

MENNONITE DISASTER SERVICE CANADA INC.

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

JULY 31, 2024

MENNONITE DISASTER SERVICE CANADA INC.

JULY 31, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Mennonite Disaster Service Canada Inc. (the "Organization"), which comprise the statement of financial position as at July 31, 2024, and the statements of operations, changes in fund balances and cash flow for the year then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mennonite Disaster Service Canada Inc. as at July 31, 2024, 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.

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 are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended July 31, 2023, were audited by another auditor who expressed an unqualified opinion on those financial statements on October 21, 2023.

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.

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.

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.

Winnipeg, Manitoba
October 19, 2024

Fort Group

**CHARTERED PROFESSIONAL
ACCOUNTANTS INC.**

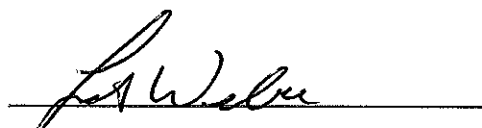


MENNONITE DISASTER SERVICE CANADA INC.
STATEMENT OF FINANCIAL POSITION
JULY 31, 2024

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 669,186	760,126
Interest-bearing deposits (Note 3)	734,311	820,712
Accounts receivable (Note 4)	65,516	261,402
Prepaid expenses	<u>10,368</u>	<u>461</u>
	1,479,381	1,842,701
LONG-TERM INVESTMENTS (Note 5)	104,826	95,751
TANGIBLE CAPITAL ASSETS (Note 6)	<u>637,553</u>	<u>283,183</u>
	<u>\$ 2,221,760</u>	<u>2,221,635</u>
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 83,141	72,450
Current portion of deferred capital contributions (Note 7)	<u>26,526</u>	<u>-</u>
	109,667	72,450
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	<u>206,026</u>	<u>-</u>
	<u>315,693</u>	<u>72,450</u>
UNRESTRICTED FUNDS		
General Fund	1,080,295	1,255,866
EXTERNALLY RESTRICTED FUNDS		
MDS US Projects Fund	-	5,154
INTERNALLY RESTRICTED FUNDS		
Spirit of MDS Fund	-	100,000
MDS Canada Projects Reserve Fund	80,000	80,000
Funds Invested in Tangible Capital Assets Fund	405,001	283,183
Bequest Fund	<u>340,771</u>	<u>424,982</u>
	<u>1,906,067</u>	<u>2,149,185</u>
	<u>\$ 2,221,760</u>	<u>2,221,635</u>

APPROVED BY THE BOARD OF DIRECTORS:

