

Canadian Mennonite Publishing Service

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Annual Report For the year 2011

Canadian Mennonite Publishing Service
41st Annual Meeting

Saturday, March 24, 2012, 6:00 p.m.
Danforth Mennonite Church, Toronto, Ontario

1. Agenda for the 2011 Annual Meeting
2. Minutes of the 2010 Annual Meeting
3. Report from the Board Chair
4. Report from the Editor/Publisher
5. Report on Circulation
6. Report on Finances/Fundraising
7. Auditor's Report
8. Audited Financial Statements
9. Board Member and Staff List

41st Annual Meeting of CANADIAN MENNONITE PUBLISHING SERVICE

Saturday, March 24, 2012, 6:00 p.m.
Danforth Mennonite Church, Toronto, Ontario

A G E N D A

1. Election of the Executive Committee for the coming year
2. Appointment of the Nominations Committee for the coming year
3. Issues or recommendations from the CMPS Executive Tobi Thiessen
4. Other items raised all
5. **New Board Executive members only:**
Determining the dates and locations for this year's Board Executive meetings (generally around June and October)
6. Location and Date history of Annual General Meeting:

2012	March 24	Danforth MC	Toronto, ON
2011	March 12	Wildwood MC	Saskatoon, SK
2010	March 13	Emmanuel MC	Abbotsford, BC
2009	March 7	Altona MC	Altona, MB
2008	March 29	Foothills MC	Calgary, AB
2007	March 10	First MC	Kitchener, ON
2006	March 18	Nutana Park MC	Saskatoon, SK
2005	February 5	First United MC	Vancouver, BC

CMPS Annual Fundraiser Banquet

at Toronto United Mennonite Church

Saturday, March 24, 2012, starting at 6:30 pm

**Canadian Mennonite Publishing Service
40th Annual General Meeting**

**Saturday, March 12, 2011, beginning at 4:00 pm
Wildwood Mennonite Church
Saskatoon, Saskatchewan**

Present: Tobi Thiessen (Chair), Margaret Ewen-Peters (Vice-Chair), Les Klassen Hamm (treasurer), Ed Janzen (Secretary), Carl DeGurse, Al Friesen, Doreen Martens, Linda Matties. Jim Moyer, Joe Neufeld, Tim Reimer.

1. Welcome

Margaret welcomed the board members to the 40th Annual General Meeting. No others were present.

2. Opening Devotional

Tim led in a devotional based on Isaiah 8:1 and Galatians 6:11 ("writing things large"). The communication needs both to be shaped well and to be understood by the hearer. There is precedent both for good communication and its format.

3. Minutes

Moved that minutes from last year be accepted as circulated. MS/C Linda, Margaret

4. Board Actions

Since these were reviewed at the preceding Board meeting, they were not repeated here.

5. Chair Report We referred to Tobi's report with the four highlights (see Annual Report for 2010).

6. Report from the Editor/Publisher

The report for the Board was already reviewed by the attendees at the Board meeting.

7. Proxies: The Secretary advised there were no proxies.

8. Items Requiring Board Action

a. Affirmed board actions taken in 2010. M/S/C Linda/Jim

b. Moved that the financial statements presented at the preceding Board meeting be accepted. M/S/C

Les/Al

c. Appointment of Auditor: Moved that we retain BDO for 2011. M/S/C Tobi/Joe

d. Election of CMPS Board Members at Large: There were none to elect this year. Two members have the same termination date and we will need to correct this for the next year.

9. Other Business

Dick was asked to express our appreciation to the staff for their commitment and dedication.

We need to promote the AGM more aggressively in advance in the magazine, and Tobi will ask Dick to do this for next year.

Adjourned at 4:30.

Recorded by Ed Janzen, Secretary

2011 Chairperson's Report

Tobi Thiessen (Toronto, Ontario)

Grateful for the luxury of time

It is fortunate that we publish a niche magazine, and that our niche changes slowly. This has allowed CMPS to observe changes in the publishing industry with interest, and brings us some anxiety, but avoids the “do or die” pressure that secular news agencies have been feeling for several years. We have the luxury of time to see what is working and what isn't, and to consider how to apply it to our product. Meanwhile, we keep doing what is well appreciated within our own niche: providing a biweekly hardcopy magazine for people to read through at home; discuss in Adult Education classes at church; connect us with photos and inspiring stories; inform us about what is going on among Mennonites across Canada and around the world; and provide a forum for opinion most especially through letters that seem to be closely watched by every reader.

