,174,169</u>	<u>\$17,676,850</u>

4. LONG-TERM DEBT

50 Kent Ave, Kitchener, ON

	<u>2016</u>	<u>2015</u>
Mortgage payable - Mennonite Foundation of 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 MFC and MSCU.	1,261,662	1,364,217
Mortgage payable - Mennonite Foundation of 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 MFC and MSCU.	1,400,589	0
Mortgage payable - Mennonite Savings & 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 MSCU and MFC.	1,383,701	1,438,406
Promissory note payable - Mennonites Savings & 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 MFC and MSCU.	1,395,946	0
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, 2016

4. LONG-TERM DEBT (continued)	<u>2016</u>	<u>2015</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 \$571,000 due on demand or in the forthcoming year, \$90,000, \$1,056,000, \$61,000 and \$2,000 in the subsequent fiscal years.	1,780,000	4,251,000
Leamington Thrift Shop		
Demand note payable - Mennonites Savings & Credit Union - 4.05 % interest, requiring monthly principal and interest payments of \$6,070, due on demand, secured by a \$1,000,000 first mortgage on the real estate at 62 Mill St. Leamington and 41 Heritage Dr., New Hamburg.	333,354	0
Stouffville Thrift Shop		
Mortgage payable - Mennonite Foundation Canada - Stouffville Thrift Shop - 4.65% interest, requiring monthly principal and interest payments of \$10,030, due September 2020, secured by a first charge on real estate at 33 Ringroad Drive., Stouffville	1,520,658	1,559,575
Private loans - Stouffville Thrift Shop - promissory notes, unsecured, requiring payments of interest ranging from 0% to 2% annually, principal due on demand	550,000	350,000
	11,050,910	10,388,198
Current portion	1,651,555	3,577,836
	<u>\$9,399,355</u>	<u>\$6,810,362</u>
Projected repayment of long-term debt:	<u>Year</u>	<u>Amount</u>
	2017	1,651,555
	2018	401,181
	2019	3,504,463
	2020	1,735,960
	2021 +	3,757,751
		<u>\$11,050,910</u>
5. OPERATING RESERVE		
	<u>2016</u>	<u>2015</u>
Income		
Donations by bequest	2,239,469	691,502
Interest	13,911	10,482
Total income for the year (page 5)	2,253,380	701,984
Opening net assets	834,904	792,679
Transfer from (to) General Operations	(718,368)	(992,863)
Transfer from (to) Capital Fund	0	333,104
Closing net assets (page 3)	<u>\$2,369,916</u>	<u>\$834,904</u>
Represented by;		
Cash (page 3)	2,069,916	534,904
Investment (page 3)	300,000	300,000
	<u>\$2,369,916</u>	<u>\$834,904</u>

MENNONITE CENTRAL COMMITTEE (ONTARIO)
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

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:				
Citizenship and Immigration Canada - Immigrant Settlement	0	85,000	85,000	0
Correctional Services Canada - Community Integration	0	382,510	382,510	0
Health Canada - Community Action Program for Children	8,270	305,900	314,170	0
Regional Municipality of Waterloo - Circle of Friends	62,500	60,900	123,400	0
	<u>70,770</u>	<u>834,310</u>	<u>905,080</u>	<u>(0)</u>
Other Grants	54,346	52,856	91,651	15,551
Total Government and Other Grants	125,116	887,166	996,731	15,551
Other Income	0	445,595	445,595	0
Total Grants and Other Income (page 5)	125,116	1,332,761	1,442,326	15,551
Designated donations				
Ontario Programs	502,853	4,084,909	1,479,917	3,107,845
Material Resources	10,284	108,248	103,329	15,203
Meat Canning	144,186	61,272	26,342	179,116
Other Programs	42,188	82,548	86,781	37,955
	<u>699,511</u>	<u>4,336,977</u>	<u>1,696,369</u>	<u>3,340,119</u>
Total Deferred Income (page 3)	\$824,627	\$5,669,738	\$3,138,695	\$3,355,670

7. CONTRACTUAL OBLIGATIONS, COMMITMENTS, CONTINGENCIES

MCCO has entered into lease agreements with a number of tenants at its head office and partner facility which will generate an annual base rental income of approximately \$225,000. 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.

