

Financial Statements of

MENNONITE CHURCH CANADA

Fourteen months ended March 31, 2023

MENNONITE CHURCH CANADA

Audited Financial Statements
Table of Contents

Fourteen months ended March 31, 2023

	Page
Independent Auditor's Report.....	1
Statement of Financial Position.....	2
Statement of Operations and Changes in Fund Balances.....	3
General Fund - Statement of Operations and Changes in Fund Balances.....	4
Restricted Funds - Statement of Operations and Changes in Fund Balances.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7
Schedule - MC Canada Operations.....	16



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Page 1

INDEPENDENT AUDITOR'S REPORT

To the Members of Mennonite Church Canada

Opinion

We have audited the financial statements of Mennonite Church Canada (the "Entity"), which comprise the statement of financial position as at March 31, 2023, the statements of operations and changes in fund balances and cash flows for the fourteen months then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying 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 fourteen months then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for 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 auditor's 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 the 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.



Auditor's 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 auditor's 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 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 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.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 10, 2023

MENNONITE CHURCH CANADA

Statement of Financial Position

March 31, 2023, with comparative information for January 31, 2022

	General Fund		Restricted Fund	Endowment Fund	2023	2022
	Unrestricted	Internally restricted			Total	Total
Assets						
Current assets:						
Cash	\$ 842,866	\$ -	\$ -	\$ -	\$ 842,866	\$ 518,259
Accounts receivable	65,150	-	-	-	65,150	38,447
Prepaid expenses	23,579	-	-	-	23,579	99,656
Due from other funds	172,838	1,417,786	12,039	9	1,602,672	767,473
	1,104,433	1,417,786	12,039	9	2,534,267	1,423,835
Investments (note 3)	63,306	1,024,326	1,837,103	120,689	3,045,424	3,031,601
Investment in joint venture	47,435	-	-	-	47,435	47,435
Capital assets (note 4)	-	-	171,221	-	171,221	185,315
	\$ 1,215,174	\$ 2,442,112	\$ 2,020,363	\$ 120,698	\$ 5,798,347	\$ 4,688,186

Liabilities and Fund Balances

Current liabilities:						
Accounts payable and accrued liabilities	\$ 164,360	\$ -	\$ -	\$ -	\$ 164,360	\$ 149,146
Deferred contributions (note 5)	106,361	-	-	-	106,361	285,818
Due to other funds	939,964	20,174	642,534	-	1,602,672	767,473
	1,210,685	20,174	642,534	-	1,873,393	1,202,437
Other loans payable	7,745	-	-	-	7,745	8,825
Fund balances:						
Unrestricted	(3,256)	-	-	-	(3,256)	43,653
Internally restricted	-	2,421,938	-	-	2,421,938	1,569,687
Externally restricted	-	-	1,377,829	-	1,377,829	1,742,886
Endowment (note 7)	-	-	-	120,698	120,698	120,698
	(3,256)	2,421,938	1,377,829	120,698	3,917,209	3,476,924
	\$ 1,215,174	\$ 2,442,112	\$ 2,020,363	\$ 120,698	\$ 5,798,347	\$ 4,688,186

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

MENNONITE CHURCH CANADA

Statement of Operations and Changes in Fund Balances

Fourteen months ended March 31, 2023, with comparative information for the year ended January 31, 2022

	General Fund	Restricted Fund	Endowment Fund	2023	2022
Revenue:					
Donations, bequests and other revenue	\$ 3,484,089	\$ 15,460	\$ –	\$ 3,499,549	\$ 2,331,755
Investment income	25,823	13,534	–	39,357	117,955
	3,509,912	28,994	–	3,538,906	2,449,710
Expenses:					
MC Canada operations (schedule)	2,559,420	–	–	2,559,420	2,032,322
Partner ministries (note 10)	425,935	–	–	425,935	324,406
Designated funds:					
Disbursements	591	–	–	591	48,498
Grants	20,116	78,465	–	98,581	132,291
Amortization	–	14,094	–	14,094	14,094
	3,006,062	92,559	–	3,098,621	2,551,611
Excess (deficiency) of revenues over expenses	503,850	(63,565)	–	440,285	(101,901)
Fund balance, beginning of period	1,613,340	1,742,886	120,698	3,476,924	3,578,825
Inter-fund transfers (note 6)	301,492	(301,492)	–	–	–
Balance, end of period	\$ 2,418,682	\$ 1,377,829	\$ 120,698	\$ 3,917,209	\$ 3,476,924

See accompanying notes to financial statements.

