

# Mennonite Disaster Service

## Financial Report

July 31, 2024



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Mennonite Disaster Service  
Lititz, Pennsylvania

### **Opinion**

We have audited the accompanying financial statements of Mennonite Disaster Service (a nonprofit organization), which comprise the statements of financial position as of July 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mennonite Disaster Service as of July 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 required to be independent of Mennonite Disaster Service and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mennonite Disaster Service's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting in error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Mennonite Disaster Service's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mennonite Disaster Service's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
**Simon Lever LLC**  
Lititz, PA

November 8, 2024

## FINANCIAL STATEMENTS

**Mennonite Disaster Service**

**STATEMENTS OF FINANCIAL POSITION**  
**July 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
	<u>\$</u>	<u>\$</u>
<b>ASSETS</b>		
Cash and cash equivalents	1,568,492	1,456,410
Reimbursements receivable	334,757	168,659
Promises to give	616,264	
Investments	17,941,876	18,523,832
Property and equipment, less accumulated depreciation of 2024-\$7,252,816; 2023-\$6,448,339	7,131,281	6,391,834
Other assets	341,368	294,784
Collection item (Note 8)		
<b><u>TOTAL ASSETS</u></b>	<b><u>27,934,038</u></b>	<b><u>26,835,519</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	80,676	207,488
Advances	25,542	122,501
Accrued expenses	305,300	286,601
Custodian accounts	616,930	538,113
Total Liabilities	<u>1,028,448</u>	<u>1,154,703</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Designated by board action	8,722,861	7,749,501
Undesignated	16,390,887	15,317,832
Total net assets without donor restrictions	<u>25,113,748</u>	<u>23,067,333</u>
With donor restrictions	<u>1,791,842</u>	<u>2,613,483</u>
Total Net Assets	<u>26,905,590</u>	<u>25,680,816</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>27,934,038</u></b>	<b><u>26,835,519</u></b>

See Notes to Financial Statements

**Mennonite Disaster Service**

**STATEMENT OF ACTIVITIES**  
**Year Ended July 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>REVENUE, GAINS AND OTHER SUPPORT</b>			
Contributions			
Without donor restrictions	5,680,486		5,680,486
Bequests and estates	2,511,377		2,511,377
Contributed nonfinancial assets	152,289		152,289
With donor restrictions		3,862,070	3,862,070
Total Contributions	<u>8,344,152</u>	<u>3,862,070</u>	<u>12,206,222</u>
Investment income	1,443,470		1,443,470
Gain on sale of property and equipment	16,619		16,619
Other income	25,772		25,772
Net assets released from restrictions	<u>4,683,711</u>	<u>(4,683,711)</u>	
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<u>14,513,724</u>	<u>(821,641)</u>	<u>13,692,083</u>
<b>EXPENSES</b>			
Program			
Disaster recovery	9,454,749		9,454,749
Volunteer development	829,886		829,886
Total Program Expenses	<u>10,284,635</u>		<u>10,284,635</u>
Supporting Activities	1,823,293		1,823,293
Fundraising	<u>359,381</u>		<u>359,381</u>
<b>TOTAL EXPENSES</b>	<u>12,467,309</u>		<u>12,467,309</u>
Changes in Net Assets	2,046,415	(821,641)	1,224,774
Net Assets at Beginning of Year	<u>23,067,333</u>	<u>2,613,483</u>	<u>25,680,816</u>
<b><u>NET ASSETS AT END OF YEAR</u></b>	<u>25,113,748</u>	<u>1,791,842</u>	<u>26,905,590</u>

