

MENNONITE CHURCH SASKATCHEWAN

Non-consolidated Financial Statements

Year Ended December 31, 2022

(Unaudited)

MENNONITE CHURCH SASKATCHEWAN

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Year Ended December 31, 2022
(Unaudited)

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Independent Practitioner's Review Engagement Report

To the Directors of MENNONITE CHURCH SASKATCHEWAN

We have reviewed the non-consolidated financial statements of MENNONITE CHURCH SASKATCHEWAN (the "Organization"), that comprise the non-consolidated statement of financial position as at December 31, 2022, and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement:

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 controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not for profit organizations, MENNONITE CHURCH SASKATCHEWAN derives revenue from fundraising activities and donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of MENNONITE CHURCH SASKATCHEWAN. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our review conclusion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusior

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of MENNONITE CHURCH SASKATCHEWAN as at December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Other Matter - Restriction on Use

These non-consolidatec financial statements have been prepared to assist the Organization to prepare its registered charity information return and for regulatory filings as required by *The Non-profit Corporations Act, 1995* in Saskatchewan. Our report is intended solely for the Organization and the regulatory authorities and should not be used by parties other than the Organization or regulatory authorities.

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SASKATOON, CANADA
March 8, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS

MENNONITE CHURCH SASKATCHEWAN

Non-consolidated Statement of Financial Position

As at December 31, 2022

(Unaudited)

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	\$ 85,639	\$ 53,797
Accounts receivable (note 4)	8,755	10,491
Prepaid expenses	1,197	183
	<hr/> 95,591	<hr/> 64,471
Long term investments (note 5)	347,910	330,717
Tangible capital assets (note 6)	3,816	4,282
	<hr/>	<hr/>
	\$ 447,317	\$ 399,470

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 4,589	\$ 2,440
Net assets		
Operating fund	416,458	365,157
Internally restricted funds (note 9)	3,567	5,458
Student education fund	22,703	26,415
	<hr/> 442,728	<hr/> 397,030
	<hr/>	<hr/>
	\$ 447,317	\$ 399,470

See accompanying notes to the financial statements

Approved by:

Director: _____

Director: _____

MENNONITE CHURCH SASKATCHEWAN
 Non-consolidated Statement of Changes in Net Assets
 For the year ended December 31, 2022
(Unaudited)

	Operating Fund	Internally Restricted Funds	Student Education Fund	2022 Total	2021 Total
Net assets, beginning of the year	\$ 365,157	\$ 5,458	\$ 26,415	\$ 397,030	\$ 319,546
Excess (deficiency) of revenue over expenses	61,108	(11,698)	(3,712)	45,698	77,484
Interfund transfers	(9,807)	9,807	-	-	-
Net assets, end of the year	\$ 416,458	\$ 3,567	\$ 22,703	\$ 442,728	\$ 397,030

See accompanying notes to the financial statements

MENNONITE CHURCH SASKATCHEWAN

Non-consolidated Statement of Operations

For the year ended December 31, 2022

(Unaudited)

	Operating	Restricted	2022 Total	2021 Total
Revenue				
Church and individual donations	\$ 477,096	\$ -	\$ 477,096	\$ 541,098
Designated funds received (Schedule 1)	-	47,585	47,585	44,094
Youth farm contributions (note 10)	30,000	-	30,000	31,500
Publication fund	15,404	-	15,404	15,384
SMYO (Schedule 1)	-	8,088	8,088	5,951
Annual delegate session registration	4,250	-	4,250	1,785
Interest	2,849	-	2,849	2,223
Workshops and projects	1,500	-	1,500	5,631
Student fund interest, donations and grant	-	288	288	280
	531,099	55,961	587,060	647,946
Expenses				
Mennonite Church Canada contributions	107,000	-	107,000	92,167
Executive committee (Schedule 2)	100,890	-	100,890	84,985
Pastoral leadership commission (Schedule 2)	99,894	-	99,894	169,911
Rosthern Junior College	60,000	-	60,000	60,000
Designated funds forwarded	-	57,392	57,392	47,024
Canadian Mennonite University	50,000	-	50,000	50,000
Restorative Justice (Schedule 2)	35,500	-	35,500	35,500
Publication	15,710	-	15,710	17,156
SMYO (Schedule 2)	-	9,979	9,979	7,618
Scholarships from student fund	-	4,000	4,000	4,000
Amortization	997	-	997	2,101
	469,991	71,371	541,362	570,462
Excess (deficiency) of revenue over expenses	\$ 61,108	\$ (15,410)	\$ 45,698	\$ 77,484

