

MENNONITE CHURCH SASKATCHEWAN

NON-CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

For the year ended December 31, 2023

and Independent Practitioner's Review Engagement Report

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of Mennonite Church Saskatchewan:

We have reviewed the accompanying financial statements of Mennonite Church Saskatchewan that comprise the non-consolidated statement of financial position as at December 31, 2023, and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of non-consolidated 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 non-consolidated 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 non-consolidated 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 non-consolidated 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our review conclusion on the non-consolidated financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusion

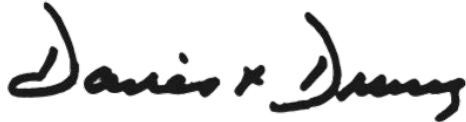
Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that these non-consolidated financial statements do not present fairly, in all material respects, the financial position of Mennonite Church Saskatchewan as at December 31, 2023 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

The non-consolidated financial statements of Mennonite Church Saskatchewan for the year ended December 31, 2022, were reviewed and reported on by another accountant dated March 22, 2023.

Other Matter - Restriction on Use

These non-consolidated financial statements have been prepared to assist the Organization to prepare its registered charity information return and for regulatory filings as required by The Conference of Mennonites of Saskatchewan Act, Chapter 1, 1998. 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.



Chartered Professional Accountants
Saskatoon, Saskatchewan

February 13, 2024

MENNONITE CHURCH SASKATCHEWAN

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

(Unaudited)

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents (Note 3)	\$ 101,714	\$ 85,639
Accounts receivable (Note 4)	11,701	8,755
Prepaid expenses	-	1,197
	<u>113,415</u>	<u>95,591</u>
LONG-TERM INVESTMENTS (Note 5)	<u>307,557</u>	<u>347,910</u>
TANGIBLE CAPITAL ASSETS (Note 6)	<u>2,946</u>	<u>3,816</u>
	<u>\$ 423,918</u>	<u>\$ 447,317</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities (Note 8)	<u>\$ 8,156</u>	<u>\$ 4,589</u>
NET ASSETS:		
Operating fund	215,925	416,458
Internally restricted funds (Note 9)	180,744	3,567
Student education fund	19,093	22,703
	<u>415,762</u>	<u>442,728</u>
	<u>\$ 423,918</u>	<u>\$ 447,317</u>

Approved on behalf of the Board:

_____ Director

_____ Director

The accompanying notes are an integral part of the financial statements.

MENNONITE CHURCH SASKATCHEWAN

NON-CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Unaudited)

	<u>Operating</u>	<u>Restricted</u>	<u>2023</u>	<u>2022</u>
REVENUE:				
Church and individual donations	\$ 431,520	\$ -	\$ 431,520	\$ 477,096
Designated funds receive	-	40,221	40,221	43,364
Youth farm contributions (Note 10)	40,500	-	40,500	30,000
Publication fund	14,463	-	14,463	15,404
SMYO	-	11,257	11,257	8,088
Annual delegate session registration	4,400	-	4,400	4,250
Interest	4,535	-	4,535	2,849
Workshops and projects	3,735	-	3,735	1,500
Student fund interest, donations and grant	-	390	390	288
	<u>499,153</u>	<u>51,868</u>	<u>551,021</u>	<u>582,839</u>
EXPENDITURES:				
Mennonite Church Canada	98,952	-	98,952	107,000
Designated funds forwarded	-	44,579	44,579	53,171
Publications	15,091	-	15,091	15,710
Rosthern Junior College	60,000	-	60,000	60,000
Canadian Mennonite University	50,000	-	50,000	50,000
Restorative Justice (Note 11)	35,500	-	35,500	35,500
Programs and workshops	25,686	-	25,686	31,835
Saskatchewan Mennonite Youth Organization	-	18,321	18,321	9,979
Scholarships from student fund	-	4,000	4,000	4,000
Office and administration	16,889	-	16,889	17,680
Rent	11,317	-	11,317	10,451
Travel	10,691	-	10,691	5,249
Insurance	3,142	-	3,142	2,607
Professional fees	10,739	-	10,739	8,142
Wages and benefits	172,210	-	172,210	124,820
Amortization	870	-	870	997
	<u>511,087</u>	<u>66,900</u>	<u>577,987</u>	<u>537,141</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ (11,934)</u>	<u>\$ (15,032)</u>	<u>\$ (26,966)</u>	<u>\$ 45,698</u>

The accompanying notes are an integral part of the financial statements.