See Notes to Financial Statements



**Mennonite Disaster Service**

**STATEMENT OF ACTIVITIES**  
**Year Ended July 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>REVENUE, GAINS AND OTHER SUPPORT</b>			
Contributions			
Without donor restrictions	6,049,014		6,049,014
Bequests and estates	1,341,696		1,341,696
Contributed nonfinancial assets	199,722		199,722
With donor restrictions		3,913,902	3,913,902
Total Contributions	<u>7,590,432</u>	<u>3,913,902</u>	<u>11,504,334</u>
Investment income	172,573		172,573
Gain on sale of property and equipment	52,429		52,429
Other income	28,893		28,893
Net assets released from restrictions	<u>4,383,982</u>	<u>(4,383,982)</u>	
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<u>12,228,309</u>	<u>(470,080)</u>	<u>11,758,229</u>
<b>EXPENSES</b>			
Program			
Disaster recovery	10,576,378		10,576,378
Volunteer development	745,839		745,839
Total Program Expenses	<u>11,322,217</u>		<u>11,322,217</u>
Supporting Activities	1,702,271		1,702,271
Fundraising	<u>347,205</u>		<u>347,205</u>
<b>TOTAL EXPENSES</b>	<u>13,371,693</u>		<u>13,371,693</u>
Changes in Net Assets	(1,143,384)	(470,080)	(1,613,464)
Net Assets at Beginning of Year	<u>24,210,717</u>	<u>3,083,563</u>	<u>27,294,280</u>
<b><u>NET ASSETS AT END OF YEAR</u></b>	<u>23,067,333</u>	<u>2,613,483</u>	<u>25,680,816</u>

See Notes to Financial Statements

**Mennonite Disaster Service**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended July 31, 2024 and 2023**

	Year Ended July 31, 2024				Total Functional Expenses
	Program- Disaster Recovery	Program- Volunteer Development	Supporting Activities	Fundraising Activities	
	\$	\$	\$	\$	
Project site expenses					
Volunteer support	1,029,859				1,029,859
Site occupancy	333,322				333,322
Vehicle operations	1,442,702	2,953	7,909		1,453,564
Project start up/close down	132,741				132,741
Project supplies	19,022				19,022
Project equipment	180,000				180,000
Client materials	4,130,032				4,130,032
Volunteer travel	571,542				571,542
Volunteer development		91,548			91,548
Salaries and benefits	1,117,714	623,449	867,773	199,391	2,808,327
Occupancy	99,423	37,901	172,396	42,157	351,877
Administration	222,341	47,348	626,508	7,151	903,348
Communications	176,051	26,687	72,334	86,706	361,778
Fundraising				23,976	23,976
Board related			76,373		76,373
<b>TOTAL</b>	<b>9,454,749</b>	<b>829,886</b>	<b>1,823,293</b>	<b>359,381</b>	<b>12,467,309</b>

	Year Ended July 31, 2023				Total Functional Expenses
	Program- Disaster Recovery	Program- Volunteer Development	Supporting Activities	Fundraising Activities	
	\$	\$	\$	\$	
Project site expenses					
Volunteer support	946,821				946,821
Site occupancy	490,723				490,723
Vehicle operations	1,368,755	6,831	9,810		1,385,396
Project start up/close down	250,713				250,713
Project supplies	19,074				19,074
Project equipment	163,410				163,410
Client materials	5,213,239				5,213,239
Volunteer travel	743,532				743,532
Volunteer development		150,663			150,663
Salaries and benefits	963,572	483,025	827,333	203,118	2,477,048
Occupancy	88,173	39,774	172,367	40,238	340,552
Administration	189,674	50,883	585,117	3,394	829,068
Communications	138,692	14,663	54,260	73,113	280,728
Fundraising				27,342	27,342
Board related			53,384		53,384
<b>TOTAL</b>	<b>10,576,378</b>	<b>745,839</b>	<b>1,702,271</b>	<b>347,205</b>	<b>13,371,693</b>

See Notes to Financial Statements

**Mennonite Disaster Service**

**STATEMENTS OF CASH FLOWS**  
**Years Ended July 31, 2024 and 2023**

	2024	2023
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	1,224,774	(1,613,464)
Noncash items included in changes in net assets:		
Depreciation	902,202	804,979
Gain on disposition of property and equipment	(16,619)	(52,429)
Contributed property and equipment received	(98,817)	(144,279)
Realized loss on investments	112,128	420,527
Unrealized (gain) loss on investments	(1,013,886)	47,269
Change in assets and liabilities:		
Reimbursements receivable	(166,098)	(16,535)
Promises to give	(616,264)	575,000
Other assets	(46,584)	65,370
Accounts payable	(126,812)	19,597
Advances	(96,959)	74,101
Accrued expenses	18,699	43,815
Custodian accounts	78,817	(333)
Net Cash Provided by Operating Activities	154,581	223,618
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(6,431,386)	(9,435,711)
Proceeds from sale of investments	7,915,099	10,198,230
Purchase of property and equipment	(1,573,692)	(1,502,292)
Proceeds from sale of property and equipment	47,480	96,340
Net Cash Used in Investing Activities	(42,499)	(643,433)
Net Change in Cash and Cash Equivalents	112,082	(419,815)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	1,456,410	1,876,225
Ending	1,568,492	1,456,410
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Contributed property and equipment received	98,817	144,279

