

**MENNONITE CENTRAL COMMITTEE  
ALBERTA**

**Financial Statements**

**March 31, 2013**

**Mennonite Central Committee Alberta**  
**Index to the Financial Statements**  
**For the Year Ended March 31, 2013**

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	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statement of Operations	3
Statements of Changes in Net Assets	4
Statements of Cash Flows	5
Schedule 1 - Thrift Shop Activity	6
Notes to the Financial Statements	7 - 13

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## INDEPENDENT AUDITOR'S REPORT

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**To the Members of Mennonite Central Committee Alberta:**

### **Report on the financial statements**

We have audited the accompanying financial statements of Mennonite Central Committee Alberta, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and September 1, 2011, and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2013 and the seven months ended March 31, 2012, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 auditor's 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 audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mennonite Central Committee Alberta as at March 31, 2013, March 31, 2012 and September 1, 2011 and the results of its operations and its cash flows for the periods ended March 31, 2013 and March 31, 2012, in accordance with Canadian accounting standards for not-for-profit organizations.

*Thompson Penner & Lo LLP*

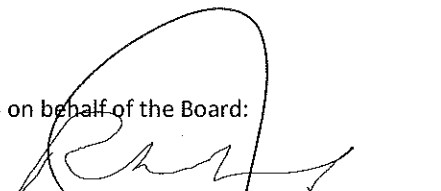
Certified General Accountants

June 17, 2013  
Calgary, Alberta, Canada

**Mennonite Central Committee Alberta**  
**Statements of Financial Position**  
**As at March 31, 2012 and 2013 and September 1, 2011**

	March 31, 2013	March 31, 2012	September 1, 2011
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ 1,152,423	\$ 1,107,740	\$ 1,425,842
Temporary investments (Note 5)	678,828	619,130	591,559
Accounts receivable	86,916	59,306	50,882
Inventory	11,310	10,262	11,930
Prepaid expenses and deposits	46,277	17,403	25,234
	<u>1,975,754</u>	<u>1,813,841</u>	<u>2,105,447</u>
<b>Property and equipment (Note 6)</b>	<u>3,552,696</u>	<u>3,462,826</u>	<u>3,471,297</u>
	<u>\$ 5,528,450</u>	<u>\$ 5,276,667</u>	<u>\$ 5,576,744</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 927,686	\$ 577,004	\$ 1,170,794
Unearned revenue	4,826	4,826	3,221
Current portion of long term debt (Note 7)	233,020	243,648	4,648
	<u>1,165,532</u>	<u>825,478</u>	<u>1,178,663</u>
<b>Deferred contributions (Note 8)</b>			
Related to operations	239,130	327,621	214,214
Related to property and equipment	715,126	738,139	753,745
	<u>954,256</u>	<u>1,065,760</u>	<u>967,959</u>
<b>Long term debt (Note 7)</b>	<u>-</u>	<u>-</u>	<u>245,040</u>
	<u>2,119,788</u>	<u>1,891,238</u>	<u>2,391,662</u>
<b>Net assets</b>			
Invested in property and equipment (Note 9)	2,604,550	2,481,037	2,467,863
Internally restricted (Note 10)	864,207	749,207	749,207
Unrestricted	(60,095)	155,185	(31,988)
	<u>3,408,662</u>	<u>3,385,429</u>	<u>3,185,082</u>
	<u>\$ 5,528,451</u>	<u>\$ 5,276,667</u>	<u>\$ 5,576,744</u>

Approved on behalf of the Board:

Director: 

Director: 

**Mennonite Central Committee Alberta**  
**Statement of Operations**  
**For the Periods Ended March 31, 2012 and 2013**

