

**MENNONITE CENTRAL COMMITTEE (ONTARIO)**

**FINANCIAL STATEMENTS**

**MARCH 31, 2017**

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:

  
\_\_\_\_\_  
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, 2017, 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, 2017, 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, 2017  
Kitchener, ON

***Cardy Winters & Simon LLP***  
Chartered Professional Accountants  
Suite 103 – 630 Riverbend Drive, Kitchener, ON N2K 3S2  
Tel (519) 744-4030 Fax (519) 579-7576 [www.cwsca.ca](http://www.cwsca.ca)

**MENNONITE CENTRAL COMMITTEE (ONTARIO)****STATEMENT OF FINANCIAL POSITION****AS AT MARCH 31, 2017****With comparative figures as at March 31, 2016**

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

ASSETS	2017			2016		
	<u>Operating</u> Fund	<u>Capital</u> Fund	<u>Total</u>	<u>Operating</u> Fund	<u>Capital</u> Fund	<u>Total</u>
<b>CURRENT</b>						
Cash - General Operating Fund	2,777,358	0	2,777,358	3,625,005	0	3,625,005
Cash - Operating Reserve (notes 1 and 5)	1,311,367	0	1,311,367	2,069,916	0	2,069,916
Cash - Capital Fund	0	1,590,256	1,590,256	0	1,583,478	1,583,478
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	238,514	238,514	0	227,780	227,780
Accounts receivable	229,711	167,059	396,770	543,401	167,060	710,461
	<u>4,618,436</u>	<u>1,995,829</u>	<u>6,614,265</u>	<u>6,538,322</u>	<u>1,978,318</u>	<u>8,516,640</u>
<b>REAL ESTATE, EQUIPMENT AND VEHICLES (note 3)</b>						
Cost	0	23,185,721	23,185,721	0	22,933,450	22,933,450
Accumulated amortization	0	4,706,558	4,706,558	0	3,759,281	3,759,281
	<u>0</u>	<u>18,479,163</u>	<u>18,479,163</u>	<u>0</u>	<u>19,174,169</u>	<u>19,174,169</u>
	<u>\$4,618,436</u>	<u>\$20,474,992</u>	<u>\$25,093,428</u>	<u>\$6,538,322</u>	<u>\$21,152,487</u>	<u>\$27,690,809</u>
<b>LIABILITIES</b>						
<b>CURRENT</b>						
Accounts payable	203,640	0	203,640	398,747	0	398,747
Deferred income (note 6)	2,158,619	0	2,158,619	3,355,670	0	3,355,670
Current portion of long-term debt (note 4)	0	1,562,304	1,562,304	0	1,651,555	1,651,555
	<u>2,362,259</u>	<u>1,562,304</u>	<u>3,924,563</u>	<u>3,754,417</u>	<u>1,651,555</u>	<u>5,405,972</u>
<b>LONG-TERM DEBT (note 4)</b>	0	8,844,124	8,844,124	0	9,399,355	9,399,355
<b>NET ASSETS</b>						
<b>OPERATING FUND (page 4)</b>						
Unrestricted	644,810	0	644,810	413,989	0	413,989
Internally Restricted						
Operating Reserve (notes 1 and 5)	1,611,367	0	1,611,367	2,369,916	0	2,369,916
<b>CAPITAL FUND (page 4)</b>						
Internally restricted						
Capital Improvement Fund (note 1)	0	1,828,770	1,828,770	0	1,811,258	1,811,258
Investment in Property, Equipment and Vehicles	0	8,239,794	8,239,794	0	8,290,319	8,290,319
	<u>2,256,177</u>	<u>10,068,564</u>	<u>12,324,741</u>	<u>2,783,905</u>	<u>10,101,577</u>	<u>12,885,482</u>
	<u>\$4,618,436</u>	<u>\$20,474,992</u>	<u>\$25,093,428</u>	<u>\$6,538,322</u>	<u>\$21,152,487</u>	<u>\$27,690,809</u>

**MENNONITE CENTRAL COMMITTEE (ONTARIO)****STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED MARCH 31, 2017****With comparative figures for the year ended March 31, 2016**