See Notes to Financial Statements

## **Mennonite Disaster Service**

### **Notes to Financial Statements**

#### **Note 1 – Summary of Significant Accounting Policies**

General – Mennonite Disaster Service (MDS) coordinates an organized response to disasters for the Mennonite and other related Anabaptist churches through its supporting organizations. MDS is made up of supporting organizations which include the four regions of MDS and MDS Canada, each of which is made up of local units. In addition, those Anabaptist church conferences and denominations and related entities that provide resources or services to MDS and that are approved by the Board of Directors are supporting organizations.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Organization considers all checking and savings accounts to be cash. All funds invested in money markets are recorded as investments.

Reimbursements Receivable – Reimbursements receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with organizations having outstanding balances and current relationships with them, it has concluded that realization of losses on balances outstanding at year-end will be immaterial.

Financing Receivables – Interest income on loans is recognized on an accrual basis. Accrued interest on loans, including impaired loans, that are contractually 90 days or more past due or when collection of interest appears doubtful is generally reversed and charged against interest income. Income is subsequently recognized only to the extent cash payments are received and the principal balance is expected to be recovered. Such loans are restored to an accrual status only if the loan is brought contractually current and the borrower has demonstrated the ability to make future payments of principal and interest.

Financing receivables are stated at the amount management expects to collect from outstanding balances. The Organization records bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require the current expected credit losses (CECL) to be used to determine the allowance for credit losses based off historical data; however, the effect of using the direct-write off method is not materially different from the current expected credit losses method.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values. Unrealized gains and losses are included in the change in net assets.

Foreign Currency – Activity in currency other than U.S. dollars is recorded at the rate of exchange in effect at the time of transaction.

## Mennonite Disaster Service

### Notes to Financial Statements

#### **Note 1 – Summary of Significant Accounting Policies – Continued**

Property and Equipment – Property and equipment are stated at cost less accumulated depreciation. Expenditures that significantly add to productive capacity or useful life of an asset are capitalized. Maintenance and repairs are charged to expense as incurred. When depreciable properties are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income. Depreciation is computed by the straight-line method at rates based on estimated service lives.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Mutual Aid Sharing Plan – The Organization is a member of a mutual aid sharing plan in which medical expenses are shared among the participating agencies once the agency retention has been reached (\$25,000 per covered person for the period ended July 31, 2024). The plan requires each agency to pay into a pool of reserve funds owned by the members. The reserve pool covers the next \$250,000 of any individual's claims that exceed the Organization's retention limit with stop loss protection for claims in excess of \$275,000. The total reserve fund owned by the Organization as of July 31, 2024 and 2023 was \$33,917 and \$90,328, respectively. Costs related to claims are expensed as incurred.

Long-Lived Assets – Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Collection Items – The collection items, which were acquired by contributions, are not recognized as assets on the balance sheet.

Net Assets – The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein consist of the following:

Net Assets without Donor Restrictions – net assets that are not subject to donor-imposed stipulations. Net assets that have been designated by the board for specific purposes are included as net assets without donor restrictions.

## **Mennonite Disaster Service**

### **Notes to Financial Statements**

#### **Note 1 – Summary of Significant Accounting Policies – Continued**

Net Assets with Donor Restrictions – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization.

Public Support and Revenue – Contributions received are recorded as support without donor restrictions unless they are restricted by donor-imposed stipulations. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit use of the donated assets. When a restriction expires, that is, when a stipulated restriction ends, or a purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions received by the Organization with the expectation that they will be transferred to an indicated beneficiary are not recorded as revenue or expense on the statement of activities. These contributions are forwarded to the indicated beneficiary in a timely manner.

Donated Materials and Services – Donated materials are reflected as contributions in the accompanying statements of activities at their estimated fair market value on the date received, and consist of vehicles, furniture, tools, and building materials.

