

MENNONITE CENTRAL COMMITTEE (ONTARIO)

**FINANCIAL STATEMENTS
MARCH 31, 2020**

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Approved on behalf of the board of directors:



Chair



Treasurer



INDEPENDENT AUDITOR'S REPORT

To the Directors of Mennonite Central Committee (Ontario)

Qualified Opinion

I have audited the financial statements of Mennonite Central Committee (Ontario), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and changes in net assets for the Operating Fund and the Capital Fund, and the statement of cash flows, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Mennonite Central Committee (Ontario) as at March 31, 2020 and its consolidated 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.

Basis of Qualified Opinion

In common with many charitable 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, my verification of revenues from these sources was limited to accounting for the amounts recorded in the records of Mennonite Central Committee (Ontario). Therefore, I was not able to determine whether any adjustments might be necessary to revenues, excess (deficit) of revenues over expenses, and cash flows for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1, 2018 and March 31, 2020 and 2019. My audit opinion on the financial statements for the year ended March 31, 2019 was also modified because of the possible effects of the same limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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

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

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

E.M. Simon CPA

Professional Corporation

September 8, 2020

Kitchener, ON

E.M. Simon CPA Professional Corporation

Authorized to practise public accounting by the Chartered Professional Accountants of Ontario

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MENNONITE CENTRAL COMMITTEE (ONTARIO)**STATEMENT OF FINANCIAL POSITION****AS AT MARCH 31, 2020**

With comparative figures as at March 31, 2019

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

ASSETS	2020			2019		
	Operating Fund	Capital Fund	Total	Operating Fund	Capital Fund	Total
CURRENT						
Cash - General Operating Fund	3,030,886	0	3,030,886	2,279,419	0	2,279,419
Cash - Operating Reserve (notes 1 and 5)	992,511	0	992,511	1,022,559	0	1,022,559
Cash - Capital Asset Reserve	0	2,635,543	2,635,543	0	2,262,346	2,262,346
Investment - Operating Reserve (notes 1, 2 and 5)	300,000	0	300,000	300,000	0	300,000
Investment - Capital Asset Reserve (note 2)	0	242,679	242,679	0	251,157	251,157
Accounts receivable	123,444	0	123,444	176,899	0	176,899
	<u>4,446,841</u>	<u>2,878,222</u>	<u>7,325,063</u>	<u>3,778,877</u>	<u>2,513,503</u>	<u>6,292,380</u>
LONG-TERM						
Real estate, equipment and vehicles (note 3)						
Cost	0	24,747,121	24,747,121	0	24,331,033	24,331,033
Accumulated amortization	0	7,598,898	7,598,898	0	6,638,880	6,638,880
	0	17,148,223	17,148,223	0	17,692,153	17,692,153
Investment - Capital Improvement Fund (note 2)	0	78,714	78,714	0	82,545	82,545
	0	17,226,937	17,226,937	0	17,774,698	17,774,698
	<u>\$4,446,841</u>	<u>\$20,105,159</u>	<u>\$24,552,000</u>	<u>\$3,778,877</u>	<u>\$20,288,201</u>	<u>\$24,067,078</u>
LIABILITIES						
CURRENT						
Accounts payable	179,156	0	179,156	53,535	0	53,535
Deferred income (note 6)	3,345,288	0	3,345,288	1,870,830	0	1,870,830
Current portion of long-term debt (note 4)	0	5,080,364	5,080,364	0	3,853,025	3,853,025
	<u>3,524,444</u>	<u>5,080,364</u>	<u>8,604,808</u>	<u>1,924,365</u>	<u>3,853,025</u>	<u>5,777,390</u>
LONG-TERM (note 4)	0	3,566,354	3,566,354	0	5,384,220	5,384,220
TOTAL LIABILITIES	<u>3,524,444</u>	<u>8,646,718</u>	<u>12,171,162</u>	<u>1,924,365</u>	<u>9,237,245</u>	<u>11,161,610</u>
NET ASSETS						
OPERATING FUND (page 4)						
Unrestricted	(370,114)	0	(370,114)	531,953	0	531,953
Internally Restricted						
Operating Reserve (notes 1 and 5)	1,292,511	0	1,292,511	1,322,559	0	1,322,559
CAPITAL FUND (page 4)						
Internally restricted						
Capital Asset Reserve (note 1)	0	2,956,936	2,956,936	0	2,596,048	2,596,048
Investment in Property, Equipment and Vehicles	0	8,501,505	8,501,505	0	8,454,908	8,454,908
	<u>922,397</u>	<u>11,458,441</u>	<u>12,380,838</u>	<u>1,854,512</u>	<u>11,050,956</u>	<u>12,905,468</u>
	<u>\$4,446,841</u>	<u>\$20,105,159</u>	<u>\$24,552,000</u>	<u>\$3,778,877</u>	<u>\$20,288,201</u>	<u>\$24,067,078</u>