 _____ Chair

 _____ Treasurer

MENNONITE DISASTER SERVICE CANADA INC.
STATEMENT OF OPERATIONS
YEAR ENDED JULY 31, 2024

	<u>Unrestricted</u>	<u>Externally restricted</u>		<u>Internally restricted</u>			<u>2024</u>	<u>2023</u>	
	<u>General Fund</u>	<u>MDS US Projects Fund</u>	<u>MDS Canada and MDS Canada Units Fund</u>	<u>Spirit of MDS Fund</u>	<u>MDS Canada Projects Reserve Fund</u>	<u>Invested in Tangible Capital Assets Fund</u>			<u>Bequest Fund</u>
REVENUE									
Donations	\$ 1,020,655	200	153,607	-	-	-	-	1,174,462	1,382,942
Grants - MDS US	-	-	264,262	-	-	-	-	264,262	13,551
Grants - BC Fires	-	-	228,999	-	-	-	-	228,999	300,000
Bequest	-	-	-	-	-	-	61,833	61,833	76,990
Interest income	18,629	-	-	-	-	-	-	18,629	16,814
Grants - Government of Ontario	-	-	17,001	-	-	-	-	17,001	-
Amortization of deferred capital contributions (Note 7)	-	-	-	-	-	10,447	-	10,447	-
Other income	4,792	-	1,335	-	-	-	-	6,127	3,870
Grants - Hurricane Fiona	-	-	-	-	-	-	-	-	100,000
Haywest income	-	-	-	-	-	-	-	-	4,606
	<u>1,044,076</u>	<u>200</u>	<u>665,204</u>	<u>-</u>	<u>-</u>	<u>10,447</u>	<u>61,833</u>	<u>1,781,760</u>	<u>1,898,773</u>
EXPENSES									
Project and program									
Unrestricted (Schedule 1)	416,969	-	-	-	-	-	-	416,969	409,644
Externally restricted (Schedule 2)	-	86,875	1,003,903	-	-	-	-	1,090,778	1,271,927
Internally restricted (Schedule 3)	-	-	-	92,000	-	78,404	-	170,404	191,001
Administration									
Unrestricted (Schedule 1)	265,384	-	-	-	-	-	-	265,384	232,352
Internally restricted (Schedule 3)	-	-	-	-	-	10,765	-	10,765	9,378
Governance									
Unrestricted (Schedule 1)	86,001	-	-	-	-	-	-	86,001	87,547
	<u>768,354</u>	<u>86,875</u>	<u>1,003,903</u>	<u>92,000</u>	<u>-</u>	<u>89,169</u>	<u>-</u>	<u>2,040,301</u>	<u>2,201,849</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	275,722	(86,675)	(338,699)	(92,000)	-	(78,722)	61,833	(258,541)	(303,076)
OTHER ITEMS									
Unrealized gain on long-term investments	8,516	-	-	-	-	-	-	8,516	2,470
Gain (loss) on sale of tangible capital assets (Note 6)	-	-	-	-	-	6,929	-	6,929	(4,860)
Loss on foreign exchange	(22)	-	-	-	-	-	-	(22)	(388)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 284,216</u>	<u>(86,675)</u>	<u>(338,699)</u>	<u>(92,000)</u>	<u>-</u>	<u>(71,793)</u>	<u>61,833</u>	<u>(243,118)</u>	<u>(305,854)</u>

**MENNONITE DISASTER SERVICE CANADA INC.
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED JULY 31, 2024**

	Unrestricted	Externally restricted		Internally restricted				2024	2023
	General Fund	MDS US Projects Fund	MDS Canada and MDS Canada Units Fund	Spirit of MDS Fund	MDS Canada Projects Reserve Fund	Invested in Tangible Capital Assets Fund	Bequest Fund		
FUND BALANCES, BEGINNING OF YEAR	\$ 1,255,866	5,154	-	100,000	80,000	283,183	424,982	2,149,185	2,455,039
Excess (deficiency) of revenue over expenses	284,216	(86,675)	(338,699)	(92,000)	-	(71,793)	61,833	(243,118)	(305,854)
Inter-fund transfers (Note 8)	(266,176)	81,521	338,699	(8,000)	-	-	(146,044)	-	-
Investment in tangible capital assets	(450,419)	-	-	-	-	450,419	-	-	-
Disposal of tangible capital assets	13,809	-	-	-	-	(13,809)	-	-	-
Deferred capital contributions	<u>242,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(242,999)</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,080,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>405,001</u>	<u>340,771</u>	<u>1,906,067</u>	<u>2,149,185</u>