	2013 (12 months)	2012 (7 months)
<b>Revenue</b>		
Donations		
General	\$ 1,339,684	\$ 865,756
Designated overseas	1,287,186	917,926
Designated - Canadian Food Grains Bank	362,003	240,291
Designated provincial	58,545	137,371
Designated - material aid shipments	-	70,258
Thrift Shop activity ( <i>Schedule 1</i> )	1,798,350	996,343
Grant revenue ( <i>Note 12</i> )	343,629	181,954
Other income	52,413	18,709
Relief sales - net proceeds ( <i>Note 11</i> )	165,566	4,129
Interest income	20,423	12,279
MCC Canada grant and MCC Bi-National grant ( <i>Note 4</i> )	-	-
	<b>5,427,799</b>	<b>3,445,016</b>
<b>Expenses</b>		
General administration		
Administration	272,573	172,636
Facility costs	148,070	74,712
Constituency relations	132,418	54,140
Human resources	94,374	33,051
MCCA Board	10,783	9,929
Annual General Meeting	2,044	7,295
Provincial programs ( <i>Note 12</i> )	1,011,712	630,219
Thrift Shops - operating costs ( <i>Schedule 1</i> )	961,797	506,873
Internal and external fundraising	190,401	102,781
	<b>2,824,172</b>	<b>1,591,636</b>
Forwarding to MCC Canada ( <i>Note 4</i> )		
Designated overseas	1,952,223	880,891
Canadian Food Grains Bank	362,003	240,291
Relief sales	165,566	-
General	-	461,592
Material aid shipments	100,602	70,258
	<b>5,404,566</b>	<b>3,244,668</b>
<b>Excess of revenue over expenses</b>	<b>\$ 23,233</b>	<b>\$ 200,348</b>

**Mennonite Central Committee Alberta**  
**Statements of Changes in Net Assets**  
**For the Periods Ended March 31, 2012 and 2013**

	Invested in property and equipment <i>(Note 9)</i>	Internally restricted <i>(Note 10)</i>	Unrestricted	2013 <i>(12 months)</i>	2012 <i>(7 months)</i>
Net assets, beginning of the year	\$ 2,481,037	\$ 749,207	\$ 155,185	\$ 3,385,429	\$ 3,185,082
Excess of revenue over expenses	(138,593)	-	161,826	23,233	200,348
Purchase of property and equipment	251,476	-	(251,476)	-	-
Long term debt payments	10,630	-	(10,630)	-	-
Interfund transfers	-	115,000	(115,000)	-	-
<b>Net assets, end of the year</b>	<b>\$ 2,604,550</b>	<b>\$ 864,207</b>	<b>\$ (60,095)</b>	<b>\$ 3,408,662</b>	<b>\$ 3,385,430</b>

**Mennonite Central Committee Alberta**  
**Statements of Cash Flows**  
**For the Periods Ended March 31, 2012 and 2013**

	<b>2013</b>	<b>2012</b>
	<b>(12 months)</b>	<b>(7 months)</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 23,233	\$ 200,348
Non-cash transactions		
Amortization	165,237	76,453
Amortization of deferred contributions related to property and equipment	(23,012)	(15,607)
Changes in non-cash working capital		
Accounts receivable	(27,610)	(8,424)
Inventory	(1,048)	1,668
Prepaid expenses and deposits	(28,874)	7,831
Accounts payable and accrued liabilities	350,685	(593,789)
Deferred contributions related to operations	(88,492)	113,407
Unearned revenue	-	1,604
	<u>370,119</u>	<u>(216,510)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(255,108)	(67,982)
<b>FINANCING ACTIVITY</b>		
Long term debt repayments	(10,629)	(6,039)
<b>Increase (decrease) in cash</b>	<b>104,382</b>	<b>(290,531)</b>
Cash and cash equivalents, beginning of period	<u>1,726,870</u>	<u>2,017,401</u>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,831,252</b>	<b>\$ 1,726,870</b>
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 1,152,423	\$ 1,107,740
Temporary investments	678,828	619,130
	<u>\$ 1,831,251</u>	<u>\$ 1,726,870</u>

**Mennonite Central Committee Alberta**  
**Schedule 1 - Thrift Shop Activity**  
**For the Periods Ended March 31, 2012 and 2013**

	Thrift Shop Calgary	Thrift Shop Edmonton	Thrift Shop Lethbridge	Thrift Shop Taber	<b>2013</b> <b>(12 months)</b>	2012 (7 months)
Sales revenue	\$ 1,228,939	\$ 214,165	\$ 214,408	\$ 140,705	\$ <b>1,798,350</b>	\$ 996,343
Operating costs	517,358	224,887	125,711	93,841	<b>961,797</b>	506,873
	<b>\$ 711,581</b>	<b>\$ (10,722)</b>	<b>\$ 88,697</b>	<b>\$ 46,864</b>	<b>\$ 836,553</b>	<b>\$ 489,470</b>

Note: The Memoranda of Understanding with the Thrift Shops assumes that to the extent possible the excess of operating revenue over expenses should be contributed to MCC Alberta.