MENNONITE CENTRAL COMMITTEE (ONTARIO)**STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED MARCH 31, 2020**

With comparative figures for the year ended March 31, 2019

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

	<u>2020</u>			<u>2019</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	419,842	(944,472)	(524,630)	926,613	(972,616)	(46,003)
Interfund transfers						
Operating Fund - budgeted capital funding	(310,299)	310,299	0	(96,985)	96,985	0
Thrift Shop forwardings for capital projects	(390,000)	390,000	0	(662,100)	662,100	0
Thrift Shop forwardings for mortgage payments	(605,484)	605,484	0	(608,964)	608,964	0
Capital assets purchased - Thrift Shops	(46,174)	46,174	0	0	0	0
CHANGE IN NET ASSETS	(932,115)	407,485	(524,630)	(441,436)	395,433	(46,003)
OPENING NET ASSETS	1,854,512	11,050,956	12,905,468	2,295,948	10,655,523	12,951,471
CLOSING NET ASSETS	\$922,397	\$11,458,441	\$12,380,838	\$1,854,512	\$11,050,956	12,905,468

REPRESENTED BY:

Unrestricted:

Thrift Shops (page 13)	(517,794)	0	(517,794)	1,984	0	1,984
Alumni Loan Fund	3,526	0	3,526	3,498	0	3,498
General Operations	144,154	0	144,154	526,471	0	526,471
Investment in Property, Equipment and Vehicles	0	8,501,505	8,501,505	0	8,454,908	8,454,908
	(370,114)	8,501,505	8,131,391	531,953	8,454,908	8,986,861

Internally Restricted:

Operating Reserve (note 5)	1,292,511	0	1,292,511	1,322,559	0	1,322,559
Capital Asset Reserve						
50 Kent Capital Maintenance	0	1,882,275	1,882,275	0	2,128,316	2,128,316
Equipment and Vehicle Capital Replacement	0	174,602	174,602	0	77,754	77,754
Thrift Shop Capital Expansion	0	900,059	900,059	0	389,978	389,978
	1,292,511	2,956,936	4,249,447	1,322,559	2,596,048	3,918,607
	\$922,397	\$11,458,441	\$12,380,838	\$1,854,512	\$11,050,956	\$12,905,468

MENNONITE CENTRAL COMMITTEE (ONTARIO)**STATEMENT OF OPERATIONS - OPERATING FUND
FOR THE YEAR ENDED MARCH 31, 2020**

With comparative figures for the year ended March 31, 2019

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

INCOME	<u>2020</u>	<u>2019</u>
Donations		
General fund	4,748,611	3,831,264
Designated for forwarding	3,163,426	3,093,192
	<hr/> 7,912,037	<hr/> 6,924,456
Other		
Thrift Shops (page 13)	8,695,698	8,480,598
Operating Reserve (note 5)	2,182,332	931,018
Relief Sales	449,593	498,983
Interest income	25,032	18,376
	<hr/> 11,352,655	<hr/> 9,928,975
Direct Support for Ontario Programs		
Designated donations	1,172,910	1,690,144
Grants and other income (note 6)	1,378,879	1,203,640
	<hr/> 2,551,789	<hr/> 2,893,784
TOTAL INCOME	<hr/> 21,816,481	<hr/> 19,747,215
FORWARDED TO MCC (CANADA)		
Designated donations	3,163,426	3,093,192
General donations	8,177,753	5,783,954
	<hr/> 11,341,179	<hr/> 8,877,146
INCOME RETAINED FOR ONTARIO	10,475,302	10,870,069
for Raising Hope		
ONTARIO EXPENSES (page 14)		
Programs	3,749,966	3,864,352
Fundraising Coordination	691,212	722,157
Fundraising Projects	57,529	89,117
General administration and board	589,444	718,161
Thrift Shops	4,967,309	4,549,669
	<hr/> 10,055,460	<hr/> 9,943,456
EXCESS OF INCOME OVER EXPENSES	<hr/> \$419,842	<hr/> \$926,613

