

EVANGELICAL MENNONITE MISSION CONFERENCE

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2014 AND 2013

EVANGELICAL MENNONITE MISSION CONFERENCE
INDEX
FOR THE YEARS ENDED JANUARY 31, 2014 AND 2013

	<u>Page</u>
MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS	3
INDEPENDENT AUDITORS' REPORT	4
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES	
GENERAL FUNDS	6
RESTRICTED FUNDS	7
ENDOWMENT FUND	7
STATEMENT OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9 - 13

EVANGELICAL MENNONITE MISSION CONFERENCE
FINANCIAL STATEMENTS
JANUARY 31, 2014 AND 2013

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of Evangelical Mennonite Mission Conference are the responsibility of management and have been approved by the General Board.

Management is responsible for the integrity and objectivity of the financial statements. Estimates are necessary in the preparation of these financial statements and, based on careful judgments, have been properly reflected. Management has established systems of internal control, which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

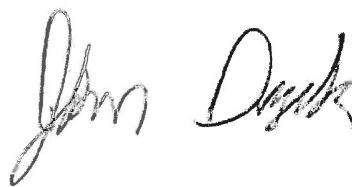
The financial statements have been audited by Holukoff Chiarella in accordance with Canadian generally accepted auditing standards on behalf of the members.

The organization's management have met with the auditors to review the financial statements and the auditors' report. The auditors have discussed with management the results of their examination and the quality of financial reporting.

The General Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.



MODERATOR



TREASURER

Holukoff Chiarella

CHARTERED ACCOUNTANTS

Kevin Masse, B.Comm. (Hons), C.A.
(Practising as Kevin Masse Chartered Accountant Ltd.)

Ralph Orr, B.Comm. (Hons), C.A.
(Practising as Ralph Orr Chartered Accountant Ltd.)

Wayne H. Chiarella, B.A., C.A. (Retired 2011)

Sam Holukoff, C.A. (Retired 2005)

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INDEPENDENT AUDITORS' REPORT

To the Members of
Evangelical Mennonite Mission Conference

We have audited the accompanying financial statements of Evangelical Mennonite Mission Conference, which comprise the statements of financial position as at January 31, 2014 and 2013 and the statements of operations and changes in fund balances and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

In common with many charitable organizations, Evangelical Mennonite Mission Conference derives income from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues from this source was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation revenue, excess expenditure, current assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Evangelical Mennonite Mission Conference as at January 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with Canadian accounting standards for Not-for-Profit Organizations.



CHARTERED ACCOUNTANTS

WINNIPEG, MANITOBA
May 20, 2014

EVANGELICAL MENNONITE MISSION CONFERENCE
STATEMENT OF FINANCIAL POSITION
AS AT JANUARY 31, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash, Note 3	\$ 60,565	159,503
Receivables	18,315	
GST receivable	5,698	5,830
Inventory	12,595	15,434
Prepaid expenses	<u>3,448</u>	<u>2,877</u>
	100,621	183,644
 TERM AND OTHER DEPOSITS, Notes 3 and 4	 1,309,255	 1,299,857
 CAPITAL ASSETS, Note 5	 <u>137,663</u>	 <u>142,511</u>
	\$ <u>1,547,539</u>	<u>1,626,012</u>

LIABILITIES AND FUND BALANCES

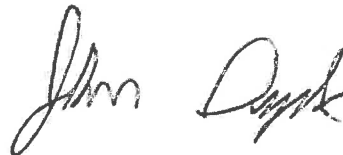
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 151,932	150,897
Deferred contributions		<u>100,735</u>
	<u>151,932</u>	<u>251,632</u>
 FUND BALANCES		
General Funds		
Operating	25,929	25,406
General reserve	496,268	477,213
Restricted Funds, Note 6	766,566	768,900
Endowment Fund	<u>106,844</u>	<u>102,861</u>
	1,395,607	1,374,380
	\$ <u>1,547,539</u>	<u>1,626,012</u>

COMMITMENTS, Note 8

ON BEHALF OF THE GENERAL BOARD:



MODERATOR



TREASURER

(See accompanying notes)

EVANGELICAL MENNONITE MISSION CONFERENCE
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
GENERAL FUNDS
FOR THE YEARS ENDED JANUARY 31, 2014 AND 2013

	<u>General Funds</u>			
	<u>Operating</u>	<u>General Reserve</u>	<u>2014 Total</u>	<u>2013 Total</u>
REVENUE				
General donations				
Churches budgets	\$ 606,651		606,651	583,111
Individuals and program support	135,820		135,820	205,363
Partnerships, conferences and other	173,238		173,238	235,272
Treasured Foundation	51,082		51,082	
Interest	3,636	14,422	18,058	17,002
Receipt of estate bequests		<u>5,791</u>	<u>5,791</u>	<u>13,250</u>
	<u>970,427</u>	<u>20,213</u>	<u>990,640</u>	<u>1,053,998</u>
EXPENDITURES				
Mission, evangelism and outreach	576,187		576,187	664,226
Administrative and program support	175,062		175,062	165,047
Pastoral and spiritual support/development	43,945		43,945	46,856
Congregation resourcing, publications and support	106,298		106,298	131,609
Treasured Foundation	<u>68,412</u>		<u>68,412</u>	<u>452</u>
	<u>969,904</u>		<u>969,904</u>	<u>1,008,190</u>
EXCESS REVENUE	523	20,213	20,736	45,808
FUND BALANCES, BEGINNING OF YEAR	25,406	477,213	502,619	459,461
TRANSFER OF ESTATE BEQUESTS		<u>(1,158)</u>	<u>(1,158)</u>	<u>(2,650)</u>
FUND BALANCES, END OF YEAR	\$ <u>25,929</u>	<u>496,268</u>	<u>522,197</u>	<u>502,619</u>

(See accompanying notes)

EVANGELICAL MENNONITE MISSION CONFERENCE
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
RESTRICTED FUNDS
FOR THE YEARS ENDED JANUARY 31, 2014 AND 2013

	<u>Internally Restricted Note 6</u>	<u>Externally Restricted Note 6</u>	<u>2014 Total</u>	<u>2013 Total</u>
REVENUE				
Donor directed contributions	\$ 100,929	167,473	268,402	378,039
Interest	<u>4,832</u>	<u>7,121</u>	<u>11,953</u>	<u>11,079</u>
	<u>105,761</u>	<u>174,594</u>	<u>280,355</u>	<u>389,118</u>
EXPENDITURES				
Donor directed ministry	1,000	277,999	278,999	385,992
Amortization	<u>4,848</u>	<u> </u>	<u>4,848</u>	<u>5,181</u>
	<u>5,848</u>	<u>277,999</u>	<u>283,847</u>	<u>391,173</u>
EXCESS REVENUE (EXPENDITURES)	99,913	(103,405)	(3,492)	(2,055)
FUND BALANCES, BEGINNING OF YEAR	282,626	486,274	768,900	768,305
TRANSFER OF ESTATE BEQUESTS	<u>1,158</u>	<u> </u>	<u>1,158</u>	<u>2,650</u>
FUND BALANCES, END OF YEAR	\$ <u>383,697</u>	<u>382,869</u>	<u>766,566</u>	<u>768,900</u>

EVANGELICAL MENNONITE MISSION CONFERENCE
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
ENDOWMENT FUND
FOR THE YEARS ENDED JANUARY 31, 2014 AND 2013

	<u>Endowment Fund</u>	
	<u>2014 Total</u>	<u>2013 Total</u>
REVENUE		
Interest	\$ 3,983	4,257
EXPENDITURES	<u> </u>	<u> </u>
EXCESS REVENUE	3,983	4,257
FUND BALANCE, BEGINNING OF YEAR	<u>102,861</u>	<u>98,604</u>
FUND BALANCE, END OF YEAR	\$ <u>106,844</u>	<u>102,861</u>

(See accompanying notes)

