

Financial Statements of

MENNONITE CHURCH CANADA

Year ended January 31, 2018

MENNONITE CHURCH CANADA

Audited Financial Statements
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Year ended January 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of Mennonite Church Canada

We have audited the accompanying financial statements of Mennonite Church Canada, which comprise the statement of financial position as at January 31, 2018, the statements of operations, changes in fund balances, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider 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 Church Canada as at January 31, 2018, its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants

May 5, 2018

Winnipeg, Canada

MENNONITE CHURCH CANADA

Statement of Financial Position

January 31, 2018, with comparative information for 2017

			2018	2017
	General Fund	Capital Fund	Total	Total
Assets				
Current assets:				
Cash	\$ 712,069	\$ -	\$ 712,069	\$ 1,491,056
Accounts receivable (note 3)	219,186	-	219,186	235,346
Prepaid expenses	61,284	-	61,284	48,206
	992,539	-	992,539	1,774,608
Inter-fund balance receivable (payable)	223,543	(223,543)	-	-
Investments (note 4)	2,373,690	-	2,373,690	2,474,784
Investment in joint venture	34,281	-	34,281	38,247
Capital assets (note 5)	-	282,234	282,234	326,293
	\$ 3,624,053	\$ 58,691	\$ 3,682,744	\$ 4,613,932

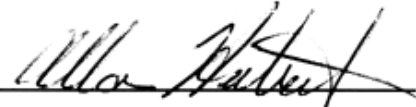
Liabilities, Deferred Contributions and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities (note 6)	\$ 350,746	\$ -	\$ 350,746	\$ 270,372
Other loans payable	14,786	-	14,786	16,699
Deferred contributions (note 7)	1,463,026	-	1,463,026	1,717,795
Total liabilities and deferred contributions	1,828,558	-	1,828,558	2,004,866
Fund balances:				
Invested in capital assets	-	33,232	33,232	77,291
Externally restricted (note 8)	426,856	-	426,856	423,998
Internally restricted (note 9)	1,368,639	25,459	1,394,098	2,107,777
	1,795,495	58,691	1,854,186	2,609,066
	\$ 3,624,053	\$ 58,691	\$ 3,682,744	\$ 4,613,932

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

MENNONITE CHURCH CANADA

Statement of Operations

Year ended January 31, 2018, with comparative information for 2017

	General Fund	Capital Fund	2018 Total	2017 Total
Revenues for MC Canada programs:				
Donations and bequests	\$ 2,393,607	\$ —	\$ 2,393,607	\$ 2,766,737
Investment income	105,598	—	105,598	116,588
Sales, services and fees	290,934	—	290,934	364,854
Grants from partner agencies	11,397	—	11,397	12,470
Amortization of deferred contributions (note 7)	170,841	—	170,841	197,423
	<u>2,972,377</u>	<u>—</u>	<u>2,972,377</u>	<u>3,458,072</u>
Revenues for partner programs:				
Donations and bequests	252,381	—	252,381	228,351
Grants	4,167	—	4,167	67,500
Investment income	6,770	—	6,770	5,184
Sales, services and fees	12,947	—	12,947	28,781
Amortization of deferred contributions (note 7)	34,764	—	34,764	74,144
	<u>311,029</u>	<u>—</u>	<u>311,029</u>	<u>403,960</u>
Revenues for related organizations:				
Donation and bequests	260,052	—	260,052	399,353
Sales, services and fees	102,481	—	102,481	97,110
Grants from partner agencies	11,226	—	11,226	8,805
Investment income	872	—	872	—
Amortization of deferred contributions (note 7)	148,403	—	148,403	6,622
	<u>523,034</u>	<u>—</u>	<u>523,034</u>	<u>511,890</u>
Total revenues	3,806,440	—	3,806,440	4,373,922
Expenses for MC Canada programs:				
Christian Witness Council (schedule A)	1,524,874	—	1,524,874	1,377,429
Christian Formation Council (schedule B)	365,803	—	365,803	432,487
Church Engagement Council (schedule C)	632,404	—	632,404	621,202
General Board (schedule D)	1,092,707	—	1,092,707	1,033,791
	<u>3,615,788</u>	<u>—</u>	<u>3,615,788</u>	<u>3,464,909</u>
Expenses for Partner Programs (schedule E)	509,136	—	509,136	456,335
Contributions to related organizations (schedule F)	522,146	—	522,146	509,904
Amortization of capital assets	—	30,848	30,848	37,727
Loss on disposal of capital assets	—	13,211	13,211	—
Total expenses and contributions	4,647,070	44,059	4,691,129	4,468,875
Deficiency of revenues over expenses before the undernoted	(840,630)	(44,059)	(884,689)	(94,953)
Mennonite Church Eastern Canada (MCEC)	126,951	—	126,951	123,319
Deficiency (excess) of revenues over expenses	\$ (713,679)	\$ (44,059)	\$ (757,738)	\$ 28,366