Donated services are reflected in the financial statements at the fair value of the services received. Donated services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation

In addition, the Organization receives a significant amount of donated services from unpaid volunteers who assist in program activities. No amounts for these services have been recognized in the statements of activities for the value of these donated services because the criteria for recognition have not been satisfied.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes – Mennonite Disaster Service is a corporation exempt from United States federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has recognized in its determination letter both the Organization's exemption and that annual tax returns are not required to be filed. Therefore, the Organization has no tax return filing requirements with any regulatory agencies. As a result, there are no statutes of limitations in place for any potential income tax liabilities that could arise.

Pension Benefits – The Organization has a defined contribution plan which covers all employees after one year of qualifying service. The Organization contributes 3% of the employee's eligible compensation and matches up to 2%. For the years ended July 31, 2024 and 2023, the amount charged to expense for the Organization's pension plan was \$86,778 and \$80,376, respectively.

## Mennonite Disaster Service

### Notes to Financial Statements

#### **Note 1 – Summary of Significant Accounting Policies – Continued**

Promotion Expenses – The Organization expenses promotional costs as they are incurred. Promotion expenses were \$233,304 and \$199,540 for the years ended July 31, 2024 and 2023, respectively.

Subsequent Events – Events that occurred subsequent to July 31, 2024 have been evaluated by the Organization’s management through the date of the independent auditor’s report, which is the date the financial statements were available to be issued.

#### **Note 2 – New Accounting Standards**

Pronouncements issued by the Financial Accounting Standards Board (FASB) with future effective dates are either not applicable or are not expected to be significant to the Organization’s financial statements.

#### **Note 3 – Cash and Cash Equivalents**

The Organization maintains multiple accounts with various banks. Certain bank deposits may exceed Federal Depository Insurance Corporation limits during the year.

#### **Note 4 – Promises to Give**

Unconditional promises to give at July 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
	\$	\$
MACP Disaster Ready	575,000	
Rosedale Trades	35,000	
Lutheran Disaster Response	6,264	
<u>Total</u>	<u>616,264</u>	<u>0</u>

There was no allowance for uncollectible promises to give for the years ended July 31, 2024 and 2023.

**Mennonite Disaster Service**

**Notes to Financial Statements**

**Note 5 – Investments**

Investments at July 31, 2024 and 2023 are comprised of the following:

	2024		2023	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
<b>Equities</b>				
Consumer discretionary	204,505	251,457	243,399	282,200
Consumer staples	136,136	156,618	172,538	184,053
Energy	96,552	104,772	130,505	149,020
Financials	203,810	273,472	256,282	288,909
Health care	181,054	213,619	245,070	265,382
Industrials	140,437	170,797	163,735	188,587
Information tech	671,896	1,035,831	760,287	1,008,491
Materials	16,040	16,117	19,376	21,464
Real estate - non rental	7,668	9,693	8,755	9,247
Real estate - rental	16,211	18,529	21,963	24,332
REIT	24,194	28,899	19,307	19,431
Telecom services	41,619	49,716	54,614	54,579
Utilities	33,954	36,316	40,812	40,652
Materials - international	15,174	19,501	18,669	21,878
<b>Mutual funds</b>				
Bond funds	12,442,497	11,930,689	13,376,960	12,201,676
Mid cap	324,742	302,852	299,325	311,466
Small cap core	2,693	3,244		
Small cap	284,182	331,351	303,200	321,432
International	1,266,387	1,407,381	1,397,741	1,495,294
Real estate	690,813	778,014	802,763	774,851
Tactical	80,577	83,921	85,306	85,426
Money market funds	681,805	719,087	685,090	775,462
<b><u>Total Investments</u></b>	<b><u>17,562,946</u></b>	<b><u>17,941,876</u></b>	<b><u>19,105,697</u></b>	<b><u>18,523,832</u></b>

The following schedule summarizes the investment return in the statements of activities for the years ended July 31, 2024 and 2023.