MENNONITE CHURCH CANADA

General Fund - Statement of Operations and Changes in Fund Balance

Fourteen months ended March 31, 2023, with comparative information for the year ended January 31, 2022

									2023	2022
	Internally restricted									
	Unrestricted	ISR Internally Restricted Fund	General Bequest Fund	General Reserve Fund	Missional Initiatives Fund	Capital Reserve Fund	Creation Care Fund	Other Internally Restricted Funds	Total	Total
Revenue:										
Donations, bequests and other revenue	\$ 2,589,535	\$ –	\$ 882,926	\$ –	\$ –	\$ 9,020	\$ 2,608	\$ –	\$ 3,484,089	\$ 2,282,759
Investment income	11,994	347	1,633	2,443	7,130	2,276	–	–	25,823	29,779
	2,601,529	347	884,559	2,443	7,130	11,296	2,608	–	3,509,912	2,312,538
Expenses:										
MC Canada operations (schedule)	2,559,420	–	–	–	–	–	–	–	2,559,420	2,032,322
Partner ministries (note 10)	425,935	–	–	–	–	–	–	–	425,935	324,406
Designated funds:										
Disbursements	–	–	–	–	–	591	–	–	591	48,498
Grants	–	–	–	15,116	–	–	–	5,000	20,116	68,893
	2,985,355	–	–	15,116	–	591	–	5,000	3,006,062	2,474,119
Excess (deficiency) of revenue over expenses	(383,826)	347	884,559	(12,673)	7,130	10,705	2,608	(5,000)	503,850	(161,581)
Fund balance, beginning of period	43,653	26,504	549,474	372,335	425,106	183,174	–	13,094	1,613,340	1,661,080
Inter-fund transfers (note 6)	418,473	–	–	36,378	–	30,716	4,142	–	489,709	113,841
Inter-fund transfers (note 6)	(81,556)	(26,786)	(64,105)	–	(15,770)	–	–	–	(188,217)	–
Fund balance, end of period	\$ (3,256)	\$ 65	\$ 1,369,928	\$ 396,040	\$ 416,466	\$ 224,595	\$ 6,750	\$ 8,094	\$ 2,418,682	\$ 1,613,340

See accompanying notes to financial statements.

MENNONITE CHURCH CANADA

Restricted Funds - Statement of Operations and Changes in Fund Balance

Fourteen months ended March 31, 2023, with comparative information for the year ended January 31, 2022

							2023	2022
	Witness Bequest Fund	Formation Bequest Fund	Church Building Fund	Company of 1000 Fund	Capital Fund	Endowment Fund	Total	Total
Revenue:								
Donations, bequest and other revenue	\$ -	\$ -	\$ -	\$ 15,460	\$ -	\$ -	\$ 15,460	\$ 48,996
Investment income	6,156	625	1,588	5,165	-	-	13,534	88,176
	6,156	625	1,588	20,625	-	-	28,994	137,172
Expenses:								
Designated funds:								
Grants	51,600	-	-	26,865	-	-	78,465	63,398
Amortization	-	-	-	-	14,094	-	14,094	14,094
	51,600	-	-	26,865	14,094	-	92,559	77,492
Excess (deficiency) of revenue over expenses	(45,444)	625	1,588	(6,240)	(14,094)	-	(63,565)	59,680
Fund balance, beginning of period	1,068,718	136,305	244,049	290,668	3,146	120,698	1,863,584	1,917,745
Inter-fund transfers (note 6)	(299,684)	(15,902)	-	-	14,094	-	(301,492)	(113,841)
Fund balance, end of period	\$ 723,590	\$ 121,028	\$ 245,637	\$ 284,428	\$ 3,146	\$ 120,698	\$ 1,498,527	\$ 1,863,584

See accompanying notes to financial statements.

MENNONITE CHURCH CANADA

Statement of Cash Flows

Fourteen months ended March 31, 2023, with comparative information for the year ended January 31, 2022

	2023	2022
Cash provided by:		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 440,285	\$ (101,901)
Items not involving cash:		
Amortization of capital assets	14,094	14,094
Change in non-cash operating working capital:		
Accounts receivable	(26,703)	47,415
Prepaid expenses	76,077	(63,201)
Accounts payable and accrued liabilities	15,214	40,592
Change in deferred contributions relating to General Fund	(179,457)	66,849
	<u>339,510</u>	<u>3,848</u>
Financing:		
Decrease in other loans payable	(1,080)	(2,137)
Investing:		
Decrease (increase) in investments, net	(13,823)	10,416
Increase in cash	324,607	12,127
Cash, beginning of period	518,259	506,132
Cash, end of period	<u>\$ 842,866</u>	<u>\$ 518,259</u>

See accompanying notes to financial statements.

