

**Mennonite Disaster Service  
Canada Inc.**

Financial Statements  
**July 31, 2020**

# Mennonite Disaster Service Canada Inc.

## Statement of Financial Position

As at July 31, 2020

	2020 \$	2019 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash (note 4)	316,303	611,781
Interest bearing deposits (note 5)	1,950,526	1,668,029
Accounts receivable (note 7)	22,391	31,048
	<u>2,289,220</u>	<u>2,310,858</u>
<b>Property and equipment</b> (note 6)	105,851	143,548
	<u>2,395,071</u>	<u>2,454,406</u>
<b>Liabilities and Fund Balances</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	24,964	57,667
<b>Fund balances</b>		
<b>Unrestricted</b>		
General Fund	1,778,923	1,636,420
<b>Externally restricted</b>		
Bi-National Fund	56,314	101,881
MDS Canada and MDS Canada Units Fund	110,186	165,500
<b>Internally restricted</b>		
CMU Disaster Recovery Program Bursary Fund	-	653
MDS Canada Projects Reserve Fund	80,000	80,000
Funds Invested in Property and Equipment	105,851	143,548
Fund of Last Resort	4,592	29,592
Bequest Fund	234,241	239,145
	<u>2,370,107</u>	<u>2,396,739</u>
	<u>2,395,071</u>	<u>2,454,406</u>

### Approved by the Board of Directors

\_\_\_\_\_ Director \_\_\_\_\_ Director

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

# Menonite Disaster Service Canada Inc.

## Statement of Operations and Changes in Fund Balances

									For the year ended July 31, 2020	For the eight- month period ended July 31, 2019	
	Unrestricted	Externally Restricted			Internally Restricted					Total	Total
	General Fund	Bi-National Fund	MDS Canada and MDS Canada Units Fund	CMU Disaster Recovery Program Bursary Fund	MDS Canada Projects Reserve Fund	Funds Invested in Property and Equipment	Fund of Last Resort	Bequest Fund	Total	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Revenue</b>											
Donations	877,080	4,749	125,361	-	-	-	-	-	1,007,190	626,489	
Bequest	15,357	-	-	-	-	-	-	-	15,357	186,474	
Grants – BC Fires	-	-	196,203	-	-	-	-	-	196,203	100,000	
Grants from Bi-National Fund (note 7)	-	19,226	-	-	-	-	-	-	19,226	13,165	
Grants – Other	-	-	20,058	-	-	-	-	-	20,058	-	
Summer Youth and Family Project fees	-	-	-	-	-	-	-	-	-	5,450	
Investment income	28,112	-	-	-	-	-	-	-	28,112	22,917	
Other income	3,447	-	-	-	-	-	-	-	3,447	9,912	
	923,996	23,975	341,622	-	-	-	-	-	1,289,593	964,407	
Project and program											
Unrestricted (schedule 1)	420,810	-	-	-	-	-	-	-	420,810	346,924	
Externally restricted (schedule 2)	-	133,742	423,990	-	-	-	-	-	557,732	369,415	
Internally restricted (schedule 3)	-	-	-	-	-	35,551	-	-	35,551	22,234	
Operations											
Unrestricted (schedule 1)	205,208	-	-	-	-	-	-	-	205,208	143,941	
Externally restricted (schedule 2)	-	-	-	-	-	-	-	-	-	-	
Internally restricted (schedule 3)	-	-	-	-	-	5,677	-	-	5,677	4,586	
Board											
Unrestricted (schedule 1)	91,247	-	-	-	-	-	-	-	91,247	73,595	
	717,265	133,742	423,990	-	-	41,228	-	-	1,316,225	960,695	
<b>Excess (deficiency) of revenue over expenses for the year</b>	206,731	(109,767)	(82,368)	-	-	(41,228)	-	-	(26,632)	3,712	
<b>Fund balance – Beginning of year</b>	1,636,420	101,881	165,500	653	80,000	143,548	29,592	239,145	2,396,739	2,393,027	
<b>Interfund transfers (note 9)</b>	(60,697)	64,200	27,054	(653)	-	-	(25,000)	(4,904)	-	-	
<b>Investment in property and equipment</b>	(3,531)	-	-	-	-	3,531	-	-	-	-	
<b>Fund balance – End of year</b>	1,778,923	56,314	110,186	-	80,000	105,851	4,592	234,241	2,370,107	2,396,739	

