

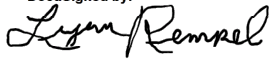
MENNONITE CENTRAL COMMITTEE (ONTARIO)

FINANCIAL STATEMENTS MARCH 31, 2022

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Approved on behalf of the board of directors:

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Chair

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Treasurer



INDEPENDENT AUDITOR'S REPORT

To the Directors of Mennonite Central Committee (Ontario)

Qualified Opinion

I have audited the financial statements of **Mennonite Central Committee (Ontario)**, which comprise the statement of financial position as at **March 31, 2022**, and the statements of operations and changes in net assets for the Operating Fund and the Capital Fund, and the statement of cash flows, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of **Mennonite Central Committee (Ontario)** as at **March 31, 2022** and its consolidated results of operations, changes in net assets, and cash flows, for the year then ended, in accordance with Canadian Accounting Standards for Not-for-profit Organizations.

Basis of Qualified Opinion

In common with many charitable organizations, **Mennonite Central Committee (Ontario)** derives a portion of its revenues from the general public in the form of donations and sales of donated goods, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of revenues from these sources was limited to accounting for the amounts recorded in the records of **Mennonite Central Committee (Ontario)**. Therefore, I was not able to determine whether any adjustments might be necessary to revenues, excess (deficit) of revenues over expenses, and cash flows for the years ended **March 31, 2022 and 2021**, current assets as at **March 31, 2022 and 2021**, and net assets as at **April 1, 2020 and March 31, 2022 and 2021**. My audit opinion on the financial statements for the year ended **March 31, 2021** was also modified because of the possible effects of the same limitation in scope.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

E.M. Simon CPA

Professional Corporation

September 19, 2022

Waterloo, ON

MENNONITE CENTRAL COMMITTEE (ONTARIO)**STATEMENT OF FINANCIAL POSITION****AS AT MARCH 31, 2022****With comparative figures as at March 31, 2021**

(the accompanying notes are an integral part of these financial statements)

ASSETS	2022			2021		
	Operating Fund	Capital Fund	Total	Operating Fund	Capital Fund	Total
CURRENT						
Cash - General Operating Fund	8,842,803	0	8,842,803	4,408,121	0	4,408,121
Cash - Operating Reserve (notes 1 and 5)	3,055,717	0	3,055,717	2,154,825	0	2,154,825
Cash - Capital Asset Reserve	0	2,769,620	2,769,620	0	2,460,817	2,460,817
Investment - Operating Reserve (notes 1, 2 and 5)	300,000	0	300,000	300,000	0	300,000
Investment - Capital Asset Reserve (note 2)	0	275,167	275,167	0	268,317	268,317
Accounts receivable	626,613	0	626,613	1,165,763	0	1,165,763
Investment - Capital Improvement Fund (note 2)	0	59,610	59,610	0	74,050	74,050
	12,825,133	3,104,397	15,929,530	8,028,709	2,803,184	10,831,893
LONG-TERM						
Real estate, equipment and vehicles (note 3)						
Cost	0	24,983,673	24,983,673	0	24,891,524	24,891,524
Accumulated amortization	0	9,204,150	9,204,150	0	8,095,724	8,095,724
	0	15,779,523	15,779,523	0	16,795,800	16,795,800
	\$12,825,133	\$18,883,920	\$31,709,053	\$8,028,709	\$19,598,984	\$27,627,693
LIABILITIES						
CURRENT						
Accounts payable	373,079	0	373,079	231,814	0	231,814
Deferred income (note 6)	8,221,934	0	8,221,934	6,312,720	0	6,312,720
Current portion of long-term debt (note 4)	0	3,218,474	3,218,474	0	3,611,091	3,611,091
	8,595,013	3,218,474	11,813,487	6,544,534	3,611,091	10,155,625
LONG-TERM (note 4)	0	4,070,613	4,070,613	0	4,509,623	4,509,623
TOTAL LIABILITIES	8,595,013	7,289,087	15,884,100	6,544,534	8,120,714	14,665,248
NET ASSETS						
OPERATING FUND (page 4)						
Unrestricted	874,403	0	874,403	(970,650)	0	(970,650)
Internally Restricted						
Operating Reserve (notes 1 and 5)	3,355,717	0	3,355,717	2,454,825	0	2,454,825
CAPITAL FUND (page 4)						
Internally restricted						
Capital Asset Reserve (note 1)	0	3,104,397	3,104,397	0	2,803,184	2,803,184
Investment in Property, Equipment and Vehicles	0	8,490,436	8,490,436	0	8,675,086	8,675,086
	4,230,120	11,594,833	15,824,953	1,484,175	11,478,270	12,962,445
	\$12,825,133	\$18,883,920	\$31,709,053	\$8,028,709	\$19,598,984	\$27,627,693

