Non-consolidated Financial Statements of

MENNONITE CENTRAL COMMITTEE BRITISH COLUMBIA

And Independent Auditors' Report thereon

Year ended March 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Members of Mennonite Central Committee British Columbia

Report on the Audit of Financial Statements

Qualified Opinion

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

- the statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies and other explanatory information

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

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Entity derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we are not able to determine whether any adjustments might be necessary to donation revenues and excess of revenue over expenses reported in the statement of operations and changes in net assets and statement of cash flows for the years ended March 31, 2022 and March 31, 2021, current assets in the statement of financial position as at the March 31, 2022 and March 31, 2021, and net assets reported in the statement of operations and changes in net assets, both at the beginning and end of the year, for the years ending March 31, 2022 and March 31, 2021. Our opinion on the financial statements for the year ended March 31, 2021 was qualified accordingly because of the possible effects of this limitation in scope.

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

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Report on Other Legal and Regulatory Requirements

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

KPMG LLP

Chartered Professional Accountants

Abbotsford, Canada
June 30, 2022

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Operations
For the year ended March 31, 2022, with comparative information for 2021

	2022	2021
REVENUE		
Donations and bequests (schedule 1)	$ 10,247,153	$ 5,702,151
Thrift shops (schedule 2)	8,533,432	7,093,668
Grant funding (note 17)	2,372,852	1,810,795
Relief Festival and banquets	1,116,781	851,255
Sales and fees for service	901,220	822,140
Amortization of deferred capital contributions (note 10)	230,117	248,541
Interest and investment income	142,492	119,393
Rental income	36,250	35,332
TOTAL REVENUE	23,580,297	16,683,275
EXPENSES		
Thrift shops (schedule 2)	5,786,569	5,210,668
BC programs (schedule 3)	3,397,425	3,088,337
Support services	1,112,917	1,083,442
Advancement	499,437	452,318
Relief Festival and banquets	145,336	79,489
Remittance to MCC Canada - global ministry	10,676,857	6,023,546
TOTAL EXPENSES	21,618,541	15,937,800
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	1,961,756	745,475
Gain on disposal of capital assets	246,626	5,620
Equity income from investment in subsidiaries (note 5)	5,879,137	1,627,772
EXCESS OF REVENUE OVER EXPENSES	$ 8,087,519	$ 2,378,867

See accompanying notes to non-consolidated financial statements.

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Financial Position
March 31, 2022, with comparative information for 2021

	2022	2021
ASSETS		
Current Assets		
Cash	$ 6,399,563	$ 2,949,929
Short-term investments (note 3)	3,000,000	3,000,000
Accounts receivable	404,696	264,573
Inventory	137,707	114,437
Prepaid expenses	105,716	64,360
	10,047,682	6,393,299
Due from Subsidiaries (note 4)	2,780,881	2,586,570
Investment in Subsidiaries (note 5)		
Investment in subsidiaries - MCC Legacy Trust	55,369,021	49,489,884
Investment in subsidiaries - MCC Employment Services Inc.	100	100
	55,369,121	49,489,984
Capital Assets (note 6)	25,390,194	25,782,976
	$ 93,587,878	$ 84,252,829
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities (note 7)	$ 759,863	$ 683,522
Due to MCC Canada	1,557,093	527,357
Deferred operating contributions (note 9)	660,307	384,674
Refugee sponsorship group deposits	1,953,353	1,524,217
Short-term debt (note 11)	40,000	265,127
Current portion of long-term debt (note 12)	3,865,716	2,202,360
	8,836,332	5,587,257
Long-term Liabilities		
Deferred capital contributions (note 10)	9,650,172	7,739,847
Long-term debt (note 12)	343,320	4,256,901
	9,993,492	11,996,748
Net Assets (notes 15 and 16)	74,758,054	66,668,824
Commitments and contingency (notes 13 and 14)		
	$ 93,587,878	$ 84,252,829

See accompanying notes to non-consolidated financial statements.

