

**Mennonite Disaster Service  
Canada Inc.**

Financial Statements  
**July 31, 2022**



## Independent auditor's report

To the Board of Directors of Mennonite Disaster Service Canada Inc.

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mennonite Disaster Service Canada Inc. (the Organization) as at July 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.

#### What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at July 31, 2022;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

#### Independence

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

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### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

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

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

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### **Auditor's 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 auditor's 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 these 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We 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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Winnipeg, Manitoba

October 25, 2022

# Mennonite Disaster Service Canada Inc.

## Statement of Financial Position

As at July 31, 2022

|  | 2022<br>\$       | 2021<br>\$       |
|--|------------------|------------------|
| <b>Assets</b>                            |                  |                  |
| <b>Current assets</b>                    |                  |                  |
| Cash (note 4)                            | 716,559          | 566,299          |
| Interest bearing deposits (note 5)       | 1,650,281        | 1,977,220        |
| Investments                              | 93,281           | -                |
| Accounts receivable                      | 95,082           | 22,889           |
| Prepaid expenses                         | -                | 1,436            |
|  | <u>2,555,203</u> | <u>2,567,844</u> |
| <b>Property and equipment</b> (note 6)   | <u>192,205</u>   | <u>93,963</u>    |
|  | <u>2,747,408</u> | <u>2,661,807</u> |
| <b>Liabilities and Fund Balances</b>     |                  |                  |
| <b>Current liabilities</b>               |                  |                  |
| Accounts payable and accrued liabilities | <u>292,369</u>   | <u>153,156</u>   |
| <b>Fund balances</b>                     |                  |                  |
| <b>Unrestricted</b>                      |                  |                  |
| General Fund                             | 1,574,999        | 2,107,583        |
| <b>Externally restricted</b>             |                  |                  |
| MDS US Projects Fund                     | 5,954            | 908              |
| MDS Canada and MDS Canada Units Fund     | 49,297           | 92,063           |
| <b>Internally restricted</b>             |                  |                  |
| Spirit of MDS Fund                       | 200,000          | 1,550            |
| MDS Canada Projects Reserve Fund         | 80,000           | 80,000           |
| Funds Invested in Property and Equipment | 192,205          | 93,963           |
| Fund of Last Resort                      | 4,592            | 4,592            |
| Bequest Fund                             | <u>347,992</u>   | <u>127,992</u>   |
|  | <u>2,455,039</u> | <u>2,508,651</u> |
|  | <u>2,747,408</u> | <u>2,661,807</u> |

**Commitments** (note 8)

**Approved by the Board of Directors**

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

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

**Mennonite Disaster Service Canada Inc.**  
**Statement of Operations and Changes in Fund Balances**  
**For the year ended July 31, 2022**

