



MENNONITE CENTRAL COMMITTEE ALBERTA

Financial Statements

Year Ended March 31, 2022

MENNONITE CENTRAL COMMITTEE ALBERTA
Index to Financial Statements
Year Ended March 31, 2022



	Page
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Revenues and Expenditures	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 – 13
Schedule of Operating Expenses by Natural Classifications (<i>Schedule 1</i>)	14
Thrift Shop Activities (<i>Schedule 2</i>)	15

Aperture

CHARTERED PROFESSIONAL ACCOUNTANTS

#101, 5621 - 11 Street NE
Calgary, Alberta T2E 6Z7
Canada

1.
Bus: 403-250-7996
Fax: 403-250-7290
Email: reception@aperturecpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
Mennonite Central Committee Alberta

Qualified Opinion

We have audited the financial statements of Mennonite Central Committee Alberta, which comprise of the statement of financial position as at March 31, 2022, statement of revenue and expenditures, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the *Basis for Qualified Opinion*, the accompanying financial statements present fairly, in all material respects, the financial position of Mennonite Central Committee Alberta as at March 31, 2022 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

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

In common with many not-for-profit organizations, the Society derives revenues from donations, the completeness of which is not readily susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to fund raising activities and donations, excess of revenue over expenses, assets and fund balances.

Responsibilities of Management's and Those Charged with Governance 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.

In preparing these financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our 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 auditors' report that includes our 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 generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We 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 we identify during our audit.

CALGARY, ALBERTA
June 27, 2022

The logo for Aperture Chartered Professional Accountants, featuring the word "Aperture" in a stylized, cursive script font.

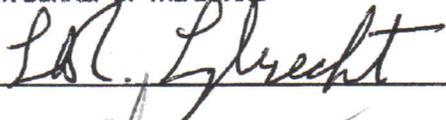
CHARTERED PROFESSIONAL ACCOUNTANTS

MENNONITE CENTRAL COMMITTEE ALBERTA
Statement of Financial Position
March 31, 2022



	2022	2021
ASSETS		
CURRENT		
Cash and investments (Note 3)	\$3,202,479	\$2,944,710
Accounts receivable	25,943	60,368
Goods and services tax recoverable	16,763	13,400
Prepaid expenses	56,091	58,282
	<u>3,301,276</u>	<u>3,076,760</u>
 CAPITAL ASSETS (Note 4)	 <u>5,856,747</u>	 <u>5,789,322</u>
	<u><u>9,158,023</u></u>	<u><u>8,866,082</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts Payable	542,300	415,381
Current portion of mortgage payable (Note 5)	711,540	1,563,704
Deferred income	2,010	2,010
	<u>1,255,850</u>	<u>1,981,095</u>
 MORTGAGE PAYABLE (Note 5)	 -	 -
 DEFERRED OPERATING CONTRIBUTIONS (Note 6)	 <u>1,062,729</u>	 <u>761,890</u>
 DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	 <u>588,562</u>	 <u>610,227</u>
	<u>2,907,141</u>	<u>3,353,212</u>
 NET ASSETS		
Unrestricted	1,217,032	1,353,479
Internally restricted (Note 8)	477,205	544,000
Invested in capital assets (Note 9)	4,556,645	3,615,391
	<u>6,250,882</u>	<u>5,512,870</u>
	<u><u>\$9,158,023</u></u>	<u><u>\$8,866,082</u></u>

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

MENNONITE CENTRAL COMMITTEE ALBERTA
Statement of Revenues and Expenditures
Year Ended March 31, 2022



	2022	2021
REVENUE		
GENERAL DONATIONS	\$2,537,018	\$2,099,044
THRIFT SHOPS (Schedule 2)	3,359,610	2,944,238
RELIEF SALE	-	-
DESIGNATED DONATIONS		
Canadian Foodgrains Bank	603,050	455,342
Disaster Response	469,352	342,786
Other	963,867	862,671
	<u>2,036,269</u>	<u>1,660,799</u>
NON-CASH CREDITS		
Material Resources	157,724	133,354
In-Kind Donations	16,226	16,753
	<u>173,950</u>	<u>150,107</u>
REFUGEE SPONSORSHIPS	33,738	109,555
GRANTS/CONTRACTS FOR SERVICES	209,838	546,379
OTHER	49,492	31,813
	<u>8,399,915</u>	<u>7,541,935</u>
EXPENSES		
FORWARDING TO MCC CANADA (Note 10)		
Cash Forwarding	3,901,229	3,002,134
Material Resources	157,724	133,354
	<u>4,058,953</u>	<u>3,135,488</u>
COMMUNITY SERVICES		
Restorative Justice	136,493	344,710
Refugee Sponsorship	60,966	157,413
Community Development	244,115	297,844
	<u>441,574</u>	<u>799,967</u>
RESOURCE GENERATION		
Material Resources	84,639	90,035
Thrift Shops (Schedule 2)	1,992,204	1,757,395
Development and Communications	481,837	379,471
	<u>2,558,680</u>	<u>2,226,901</u>
ADMINISTRATION	602,696	586,936
	<u>7,661,903</u>	<u>6,749,292</u>
EXCESS OF REVENUE OVER EXPENSES	<u><u>\$738,012</u></u>	<u><u>\$792,643</u></u>