Approved on behalf of the Board:

Treasurer

Chair of the Board

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Changes in Net Assets
For the year ended March 31, 2022, with comparative information for 2021

	Invested in capital assets (note 15)	Internally restricted (note 16)	Unrestricted	2022	2021
Net assets, beginning of year	$ 11,583,868	$ 54,310,082	$ 774,874	$ 66,668,824	$ 64,287,260
Excess (deficiency) of revenue over expenses	(323,731)	5,879,137	2,532,113	8,087,519	2,378,867
Contributions	1,711	-	-	1,711	2,697
Interfund transfers	-	1,240,496	(1,240,496)	-	-
Change in net assets invested in capital assets	269,138	-	(269,138)	-	-
Net assets, end of year	$ 11,530,986	$ 61,429,715	$ 1,797,353	$ 74,758,054	$ 66,668,824

See accompanying notes to non-consolidated financial statements.

MENNONITE CENTRAL COMMITTEE BC
Non-consolidated Statement of Cash Flows
For the year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 8,087,519	$ 2,378,867
Items not involving cash:		
Depreciation	553,848	568,099
Gain on disposal of capital assets	(246,626)	(5,620)
Amortization of deferred capital contributions	(230,117)	(248,541)
Equity income from investment in subsidiaries	(5,879,137)	(1,627,772)
	2,285,487	1,065,033
Change in non-cash working capital:		
Accounts receivable	(140,123)	26,638
Inventory	(23,270)	36,606
Prepaid expenses	(41,356)	(966)
Due from subsidiaries	(194,311)	-
Accounts payable and accrued liabilities	76,341	4,797
Due to MCC Canada	1,029,736	(296,894)
Deferred operating contributions	275,633	88,170
Refugee sponsorship group deposits	429,136	64,928
	3,697,273	988,312
Investing activities:		
Acquisitions of short-term investments	-	(3,000,000)
Acquisitions of capital assets	(161,066)	(263,421)
Proceeds from disposal of capital assets	246,626	5,620
	85,560	(3,257,801)
Financing activities:		
Net repayment of long-term debt	(2,250,225)	(525,958)
(Repayment of) proceeds from short-term debt	(225,127)	225,127
Receipt of capital contributions	2,140,442	3,374
Receipt of contributions for the repayment of long-term debt	1,711	2,697
	(333,199)	(294,760)
Change in cash	3,449,634	(2,564,249)
Cash, beginning of year	2,949,929	5,514,178
Cash, end of year	$ 6,399,563	$ 2,949,929

See accompanying notes to non-consolidated financial statements.

1. PURPOSE OF THE ORGANIZATION

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Revenue recognition:

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(b) Contributed services:

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

(c) Donations and gifts in kind:

Donations of materials are recognized in the accounts of the Society at estimated fair market value when the materials are used in the normal course of the Society's operations and would otherwise have been acquired for distribution in accordance with the Society's purpose and objectives. The total donations in kind recorded as contributions during the year were $119,936 (2021 - $115,081).

(d) Inventory:

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

(e) Investment in subsidiaries:

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

(f) Capital assets:

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(g) Leases:

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

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

(h) Financial instruments:

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

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

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

(i) Use of estimates:

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

3. SHORT-TERM INVESTMENTS

The Society holds a cashable term deposit with a balance of $3,000,000, maturing in March 2023 and bearing interest at 0.70%.

4. DUE FROM SUBSIDIARIES

Amount due from Cedar Ridge Estates Inc., a wholly owned for-profit subsidiary, is a long-term loan subject to interest at 4% per annum with no scheduled terms of repayment and is due March 31, 2023. The Society does not intend to demand repayment of the loan in the next twelve months therefore the loan has been classified as long-term. This shareholder loan was transferred to the Society at the time Cedar Ridge Estates Inc. was donated and is intended to be an investment that generates interest income to support the work of the Society.