|  |                  |                       |                                      |                    |                                  |  |                     |                | 2022             | 2021             |
|--|------------------|-----------------------|--------------------------------------|--------------------|----------------------------------|--|---------------------|----------------|------------------|------------------|
|  | Unrestricted     | Externally Restricted |                                      |                    | Internally Restricted            |  |                     |                |                  |                  |
|  | General Fund     | MDS US Projects Fund  | MDS Canada and MDS Canada Units Fund | Spirit of MDS Fund | MDS Canada Projects Reserve Fund | Funds Invested in Property and Equipment | Fund of Last Resort | Bequest Fund   | Total            | Total            |
|  | \$               | \$                    | \$                                   | \$                 | \$                               | \$                                       | \$                  | \$             | \$               | \$               |
| <b>Revenue</b>   |                  |                       |                                      |                    |                                  |  |                     |                |                  |                  |
| Donations  | 913,021          | 5,954                 | 1,236,754                            | -                  | -                                | -  | -                   | -              | 2,155,729        | 945,995          |
| Bequest  | 220,000          | -                     | -                                    | -                  | -                                | -  | -                   | -              | 220,000          | 52,198           |
| Grants – BC Fires  | -                | -                     | 400,000                              | -                  | -                                | -  | -                   | -              | 400,000          | 75,280           |
| Grants from MDS, United States (note 7)  | -                | 12,707                | -                                    | -                  | -                                | -  | -                   | -              | 12,707           | 12,080           |
| Grants – Employees   | -                | -                     | -                                    | -                  | -                                | -  | -                   | -              | -                | 5,000            |
| Interest income  | 20,590           | -                     | -                                    | -                  | -                                | -  | -                   | -              | 20,590           | 23,876           |
| Haywest income (note 10)   | -                | -                     | 118,015                              | -                  | -                                | -  | -                   | -              | 118,015          | -                |
| Other income   | 1,951            | -                     | -                                    | -                  | -                                | -  | -                   | -              | 1,951            | 6,787            |
|  | <b>1,155,562</b> | <b>18,661</b>         | <b>1,754,769</b>                     | <b>-</b>           | <b>-</b>                         | <b>-</b>                                 | <b>-</b>            | <b>-</b>       | <b>2,928,992</b> | <b>1,121,216</b> |
| <b>Expenses</b>  |                  |                       |                                      |                    |                                  |  |                     |                |                  |                  |
| Project and program  |                  |                       |                                      |                    |                                  |  |                     |                |                  |                  |
| Unrestricted (schedule 1)  | 317,197          | -                     | -                                    | -                  | -                                | -  | -                   | -              | 317,197          | 244,353          |
| Externally restricted (schedule 2)   | -                | 9,760                 | 2,219,582                            | -                  | -                                | -  | -                   | -              | 2,229,342        | 494,075          |
| Internally restricted (schedule 3)   | -                | -                     | -                                    | 122,900            | -                                | 40,774                                   | -                   | -              | 163,674          | 32,641           |
| Operations   |                  |                       |                                      |                    |                                  |  |                     |                |                  |                  |
| Unrestricted (schedule 1)  | 178,501          | -                     | -                                    | -                  | -                                | -  | -                   | -              | 178,501          | 160,559          |
| Internally restricted (schedule 3)   | -                | -                     | -                                    | -                  | -                                | 8,201                                    | -                   | -              | 8,201            | 5,472            |
| Board  |                  |                       |                                      |                    |                                  |  |                     |                |                  |                  |
| Unrestricted (schedule 1)  | 78,970           | -                     | -                                    | -                  | -                                | -  | -                   | -              | 78,970           | 45,572           |
|  | <b>574,668</b>   | <b>9,760</b>          | <b>2,219,582</b>                     | <b>122,900</b>     | <b>-</b>                         | <b>48,975</b>                            | <b>-</b>            | <b>-</b>       | <b>2,975,885</b> | <b>982,672</b>   |
| <b>(Deficiency) excess of revenue over expenses for the year before unrealized loss on investments</b> | <b>580,894</b>   | <b>8,901</b>          | <b>(464,813)</b>                     | <b>(122,900)</b>   | <b>-</b>                         | <b>(48,975)</b>                          | <b>-</b>            | <b>-</b>       | <b>(46,893)</b>  | <b>138,544</b>   |
| <b>Unrealized loss on investments</b>  | <b>(6,719)</b>   | <b>-</b>              | <b>-</b>                             | <b>-</b>           | <b>-</b>                         | <b>-</b>                                 | <b>-</b>            | <b>-</b>       | <b>(6,719)</b>   | <b>-</b>         |
| <b>(Deficiency) excess of revenue over expenses for the year</b>                                       | <b>574,175</b>   | <b>8,901</b>          | <b>(464,813)</b>                     | <b>(122,900)</b>   | <b>-</b>                         | <b>(48,975)</b>                          | <b>-</b>            | <b>-</b>       | <b>(53,612)</b>  | <b>138,544</b>   |
| <b>Fund balance – Beginning of year</b>  | <b>2,107,583</b> | <b>908</b>            | <b>92,063</b>                        | <b>1,550</b>       | <b>80,000</b>                    | <b>93,963</b>                            | <b>4,592</b>        | <b>127,992</b> | <b>2,508,651</b> | <b>2,370,107</b> |
| <b>Interfund transfers (note 9)</b>  | <b>(959,542)</b> | <b>(3,855)</b>        | <b>422,047</b>                       | <b>321,350</b>     | <b>-</b>                         | <b>-</b>                                 | <b>-</b>            | <b>220,000</b> | <b>-</b>         | <b>-</b>         |
| <b>Investment in property and equipment</b>  | <b>(147,217)</b> | <b>-</b>              | <b>-</b>                             | <b>-</b>           | <b>-</b>                         | <b>147,217</b>                           | <b>-</b>            | <b>-</b>       | <b>-</b>         | <b>-</b>         |
| <b>Fund balance – End of year</b>  | <b>1,574,999</b> | <b>5,954</b>          | <b>49,297</b>                        | <b>200,000</b>     | <b>80,000</b>                    | <b>192,205</b>                           | <b>4,592</b>        | <b>347,992</b> | <b>2,455,039</b> | <b>2,508,651</b> |