As we watch and learn from changes in the publishing industry, we also have to remember that we publish more than “news”. Every issue contains articles and “think-pieces” that are intended to be digested slowly, not scanned quickly on a smart phone while standing in line at the checkout counter. Furthermore, there is a sub-group within our niche that longs for more of this type of theological reflection and wants less news. We know that fast-paced/quickly changing news is well served by the internet, but how does this apply to deeper, slower, faith and life reflection?

Still, we know *Canadian Mennonite* is not as well read by younger Mennonites, and we want to engage them. We know the internet can be efficient and effective, and we want to know how best to use it to serve Mennonites in Canada. We look to the board for discussion and counsel as CMPS continues to evolve.

Mid-term review

As agreed at last year's annual meetings, we conducted a mid-term performance review for Dick, whose first 5-year term with CMPS goes until May 1, 2015. The review team consisted of Al Friesen, Joe Neufeld and me. Our report (pages 11 to 13 of this document) concluded that Dick is following all aspects of the job as Editor/Publisher well.

Many readers and church leaders have noted the “edgier” tone of the magazine and welcome it. The board used to hear complaints that the magazine was too soft; not challenging enough. Therefore, making CM more challenging was a board directive that fit well with Dick's professional experience and vision. Not every reader welcomes being challenged, however, and Dick becomes a lightning rod for negative reaction for some, since it is his name and face on the inside cover of every issue. Our mid-term review heard wide affirmation and praise for Dick's work: building relationships across Canada; taking an edgier stance; and writing thought-provoking editorials that show concern for the health of the Mennonite church. Amidst all this praise and affirmation came the caution that some people don't like the change they see.

CMPS Mission statement:

To educate, inspire, inform, and foster dialogue on issues facing Mennonite Church Canada as it shares the good news of Jesus Christ from an Anabaptist perspective. We do this through a regular publication and other media, working with our church partners.

Guiding values:

- Hebrews 10: 23-25
- Accuracy, fairness, balance
- Editorial freedom
- Seeking and speaking the truth in love
- Open hearts and minds in discerning God's will
- Covenantal relationships and mutual accountability

Hebrews 10: 23-25 (NRSV)

Let us hold fast to the confession of our hope without wavering, for he who has promised is faithful.

To avoid friction by never saying anything challenging is not an option. We want to educate, inspire, inform and foster dialogue on issues facing our church. How best to fulfill our mission remains an open question. As a board, we can support Dick by helping weigh the importance of various comments, and keeping in front of us our mission statement and guiding values. At our board meetings, we will have opportunity to further discuss the balancing act that Dick manoeuvres every two weeks.

Summer intern

Also agreed at last year's board meetings was to hire a summer intern, which was done in the hiring of Emily Loewen. This initiative met three goals: help CM engage younger readers; help develop CM's online presence; demonstrate to Immigration & Citizenship Canada that CMPS is using its hiring of an American Editor/Publisher to help develop editorial skills in Canada. Dick's report will speak more about the success of this initiative.

Meeting with Publishing Partners after MC Canada gives notice to reduce funding by 13%

Last spring, Mennonite Church Canada implemented deep financial cuts to many of its ministries, and gave notice to CMPS that they would also cut funding to us. When we reminded them of the Publishing Partnership Covenant that required them to give notice to, and hold a meeting with, all the signatories before taking action, MC Canada showed its commitment by maintaining the terms, and holding off cuts for a further six months. We are grateful for the Publishing Partner Covenant which gave CMPS some additional stability, even while sympathizing with the pain being experienced at MC Canada.

As part of the notice to cut funding, CMPS held a meeting of all publishing partners during the MC Canada Assembly in Waterloo in July. CMPS was represented by Dick, me and Margaret. It was an opportunity to hear from each of the partners about any financial stresses they may be incurring to fulfill the terms of the covenant. MCEC said that they also had implemented cuts to ministries, but spared CMPS because of the covenant. Other area churches did not express the same degree of concern. However, in hearing from every one, it was clear that they were interested to hear how the others collected revenue to cover their share of the Every Home Plan. Overall, it was a worthwhile discussion, especially given that **within 2012 CMPS needs to initiate the renegotiation of the covenant, to cover the next five years.**

Also during the year, CMPS heard MCEC quietly express concerns about the value they get out of the magazine, given how much they contribute. To address this concern, Dick met directly with MCEC leaders, the outcome of which was significantly better mutual understanding.