MENNONITE CENTRAL COMMITTEE (ONTARIO)**STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED MARCH 31, 2022****With comparative figures for the year ended March 31, 2021**

(the accompanying notes are an integral part of these financial statements)

	<u>2022</u>			<u>2021</u>		
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>
EXCESS (DEFICIT) OF INCOME OVER EXPENSES	3,899,562	(1,037,054)	2,862,508	1,710,269	(1,128,662)	581,607
Interfund transfers						
Operating Fund - budgeted capital funding	(73,421)	73,421	0	36,304	(36,304)	0
Thrift Shop forwardings for capital projects	0	0	0	(51,955)	51,955	0
Thrift Shop forwardings for mortgage payments	(471,703)	471,703	0	(502,374)	502,374	0
Thrift RePurpose and Hazelglen costs	(561,119)	561,119	0	(550,745)	550,745	0
Thrift Shops - capital assets, shared occupancy	(47,374)	47,374	0	(79,721)	79,721	0
CHANGE IN NET ASSETS	2,745,945	116,563	2,862,508	561,778	19,829	581,607
OPENING NET ASSETS	1,484,175	11,478,270	12,962,445	922,397	11,458,441	12,380,838
CLOSING NET ASSETS	\$4,230,120	\$11,594,833	\$15,824,953	\$1,484,175	\$11,478,270	12,962,445

REPRESENTED BY:

Unrestricted:

Thrift Shops (page 14)	1,171,980	0	1,171,980	(682,772)	0	(682,772)
Alumni Loan Fund	3,580	0	3,580	3,564	0	3,564
General Operations	(301,157)	0	(301,157)	(291,442)	0	(291,442)
Investment in Property, Equipment and Vehicles	0	8,490,436	8,490,436	0	8,675,086	8,675,086
	874,403	8,490,436	9,364,839	(970,650)	8,675,086	7,704,436

Internally Restricted:

Operating Reserve (note 5)	3,355,717	0	3,355,717	2,454,825	0	2,454,825
Capital Asset Reserve						
50 Kent Capital Maintenance	0	1,549,491	1,549,491	0	1,901,470	1,901,470
Equipment and Vehicle Capital Replacement	0	388,156	388,156	0	302,646	302,646
Thrift Shop Capital Expansion	0	1,166,750	1,166,750	0	599,068	599,068
	3,355,717	3,104,397	6,460,114	2,454,825	2,803,184	5,258,009
	\$4,230,120	\$11,594,833	\$15,824,953	\$1,484,175	\$11,478,270	\$12,962,445

MENNONITE CENTRAL COMMITTEE (ONTARIO)**STATEMENT OF OPERATIONS - OPERATING FUND****FOR THE YEAR ENDED MARCH 31, 2022**

With comparative figures for the year ended March 31, 2021

(the accompanying notes are an integral part of these financial statements)

INCOME	2022	2021
Donations		
General fund	4,959,232	5,143,557
Designated for forwarding	6,242,322	3,741,978
	11,201,554	8,885,535
Other		
Thrift Shops (page 14)	8,097,447	6,786,345
Operating Reserve (note 5)	2,828,783	1,695,888
Relief Sales	284,409	187,900
Interest income	40,954	23,720
	11,251,593	8,693,853
Direct Support for Ontario Programs		
Designated donations	1,204,789	1,064,999
Grants and other income (note 6)	1,472,108	1,833,790
	2,676,897	2,898,789
TOTAL INCOME	25,130,044	20,478,177
FORWARDED TO MCC (CANADA)		
Designated donations	6,242,322	3,741,978
General donations	5,101,830	5,635,241
	11,344,152	9,377,219
INCOME RETAINED FOR ONTARIO	13,785,892	11,100,958
ONTARIO EXPENSES (page 15)		
Programs	3,182,365	2,733,249
Fundraising Coordination	723,223	737,373
Fundraising Projects	70,684	67,471
General administration and board	934,177	647,730
Thrift Shops	4,975,881	5,204,866
	9,886,330	9,390,689
EXCESS OF INCOME OVER EXPENSES	\$3,899,562	\$1,710,269