MENNONITE CHURCH SASKATCHEWAN

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Unaudited)

	Operating <u>Fund</u>	Internally Restricted <u>Funds</u>	Student Education <u>Fund</u>	2023 <u>Total</u>	2022 <u>Total</u>
NET ASSETS AT BEGINNING OF THE YEAR	\$ 416,458	\$ 3,567	\$ 22,703	\$ 442,728	\$ 397,030
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	(11,934)	(11,422)	(3,610)	(26,966)	45,698
INTERFUND TRANSFERS	<u>(188,599)</u>	<u>188,599</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS AT END OF THE YEAR	<u>\$ 215,925</u>	<u>\$ 180,744</u>	<u>\$ 19,093</u>	<u>\$ 415,762</u>	<u>\$ 442,728</u>

The accompanying notes are an integral part of the financial statements.

MENNONITE CHURCH SASKATCHEWAN

NON-CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Unaudited)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
(Deficiency) excess of revenue over expenditures	\$ (26,966)	\$ 45,698
Items not affecting cash:		
Amortization of tangible capital assets	870	997
Changes in non-cash working capital:		
Accounts receivable	(2,946)	1,736
Prepaid expenses	1,197	(1,014)
Accounts payable and accruals	<u>3,567</u>	<u>2,149</u>
	<u>(24,278)</u>	<u>49,566</u>
CASH FLOWS FROM (TO) INVESTING ACTIVITIES:		
Purchase of tangible capital assets	-	(531)
Purchase of long-term investments	-	(17,193)
Proceeds from sale of long-term investments	<u>40,353</u>	<u>-</u>
	<u>40,353</u>	<u>(17,724)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	16,075	31,842
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>85,639</u>	<u>53,797</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 101,714</u>	<u>\$ 85,639</u>

The accompanying notes are an integral part of the financial statements.

MENNONITE CHURCH SASKATCHEWAN

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

(Unaudited)

1. NATURE OF OPERATIONS:

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. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO) 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 Fund

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.

MENNONITE CHURCH SASKATCHEWAN

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

(Unaudited)

2. 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:

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.

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) Allowance for doubtful accounts
- b) The useful lives of tangible capital assets
- c) Accounts payable and accrued liabilities

MENNONITE CHURCH SASKATCHEWAN**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2023**

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES - continued:**Financial Instruments****Measurement of Financial Instruments**

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable and long-term investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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 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 income.

3. CASH AND CASH EQUIVALENTS:

	<u>2023</u>	<u>2022</u>
Cash in bank	\$ 69,453	\$ 80,184
Undeposited funds	37,591	6,162
Cheques issued and outstanding	(5,330)	(707)
	<u>\$ 101,714</u>	<u>\$ 85,639</u>

4. ACCOUNTS RECEIVABLE:

	<u>2023</u>	<u>2022</u>
Accounts receivable	\$ 10,317	\$ 7,404
GST receivable	1,384	1,351
	<u>\$ 11,701</u>	<u>\$ 8,755</u>

Accounts receivable are recorded net of doubtful accounts, if any. In 2023 the allowance for doubtful accounts was \$0 (2022 - \$0).

MENNONITE CHURCH SASKATCHEWAN**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2023**

(Unaudited)

5. LONG-TERM INVESTMENTS:

Investment with Mennonite Foundation of Canada yielding 1.29% at December 31, 2023 (2022 - 0.94%).