	2022	2021
Cedar Ridge Estates Inc.	$ 2,586,570	$ 2,586,570
MCC Employment Services Inc.	194,311	-
	$ 2,780,881	$ 2,586,570

5. INVESTMENT IN SUBSIDIARIES

MCC Legacy Trust consists of Promontory Ridge Estates Inc., Cedar Ridge Estates Inc. and Pacific Peace Properties Inc. The shares and shareholder loans of Promontory Ridge Estates Inc. and Cedar Ridge Estates Inc. were gifts from a donor to the Society, whereas Pacific Peace Properties Inc. is the corporate entity created to hold the gift of land and apartment buildings in Prince George to the Society by the same donor. The donor's wish is that these donated properties be held as revenue generating assets to support the ministry of the Society for generations to come, with some of the net income from these properties being re-invested to maintain the revenue generating asset base, and some of the net income being used as donations to support the global ministry of the Society at the discretion of the Society's Board of Directors (the "Board").

MCC Employment Services Inc. was created to provide resources for the Society's programs.

MCC Legacy Trust and MCC Employment Services Inc. are managed by separate Boards of Directors appointed by the Board of the Society.

5. INVESTMENT IN SUBSIDIARIES (CONTINUED):

	Opening balance	Equity income (loss)	Closing balance
Cedar Ridge Estates Inc.	$ 6,955,879	$ (90,955)	$ 6,864,924
Promontory Ridge Estates Inc.	38,158,241	5,947,336	44,105,577
Pacific Peace Properties Inc.	4,375,764	22,756	4,398,520
MCC Employment Services Inc.	100	-	100
	$ 49,489,984	$ 5,879,137	$ 55,369,121

The investments in subsidiaries are accounted for using the equity method. The subsidiaries are wholly owned for-profit companies and are subject to income tax and use the taxes payable method. The following represents summary information from the subsidiaries' financial statements for the year ended March 31, 2022 and comparisons for the year ended March 31, 2021.

(a) Cedar Ridge Estates Inc.:

	2022	2021
Total assets	$ 4,425,136	$ 4,507,801
Total liabilities	2,628,119	2,619,829
Share capital and retained earnings	1,797,017	1,887,972
Revenue	58,981	45,679
Expenses	149,936	121,573
Net income (loss)	(90,955)	(75,894)
Cash provided by (used in) operating activities	(62,434)	(84,297)
Cash provided by (used in) financing activities	-	-
Cash provided by (used in) investing activities	8,665	(104,618)

5. INVESTMENT IN SUBSIDIARIES (CONTINUED):

(b) Promontory Ridge Estates Inc.:

	2022	2021
Total assets	$ 58,194,294	$ 53,316,958
Total liabilities	49,065,158	50,135,158
Share capital and retained earnings	9,129,136	3,181,800
Revenue	5,931,154	4,989,524
Expenses	5,694,215	4,976,925
Income from joint ventures	5,354,988	1,785,562
Other income	355,409	112,050
Net income	5,947,336	1,910,211
Cash provided by (used in) operating activities	1,174,919	1,269,222
Cash provided by (used in) financing activities	(164,286)	(583,690)
Cash provided by (used in) investing activities	11,357,464	(1,132,788)

(c) Pacific Peace Properties Inc.:

	2022	2021
Total assets	$ 10,060,264	$ 5,351,525
Total liabilities	5,661,744	975,761
Share capital and retained earnings	4,398,520	4,375,764
Revenue	710,278	656,157
Expenses	687,522	862,702
Net income (loss)	22,756	(206,545)
Cash provided by (used in) operating activities	(238,311)	(202,366)
Cash provided by (used in) financing activities	4,835,827	157,557
Cash provided by (used in) investing activities	(940,205)	44,809

(d) MCC Employment Services Inc.:

	2022	2021
Total assets	$ 211,422	$ 20,961
Total liabilities	211,322	20,861
Share capital and retained earnings	100	100
Revenue	452,774	401,290
Expenses	452,774	401,290
Net income	-	-
Cash provided by (used in) operating activities	205,268	5,787
Cash provided by (used in) financing activities	-	-
Cash provided by (used in) investing activities	100	100