See accompanying notes to financial statements.

MENNONITE CHURCH CANADA

Statement of Changes in Fund Balances

Year ended January 31, 2018, with comparative information for 2017

	Invested in capital assets	Externally restricted	Internally restricted	Unrestricted	2018 Total	2017 Total
General Fund:						
Balance, beginning of year	\$ -	\$ 423,998	\$ 2,082,318	\$ -	\$ 2,506,316	\$ 2,323,846
Deficiency (excess) of revenues over expenses	-	-	-	(713,679)	(713,679)	63,598
Transfer from internally restricted funds (note 9)	-	-	(849,696)	849,696	-	-
Transfer to internally restricted funds (note 9)	-	-	136,017	(136,017)	-	-
Endowment contributions	-	2,858	-	-	2,858	118,872
Balance, end of year	\$ -	\$ 426,856	\$ 1,368,639	\$ -	\$ 1,795,495	\$ 2,506,316
Capital Fund:						
Balance, beginning of year	\$ 77,291	\$ -	\$ 25,459	\$ -	\$ 102,750	\$ 137,982
Deficiency of revenues over expenses	(44,059)	-	-	-	(44,059)	(35,232)
Balance, end of year	\$ 33,232	\$ -	\$ 25,459	\$ -	\$ 58,691	\$ 102,750

See accompanying notes to financial statements.

MENNONITE CHURCH CANADA

Statement of Cash Flows

Year ended January 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Deficiency (excess) of revenues over expenses	\$ (757,738)	\$ 28,366
Items not involving cash:		
Amortization of capital assets	30,848	37,727
Loss on disposal of capital assets	13,211	-
Amortization of deferred contributions	-	(2,495)
Change in non-cash operating working capital:		
Accounts receivable	16,160	60,115
Prepaid expenses	(13,078)	11,380
Accounts payable and accrued liabilities	80,374	(437,336)
Accrued income on investments	6,590	6,417
Change in deferred contributions relating to General Fund	(254,769) (878,402)	180,960 (114,866)
Financing:		
Endowment contributions received	2,858	118,872
Decrease in other loans payable	(1,913)	(1,849)
	945	117,023
Investing:		
Additions to capital assets	-	(41,879)
Decrease (increase) in investments, net	94,504	(239,248)
Investment in joint venture	3,966	-
	98,470	(281,127)
Decrease in cash	(778,987)	(278,970)
Cash, beginning of year	1,491,056	1,770,026
Cash, end of year	\$ 712,069	\$ 1,491,056

See accompanying notes to financial statements.

MENNONITE CHURCH CANADA

Notes to Financial Statements

Year ended January 31, 2018

1. General:

Mennonite Church Canada (MC Canada) is a Canada-wide Christian denomination within the Anabaptist-Mennonite tradition. Its mission includes the promotion of biblical faithfulness in worship, evangelism, service, peacemaking and stewardship of God's creation.

On October 14, 2017, at a Special Delegate Assembly, MC Canada voted to change its bylaws, to take effect immediately. MC Canada is now a covenanted partnership of provincial/regional Mennonite Church conferences that works in the mission and ministry of the church of Jesus Christ. It provides, facilitates and coordinates national and other programs that support the ministry of its partner regional church conferences. MC Canada works closely with other national Mennonite conferences, particularly Mennonite Church USA, cooperates with various inter-Mennonite and other Christian agencies, and represents national and international programs and concerns to its constituency.