Grateful for stability

Against this backdrop of financial concerns, our federal grant (Canada Periodical Fund) was higher than expected for the second year in a row. In conclusion, we must again express gratitude for our position of stability, due to a dedicated readership, a committed group of publishing partners and the federal grant, which allows us the time to consider how to branch out in new ways while maintaining the part of our ministry that is well-loved.

Editor/Publisher's Report to the CMPS Board of Directors

March 23, 2012

General Remarks

Now a little more than midway in a five-year term, I continue to be energized and sometimes daunted with the task of managing the Mennonite Church Canada's denominational biweekly publication, the *Canadian Mennonite*. By this time I have a far greater grasp of how diverse our audience is and sometimes that reality is overwhelming. Most of the time it is a challenge that invigorates and inspires me; other times it seems a little like one reader describes: "herding cats." It is obvious that the honeymoon is over for the new publisher; in many cases the gloves have come off when readers are angry or disenchanted with either my editorials and/or the viewpoints of one or more of our

columnists. I have taken extra steps to engage my adversaries in conversation by picking up the phone and talking with them, most of these conversations (not all) resulting in coming to amicable terms if not full agreement. For the most part, however, I have had strong affirmation from many readers—an oft-quoted phrase being, “I am now, for the first time in a number of years, again reading the *Canadian Mennonite*.” When asked why, several readers have said: “I stopped reading because it always seemed as if ‘we’ were just patting ourselves on the back. Now I am engaged with the many questions and issues discussed.” There is another side to this, however, as noted in some of your directors’ reports—something I am anxious to discuss in that segment of our discussion. I am especially puzzled by the observation that our content is lacking in “spirituality;” it’s all about “issues.” This dichotomy between “spirituality” and “issues” intrigues me and one I would like to hear more about.

Speaking Engagements

In the latter part of 2011, I have been invited to speak in three different churches in the K-W area—addressing the 50s +(-) group at Waterloo North MC the end of April, then two Sundays addressing a large adult SS class at Rockway MC, Kitchener, and two weeks later another large SS class at Steinman MC, New Hamburg. These were good interchanges where I essentially talked specifically how we go about putting CM together, my vision and goals and entertained questions regarding their concerns. In all three instances, I use the short PowerPoint presentation I used at Assembly in July, as part of my talks. At Steinman they were mostly interested in my lifelong journalistic experience and how I apply that to my work at CM. Tobi has approached Dave Balzar, chair of the communications department at CMU, to get me in as guest lecturer there on one or two of my trips to Winnipeg each year and to build a relationship for placement of their students for staff positions over time. I have also been in conversation with him regarding doing readership surveys as a class project for class credit, giving us handles on who our readers are, demographically, and what they want from CM that they are not now getting.

Young Voices

In June, we added this 4-page segment to our publication, employing Emily Loewen, originally from Langley, B.C., as the editor. Finishing her master’s degree in journalism at Ryerson University, Toronto, she was first hired as a summer intern and then continued on in that role and continues to be the lead editor. Late in the year, we shifted the responsibility for Rachel Bergen, our national correspondent located in Winnipeg, from her duties as reporter there to assisting Emily as co-editor of Young Voices, focusing on increasing our presence on Facebook and travelling to the western provinces recruiting writers and in general being an ambassador for this new addition. Rachel’s trip to Saskatchewan in February, 2012, was very productive—meeting with Anna Rehan and 20 young adults at Nutana Park Mennonite Church, speaking in Rosthern Junior College to some 90 youth and meeting in Saskatoon with Miriam Ullah (MCC Sask) as well as Pauline Steinman and Teresa Warkentin from Wildwood Mennonite. The latter will keep an eye out for potential writers, photographers and videographers. Moving back home to Chilliwack, B.C. in April, Rachel plans to do the same kind of recruiting in B.C. and Alberta this year. Emily will try and do some recruiting, as she has time, in eastern Ontario, focusing on recruiting students as writers at Conrad Grebel University College. We are getting good feedback with this addition and are beginning to turn “young” eyes to the magazine via Facebook and engaging writers and bloggers in print and online.