MENNONITE DISASTER SERVICE CANADA INC.
STATEMENT OF CASH FLOW
YEAR ENDED JULY 31, 2024

	<u>2024</u>	<u>2023</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (243,118)	(305,854)
Add (deduct) non-cash items:		
Amortization of tangible capital assets	89,169	63,310
(Gain) loss on sale of tangible capital assets	(6,929)	4,860
Amortization of deferred capital contributions	(10,447)	-
Unrealized gain on investments	<u>(8,516)</u>	<u>(2,470)</u>
	(179,841)	(240,154)
Change in non-cash working capital:		
Accounts receivable	195,886	(166,320)
Prepaid expenses	(9,907)	(461)
Accounts payable and accrued liabilities	<u>10,691</u>	<u>(219,919)</u>
	<u>16,829</u>	<u>(626,854)</u>
INVESTING ACTIVITIES		
Purchase of interest-bearing deposits	(413,599)	-
Proceeds on maturity of interest-bearing deposits	500,000	829,569
Purchase of long-term investments	(559)	-
Purchase of tangible capital assets	(450,419)	(179,848)
Proceeds on disposal of tangible capital assets	<u>13,809</u>	<u>20,700</u>
	<u>(350,768)</u>	<u>670,421</u>
FINANCING ACTIVITIES		
Proceeds from deferred capital contributions	<u>242,999</u>	<u>-</u>
CHANGE IN CASH	(90,940)	43,567
CASH, BEGINNING OF YEAR	<u>760,126</u>	<u>716,559</u>
CASH, END OF YEAR	<u>\$ 669,186</u>	<u>760,126</u>

MENNONITE DISASTER SERVICE CANADA INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2024

1. ACCOUNTING ENTITY

Mennonite Disaster Service Canada Inc. (the "Organization") 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. The Organization is incorporated without share capital under the Canada Not-for-profit Corporations Act as a registered charitable organization and is exempt from tax under section 149(1) of the Income Tax Act.

The Organization maintains its bi-national identity through the "Boards Partners in Mission Agreement" held with the American not-for-profit organization, Mennonite Disaster Service ("MDS US"). The two organizations are governed and operate in their respective national jurisdictions, under their respective bylaws, and with respective boards and management. The Organization shares a mission with MDS US of responding to disasters in Canada and the United States and works collaboratively with MDS US on shared organizational objectives.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

An underlying assumption in the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

(a) Fund accounting

The fund balances of the Organization 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 fund established by the Board of Directors (the "Board") of the Organization.

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

(i) General Fund

The General Fund reports the assets, liabilities, revenue and expenses related to general operations. This Fund reports unrestricted contributions and is available for unrestricted distribution in accordance with the aims and objectives of the Organization and at the discretion of the Board.

(ii) 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.

(a) MDS US Projects Fund

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

**MENNONITE DISASTER SERVICE CANADA INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2024**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Fund accounting (Continued)

(ii) Externally Restricted Funds (Continued)

(a) MDS US Projects Fund (Continued)

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

(b) MDS Canada and MDS Canada Units Fund

The MDS Canada and MDS Canada Units Fund responds to disaster throughout Canada. The Organization's 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. The Organization currently consists of seven units across Canada.

(iii) Internally Restricted Funds

Internally Restricted Funds are created as a result of the Board's decisions to restrict certain fund resources for specific activities.

(a) Spirit of MDS Fund

The Spirit of MDS 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 have included construction or renovation projects, food or other needed resources, neighbourhood projects or other creative ideas that fit within the Organization's core values. In the current year, the Board closed this fund and transferred the remaining surplus of \$8,000 to the General Fund.

(b) MDS Canada Projects Reserve Fund

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

(c) Invested in Tangible Capital Assets Fund

This fund reports the acquisition, disposition and liabilities related to tangible capital assets.

(d) Bequest Fund

The Bequest Fund 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.

**MENNONITE DISASTER SERVICE CANADA INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2024**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Tangible capital assets

Tangible capital assets are recorded at cost. Additions under \$1,000 are expensed when acquired and additions exceeding a cost of \$1,000 are capitalized and amortized beginning in the month subsequent to acquisition. Amortization is based on the estimated useful lives of the assets using the straight-line method over the following terms:

Office furniture and equipment	3 - 10 years
Project equipment	5 - 20 years
Leasehold improvements	Lease term

(c) Revenue recognition

The Organization follows the restricted fund method for contributions. Unrestricted contributions, including donations, are recognized in the General Fund when received or receivable. Restricted donations and grants 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 of accounting for contributions.