**Contributions to MCC Alberta**

	<b>2013</b> <b>(12 Months)</b>	2012 (7 months)
Thrift Shop Calgary general donations	\$ <b>665,000</b>	\$ 295,000
Thrift Shop Lethbridge general donations	<b>118,126</b>	52,500
Thrift Shop Calgary occupancy costs	<b>40,536</b>	23,646
Thrift Shop Taber occupancy costs	<b>17,496</b>	(5,309)
Thrift Shop Taber general donations	<b>22,000</b>	5,000
	<b>\$ 863,158</b>	<b>\$ 370,837</b>



**Mennonite Central Committee Alberta**  
**Notes to the Financial Statements**  
**For the Periods Ended March 31, 2012 and 2013**

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**1. PURPOSE OF THE ORGANIZATION**

Mennonite Central Committee Alberta (MCCA) is a not-for-profit organization incorporated in 1967 under the Societies Act of the Province of Alberta and is a registered charity and not subject to tax under Section 149(1) of the Income Tax Act. MCCA is an agency of the Mennonite and the Brethren in Christ churches in Alberta. MCCA's purpose is to demonstrate God's love through work among people suffering from poverty, conflict, oppression and natural disaster. MCCA strives for peace, justice and dignity of all people by sharing our experiences, resources, and faith in Jesus Christ.

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**2. IMPACT OF THE CHANGES IN THE BASIS OF ACCOUNTING**

Effective April 1, 2012, the MCCA adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations. These are the MCCA's first financial statements prepared in accordance with these accounting standards, which has been applied retrospectively. The accounting policies set out in the following significant accounting policy note have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the seven months ended March 31, 2012 and in the preparation of an opening statement of financial position as at September 1, 2011 (the MCCA's date of transition).

The MCCA issued financial statements for the seven months ended March 31, 2012 using generally accepted accounting principles prescribed by the CICA Handbook – Accounting (Part V). The adoption of Canadian accounting standards for not-for-profit organizations had no impact on the MCCA's excess of revenues over expenses for the seven months ended March 31, 2012 or on the net assets as at September 1, 2011, the date of transition. Certain of the MCCA's disclosures included in these financial statements reflect the new disclosure requirements of Canadian accounting standards for not-for-profit organizations.

Note that the MCCA's 2013 statement of financial position is three columns: March 31, 2013, March 31, 2012, and September 1, 2011. The balances for the September 1, 2011 statement of financial position are the same as those shown for August 31, 2011 because there were no transitional adjustments to these balances. In 2012 MCCA changed its year end from August 31 to March 31; therefore, comparative figures are for seven months.

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**3. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CICA Handbook*, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**a) Revenue recognition**

MCCA follows the deferral method of accounting for restricted contributions. Restricted contributions, including grants, are recognized as revenue in the period in which the related expenses are incurred.

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

Fundraising and other revenues are recognized as revenue when received or receivable.

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**Mennonite Central Committee Alberta**  
**Notes to the Financial Statements**  
**For the Periods Ended March 31, 2012 and 2013**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**b) Contributed services**

Volunteers contribute many hours per year to assist MCCA in carrying out its services and programs. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

**c) Inventory**

Inventory is valued at the lower of cost (first-in first-out method) or net realizable value.

**d) Property and equipment**

Property and equipment are recorded at cost. The assets are amortized on the straight line basis, at the following annual rates:

Buildings	2.5%
Equipment and furniture	25%
Automobile	20%
Leasehold improvements	10%

**e) Financial instruments**

MCCA initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost.

The financial assets measured at amortized cost include cash, investments, and accounts receivable. The financial liabilities measured at amortized cost include the short and long term debt and accounts payable and accrued liabilities.

**f) Cash and cash equivalents**

The Society classifies the following financial assets as cash and cash equivalents: cash on deposit in banks and other financial institutions, and temporary investments with original maturities less than 90 days.

**g) Measurement uncertainty**

Under Canadian generally accepted accounting principles, an important concept in the preparation of financial statements is the use of estimates in the determination of assets, liabilities, revenue, expenses and excess (deficit) of revenue over expenses for the year. To the extent that these estimates may vary from actual results, there would be a corresponding effect on various elements of the financial statements.

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**4. RELATED PARTIES**

MCCA is significantly influenced by its national counterpart, MCC Canada. The *Red River Accord* is a document that outlines the current working relationship (including sharing of financial resources), among the MCC's within Canada. This document complements the *Memorandum of Understanding between MCC Canada, MCC US, MCC Bi-National*. There is at least one common director for both MCCA and MCCC, in addition to periodic and extensive consultation between national and provincial staff for joint decision making.