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

# Mennonite Disaster Service Canada Inc.

## Statement of Cash Flows

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	For the year ended July 31, 2020 \$	For the eight- month period ended July 31, 2019 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses (excess of expenses over revenue) for the year	(26,632)	3,712
Items not affecting cash		
Amortization	41,228	26,820
Loss on disposal of property and equipment	633	-
	<hr/>	<hr/>
	15,229	30,532
Changes in non-cash working capital items		
Accounts receivable	8,657	(18,199)
Accounts payable and accrued liabilities	(32,703)	22,773
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	(8,817)	35,106
<b>Investing activities</b>		
Purchase of property and equipment	(4,164)	(43,518)
	<hr/>	<hr/>
<b>Decrease in cash during the year</b>	(12,981)	(8,412)
<b>Cash – Beginning of year</b>	<hr/>	<hr/>
	2,279,810	2,288,222
<b>Cash – End of year</b>	<hr/>	<hr/>
	2,266,829	2,279,810
<b>Cash consists of</b>		
Cash	316,303	611,781
Interest bearing deposits	1,950,526	1,668,029
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	2,266,829	2,279,810
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The accompanying notes are an integral part of these financial statements.

# **Mennonite Disaster Service Canada Inc.**

## Notes to Financial Statements

**July 31, 2020**

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### **1 Nature of operations**

Mennonite Disaster Service Canada Inc. (MDS) was organized to provide a channel through which various constituencies of the Anabaptist churches can respond to those affected by disasters in Canada, the United States, and their territories. It is federally incorporated without share capital and is registered as a charitable organization with the Government of Canada.

During the prior fiscal period, MDS had chose to change its period end to July 31 from November 30 to move away from the peak period for donations, being the holiday season.

### **2 Basis of presentation**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### **3 Summary of significant accounting policies**

These financial statements have been prepared in accordance with ASNPO, and include the following significant accounting policies:

#### **Fund accounting**

The accounts of MDS are maintained in accordance with the principles of fund accounting. Fund accounting is a procedure whereby a self-balancing group of accounts is provided for each accounting fund established by the Board of Directors (the Board) of MDS.

For financial reporting purposes, the accounts have been classified into the following funds:

#### ***General Fund***

This fund reports the assets, liabilities, revenue and expenses related to general operations.

#### ***Externally Restricted Funds***

Externally restricted funds are created as a result of donations designated for certain projects by the contributor. Contributors are informed at the time of donation that funds in excess of designated project expenses after a project closes may be reallocated to other Board approved projects. Overall project funding deficiencies (expenses in excess of designated contributions) are covered by the General Fund.

# **Mennonite Disaster Service Canada Inc.**

## Notes to Financial Statements

**July 31, 2020**

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### ***Bi-National Fund***

Contributions designed for programs/projects are administered at the Region or Bi-National level. MDS is an organization that is split into five Regions, of which Regions 1 through 4 are in the United States and Region 5 (MDS Canada) encompasses all of Canada. The function of the Region is to provide mutual assistance among its units for disaster response within the Region. When a disaster requires response beyond the capacity of a Region, Bi-National is brought in to assist in the recovery effort. The Bi-National Fund consists of all programs/projects located in Regions 1 through 4.

### ***MDS Canada and MDS Canada Units Fund***

Contributions are designated for MDS Canada and/or units within MDS Canada. MDS units are the basic operational entities that coordinate the joint response of the individuals from multiple congregations. A unit is generally as large as a province and its name reflects the province(s) it covers. MDS Canada currently consists of seven units.

### ***Internally Restricted Funds***

Internally restricted funds are created as a result of Board decisions to restrict certain fund resources for specific activities.

#### *Canadian Mennonite University (CMU) Disaster Recovery Program Bursary Fund*

This fund is to be used toward bursaries for eligible students in the Disaster Recovery Program at CMU in Winnipeg, Manitoba. The CMU program was discontinued, and the fund remains for CMU student travel assistance.

#### *MDS Canada Reserve Fund*

This fund is to be used at the Board's discretion when operating deficits in MDS Canada projects arise. The fund will be replenished as directed by the Board from unrestricted funds as needed, to a maximum balance of \$80,000.

#### *Funds Invested in Property and Equipment*

This fund reports the acquisition, disposition and liabilities related to property and equipment.

# **Mennonite Disaster Service Canada Inc.**

## Notes to Financial Statements

**July 31, 2020**

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### *Fund of Last Resort*

This fund is designed to provide a last resort funding option for program materials when other funding sources cannot be secured. When MDS has funds in excess of six months' operating reserves, any portion of said excess can be transferred into the Fund of Last Resort at the Board's discretion.

### *Bequest Fund*

This is a contingency fund for any underfunded disaster recovery rebuilding work initiated by the Bi-National or Region. An underfunded disaster is defined as a project that does not have sufficient externally or internally restricted funds. The funds are administered operationally and/or by approval of the Board.

### **Cash and interest-bearing deposits**

Cash and interest-bearing deposits consist of funds held on deposit with various financial and banking institutions.