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

# Mennonite Disaster Service Canada Inc.

## Statement of Cash Flows

For the year ended July 31, 2022

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|   | 2022<br>\$ | 2021<br>\$ |
|---|------------|------------|
| <b>Cash provided by (used in)</b>                         |            |            |
| <b>Operating activities</b>                               |            |            |
| (Deficiency) excess of revenue over expenses for the year | (53,612)   | 138,544    |
| Items not affecting cash                                  |            |            |
| Amortization  | 48,975     | 38,113     |
| Unrealized loss on investments                            | 6,719      | -          |
|   | <hr/>      | <hr/>      |
|   | 2,082      | 176,657    |
| Changes in non-cash working capital items                 |            |            |
| Accounts receivable                                       | (57,646)   | (498)      |
| Prepaid expenses  | 1,436      | (1,436)    |
| Accounts payable and accrued liabilities                  | 139,213    | 128,192    |
|   | <hr/>      | <hr/>      |
|   | 85,085     | 302,915    |
| <b>Investing activities</b>                               |            |            |
| Purchase of property and equipment                        | (147,217)  | (26,225)   |
| Purchase of investments                                   | (100,000)  | -          |
|   | <hr/>      | <hr/>      |
|   | (247,217)  | (26,225)   |
| <b>(Decrease) increase in cash during the year</b>        | (162,132)  | 276,690    |
| <b>Cash – Beginning of year</b>                           | 2,543,519  | 2,266,829  |
| <b>Cash – End of year</b>                                 | <hr/>      | <hr/>      |
|   | 2,381,387  | 2,543,519  |
| <b>Cash consists of</b>                                   |            |            |
| Cash  | 716,559    | 566,299    |
| Interest bearing deposits                                 | 1,664,828  | 1,977,220  |
|   | <hr/>      | <hr/>      |
|   | 2,381,387  | 2,543,519  |
|   | <hr/>      | <hr/>      |

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

# **Mennonite Disaster Service Canada Inc.**

## Notes to Financial Statements

**July 31, 2022**

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### **1 Nature of operations**

Mennonite Disaster Service Canada Inc. (MDSC) 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.

### **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 MDSC 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 (Board) of MDSC.

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 contributors. 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.

- **MDS US Projects Fund**

The MDS US Projects Fund was previously known as the Bi-National Fund. MDSC works together with Mennonite Disaster Service (MDS) in the United States through a Joint Ministries Agreement (JMA) that outlines how MDSC and MDS respond together to disasters in Canada and the United States.



