

EVANGELICAL MENNONITE MISSION CONFERENCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JANUARY 31, 2013

EVANGELICAL MENNONITE MISSION CONFERENCE
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FOR THE YEAR ENDED JANUARY 31, 2013

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EVANGELICAL MENNONITE MISSION CONFERENCE
FINANCIAL STATEMENTS
JANUARY 31, 2013

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

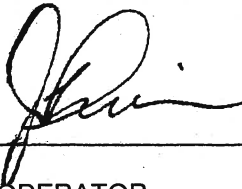
The accompanying financial statements of Evangelical Mennonite Mission Conference are the responsibility of management and have been approved by the General Board.

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.

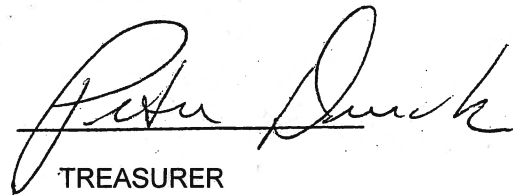
The financial statements have been audited by Holukoff Chiarella in accordance with Canadian generally accepted auditing standards on behalf of the members.

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, 2013, January 31, 2012 and February 1, 2011 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, 2013, January 31, 2012 and February 1, 2011, and its financial performance and its cash flows for the years then ended in accordance with Canadian accounting standards for Not-for-Profit Organizations.

WINNIPEG, MANITOBA
May 1, 2013



CHARTERED ACCOUNTANTS

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

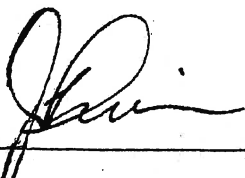
	<u>ASSETS</u>		
	Jan. 31, <u>2013</u>	Jan. 31, <u>2012</u>	Feb. 1, <u>2011</u>
CURRENT ASSETS			
Cash, Note 3	\$ 159,503	99,368	95,128
Receivables			5,199
GST receivable	5,830	2,801	4,177
Inventory	15,434	15,134	10,437
Prepaid expenses	<u>2,877</u>	<u>7,721</u>	<u>1,577</u>
	183,644	125,024	116,518
 TERM AND OTHER DEPOSITS, Notes 3 and 4	 1,299,857	 1,347,297	 1,111,785
 CAPITAL ASSETS, Note 5	 <u>142,511</u>	 <u>147,692</u>	 <u>153,287</u>
	\$ <u>1,626,012</u>	<u>1,620,013</u>	<u>1,381,590</u>

LIABILITIES AND FUND BALANCES

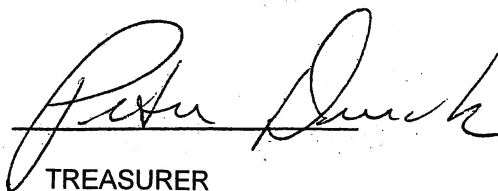
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 150,897	193,359	162,940
Deferred contributions, Note 6	<u>100,735</u>	<u>100,284</u>	<u>162,940</u>
	<u>251,632</u>	<u>293,643</u>	<u>162,940</u>
 FUND BALANCES			
General Funds	502,619	459,461	435,876
Restricted Funds	768,900	768,305	688,593
Endowment Fund	<u>102,861</u>	<u>98,604</u>	<u>94,181</u>
	<u>1,374,380</u>	<u>1,326,370</u>	<u>1,218,650</u>
	\$ <u>1,626,012</u>	<u>1,620,013</u>	<u>1,381,590</u>

COMMITMENTS, Note 9

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 YEAR ENDED JANUARY 31, 2013

	General Funds			
	Operating	General Reserve	2013 Total	2012 Total
REVENUE				
General donations				
Churches	\$ 583,111		583,111	588,972
Individuals	205,363		205,363	173,216
Program and other, Note 7	235,272		235,272	278,874
Treasured Foundation				270
Interest	3,373	13,629	17,002	16,364
Receipt of estate bequests	13,250		13,250	
	<u>1,040,369</u>	<u>13,629</u>	<u>1,053,998</u>	<u>1,057,696</u>
EXPENDITURES				
Mission, evangelism and outreach	664,226		664,226	624,987
Administrative and program support	165,047		165,047	172,285
Pastoral and spiritual support/development	46,856		46,856	116,921
Congregation resourcing, publications and support	131,609		131,609	117,068
Treasured Foundation	452		452	2,850
	<u>1,008,190</u>	<u> </u>	<u>1,008,190</u>	<u>1,034,111</u>
EXCESS REVENUE	32,179	13,629	45,808	23,585
FUND BALANCES, BEGINNING OF YEAR	6,477	452,984	459,461	435,876
TRANSFER OF ESTATE BEQUESTS	(13,250)	10,600	(2,650)	
FUND BALANCES, END OF YEAR	\$ <u>25,406</u>	<u>477,213</u>	<u>502,619</u>	<u>459,461</u>

(See accompanying notes)

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

	Restricted Funds					
	Capital Fund	Education	Regional Activities	Designated Funds Note 8	2013 Total	2012 Total
REVENUE						
Donor directed contributions	\$			378,039	378,039	166,728
Interest		<u>2,950</u>	<u>161</u>	<u>7,968</u>	<u>11,079</u>	<u>11,404</u>
		<u>2,950</u>	<u>161</u>	<u>386,007</u>	<u>389,118</u>	<u>178,132</u>
EXPENDITURES						
Donor directed ministry			1,480	384,512	385,992	92,825
Amortization	<u>5,181</u>				<u>5,181</u>	<u>5,595</u>
	<u>5,181</u>		<u>1,480</u>	<u>384,512</u>	<u>391,173</u>	<u>98,420</u>
EXCESS REVENUE (EXPENDITURES)	(5,181)	2,950	(1,319)	1,495	(2,055)	79,712
FUND BALANCES, BEGINNING OF YEAR	147,692	95,810	40,024	484,779	768,305	688,593
TRANSFER OF ESTATE BEQUESTS		<u>2,650</u>			<u>2,650</u>	
FUND BALANCES, END OF YEAR	\$ <u>142,511</u>	<u>101,410</u>	<u>38,705</u>	<u>486,274</u>	<u>768,900</u>	<u>768,305</u>