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2022	2021
Land	$ 9,968,659	$ -	$ 9,968,659	$ 9,968,659
Buildings	19,806,276	(4,650,437)	15,155,839	15,666,629
Land improvements	42,768	(8,553)	34,215	36,353
Computer equipment	99,553	(90,186)	9,367	12,479
Computer software	15,359	(13,186)	2,173	-
Equipment	654,077	(475,138)	178,939	29,062
Furniture and fixtures	113,670	(81,037)	32,633	41,463
Motor vehicles	311,539	(303,170)	8,369	28,331
	$ 31,011,901	$ (5,621,707)	$ 25,390,194	$ 25,782,976

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of $34,433 (2021 - $31,688), which includes amounts payable for federal and provincial sales taxes.

8. RELATED PARTY TRANSACTIONS

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

Interest on Related Party Debt

The Society has received interest on related party debt in the current fiscal year from Cedar Ridge Estates Inc. of $103,463 (2021 - $103,463).

Administrative Services

The Society has received payments for rent, compensation and benefits, administration and office services in the current fiscal year from Promontory Ridge Estates Inc. of $1,586 (2021 - $10,737) and from MCC Employment Services Inc. of $18,000 (2021 - $18,000).

Fees for Service

The Society has made payment for contracted employees and the related placement fee to MCC Employment Services Inc. of $452,774 (2021 - $401,290).

9. DEFERRED OPERATING CONTRIBUTIONS

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

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

		2022		2021
Opening balance	$	384,674	$	296,504
Contributions received		8,457,846		2,651,137
Amounts recognized as revenue		(8,182,213)		(2,562,967)
Closing balance	$	660,307	$	384,674

10. DEFERRED CAPITAL CONTRIBUTIONS

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

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

		2022		2021
Opening balance	$	7,739,847	$	7,985,014
Contributions received		2,140,442		3,374
Amounts recognized as revenue		(230,117)		(248,541)
Closing balance	$	9,650,172	$	7,739,847

11. SHORT-TERM DEBT

The Society has received private demand loans payable without interest or security. The balance outstanding at March 31, 2022 is $40,000 (2021 - $40,000).

Under its credit agreement with Envision Financial, the Society has a line of credit facility to a maximum of $4,000,000. The line of credit is due on demand and bears interest at bank prime plus 0.25%. As at year-end, the Society has drawn nil (2021 – $225,127) against the line of credit.

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

Interest of $4,898 (2021 - $3,127) on the line of credit has been included in thrift shop expenses.

12. LONG-TERM DEBT

	2022	2021
Fort St. John Thrift Store - Commercial promissory note from Envision Financial with monthly payments of $12,441 including interest at 4.05% per annum. Loan matures in November 2022. Secured by a mortgage over real property and a general security agreement.	$ 1,690,419	$ 1,811,183
Kelowna Thrift Store - Commercial promissory note payable from Envision Financial with monthly payments of $8,963 including interest at 3.80% per annum. Loan matures in July 2022. Secured by a mortgage over real property.	1,251,093	1,310,253
MCC Centre - Commercial promissory note payable from Envision Financial with monthly payments of $5,746 including interest at Prime + 1.00% per annum. Loan matures in July 2022. Secured by a mortgage over real property.	901,877	942,304
Powell River Thrift Store - Commercial promissory note from Envision Financial with monthly payments of $3,080 including interest at 4.2% per annum. Loan matures in January 2024. Secured by a mortgage over real property and a general security agreement.	365,647	386,762
MCC Centre - Commercial promissory note payable from Envision Financial.	-	939,694
MCC Centre - Commercial promissory note payable from Envision Financial.	-	942,003
Powell River Thrift Store - Commercial promissory note from Envision Financial.	-	127,062
	4,209,036	6,459,261
Less: principal amounts due within one year	3,865,716	2,202,360
	$ 343,320	$ 4,256,901

12. LONG-TERM DEBT (CONTINUED):

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

2023	$ 3,865,716
2024	343,320
	$ 4,209,036

Long-term debt is secured through a general security agreement, assignment of insurance, assignment of rents, a commercial promissory note in the amount of $1,700,000 and first mortgage registered against real property owned by the Society. The Society's loan agreement contains a minimum debt service coverage financial covenant. The Society was in compliance with the covenant for the year ended March 31, 2022.