Publishing Partners

We have taken a sizeable financial “hit” in funding from our main partner, MC Canada, who announced late in 2010 that, due to a shortfall in their funding, they would have to cut back their funding to CM by 13 percent, or \$21,103 less. This could not take effect, however, until the year 2012 because all of the six partners would have to meet and agree to the cut as stated in the Partnership Agreement. That meeting, called by the CM chair at Assembly this summer, did take place and the cutback is now a part of our 2012 budget. This will contribute to a proposed deficit budget for 2012 (see further notation in Finances below). We are implementing Tobi’s suggestion that we include the number of subscribers and the retail value of the subscriptions when we send out the invoices in 2012, giving all of the partners specifics as to “value” rather than to assume they make that tie-in. We are also showing MC Canada the usual billing on their invoice, with the reduced amount as the discounted rate. I had to engage in some extra public relations with MCEC staff following the Assembly meeting, having breakfast with David Martin, executive minister,

and Ester Newfeldt, operations minister, to hear them out on their seeing “limited value” in CM for their ministry voiced at that meeting. I came away with positive feelings and things have settled down. And they have since hired a “fundraiser” with a euphemistic title of “church engagement minister,” Brent Charette, to help turn things around, so I think targeting us as “the problem” has substantially diminished. All of the rest of the area churches have kindly approved of their askings which I didn’t increase for 2012 due to the financial struggle most of them are having. As Tobi will report, we are approaching the renewal of our five-year Partnership Agreement (in 2013), so it is important to keep good relations with all of the partners. I am committed to that.

Immigration Progress

It’s been a long, drawn out process to get permanent “landed immigrant” status as a US citizen working in Canada, but we are hopeful it is finally drawing to a positive close. Right now I am still here under a two-year work permit which expires on April 30, 2012, but my attorney, Tom Jutzi, of Waterloo, is working diligently to connect the dots between two applications now pending with Immigration—my landed immigration app which was submitted Dec. 16, 2011, already and a back-up work permit extension app. (fully anticipating the landed immigration app will take at least a year) that was submitted Jan. 13, 2012. We just heard two weeks ago that the landed immigration app got a “positive” response, meaning, says Jutzi, that he will provide documents from the “work permit” app that I can use at the border until the permanent app. comes through. There is a long, agonizing story here, which I won’t take this space to recount!

Editorial

We continue to focus on issues facing our congregations and engaging writers with expertise in different areas. Our regional correspondents were asked in a day-long writing/reporting seminar at Assembly-time in Waterloo this summer to each give three ideas for major features from their perspective “on the ground.” I keep my ear to the ground, from conversations while attending the area church AGMs, to hear the conversations at the local level. It is only in this way that we can address the necessary issues to be highlighted in our publication. As for news coverage, our data base for 2011 reveals that of the 945 stories, 303 were Ontario based, 224 – Manitoba, 99 from British Columbia, 76 – United States, 60 from Saskatchewan, 52 from Alberta, 52 strictly Canada, 8 from Canada/Quebec. Others covered events in 28 countries around the world, including Europe, the United Kingdom and Newfoundland and Labrador in Canada. Our letters box is always full and overflowing, with several backed up in the cue each edition, the top ten issues discussed, in this order: human sexuality, politics, the work of Mennonite Central Committee, the Winnipeg Jets logo, homosexuality, hockey, elections/Canada, Troy Watson (our postmodern columnist), Mennonite Church Canada and Israel/Palestine. In our readership survey, conducted early in 2011, some 47 percent said they turned to the editorial first, followed by feature articles (16 percent) and letters to the editor (15 percent). Nearly 59 percent read every issue “cover to cover”, while another 40 percent read items of interest. Our online readership is still quite weak, with three-quarters of those surveyed saying they never visit our website for news updates; 20 percent saying they visit it “occasionally.” A goal for 2012 and beyond is to increase our online readership with more cross-referencing in the print edition and more videography that provides more visual impact in a changing media environment.