MENNONITE CENTRAL COMMITTEE (ONTARIO)**STATEMENT OF OPERATIONS - CAPITAL FUND****FOR THE YEAR ENDED MARCH 31, 2020****With comparative figures for the year ended March 31, 2019**

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

	<u>2020</u>	<u>2019</u>
INCOME		
Donations	32,500	32,650
Investment income	26,839	37,078
Rent and Capital Asset Reserve contributions	266,242	314,660
	<u>325,581</u>	<u>384,388</u>
EXPENSES		
Amortization of property and equipment costs:		
Programs and administration:		
Equipment	89,467	86,467
Vehicles	21,475	24,585
Real estate	427,732	449,202
	<u>538,674</u>	<u>560,254</u>
Thrift Shops:		
Equipment	57,757	69,555
Vehicles	3,393	4,846
Leasehold improvements	125,151	127,275
Real estate	246,660	255,131
	<u>432,961</u>	<u>456,807</u>
Total Amortization	<u>971,635</u>	<u>1,017,061</u>
Mortgage interest	298,418	339,943
	<u>1,270,053</u>	<u>1,357,004</u>
EXCESS (DEFICIT) OF INCOME OVER EXPENSES	<u>(\$944,472)</u>	<u>(\$972,616)</u>

MENNONITE CENTRAL COMMITTEE (ONTARIO)**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2020****With comparative figures for the year ended March 31, 2019**

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

SOURCES (USES) OF CASH:	2020			2019		
	<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	419,842	(944,472)	(524,630)	926,613	(972,616)	(46,003)
Items not affecting cash flows:						
Amortization - buildings, equipment and vehicles	0	971,635	971,635	0	1,017,061	1,017,061
	419,842	27,163	447,005	926,613	44,445	971,058
Change in current assets and liabilities:						
Investments	0	8,478	8,478	0	(4,807)	(4,807)
Accounts receivable	53,455	0	53,455	109,348	0	109,348
Accounts payable	125,621	0	125,621	(39,000)	0	(39,000)
Deferred income	1,474,458	0	1,474,458	84,806	0	84,806
	2,073,376	35,641	2,109,017	1,081,767	39,638	1,121,405
INVESTING ACTIVITIES						
Additions to buildings, equipment and vehicles	0	(430,705)	(430,705)	0	(239,044)	(239,044)
Proceeds from sale of vehicle	0	3,000	3,000	0	0	0
Repayment (acquisition) of mortgage receivable	0	3,831	3,831	0	4,061	4,061
	0	(423,874)	(423,874)	0	(234,983)	(234,983)
FINANCING ACTIVITIES						
Long-term debt repaid	0	(590,527)	(590,527)	0	(1,207,323)	(1,207,323)
Interfund transfers	(1,351,957)	1,351,957	0	(1,368,049)	1,368,049	0
	(1,351,957)	761,430	(590,527)	(1,368,049)	160,726	(1,207,323)
CHANGE IN CASH FOR THE YEAR	721,419	373,197	1,094,616	(286,282)	(34,619)	(320,901)
CASH ON HAND - beginning of the year	3,301,978	2,262,346	5,564,324	3,588,260	2,296,965	5,885,225
CASH ON HAND - end of the year	\$4,023,397	\$2,635,543	\$6,658,940	\$3,301,978	\$2,262,346	\$5,564,324
REPRESENTED BY:						
Cash - General Operating Fund	3,030,886	0	3,030,886	2,279,419	0	2,279,419
Cash - Operating Reserve (notes 1 and 5)	992,511	0	992,511	1,022,559	0	1,022,559
Cash - Capital Asset Reserve	0	2,635,543	2,635,543	0	2,262,346	2,262,346
	\$4,023,397	\$2,635,543	\$6,658,940	\$3,301,978	\$2,262,346	\$5,564,324