See accompanying notes to the financial statements

MENNONITE CHURCH SASKATCHEWAN

Non-consolidated Statement of Cash Flows

For the year ended December 31, 2022

(Unaudited)

	2022	2021
Cash flows from operating activities		
Excess of revenue over expenses	\$ 45,698	\$ 77,484
Items not affecting cash:		
Amortization	997	2,101
Changes in non-cash working capital:		
Accounts receivable	1,736	(4,816)
Prepaid expenses	(1,014)	(32)
Accounts payable and accrued liabilities	2,149	(2,002)
Net cash provided by operating activities	49,566	72,735
Cash flows from investing activities		
Purchase of tangible capital assets	(531)	(1,011)
Purchase of long term investments	(17,193)	(147,123)
Net cash used in investing activities	(17,724)	(148,134)
Net increase (decrease) in cash and cash equivalents	31,842	(75,399)
Cash and cash equivalents at the beginning of the year	53,797	129,196
Cash and cash equivalents at the end of the year	\$ 85,639	\$ 53,797

See accompanying notes to the financial statements

MENNONITE CHURCH SASKATCHEWAN

Notes to the Non-consolidated Financial Statements
For the year ended December 31, 2022
(Unaudited)

1. DESCRIPTION OF ORGANIZATION

Mennonite Church Saskatchewan (the Organization) is constituted by private act of the legislature of Saskatchewan, S.S. 1998, c01 as amended by S.S. 2002, c01. It is registered with Canada Revenue Agency as a charitable organization. The objectives of the Organization are to promote spiritual growth and unity among its members; to give mutual assistance in the work of the Kingdom of God; to perpetuate the common faith of its membership as witness to the world; and to relate and coordinate that part of the Mennonite Church Canada which requires contact and liaison within the Province of Saskatchewan.

The operations for the various divisions of Mennonite Church Saskatchewan are reflected in separate non-consolidated audited financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The non-consolidated financial statements have been prepared in accordance with Canadian Accounting Standards for not for profit organizations (ASNPO) and include the following significant accounting policies:

Basis of presentation

The accounts of the Organization are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following funds:

Operating fund

The operating fund accounts for the Organization's program delivery and administrative activities. The operating fund reports unrestricted resources.

Restricted funds

The restricted funds of the Organization consist of the Student Education Fund and the Internally Restricted Funds that have been designated for specific purposes out described in note 9.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short term deposits which are highly liquid with maturities at the date of acquisition of less than three months.

Income taxes

As a registered charity the Organization is exempt from income tax under ITA 149(1)(f) of the income tax act.

Contributed services

Volunteers contribute a significant amount of time each year to assist the Organization in carrying out its programs and services. Due to the difficulty in determining their fair value, contributed services are not recognized in these non-consolidated financial statements.

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MENNONITE CHURCH SASKATCHEWAN

Notes to the Non-consolidated Financial Statements
For the year ended December 31, 2022
(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided over the estimated useful life of the assets using the following rates and methods:

	<u>Rate</u>	<u>Method</u>
Office equipment	10 years	straight line
Leasehold improvements	3 years	straight line
Computer equipment	5 years	straight line

In the year of acquisition, only one-half of the stated rate is applied to the addition. The Organization regularly reviews its property, plant, and equipment to eliminate obsolete items.

Legal ownership of the tangible capital assets of all the divisions are with Mennonite Church Saskatchewan. Tangible capital assets are reported on the individual organization's financial statements because they are physically on the premises of these organizations and the organizations benefit from the usage of the assets for daily operations. These assets are not reported in these non-consolidated financial statements. The tangible capital assets reported in these statements are the assets used in administrative duties.

Impairment

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the Organization's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the statement of operations. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Financial instruments

Initial and subsequent measurement

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures its financial assets and financial liabilities at cost or amortized cost, except for those which are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash and cash equivalents, accounts receivable, and long term investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. There are no financial assets or liabilities subsequently measured at fair value.

Impairment

For financial assets measured at amortized cost, the Organization determines whether there are indication of a possible impairment. When there are, and if the Organization determines that there has been a material adverse change in the timing or expected future cash flows during the year, an impairment loss is recognized in net income. An impairment loss that has already been recognized may be reversed. The carrying amount of the financial asset may not be greater than it would have been on the reversal date if the impairment loss had never been recognized. The amount of any reversal is recognized in net income.