Circulation

With our total Every Home Plan circulation now under 14,000, I have some concern about the steady, but slow decline, over the past eight years, due mostly to external factors—cancellations due to “no longer attending church” and “deceased.” In checking the records, I note that in 2004, the publication had a few more than 16,000 subscribers. With a small number of churches closing, the aging nature of our readership and some non-renewals (with no reason given), it is difficult to get a handle on this issue. There does not seem to be any widespread discontent with the publication as such—a total of 10 persons saying they “object to or disagree with the content” over the past two years—2011 and 2012. Young Voices is putting an effort into reminding university students away from home, or those singles living away from home, to subscribe to their own copy. We are aware of congregations not having all members/attendees as subscribers and are working on house ads to remind them of this. Part of the issue is to get church secretaries/administrators to keep current with the goals of the Every Home Plan and have everyone listed in

their congregation. Linda Matties, board representative from BC, made a special effort in her congregation, Emmanuel Mennonite, to close this gap. I encourage others of you to do the same.

Canada Periodical Fund

In September, after waiting anxiously for three months, we finally received notice that we would get a CPF grant of \$152,957—an amount exceeding all previous annual grants. It would come to us in two instalments over the 2011-2012 years, \$120,836 paid on Sept. 23, 2011 and another—\$32,121 received Jan. 18, 2012. Since we count on this in our annual budgeting, we had to use savings to carry us from June, 2011 until we got the money in September and now will have to carefully project how we will spend it within a calendar year (June to June) in our upcoming year. While we are very grateful for this financial assistance from the government, it makes it difficult to budget when we don't know, from year to year, if and when, the grant money will be issued. Our application for a 2012-2013 grant has been submitted since November of 2011.

Finances

As the audited financial statement for 2011 indicates, we ended the year with slight deficit (\$1,167)—an income of \$662,324 and expenses of \$663,491. On the income side, the good news is that every category of income held its own, with individual donations of \$80,371 exceeding those of 2010 by \$2,649. On the expense side, an increase of more than \$11,000 for regional correspondents reflects the investment made in adding Emily Loewen as the editor of Young Voices. A somewhat smaller increase in head office salaries and in news services helped contribute to the slight deficit. Expenses were less in staff travel and in professional services. We are anticipating a larger deficit in 2012, due, as mentioned, to the 13 percent decrease in funding from MC Canada. We are again counting on a CPF grant on the income side, but without written assurance, and will be spending as much or more in Young Voices. Other income and expense levels remain pretty much in line. In terms of *Canadian Mennonite's* own fundraising, we again did two direct mail campaigns to previous donors in 2011 as well as at our annual banquet. Please see the fund-raising report for more details.

Facilities and Equipment

We have updated all of the cameras for the regional correspondents, equipping them with Canon Rebel TR3s that have video capability for taking and including video clips with their reporting. This was expensed from our Capital Fund rather than taking it from general expenses. Also at the end of the year, we updated our rather antiquated office phone system that now uses VOIP, reducing considerably the long-distance and toll-free fees.

MCC Funding Proposal

When learning, early in 2011 we would be facing a decrease in MC Canada funding, I approached Rick Cober Bauman, director of Mennonite Central Committee Ontario, about MCC Canada becoming a publishing partner with substantial advertising (one full-colour page ad each of the 24 editions at a discounted rate of \$1,000 per insertion). All provincial MCC offices and the national office could use this space to promote anything they wanted—from relief sales to volunteer recruitment to raising funds for disaster areas. He promised to take it to his colleagues and to the national office and see if they would want to make this purchase. I just received word from Rick that the proposal was turned down.

CM video promotional

Late in 2011, we hired Christopher Taylor, son of board member Doreen Martens, to do two versions of a promotional video that could be used by staff and board in gatherings around the country. He produced both a longer, 10-minute version and a shorter 90-second version that could be used easily at area church annual gatherings when they introduce Canadian Mennonite as one of their many partners. It has been used in this capacity in Manitoba and at special luncheons in Manitoba and British Columbia so far. It was done at an approximate cost of

\$5,000 and is recommended as this year's Special Project. It will be edited and upgraded during 2012 to include more representation from the western provinces.

Website and Social Networking

Dan Johnson, our graphic designer and webmaster, tells me "for the past year, we've averaged 17,670 visits per month, broken down further to 601 visits per day. Just to be clear, those are total visits and do not represent unique visitors." Emily and Rachel continue to give us a strong presence on Facebook and the hits are increasing weekly for the website. I have done and continue to add a number of photo galleries that profile new and newly-ordained pastors with MCEC, an MCC Learning Tour to Israel/Palestine and new staff at MC Canada. I serve as editor of the website and include pertinent global news from Ecumenical News International, a news service to which we subscribe, include sermons and book reviews for which we don't have space in print and generally post timely news that suffer and news lag with our restriction of biweekly print publication.

