

Non-consolidated Financial Statements of

**MENNONITE CENTRAL COMMITTEE
BRITISH COLUMBIA**

And Independent Auditors' Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITORS' REPORT

To the Members of Mennonite Central Committee British Columbia

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Mennonite Central Committee British Columbia (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies and other explanatory information

(hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "**Basis for Qualified Opinion**" section of our auditors' report, the financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Entity derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we are not able to determine whether any adjustments might be necessary to donation revenues and excess of revenue over expenses reported in the statement of operations and changes in net assets and statement of cash flows for the years ended March 31, 2023 and March 31, 2022, current assets in the statement of financial position as at the March 31, 2023 and March 31, 2022, and net assets reported in the statement of operations and changes in net assets, both at the beginning and end of the year, for the years ending March 31, 2023 and March 31, 2022. Our opinion on the financial statements for the year ended March 31, 2022 was qualified accordingly because of the possible effects of this limitation in scope.



We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **“Auditors’ Responsibilities for the Audit of the Financial Statements”** section of our auditors’ report.

We are independent of the Entity 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.

Responsibilities of Management 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 the financial statements, management is responsible for assessing the Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditors’ Responsibilities 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by the Entity in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Chartered Professional Accountants

Abbotsford, Canada

July 6, 2023

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Operations
For the year ended March 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|-----------------------|---------------------|
| REVENUE | | |
| Donations and bequests (schedule 1) | \$ 12,048,219 | \$ 10,247,153 |
| Thrift shops (schedule 2) | 8,678,508 | 8,533,432 |
| Grant funding (note 17) | 2,286,004 | 2,372,852 |
| Relief Festival and banquets | 1,150,999 | 1,116,781 |
| Sales and fees for service | 974,450 | 901,220 |
| Amortization of deferred capital contributions (note 10) | 449,854 | 230,117 |
| Interest and investment income | 267,572 | 142,492 |
| Rental income | 128,547 | 36,250 |
| TOTAL REVENUE | 25,984,153 | 23,580,297 |
| EXPENSES | | |
| Thrift shops (schedule 2) | 5,790,366 | 5,786,569 |
| BC programs (schedule 3) | 3,789,861 | 3,397,425 |
| Support services | 1,395,089 | 1,112,917 |
| Advancement | 591,757 | 499,437 |
| Relief Festival and banquets | 337,505 | 145,336 |
| Remittance to MCC Canada - global ministry | 12,313,165 | 10,676,857 |
| TOTAL EXPENSES | 24,217,743 | 21,618,541 |
| EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS | 1,766,410 | 1,961,756 |
| Gain on disposal of capital assets | 997,908 | 246,626 |
| Equity income (loss) from investment in subsidiaries (note 5) | (648,124) | 5,879,137 |
| EXCESS OF REVENUE OVER EXPENSES BEFORE EXTRAORDINARY ITEMS | 2,116,194 | 8,087,519 |
| Donations of capital property (note 5) | 229,623,859 | - |
| EXCESS OF REVENUE OVER EXPENSES | \$ 231,740,053 | \$ 8,087,519 |

See accompanying notes to non-consolidated financial statements.

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Financial Position
March 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|----------------|---------------|
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 10,711,420 | \$ 6,399,563 |
| Short-term investments (note 3) | - | 3,000,000 |
| Accounts receivable | 398,037 | 404,696 |
| Inventory | 109,918 | 137,707 |
| Prepaid expenses | 108,150 | 105,716 |
| | 11,327,525 | 10,047,682 |
| Due from Subsidiaries (note 4) | 2,586,570 | 2,780,881 |
| Investment in Subsidiaries (note 5) | 284,344,856 | 55,369,121 |
| Capital Assets (note 6) | 24,725,074 | 25,390,194 |
| | \$ 322,984,025 | \$ 93,587,878 |
| LIABILITIES & NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities (note 7) | \$ 801,239 | \$ 759,863 |
| Due to MCC Canada | 2,705,903 | 1,557,093 |
| Deferred operating contributions (note 9) | 466,868 | 660,307 |
| Refugee sponsorship group deposits | 2,929,586 | 1,953,353 |
| Short-term debt (note 11) | 40,000 | 40,000 |
| Current portion of long-term debt (note 12) | 343,628 | 3,865,716 |
| | 7,287,224 | 8,836,332 |
| Long-term Liabilities | | |
| Deferred capital contributions (note 10) | 9,198,694 | 9,650,172 |
| Long-term debt (note 12) | - | 343,320 |
| | 9,198,694 | 9,993,492 |
| Total Liabilities | 16,485,918 | 18,829,824 |
| Net Assets | | |
| Invested in capital assets (note 15) | 15,182,752 | 11,530,986 |
| Internally restricted (note 16) | 6,565,506 | 6,060,594 |
| Invested in subsidiaries (note 5) | 284,344,856 | 55,369,121 |
| Unrestricted | 404,993 | 1,797,353 |
| | 306,498,107 | 74,758,054 |
| Commitments and contingency (notes 13 and 14) | | |
| | \$ 322,984,025 | \$ 93,587,878 |

See accompanying notes to non-consolidated financial statements.