MENNONITE CHURCH SASKATCHEWAN

Notes to the Non-consolidated Financial Statements
For the year ended December 31, 2022
(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Unrestricted and restricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as part of the operating fund. Restricted contributions are recognized as revenue to the appropriate restricted fund. If no appropriate restricted fund has been setup the contribution is deferred and recognized as revenue in the year in which the related expenses are incurred.

Registration fees and revenue from the sale of other goods and services are recognized as revenue once the goods or services have been provided and collection is reasonably assured. Interest and investment income are recognized when earned on an accrual basis. Expense reimbursements are recognized when received or receivable if amounts can be measured and collection is reasonably assured.

Use of estimates

The preparation of the financial statements in conformity with Canadian accountings standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include:

- a) The useful lives of tangible capital assets and indirectly amortization.
- b) The accounts payable and indirectly expenses.

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3. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
Cash in bank	\$ 80,184	\$ 78,584
Undeposited funds	6,162	9,293
Cheques issued and outstanding	(707)	(34,080)
	<u>\$ 85,639</u>	<u>\$ 53,797</u>

MENNONITE CHURCH SASKATCHEWAN

Notes to the Non-consolidated Financial Statements
For the year ended December 31, 2022
(Unaudited)

4. ACCOUNTS RECEIVABLE

	2022	2021
Accounts receivable	\$ 7,404	\$ 9,180
GST receivable	1,351	1,076
Payroll remittance credit	-	235
	\$ 8,755	\$ 10,491

Accounts receivable are recorded net of doubtful accounts, if any. In 2022 the allowance for doubtful accounts was \$ NIL (2021 - \$ NIL).

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5. LONG TERM INVESTMENTS

Investment with Mennonite Foundation of Canada yielding 0.94% at December 31, 2022 (2021 - 0.90%).

	2022	2021
Abundance Canada - investment designated for general fund	\$ 317,042	\$ 299,138
Abundance Canada - investment designated for student fund	30,868	31,579
	\$ 347,910	\$ 330,717

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Office equipment	\$ 18,874	\$ 17,218	\$ 1,656	\$ 1,386
Leasehold improvements	9,268	9,268	-	-
Computer equipment	6,718	4,558	2,160	2,896
	\$ 34,860	\$ 31,044	\$ 3,816	\$ 4,282

7. BANK INDEBTEDNESS

Mennonite Church Saskatchewan has a line of credit of \$ 125,000 at the Affinity Credit Union, Rosthern branch. The line of credit is secured by a General Security Agreement and bears interest at the rate of prime plus 1%. There were no amounts drawn on the line of credit at December 31, 2022 (2021 - \$ NIL).

MENNONITE CHURCH SASKATCHEWAN

Notes to the Non-consolidated Financial Statements
For the year ended December 31, 2022
(Unaudited)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Accounts payable and accrued liabilities	\$ 4,083	\$ 2,440
Payroll remittances payable	506	-
	\$ 4,589	\$ 2,440

9. INTERNALLY RESTRICTED FUNDS

	2022	2021
Sask Women in Mission	\$ 2,766	\$ 2,766
SMYO - Restricted Fund	801	2,692
	\$ 3,567	\$ 5,458

10. YOUTH FARM CONTRIBUTIONS

Youth farm lands are operated by three Rosthern area farmers under cash rental agreements. Net proceeds, after payment of taxes, are forwarded to Mennonite Church Saskatchewan.

11. RESTORATIVE JUSTICE

Circles of Support and Accountability South Saskatchewan, Parkland Restorative Justice, and The Micah Mission are organizations which file their own charity returns and have their own set of financial statements. The expenses referenced in Schedule 2 are the support Mennonite Church Saskatchewan provides to these charities.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Organization, as part of its operations, carries a number of financial instruments. It is the board of director's opinion that the Organization is not exposed to significant financial risk arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization's exposure to liquidity risk is dependent on the collection of accounts receivable and donations to service purchasing commitments and monthly operating expenses. Cash flow from operations provides a substantial portion of the Organization's cash requirements. Additional cash requirements are met with the use of the available operating line of credit.

Credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of accounts receivable. The maximum credit risk is \$ 7,404 (2021 - \$ 9,180). The Organization believes that there is minimal risk associated with the collection of these amounts as it performs regular credit assessments.

MENNONITE CHURCH SASKATCHEWAN

Notes to the Non-consolidated Financial Statements
For the year ended December 31, 2022
(Unaudited)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMEN (CONTINUED)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through investments carrying fixed rates of return. The Organization is a guarantor for a mortgage recorded in the records of Shekinah Retreat Centre. The Mortgage is at a fixed rate of interest and is due for renewal November 2023. The line of credit carries a variable rate of interest.