MENNONITE CENTRAL COMMITTEE (ONTARIO)**THRIFT SHOPS****INCOME, EXPENSES AND CHANGE IN NET OPERATING ASSETS
FOR THE YEAR ENDED MARCH 31, 2016**

With comparative figures for the year ended March 31, 2015

	<u>2016</u>	<u>2015</u>
INCOME		
Sales of donated goods	6,109,695	5,446,509
Other income	36,225	16,691
Forwardings from Associate Thrift Shops	144,533	157,098
	<u>6,290,453</u>	<u>5,620,298</u>
EXPENSES		
Personnel	1,713,473	1,543,167
Facility costs	419,325	280,970
Other operating costs	797,183	746,231
	<u>2,929,981</u>	<u>2,570,368</u>
NET INCOME	3,360,472	3,049,930
Net cash forwarded to MCCO Operating Fund	(3,029,364)	(2,442,100)
NET INCOME RETAINED BY OWNED SHOPS	331,108	607,830
OPENING NET OPERATING ASSETS - OWNED THRIFT SHOPS	(44,617)	462,437
Capital assets purchased	(102,205)	(173,622)
Transfer to Capital Fund (Thrift Reserve - Leamington)	(39,265)	(452,728)
Thrift mortgage payments - Thrift on Kent - to Capital Fund	0	(488,534)
CLOSING NET OPERATING ASSETS - OWNED THRIFT SHOPS (page 4)	<u>\$145,021</u>	<u>\$(44,617)</u>
REPRESENTED BY:		
Cash	474,492	266,936
Accounts receivable	35,792	50,620
Accounts payable	(365,263)	(362,173)
	<u>\$145,021</u>	<u>\$(44,617)</u>
FORWARDINGS:		
Owned Shops:		
Elmira	630,000	610,000
Kitchener-Waterloo	601,763	361,000
Leamington	50,000	50,000
Milverton	0	31,000
New Hamburg	1,062,000	1,000,000
St. Catharines	458,000	400,000
Stouffville	430,000	150,000
	<u>3,231,763</u>	<u>2,602,000</u>
Associate Shops:		
Aylmer	0	48,619
Harrow	19,533	18,479
Port Rowan	80,000	40,000
Welland / Port Colborne	45,000	50,000
	<u>144,533</u>	<u>157,098</u>
Administrative expenses recovered from forwardings:	(346,932)	(316,998)
Net Forwardings - all shops	<u>\$3,029,364</u>	<u>\$2,442,100</u>

MENNONITE CENTRAL COMMITTEE (ONTARIO)
ONTARIO EXPENSES - PROGRAMS, FUNDRAISING AND ADMINISTRATION
FOR THE YEAR ENDED MARCH 31, 2016

With comparative figures for the year ended March 31, 2015

	<u>2016</u>	<u>2015</u>
PROGRAMS		
Justice & Peacebuilding		
Peacebuilding and Conflict Transformation	168,186	165,707
Restorative Justice	785,948	812,250
	<u>954,134</u>	<u>977,957</u>
Diaster Relief		
Humanitarian Relief & Disaster Recovery	335,433	553,711
Sustainable Community Development		
Education	5,399	4,732
Food Security and Sustainable Livelihoods	492,861	507,524
Migration and Resettlement	1,866,293	852,350
	<u>2,364,554</u>	<u>1,364,606</u>
	<u>3,654,121</u>	<u>2,896,274</u>
FUNDRAISING COORDINATION		
Donor Relations	429,138	272,617
Relief Sales	2,070	1,527
Thrift Shops	23,569	13,811
	<u>454,777</u>	<u>287,955</u>
FUNDRAISING PROJECTS		
Relief Sales - donations forwarded	6,294	5,000
Thrift Shops - donations forwarded	94,932	71,449
	<u>101,226</u>	<u>76,449</u>
BOARD AND GENERAL ADMINISTRATION		
Administration		
Salaries, wages and volunteers' allowances	552,102	522,022
Office and administration	43,207	176,347
	<u>595,309</u>	<u>698,369</u>
Board, annual general meeting, audit	32,051	38,398
Community Engagement	32,320	36,790
Human Resources	169,560	167,750
Physical Resources	118,828	114,508
Regional Representatives	70,767	81,500
	<u>1,018,835</u>	<u>1,137,315</u>
Recoveries:		
Vehicle expenses and allocation of administrative expenses to departments (note 1)	(180,558)	(122,446)
	<u>838,277</u>	<u>1,014,869</u>
THRIFT SHOP EXPENSES (page 13)	2,929,981	2,570,368
TOTAL ONTARIO EXPENSES	<u>\$7,978,382</u>	<u>\$6,845,915</u>