EVANGELICAL MENNONITE MISSION CONFERENCE
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess revenue (expenditures)		
General Funds	\$ 20,736	45,808
Restricted Funds	(3,492)	(2,055)
Endowment Fund	<u>3,983</u>	<u>4,257</u>
	21,227	48,010
Items not requiring cash resources		
Amortization	<u>4,848</u>	<u>5,181</u>
	26,075	53,191
Net changes in non-cash working capital items		
Receivables	(18,315)	
GST receivable	132	(3,029)
Inventory	2,839	(300)
Prepaid expenses	(571)	4,844
Accounts payable and accrued liabilities	1,035	(42,462)
Deferred contributions	<u>(100,735)</u>	<u>451</u>
	<u>(89,540)</u>	<u>12,695</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in term and other deposits	<u>(9,398)</u>	<u>47,440</u>
NET CHANGE IN CASH FOR THE YEAR	(98,938)	60,135
CASH, BEGINNING OF YEAR	<u>159,503</u>	<u>99,368</u>
CASH, END OF YEAR	\$ <u>60,565</u>	<u>159,503</u>

(See accompanying notes)

EVANGELICAL MENNONITE MISSION CONFERENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2014 AND 2013

1. NATURE OF THE ORGANIZATION

The Evangelical Mennonite Mission Conference exists to:

“Honour and glorify God. As partners in the Gospel, under the Lordship of Jesus Christ and the guidance of the Holy Spirit, we encourage each other in making disciples, nurturing believers, preparing and sending workers into all the world. Anticipating the blessing of God we commit ourselves to do together what we cannot do alone.”

The Evangelical Mennonite Mission Conference is a voluntary, non-profit organization and is a registered charity under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations, and include the following significant accounting policies:

Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

Revenue Recognition

The Conference follows the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue in the appropriate designated fund. Unrestricted contributions are recognized in revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income, income from sales of books and other income is recognized as revenue when it is receivable.

Fund Accounting

The Conference maintains the following funds:

i) Operating

This fund is available to be utilized for the general operations of the Conference.

ii) General Reserve

The General Board has set aside 80% of all unrestricted estate bequests as a reserve for future activities.

iii) Capital Fund

This fund reflects the management of Conference and member congregation capital assets, including the acquisition and replacement of capital assets and the activities related to cash and investments reserved specifically for those purposes.

iv) Education

The General Board has set aside 20% of all unrestricted estate bequests as a reserve for future education activities.

EVANGELICAL MENNONITE MISSION CONFERENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2014 AND 2013

2. SIGNIFICANT ACCOUNTING POLICIES, continued

v) Regional Activities

This fund represents internally restricted funds set aside to assist churches with various projects and activities.

vi) Builders Fund

This fund represents internally restricted funds set aside to assist the regions with future capital expansion.

vii) Externally Restricted Funds

These funds reflect revenues received from external sources which have been designated for specific purposes, expenditures incurred for these purposes and the unexpended balances in these funds. Externally Restricted funds disclosed in Note 6 are comprised of a number of funds which are accounted for individually by the Conference, but have been aggregated for financial statement presentation purposes.

viii) Endowment Fund

The Conference has received endowment contributions pursuant to the Planned Giving Ministry. The amounts gifted are to remain in perpetuity with the income from the fund being available to be utilized for specific purposes as determined from time to time.

Term and Other Deposits

Term and other deposits consist of cash on deposit and term deposits with fixed maturity dates. These investments are classified as held-to-maturity, as the organization has the positive intent and ability to hold the securities until maturity. Accordingly, these investments are recorded at cost.

Capital Assets

Capital assets purchased are recorded at cost. Amortization is provided over the estimated life of the asset on the basis and at the annual rates set out below:

Buildings	2.5% straight line
Furniture and equipment	20.0% declining balance

Contributed Services

Volunteers contribute their time to assist the Conference in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Financial Instruments

Financial instruments include cash, receivables, term and other deposits and accounts payable and accrued liabilities. The carrying values of the instruments approximate their fair values due to the relatively short periods to maturity of the instruments. Unless otherwise stated, it is management's opinion that the Conference is not exposed to significant interest, currency, or credit risk arising from these financial instruments. The fair value of these financial instruments approximate their carrying value, unless otherwise noted.