### **Property and equipment**

Purchases of property and equipment are recorded at cost. Additions under \$1,000 are expensed when purchased and additions over \$1,000 are capitalized and amortized from the date of purchase. Amortization is based on the assets' estimated useful lives using the straight-line method over the following terms:

Office furniture and equipment	3 and 7 years
Project equipment	5 years
Leasehold improvements	Over lease term

### **Revenue recognition**

MDS follows the restricted fund method for contributions. Unrestricted contributions are recognized in the General Fund when received or receivable. Restricted donations are recognized as revenue of the appropriate restricted fund when received or receivable. Restricted contributions for which there is not a designated restricted fund are recognized in the General Fund under the deferral method. Amounts pledged to MDS by supporters are not recognized in the accounts until received.

Investment income and other income are recognized when earned.

### **Translation of foreign exchange**

Revenue and expense items denominated in foreign currencies are translated at exchange rates in effect at the transaction dates. Assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at year-end.

# Mennonite Disaster Service Canada Inc.

## Notes to Financial Statements

July 31, 2020

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### Contributed services

A significant portion of MDS's operations is carried out by services donated by individuals. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

### Expense allocations

The following expenses related to operations were allocated based on approved budgets as follows:

	Program %	Operations %	Board %
Administration costs			
Telephone	80	20	-
Publications	70	30	-
Postage	25	65	10
Supplies, printing, office			
MDS Canada projects	15	85	-
Other	100	-	-
Staff travel			
Programs	100	-	-
Other	60	40	-
Occupancy costs	55	31	14
Wages and benefits	55	31	14

The following expenses related to the Board were allocated based on approved budgets as follows:

	Program %	Operations %	Board %
Administration costs			
Telecommunications	65	10	25

### Administration costs

Subject to review by the Board, MDS does not allocate any designated donations to the General Fund to cover the administrative cost of designated projects.

### Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.



# Mennonite Disaster Service Canada Inc.

## Notes to Financial Statements

July 31, 2020

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### Financial instruments

MDS initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the exchange amount.

MDS subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash, interest bearing deposits and accounts receivable.

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

### 4 Cash

	2020 \$	2019 \$
Unrestricted and internally restricted	149,803	526,613
Externally restricted	166,500	85,168
	<u>316,303</u>	<u>611,781</u>

### 5 Interest bearing deposits

	2020 \$	2019 \$
<b>Unrestricted and internally restricted</b>		
General Fund – interest at 1.54% (2019 – 1.71%)	1,960,526	1,667,376
CMU Disaster Recovery Bursary Fund (2019 – interest at 1.44%)	-	653
	<u>1,960,526</u>	<u>1,668,029</u>

### 6 Property and equipment

	<u>2020</u>		<u>2019</u>	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office furniture and equipment	55,675	(41,762)	13,913	18,840
Project equipment	314,962	(228,586)	86,376	118,396
Leasehold improvements	15,000	(9,438)	5,562	6,312
	<u>385,637</u>	<u>(279,786)</u>	<u>105,851</u>	<u>143,548</u>

# Mennonite Disaster Service Canada Inc.

## Notes to Financial Statements

July 31, 2020

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### 7 Related party transactions

MDS is part of a series of Regions in Canada and the United States undertaking relief efforts (note 1). The Bi-National office provides direction and coordination efforts to the Regions. MDS has undertaken transactions with the Bi-National office.

The following is a summary of the related party transactions occurring during the period:

	2020 \$	2019 \$
Grants from Bi-National Operations	19,226	13,165

Included in accounts receivable is \$nil (2019 – \$1,028) from Bi-National relating to expenses paid by MDS on behalf of Bi-National.

### 8 Commitments

MDS has commitments under operating leases requiring total approximate annual rental payments as follows:

	\$
2021	44,220
2022	44,555
2023	34,170

### 9 Interfund transfers

During the year, the Board approved interfund transfers to the externally restricted Bi-National Fund and MDS Canada and MDS Canada Units Fund from the General Fund in the amounts of \$64,200 and \$27,056 respectively.

The Board has also approved interfund transfers to the General Fund from the internally restricted, CMU Disaster Recovery Program Bursary Fund, Fund of Last Resort and Bequest Fund in the amount of \$653, \$25,000 and \$4,904 respectively.

### 10 Financial instruments

#### Credit risk

Credit risk is the risk one party to a financial instrument may fail to discharge an obligation and cause a financial loss to another party. MDS, in the normal course of operations, is exposed to credit risk from its donors. However, the broad donor base minimizes the credit risk.

# **Mennonite Disaster Service Canada Inc.**

## Notes to Financial Statements

**July 31, 2020**

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### **Interest rate risk**

Interest rate risk refers to the adverse consequences of interest rate fluctuations on MDS's cash flows, financial position and revenues. Certain of MDS's investments are subject to changes in interest rates.