MENNONITE CENTRAL COMMITTEE ALBERTA
Statement of Changes in Net Assets
Year Ended March 31, 2022



	Unrestricted	Internally restricted (Note 9)	Invested in capital assets (Note 10)	2022	2021
NET ASSETS - BEGINNING OF YEAR	1,353,479	544,000	3,615,391	5,512,870	4,720,227
EXCESS OF REVENUE OVER EXPENSE:	738,012			738,012	792,643
CONTRIBUTIONS	-	-		-	
INTERNALLY RESTRICTED TRANSFER	(190,000)	190,000		-	
CHANGES IN CAPITAL ASSETS	(684,459)	(256,795)	941,254	-	
NET ASSETS - END OF YEAR	1,217,032	477,205	4,556,645	6,250,882	5,512,870

MENNONITE CENTRAL COMMITTEE ALBERTA
Statement of Cash Flows
Year Ended March 31, 2022



	2022	2021
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$738,012	\$792,643
Items not affecting cash:		
Amortization of capital assets	189,371	200,967
Amortization of deferred capital contributions	(21,665)	(23,707)
	<u>905,718</u>	<u>969,903</u>
Changes in non-cash working capital:		
Accounts receivable	34,425	74,207
Inventory	-	7,412
Prepaid expenses	2,191	(6,373)
Goods and services tax recoverable	(3,363)	1,636
Accounts payable and accrued liabilities	126,918	156,971
Deferred income	-	(1,080)
Deferred operating contributions	300,839	136,334
	<u>461,010</u>	<u>369,107</u>
Cash flow from operating activities	1,366,728	1,339,010
INVESTING ACTIVITY		
Purchase of capital assets	(256,795)	(8,265)
FINANCING ACTIVITIES		
Repayment of long-term debt	(852,164)	(69,069)
INCREASE IN CASH FLOW	257,769	1,261,676
Cash - beginning of year	<u>2,944,710</u>	<u>1,683,034</u>
CASH - END OF YEAR	<u>\$3,202,479</u>	<u>\$2,944,710</u>
CASH CONSISTS OF:		
Cash	\$2,597,956	\$2,245,401
Marketable securities	604,523	699,309
	<u>\$3,202,479</u>	<u>\$2,944,710</u>

MENNONITE CENTRAL COMMITTEE ALBERTA

Notes to Financial Statements

Year Ended March 31, 2022



1. PURPOSE OF MCCA

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 therefore 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNPO).

Fund accounting

MCCA accounts for its operations using the following funds:

Unrestricted – accounts for unrestricted assets and liabilities that are used to support ongoing operations and to aid ongoing projects approved by the Board of Directors and management.

Internally restricted – accounts for funds that have been set aside by the Board of Directors for future designated purposes.

Invested in capital assets – net assets invested in capital assets net of related liabilities and deferred contributions.

Revenue recognition

MCCA follows the deferral method of accounting for contributions.

Restricted contributions and grants are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fundraising, thrift shop, material resources, in-kind donation and other revenues are recognized as revenue when received or receivable.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are temporary investments (Note 3) and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

MENNONITE CENTRAL COMMITTEE ALBERTA

Notes to Financial Statements

Year Ended March 31, 2022



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives, amortization is taken monthly on the first month after acquisition at the following rates and methods:

Land	N/A	Non-depreciable
Buildings	40 Years	Straight-line method
Equipment and furniture	5 or 15 Years	Straight-line method
Motor vehicles	3 Years	Straight-line method
Computer equipment	3 Years	Straight-line method
Leasehold improvements	10 Years	Straight-line method

MCCA regularly reviews its capital assets to eliminate obsolete items. Capital assets acquired in the year but not placed into use are not amortized until they are placed into use.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Measurement uncertainty

When preparing financial statements according to ASNPO, management makes estimates and assumptions relating to:

- Reported amounts of revenues and expenses
- Reported amounts of assets and liabilities
- Disclosure of contingent assets and liabilities

Estimates are based on several factors including historical experience, current events, and actions that MCCA may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

MENNONITE CENTRAL COMMITTEE ALBERTA
Notes to Financial Statements
Year Ended March 31, 2022

3. CASH AND INVESTMENTS

Cash and investments include temporary investments which consist of redeemable deposits bearing interest at 0.87% (2021 – 1.00%).