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

	<u>2017</u>			<u>2016</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 (DEFICIT) OF INCOME OVER EXPENSES</b>	69,815	(630,556)	(560,741)	1,946,498	(446,509)	1,499,989
Interfund transfers						
Operating Fund - budgeted capital funding	(111,987)	111,987	0	(99,033)	99,033	0
Thrift Shop forwardings for capital projects	(422,665)	422,665	0	0	0	0
Thrift Enhancement Reserve	0	0	0	(39,265)	39,265	0
Capital assets purchased - Thrift Shops	(62,891)	62,891	0	(102,205)	102,205	0
<b>CHANGE IN NET ASSETS</b>	<b>(527,728)</b>	<b>(33,013)</b>	<b>(560,741)</b>	<b>1,705,995</b>	<b>(206,006)</b>	<b>1,499,989</b>
<b>OPENING NET ASSETS</b>	<b>2,783,905</b>	<b>10,101,577</b>	<b>12,885,482</b>	<b>1,077,910</b>	<b>10,307,583</b>	<b>11,385,493</b>
<b>CLOSING NET ASSETS</b>	<b>\$2,256,177</b>	<b>\$10,068,564</b>	<b>\$12,324,741</b>	<b>\$2,783,905</b>	<b>\$10,101,577</b>	<b>12,885,482</b>

**REPRESENTED BY:**

Unrestricted:						
Thrift Shops (page 13)	369,547	0	369,547	145,021	0	145,021
Alumni Loan Fund	3,417	0	3,417	3,366	0	3,366
General Operations	271,846	8,239,794	8,511,640	265,602	8,290,319	8,555,921
	644,810	8,239,794	8,884,604	413,989	8,290,319	8,704,308
Restricted:						
Operating Reserve (note 5)	1,611,367	0	1,611,367	2,369,916	0	2,369,916
Capital Improvement Fund	0	1,828,770	1,828,770	0	1,811,258	1,811,258
	\$2,256,177	\$10,068,564	\$12,324,741	\$2,783,905	\$10,101,577	12,885,482

## Interfund transfers:

Operating Fund - budget and other transfers reflect funds allocated by management and the Board to fund expected capital costs.

Thrift Shop forwardings for capital projects represent funds forwarded by Thrift Shops to fund Thrift capital projects

Thrift Enhancement Reserve transfer reflects funds transferred from this Operating Reserve to fund Thrift capital projects.

**MENNONITE CENTRAL COMMITTEE (ONTARIO)****STATEMENT OF OPERATIONS - OPERATING FUND  
FOR THE YEAR ENDED MARCH 31, 2017**

With comparative figures for the year ended March 31, 2016

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

<b>INCOME</b>	<b>2017</b>	<b>2016</b>
Donations		
General fund	4,115,559	3,596,460
Designated for forwarding	3,317,451	4,133,247
	<hr/> 7,433,010	<hr/> 7,729,707
Other		
Thrift Shops (page 13)	7,158,989	6,290,453
Operating Reserve (note 5)	1,114,539	2,253,380
Relief Sales	587,766	649,216
Interest income	40,315	24,295
	<hr/> 8,901,609	<hr/> 9,217,344
Direct Support for Ontario Programs		
Designated donations	3,574,436	1,509,012
Grants and other income (note 6)	970,580	1,442,326
	<hr/> 4,545,016	<hr/> 2,951,338
<b>TOTAL INCOME</b>	<hr/> <b>20,879,635</b>	<hr/> <b>19,898,389</b>
<b>FORWARDED TO MCC (CANADA)</b>		
Designated donations	3,317,451	4,133,247
General donations	7,628,159	5,840,262
	<hr/> 10,945,610	<hr/> 9,973,509
<b>INCOME RETAINED FOR ONTARIO</b>	<b>9,934,025</b>	<b>9,924,880</b>
<b>ONTARIO EXPENSES</b> (page 14)		
Programs	5,324,727	3,654,121
Fundraising Coordination	459,401	454,777
Fundraising Projects	50,382	101,226
General administration and board	904,274	838,277
Thrift Shops	3,125,426	2,929,981
	<hr/> 9,864,210	<hr/> 7,978,382
<b>EXCESS (DEFICIT) OF INCOME OVER EXPENSES</b>	<hr/> <b>\$69,815</b>	<hr/> <b>\$1,946,498</b>

**MENNONITE CENTRAL COMMITTEE (ONTARIO)**

## STATEMENT OF OPERATIONS - CAPITAL FUND

FOR THE YEAR ENDED MARCH 31, 2017

With comparative figures for the year ended March 31, 2016

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

	<u>2017</u>	<u>2016</u>
<b>INCOME</b>		
Donations	380,340	568,959
Investment income	22,625	27,093
Rent and common costs	316,273	215,159
	<u>719,238</u>	<u>811,211</u>
<b>EXPENSES</b>		
Amortization of property and equipment costs:		
Programs and administration:		
Equipment	79,512	86,709
Vehicles	20,377	10,653
Real estate	497,296	519,662
	<u>597,185</u>	<u>617,024</u>
Thrift Shops:		
Equipment	80,069	74,352
Vehicles	6,021	10,420
Leasehold improvements	4,030	276
Real estate	272,622	237,035
	<u>362,742</u>	<u>322,083</u>
Total Amortization	959,927	939,107
Mortgage interest	389,867	318,613
	<u>1,349,794</u>	<u>1,257,720</u>
<b>EXCESS (DEFICIT) OF INCOME OVER EXPENSES</b>	<u>(\$630,556)</u>	<u>(\$446,509)</u>