--Dick Benner, Editor and Publisher



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CANADIAN MENNONITE PUBLISHING SERVICE

Independent Auditor's Report

To: The Members of the Board of Directors of Canadian Mennonite Publishing Service:

We have audited the accompanying financial statements of Canadian Mennonite Publishing Service, which comprise the statement of financial position as at December 31, 2011, the statements of revenue and expenses and changes in fund balances, and cash flows for the year 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 generally accepted accounting principles, 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.

Auditor's 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 judgment, 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 audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation revenue was limited to the amounts recorded in the records of the organization. We were unable to determine whether any adjustments might be necessary to revenue, surplus, current assets or fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Waterloo, Ontario

March 12, 2012

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CANADIAN MENNONITE PUBLISHING SERVICE

Statement of Revenue and Expenses and Changes in Fund Balances
Year Ended December 31, 2011

	General Fund			Stabilization Fund		Professional Development Fund		Capital Fund		Total	
	Budget	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	<i>(unaudited)</i>										
Revenue											
Every Home Plan Individual & group subscriptions	\$ 296,077	\$ 301,651	\$ 298,945	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 301,651	\$ 298,945
Advertising and supplements	15,000	13,481	14,417	-	-	-	-	-	-	13,481	14,417
Grants (Note 11)	145,000	137,895	147,148	-	-	-	-	-	-	137,895	147,148
Donations - Individual	99,000	121,625	113,197	-	-	-	-	-	-	121,625	113,197
Donations - Publishing Partners	80,000	80,371	77,722	-	-	-	-	-	-	80,371	77,722
Interest and exchange	300	1,769	240	-	-	-	-	-	-	1,769	240
Unrealized (loss) gain on investments (Note 5)	4,600	1,588	1,649	2,053	1,810	1,085	1,056	208	207	4,934	4,722
Other	-	-	-	(716)	637	-	-	-	-	(716)	637
	<u>3,600</u>	<u>1,314</u>	<u>3,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,314</u>	<u>3,606</u>
	643,577	659,694	656,924	1,337	2,447	1,085	1,056	208	207	662,324	660,634
Expenses (Page 9)	<u>654,897</u>	<u>663,491</u>	<u>650,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>663,491</u>	<u>650,876</u>
(Deficit) surplus for the year	(11,320)	(3,797)	6,048	1,337	2,447	1,085	1,056	208	207	(1,167)	9,758
Fund balances, beginning of year	<u>232,514</u>	<u>232,514</u>	<u>225,675</u>	<u>161,387</u>	<u>158,468</u>	<u>91,673</u>	<u>91,673</u>	<u>19,100</u>	<u>19,100</u>	<u>504,674</u>	<u>494,916</u>
	<u>221,194</u>	<u>228,717</u>	<u>231,723</u>	<u>162,724</u>	<u>160,915</u>	<u>92,758</u>	<u>92,729</u>	<u>19,308</u>	<u>19,307</u>	<u>503,507</u>	<u>504,674</u>
Transfer from (to) Professional Development Fund (Note 3)	-	9,085	1,056	-	-	(9,085)	(1,056)	-	-	-	-
Transfer (to) from Stabilization Fund (Note 3)	(3,000)	(2,947)	(472)	2,947	472	-	-	-	-	-	-
Transfer from (to) Capital Fund (Note 3)	-	6,803	207	-	-	-	-	(6,803)	(207)	-	-
	<u>(3,000)</u>	<u>12,941</u>	<u>791</u>	<u>2,947</u>	<u>472</u>	<u>(9,085)</u>	<u>(1,056)</u>	<u>(6,803)</u>	<u>(207)</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 218,194</u>	<u>\$ 241,658</u>	<u>\$ 232,514</u>	<u>\$ 165,671</u>	<u>\$ 161,387</u>	<u>\$ 83,673</u>	<u>\$ 91,673</u>	<u>\$ 12,505</u>	<u>\$ 19,100</u>	<u>\$ 503,507</u>	<u>\$ 504,674</u>