MC Canada is a corporation without share capital incorporated under the laws of Canada and is registered with Canada Revenue Agency as a charitable organization with registration number 10696-7086-RR0001. MC Canada is exempt from income tax under Section 149 of the *Income Tax Act*.

2. Significant accounting policies:

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

(a) Fund accounting:

Assets, liabilities, revenues and expenses related to MC Canada's capital assets, capital campaigns, and internally restricted funds for future asset purchases are recorded in the Capital Fund. All other assets, liabilities, revenues and expenses are reported in the General Fund.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2018

2. Significant accounting policies (continued):

(b) Revenue recognition:

MC Canada follows the deferral method of accounting for contributions, which include donations and government grants.

Externally restricted contributions, other than endowment contributions, are deferred and recognized as revenue of the appropriate fund 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 capital assets.

MC Canada has established an internal policy to generally recognize revenue on externally restricted bequests at the lesser of the related expense incurred during the year and 10 percent of the particular deferred balance.

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

Endowment contributions are recorded as a direct increase to the externally restricted fund balance of the General Fund. Investment income earned on endowment contributions is recognized as revenue of the General Fund.

Sales, services and fees are recognized as revenue when earned.

Investment income on unrestricted assets is recognized as revenue when earned. Investment income earned on deferred contributions is recognized as revenue in the same period as the related expenses of the deferred contribution are recognized.

Investment income earned on bequest funds and on the Church Building Fund are recognized directly into revenue of the General Fund.

Government grants relating to program delivery and administration are recognized as revenue of the General Fund in the year in which they apply.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2018

2. Significant accounting policies (continued):

(c) Joint venture:

The investment in CommonWord which is jointly owned and controlled is accounted for using the equity method. In accordance with the equity method, the carrying value of MC Canada's investment in CommonWord is adjusted by MC Canada's share of the excess of revenue over expenses of CommonWord.

(d) Capital assets:

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Amortization is provided on a straight-line basis over the asset's estimated useful life, which for buildings and leasehold improvements is 20 years and for vehicles, equipment and furnishings is 5 years. Amortization expense is reported in the Capital Fund.

(e) Employee future benefits:

MC Canada has a defined contribution plan providing pension and post-employment benefits for its salaried employees. The cost of the defined contribution plan is recognized based on contributions required to be made during each period. During the year ended January 31, 2018, MC Canada made employer contributions for its employees to the plan in the amount of \$70,006 (2017 - \$90,334).

MC Canada is also a member of a health cost sharing plan incorporated in the United States, covering certain employees working overseas. Contributions to the plan are expensed as incurred.

(f) Foreign currency:

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in income.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2018

2. Significant accounting policies (continued):

(g) 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. MC Canada has not elected to carry any such financial instruments at fair value.

Investments in pooled funds are carried at fair value. The change in fair value of investments for the year is recognized in investment income in the statement of operations.

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 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, MC Canada 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 MC Canada 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.

(h) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and the fair value of investments. Actual results could differ from those estimates.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2018

3. Accounts receivable:

	2018	2017
Donations receivable	\$ 105,677	\$ 189,971
Other	113,509	45,375
	\$ 219,186	\$ 235,346

4. Investments:

	2018	2017
Abundance Canada:		
Annuities	\$ 12,968	\$ 14,881
Church Building Fund Trust	443,244	466,229
Endowments, bequests and other	1,805,705	1,868,560
Canada Life Insurance Company	109,147	121,942
Crosstown Civic Credit Union surplus shares	2,626	3,172
	\$ 2,373,690	\$ 2,474,784

The investments held at Abundance Canada (formerly Mennonite Foundation of Canada) may be withdrawn at any time, with due notice. Investment earnings are paid by Abundance Canada based on its pooled rate, less a fixed percentage for administration fees.