Interest and investment income are recognized when earned in the period to which they relate.

Unrestricted grant revenue is recognized in the year in which the related expenses are incurred.

Contributions restricted for the purchase of tangible capital assets are deferred and amortized into income on a straight-line basis at a rate corresponding with the amortization rate for the related capital asset.

Bequests and other income are recognized when received or receivable and when collectibility is reasonably assured.

(d) Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include amounts payable for services not billed yet at the time these financial statements were approved, and the useful life of tangible capital assets. Actual results may differ from estimates.

(e) Contributed materials and services

A significant portion of the Organization's operations are carried out by services donated by individuals. Due to the difficulty in determining their fair value, contributed services are not recognized in these financial statements. The Organization recognizes contributed materials as revenue at their fair value when the goods are donated; the Organization would have otherwise purchased the goods, the goods are expected to be used in the normal course of operations, and management believes the fair value can be reasonably determined.

**MENNONITE DISASTER SERVICE CANADA INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2024**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments

Financial instruments held by the Organization include cash, interest-bearing deposits, accounts receivable, long-term investments and accounts payable and accrued liabilities. The Organization initially measures its financial instruments at fair value when the asset or liability is first recognized. The Organization subsequently measures its financial instruments at cost or amortized cost, with the exception of its long-term investments which are reported at fair market value with any unrealized gains or losses recognized in the statement of operations. Amortized cost is the amount at which the financial instrument is measured at initial recognition, less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

(g) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rate. Revenue and expenses are translated at the rate in effect on the settlement date. Foreign exchange gains and losses are recorded in the statement of operations.

(h) Expense allocations

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

	Project and Program	Administration	Governance
	%	%	%
Administration costs			
Occupancy	48	39	13
Telephone	80	20	-
Publications	70	30	-
Supplies, printing, office	15	85	-
Other administration and communications	-	100	-
Staff travel			
Programs	100	-	-
Staff	60	40	-
Executive Director	50	25	25
Occupancy costs			
Wages and benefits	48	39	13

**MENNONITE DISASTER SERVICE CANADA INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2024**

3. INTEREST-BEARING DEPOSITS

The Organization holds interest-bearing deposits in the amount of \$734,311 (2023 - \$820,712) with Abundance Canada. At July 31, 2024, interest-bearing deposits were invested 100% in a fixed income pool with a variable interest rate of 1.63% (2023 - 1.40%), with an interest pay out date of November 15, 2024.

4. ACCOUNTS RECEIVABLE

	<u>2024</u>	<u>2023</u>
Grants receivable	\$ 26,000	225,000
GST receivable	16,009	25,678
Accrued interest receivable	13,746	10,245
Receivable from MDS US	5,154	-
Other receivables	<u>4,607</u>	<u>479</u>
	<u>\$ 65,516</u>	<u>261,402</u>

5. LONG-TERM INVESTMENTS

The Organization has invested in equities and bonds with CIBC Investor Services. Long-term investments at July 31, 2024 consist of:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Fixed income	\$ 65,984	61,947	63,994	57,332
Equities	<u>37,514</u>	<u>42,879</u>	<u>38,946</u>	<u>38,419</u>
	<u>\$ 103,498</u>	<u>104,826</u>	<u>102,940</u>	<u>95,751</u>

6. TANGIBLE CAPITAL ASSETS

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Office furniture and equipment	\$ 119,729	71,431	89,516	62,991
Project equipment	1,002,263	415,570	602,340	348,995
Leasehold improvements	<u>15,000</u>	<u>12,438</u>	<u>15,000</u>	<u>11,687</u>
	<u>1,136,992</u>	<u>499,439</u>	<u>706,856</u>	<u>423,673</u>
Net book value	<u>\$ 637,553</u>		<u>283,183</u>	

During the year, the Organization disposed of tangible capital assets with a cost of \$20,283 and accumulated amortization of \$13,404. The result of the disposals had a net book value impact of \$6,879 and a gain on sale of tangible capital assets of \$6,929 after proceeds received.