See notes to financial statements

CANADIAN MENNONITE PUBLISHING SERVICE

Statement of Financial Position
December 31, 2011

	General Fund		Stabilization Fund		Professional Development Fund		Capital Fund		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
ASSETS										
Current Assets										
Bank (Note 4)	\$ 178,423	\$ 175,466	\$ 163,470	\$ 158,227	\$ 84,752	\$ 92,723	\$ 12,712	\$ 19,307	\$ 439,357	\$ 445,723
Investments (Note 5)	-	-	6,114	6,830	-	-	-	-	6,114	6,830
Accounts receivable	13,990	11,992	-	-	-	-	-	-	13,990	11,992
Prepaid expenses	2,251	1,625	-	-	-	-	-	-	2,251	1,625
	<u>194,664</u>	<u>189,083</u>	<u>169,584</u>	<u>165,057</u>	<u>84,752</u>	<u>92,723</u>	<u>12,712</u>	<u>19,307</u>	<u>461,712</u>	<u>466,170</u>
Capital Assets (Note 6)	<u>127,437</u>	<u>126,005</u>	-	-	-	-	-	-	<u>127,437</u>	<u>126,005</u>
	<u>\$ 322,101</u>	<u>\$ 315,088</u>	<u>\$ 169,584</u>	<u>\$ 165,057</u>	<u>\$ 84,752</u>	<u>\$ 92,723</u>	<u>\$ 12,712</u>	<u>\$ 19,307</u>	<u>\$ 589,149</u>	<u>\$ 592,175</u>
LIABILITIES										
Current Liabilities										
Accounts payable and accrued liabilities	\$ 9,467	\$ 8,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,467	\$ 8,369
Deferred contributions (Note 7)	48,960	49,749	-	-	-	-	-	-	48,960	49,749
Deferred revenue	27,215	29,383	-	-	-	-	-	-	27,215	29,383
Interfund payables (receivables) (Note 8)	(5,199)	(4,927)	3,913	3,670	1,079	1,050	207	207	-	-
	<u>80,443</u>	<u>82,574</u>	<u>3,913</u>	<u>3,670</u>	<u>1,079</u>	<u>1,050</u>	<u>207</u>	<u>207</u>	<u>36,682</u>	<u>37,752</u>
FUND BALANCES	<u>241,658</u>	<u>232,514</u>	<u>165,671</u>	<u>161,387</u>	<u>83,673</u>	<u>91,673</u>	<u>12,505</u>	<u>19,100</u>	<u>503,507</u>	<u>504,674</u>
	<u>\$ 322,101</u>	<u>\$ 315,088</u>	<u>\$ 169,584</u>	<u>\$ 165,057</u>	<u>\$ 84,752</u>	<u>\$ 92,723</u>	<u>\$ 12,712</u>	<u>\$ 19,307</u>	<u>\$ 589,149</u>	<u>\$ 592,175</u>
Fund balance comprised of:										
Internally restricted (Note 2)	\$ 127,437	\$ 126,005	\$ 165,671	\$ 161,387	\$ 83,673	\$ 91,673	\$ 12,505	\$ 19,100	\$ 389,286	\$ 398,165
Unrestricted	114,221	106,509	-	-	-	-	-	-	114,221	106,509
	<u>\$ 241,658</u>	<u>\$ 232,514</u>	<u>\$ 165,671</u>	<u>\$ 161,387</u>	<u>\$ 83,673</u>	<u>\$ 91,673</u>	<u>\$ 12,505</u>	<u>\$ 19,100</u>	<u>\$ 503,507</u>	<u>\$ 504,674</u>

APPROVED BY THE BOARD OF DIRECTORS

Director

Director

See notes to financial statements

CANADIAN MENNONITE PUBLISHING SERVICE

Statement of Cash Flows
Year Ended December 31, 2011

	2011	2010
Operating Activities		
(Deficit) Surplus for the year	\$ (1,167)	\$ 9,758
Items not involving cash		
Amortization	8,865	8,699
Unrealized gain on portfolio investment	<u>716</u>	<u>(637)</u>
	8,414	17,820
Changes in non-cash working capital items		
Accounts receivable	(1,998)	(3,858)
Prepaid expenses	(626)	2,104
Accounts payable	1,098	700
Deferred contributions	(789)	49,749
Deferred revenue	<u>(2,168)</u>	<u>(2,350)</u>
	<u>3,931</u>	<u>64,165</u>
Investing activities		
Purchase of capital assets	(10,297)	(1,180)
Purchase of term deposits	-	500,351
Redemption of term deposits	<u>-</u>	<u>(500,351)</u>
	<u>(10,297)</u>	<u>(1,180)</u>
Net (decrease) increase in cash	(6,366)	62,985
Cash, beginning of year	<u>445,723</u>	<u>382,738</u>
Cash, end of year	<u>\$ 439,357</u>	<u>\$ 445,723</u>