# Menonite Disaster Service Canada Inc.

## Notes to Financial Statements

July 31, 2022

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Contributions to the MDS US Projects Fund are designated for projects/responses in the United States or one of its territories. Any excess contributions to the fund are transferred to the United States or reallocated to a similar disaster response, at the discretion of the Board.

- MDS Canada and MDS Canada Units Fund

Contributions are designated for MDS Canada and/or units within MDS Canada. MDSC 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.

- Spirit of MDS Fund

The fund was created to provide grants to churches and ministries who are assisting people in need, with a primary focus on Anabaptist organizations. These needs may include construction or renovation projects, food or other needed resources, neighborhood projects involving volunteers or other creative ideas that fit within the MDSC core values of Faith in Action and Caring Relationships. The fund will be accessible in up to \$5,000 grants per organization by application. Each grant will be reviewed and approved by the respective unit chair or committee. These grants can be used for construction or renovation projects to repair a community home; to provide food or other needed resources for those in crisis; for neighbourhood ministry projects or other creative ideas that fit with MDS Canada's core values of faith in action and caring relationships.

- MDS Canada Projects 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.

- 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 MDSC 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.

# Mennonite Disaster Service Canada Inc.

## Notes to Financial Statements

July 31, 2022

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- Bequest Fund

This is a contingency fund for any underfunded disaster recovery rebuilding work in Canada or the United States. 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

MDSC 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 MDSC by supporters are not recognized in the accounts until received.

Funds received relating to the reimbursement of expenses from the Disaster Funding Assistance (DFA) is recognized upon receipt due to the uncertainty regarding the timing and amount receivable.

Interest 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, 2022

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### Contributed services

A significant portion of MDSC'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 and are consistent with the prior year:

|                            | Program<br>% | Operations<br>% | Board<br>% |
|----------------------------|--------------|-----------------|------------|
| 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<br>% | Operations<br>% | Board<br>% |
|----------------------|--------------|-----------------|------------|
| Administration costs |              |                 |            |
| Telecommunications   | 65           | 10              | 25         |

### Administration costs

Subject to review by the Board, MDSC does not allocate any designated donations to the General Fund to cover the administrative costs 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 as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

# Mennonite Disaster Service Canada Inc.

## Notes to Financial Statements

July 31, 2022

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### Financial instruments

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

MDSC subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments which are measured at face value at each period end and the unrealized gain or loss is recognized in the statement of operations and changes in fund balances.

During the 2022 fiscal year, MDSC invested \$100,000 in a mutual fund.

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

|  | 2022<br>\$     | 2021<br>\$     |
|--|----------------|----------------|
| Unrestricted and internally restricted | 648,042        | 473,328        |
| Externally restricted                  | 68,517         | 92,971         |
|  | <u>716,559</u> | <u>566,299</u> |

### 5 Interest bearing deposits

|   | 2022<br>\$       | 2021<br>\$       |
|---|------------------|------------------|
| Unrestricted and internally restricted<br>General Fund – interest at 1.05% (2021 – 1.17%) | <u>1,650,281</u> | <u>1,977,220</u> |

### 6 Property and equipment

|                                   | <u>2022</u>    |                                   | <u>2021</u>    |               |
|-----------------------------------|----------------|-----------------------------------|----------------|---------------|
|                                   | Cost<br>\$     | Accumulated<br>amortization<br>\$ | Net<br>\$      | Net<br>\$     |
| Office furniture and<br>equipment | 81,900         | 53,814                            | 28,086         | 35,416        |
| Project equipment                 | 462,059        | 302,002                           | 160,057        | 53,735        |
| Leasehold improvements            | 15,000         | 10,938                            | 4,062          | 4,812         |
|                                   | <u>558,959</u> | <u>366,754</u>                    | <u>192,205</u> | <u>93,963</u> |

# Mennonite Disaster Service Canada Inc.

## Notes to Financial Statements

July 31, 2022

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### 7 Related party transactions

MDSC works in partnership with MDS in the United States undertaking relief efforts (note 1). MDSC has undertaken transactions with the MDS office in the United States.