MENNONITE CENTRAL COMMITTEE (ONTARIO)**STATEMENT OF OPERATIONS - CAPITAL FUND
FOR THE YEAR ENDED MARCH 31, 2022****With comparative figures for the year ended March 31, 2021**

(the accompanying notes are an integral part of these financial statements)

	<u>2022</u>	<u>2021</u>
INCOME		
Donations	31,000	151,400
Investment income	30,792	55,037
Rent and Capital Asset Reserve contributions	262,396	266,266
	<u>324,188</u>	<u>472,703</u>
EXPENSES		
Amortization of property and equipment costs:		
Programs and administration:		
Equipment	78,539	79,723
Vehicles	10,968	15,044
Buildings	388,640	407,991
	<u>478,147</u>	<u>502,758</u>
Thrift Shops:		
Equipment	61,422	60,967
Vehicles	1,662	2,375
Leasehold improvements	92,455	186,236
Buildings	231,143	240,900
	<u>386,682</u>	<u>490,478</u>
Total Amortization	<u>864,829</u>	<u>993,236</u>
Mortgage interest	252,816	284,740
Write off Thrift Re-Purpose and Hazelglen costs (note 9)	243,597	323,389
	<u>1,361,242</u>	<u>1,601,365</u>
EXCESS (DEFICIT) OF INCOME OVER EXPENSES	(\$1,037,054)	(\$1,128,662)

MENNONITE CENTRAL COMMITTEE (ONTARIO)**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2022****With comparative figures for the year ended March 31, 2021**

(the accompanying notes are an integral part of these financial statements)

SOURCES (USES) OF CASH:	2022			2021		
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>
OPERATING ACTIVITIES						
Excess of income over expenses for the year	3,899,562	(1,037,054)	2,862,508	1,710,269	(1,128,662)	581,607
Items not affecting cash flows:						
Amortization - buildings, equipment and vehicles	0	864,829	864,829	0	993,236	993,236
Write off Thrift Re-Purpose and Hazelglen costs	0	243,597	243,597	0	323,389	323,389
	3,899,562	71,372	3,970,934	1,710,269	187,963	1,898,232
Change in current assets and liabilities:						
Investments	0	(6,850)	(6,850)	0	(25,638)	(25,638)
Accounts receivable	539,150	0	539,150	(1,042,319)	0	(1,042,319)
Mortgage receivable	0	14,440	14,440	0	4,664	4,664
Accounts payable	141,265	0	141,265	52,658	0	52,658
Deferred income	1,909,214	0	1,909,214	2,967,432	0	2,967,432
	6,489,191	78,962	6,568,153	3,688,040	166,989	3,855,029
INVESTING ACTIVITIES						
Additions to buildings, equipment and vehicles	0	(92,149)	(92,149)	0	(964,202)	(964,202)
Proceeds from sale of vehicle	0	0	0	0	0	0
Repayment (acquisition) of mortgage receivable	0	0	0	0	0	0
	0	(92,149)	(92,149)	0	(964,202)	(964,202)
FINANCING ACTIVITIES						
Long-term debt repaid	0	(831,627)	(831,627)	0	(526,004)	(526,004)
Interfund transfers	(1,153,617)	1,153,617	0	(1,148,491)	1,148,491	0
	(1,153,617)	321,990	(831,627)	(1,148,491)	622,487	(526,004)
CHANGE IN CASH FOR THE YEAR	5,335,574	308,803	5,644,377	2,539,549	(174,726)	2,364,823
CASH ON HAND - beginning of the year	6,562,946	2,460,817	9,023,763	4,023,397	2,635,543	6,658,940
CASH ON HAND - end of the year	\$11,898,520	\$2,769,620	\$14,668,140	\$6,562,946	\$2,460,817	\$9,023,763
REPRESENTED BY:						
Cash - General Operating Fund	8,842,803	0	8,842,803	4,408,121	0	4,408,121
Cash - Operating Reserve (notes 1 and 5)	3,055,717	0	3,055,717	2,154,825	0	2,154,825
Cash - Capital Asset Reserve	0	2,769,620	2,769,620	0	2,460,817	2,460,817
	\$11,898,520	\$2,769,620	\$14,668,140	\$6,562,946	\$2,460,817	\$9,023,763