Approved on behalf of the Board:



Treasurer



Chair of the Board

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Changes in Net Assets
For the year ended March 31, 2023, with comparative information for 2022

| | Invested in capital assets (note 15) | Internally restricted (note 16) | Invested in subsidiaries (note 5) | Unrestricted | 2023 | 2022 |
|---|--|---|---|---------------------|-----------------------|----------------------|
| Net assets, beginning of year | \$ 11,530,986 | \$ 6,060,594 | \$ 55,369,121 | \$ 1,797,353 | \$ 74,758,054 | \$ 66,668,824 |
| Excess (deficiency) of revenue over expenses | (117,542) | - | (648,124) | 232,505,719 | 231,740,053 | 8,087,519 |
| Contributions | - | - | - | - | - | 1,711 |
| Interfund transfers | - | 504,912 | 229,623,859 | (230,128,771) | - | - |
| Change in net assets invested in capital assets | 3,769,308 | - | - | (3,769,308) | - | - |
| Net assets, end of year | \$ 15,182,752 | \$ 6,565,506 | \$ 284,344,856 | \$ 404,993 | \$ 306,498,107 | \$ 74,758,054 |

See accompanying notes to non-consolidated financial statements.

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Cash Flows
For the year ended March 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|--|----------------|--------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess of revenue over expenses | \$ 231,740,053 | \$ 8,087,519 |
| Items not involving cash: | | |
| Donations of capital property | (229,623,859) | - |
| Depreciation | 567,396 | 553,848 |
| Gain on disposal of capital assets | (997,908) | (246,626) |
| Amortization of deferred capital contributions | (449,854) | (230,117) |
| Equity income from investment in subsidiaries | 648,124 | (5,879,137) |
| | 1,883,952 | 2,285,487 |
| Change in non-cash working capital: | | |
| Accounts receivable | 6,659 | (140,123) |
| Inventory | 27,789 | (23,270) |
| Prepaid expenses | (2,434) | (41,356) |
| Due from subsidiaries | 194,311 | (194,311) |
| Accounts payable and accrued liabilities | 41,376 | 76,341 |
| Due to MCC Canada | 1,148,810 | 1,029,736 |
| Deferred operating contributions | (193,439) | 275,633 |
| Refugee sponsorship group deposits | 976,233 | 429,136 |
| | 4,083,257 | 3,697,273 |
| Investing activities: | | |
| Maturing of short-term investments | 3,000,000 | - |
| Acquisitions of capital assets | (39,096) | (161,066) |
| Proceeds from disposal of capital assets | 1,132,382 | 246,626 |
| | 4,093,286 | 85,560 |
| Financing activities: | | |
| Net repayment of long-term debt | (3,865,408) | (2,250,225) |
| Repayment of short-term debt | - | (225,127) |
| Receipt of capital contributions | 722 | 2,140,442 |
| Receipt of contributions for the repayment of long-term debt | - | 1,711 |
| | (3,864,686) | (333,199) |
| Change in cash | 4,311,857 | 3,449,634 |
| Cash, beginning of year | 6,399,563 | 2,949,929 |
| Cash, end of year | \$ 10,711,420 | \$ 6,399,563 |

See accompanying notes to non-consolidated financial statements.

MENNONITE CENTRAL COMMITTEE BC

Notes to Non-consolidated Financial Statements

For the year ended March 31, 2023

1. PURPOSE OF THE ORGANIZATION

Mennonite Central Committee (“MCC”) started in 1920 in response to hunger in Ukraine, and is the co-operative relief, service and development agency of the Mennonite and Brethren in Christ Churches in North America.

- MCC is a worldwide ministry of Anabaptist churches whose priorities are disaster relief, sustainable community development and justice and peace-building.
- MCC endeavours to share God's love and compassion for all "In the name of Christ" by responding to basic human needs and working for peace and justice.
- MCC envisions communities worldwide in right relationship with God, one another and creation.

The Mennonite Central Committee British Columbia (the “Society”) was established as a not-for-profit society in 1968 and is incorporated under the Societies Act (British Columbia). It is registered as a charity for purposes of the Income Tax Act (Canada) and, accordingly, is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition:

The Society uses the deferral method of accounting for contributions, which includes donations and grants.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related asset.

Externally restricted contributions for the purchase of capital assets that will not be amortized or for the repayment of debt that was incurred to fund the purchase of a capital asset that will not be amortized are recognized as direct increases in net assets.