**MENNONITE CENTRAL COMMITTEE (ONTARIO)****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2017**

With comparative figures for the year ended March 31, 2016

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

	2017			2016		
	<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	69,815	(630,556)	(560,741)	1,946,498	(446,509)	1,499,989
Items not affecting cash flows:						
Amortization - buildings, equipment and vehicles	0	959,927	959,927	0	939,107	939,107
	69,815	329,371	399,186	1,946,498	492,598	2,439,096
Change in current assets and liabilities:						
Investments	0	(10,734)	(10,734)	0	116	116
Accounts receivable	313,690	1	313,691	193,093	311,489	504,582
Accounts payable	(195,107)	0	(195,107)	(215,028)	0	(215,028)
Deferred income	(1,197,051)	0	(1,197,051)	2,531,043	0	2,531,043
	(1,008,653)	318,638	(690,015)	4,455,606	804,203	5,259,809
<b>INVESTING ACTIVITIES</b>						
Purchases of real estate, equipment and vehicles	0	(264,921)	(264,921)	0	(2,436,426)	(2,436,426)
<b>FINANCING ACTIVITIES</b>						
Long-term debt obtained	0	1,450,000	1,450,000	0	3,898,127	3,898,127
Long-term debt repaid	0	(2,094,482)	(2,094,482)	0	(3,235,415)	(3,235,415)
Interfund transfers	(597,543)	597,543	0	(240,503)	240,503	0
	(597,543)	(46,939)	(644,482)	(240,503)	903,215	662,712
<b>CHANGE IN CASH FOR THE YEAR</b>	<b>(1,606,196)</b>	<b>6,778</b>	<b>(1,599,418)</b>	<b>4,215,103</b>	<b>(729,008)</b>	<b>3,486,095</b>
<b>CASH ON HAND - beginning of the year</b>	<b>5,694,921</b>	<b>1,583,478</b>	<b>7,278,399</b>	<b>1,479,818</b>	<b>2,312,486</b>	<b>3,792,304</b>
<b>CASH ON HAND - end 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>REPRESENTED BY:</b>						
Cash - General Operating Fund	2,777,358	0	2,777,358	3,625,005	0	3,625,005
Cash - Operating Reserve (notes 1 and 5)	1,311,367	0	1,311,367	2,069,916	0	2,069,916
Cash - Capital Fund	0	1,590,256	1,590,256	0	1,583,478	1,583,478
	\$4,088,725	\$1,590,256	\$5,678,981	\$5,694,921	\$1,583,478	\$7,278,399

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

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

**MARCH 31, 2017**

#### **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 **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, 2017**

**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.

**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 (\$532,259 and \$528,135 in the current and prior years respectively). 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>2017</u>	<u>2016</u>
Financial assets reflected at fair value				
Abundance Canada Balanced Pool Funds	0	238,514	238,514	227,780
Financial assets reflected at amortized cost				
Operating Reserve:				
Abundance Canada 1.7% Fixed Income Funds	300,000	0	300,000	300,000
Other financial assets reflected at amortized cost	4,318,436	1,757,315	6,075,751	7,988,860
	<u>\$4,618,436</u>	<u>\$1,995,829</u>	<u>\$6,614,265</u>	<u>\$8,516,640</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, 2017**

3. REAL ESTATE, EQUIPMENT AND VEHICLES			<u>2017</u>	<u>2016</u>
			<u>Net Book</u>	<u>Net Book</u>
	<u>Cost</u>	<u>Amortization</u>	<u>Value</u>	<u>Value</u>
Buildings				
Head office and partner facility - Kitchener - Kent Ave.	11,550,779	2,102,164	9,448,615	9,945,911
Thrift Shops:				
Elmira - Church St.	589,100	271,926	317,174	333,867
Leamington - Erie St. & Mill St.	1,806,220	187,866	1,618,354	1,698,555
New Hamburg - Heritage Dr.	1,953,181	720,538	1,232,643	1,265,425
St. Catharines - Grantham Ave	632,991	198,500	434,491	457,359
Stouffville - Ringwood Dr.	1,865,016	269,907	1,595,109	1,679,063
	18,397,287	3,750,901	14,646,386	15,380,180
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	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
	3,009,704	0	3,009,704	3,009,704
Leasehold Improvements	61,488	26,207	35,281	1,221
Total Real Estate	21,468,479	3,777,108	17,691,371	18,391,105
Equipment	1,524,779	802,655	722,124	714,108
Vehicles	192,463	126,795	65,668	68,956
	\$23,185,721	\$4,706,558	\$18,479,163	\$19,174,169