MENNONITE CENTRAL COMMITTEE (ONTARIO)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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)** engages in a number of programs which are consistent with MCC'S ministry. 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 donors or the Board in the Capital Asset Reserve. The Capital Asset Reserve 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 Replacement, 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 reserve receives rent 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 Replacement portion of the reserve receives annual budgeted allocations from the Operating Fund for equipment and vehicle replacement. The Thrift Shop Capital Expansion portion of the reserve 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 to the Capital Fund, 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 (restricted) by the donor 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. Each year, MCCO enters into an agreement with MCC Canada as to what portion of general donations will be retained for use for Ontario programs and overhead costs (the provincial allotment). Program expenditures are funded in the following order - income generated by the program, grants restricted to the program for the specific fiscal period, the provincial allotment, and then grants and donations which are designated for the program but are not restricted to the fiscal period. 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, 2020

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 - are reflected at cost, and amortized at the following annual rates:

Buildings	- 5% on the declining balance
Leasehold improvement	- 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 (\$791,825 and \$536,003 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. In addition, amortization of property and equipment requires estimates and assumptions related to the useful life of the related assets. 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>2020</u>		<u>2019</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	242,679	242,679	251,157
Financial assets reflected at amortized cost				
Operating Reserve - 1.53% Fixed Income Fund	300,000	0	300,000	300,000
Capital Asset Reserve:				
Mortgage receivable - Erie St. Leamington, 3%, monthly payments of \$549 principal and interest, due March 2022		78,714	78,714	82,545
	300,000	321,393	621,393	633,702
Cash and accounts receivable	4,146,841	2,635,543	6,782,384	5,741,223
	<u>\$4,446,841</u>	<u>\$2,956,936</u>	<u>\$7,403,777</u>	<u>\$6,374,925</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, 2020

3. REAL ESTATE, EQUIPMENT AND VEHICLES

			<u>2020</u>	<u>2019</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.	11,590,368	3,451,529	8,138,839	8,542,697
Thrift Shops: Elmira - Church St.	589,100	317,163	271,937	286,249
Leamington - Mill St.	1,677,720	343,474	1,334,246	1,384,365
New Hamburg - Heritage Dr.	2,184,693	924,140	1,260,553	1,326,898
St. Catharines - Grantham Ave	632,991	260,469	372,522	392,128
Stouffville - Ringwood Dr.	2,036,595	503,573	1,533,022	1,457,844
	<u>18,711,467</u>	<u>5,800,348</u>	<u>12,911,119</u>	<u>13,390,181</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	254,000
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>2,988,454</u>
Leasehold Improvements	927,291	350,638	576,653	532,707
Total Real Estate	22,627,212	6,150,986	16,476,226	16,911,342
Equipment	1,877,588	1,265,112	612,476	693,422
Vehicles	242,321	182,800	59,521	87,389
	<u>\$24,747,121</u>	<u>\$7,598,898</u>	<u>\$17,148,223</u>	<u>\$17,692,153</u>

4. LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
50 Kent Ave, Kitchener, ON		
Mortgage payable - Abundance Canada - 3.95% interest, requiring monthly principal and interest payments of \$13,911, due July 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.	772,500	906,495
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.	97,659	180,488
Mortgage payable - Kindred Credit Union - 3.95% interest, requiring monthly principal and interest payments of \$9,161, due July 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.	1,140,495	1,204,253
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.	1,196,157	1,249,006
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, 2020