MENNONITE DISASTER SERVICE CANADA INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2024

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consist of funding received for the purchase of tangible capital assets. Changes in deferred capital contributions are as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ -	-
Contributions received	242,999	-
Amortization of deferred capital contributions	<u>(10,447)</u>	<u>-</u>
	232,552	-
Less, current portion	<u>(26,526)</u>	<u>-</u>
Balance, end of year	<u>\$ 206,026</u>	<u>-</u>

8. INTER-FUND TRANSFERS

During the year, the Board approved inter-fund transfers to the externally restricted MDS Canada and MDS Canada Units Fund from the General Fund in the amount of \$338,699 (2023 - \$553,044) and to the externally restricted MDS US Projects Fund from the General Fund in the amount of \$81,521 (2023 - \$30,298). Additionally, the Board approved an inter-fund transfer to the General Fund from the Bequest Fund in the amount of \$146,044 (2023 - \$76,990 to the Bequest Fund from the General Fund).

During the year, the Board approved the closure of the Spirit of MDS Fund and the remaining balance of \$8,000 was transferred to the General Fund (2023 - \$37,069 transferred from the General Fund).

9. COMMITMENTS

The Organization has commitments under operating leases for office space, office equipment, and land, requiring annual payments over the next five years as follows:

2025	\$	43,883
2026		40,856
2027		41,678
2028		31,549
2029		<u>1,163</u>
Total	\$	<u>159,129</u>

10. FINANCIAL RISK MANAGEMENT

(a) Interest rate risk

Interest rate cash flow risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments. Interest rate price risk is the risk that changes in market interest rates may have an effect on the fair value of other financial instruments. It is management's opinion that the Organization is exposed to interest rate risk due to its investments in interest-bearing deposits. However, management deems the risk low and invests in fixed-rate deposits to minimize its exposure.

MENNONITE DISASTER SERVICE CANADA INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2024

10. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities.

The Organization's approach to managing liquidity risk is to manage its cash flow to ensure it will always have sufficient liquidity to meet liabilities when due. At July 31, 2024, the Organization has a cash balance of \$669,186 (2023 - \$760,126) to fund financial liabilities of \$83,141 (2023 - \$72,450). It is management's opinion that they have sufficient liquidity to meet liabilities when they become due.

(c) 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. In the normal course of business, the Organization is not exposed to material credit risk. Financial instruments which potentially subject the Organization to credit risk and concentrations of credit risk consist principally of accounts receivable. Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

(d) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. It is management's opinion that the Organization is exposed to other price risk due to its investments in equities. However, management deems the risk low and invests in diversified equity funds.

(e) Foreign currency risk

Foreign currency risk is the risk that financial transactions may incur losses due to foreign currency fluctuations. The Organization is exposed to foreign currency risk as a result of certain obligations and activities of the Organization which must be settled in US dollars. Management deems this risk to be low as there are very few US-denominated transactions.

11. COMPARATIVE FIGURES

Certain of the comparative figures have been restated to reflect the financial statement presentation adopted for the current year.