4. LONG-TERM DEBT	<u>2017</u>	<u>2016</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.	1,150,172	1,261,662
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.	336,668	1,400,589
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.	1,326,247	1,383,701
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.	1,348,888	1,395,946
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, 2017**

4. LONG-TERM DEBT (continued)	<u>2017</u>	<u>2016</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 \$821,000 due on demand or in the forthcoming year, \$70,000, \$1,056,000, \$61,000 and \$1,000 in the subsequent fiscal years.	2,009,000	1,780,000
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.	941,195	333,354
Private loans - Leamington Thrift Shop - promissory notes, unsecured, requiring payments of interest ranging from 0% to 2% annually, principal due on demand	150,000	0
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	1,469,258	1,520,658
Private loans - Stouffville Thrift Shop - promissory notes, unsecured, requiring payments of interest ranging from 0% to 2% annually, principal due on demand	250,000	550,000
	10,406,428	11,050,910
Current portion	1,562,304	1,651,555
	<u>\$8,844,124</u>	<u>\$9,399,355</u>

Projected repayment of long-term debt:	Year	Amount
	2018	1,562,304
	2019	2,547,353
	2020	2,482,037
	2021	2,388,734
	2021 +	1,426,000
		<u>\$10,406,428</u>

**5. OPERATING RESERVE**

	<u>2017</u>	<u>2016</u>
Income		
Donations by bequest	1,092,304	2,239,469
Interest	22,235	13,911
Total income for the year (page 5)	1,114,539	2,253,380
Opening net assets	2,369,916	834,904
Transfer from (to) General Operations	(1,873,088)	(718,368)
Closing net assets (page 3)	<u>\$1,611,367</u>	<u>\$2,369,916</u>
Represented by:		
Cash (page 3)	1,311,367	2,069,916
Investment (page 3)	300,000	300,000
	<u>\$1,611,367</u>	<u>\$2,369,916</u>

**MENNONITE CENTRAL COMMITTEE (ONTARIO)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**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	0	390,862	387,754	3,108
Health Canada - Community Action Program for Children	0	287,546	287,546	0
Regional Municipality of Waterloo - Circle of Friends	0	60,972	60,972	0
	0	739,380	736,272	3,108
Other Grants	15,551	24,000	28,106	11,445
<b>Total Government and Other Grants</b>	<b>15,551</b>	<b>763,380</b>	<b>764,378</b>	<b>14,553</b>
Other Income	0	206,202	206,202	0
<b>Total Grants and Other Income (page 5)</b>	<b>15,551</b>	<b>969,582</b>	<b>970,580</b>	<b>14,553</b>
Designated donations				
Ontario Programs				
- Refugee support (note 8)	2,333,761	401,427	1,336,103	1,399,085
- Other	774,084	710,266	863,811	620,539
Material Resources	15,203	37,793	52,996	0
Meat Canning	179,116	128,638	192,958	114,796
Other Programs	37,955	10,669	38,978	9,646
	3,340,119	1,288,793	2,484,846	2,144,066
<b>Total Deferred Income (page 3)</b>	<b>\$3,355,670</b>	<b>\$2,258,375</b>	<b>\$3,455,426</b>	<b>\$2,158,619</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 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.