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

|  | 2022<br>\$ | 2021<br>\$ |
|--|------------|------------|
| Grants from MDS in the United States<br>Operations | 12,707     | 12,080     |

### 8 Commitments

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

|      | \$     |
|------|--------|
| 2023 | 34,170 |

### 9 Interfund transfers

During the year, the Board approved interfund transfers to the externally restricted MDS Canada and MDS Canada Units Fund from the General Fund in the amount of \$422,047 and from the externally restricted MDS US Projects Fund to the General Fund in the amount of \$3,855.

The Board has also approved interfund transfers from the General Fund to the internally restricted, Bequest Fund in the amount of \$220,000 and from the General Fund to the internally restricted Spirit of MDS Fund in the amount of \$321,350.

### 10 Haywest transactions

In response to the prairie drought of 2021, which significantly negatively impacted cattle operations in Saskatchewan, MDS Canada implemented a project to assist Saskatchewan farmers by purchasing hay in Ontario and shipping it to Saskatchewan. The farmers paid pre-drought prices for the hay totalling \$118,015 which has been recognized as Haywest income. Donors contributed \$90,912 to this project, which has been recognized as donation revenue. Total costs for hay and shipping was \$373,307 and has been recognized in project and program expenses.

### 11 Financial instruments

#### Credit risk

Credit risk is the risk that one party to a financial instrument may fail to discharge an obligation and cause a financial loss to another party. MDSC, 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, 2022**

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### **Interest rate risk**

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

### **Liquidity risk**

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

### **Foreign currency risk**

Foreign currency risk arises from certain of the MDSC's obligations and activities, which must be settled in US dollars. MDSC 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)

For the year ended July 31, 2022

Schedule 1

|                                    | 2022                   |                  |                | 2021                   |                  |                |
|------------------------------------|------------------------|------------------|----------------|------------------------|------------------|----------------|
|                                    | Project and Program \$ | Operations \$    | Board \$       | Project and Program \$ | Operations \$    | Board \$       |
| Advertising and promotion          | 6,510                  | 15,121           | -              | 797                    | 15,569           | -              |
| Fundraising                        | -                      | 4,397            | -              | -                      | 4,870            | -              |
| Insurance                          | -                      | 590              | -              | -                      | 549              | -              |
| Interest and bank charges          | -                      | 4,290            | -              | -                      | 2,870            | -              |
| Memberships/subscriptions          | -                      | 1,904            | -              | -                      | 1,133            | -              |
| Occupancy                          | 2,550                  | 46,479           | -              | 2,610                  | 46,774           | -              |
| Office                             | -                      | 4,870            | -              | -                      | 8,646            | -              |
| Professional fees                  | -                      | 17,572           | -              | -                      | 14,481           | -              |
| Project investigations             | 739                    | -                | -              | -                      | -                | -              |
| Publications                       | -                      | 51,619           | -              | -                      | 34,883           | -              |
| Supplies                           | 992                    | 9,433            | 60             | 141                    | 6,089            | -              |
| Telephone                          | -                      | 9,972            | 400            | -                      | 7,750            | 423            |
| Tools and equipment                | 6,150                  | -                | -              | 6,725                  | -                | -              |
| Training and development           | 14,673                 | 1,810            | -              | 584                    | 3,628            | -              |
| Travel and meetings                | 9,782                  | 24,954           | 31,659         | -                      | 59               | -              |
| Vehicle expenses                   | 27,253                 | 323              | -              | 24,230                 | 1,251            | -              |
| Wages and benefits                 | -                      | 277,352          | -              | -                      | 262,602          | -              |
| Website and computers              | -                      | 3,214            | -              | -                      | 3,820            | -              |
|                                    | <u>68,649</u>          | <u>473,900</u>   | <u>32,119</u>  | <u>35,087</u>          | <u>414,974</u>   | <u>423</u>     |
| Expense allocations (note 3)       |                        |                  |                |                        |                  |                |
| Administration costs               | 98,726                 | (110,933)        | 12,207         | 62,839                 | (70,716)         | 7,877          |
| Wages and benefits                 | 149,822                | (184,466)        | 34,644         | 146,427                | (183,699)        | 37,272         |
|                                    | <u>248,548</u>         | <u>(295,399)</u> | <u>46,851</u>  | <u>209,266</u>         | <u>(254,415)</u> | <u>45,149</u>  |
|                                    | <u>317,197</u>         | <u>178,501</u>   | <u>78,970</u>  | <u>244,353</u>         | <u>160,559</u>   | <u>45,572</u>  |
| <b>Total General Fund expenses</b> |                        |                  | <u>574,668</u> |                        |                  | <u>450,484</u> |