MENNONITE DISASTER SERVICE CANADA INC.
SCHEDULE OF GENERAL FUND EXPENSES
YEAR ENDED JULY 31, 2024

	<u>2024</u>			<u>2023</u>		
	<u>Project and program</u>	<u>Administration</u>	<u>Governance</u>	<u>Project and program</u>	<u>Administration</u>	<u>Governance</u>
Advertising and promotion	\$ -	7,266	-	-	8,102	-
Annual consultation	-	26,167	-	-	17,944	-
Fundraising	-	6,495	-	-	7,002	-
Insurance	-	846	-	-	788	-
Interest and bank charges	-	9,678	-	-	8,446	-
Memberships and subscriptions	-	2,390	-	-	1,025	-
Occupancy	-	41,932	-	-	46,126	-
Office	129	1,931	-	-	4,274	-
Professional fees	-	19,333	5,125	-	20,663	-
Project investigations	5,243	-	-	-	-	-
Publications	-	43,635	-	-	50,337	-
Supplies	-	10,757	-	617	11,197	-
Telephone	-	11,631	220	-	11,775	-
Tools and equipment	5,955	-	-	24,769	-	-
Training and development	86,448	-	-	32,588	2,797	-
Travel and meetings	8,687	24,154	21,256	456	51,584	22,627
Vehicle expenses	48,412	50	-	48,502	2,195	-
Wages and benefits	-	377,112	-	-	352,114	-
Volunteer expenses	-	3,502	-	-	3,615	-
	<u>154,874</u>	<u>586,879</u>	<u>26,601</u>	<u>106,932</u>	<u>599,984</u>	<u>22,627</u>
Expense allocations						
Administration costs	83,331	(94,316)	10,985	112,504	(133,441)	20,937
Wages and benefits	<u>178,764</u>	<u>(227,179)</u>	<u>48,415</u>	<u>190,208</u>	<u>(234,191)</u>	<u>43,983</u>
	<u>262,095</u>	<u>(321,495)</u>	<u>59,400</u>	<u>302,712</u>	<u>(367,632)</u>	<u>64,920</u>
	<u>416,969</u>	<u>265,384</u>	<u>86,001</u>	<u>409,644</u>	<u>232,352</u>	<u>87,547</u>
			\$ <u>768,354</u>			<u>729,543</u>

MENNONITE DISASTER SERVICE CANADA INC.
SCHEDULE OF EXTERNALLY RESTRICTED FUND EXPENSES
YEAR ENDED JULY 31, 2024

	<u>2024</u>	<u>2023</u>
MDS US Projects Fund		
Project and program		
Hurricane Ian	\$ 33,112	1,770
Port Isabel tornado	15,744	-
Hurricane Laura	8,174	2,652
Eastern Kentucky flooding	7,929	2,936
Crisfield flooding	6,340	-
Hurricane Ida	5,060	-
Grande Isle hurricane	3,652	-
Dawson Springs tornado	3,183	-
California wildfires	2,417	24,624
Red Lake tornado	785	-
Okanogan wildfires	479	-
Rio Grande flooding	-	11,594
Bastrop tornado	-	3,560
	<u>86,875</u>	<u>47,136</u>
MDS Canada and MDS Canada Units Fund		
Project and program		
Atlantic Canada		
Investigations	\$ 1,093	7,010
Local	35,242	3,658
Alberta		
Local	3,825	9,228
Carstairs tornado	165,468	-
British Columbia		
Investigations	349	1,360
Local	7,110	457
Manitoba		
Investigations	91	294
Local	68,126	56,472
Ontario		
Investigations	602	736
Local	30,447	9,474
Saskatchewan		
Local	840	-
MDS Canada		
Investigations	1,905	7,426
Family Project	-	1,224
Hurricane Fiona	122,898	703,017
Youth Project	-	10,088
BC Fires and Floods	565,907	388,777
Hay West	-	25,570
	<u>1,003,903</u>	<u>1,224,791</u>
	<u>\$ 1,090,778</u>	<u>1,271,927</u>

MENNONITE DISASTER SERVICE CANADA INC.
SCHEDULE OF INTERNALLY RESTRICTED FUND EXPENSES
YEAR ENDED JULY 31, 2024

	<u>2024</u>	<u>2023</u>
Invested in Tangible Capital Assets Fund		
Project and program		
Amortization	\$ 78,404	53,932
Administration		
Amortization	<u>10,765</u>	<u>9,378</u>
	<u>\$ 89,169</u>	<u>63,310</u>
Spirit of MDS Fund		
Project and program		
Church grants provided	<u>\$ 92,000</u>	<u>137,069</u>