	<u>2023</u>	<u>2022</u>
Abundance Canada - investment designated for general fund	\$ 277,300	\$ 317,042
Abundance Canada - investment designated for student fund	30,257	30,868
	<u>\$ 307,557</u>	<u>\$ 347,910</u>

6. TANGIBLE CAPITAL ASSETS:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2023</u>	<u>2022</u>
Office equipment	\$ 18,874	\$ 17,383	\$ 1,491	\$ 1,656
Leasehold improvements	6,718	5,263	1,455	-
Computer equipment	9,268	9,268	-	2,160
	<u>\$ 34,860</u>	<u>\$ 31,914</u>	<u>\$ 2,946</u>	<u>\$ 3,816</u>

7. BANK INDEBTEDNESS:

Mennonite Church Saskatchewan has a line of credit of \$ 125,000 at the Affinity Credit Union, Rosthern branch bearing interest at a rate of 8.20% (2022 - 7.40%) due monthly. 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, 2023 (2022 - \$0). Prime rate at the year-end date was 7.25% (2022 - 6.45%).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	<u>2023</u>	<u>2022</u>
Trade payables	\$ 4,500	\$ 4,083
Payroll remittances payable	3,656	506
	<u>\$ 8,156</u>	<u>\$ 4,589</u>

9. INTERNALLY RESTRICTED FUNDS:

	<u>2023</u>	<u>2022</u>
Contingency fund	\$ 125,000	\$ -
Special projects fund	50,000	-
Sask Women in Mission	4,881	2,766
Music library	62	801
SMYO - Restricted Fund	801	-
	<u>\$ 180,744</u>	<u>\$ 3,567</u>

MENNONITE CHURCH SASKATCHEWAN**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2023**

(Unaudited)

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 are the support Mennonite Church Saskatchewan provides to these charities.

12. 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 which expires August 31, 2024. The Organization will pay \$6,320 each year in base rent plus occupancy costs calculated on an annual basis. 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 which expires in March 2029. The Organization makes quarterly payments of \$534.

13. RELATED PARTY TRANSACTIONS:

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

Camp Elim

The Organization paid \$4,000 (2022 - \$2,400) in designated contributions for Camp Elim to subsidize expenses for running camp operations.

Shekinah Retreat Centre

The Organization paid \$4,000 (2022 - \$2,400) in designated contributions for Shekinah Retreat Centre to subsidize expenses for running camp operations.

The Organization paid \$2,323 (2022 - \$1,283) 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, \$3,623 (2022 - \$5,000) was from to Shekinah Retreat Centre and included in accounts receivable.

MENNONITE CHURCH SASKATCHEWAN**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2023**

(Unaudited)

13. RELATED PARTY TRANSACTIONS - continued:**Mennonite Youth Farm Bible Camp**

The Organization collected and forwarded \$4,636 (2022 - \$4,631) in designated contributions for Mennonite Youth Farm Bible Camp and paid additional contributions of \$4,000 (2022 - \$7,200) to subsidize expenses for running camp operations.

The Organization paid \$0 (2022 - \$1,230) 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 \$0 (2022 - \$100) 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.

14. FINANCIAL INSTRUMENTS:

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.

Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of accounts receivable. The maximum credit risk is \$11,694 (2022 - \$7,404). The Organization believes that there is minimal risk associated with the collection of these amounts as it performs regular credit assessments.

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. The line of credit carries a variable rate of interest.

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.

MENNONITE CHURCH SASKATCHEWAN

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

(Unaudited)

15. COMPARATIVE FIGURES:

Certain of the prior year figures presented for comparative purposes have been restated to conform to the current year's presentation.

The non-consolidated financial statements of Mennonite Church Saskatchewan for the year ended December 31, 2022, were reviewed and reported on by another accountant dated March 22, 2023.