### **Liquidity risk**

Liquidity risk is the risk MDS will not be able to meet its financial obligations associated with financial liabilities in full. MDS expects to be able to meet its financial obligations in the foreseeable future.

During March 2020 and subsequently, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. Given the unpredictability of the duration, or the adverse effects, of this pandemic MDS is unable to determine the impact these events may have on donations, grants, investment income and projects and programs in the future.

### **Foreign currency risk**

Foreign currency risk arises from certain of the MDS' obligations and activities, which must be settled in US dollars. MDS does not engage in hedging transactions to manage its exposure to foreign currency risk.

# Mennonite Disaster Service Canada Inc.

## Schedule of General Fund Expenses

(Unaudited)

Schedule 1

	For the year ended July 31, 2020 \$			For the eight-month period ended July 31, 2019 \$		
	Project and Program \$	Operations \$	Board \$	Project and Program \$	Operations \$	Board \$
Advertising and promotion	-	10,231	-	1,567	24,230	-
Fundraising	-	14,382	-	-	4,804	-
Insurance	-	534	-	-	625	-
Interest and bank charges	-	3,983	-	-	2,818	-
Memberships/subscriptions	-	1,359	-	-	129	-
Occupancy	11,226	45,765	-	8,257	31,081	-
Office	3,314	8,879	-	5,621	12,926	-
Professional fees	-	18,478	-	-	13,222	-
Project investigations	665	-	-	5,402	-	-
Project start-up and completion	11,468	-	-	24,227	-	-
Publications	-	51,376	-	-	27,002	-
Supplies	10,651	15,442	-	18,230	11,439	-
Telephone	-	6,843	765	-	4,230	645
Tools and equipment	22,796	-	-	14,334	-	-
Training and development	17,460	2,787	-	20,980	145	-
Travel and meetings	14,102	38,168	34,757	25,401	32,296	38,551
Vehicle expenses	39,803	1,110	-	30,647	59	-
Wages and benefits	-	325,859	-	-	202,750	-
Website and computers	-	5,062	-	-	2,842	-
	<u>131,485</u>	<u>550,258</u>	<u>35,522</u>	<u>154,666</u>	<u>370,598</u>	<u>39,196</u>
Expense allocations (note 3)						
Administration costs	110,103	(120,208)	10,105	72,635	(78,649)	6,014
Wages and benefits	179,222	(224,842)	45,620	119,623	(148,008)	28,385
	<u>289,325</u>	<u>(345,050)</u>	<u>55,725</u>	<u>192,258</u>	<u>(226,657)</u>	<u>34,399</u>
	<u>420,810</u>	<u>205,208</u>	<u>91,247</u>	<u>346,924</u>	<u>143,941</u>	<u>73,595</u>
<b>Total General Fund expenses</b>			<u>717,265</u>			<u>564,460</u>

# Mennonite Disaster Service Canada Inc.

## Schedule of Externally Restricted Funds Expenses

(Unaudited)

Schedule 2

	For the year ended July 31, 2020 \$	For the eight- month period ended July 31, 2019 \$
<b>Bi-National Fund</b>		
<b>Project and Program</b>		
California Wildfires	21,626	12,823
Hurricane Florence	-	12,286
Hurricane Harvey	17,004	52,857
Hurricane Irma	62,615	17,797
Hurricane Maria	-	7,476
Hurricane Michael	25,372	-
Pine Ridge Storms	6,125	1,593
West Virginia Floods	1,000	2,423
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	133,742	107,255
<b>MDS Canada Grant and MDS Canada Unit Fund</b>		
<b>Project and Program</b>		
Atlantic Canada		
Investigations	-	1,803
Local	61,330	87,533
Alberta		
Family Project	1,369	-
British Columbia		
Investigations	134	1,423
Local	695	1,595
Manitoba		
Local	99,228	240
Ontario		
Investigations	1,218	2,157
Local	38,294	21,537
Saskatchewan		
Investigations	185	-
MDS Canada		
Family Project	332	-
BC Floods	143,889	130,822
Local	49,343	1,302
Youth Project	14,485	12,521
BC Fires	9,238	1,227
Typhoon Yutu	4,250	-
	<hr/>	<hr/>
	423,990	262,160
<b>Total Externally Restricted Funds expenses</b>	<hr/> <b>557,732</b>	<hr/> <b>369,415</b>

# Mennonite Disaster Service Canada Inc.

## Schedule of Internally Restricted Funds Expenses

(Unaudited)

Schedule 3

	For the year ended July 31, 2020 \$	For the eight- month period ended July 31, 2019 \$
<b>Funds Invested in Property and Equipment</b>		
<b>Project and Program</b>		
Amortization	35,551	22,234
<b>Operations</b>		
Amortization	5,677	4,586
<b>Total Internally Restricted Funds expenses</b>	<u>41,228</u>	<u>26,820</u>