# Mennonite Disaster Service Canada Inc.

## Schedule of Externally Restricted Fund Expenses

(Unaudited)

For the year ended July 31, 2022

Schedule 2

|  | 2022<br>\$             | 2021<br>\$           |
|--|------------------------|----------------------|
| <b>MDS US Projects Fund</b>                      |                        |                      |
| <b>Project and Program</b>                       |                        |                      |
| California Wildfires                             | 6,256                  | -                    |
| Hurricane Harvey                                 | 3,504                  | -                    |
| Hurricane Irma                                   | -                      | 447                  |
|  | <hr/> 9,760            | <hr/> 447            |
| <b>MDS Canada and MDS Canada Units Fund</b>      |                        |                      |
| <b>Project and Program</b>                       |                        |                      |
| Atlantic Canada                                  |                        |                      |
| Local  | 224,287                | 19,992               |
| Alberta  |                        |                      |
| Investigations                                   | -                      | 35                   |
| Local  | 5,758                  | 100                  |
| British Columbia                                 |                        |                      |
| Investigations                                   | 368                    | 1,238                |
| Local  | 65,128                 | 99,643               |
| Manitoba   |                        |                      |
| Local  | 115,345                | 52,982               |
| Ontario  |                        |                      |
| Investigations                                   | 1,069                  | 549                  |
| Local  | 59,821                 | 8,800                |
| Saskatchewan                                     |                        |                      |
| Local  | 21,708                 | 9,455                |
| MDS Canada                                       |                        |                      |
| Investigations                                   | 4,005                  | -                    |
| Family Project                                   | 23,785                 | -                    |
| BC Floods  | 804,281                | 1,494                |
| Local  | 68,285                 | 9                    |
| Youth Project                                    | 3,651                  | -                    |
| BC Fires   | 448,784                | 139,381              |
| Spirit of MDS                                    | -                      | 159,950              |
| Haywest (note 10)                                | 373,307                | -                    |
|  | <hr/> 2,219,582        | <hr/> 493,628        |
| <b>Total Externally Restricted Fund expenses</b> | <hr/> <b>2,229,342</b> | <hr/> <b>494,075</b> |



# Mennonite Disaster Service Canada Inc.

## Schedule of Internally Restricted Fund Expenses

(Unaudited)

For the year ended July 31, 2022

Schedule 3

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|  | 2022<br>\$     | 2021<br>\$    |
|--|----------------|---------------|
| <b>Funds Invested in Property and Equipment</b>  |                |               |
| <b>Project and Program</b>                       |                |               |
| Amortization                                     | 40,774         | 32,641        |
| <b>Operations</b>                                |                |               |
| Amortization                                     | 8,201          | 5,472         |
|  | <u>48,975</u>  | <u>38,113</u> |
| <b>Funds Invested in Spirit of MDS</b>           |                |               |
| <b>Project and Program</b>                       |                |               |
| Church grants provided                           | 122,900        | -             |
| <b>Total Internally Restricted Fund expenses</b> | <u>171,875</u> | <u>38,113</u> |