	2022	2021
Abundance Canada Term Investment	\$604,523	\$599,309

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value
Land	\$1,148,339	\$ -	\$1,148,339
Buildings	5,633,290	1,106,932	4,526,358
Equipment and furniture	291,332	210,007	81,325
Motor vehicles	95,637	91,440	4,197
Computer equipment	124,933	79,822	45,111
Leasehold improvements	85,695	34,278	51,417
	\$7,379,226	\$1,522,479	\$5,856,747

	Cost	Accumulated amortization	2021 Net book value
Land	\$1,148,339	\$ -	\$1,148,339
Buildings	5,499,853	968,334	4,531,519
Equipment and furniture	258,205	227,014	31,191
Motor vehicles	102,829	100,014	2,815
Computer equipment	82,749	67,278	15,471
Leasehold improvements	85,695	25,708	59,987
	\$7,177,670	\$1,388,348	\$5,789,322

5. MORTGAGE PAYABLE

	2022	2021
Abundance Canada loan bearing interest at 3.45% per annum, repayable in monthly blended payments of \$2,814. The loan matures on September 30, 2022 and is secured by land and building with a net book value of \$4,239,330 (2021 - \$4,322,051).	\$485,907	\$1,282,922

Abundance Canada loan bearing interest at 3.45% per annum, repayable in monthly blended payments of \$2,748. The loan matures on April 24, 2023 and is secured by land and building with a net book value of \$1,177,343 (2021 - \$1,094,282).	225,633	280,782
	711,540	1,563,704
Amounts payable within one year	(711,540)	(1,563,704)
	\$ -	\$ -

Since the mortgages mature in the subsequent year, they have been classified as short-term liabilities.

Total mortgage interest expense for the year was \$43,104 (2021 - \$61,932).

MENNONITE CENTRAL COMMITTEE ALBERTA

Notes to Financial Statements
Year Ended March 31, 2022
6. DEFERRED OPERATING CONTRIBUTIONS

MCCA uses the deferred contribution method for recognizing externally restricted revenue for specific purposes. These revenues are deferred until the related expenditures have been incurred. Changes in deferred operating contributions during the year are as follows:

	Beginning	Additions	Utilizations	Ending
Refugee Fund BVOR	\$310,023	\$81,936	\$19,128	\$372,831
Named Refugee Fund	426,598	329,897	95,669	660,826
Chaplaincy	19	-	19	-
Grow Hope	25,250	104,322	100,500	29,072
	<u>\$761,890</u>	<u>\$516,155</u>	<u>\$215,316</u>	<u>\$1,062,729</u>

7. DEFERRED CAPITAL CONTRIBUTIONS

The deferred capital contribution amounts relate to donations received for specific purposes related to the acquisition of the Calgary building. As such, they are treated as restricted contributions, with revenue being recognized using the same rate and method as the amortization expense of the building. Changes in deferred capital contributions during the year are as follows:

	Beginning	Additions	Utilizations	Ending
Calgary building	\$610,227	\$ -	\$21,665	\$588,562

8. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors of MCCA have internally restricted \$477,205 (2021 - \$544,000) of net assets as reserves for the acquisition of capital assets.

9. NET ASSETS INVESTED IN CAPITAL ASSETS

	2022	2021
Capital assets, net	\$5,856,747	\$5,789,322
Less: mortgage payable	(711,540)	(1,563,704)
Less: deferred capital contributions	(588,562)	(610,227)
	<u>\$4,556,645</u>	<u>\$3,615,391</u>

MENNONITE CENTRAL COMMITTEE ALBERTA
Notes to Financial Statements
Year Ended March 31, 2022

10. FORWARDING TO MCC CANADA AND OTHER RELATED PARTY TRANSACTIONS

MCCA operates under a vision, mission, brand, and trademark that are owned by MCC Canada and common across the six separate MCC organizations in Canada. The *MCCs in Canada Covenant* is a document that describes the working relationships among the organizations, including the use of financial resources. Provincial and national staff work together for joint planning and decision-making, and one director from MCCA also serves on the Board of MCC Canada. There are policies surrounding revenue sharing, which result in the provincial organizations (including MCCA) receiving amounts from as well contributing amounts to MCC Canada.