13. COMMITMENTS

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

2023	$ 59,069
2024	26,158
2025	23,839
	$ 109,066

14. CONTINGENCY

MCC Canada has a Private Sponsorship of Refugees Agreement (“PSR”) with Immigration Refugee and Citizenship Canada to provide financial, human resources and moral support to a certain number of refugees sponsored under the PSR program. MCC Canada's responsibilities under this agreement were assigned to the various Canadian affiliates of MCC Canada, including the Society.

As a result, the Society has partnered with various church and community groups to assist with the sponsorship and resettlement of refugee families in British Columbia. These groups have committed to providing the funding to sponsor and support these refugee families for the required twelve-month period. As at March 31, 2022, the Society has 296 (2021 - 246) active sponsorship cases with various time commitments remaining. Should all of these groups default on their financial obligations, the Society will be responsible for providing the funding shortfall resulting in a contingent liability estimated to be $509,937 (2021 - $1,569,949). Although there is no history of groups defaulting on their financial obligations, the ability to estimate the Society’s potential liability is indeterminable. As such, the cost of providing the funding shortfall will be recorded in the period the amount becomes determinable.

15. INVESTED IN CAPITAL ASSETS

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

		2022		2021
Capital assets	$	25,390,194	$	25,782,976
Amounts financed by:				
Long-term debt		4,209,036		6,459,261
Deferred capital contributions		9,650,172		7,739,847
		13,859,208		14,199,108
	$	11,530,986	$	11,583,868

(b) Deficiency of revenue over expenses in capital assets:

		2022		2021
Amortization of deferred capital contributions	$	230,117	$	248,541
Depreciation of capital assets		(553,848)		(568,099)
	$	(323,731)	$	(319,558)

(c) Contributions in capital assets:

		2022		2021
Contributions for the repayment of long-term debt	$	1,711	$	2,697
	$	1,711	$	2,697

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

		2022		2021
Acquisition of capital assets	$	161,066	$	263,421
Repayment of long-term debt		2,250,225		525,958
Purchases funded by deferred capital contributions		(2,140,442)		(3,374)
Repayment of long-term debt funded by contributions		(1,711)		(2,697)
	$	269,138	$	783,308

16. INTERNALLY RESTRICTED FUNDS

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

	Opening balance	Transfers in	Transfers out	Closing balance
ECD funds	$ 1,335,529	$ 493,923	$ -	$ 1,829,452
MCC Legacy Trust	52,076,354	5,879,137	-	57,955,491
MCC Employment Services Inc.	100	-	-	100
Non-building capital	898,099	500,000	-	1,398,099
Indigenous reconciliation fund	-	13,732	-	13,732
BC programs	-	232,841	-	232,841
	$ 54,310,082	$ 7,119,633	$ -	$ 61,429,715

17. GRANT FUNDING

	2022	2021
Grants from MCC Canada	$ 907,546	$ 524,838
Canada Emergency Wage Subsidy (“CEWS”)	-	1,053,771
Employment development grants	1,058,943	509,944
Homelessness prevention and outreach grants	265,882	189,726
Other grants	140,481	91,226
CEWS included in thrift revenue	-	(558,710)
	$ 2,372,852	$ 1,810,795

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

18. PAYMENTS TO EMPLOYEES AND CONTRACTORS

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

For the fiscal year ended March 31, 2022, the Society paid total remuneration of $1,474,018 (2021 - $1,168,347) to 16 (2021 - 13) employees for service, who received total annual remuneration of $75,000 or greater. Included in remuneration is the cost of salaries and premiums for employment insurance, Canada pension plan, workers' compensation, and benefits including medical, dental, life insurance, and long-term disability.

No remuneration of $75,000 or greater was paid to contractors for services and no remuneration was paid to any members of the Board.