	2024	2023
	\$	\$
Interest and dividends, net of fees of 2024-\$60,415; 2023-\$58,853	541,712	640,369
Net realized loss in investments	(112,128)	(420,527)
Net unrealized gain (loss) in investments	1,013,886	(47,269)
<b><u>Total</u></b>	<b><u>1,443,470</u></b>	<b><u>172,573</u></b>



**Notes to Financial Statements**

**Note 6 – Fair Value Measurements**

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization can access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of July 31, 2024 and 2023, respectively:

**Mennonite Disaster Service**

**Notes to Financial Statements**

**Note 6 – Fair Value Measurements – Continued**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>2024</u>				
Equities:				
Consumer discretionary	251,457			251,457
Consumer staples	156,618			156,618
Energy	104,772			104,772
Financials	273,472			273,472
Health care	213,619			213,619
Industrials	170,797			170,797
Information tech	1,035,831			1,035,831
Materials	16,117			16,117
Real estate - non rental	9,693			9,693
Real estate - rental	18,529			18,529
REIT	28,899			28,899
Telecom services	49,716			49,716
Utilities	36,316			36,316
Materials - international	19,501			19,501
Mutual funds:				
Bond funds	11,930,689			11,930,689
Mid cap	302,852			302,852
Small cap core	3,244			3,244
Small cap	331,351			331,351
International	1,407,381			1,407,381
Real estate	778,014			778,014
Tactical	83,921			83,921
Money market funds	719,087			719,087
<u>Total Assets at Fair Value</u>	<u>17,941,876</u>	<u>0</u>	<u>0</u>	<u>17,941,876</u>

**Mennonite Disaster Service**

**Notes to Financial Statements**

**Note 6 – Fair Value Measurements – Continued**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>2023</u>				
Equities:				
Consumer discretionary	282,200			282,200
Consumer staples	184,053			184,053
Energy	149,020			149,020
Financials	288,909			288,909
Health care	265,382			265,382
Industrials	188,587			188,587
Information tech	1,008,491			1,008,491
Materials	21,464			21,464
Real estate - non rental	9,247			9,247
Real estate - rental	24,332			24,332
REIT	19,431			19,431
Telecom services	54,579			54,579
Utilities	40,652			40,652
Materials - international	21,878			21,878
Mutual funds:				
Bond funds	12,201,676			12,201,676
Mid cap	311,466			311,466
Small cap	321,432			321,432
International	1,495,294			1,495,294
Real estate	774,851			774,851
Tactical	85,426			85,426
Money market funds	775,462			775,462
<u>Total Assets at Fair Value</u>	<u>18,523,832</u>	<u>0</u>	<u>0</u>	<u>18,523,832</u>

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at July 31, 2024 and 2023.

*Equities:* Valued at quoted market prices which represents the fair value of shares held by the Organization at year-end.

*Mutual funds:* Valued at quoted market prices which represents the net asset value ("NAV") of shares held by the Organization at year-end.

*Money market funds:* Valued at cost which is equivalent to fair value.

## Mennonite Disaster Service

### Notes to Financial Statements

#### **Note 6 – Fair Value Measurements – Continued**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

#### **Note 7 – Property and Equipment**

Property and equipment as of July 31, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
	<u>\$</u>	<u>\$</u>
Office equipment	588,592	555,363
Vehicles and equipment	7,977,117	6,870,281
Land and building	4,909,969	4,889,688
Construction in progress	908,419	524,841
Total cost	<u>14,384,097</u>	<u>12,840,173</u>
Less accumulated depreciation	<u>7,252,816</u>	<u>6,448,339</u>
<u>Total</u>	<u><u>7,131,281</u></u>	<u><u>6,391,834</u></u>

Depreciation charged to expense during the years ended July 31, 2024 and 2023 totaled \$902,202 and \$804,979, respectively.

#### **Note 8 – Collection Items**

The Organization's collection items are art objects that are held for educational purposes. The items are preserved, cared for, and exhibited. The collection items are subject to a policy that requires proceeds from their sale to be used to acquire other items for collections.