MENNONITE CENTRAL COMMITTEE (ONTARIO)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

PURPOSE

Mennonite Central Committee (MCC), a worldwide ministry of Anabaptist churches, shares God's love and compassion for all in the name Christ by responding to basic human needs and working for peace and justice. Mennonite Central Committee (Ontario), (MCCO) engages in a number of programs which are consistent with MCC'S ministry. MCCO is incorporated in Ontario, without share capital, is a registered charity, and as such does not pay income tax.

1. ACCOUNTING POLICIES

Basis of presentation - These financial statements have been prepared using Canadian Accounting Standards for Not-for-profit Organizations.

Fund Accounting - MCCO maintains its accounts in accordance with the principles of fund accounting, wherein resources for various purposes are classified in accordance with activities or objectives as specified by the Board, management or donors.

The **Operating Fund** reflects the assets, liabilities, income and expenses related to all ongoing programs of MCCO. The Operating Reserve is a pool of funding contained within the Operating Fund which is used to stabilize the often fluctuating cash flows available for Operating Fund expenditures. All undesignated bequests are deposited into the Operating Reserve. Accumulated bequests and interest are transferred to the Operating Fund bank account monthly based on a formula which restricts minimum and maximum balances in net assets available for operations. The **Capital Fund** reflects MCCO's net Investment in Capital Assets, plus the net assets restricted by donors or the Board in the Capital Asset Reserve. The Capital Asset Reserve has three components - 50 Kent Capital Maintenance, which is a reserve of assets designed to enable maintenance of MCCO's head office, Equipment and Vehicle Capital Replacement, which is a reserve of assets designed to enable the replacement of equipment and vehicles, and Thrift Shop Capital Expansion, which is a reserve of funds which are advanced to Thrift Shops to enable expansion. The 50 Kent Capital Maintenance portion of the reserve receives rent from tenants, capital donations, capital loans, and transfers from Thrift Shops, and disburses funds on mortgage payments and maintenance of the head office. The Equipment and Vehicle Capital Replacement portion of the reserve receives annual budgeted allocations from the Operating Fund for equipment and vehicle replacement. The Thrift Shop Capital Expansion portion of the reserve receives donations, loans and transfers from Thrift Shops, which are used to enable capital expansion at Thrift Shops.

Income Recognition - MCCO uses the restricted fund method of accounting, whereby restricted (designated) contributions to the Capital Fund, are reflected as income when received or receivable, and the accumulated amount of such contributions, net of respective expenditures, is reflected as restricted net assets in the appropriate restricted fund (the Capital Fund) on the statement of financial position until the funds are spent as designated.

All Operating Fund receipts which are designated (restricted) by the donor for a specific purpose (such as government grants and donations designated for programs) are reflected as deferred income on the statement of financial position until expended as designated, whereupon the funds are reflected as income. Each year, MCCO enters into an agreement with MCC Canada as to what portion of general donations will be retained for use for Ontario programs and overhead costs (the provincial allotment). Program expenditures are funded in the following order - income generated by the program, grants restricted to the program for the specific fiscal period, the provincial allotment, and then grants and donations which are designated for the program but are not restricted to the fiscal period. Undesignated receipts are reflected as income when received or receivable, provided collection is reasonably assured and amounts reasonably estimable. When MCCO receives restricted contributions which are conditional on MCCO obtaining funding from third parties in addition to the restricted contributions (matching funding), expenses are funded first with matching funds, then with donor restricted funds.