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**Mennonite Central Committee Alberta**  
**Notes to the Financial Statements**  
**For the Periods Ended March 31, 2012 and 2013**

**4. RELATED PARTIES (continued)**

As of April 2013, the *Red River Accord* will be replaced by the *Covenant for the Mennonite Central Committees in Canada*. The *Memorandum of Understanding between MCC Canada, MCC US, MCC BiNational* will be replaced by the *Covenant between Mennonite Central Committee Canada and Mennonite Central Committee U.S.*

In the current year, MCCA has received \$Nil (2012 (7 months) - \$Nil) in revenue from MCC Canada and \$Nil (2012 (7 months) - \$Nil) from MCC Bi-National. MCCA has paid \$2,580,393 (2012 (7 months) - \$1,653,033) in forwarding amounts to MCC Canada. At the year end date, accounts receivable includes \$Nil (2012 - \$600) due from MCC Canada, and accounts payable includes \$768,964 (2012 - \$476,364) due to MCC Canada.

**5. TEMPORARY INVESTMENTS**

	2013	2012
MFC Investment	\$ 521,115	\$ 506,780
CIBC Money Market Fund	144,521	44,224
CCMBC Savings Fund	13,100	41,913
CCMBC Land Fund	92	26,213
	<u>\$ 678,828</u>	<u>\$ 619,130</u>

Investments earn interest at an average rate of 3% per annum.

**6. PROPERTY AND EQUIPMENT**

	2013		
	Cost	Accumulated Amortization	Net Book Value
<b>Land</b>			
Calgary office and Thrift Shop	\$ 784,395	\$ -	\$ 784,395
Lethbridge Thrift Shop	50,000	-	50,000
Taber Thrift Shop	75,000	-	75,000
<b>Buildings</b>			
Calgary office and Thrift Shop	2,658,127	613,394	2,044,733
Edmonton Thrift Shop - leasehold improvements	112,219	11,222	100,997
Lethbridge Thrift Shop	246,196	95,915	150,281
Taber Thrift Shop	273,391	21,216	252,175
<b>Automobile</b>			
Lethbridge Thrift Shop	18,631	18,631	-
Calgary office and Thrift Shop	48,931	15,495	33,436
<b>Equipment and furniture</b>	392,813	331,134	61,679
	<u>\$ 4,659,703</u>	<u>\$ 1,107,007</u>	<u>\$ 3,552,696</u>

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**Mennonite Central Committee Alberta**  
**Notes to the Financial Statements**  
**For the Periods Ended March 31, 2012 and 2013**

**6. PROPERTY AND EQUIPMENT (continued)**

	2012		
	Cost	Accumulated Amortization	Net Book Value
<b>Land</b>			
Calgary office and Thrift Shop	\$ 784,395	\$ -	\$ 784,395
Lethbridge Thrift Shop	50,000	-	50,000
Taber Thrift Shop	75,000	-	75,000
<b>Buildings</b>			
Calgary office and Thrift Shop	2,569,422	526,495	2,042,927
Lethbridge Thrift Shop	246,196	89,760	156,436
Taber Thrift Shop	273,391	21,074	252,317
<b>Automobile</b>			
Lethbridge Thrift Shop	22,260	22,260	-
Calgary office and Thrift Shop	48,931	5,709	43,222
<b>Equipment and furniture</b>	338,632	280,103	58,529
	<b>\$ 4,408,227</b>	<b>\$ 945,401</b>	<b>\$ 3,462,826</b>

**7. LONG TERM DEBT**

	2013	2012
Mennonite Foundation of Canada mortgage repayable in blended monthly installments of \$ 1,411 per month including interest at 2.5%, maturing in January of 2014.	\$ 233,020	\$ 243,648
Amounts payable within one year	(233,020)	(243,648)
	<b>\$ -</b>	<b>\$ -</b>

**Mennonite Central Committee Alberta**  
**Notes to the Financial Statements**  
**For the Periods Ended March 31, 2012 and 2013**

**8. DEFERRED CONTRIBUTIONS**

The deferred contribution amounts relate to a variety of fundraising efforts and grants received for specific purposes. As such these are treated as restricted contributions, with revenue being recognized as the applicable expenses are incurred. Changes in deferred contributions during the year are as follows:

	Beginning	Additions	Utilizations	Ending
<b>Related to operations:</b>				
Alberta Education Fund	\$ 2,154	\$ 29,700	\$ 27,110	\$ 4,744
Bridge Ministries	634	40	84	590
Calgary Community Conferencing (CCC)	75,896	11,639	-	87,535
Caring for Families Fund	2,792	-	302	2,490
Community Justice Ministries Camp Fund	1,817	-	-	1,817
Other programs	187,701	119,870	187,701	119,870
Refugee Assistance Program - Special Fund	54,693	4,105	38,648	20,150
Sexual Abuse Education Fund	1,934	-	-	1,934
	327,621	165,354	253,845	239,130
<b>Related to property and equipment:</b>				
Buildings	738,139	-	23,013	715,126
	\$ 1,065,760	\$ 165,354	\$ 276,858	\$ 954,256

**9. NET ASSETS INVESTED IN PROPERTY AND EQUIPMENT**

	2013	2012
Property and equipment, net	\$ 3,552,696	\$ 3,462,826
Less: Deferred contributions	(715,126)	(738,140)
Less: Long term debt	(233,020)	(243,649)
	\$ 2,604,550	\$ 2,481,037

**10. INTERNALLY RESTRICTED NET ASSETS**

The board of directors of MCCA has internally restricted \$864,207 (2012 - \$749,207) to be used for stability and other specific purposes. A fund transfer approved by the Board of \$115,000 was made in the current year (2012 - \$Nil) resulting in the following year end fund balances:

	2013	2012
Stability Fund	\$ 500,000	\$ 460,355
New Initiatives Fund (Y.O.U.)	364,207	288,852
	\$ 864,207	\$ 749,207

**Mennonite Central Committee Alberta**  
**Notes to the Financial Statements**  
**For the Periods Ended March 31, 2012 and 2013**

**11. RELIEF SALES**

	2013 (12 months)	2012 (7 months)
<b>Revenue</b>		
Auction, fundraising and donations	\$ 237,742	\$ 4,129
<b>Expenses</b>		
Auction receipted items	72,176	-
	<u>\$ 165,566</u>	<u>\$ 4,129</u>

**12. MCC ALBERTA CONTRIBUTION TO PROGRAMS**

	2013 (12 months)	2012 (7 months)
<b>Grant Revenue</b>		
Restorative Justice Ministries	\$ 160,256	\$ 102,996
Calgary Community Conferencing	91,508	46,448
Low German Mennonite	73,180	27,004
Canada Summer Jobs	11,772	5,506
Other	4,351	-
	<u>\$ 341,067</u>	<u>\$ 181,954</u>

	2013 (12 months)	2012 (7 months)
<b>Program Expenses</b>		
Restorative Justice Ministries	\$ 319,348	\$ 182,362
Low German Mennonite	159,087	71,740
Peace	127,227	41,171
Material Resources	118,181	66,925
Refugee Sponsorship	115,387	64,667
Service Worker	103,263	59,143
Calgary Community Conferencing	91,508	50,767
HIV / AIDS (formerly Generations at Risk)	82,940	19,544
Thrift Shop Coordination	57,178	19,919
Global Education	52,246	39,711
Health Services	17,409	14,270
Aboriginal Neighbors	6,899	-
<b>Total Program Expenses</b>	<u>1,250,673</u>	<u>630,219</u>
<b>Net Program Cost to MCC Alberta</b>	<u>\$ 909,606</u>	<u>\$ 448,265</u>

**Mennonite Central Committee Alberta**  
**Notes to the Financial Statements**  
**For the Periods Ended March 31, 2012 and 2013**

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**13. FUNDRAISING**

During the year MCCA received \$459,274 of fundraising revenue (2012 (7 months) - \$187,441), and incurred \$83,884 of fundraising expenses (2012 (7 months) - \$8,699) which includes donated items valued at \$41,912 (2012 (7 months) - \$Nil). These amounts are derived from fundraising events that are open to the public and do not include internal fundraising activities for funds received directly from the Mennonite constituents.

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**14. REMUNERATION OF DIRECTORS AND OFFICERS**

The directors received no remuneration for their services. The top five key employees received a total of \$353,290 (2012 (7 months) - \$192,835) in remuneration.

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**15. COMMITMENTS**

MCCA has entered into operating lease agreements with terms extending beyond the current fiscal year. These commitments are as follows:

**Premises**

The Organization's commitments on operating leases for store premises are as follows:

Edmonton Thrift Shop - lease at 9251 - 34 Avenue, expiring November 15, 2015. The annual commitment is as follows:

2014	\$	122,838
2015		133,436
2016		82,929

Further to Note 4, MCCA is subject to a resource sharing model as defined in the *Red River Accord*. This document outlines the details of the resource sharing model currently in use. MCCA along with other provincial counterparts have the primary responsibility of direct fund-raising and resource generation activities in Canada with the support of MCC Canada.

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