The majority of the investments with Canada Life Insurance Company are held in a money market fund and a guaranteed fund.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2018

5. Capital assets:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 983	\$ –	\$ 983	\$ 983
Buildings:				
Heritage Centre (note 10(a))	–	–	–	15,432
Conference administration	829,070	791,379	37,691	39,785
Leasehold improvements	240,000	36,000	204,000	216,000
	1,069,070	827,379	241,691	271,217
Vehicles, equipment and furnishings	660,124	620,564	39,560	54,093
	\$ 1,730,177	\$ 1,447,943	\$ 282,234	\$ 326,293

MC Canada has a commercial line of credit to a maximum of \$500,000, which is secured by a first mortgage on the property at 600 Shaftesbury, now owned by Canadian Mennonite University (note 10[a]) and a general security agreement. As at January 31, 2018 and January 31, 2017, no amounts are drawn on the facility.

6. Accounts payable and accrued liabilities:

Included in accounts payable are government remittances payable of nil (2017 - nil).

7. Deferred contributions:

(a) General Fund:

Deferred contributions reported in the General Fund relate to externally restricted operating contributions which have not yet been disbursed for their intended purpose. Investment income if any, relating to these amounts are included as deferred contributions. Investment income is allocated from the General Fund based on internal policy, and in the years ended January 31, 2018 and 2017, no such income was earned based on the policy.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2018

7. Deferred contributions (continued):

(a) General Fund (continued):

Changes in the deferred contributions balance reported in the General Fund are as follows:

	January 31, 2018	Received and not disbursed	Recognized as revenue	January 31, 2017
MC Canada programs:				
Witness Council:				
Witness Bequest Fund	\$ 811,492	\$ 31,492	\$ 86,385	\$ 866,385
Native ministries:				
Myanmar	23,817	23,817	-	
Church Building Fund	442,191	-	-	442,191
	1,277,500	55,309	86,385	1,308,576
Formation Council:				
Formation Bequest Fund	34,485	-	3,832	38,317
	34,485	-	3,832	38,317
Transition Funding	7,694	30,000	80,624	58,318
	1,319,679	85,309	170,841	1,405,211
Partner programs and related organizations:				
Partner Projects	11,135	-	11,847	22,982
Kherson Partnership	-	-	3,435	3,435
North American Vietnamese Mennonite	4,045	-	3,230	7,275
IM short-term assignments	927	4,950	-	(4,023)
MC USA - Join Hands	15,958	8,980	-	6,978
Meseretes Kristos College	111,282	-	148,403	259,685
Abram A. Vogt Legacy Fund	-	-	16,252	16,252
	143,347	13,930	183,167	312,584
	\$ 1,463,026	\$ 99,239	\$ 354,008	\$ 1,717,795

During the year the organization received \$30,000 (2017 - \$120,000) from Mennonite Church Eastern Canada (MCEC) to partially fund the transition costs related to implementing the Future Directions Task Force resolution passed at the July 2016 MC Canada Assembly. As of January 31, 2018, \$7,694 remained to be used against future related costs.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2018

7. Deferred contributions (continued):

(b) Capital Fund:

Changes in the deferred contributions balance reported in the Capital Fund are as follows:

	2018	2017
Beginning balance	\$ —	\$ 2,495
Less amount recognized as revenue in the year	—	(2,495)
Ending balance	\$ —	\$ —

8. External restrictions on General Fund balances:

External restrictions on General Fund balances are as follows:

	2018	2017
General Board Endowments:		
Conference administration building	\$ 100,000	\$ 100,000
MC Canada general endowment	8,445	8,445
	108,445	108,445
Witness Council Endowments:		
Native Ministries:		
Education endowment	16,753	16,753
General	2,000	2,000
Summer service	1,945	1,945
	20,698	20,698
Formation Council Endowment:		
Company of 1000	272,601	269,743
History archives endowment	25,112	25,112
	297,713	294,855
	\$ 426,856	\$ 423,998

Endowment funds are contributions designated by donors to remain in perpetuity. The investment income earned by these funds is either restricted by the donor for specific use, or for the general use of the entity. Investment income earned on the endowment funds is recognized as revenue of the General Fund. A portion of the investment income is redirected to rebuild the principal balance where an investment loss had occurred in the previous year.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2018

9. Internally restricted fund balances:

(a) General Fund:

	2018	2017
Witness Council:		
Witness start-up	\$ 18,816	\$ 18,816
Missional resources	3,878	3,878
International Ministries	220,000	567,508
Native Ministries	64,353	64,353
Witness medical	15,371	15,371
Asia Worker Housing	65,924	65,924
	<u>388,342</u>	<u>735,850</u>
Formation Council:		
Youth Assembly	18,094	18,094
Resource Creation	4,000	4,000
	<u>22,094</u>	<u>22,094</u>
Church Engagement Council:		
Church Engagement miscellaneous reserve	–	8,368
Operations:		
Major repair reserve	22,442	22,442
General Board:		
General bequests received to be used for program expenditures over a 10 year period	151,737	168,597
General	145,462	192,104
New projects	100,000	218,665
MCEC first fruits	375,184	374,638
	<u>772,383</u>	<u>954,004</u>
Partner programs:		
Learning Tour	20,005	20,005
MVSA Partnership reserve	34,598	38,510
Gallery	–	118,493
Archives	–	46,962
Company of 1000	1,080	16,961
Mennonite Women Canada	107,695	98,629
	<u>163,378</u>	<u>339,560</u>
	<u>\$ 1,368,639</u>	<u>\$ 2,082,318</u>

These internally restricted amounts are not available for any other purpose without the approval of the respective Council or General Board. Subsequent to October 14, 2017 (see note 1), approval must be obtained from the Joint Council.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2018

9. Internally restricted fund balances (continued):

During the year, the Joint Council authorized the following transfers:

- (i) \$849,696 (2017 - \$87,162) from the General Fund's internally restricted funds to the General Fund's unrestricted funds to cover program expenses for the year.
- (ii) \$136,017 (2017 - \$150,760) to the General Fund's internally restricted funds from the General Fund's unrestricted funds to cover future program expenses.
- (iii) nil (2017 - \$41,879) from the Capital Fund's internally restricted funds to cover current year capital asset acquisitions.

(b) Capital Fund:

	2018	2017
General capital	\$ 25,459	\$ 25,459

These internally restricted amounts are not available for any other purpose without the approval of the Joint Council.

10. Related party transactions:

(a) Canadian Mennonite University:

The Canadian Mennonite Bible College (CMBC), which was previously owned and operated by MC Canada, entered into a formal arrangement in 1998 with two other Mennonite Colleges to form the Canadian Mennonite University (CMU). CMU was formed in order to increase the effectiveness, both in serving the Mennonite constituency and in witnessing to the larger society, by providing university level training consistent with a Christian perspective rooted in the Anabaptist-Mennonite tradition. The members of CMU are CMBC, Concord College and Menno Simons College.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2018

10. Related party transactions (continued):

MC Canada leases its offices (and the Heritage Centre until June 1, 2017) from CMU under a 99 year capital lease. MC Canada does not pay rent on this lease but is responsible for all utility and maintenance costs associated with these properties. During the year ended January 31, 2018, MC Canada agreed to transfer the assets of the Heritage Centre and the responsibility for the operations of the archives and gallery projects to CMU for nil consideration. The disposition was recorded at book value. Under the agreed terms for the transfer, MC Canada has an ongoing commitment of \$55,000 annually to the archive operating costs, for an initial three-year period. After this period, the funding commitments will be reviewed by the parties to the arrangement.

MC Canada incurred \$185,292 (2017 - \$182,577) in operational and payroll costs during the year which has been contributed to CommonWord.

A balance of \$2,751 (2017 - \$3,463) is due from CommonWord and included in accounts receivable as at January 31, 2018. MC Canada's share of the joint venture excess (deficiency) of revenue over expenses was \$3,965 (2017 - (\$13,306)).

(b) Menno Media:

Menno Media, previously known as Mennonite Publishing Network, is an organization incorporated in the state of Pennsylvania as a not-for-profit corporation. Its purpose is to serve the publishing ministry needs of MC Canada and Mennonite Church USA. MC Canada is able to appoint 3 of a maximum of 8 members on Menno Media's board of directors. During the year, MC Canada contributed \$25,726 to Menno Media (2017 - \$28,365) with nil (2017 - \$3,584) in accounts payable and accrued liabilities at January 31, 2018.