MCCO receives material-in-kind contributions from supporters which are forwarded to communities in need. MCCO assigns values to these in-kind contributions based on conservative estimates of their market values, and reflects these contributions as contributions designated for forwarding. MCCO also receives many hours of service from its many volunteers. Because it is impractical to determine a fair value for these services, their value is not reflected in these financial statements.

MENNONITE CENTRAL COMMITTEE (ONTARIO)**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2022**

Financial Instruments - A financial instrument is a contract that creates a financial asset for one entity and a financial liability or equity instrument of another. Financial assets and liabilities are initially measured at fair value, except for non-arm's length transactions, if any. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments with quoted fair values in an active market, if any, which are measured at fair value. Changes in fair value are recognized in net income. Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized on the statement of operations and changes in net assets. Any previously recognized impairment losses may be reversed and reflected in income to the extent of improvement, provided they are no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously.

Real estate, equipment and vehicles - are reflected at cost, and amortized at the following annual rates:

Buildings	- 5% on the declining balance
Leasehold improvements	- 20% on the declining balance
Equipment	- 20% on the declining balance
Vehicles	- 30% on the declining balance

Use of Estimates - The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations sometimes requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. In particular, MCCO includes in income (Donations designated for forwarding), the estimated fair value of donated materials included in material aid shipments made during the year (\$481,849 and \$305,789 in the current and prior years respectively). These estimates are reviewed periodically and adjusted proactively as they become necessary. An identical amount is included in expenses for the year as Forwarded to MCC (Canada). Actual fair values could differ from those estimated. In addition, amortization of property and equipment requires estimates and assumptions related to the useful life of the related assets. Actual results could differ from those estimates.

Allocation of Administrative Expenses to Programs - MCCO allocates certain general administrative expenses, such as telephone and internet charges, office supplies, building maintenance, building and equipment amortization, building insurance, software, computer support and receptionist's payroll costs, to its departments. These expenses are allocated to departments based on the number of full-time-equivalent employees working directly in each department.

2. FINANCIAL INSTRUMENTS

	2022		2021	
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Total</u>
Financial assets reflected at fair value				
Balanced Pool Funds	0	275,167	275,167	268,317
Operating Reserve - Fixed Income Fund	300,000	0	300,000	300,000
Financial assets reflected at amortized cost				
Capital Asset Reserve:				
Mortgage receivable - Erie St. Leamington, 3%, quarterly payments of \$10,000 principal plus interest, due Sept. 2023		59,610	59,610	74,050
	300,000	334,777	634,777	642,367
Cash and accounts receivable	12,525,133	2,769,620	15,294,753	10,189,526
	\$12,825,133	\$3,104,397	\$15,929,530	\$10,831,893

As in the prior year, management believes the organization does face some interest rate risk, in that, significant increases in market interest rates could significantly increase interest costs relating to its mortgages and loans payable, upon renewal of these obligations. As in the prior year, management believes it does not face any significant market, credit, currency or liquidity risk with respect to its remaining financial instruments.

MENNONITE CENTRAL COMMITTEE (ONTARIO)**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2022****3. REAL ESTATE, EQUIPMENT AND VEHICLES**

	<u>Cost</u>	<u>Amortization</u>	<u>2022</u> <u>Net Book</u> <u>Value</u>	<u>2021</u> <u>Net Book</u> <u>Value</u>
Buildings				
Head office and partner facility - Kitchener - Kent Ave.	11,590,368	4,245,066	7,345,302	7,731,897
Timmins - Pine St. S.	41,954	3,094	38,860	40,905
Thrift Shops: Elmira - Church St.	589,100	343,677	245,423	258,340
Leamington - Mill St.	1,677,720	473,563	1,204,157	1,267,534
New Hamburg - Heritage Dr.	2,276,156	1,053,789	1,222,367	1,286,702
St. Catharines - Grantham Ave	632,991	296,790	336,201	353,896
Stouffville - Ringwood Dr.	2,036,595	653,043	1,383,552	1,456,371
	18,844,884	7,069,022	11,775,862	12,395,645
Land				
Head office and partner facility - Kitchener - Kent Ave.	1,545,165	0	1,545,165	1,545,165
Timmins - Pine St. S.	10,000	0	10,000	10,000
Thrift Shops: Elmira - Church St.	147,275	0	147,275	147,275
Leamington - Mill St.	254,000	0	254,000	254,000
New Hamburg - Heritage Dr.	321,389	0	321,389	321,389
St. Catharines - Grantham Ave	155,625	0	155,625	155,625
Stouffville - Ringwood Dr.	565,000	0	565,000	565,000
	2,998,454	0	2,998,454	2,998,454
Leasehold Improvements	802,484	432,665	369,819	705,871
Total Real Estate	22,645,822	7,501,687	15,144,135	16,099,970
Equipment	2,095,530	1,489,614	605,916	653,728
Vehicles	242,321	212,849	29,472	42,102
	\$24,983,673	\$9,204,150	\$15,779,523	\$16,795,800

4. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
50 Kent Ave, Kitchener, ON		
Mortgage payable - Abundance Canada - 3.45% interest, requiring monthly principal and interest payments of \$13,911, due July 2022, secured by a \$6,000,000 first mortgage on the real estate at 50 Kent Ave. held jointly by Abundance Canada and Kindred Credit Union.	486,167	633,069
Mortgage payable - Kindred Credit Union - 3.65% interest, requiring monthly principal and interest payments of \$9,013, due July 2026, secured by a \$6,000,000 first mortgage on the real estate at 50 Kent Ave. held jointly by Abundance Canada and Kindred Credit Union.	1,004,195	1,074,071
Promissory note payable - Kindred Credit Union - 3.55% interest, requiring monthly principal and interest monthly payments of \$8,206, due February 2026, secured by a \$6,000,000 first mortgage on the real estate at 50 Kent Ave., held jointly by Abundance Canada and Kindred Credit Union.	1,081,758	1,140,966
Mortgage payable - Mennonite Conference of Eastern Canada - 5.5% interest, requiring monthly payments of interest only, due October 2023, secured by a \$1,425,000 third mortgage on the real estate at 50 Kent Ave.	1,425,000	1,425,000

continued on the next page

MENNONITE CENTRAL COMMITTEE (ONTARIO)**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2022**

4. LONG-TERM DEBT (continued)	<u>2022</u>	<u>2021</u>
50 Kent Ave, Kitchener, ON (continued)		
Raising Hope Construction Loans - promissory notes, unsecured, requiring payment of interest between 0% and 2.5% annually, principal of due on demand or in the forthcoming	1,084,000	1,450,000
Leamington Thrift Shop		
Demand note payable - Kindred Credit Union - 3.9% interest, requiring monthly principal and interest payments of \$5,986, due July 2025, secured by a \$1,000,000 first mortgage on the real estate at 62 Mill St. Leamington and 41 Heritage Dr., New Hamburg.	747,483	789,508
Stouffville Thrift Shop		
Mortgage payable - Abundance Canada - Stouffville Thrift Shop - 3.6% interest, requiring monthly principal and interest payments of \$7,658, due March 31, 2023, secured by a first charge on real estate at 33 Ringroad Drive., Stouffville	1,210,484	1,258,100
Private loans - promissory notes, unsecured, 0% interest, principal due on demand	250,000	250,000
rePurpose Centre, Elmira		
Private loans - promissory notes, unsecured, 0% interest, principal due on demand	0	100,000
	<u>7,289,087</u>	<u>8,120,714</u>
Current portion	<u>3,218,474</u>	<u>3,611,091</u>
	<u>\$4,070,613</u>	<u>\$4,509,623</u>

Projected repayment of long-term debt:

Year	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Total</u>
Amount	3,218,474	1,613,267	195,010	1,024,903	1,237,433	7,289,087

5. OPERATING RESERVE

	<u>2022</u>	<u>2021</u>
Income		
Donations by bequest	1,925,615	1,675,214
Interest	18,953	14,674
MCC Canada recoveries (deficit coverage)	884,215	6,000
Total income for the year (page 5)	<u>2,828,783</u>	<u>1,695,888</u>
Opening net assets	2,454,825	1,292,511
Transfer from (to) General Operations	<u>(1,927,891)</u>	<u>(533,574)</u>
Closing net assets (page 3)	<u>\$3,355,717</u>	<u>\$2,454,825</u>
Represented by;		
Cash (page 3)	3,055,717	2,154,825
Investment (page 3)	300,000	300,000
	<u>\$3,355,717</u>	<u>\$2,454,825</u>