4. LONG-TERM DEBT (continued)	<u>2020</u>	<u>2019</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 \$1,041,000 due on demand or in the forthcoming year, \$255,000 and \$201,000 in the subsequent consecutive fiscal years.	1,466,000	1,497,000				
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.	829,791	868,364				
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	1,300,449	1,369,306				
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	168,667	287,333				
	8,646,718	9,237,245				
Current portion	5,080,364	3,853,025				
	<u>\$3,566,354</u>	<u>\$5,384,220</u>				
Projected repayment of long-term debt:						
Year	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024 +</u>	<u>Total</u>
Amount	5,080,364	1,940,354	201,000	1,425,000	0	8,646,718
5. OPERATING RESERVE						
	<u>2020</u>	<u>2019</u>				
Income						
Donations by bequest	2,258,508	915,301				
Interest	15,085	15,717				
MCC Canada deficit coverage	(91,261)	0				
Total income for the year (page 5)	2,182,332	931,018				
Opening net assets	1,322,559	1,454,430				
Transfer from (to) General Operations	(2,212,380)	(1,062,889)				
Closing net assets (page 3)	<u>\$1,292,511</u>	<u>\$1,322,559</u>				
Represented by:						
Cash (page 3)	992,511	1,022,559				
Investment (page 3)	300,000	300,000				
	<u>\$1,292,511</u>	<u>\$1,322,559</u>				

MENNONITE CENTRAL COMMITTEE (ONTARIO)
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

6. DEFERRED INCOME, GOVERNMENT GRANTS AND OTHER INCOME

	<u>Opening Deferred Income</u>	<u>Income Received</u>	<u>Income Expended (Recognized)</u>	<u>Closing Deferred Income</u>
Government grants:				
Correctional Services Canada - Community Integration	67,454	51,593	76,098	42,949
Health Canada - Community Action Program for Children	0	290,605	290,605	0
Regional Municipality of Waterloo - Circle of Friends	4,620	164,207	164,685	4,142
	<u>72,074</u>	<u>506,405</u>	<u>531,388</u>	<u>47,091</u>
Other Grants	110,412	324,137	360,257	74,292
Total Government and Other Grants	<u>182,486</u>	<u>830,542</u>	<u>891,645</u>	<u>121,383</u>
Other Income	0	487,234	487,234	0
Total Grants and Other Income (page 5)	<u>182,486</u>	<u>1,317,776</u>	<u>1,378,879</u>	<u>121,383</u>
Designated donations and other income				
Ontario Programs				
- Refugee support (note 8)	621,930	1,024,404	582,393	1,063,941
- Other	190,694	123,353	140,488	173,559
Meat Canning	81,752	412,786	125,942	368,596
Other Programs	793,968	971,865	148,024	1,617,809
	<u>1,688,344</u>	<u>3,019,642</u>	<u>1,484,081</u>	<u>3,223,905</u>
Total Deferred Income (page 3)	<u>\$1,870,830</u>	<u>\$4,337,418</u>	<u>\$2,862,960</u>	<u>\$3,345,288</u>

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 \$245,000. All leases mature between 2021 and 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.

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.

9. SUBSEQUENT EVENTS

Close to, and subsequent to MCCO's current fiscal year end, the world became greatly impacted by a pandemic caused by the COVID 19 virus. Government regulations, community response and the response of MCCO's management team to this pandemic greatly impacted operations at MCCO. While MCCO was required to make significant changes to its operations to protect its staff and stakeholders, it was impractical to estimate the financial impact of these changes at the time of issuance of these financial statements.

MENNONITE CENTRAL COMMITTEE (ONTARIO)**THRIFT SHOPS****INCOME, EXPENSES AND CHANGE IN NET OPERATING ASSETS****FOR THE YEAR ENDED MARCH 31, 2020**