(c) MC Canada sponsors a defined contribution pension plan for its employees and its member churches and related organizations. The plan is registered under the *Pension Benefits Act* of Manitoba, registration number 0228650. The pension plan is administered by Industrial Alliance. During fiscal year 2018, MC Canada was paid \$78,480 (2017 - \$63,146) by Industrial Alliance for services provided by MC Canada in relation to administering the plan with \$36,294 (2017 - nil) in accounts receivable at January 31, 2018.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Year ended January 31, 2018

11. Financial risks and concentration of credit risk:

(a) Currency risk:

MC Canada is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, MC Canada incurs international expenditures denominated in various foreign currencies. MC Canada does not currently enter into forward contracts to mitigate this risk. There has been no change to the risk exposure from 2017.

(b) Liquidity risk:

Liquidity risk is the risk that MC Canada will be unable to fulfill its obligations on a timely basis or at a reasonable cost. MC Canada manages its liquidity risk by monitoring its operating requirements. MC Canada prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2017.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. MC Canada is exposed to credit risk with respect to the accounts receivable. MC Canada assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. There has been no change to the risk exposure from 2017.

(d) Interest rate risk:

MC Canada is exposed to interest rate risk on its fixed interest rate investments that are held in pooled funds (note 4).

MENNONITE CHURCH CANADA

Expenses for Christian Witness Council Program

Year ended January 31, 2018, with comparative information for 2017

	2018	2017
International ministries	\$ 1,173,763	\$ 1,087,739
Indigenous relations	173,035	163,320
Executive office	167,229	122,286
National ministries administration	10,847	4,084
	<u>\$ 1,524,874</u>	<u>\$ 1,377,429</u>

MENNONITE CHURCH CANADA

Expenses for Christian Formation Council Program

Year ended January 31, 2018, with comparative information for 2017

	2018	2017
Canadian Mennonite University grants	\$ 175,695	\$ 176,403
Resource Centre	102,034	116,630
Ministerial and congregational leadership	87,900	102,088
Executive office	174	37,366
	<u>\$ 365,803</u>	<u>\$ 432,487</u>

MENNONITE CHURCH CANADA

Expenses for Church Engagement Council Program

Year ended January 31, 2018, with comparative information for 2017

	2018	2017
Communications	\$ 320,867	\$ 248,782
Canadian Mennonite	118,940	112,838
Development	105,416	158,020
Executive office	87,181	101,562
	<u>\$ 632,404</u>	<u>\$ 621,202</u>

MENNONITE CHURCH CANADA

Expenses for General Board

Year ended January 31, 2018, with comparative information for 2017

	2018	2017
Administration	\$ 397,967	\$ 322,132
Operations	301,723	250,699
Finance	233,722	187,314
Assembly	133,765	247,711
Mennonite World Conference grants	28,500	28,500
Foreign exchange gain	(2,970)	(2,565)
	<u>\$ 1,092,707</u>	<u>\$ 1,033,791</u>

MENNONITE CHURCH CANADA

Expenses for Partner Programs

Year ended January 31, 2018, with comparative information for 2017

	2018	2017
Mennonite Heritage Centre gallery	\$ 138,472	\$ 107,639
Mennonite Heritage Centre archives	115,187	112,309
Myanmar	91,881	-
North American Vietnamese Mennonite Fellowship	52,117	44,532
Company of 1000	40,150	57,495
Partner Projects/New Initiatives	24,957	31,974
Philippine Partnership	12,819	16,226
Mennonite Women Canada	12,701	45,284
IM short-term assignments	10,304	26,789
Kherson	6,135	13,737
Mennonite Voluntary Service Adventure	4,413	350
	\$ 509,136	\$ 456,335

MENNONITE CHURCH CANADA

Contributions to Related Organizations

Year ended January 31, 2018, with comparative information for 2017

	2018	2017
Meseretes Kristos College	\$ 299,201	\$ 261,994
Canadian Mennonite University	98,553	95,124
Associated Mennonite Bible Seminary	56,974	66,613
Mennonite Mission Network	31,433	36,739
Menno Media	25,726	28,365
Mennonite Church Eastern Canada	7,500	7,500
Mennonite Church USA	2,759	7,171
Eastern Mennonite Missions	-	6,398
	\$ 522,146	\$ 509,904