MENNONITE CHURCH CANADA

Notes to Financial Statements

Fourteen months ended March 31, 2023

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*.

During the year, MC Canada changed its year-end from January 31 to March 31.

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:

MC Canada follows the restricted fund method of accounting for contributions.

The General Fund consists of assets, liabilities, revenue and expenditures related to MC Canada's program delivery and administrative activities. The General Fund also consists of funds internally restricted by the Joint Council. These internally restricted amounts are not available for any other purposes without the approval of the respective Joint Council.

The Restricted Funds, excluding the Capital Fund and Endowment Fund, include those assets, liabilities, revenue and expenditures which have been restricted as to the use of either capital and/or interest therefrom by the donor to support a particular ministry of MC Canada. The Capital Fund includes assets, liabilities, revenue and expenditures related to MC Canada's capital assets. The Endowment Fund consists of assets, liabilities and revenue related to contributions designated by donors to remain in perpetuity.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Fourteen months ended March 31, 2023

2. Significant accounting policies (continued):

The investment income earned by these funds is either restricted by the donor for specific use, or for the general use of MC Canada.

(b) Revenue recognition:

Restricted contributions related to general operations are recognized as revenue of the General Fund, depending on the nature of the contribution, in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

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

Endowment contributions are recognized as revenue when received in the Endowment Fund. Investment income earned on endowment contributions is recognized as revenue of the General Fund.

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 unspent restricted contributions is recognized as revenue in the Restricted Funds.

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

(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.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Fourteen months ended March 31, 2023

2. Significant accounting policies (continued):

(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 period ended March 31, 2023, MC Canada made employer contributions for its employees to the plan in the amount of \$46,756 (year ended January 31, 2022 - \$41,279).

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 year end 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.

(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.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Fourteen months ended March 31, 2023

2. Significant accounting policies (continued):

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.

3. Investments:

	March 31, 2023	January 31, 2022
Abundance Canada	\$ 2,989,862	\$ 2,985,325
Industrial Alliance Financial Group - Mutual Funds	55,562	46,276
	<u>\$ 3,045,424</u>	<u>\$ 3,031,601</u>

The investments held at Abundance 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.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Fourteen months ended March 31, 2023

4. Capital assets:

			March 31, 2023	January 31, 2022
	Cost	Accumulated amortization	Net book value	Net book value
Buildings:				
Conference administration	\$ 829,070	\$ 801,849	\$ 27,221	\$ 29,315
Leasehold improvements	240,000	96,000	144,000	156,000
	1,069,070	897,849	171,221	185,315
Vehicles, equipment and furnishings	660,124	660,124	–	–
	\$ 1,729,194	\$ 1,557,973	\$ 171,221	\$ 185,315

5. Deferred contributions:

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 fourteen months ended March 31, 2023 and the year ended January 31, 2022, no such income was earned based on the policy.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Fourteen months ended March 31, 2023

5. Deferred contributions (continued):

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

	January 31, 2022	Received and not disbursed	Recognized as revenue	March 31, 2023
MC Canada programs:				
Christian Witness:				
Myanmar	\$ 6,713	\$ 15,685	\$ 17,910	\$ 4,488
Partner programs & related organizations:				
Partner Projects	18,741	–	–	18,741
North American Vietnamese Mennonite	16,051	3,658	3,256	16,453
IM short-term assignments	28,104	–	11,788	16,316
Bethlehem Bible College	840	2,618	2,638	820
African Inter-Mennonite Mission – Burkina Faso	12,325	–	12,325	–
Mennonite Men – Mennonite Church USA	2,309	–	1,779	530
Meseretes Kristos College	57,132	46,791	63,768	40,155
Learning tour	20,005	123,919	139,617	4,307
Mennonite Mission Network	16,319	1,351	16,319	1,351
Menno Media	105,334	–	105,334	–
Anabaptist Mennonite Biblical Seminary	1,945	–	1,945	–
Together in Worship	–	3,200	–	3,200
	279,105	181,537	358,769	101,873
	\$ 285,818	\$ 197,222	\$ 376,679	\$ 106,361

6. Inter-fund transfers:

During the fourteen months ended March 31, 2023, the Joint Council authorized the following transfers:

- (i) \$106,661 (year ended January 31, 2022 - \$93,858) from the General Fund's internally restricted funds to the General Fund's unrestricted funds to cover program expenses for the year.
- (ii) \$23,809 (year ended January 31, 2022 - \$20,000) from the General Fund's unrestricted funds to the General Fund's internally restricted funds to cover future program expenses.
- (iii) \$43,653 (year ended January 31, 2022 - \$144,357) from the General Fund's unrestricted funds to the General Fund's internally restricted funds to cover future program expenses. This transfer represents the allocation of the prior year-end General Fund unrestricted balance.
- (iv) \$315,586 (year ended January 31, 2022 - \$127,935) from the Restricted Fund's fund balances to the General Fund's unrestricted funds to cover restricted program expenses for the year.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Fourteen months ended March 31, 2023

6. Inter-fund transfers (continued):

- (v) \$14,094 (year ended January 31, 2022 - \$14,094) from the General Fund's unrestricted funds to the Capital Fund's restricted funds to fund previous years capital asset additions.

7. Endowment fund:

Contributions held for perpetuity within the Endowment Fund are as follows:

	March 31, 2023	January 31, 2022
Christian Witness Endowments:		
Native Ministries:		
Education endowment	\$ 16,753	\$ 16,753
General	2,000	2,000
Summer service	1,945	1,945
	<u>20,698</u>	<u>20,698</u>
Joint Council Endowment:		
Conference administration building	100,000	100,000
	<u>\$ 120,698</u>	<u>\$ 120,698</u>

The investment income earned by these funds is either restricted by the donor for specific use, or for the general use of MC Canada. 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.

8. 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)

Fourteen months ended March 31, 2023

8. Related party transactions (continued):

MC Canada leases its offices 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 approximately \$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 paid \$66,200 (year ended January 31, 2022 - \$55,000) during the fourteen months ended March 31, 2023 to the Heritage Centre as operating grants.

MC Canada incurred \$152,571 (year ended January 31, 2022 - \$131,759) in operational and payroll costs during the fourteen months ended March 31, 2023 which has been contributed to CommonWord.

(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 fourteen months ended March 31, 2023, MC Canada contributed \$85,000 to Menno Media (year ended January 31, 2022 - \$117,843).

(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 the fourteen months ended March 31, 2023, MC Canada was paid \$67,386 (year ended January 31, 2022 - \$98,995) by Industrial Alliance for services provided by MC Canada in relation to administering the plan.

9. 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 2022.

MENNONITE CHURCH CANADA

Notes to Financial Statements (continued)

Fourteen months ended March 31, 2023

9. Financial risks and concentration of credit risk (continued):

(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 2022.

(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 2022.

(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 3).

10. Partner ministries:

	March 31, 2023	January 31, 2022
CommonWord	\$ 152,571	\$ 133,389
Canadian Mennonite University	98,890	83,689
Mennonite Heritage Centre Archives	66,200	55,000
Mennonite World Conference	90,834	35,000
Canadian Council of Churches	11,440	11,328
Evangelical Fellowship of Canada	6,000	6,000
	\$ 425,935	\$ 324,406

MENNONITE CHURCH CANADA

Schedule - MC Canada Operations

Fourteen months ended March 31, 2023, with comparative information for the year ended January 31, 2022

	Executive	Christian Formation	Christian Witness Office	Christian Witness Program	Indigenous Settler Relations	Climate Action	Communications Operations and Occupancy	Partner Projects	2023	2022
Expenses:										
Staff salary and payroll	\$ 219,535	\$ 2,440	\$ 119,955	\$ 365,570	\$ 112,060	\$ 12,563	\$ 283,085	\$ –	\$ 1,115,208	\$ 907,352
Staff travel	25,501	–	52,658	53,273	1,291	–	1,731	–	134,454	67,751
Staff professional development	2,219	–	–	–	211	–	399	–	2,829	3,184
Joint Council and executive staff group	38,456	–	–	–	–	1,103	–	–	39,559	15,884
Resourcing	–	2,961	5,891	86,738	281	–	34,624	47,513	178,008	124,172
Program	29,647	37,003	165	223,532	22,062	1,949	232,654	426,320	973,332	817,595
Facility	–	–	–	–	–	–	88,507	–	88,507	66,400
Legal and audit	–	–	–	–	–	–	27,523	–	27,523	29,984
	\$ 315,358	\$ 42,404	\$ 178,669	\$ 729,113	\$ 135,905	\$ 15,615	\$ 668,523	\$ 473,833	\$ 2,559,420	\$ 2,032,322

See accompanying notes to financial statements.