The Society's policy, which coincides with MCC Canada policy, is to recognize all estate donations as revenue in the year of receipt.

Revenue from the sale of product is recognized in the period that the sale takes place and the title to product is transferred. Material resources revenue is recognized in the period that they are shipped. Revenue from other sources such as rent and interest are recognized when earned and collection is reasonably assured.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Contributed services:

Volunteers contribute an undetermined number of hours per year to assist the Society in the delivery of programs and services. Due to the difficulty in determining fair value of volunteer hours, contributed services are not recognized in these financial statements.

(c) Donations and gifts in kind:

Donations of materials are recognized in the accounts of the Society at estimated fair market value when the materials are used in the normal course of the Society's operations and would otherwise have been acquired for distribution in accordance with the Society's purpose and objectives.

(d) Inventory:

Inventory is recorded at the lower of cost and replacement cost. Cost of inventory is computed using the first in first out method. Items donated for Material Resource shipments overseas are recorded at standard cost stipulated by MCC Canada when shipped.

(e) Investment in subsidiaries:

The Society accounts for its investments in wholly owned, for-profit subsidiary corporations using the equity method whereby the investment is carried at cost and adjusted for any contributions or withdrawals and its share of the net earnings or losses of the investment.

(f) Capital assets:

Purchased capital assets are recorded at cost, less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

Amortization is provided using the straight-line method using the following rates:

| | |
|------------------------|----------|
| Buildings | 40 Years |
| Land improvements | 20 Years |
| Furniture and fixtures | 10 Years |
| Equipment | 5 Years |
| Motor vehicles | 3 Years |
| Computer equipment | 3 Years |
| Computer software | 2 Years |

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the either the full or partial amount of the asset no longer has long-term service potential to the Society. If such conditions exist, an impairment loss is measured at the amount by which either the full or partial carrying amount of the asset exceeds its residual value.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases:

Leases are classified as either capital leases or operating leases. Leases that transfer substantially all the benefits and risks of ownership of the asset to the Society are accounted for as capital leases. Capital lease obligations reflect the present value of future lease payments, discounted at the appropriate interest rate.

All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry its financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Areas requiring the use of management estimates include the determination of useful lives of capital assets for purposes of amortization and valuation of investment in subsidiaries and accrued liabilities. Actual results could differ from the estimates.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2023

3. SHORT-TERM INVESTMENTS

In 2022, the Society held a cashable term deposit with a balance of \$3,000,000, which matured in March 2023 and bore interest at 0.70%.

4. DUE FROM SUBSIDIARIES

Amount due from Cedar Ridge Estates Inc., a wholly owned for-profit subsidiary, is a long-term loan subject to interest at 4% per annum with no scheduled terms of repayment and was due March 31, 2023. The loan was renewed for a one-year term at 6% per annum, due March 31, 2024. This shareholder loan was transferred to the Society at the time Cedar Ridge Estates Inc. was donated and is intended to be an investment that generates interest income to support the work of the Society. The expectation is the loan will be renewed at its maturity and therefore, the Society has continued to classify the loan as long-term.

| | 2023 | 2022 |
|------------------------------|---------------------|---------------------|
| Cedar Ridge Estates Inc. | \$ 2,586,570 | \$ 2,586,570 |
| MCC Employment Services Inc. | - | 194,311 |
| | \$ 2,586,570 | \$ 2,780,881 |

5. INVESTMENT IN SUBSIDIARIES

On October 21, 2022, the Society was gifted all of the issued and outstanding common shares of H M R Holdings Inc., East Wellington Developments LP Ltd., and East Wellington Developments GP Ltd. by a donor. H M R Holdings Inc. holds the shares of Church Road Industrial Inc., Promontory Village Heights Inc., Prince George Global Logistics Park Inc., and Chilliwack Highland Estates Inc. The donated shares were recognized at fair market value on the date of the donation, as summarized below.

| | | |
|--------------------------------------|-------------------|-----------------------|
| H M R Holdings Inc. | 100 common shares | \$ 151,446,134 |
| East Wellington Developments LP Ltd. | 200 common shares | 16,345,721 |
| East Wellington Developments GP Ltd. | 100 common shares | (6,201) |
| | | \$ 167,785,654 |

On December 7, 2022, the Society was gifted 11 rental properties along with their respective bank accounts and other related assets and liabilities, valued at \$61,838,205, by the same donor. Immediately subsequent to the acceptance of this gift, the Society transferred the assets to MCC Employment Services Inc. for a purchase price equal to the fair market value of the assets. The purchase price was paid by issuing 1000 Class A Voting Common Shares to the Society.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2023