#### **Note 9 – Net Assets**

Net assets with donor restrictions as of July 31, 2024 and 2023 were available for the following purposes:

	<u>2024</u>	<u>2023</u>
	<u>\$</u>	<u>\$</u>
Scholarships	95,148	90,098
Organizational development	134,193	
Disaster recovery programs	<u>1,562,501</u>	<u>2,523,385</u>
<u>Total Net Assets With Donor Restrictions</u>	<u><u>1,791,842</u></u>	<u><u>2,613,483</u></u>

## Mennonite Disaster Service

### Notes to Financial Statements

#### **Note 9 – Net Assets – Continued**

Net assets were released from donor restrictions for the years ended July 31, 2024 and 2023 by satisfying the purpose restrictions specified by donors as follows:

	<u>2024</u>	<u>2023</u>
	<u>\$</u>	<u>\$</u>
Organizational development	34,853	5,300
Disaster recovery equipment	101,767	65,516
Disaster recovery programs	4,547,091	4,226,484
Legacy Fund - donor restricted	<u>86,682</u>	<u>86,682</u>
<b><u>Total Net Assets Released from Donor Restrictions</u></b>	<b><u>4,683,711</u></b>	<b><u>4,383,982</u></b>

Net assets without donor restrictions included the following amounts designated by board action as of July 31, 2024 and 2023 and thus are not available for current operations.

	<u>2024</u>	<u>2023</u>
	<u>\$</u>	<u>\$</u>
Legacy Fund - board designated	<u>8,722,861</u>	<u>7,749,501</u>
<b><u>Total</u></b>	<b><u>8,722,861</u></b>	<b><u>7,749,501</u></b>

#### **Note 10 – Partnering Organizations**

Mennonite Disaster Service Canada is a partnering organization that fulfills the MDS mission in Canada. Total costs for agreed upon allocated services were \$4,787 and \$21,611 for the years ended July 31, 2024 and 2023, respectively. Total amount received from MDS Canada were \$16,376 and \$3,455 for the years ended July 31, 2024 and 2023, respectively. At July 31, 2024 and 2023, \$250 and \$8,875, respectively, was receivable from MDS Canada. At July 31, 2024 and 2023, \$3,762 and \$0, respectively, was payable to MDS Canada.

Contributions received on the behalf of and forwarded to local units during the years ended July 31, 2024 and 2023 were \$343,245 and \$249,406, respectively.

## Mennonite Disaster Service

### Notes to Financial Statements

#### **Note 11 – Liquidity and Availability**

The Organization's financial assets and liquidity resources available within one year for general expenditures, such as operating expenses and purchase of property and equipment not financed with debt, were as follows:

	<u>2024</u>	<u>2023</u>
	<u>\$</u>	<u>\$</u>
Cash and cash equivalents	1,568,492	1,456,410
Reimbursements receivable	334,757	168,659
Promises to give	616,264	
Investments	<u>17,941,876</u>	<u>18,523,832</u>
Total financial assets available within one year	20,461,389	20,148,901
Less those unavailable for general expenditures within one year:		
Custodian accounts	616,930	538,113
Restricted by donor with purpose restrictions	1,791,842	2,613,483
Amounts reserved by board action	<u>8,722,861</u>	<u>7,749,501</u>
<u>Financial assets available to meet cash needs for general expenditures within one year</u>	<u>9,329,756</u>	<u>9,247,804</u>

The Organization intends on having financial assets on hand to meet 90 days of normal operating expenses. As part of its liquidity management, the Organization intends to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. Funds in excess of 270 days of operating expenses may be used for client materials on underfunded projects upon approval by the Board of Directors. The Organization also invests its cash in excess of its daily needs in short-term or long-term investments. Should an unforeseen liquidity need arise, the Organization could liquidate these investments.

#### **Note 12 – Contributed Nonfinancial Assets**

For the years ended July 31, 2024 and 2023, contributed nonfinancial assets recognized within the statement of activities include:

	<u>2024</u>	<u>2023</u>
	<u>\$</u>	<u>\$</u>
Buildings		10,279
Repairs and maintenance		1,380
Services	53,152	38,294
Equipment	5,000	
Supplies		15,769
Vehicles	93,817	134,000
Meetings	<u>320</u>	
<u>Total</u>	<u>152,289</u>	<u>199,722</u>

## **Mennonite Disaster Service**

### **Notes to Financial Statements**

#### **Note 12 – Contributed Nonfinancial Assets – Continued**

The Organization recognized contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. The Organization records all in-kind donations based on the current market value available at the time of the donation. Market value for residential properties is estimated based on expected selling price. Market values for all other contributed nonfinancial assets are estimated based on the price to purchase similar products or services.