EVANGELICAL MENNONITE MISSION CONFERENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2014 AND 2013

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Use of Estimates

The preparation of financial statements in accordance 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 expenditures during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. CASH

i) Cash consists of:

	<u>2014</u>	<u>2013</u>
Operating	\$ (95,512)	(107,616)
Held for programs	<u>156,077</u>	<u>267,119</u>
	<u>\$ 60,565</u>	<u>159,503</u>

ii) Line of credit facility

The Conference has a line of credit facility in the amount of \$80,000 at prime interest rate, of which none was outstanding at January 31, 2014 and 2013. Cash, term and other deposits have been pledged as collateral security under the Line of Credit agreement.

4. TERM AND OTHER DEPOSITS

Term and other deposits consist of the following:

	<u>2014</u>	<u>2013</u>
Funds on deposit at Mennonite Foundation of Canada with no maturity and bearing interest at 3.0% (2013 - 3.5%)		
Operating	\$ 27,989	27,992
Restricted	1,038,973	896,467
Term deposits at financial institutions maturing at various dates to September 2014 and bearing interest from .45% to 2.80% (2013 - .45% to 2.8%)		
Restricted	<u>242,293</u>	<u>375,398</u>
	<u>\$ 1,309,255</u>	<u>1,299,857</u>

EVANGELICAL MENNONITE MISSION CONFERENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2014 AND 2013

5. CAPITAL ASSETS

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 60,170		60,170	
Buildings	140,970	68,778	140,970	65,255
Furniture and equipment	<u>71,298</u>	<u>65,997</u>	<u>71,298</u>	<u>64,672</u>
	\$ <u>272,438</u>	<u>134,775</u>	<u>272,438</u>	<u>129,927</u>
Net Book Value	\$ <u>137,663</u>		<u>142,511</u>	

6. RESTRICTED FUNDS

Internally restricted funds represent unspent resources internally restricted for special purposes and is comprised of the following:

	<u>2013 Balance</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Transfer</u>	<u>2014 Balance</u>
Capital Fund	\$ 142,511		4,848		137,663
Education	101,410	2,785		1,158	105,353
Regional Activities	38,705	194	1,000		37,899
Builders Fund	<u> </u>	<u>102,782</u>	<u> </u>	<u> </u>	<u>102,782</u>
	\$ <u>282,626</u>	<u>105,761</u>	<u>5,848</u>	<u>1,158</u>	<u>383,697</u>

Externally restricted funds represent unspent resources externally restricted for specific purposes and is comprised of the following:

	<u>2013 Balance</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>2014 Balance</u>
Higher Education	\$ 135,564	5,366		140,930
Urban Church Planting	41,805	1,362		43,167
Legacy Fund	34,890	172		35,062
Community Outreach	10,086	49		10,135
Schools and other projects	<u>263,929</u>	<u>167,645</u>	<u>277,999</u>	<u>153,575</u>
	\$ <u>486,274</u>	<u>174,594</u>	<u>277,999</u>	<u>382,869</u>

TOTAL RESTRICTED FUNDS \$ **766,566**

EVANGELICAL MENNONITE MISSION CONFERENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 2014 AND 2013

7. SHARED MINISTRY REVENUE AND EXPENDITURES

The Conference participates in a shared ministry in Bolivia. Included in revenue are funds received of \$147,123 (2013 - \$150,409) related to this shared ministry. Expenditures related to this shared ministry are included in mission, evangelism and outreach expenditures.

8. COMMITMENTS

- i) The Conference is committed, under a lease for premises expiring September 30, 2018, to future aggregate lease payments as follows:

2015	\$	15,933
2016		16,411
2017		16,903
2018		17,410
2019		11,836

- ii) The Conference holds title and is contingently liable for the mortgage on properties of certain member congregations. These amounts have not been reflected in these financial statements as the member congregations reflect these properties and the respective mortgages on their financial statements and are making the mortgage repayments directly to the respective lender. Total amount of contingent liabilities at January 31, 2014 is approximately \$244,161 (2013 - \$313,684).