MENNONITE CENTRAL COMMITTEE (ONTARIO)**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2022****6. DEFERRED INCOME, GOVERNMENT GRANTS AND OTHER INCOME**

	<u>Balance</u> <u>March 31</u> <u>2021</u>	<u>Income</u> <u>Received</u>	<u>Income</u> <u>Expended</u> <u>(Recognized)</u>	<u>Balance</u> <u>March 31</u> <u>2022</u>
Government grants:				
Canada Employment Wage Subsidy	0	508,891	508,891	0
Correctional Services Canada - Community Integration	5,573	50,394	41,813	14,155
Region of Waterloo - Circle of Friends and People's Action	8,822	160,947	150,060	19,708
	<u>14,395</u>	<u>720,232</u>	<u>700,764</u>	<u>33,863</u>
Other Grants	86,911	259,167	240,689	105,389
Total Government and Other Grants	101,306	979,399	941,453	139,252
Other Income	0	530,655	530,655	0
Total Grants and Other Income (page 5)	101,306	1,510,054	1,472,108	139,252
Designated donations and other income				
Ontario Programs				
- Refugee Family Support (note 8)	1,870,764	1,116,683	373,431	2,614,016
- Program and Operational Support	1,568,035	767,642	95,000	2,240,678
- Other Refugee programs	93,850	60,306	1,828	152,328
Meat Canning	378,364	7,323	16,639	369,049
MCC Canada	757,549	231,845	0	989,394
Other Programs	1,542,852	892,257	717,891	1,717,217
	<u>6,211,414</u>	<u>3,076,056</u>	<u>1,204,789</u>	<u>8,082,682</u>
Total Deferred Income (page 3)	\$6,312,720	\$4,586,110	\$2,676,897	\$8,221,934

7. CONTRACTUAL OBLIGATIONS, COMMITMENTS, CONTINGENCIES

MCCO has entered into lease agreements with a number of tenants at its head office and partner facility which generate an annual base rental income of approximately \$245,000. All leases mature between 2021 and 2023. In addition to base rent, tenants typically pay a pro rata share of common costs, plus contribute to a capital reserve which is intended to accumulate funds to finance future significant capital costs necessary for continued operation of the building.

MCCO has a lease commitment with respect to a premises which commenced July 1, 2020 and expires August 31, 2025. The lease requires annual base rent payments of \$135,784, increasing by the Consumer Price Index annually, plus common costs related to the property. Projected annual base rent payments are as follows:

<u>Fiscal Year</u>	<u>Annual base rent</u>
2023	137,829
2024	138,862
2025	139,904
2026	58,730

8. CONTINGENT LIABILITIES

MCC Canada (MCCC) has signed a Private Sponsorship of Refugees (PSR) Agreement with Immigration Refugee and Citizenship Canada (IRCC), formerly the Department of Citizenship and Immigration Canada (CIC), to provide financial, human resources and moral support to a certain number of refugees sponsored under the PSR program. MCCC's responsibilities under this agreement were assigned to the various Canadian MCCs.

MCC Ontario has partnered with various church and community groups to assist with the sponsorship and resettlement of certain refugee families in Ontario. These groups have placed on deposit with MCC Ontario the necessary funds to sponsor and support these refugee families for the required period of time. Management believes it has sufficient designated funds on hand and volunteer group support to meet its commitment to IRCC.

MENNONITE CENTRAL COMMITTEE (ONTARIO)**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2022****9. SIGNIFICANT EVENTS**

In the current and prior years, a decision was made to discontinue operations at the Kitchener (Hazelglen) Thrift Shop and the Thrift Re-Purpose Centre. The unamortized balance of all leasehold improvements related to the properties where these programs were operating were written off in the respective years.

During and subsequent to MCCO's current fiscal year, the world was, and continues to be, greatly impacted by the Covid-19 pandemic. Government regulations, community response and the response of MCCO's management team to this pandemic greatly impacted operations at MCCO. While MCCO was required to make significant changes to its operations to protect its staff and stakeholders, it is impractical to estimate the financial impact these changes will have on future operations.