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

In addition to H M R Holdings Inc., East Wellington Developments LP Ltd., East Wellington Developments GP Ltd., and MCC Employment Services Inc., the Society's subsidiaries consist of Promontory Ridge Estates Inc., Cedar Ridge Estates Inc., and Pacific Peace Properties Inc. The Society's subsidiaries are collectively known as HyLand (formerly MCC Legacy Trust). The shares and shareholder loans of Promontory Ridge Estates Inc., Cedar Ridge Estates Inc., H M R Holdings Inc., East Wellington Developments LP Ltd., and East Wellington Developments GP Ltd. were gifts from a donor to the Society, whereas Pacific Peace Properties Inc. and MCC Employment Services Inc. are corporate entities that hold gifts of land and rental properties to the Society by the same donor. The donor's wish is that these donated properties be held as revenue generating assets to support the ministry of the Society for generations to come, with some of the net income from these properties being re-invested to maintain the revenue generating asset base, and some of the net income being used as donations to support the global ministry of the Society at the discretion of the Society's Board of Directors (the "Board").

The Society's subsidiaries are managed by a separate Board of Directors appointed by the Board of the Society.

| | Opening balance | Gifts of capital property | Equity income (loss) | Closing balance |
|---|--------------------|---------------------------------|-------------------------|--------------------|
| Cedar Ridge Estates Inc. | \$ 6,864,924 | \$ - | \$ 21,270 | \$ 6,886,194 |
| Promontory Ridge Estates Inc. | 44,105,577 | - | 637,761 | 44,743,338 |
| Pacific Peace Properties Inc. | 4,398,520 | - | (36,159) | 4,362,361 |
| MCC Employment Services Inc. | 100 | 61,838,205 | (1,502,988) | 60,335,317 |
| H M R Holdings Inc. | - | 151,446,134 | 478,927 | 151,925,061 |
| East Wellington Developments GP Ltd. | - | (6,201) | (2,169) | (8,370) |
| East Wellington Developments LP Ltd. | - | 16,345,721 | (244,766) | 16,100,955 |
| | \$ 55,369,121 | \$ 229,623,859 | \$ (648,124) | \$ 284,344,856 |

The investments in subsidiaries are accounted for using the equity method. The subsidiaries are wholly owned for-profit companies and are subject to income tax and use the taxes payable method. The following represents summary information from the subsidiaries' financial statements for the year ended March 31, 2023 and comparisons for the year ended March 31, 2022. The summary information for the subsidiaries donated in the year ended March 31, 2023 represents activity from the date of the gift to March 31, 2023.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2023

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Cedar Ridge Estates Inc.:

| | 2023 | 2022 |
|---|--------------|--------------|
| Total assets | \$ 4,470,437 | \$ 4,425,136 |
| Total liabilities | 2,624,502 | 2,628,119 |
| Share capital and retained earnings | 1,845,935 | 1,797,017 |
| Revenue | 167,690 | 58,981 |
| Expenses | 146,420 | 149,936 |
| Net income (loss) | 21,270 | (90,955) |
| Cash provided by (used in) operating activities | 57,786 | (62,434) |
| Cash provided by (used in) financing activities | 2,966 | - |
| Cash provided by (used in) investing activities | - | 8,665 |

(b) Promontory Ridge Estates Inc.:

| | 2023 | 2022 |
|---|---------------|---------------|
| Total assets | \$ 58,513,244 | \$ 58,194,294 |
| Total liabilities | 48,746,347 | 49,065,158 |
| Share capital and retained earnings | 9,766,897 | 9,129,136 |
| Revenue | 6,364,624 | 5,931,154 |
| Expenses | 6,654,131 | 5,694,215 |
| Income from joint ventures | 821,607 | 5,354,988 |
| Other income | 105,661 | 355,409 |
| Net income | 637,761 | 5,947,336 |
| Cash provided by (used in) operating activities | 328,443 | 1,174,919 |
| Cash provided by (used in) financing activities | (4,869,397) | (164,286) |
| Cash provided by (used in) investing activities | (1,818,365) | 11,357,464 |

(c) Pacific Peace Properties Inc.:

| | 2023 | 2022 |
|---|---------------|---------------|
| Total assets | \$ 15,331,410 | \$ 10,060,264 |
| Total liabilities | 10,969,049 | 5,661,744 |
| Share capital and retained earnings | 4,362,361 | 4,398,520 |
| Revenue | 754,910 | 710,278 |
| Expenses | 791,069 | 687,522 |
| Net income (loss) | (36,159) | 22,756 |
| Cash provided by (used in) operating activities | 1,076,209 | (238,311) |
| Cash provided by (used in) financing activities | (112,338) | 4,835,827 |
| Cash provided by (used in) investing activities | (3,826,535) | (940,205) |

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2023

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) MCC Employment Services Inc.:

| | 2023 | 2022 |
|---|---------------|-------------|
| Total assets | \$ 62,123,232 | \$ 211,422 |
| Total liabilities | 1,426,136 | 211,322 |
| Share capital and retained earnings | 60,696,916 | 100 |
| Revenue | 1,968,709 | 452,774 |
| Expenses | 3,471,697 | 452,774 |
| Net income (loss) | (1,502,988) | - |
| Cash provided by (used in) operating activities | 609,182 | 205,268 |
| Cash provided by (used in) financing activities | 421,243 | - |
| Cash provided by (used in) investing activities | 8,040,684 | 100 |

On April 1, 2023, MCC Employment Services Inc. changed its name to Legacy Vista Properties Inc.