13. COMMITMENTS

The Organization entered into a three year lease with Mennonite Central Committee Saskatchewan to lease 632 square feet of office space on the second floor of the MCC Centre beginning September 1, 2020 through August 31, 2023. The Organization will pay \$ 6,320 each year in base rent plus occupancy costs calculated on an annual basis. For the lease term from September 1, 2020 through August 31, 2023, the Organization has a commitment to pay \$ 4,131 in occupancy costs. Payments are made in equals monthly installments due on the first day of each month.

The Organization entered into a 66 month lease with Xerox to lease photocopier/printer beginning April 2018 through October 2023. The Organization will pay \$557 every three months.

14. RELATED PARTY TRANSACTIONS

During the year the Organization had the following transactions with its associated organizations:

Camp Elim

The Organization collected and forwarded \$ 288 (2021 - \$ 313) in designated contributions for Camp Elim. The Organization paid additional contributions of \$ 2,400 (2021 - \$ NIL) to subsidize expenses for running camp operations.

Shekinah Retreat Centre

The Organization collected and forwarded \$ 1,588 (2021 - \$ 3,333) in designated contributions for Shekinah Retreat Centre. The Organization paid additional contributions of \$ 2,400 (2021 - \$ NIL) to subsidize expenses for running camp operations.

The Organization paid \$ 1,283 (2021 - \$ 1,046) for facility rentals and retreats. The transactions were carried out in the normal course of operations. They are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. At year end \$ 5,000 (2021 - \$ 5,000) is due from Shekinah Retreat Centre which is included in accounts receivable.

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MENNONITE CHURCH SASKATCHEWAN

Notes to the Non-consolidated Financial Statements
For the year ended December 31, 2022
(Unaudited)

14. RELATED PARTY TRANSACTIONS (CONTINUED)

Mennonite Youth Farm Bible Camp

The Organization collected and forwarded \$ 6,975 (2021 - \$ 2,113) in designated contributions for Mennonite Youth Farm Bible Camp. The Organization paid additional contributions of \$ 7,200 (2021 - \$ NIL) to subsidize expenses for running camp operations.

The Organization paid \$ 1,230 (2021 - \$ NIL) for facility goods and services. The transactions were carried out in the normal course of operations. They are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. At year end \$ 100 (2021 - \$ NIL) is due to Mennonite Youth Bible Camp which is included in accounts payable.

The organizations are related to Mennonite Church Saskatchewan due to the influence the Church has over the organizations Board of Directors and legal title of the land, buildings, and other assets used within the organizations.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

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MENNONITE CHURCH SASKATCHEWAN

Schedule of Revenues for the year ended December 31, 2022
(Unaudited)

	2022	2021
Saskatchewan Mennonite Youth Organization		
Coffee sales	\$ 8,088	\$ 5,951
	8,088	5,951
Designated funds received		
Mennonite Church Canada witness	33,241	33,147
Youth Farm Bible Camp	6,976	2,113
MCC Saskatchewan	3,195	1,823
Camp Shekinah	1,588	3,333
Youth and Young Adult Programs	1,083	180
Rosthern Community College	1,014	2,325
Camp Elim	288	313
Anabaptist Mennonite Biblical Seminary	200	860
	\$ 47,585	\$ 44,094

See accompanying notes to the financial statements.

MENNONITE CHURCH SASKATCHEWAN

Schedule of Expenses for the year ended December 31, 2022
(Unaudited)

	2022	2021
Pastoral Leadership Commission		
Personnel	\$ 66,235	\$ 154,820
Workshops and programs	31,835	9,252
Commission expense	1,148	5,374
Travel	676	465
	<hr/> 99,894	<hr/> 169,911
Executive Committee		
Office - general	74,625	60,795
Office - rent (note 13)	10,451	10,017
Audit and legal	8,142	10,057
Miscellaneous	2,632	1,079
Insurance	2,607	2,000
Committee expense	2,433	1,037
	<hr/> 100,890	<hr/> 84,985
Restorative Justice (note 11)		
Parkland Restorative Justice	22,026	22,026
The Micah Mission	11,283	11,283
Circle of Support and Accountability	2,191	2,191
	<hr/> 35,500	<hr/> 35,500
Saskatchewan Mennonite Youth Organization		
Coffee	7,006	4,627
Retreats	2,973	2,991
	<hr/> \$ 9,979	<hr/> \$ 7,618

See accompanying notes to the financial statements.