Contributed residential properties are monetized, while all other donated in-kind are utilized within the Organization.

#### **Note 13 – Contingencies**

The Organization has been named as a defendant in a lawsuit. The Organization is filing to be removed from the lawsuit, as no personnel or property involved were associated with the Organization. However, the ultimate outcome of this litigation cannot presently be determined. Accordingly, no liability has been recognized in the financial statements.

SUPPLEMENTARY INFORMATION



**Mennonite Disaster Service**

**CONTRIBUTIONS WITH DONOR RESTRICTIONS DETAIL**  
**Years Ended July 31, 2024 and 2023**  
**See Independent Auditor's Report**

	<u>2024</u>	<u>2023</u>
	<u>\$</u>	<u>\$</u>
RESTRICTED CONTRIBUTIONS		
Bayou Community Foundation grants	1,650,300	1,511,888
MACP	1,000,000	
Hurricane Laura	254,754	354,000
North Carolina bridges	159,311	
Other projects and equipment	156,506	79,088
Rosedale Trades	108,946	
Vehicles	101,767	65,516
Hurley, VA floods	82,195	102,400
Hawaii wildfires	71,105	
Spring tornadoes '24	59,588	
Schowalter Foundation	45,000	
AR unit warehouse	40,000	
West Virginia bridges	27,855	10,791
Grants for tools and equipment	25,000	100,291
75th Anniversary Books & Bears	20,150	
California wildfires	15,865	457,979
Welcoming the Newcomer	10,000	3,295
Spring tornadoes	9,300	35,463
Hurricane Idalia	8,455	
Eastern KY	6,248	599,252
Hurricane Ian	5,425	326,832
Red Lake Volunteer Center Grant	3,200	157,000
2021 December tornadoes	950	5,727
California warehouse	150	30,000
Juniata drought relief		29,299
Hurley, VA		27,597
Eastern Ohio warehouse		16,930
Hurricane Ida		554
	<hr/>	<hr/>
<u>Total Restricted Contributions</u>	<u>3,862,070</u>	<u>3,913,902</u>

Mennonite Disaster Service

**PROGRAM EXPENSES DETAIL**  
**Years Ended July 31, 2024 and 2023**  
**See Independent Auditor's Report**

	2024	2023
	\$	\$
PROGRAM EXPENSES		
Disaster Recovery		
Larose, LA	2,145,247	
Salaries and benefits	1,117,714	963,572
Region project support	963,905	874,447
Hurricane Laura		
Lake Charles, LA	38,938	651,973
Jennings, LA	862,440	570,766
Welsh, LA	39,654	174,001
General support	533,929	443,267
Eastern KY	374,578	286,771
Crisfield, MD	373,794	302,539
Hurley, VA	364,122	537,552
Warehouses	287,455	238,200
Arcadia	266,731	236,524
Red Lake, MN	253,761	344,941
Vehicle expense	240,933	95,456
MDS Canada	189,000	
North Carolina bridges	168,174	
Mayfield, KY	136,892	383,727
Moss Point, MS	121,253	
Other responses	106,042	84,253
Rolling Fork, MS	103,676	
Selma, AL	92,730	
Victoria County, TX	82,975	
Dawson Springs, KY	78,617	105,085
West Virginia bridges	97,238	96,673
Port Isabel, TX	71,517	
Barre, VT	61,729	
Hardee Co, FL	53,626	
Pine Ridge, SD	42,299	63,978
Venice, FL	39,393	
Hurricane Ida		
Dulac, LA Storm Aid	2,716	1,849,141
Grand Isle, LA	39,034	67,178
Hurricane Maria	28,237	15,476
Guam	24,026	
Bastrop, TX	22,963	166,389
Border crisis - La Posada Providencia	15,995	918,981
East Montpelier	12,543	
Okanogan, WA	873	10,679
PHP home		84,286
McAllen, TX		272,058
PA drought		50,000
Darby, PA		17,151
California wildfires - Paradise, CA		671,314
Total Disaster Recovery	9,454,749	10,576,378
Volunteer Development	829,886	745,839
<u>Total Program Expenses</u>	10,284,635	11,322,217