(e) H M R Holdings Inc.:

| | 2023 | 2022 |
|---|---------------|-------------|
| Total assets | \$ 39,976,024 | \$ - |
| Total liabilities | 468,194 | - |
| Share capital and retained earnings | 39,507,830 | - |
| Revenue | 1,178,568 | - |
| Expenses | 1,853,924 | - |
| Income from Limited Partnership | 1,154,283 | - |
| Net income | 478,927 | - |
| Cash provided by (used in) operating activities | 422,165 | - |
| Cash provided by (used in) financing activities | (764,078) | - |
| Cash provided by (used in) investing activities | (323,113) | - |

(f) East Wellington Development GP Ltd.:

| | 2023 | 2022 |
|---|-------------|-------------|
| Total assets | \$ 7,032 | \$ - |
| Total liabilities | 13,770 | - |
| Share capital and retained earnings | (6,738) | - |
| Revenue | 67 | - |
| Expenses | 2,236 | - |
| Net income (loss) | (2,169) | - |
| Cash provided by (used in) operating activities | (9,149) | - |
| Cash provided by (used in) financing activities | - | - |
| Cash provided by (used in) investing activities | 8,133 | - |

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2023

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(g) East Wellington Development LP Ltd.:

| | 2023 | 2022 |
|---|---------------|-------------|
| Total assets | \$ 32,546,013 | \$ - |
| Total liabilities | 308,922 | - |
| Share capital and retained earnings | 32,237,091 | - |
| Revenue | 666,376 | - |
| Expenses | 911,142 | - |
| Net income | (244,766) | - |
| Cash provided by (used in) operating activities | (435,876) | - |
| Cash provided by (used in) financing activities | (90) | - |
| Cash provided by (used in) investing activities | 435,706 | - |

6. CAPITAL ASSETS

| | Cost | Accumulated amortization | 2023 | 2022 |
|------------------------|---------------|-------------------------------------|---------------|---------------|
| Land | \$ 9,968,659 | \$ - | \$ 9,968,659 | \$ 9,968,659 |
| Buildings | 19,596,764 | (5,073,758) | 14,523,006 | 15,155,839 |
| Land improvements | 42,768 | (10,691) | 32,077 | 34,215 |
| Computer equipment | 106,898 | (95,867) | 11,031 | 9,367 |
| Computer software | 15,359 | (14,272) | 1,087 | 2,173 |
| Equipment | 662,110 | (517,279) | 144,831 | 178,939 |
| Furniture and fixtures | 137,387 | (93,004) | 44,383 | 32,633 |
| Motor vehicles | 311,539 | (311,539) | - | 8,369 |
| | \$ 30,841,484 | \$ (6,116,410) | \$ 24,725,074 | \$ 25,390,194 |

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$36,765 (2022 - \$34,433), which includes amounts payable for federal and provincial sales taxes.

8. RELATED PARTY TRANSACTIONS

During the year the Society entered into various transactions with its wholly owned for-profit subsidiaries. These transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2023

8. RELATED PARTY TRANSACTIONS (CONTINUED)

Interest on Related Party Debt

The Society has received interest on related party debt in the current fiscal year from Cedar Ridge Estates Inc. of \$103,463 (2022 - \$103,463).

Administrative Services

The Society has received payments for rent, compensation and benefits, administration and office services in the current fiscal year from Promontory Ridge Estates Inc. of \$2,018 (2022 - \$1,586) and from MCC Employment Services Inc. of \$18,000 (2022 - \$18,000).

Fees for Service

The Society has made payment for contracted employees and the related placement fee to MCC Employment Services Inc. of \$236,152 (2022 - \$452,774).

Donations

During the year, the Society received donations of \$645,000 (2022 – nil) from Promontory Ridge Estates, \$855,000 (2022 – nil) from East Wellington Developments LP Ltd., and \$500,000 (2022 – nil) from H M R Holdings Inc. which were donated to MCC Canada’s international relief work per the original donor’s wishes.

9. DEFERRED OPERATING CONTRIBUTIONS

Deferred operating contributions represent both funding that is received in advance of the delivery of services and unspent externally restricted contributions.