With comparative figures for the year ended March 31, 2019

	<u>2020</u>	<u>2019</u>			
INCOME					
Sales of donated goods	8,443,140	8,191,505			
Other income	19,558	25,093			
Forwardings from Associate Thrift Shops	233,000	264,000			
	<u>8,695,698</u>	<u>8,480,598</u>			
EXPENSES					
Personnel	2,990,266	2,631,723			
Facility costs	487,710	547,738			
Other operating costs	1,489,333	1,370,208			
	<u>4,967,309</u>	<u>4,549,669</u>			
NET INCOME					
Net cash forwarded to MCCO Operating Fund	(4,201,993)	(4,418,517)			
NET INCOME RETAINED BY OWNED SHOPS	<u>(473,604)</u>	<u>(487,588)</u>			
OPENING NET OPERATING ASSETS - OWNED THRIFT SHOPS					
Capital assets purchased	(46,174)	0			
CLOSING NET OPERATING ASSETS - OWNED THRIFT SHOPS (page 4)	<u>\$(517,794)</u>	<u>\$1,984</u>			
REPRESENTED BY:					
Cash	864,336	837,218			
Accounts receivable	30,116	26,262			
Accounts payable	(1,412,246)	(861,496)			
	<u>\$(517,794)</u>	<u>\$1,984</u>			
FORWARDINGS:					
	<u>General</u>	<u>Thrift Capital</u>	<u>Mortgage and</u>		
	<u>Operations</u>	<u>Expansion</u>	<u>Capital Reserve</u>		
Owned Shops:					
Elmira	633,300	0	0	633,300	735,620
Kitchener-Waterloo	583,450	0	333,876	917,326	940,126
Leamington	253,460	75,000	78,408	406,868	393,360
Milverton	0	0	72,840	72,840	13,094
New Hamburg	1,455,000	315,000	0	1,770,000	1,530,490
St. Catharines	458,333	0	0	458,333	535,000
Stouffville	277,750	0	120,360	398,110	518,678
	<u>3,661,293</u>	<u>390,000</u>	<u>605,484</u>	<u>4,656,777</u>	<u>4,666,368</u>
Associate Shops:					
Aylmer				12,000	12,000
Harrow				6,000	7,000
Port Rowan				90,000	95,000
Welland / Port Colborne				125,000	150,000
				<u>233,000</u>	<u>264,000</u>
Administrative and rePurpose Centre expenses recovered from forwardings:				(687,784)	(511,851)
Net Forwardings - all shops				<u>\$4,201,993</u>	<u>\$4,418,517</u>

MENNONITE CENTRAL COMMITTEE (ONTARIO)
ONTARIO EXPENSES - PROGRAMS, FUNDRAISING AND ADMINISTRATION
FOR THE YEAR ENDED MARCH 31, 2020

With comparative figures for the year ended March 31, 2019

	<u>Administrative</u> <u>Charges</u>	<u>2020</u>	<u>2019</u>
PROGRAMS			
Justice & Peacebuilding			
Peacebuilding and Conflict Transformation	6,776	220,388	301,133
Restorative Justice	24,439	587,492	612,242
	31,215	807,880	913,375
Diaster Relief			
Humanitarian Relief & Disaster Recovery	13,153	633,706	545,323
Sustainable Community Development			
Education	411	6,289	6,158
Food Security and Sustainable Livelihoods	50,704	878,725	809,307
Migration and Resettlement	39,108	1,423,366	1,590,189
	90,223	2,308,380	2,405,654
Total Programs (page 5)	134,591	3,749,966	3,864,352
FUNDRAISING COORDINATION			
Donor Relations	42,234	633,227	566,056
Relief Sales and Thrift Shops	2,440	57,985	156,101
Total Fundraising Coordination (page 5)	44,674	691,212	722,157
FUNDRAISING PROJECTS			
Relief Sales - donations forwarded		18,241	1,670
Thrift Shops - donations forwarded and rePurpose Centre start-up		39,288	87,447
Total Fundraising Projects (page 5)	0	57,529	89,117
GENERAL ADMINISTRATION AND BOARD			
Administration		278,303	410,470
Board, annual general meeting, audit		30,392	37,719
Community Engagement		77,052	50,307
Human Resources		238,135	231,129
Physical Resources		103,389	130,280
Regional Representatives		41,438	42,983
		768,709	902,888
Recoveries: Administrative expenses charged to programs (note 1)		(179,265)	(184,727)
Total General Administration and Board (page 5)	0	589,444	718,161
THRIFT SHOP EXPENSES (pages 5 and 13)	0	4,967,309	4,549,669
TOTAL ONTARIO EXPENSES (page 5)	\$179,265	\$10,055,460	\$9,943,456