**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, 2017**

With comparative figures for the year ended March 31, 2016

	<u>2017</u>	<u>2016</u>			
<b>INCOME</b>					
Sales of donated goods	6,953,847	6,109,695			
Other income	15,289	36,225			
Forwardings from Associate Thrift Shops	197,644	144,533			
	<u>7,166,780</u>	<u>6,290,453</u>			
<b>EXPENSES</b>					
Personnel	1,876,648	1,713,473			
Facility costs	396,114	419,325			
Other operating costs	852,664	797,183			
	<u>3,125,426</u>	<u>2,929,981</u>			
<b>NET INCOME</b>	4,041,354	3,360,472			
Net cash forwarded to MCCO Operating Fund	(3,753,937)	(3,029,364)			
<b>NET INCOME RETAINED BY OWNED SHOPS</b>	287,417	331,108			
<b>OPENING NET OPERATING ASSETS - OWNED THRIFT SHOPS</b>	145,021	(44,617)			
Capital assets purchased	(62,891)	(102,205)			
Transfer to Capital Fund (Thrift Reserve - Leamington)	0	(39,265)			
<b>CLOSING NET OPERATING ASSETS - OWNED THRIFT SHOPS</b> (page 4)	<u>\$369,547</u>	<u>\$145,021</u>			
<b>REPRESENTED BY:</b>					
Cash	587,890	474,492			
Accounts receivable	19,607	35,792			
Accounts payable	(237,950)	(365,263)			
	<u>\$369,547</u>	<u>\$145,021</u>			
<b>FORWARDINGS:</b>					
	<u>General</u>	<u>Capital</u>	<u>Mortgage</u>		
<b>Owned Shops:</b>	<u>Operations</u>	<u>Improvement</u>	<u>Payments</u>		
Elmira	630,000	0	0	630,000	630,000
Kitchener-Waterloo	677,181	46,000	0	723,181	601,763
Leamington	217,450	84,000	54,630	356,080	50,000
Milverton	3,122	0	0	3,122	0
New Hamburg	1,100,000	125,000	72,435	1,297,435	1,062,000
St. Catharines	453,000	25,000	0	478,000	458,000
Stouffville	399,975	15,600	0	415,575	430,000
	<u>3,480,728</u>	<u>295,600</u>	<u>127,065</u>	<u>3,903,393</u>	<u>3,231,763</u>
<b>Associate Shops:</b>					
Aylmer				30,457	0
Harrow				12,187	19,533
Port Rowan				105,000	80,000
Welland / Port Colborne				50,000	45,000
				<u>197,644</u>	<u>144,533</u>
<b>Administrative expenses recovered from forwardings:</b>				(347,100)	(346,932)
<b>Net Forwardings - all shops</b>				<u>\$3,753,937</u>	<u>\$3,029,364</u>

**MENNONITE CENTRAL COMMITTEE (ONTARIO)**  
**ONTARIO EXPENSES - PROGRAMS, FUNDRAISING AND ADMINISTRATION**  
**FOR THE YEAR ENDED MARCH 31, 2017**

With comparative figures for the year ended March 31, 2016

	<u>Administrative</u> <u>Charges</u>	<u>2017</u>	<u>2016</u>
<b>PROGRAMS</b>			
Justice & Peacebuilding			
Peacebuilding and Conflict Transformation	597	232,073	168,186
Restorative Justice	25,588	799,019	785,948
	26,185	1,031,092	954,134
Diaster Relief			
Humanitarian Relief & Disaster Recovery	11,470	561,539	335,433
Sustainable Community Development			
Education	410	5,425	5,399
Food Security and Sustainable Livelihoods	27,575	437,403	492,861
Migration and Resettlement	65,707	3,289,268	1,866,294
	93,692	3,732,096	2,364,554
		<b>5,324,727</b>	<b>3,654,121</b>
<b>FUNDRAISING COORDINATION</b>			
Donor Relations	26,079	455,660	429,138
Relief Sales	131	3,741	2,070
Thrift Shops	0	0	23,569
	26,210	<b>459,401</b>	<b>454,777</b>
<b>FUNDRAISING PROJECTS</b>			
Relief Sales - donations forwarded	0	3,765	6,294
Thrift Shops - donations forwarded	0	46,617	94,932
	0	<b>50,382</b>	<b>101,226</b>
<b>BOARD AND GENERAL ADMINISTRATION</b>			
Administration			
Salaries, wages and volunteers' allowances	0	571,757	552,102
Office and administration	0	48,527	43,207
		620,284	595,309
Board, annual general meeting, audit	0	34,151	32,051
Community Engagement	0	35,621	32,320
Human Resources	0	199,256	169,560
Physical Resources	0	125,761	118,828
Regional Representatives	0	73,795	70,767
	0	1,088,868	1,018,835
Recoveries:			
Administrative expenses charged to programs (note 1)	0	(184,594)	(180,558)
		<b>904,274</b>	<b>838,277</b>
<b>THRIFT SHOP EXPENSES</b> (page 13)	27,037	<b>3,125,426</b>	<b>2,929,981</b>
<b>TOTAL ONTARIO EXPENSES</b>	\$184,594	<b>\$9,864,210</b>	<b>\$7,978,382</b>