	2022	2021
Contributions received from MCC Canada	\$ 456,037	\$ 318,518
Cash contributions paid to MCC Canada	3,901,229	3,002,134
Material resources shipped to MCC Canada	157,724	133,354
Accounts payable to MCC Canada	424,056	265,498

11. FINANCIAL INSTRUMENTS

MCCA is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about MCCA's risk exposure and concentration as of March 31, 2022.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. MCCA is exposed to credit risk from amounts due from granting/contracting agencies.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The exposure of MCCA to interest rate risk arises from its interest-bearing assets and its mortgage payable.

Notes to Financial Statements

Year Ended March 31, 2022

12. COMMITMENTS

As at March 31, 2022, 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:

The Edmonton Thrift Shop has a lease agreement at 12345 – 149 Street, Edmonton, AB that expires May 31, 2027. The annual commitment is as follows:

2023 - \$109,000
2024 - \$110,400
2025 - \$113,400
2026 - \$114,000
2027 - \$114,000
2028 - \$ 19,000

13. CONTINGENT LIABILITY

MCC Canada 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. MCC Canada's responsibilities under this agreement were assigned to the various provincial MCCs. MCCA has partnered with various church and community groups to assist with the sponsorship and resettlement of certain refugee families in Alberta. These groups have placed on deposit with MCCA the necessary funds or have committed to raise and hold sufficient funds to sponsor and support these refugee families for the required twelve-month period, from the date of arrival. However, should any of these groups default on their financial obligations, MCCA will be responsible for providing the funding shortfall. As at March 31, 2022, MCCA has 173 active refugee sponsorship cases with an estimated contingent liability of \$600,000.

14. COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in a series of public health and emergency measures intended to combat the spread of the virus. Operations of the Organization have been impacted by various restrictions and public health orders, such as work from home orders, cancellation of fundraising events, and capacity limitations on the thrift shops. The duration and impact of COVID-19 on future periods is unknown. It is not possible to reliably estimate the impact that further developments will have on the financial results of the Organization in future periods.

15. COMPARATIVE FIGURES

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

MENNONITE CENTRAL COMMITTEE ALBERTA
Schedule 1 - Operating Expenses by Natural Classifications
Year Ended March 31, 2022



	2022	2021
OPERATING EXPENSES		
Advertising and promotion	\$11,328	\$9,742
Amortization	76,256	85,450
Bank charges	8,189	7,571
Facility costs	96,400	73,244
Forwarding to MCC Canada	4,058,953	3,135,488
Hospitality and hosting	3,902	2,897
Insurance	46,769	38,293
Materials and supplies	10,598	6,736
Office	59,345	62,220
Professional fees	30,897	30,912
Refugee settlement costs	19,128	71,944
Relief sales and other events	101,609	95,551
Salaries and benefits	1,155,658	1,330,927
Telecommunications	109,311	128,936
Thrift shops (Schedule 2)	1,854,153	1,633,408
Training and volunteer appreciation	7,696	8,298
Travel	11,711	27,549
Vehicle	-	126
	\$7,661,903	\$6,749,292

MENNONITE CENTRAL COMMITTEE ALBERTA
Schedule 2 - Thrift Shop Activities
Year Ended March 31, 2022



	Calgary	Edmonton	Lethbridge	Taber	2022	2021
REVENUE						
Sales	\$1,523,007	\$511,245	\$950,060	\$324,214	\$3,308,526	\$2,708,631
Interest and other income	11,790	21,761	11,344	6,189	51,084	235,606
	1,534,797	533,006	961,404	330,403	3,359,610	2,944,237
OPERATING EXPENSES						
Advertising and promotion	-	262	273	75	610	2,465
Amortization	70,359	8,808	27,113	6,835	113,115	115,517
Bank charges	10,766	5,531	8,063	3,380	27,740	24,363
Facility and office costs	120,659	120,566	75,622	30,634	347,481	330,810
Insurance	325	4,135	3,560	5,286	13,306	11,573
Professional fees	-	-	1,449	-	1,449	704
Salaries and benefits	683,167	206,583	261,009	165,133	1,315,892	1,123,815
Telecommunications	5,732	2,034	1,025	1,662	10,453	6,347
Training and volunteer appreciation	2,134	1,851	299	1,292	5,576	4,332
Vehicle	9,985	3,813	4,419	314	18,531	13,482
	903,127	353,583	382,832	214,611	1,854,153	1,633,408
EXCESS OF REVENUE OVER OPERATING EXPENSES	\$631,670	\$179,423	\$578,572	\$115,792	\$1,505,457	\$1,310,829

Note: Included in the Statement of Revenues and Expenditures are MCCA head office incurred Thrift related salaries and administration expenses of \$138,051 (2021 - \$123,986).