19. FINANCIAL RISKS:

(a) Liquidity risk:

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

(b) Credit risk:

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

(c) Interest rate risk:

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

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

MENNONITE CENTRAL COMMITTEE BC
Schedule 1 - Donations and Bequests
For the year ended March 31, 2022

	2022	2021
Undesignated contributions		
General	$ 3,004,831	$ 2,852,881
Bequests	344,625	474,016
	3,349,456	3,326,897
Designated contributions		
International programming	4,424,734	1,391,925
Major disasters - international	1,219,689	40,453
BC programs	413,322	212,617
Major disasters - local	283,954	-
Bequests	160,419	32,000
Canadian Foodgrains Bank	149,148	223,901
Refugee sponsorship groups	126,495	359,277
Material resources - gifts in kind	119,936	115,081
	6,897,697	2,375,254
TOTAL DONATIONS AND BEQUESTS	$ 10,247,153	$ 5,702,151

MENNONITE CENTRAL COMMITTEE BC
Schedule 2 - Thrift Shops
For the year ended March 31, 2022

		2022		2021
REVENUE				
Chilliwack	$	377,841	$	354,626
Clearbrook Clothing		1,243,931		1,077,127
Fort St. John		949,393		791,500
Kelowna		861,260		692,295
MCC Centre - Abbotsford		2,936,648		2,410,713
Mission		604,300		515,051
Powell River		401,605		299,845
Surrey		592,747		583,818
Vancouver		503,071		348,564
Yarrow		62,636		20,129
		8,533,432		7,093,668
EXPENSES				
Wages and benefits		3,377,714		3,017,060
Rent		781,545		781,851
Property taxes		354,914		236,470
Repairs and maintenance		331,959		278,189
Depreciation		200,639		196,753
Interest		143,948		153,659
Supplies		130,896		130,250
Utilities		124,309		115,373
Insurance		92,788		69,407
Bank and credit card fees		70,175		55,881
Travel and meetings		55,074		63,597
Tools, equipment and software		39,799		42,350
Telephone and internet		24,943		25,268
Advertising		19,261		7,432
Miscellaneous expense		15,867		10,485
Forwarding		10,500		13,500
Events and project expenses		5,550		4,713
Professional fees		3,582		4,516
Cost of goods sold		3,106		3,914
		5,786,569		5,210,668
EXCESS OF REVENUE OVER EXPENSES	$	2,746,863	$	1,883,000

A total of nil (2021 - $558,710) in Canada Emergency Wage Subsidy funding is included in thrift shop revenue and has been allocated to the various thrift shops.

MENNONITE CENTRAL COMMITTEE BC
Schedule 3 - BC Programs
For the year ended March 31, 2022

	2022	2021
REVENUE		
Donations and bequests	$ 703,052	$ 221,953
Refugee sponsorship groups	126,495	359,277
Grant funding	1,465,193	805,150
Sales and fees for service	893,197	823,844
Rental income	32,350	23,750
Other revenue	14,900	23,701
TOTAL PROGRAM REVENUE	3,235,187	2,257,675
EXPENSES		
Disaster Relief		
Material resources	241,607	228,251
Local disaster response	283,742	-
	525,349	228,251
Community Development		
Employment development	881,884	726,773
Refugee sponsorship distributions	126,495	359,277
Refugee assistance	191,755	253,635
Homelessness prevention and outreach	368,983	271,873
Community connections	99,572	85,074
IVEP and service worker program	39,239	137,512
Program coordination and development	113,604	129,923
Poverty reduction projects	29,992	45,242
MCC Guest House	39,623	48,217
Volunteer development	25,874	28,916
Young adult programs	5,243	13,264
	1,922,264	2,099,706
Justice and Peace		
End Abuse program	160,744	141,817
Indigenous relations	105,687	92,057
Constituency engagement	54,059	76,058
	320,490	309,932
Common Place Cafe	399,549	233,036
Ten Thousand Villages	229,773	217,412
TOTAL PROGRAM EXPENSES	3,397,425	3,088,337
NET PROGRAM EXPENSES	$ (162,238)	$ (830,662)