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

	Endowment Fund	
	2013 Total	2012 Total
REVENUE		
Interest	\$ 4,257	4,423
EXPENDITURES		
EXCESS REVENUE	4,257	4,423
FUND BALANCE, BEGINNING OF YEAR	<u>98,604</u>	<u>94,181</u>
FUND BALANCE, END OF YEAR	\$ <u>102,861</u>	<u>98,604</u>

(See accompanying notes)

EVANGELICAL MENNONITE MISSION CONFERENCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JANUARY 31, 2013

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess revenue (expenditures)		
General Funds	\$ 45,808	23,585
Restricted Funds	(2,055)	79,712
Endowment Fund	<u>4,257</u>	<u>4,423</u>
	48,010	107,720
Items not requiring cash resources		
Amortization	<u>5,181</u>	<u>5,595</u>
	53,191	113,315
Net changes in non-cash working capital items		
Receivables		5,199
GST receivable	(3,029)	1,376
Inventory	(300)	(4,697)
Prepaid expenses	4,844	(6,144)
Accounts payable and accrued liabilities	(42,462)	30,419
Deferred contributions	<u>451</u>	<u>100,284</u>
	<u>12,695</u>	<u>239,752</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in term and other deposits	47,440	<u>(235,512)</u>
NET CHANGE IN CASH FOR THE YEAR	60,135	4,240
CASH, BEGINNING OF YEAR	<u>99,368</u>	<u>95,128</u>
CASH, END OF YEAR	\$ <u>159,503</u>	<u>99,368</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest received in the year	\$ 29,227	32,396

(See accompanying notes)

EVANGELICAL MENNONITE MISSION CONFERENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 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

The organization adopted Canadian accounting standards for not-for-profit organizations on February 1, 2012 with a transition date of February 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at February 1, 2011 and January 31, 2012 and the statement of operations and changes in fund balances and statement of cash flows for the year ended January 31, 2012. No changes were required to the comparative information in these financial statements resulting from the retrospective application of Canadian accounting standards for not-for-profit organizations.

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.

The Conference maintains the following funds:

- i) Operating
These net assets are 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.

EVANGELICAL MENNONITE MISSION CONFERENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES, continued

iii) Capital Fund

The purpose of this fund is 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 restricted 20% of all unrestricted estate bequests as a reserve for future education activities.

v) Regional Activities

This fund represents restricted funds set aside to assist the regions with various projects and activities.

vi) Designated

Designated 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. Designated funds disclosed in Note 8 are comprised of a number of funds which are accounted for individually by the Conference, but have been aggregated for financial statement presentation purposes.

vii) Endowment

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.

EVANGELICAL MENNONITE MISSION CONFERENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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. 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, 2011 and 2010. 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>2013</u>	<u>2012</u>
Funds on deposit at Mennonite Foundation of Canada with no maturity and bearing interest at 3.5% (2012 - 3.5%)	\$ 924,459	843,801
Term deposits at financial institutions maturing at various dates to September 2014 and bearing interest from .45% to 2.8% (2012 - .45% to 4.15%)	<u>375,398</u>	<u>503,496</u>
	\$ <u>1,299,857</u>	<u>1,347,297</u>

5. CAPITAL ASSETS

	2013		2012	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 60,170		60,170	
Buildings	140,970	65,255	140,970	61,731
Furniture and equipment	<u>71,298</u>	<u>64,672</u>	<u>71,298</u>	<u>63,015</u>
	\$ <u>272,438</u>	<u>129,927</u>	<u>272,438</u>	<u>124,746</u>
Net Book Value	\$ <u>142,511</u>		<u>147,692</u>	

EVANGELICAL MENNONITE MISSION CONFERENCE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JANUARY 31, 2013

6. DEFERRED CONTRIBUTIONS

During the year ended January 31, 2012, the Conference received contributions totalling \$100,284 as a result of the dissolution of a member congregation. The balance at January 31, 2013 of \$100,735 includes interest received to date on the contributions. The deferred contributions are being dealt with in accordance with the provisions of the Conference's bylaws and at year end the use of the funds had not been determined. When the use of the funds is determined, the deferred contributions will be recorded as revenue in the appropriate existing restricted fund or a new restricted fund will be created for such purpose.

7. PROGRAM AND OTHER REVENUE

The Conference participates in a shared Ministry in Bolivia. Program and other revenue includes \$150,409 (2012 - \$130,113) related to this shared ministry. Expenditures related to this shared ministry are included in Mission, evangelism and outreach expenditures.

8. DESIGNATED FUNDS

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

	2012			2013
	<u>Balance</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Balance</u>
Higher Education	\$ 138,553	5,761	8,750	135,564
Urban Church Planting	40,397	1,408		41,805
Legacy Fund	34,711	179		34,890
Community Outreach	10,998	57	969	10,086
Schools and other projects	<u>260,120</u>	<u>378,602</u>	<u>374,793</u>	<u>263,929</u>
	\$ <u>484,779</u>	<u>386,007</u>	<u>384,512</u>	<u>486,274</u>

9. COMMITMENTS

- i) The Conference is committed, under a lease for premises expiring September 30, 2013, to future aggregate lease payments as follows:

2013 \$ 10,210

- 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, 2013 is approximately \$313,684 (2012 - \$357,081).