MENNONITE CENTRAL COMMITTEE (ONTARIO)**THRIFT SHOPS****INCOME, EXPENSES AND CHANGE IN NET OPERATING ASSETS****FOR THE YEAR ENDED MARCH 31, 2022**

With comparative figures for the year ended March 31, 2021

	<u>2022</u>	<u>2021</u>
INCOME		
Sales of donated goods	7,348,833	5,461,927
Canada Employment Wage Subsidy and other income	568,614	1,204,418
Forwardings from Associate Thrift Shops	180,000	120,000
	<u>8,097,447</u>	<u>6,786,345</u>
EXPENSES		
Personnel	3,049,199	3,190,337
Facility costs	624,227	727,379
Other operating costs	1,302,455	1,287,150
	<u>4,975,881</u>	<u>5,204,866</u>
NET INCOME	3,121,566	1,581,479
Forwarded to MCCO Operating Fund		
MCCO shops	(3,555,403)	(2,217,774)
Associate shops	(180,000)	(120,000)
Administrative and rePurpose Centre expenses recovered from forwardings:	754,037	671,038
NET INCOME RETAINED BY OWNED SHOPS	140,200	(85,257)
OPENING NET OPERATING ASSETS - OWNED THRIFT SHOPS	(682,772)	(517,794)
Capital assets purchased and Maintenance Reserve contributions	(47,374)	(79,721)
Transfer from Capital Fund - Re-Purpose and Hazelglen costs	1,761,926	0
CLOSING NET OPERATING ASSETS - OWNED THRIFT SHOPS (page 4)	<u>\$1,171,980</u>	<u>\$(682,772)</u>
REPRESENTED BY:		
Cash	1,353,856	1,081,530
Accounts receivable	48,299	421,111
Accounts payable	(230,175)	(2,185,413)
Net Assets (deficit)	<u>\$1,171,980</u>	<u>\$(682,772)</u>

MENNONITE CENTRAL COMMITTEE (ONTARIO)
ONTARIO EXPENSES - PROGRAMS, FUNDRAISING AND ADMINISTRATION
FOR THE YEAR ENDED MARCH 31, 2022

With comparative figures for the year ended March 31, 2021

	<u>Administrative</u> <u>Charges</u>	<u>2022</u>	<u>2021</u>
PROGRAMS			
Justice & Peacebuilding			
Peacebuilding and Conflict Transformation	12,604	218,842	223,067
Restorative Justice	26,574	544,258	540,797
	39,178	763,100	763,864
Diaster Relief			
Humanitarian Relief & Disaster Recovery	10,191	444,422	375,046
Sustainable Community Development			
Education	477	7,246	6,940
Food Security and Sustainable Livelihoods	54,280	840,411	703,318
Migration and Resettlement	46,793	1,127,186	884,081
	101,550	1,974,843	1,594,339
Total Programs (page 5)	150,919	3,182,365	2,733,249
FUNDRAISING COORDINATION			
Donor Relations	49,733	644,437	599,159
Relief Sales and Thrift Shops	153	78,786	138,214
Total Fundraising Coordination (page 5)	49,886	723,223	737,373
FUNDRAISING PROJECTS			
Relief Sales - donations forwarded		44,445	23,563
Thrift Shops - donations forwarded and rePurpose Centre start-up		26,239	43,908
Total Fundraising Projects (page 5)	0	70,684	67,471
GENERAL ADMINISTRATION AND BOARD			
Administration		490,519	342,203
Board, annual general meeting, audit		31,661	29,868
Community Engagement		81,549	80,722
Human Resources		302,961	251,537
Physical Resources		173,486	117,689
Regional Representatives		54,806	22,671
		1,134,982	844,690
Recoveries: Administrative expenses charged to programs (note 1)		(200,805)	(196,960)
Total General Administration and Board (page 5)	0	934,177	647,730
THRIFT SHOP EXPENSES (pages 5 and 14)	0	4,975,881	5,204,866
TOTAL ONTARIO EXPENSES (page 5)	\$200,805	\$9,886,330	\$9,390,689