The changes in deferred operating contributions for the year are as follows:

| | 2023 | 2022 |
|-------------------------------|-------------|-------------|
| Opening balance | \$ 660,307 | \$ 384,674 |
| Contributions received | 7,803,217 | 8,457,846 |
| Amounts recognized as revenue | (7,996,656) | (8,182,213) |
| Closing balance | \$ 466,868 | \$ 660,307 |

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2023

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions relate to contributions received for the acquisition of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

The changes in deferred capital contributions for the year are as follows:

| | 2023 | 2022 |
|-------------------------------|--------------|--------------|
| Opening balance | \$ 9,650,172 | \$ 7,739,847 |
| Contributions received | 722 | 2,140,442 |
| Amounts recognized as revenue | (449,854) | (230,117) |
| Other adjustments | (2,346) | - |
| Closing balance | \$ 9,198,694 | \$ 9,650,172 |

11. SHORT-TERM DEBT

The Society has received private demand loans payable without interest or security. The balance outstanding at March 31, 2023 is \$40,000 (2022 - \$40,000).

Under its credit agreement with Envision Financial, the Society has a line of credit facility to a maximum of \$4,000,000. The line of credit is due on demand and bears interest at bank prime plus 0.25%. As at year-end, the Society has drawn nil (2022 – nil) against the line of credit.

The total indebtedness is secured by a registered collateral first charge mortgage in the amount of \$12,000,000 over real property owned by the Society, and a general security agreement.

Interest of nil (2022 - \$4,898) on the line of credit has been included in thrift shop expenses.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2023

12. LONG-TERM DEBT

| | 2023 | 2022 |
|--|----------------|-------------------|
| Powell River Thrift Store - Commercial promissory note from Envision Financial with monthly payments of \$3,080 including interest at 4.2% per annum. Loan matures in January 2024. Secured by a mortgage over real property and a general security agreement. | \$ 343,628 | \$ 365,647 |
| Kelowna Thrift Store - Commercial promissory note payable from Envision Financial. | - | 1,251,093 |
| MCC Centre - Commercial promissory note payable from Envision Financial. | - | 901,877 |
| Fort St. John Thrift Store – Commercial promissory note payable from Envision Financial. | - | 1,690,419 |
| | 343,628 | 4,209,036 |
| Less: principal amounts due within one year | 343,628 | 3,865,716 |
| | \$ - | \$ 343,320 |

The scheduled long-term debt principal repayments are as follows:

| | |
|------|------------|
| 2024 | \$ 343,628 |
|------|------------|

Long-term debt is secured through a general security agreement, assignment of insurance, commercial promissory notes totaling \$735,000 and a first mortgage registered against real property owned by the Society. The Society's loan agreement contains a minimum debt service coverage financial covenant. The Society was in compliance with the covenant for the year ended March 31, 2023.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2023

13. COMMITMENTS

The Society has entered into various operating leases for premises and equipment. Under the terms of the leases, the minimum annual lease payments over the next two years are as follows:

| | | |
|------|----|--------|
| 2024 | \$ | 26,158 |
| 2025 | | 23,839 |
| | \$ | 49,997 |

14. CONTINGENCY

MCC Canada has a Private Sponsorship of Refugees Agreement (“PSR”) with Immigration Refugee and Citizenship Canada 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 Canadian affiliates of MCC Canada, including the Society.

As a result, the Society has partnered with various church and community groups to assist with the sponsorship and resettlement of refugee families in British Columbia. These groups have committed to providing the funding to sponsor and support these refugee families for the required twelve-month period. As at March 31, 2023, the Society has 243 (2022 - 296) active sponsorship cases with various time commitments remaining. Should these groups default on their financial obligations, the Society will be responsible for providing the funding shortfall resulting in a contingent liability estimated to be nil (2022 - \$509,937). Although there is no history of groups defaulting on their financial obligations, the ability to estimate the Society's potential liability is indeterminable. As such, the cost of providing the funding shortfall will be recorded in the period the amount becomes determinable.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2023

15. INVESTED IN CAPITAL ASSETS

(a) Invested in capital assets is calculated as follows:

| | 2023 | 2022 |
|--------------------------------|---------------|---------------|
| Capital assets | \$ 24,725,074 | \$ 25,390,194 |
| Amounts financed by: | | |
| Long-term debt | 343,628 | 4,209,036 |
| Deferred capital contributions | 9,198,694 | 9,650,172 |
| | 9,542,322 | 13,859,208 |
| | \$ 15,182,752 | \$ 11,530,986 |

(b) Excess (deficiency) of revenue over expenses in capital assets:

| | 2023 | 2022 |
|--|--------------|--------------|
| Amortization of deferred capital contributions | \$ 449,854 | \$ 230,117 |
| Depreciation of capital assets | (567,396) | (553,848) |
| Gifts of capital assets | 61,838,205 | - |
| Transfer of assets to subsidiary | (61,838,205) | - |
| | \$ (117,542) | \$ (323,731) |

(c) Contributions in capital assets:

| | 2023 | 2022 |
|---|-------------|-------------|
| Contributions for the repayment of long-term debt | \$ - | \$ 1,711 |
| | \$ - | \$ 1,711 |

(d) Change in net assets invested in capital assets:

| | 2023 | 2022 |
|---|--------------|-------------|
| Acquisition of capital assets | \$ 39,096 | \$ 161,066 |
| Repayment of long-term debt | 3,865,408 | 2,250,225 |
| Purchases funded by deferred capital contributions | (722) | (2,140,442) |
| Repayment of long-term debt funded by contributions | - | (1,711) |
| Proceeds on sale of capital assets | (1,132,382) | - |
| Gain on disposal of capital assets | 997,908 | - |
| | \$ 3,769,308 | \$ 269,138 |

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2023

16. INTERNALLY RESTRICTED FUNDS

The Society, in accordance with its approved annual budget, has internally restricted net assets for the benefit of local programs and operations. The amounts in the fund are internally restricted and are not available without the approval of the Board.

| | Opening balance | Transfers in | Transfers out | Closing balance |
|--------------------------------|----------------------------|---------------------|----------------------|----------------------------|
| ECD funds | \$ 1,829,452 | \$ - | \$ - | \$ 1,829,452 |
| Subsidiary loan | 2,586,470 | - | - | 2,586,470 |
| Non-building capital | 1,398,099 | 496,393 | - | 1,894,492 |
| Indigenous reconciliation fund | 13,732 | 8,519 | - | 22,251 |
| BC programs | 232,841 | - | - | 232,841 |
| | \$ 6,060,594 | \$ 504,912 | \$ - | \$ 6,565,506 |

17. GRANT FUNDING

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Grants from MCC Canada | \$ 1,516,980 | \$ 907,546 |
| Employment development grants | 400,305 | 1,058,943 |
| Homelessness prevention and outreach grants | 292,732 | 265,882 |
| Other grants | 75,987 | 140,481 |
| | \$ 2,286,004 | \$ 2,372,852 |

Grants from MCC Canada include administrative recoveries, bequest policy payments, annual surplus policy payments, and other payments.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2023

18. PAYMENTS TO EMPLOYEES AND CONTRACTORS

The Societies Act (British Columbia) requires the disclosure of remuneration paid by the Society to employees and contractors whose remuneration was at least \$75,000, and any amounts of remuneration paid by the Society to directors.

For the fiscal year ended March 31, 2023, the Society paid total remuneration of \$1,827,092 (2022 - \$1,474,018) to 20 (2022 - 16) employees for service, who received total annual remuneration of \$75,000 or greater. Included in remuneration is the cost of salaries and premiums for employment insurance, Canada pension plan, workers' compensation, and benefits including medical, dental, life insurance, and long-term disability.

No remuneration of \$75,000 or greater was paid to contractors for services.

Remuneration of \$8,250 was paid to members of the Board for contracted services.

19. FINANCIAL RISKS

(a) Liquidity risk:

Liquidity risk is the risk that Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements and preparing budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society's financial assets that are exposed to credit risk are cash, contributions, loans and proceeds receivable. Credit risk is minimized by restricting the granting of credit and by application of internal collection policies and procedures.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed-interest and non-interest bearing financial instruments are subject to changes in fair value, while floating rate financial instruments are subject to fluctuations in cash flows. The Society is exposed to fair value risk with respect to its short-term investments (note 3), amount due from subsidiary (note 4), and certain long-term debt facilities (note 12) which bear interest at fixed rates. The Society is exposed to cash flow risk as a result of variable interest rates on its short-term credit facility (note 11).

Management does not believe the Society is exposed to any significant concentration of risk. There has been no change to the risk exposures from the prior year.

MENNONITE CENTRAL COMMITTEE BC
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2023

20. SUBSEQUENT EVENTS

On June 9, 2023, the donor of the HyLand group of companies (note 5) passed away. The Society was bequeathed preferred shares in H M R Holdings Inc. with a redemption price of \$41,023,369. In addition to the preferred shares, the Society was bequeathed personal property, the value of which is not yet known.

MENNONITE CENTRAL COMMITTEE BC
Schedule 1 - Donations and Bequests
For the year ended March 31, 2023

| | 2023 | 2022 |
|-------------------------------------|----------------------|----------------------|
| Undesignated contributions | | |
| General | \$ 2,443,976 | \$ 3,004,831 |
| Bequests | 2,090,093 | 344,625 |
| | <u>4,534,069</u> | <u>3,349,456</u> |
| Designated contributions | | |
| International programming | 4,141,115 | 4,424,734 |
| Major disasters - international | 1,962,583 | 1,219,689 |
| BC programs | 440,176 | 413,322 |
| Refugee sponsorship groups | 427,820 | 126,495 |
| Major disasters - local | 210,552 | 283,954 |
| Material resources - gifts in kind | 172,028 | 119,936 |
| Canadian Foodgrains Bank | 152,845 | 149,148 |
| Bequests | 7,031 | 160,419 |
| | <u>7,514,150</u> | <u>6,897,697</u> |
| TOTAL DONATIONS AND BEQUESTS | <u>\$ 12,048,219</u> | <u>\$ 10,247,153</u> |

MENNONITE CENTRAL COMMITTEE BC
Schedule 2 - Thrift Shops
For the year ended March 31, 2023

| | 2023 | 2022 |
|--|---------------------|---------------------|
| REVENUE | | |
| Chilliwack | \$ 389,305 | \$ 377,841 |
| Clearbrook Clothing | 1,340,781 | 1,243,931 |
| Fort St. John | 1,072,531 | 949,393 |
| Kelowna | 916,232 | 861,260 |
| MCC Centre - Abbotsford | 3,202,405 | 2,936,648 |
| Mission | 633,283 | 604,300 |
| Powell River | 415,603 | 401,605 |
| Surrey | 632,221 | 592,747 |
| Vancouver | 1,703 | 503,071 |
| Yarrow | 74,444 | 62,636 |
| | 8,678,508 | 8,533,432 |
| EXPENSES | | |
| Wages and benefits | 3,455,125 | 3,377,714 |
| Rent | 693,363 | 781,545 |
| Repairs and maintenance | 368,294 | 331,959 |
| Property taxes | 296,575 | 354,914 |
| Depreciation | 193,656 | 200,639 |
| Supplies | 157,319 | 130,896 |
| Utilities | 121,955 | 124,309 |
| Insurance | 89,062 | 92,788 |
| Bank and credit card fees | 85,432 | 70,175 |
| Interest | 75,542 | 143,948 |
| Tools, equipment and software | 65,849 | 39,799 |
| Travel and meetings | 52,369 | 55,074 |
| Forwarding | 42,024 | 10,500 |
| Professional fees | 34,612 | 3,582 |
| Telephone and internet | 23,569 | 24,943 |
| Advertising | 22,327 | 19,261 |
| Events and project expenses | 9,231 | 5,550 |
| Cost of goods sold | 4,232 | 3,106 |
| Miscellaneous expense | (170) | 15,867 |
| | 5,790,366 | 5,786,569 |
| EXCESS OF REVENUE OVER EXPENSES | \$ 2,888,142 | \$ 2,746,863 |

MENNONITE CENTRAL COMMITTEE BC
Schedule 3 - BC Programs
For the year ended March 31, 2023

| | 2023 | 2022 |
|--|---------------------|---------------------|
| REVENUE | | |
| Donations and bequests | \$ 657,285 | \$ 703,052 |
| Refugee sponsorship groups | 427,820 | 126,495 |
| Grant funding | 776,524 | 1,465,193 |
| Sales and fees for service | 954,216 | 893,197 |
| Amortization of deferred capital contributions | 163,282 | 5,106 |
| Interest income | 159,109 | 9,794 |
| Rental income | 128,547 | 32,350 |
| TOTAL PROGRAM REVENUE | 3,266,783 | 3,235,187 |
| EXPENSES | | |
| Disaster Relief | | |
| Material resources | 258,515 | 241,607 |
| Local disaster response | 210,552 | 283,742 |
| | 469,067 | 525,349 |
| Community Development | | |
| Employment development | 620,270 | 881,884 |
| Refugee sponsorship distributions | 427,820 | 126,495 |
| Refugee assistance | 500,422 | 191,755 |
| Homelessness prevention and outreach | 487,381 | 368,983 |
| Community connections | 90,001 | 99,572 |
| IVEP and service worker program | - | 39,239 |
| Program coordination and development | 123,441 | 113,604 |
| Poverty reduction projects | 42,746 | 29,992 |
| MCC Guest House | 23,175 | 39,623 |
| Volunteer development | 27,422 | 25,874 |
| Young adult programs | - | 5,243 |
| | 2,342,678 | 1,922,264 |
| Justice and Peace | | |
| End Abuse program | 167,202 | 160,744 |
| Indigenous relations | 107,724 | 105,687 |
| Constituency engagement | 22,769 | 54,059 |
| | 297,695 | 320,490 |
| Common Place Cafe | 421,205 | 399,549 |
| Ten Thousand Villages | 259,216 | 229,773 |
| TOTAL PROGRAM EXPENSES | 3,789,861 | 3,397,425 |
| NET PROGRAM EXPENSES | \$ (523,078) | \$ (162,238) |