See notes to financial statements

CANADIAN MENNONITE PUBLISHING SERVICE

Notes to the Financial Statements December 31, 2011

1. Purpose of the Organization

Canadian Mennonite Publishing Service is incorporated under the laws of Canada as a non-profit Organization and is a registered charity under the Income Tax Act. It publishes the bi-weekly periodical "Canadian Mennonite" for the Mennonite community in Canada.

In July 1997, the Organization adopted revised by-laws which expand the definition of membership to include not only individuals who contribute the minimum membership fee, but also church bodies (referred to as the "publishing partners") that purchase subscriptions for their members. The revised by-laws further provide for representation of these church bodies on the Canadian Mennonite Publishing Service Board and at the Canadian Mennonite Publishing Service's annual meeting.

2. Significant Accounting Policies

Consistent GAAP

The accounting policies of the Organization are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

Fund Accounting

Canadian Mennonite Publishing Service follows the restricted fund method of accounting for fund contributions.

The General Fund accounts for the Organization's publishing and administrative activities.

The Stabilization Fund was established to protect the Organization from operating fluctuations that may occur from time to time. The goal is to accumulate, from surpluses, an amount equal to 25% of annual expenses in the fund for this purpose. Revenue earned by the assets of this fund are to be transferred to the General Fund.

The Professional Development Fund was established to provide a fixed amount out of the annual expenditure budget for the salaries of the individuals replacing a staff member on professional development leave. Revenue earned by the assets of this fund are to be transferred to the General Fund.

The Capital Fund was established to fund future equipment purchases. Revenue earned by the assets of this fund are to be transferred to the General Fund.

2. Significant Accounting Policies (cont'd)

Revenue Recognition

Deferred subscription revenue results from advance payments for subscriptions received from subscribers and is recognized on a straight line basis over the term of the subscription as issues are released. Periodical advertising revenue is recorded upon release of the periodical to subscribers. Amounts are recorded as revenue of the General Fund.

Restricted donations related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted donations are recognized as revenue of the appropriate restricted fund.

Unrestricted donations are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned on the assets of the Stabilization, Professional Development and Capital Funds is recognized as revenue of the General Fund when it is earned. Other investment income is recognized as revenue of the General Fund when earned.

Grant revenue is received annually from the Canadian Periodical Fund, under the Aid to Publishers component. Monies which are received are to be spent on eligible expenditures. Unexpended amounts received in the year are deferred until the year in which the related expenses are incurred.

Advertising revenue is recognized when the publication is released that contains the customer's advertisement. All payments received prior to the release are considered deferred until that date.

Capital Assets

Capital assets are carried at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	3 years	straight-line method
Computer software	3 years	straight-line method
Office equipment	5 years	straight-line method
Building	25 years	straight-line method

Contributed Materials and Services

Contributed materials and services which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

CANADIAN MENNONITE PUBLISHING SERVICE

Notes to the Financial Statements December 31, 2011

2. Significant Accounting Policies (cont'd)

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

New Accounting Pronouncement

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Organization, are as follows:

Accounting Standards for Not-for-Profit Organizations

The Accounting Standards Board has recently approved generally accepted accounting principles (GAAP) for Not-for-Profit Organizations. Not-for-Profit Organizations will have the choice of adopting either International Financing Reporting Standards (IFRS) or GAAP for Not-for-Profit Organizations for year ends beginning on or after January 1, 2012. For organizations choosing to adopt GAAP for Not-for-Profit Organizations they would be allowed to early adopt for years ending on or after December 31, 2010. Until GAAP for Not-for-Profit Organizations is adopted, Not-for-Profit Organizations will continue to follow the current Canadian Institute of Chartered Accountants Handbook - Accounting.

3. Interfund Transfers

During the year, the Board of Directors authorized transfers of \$5,000 from the General Fund to the Stabilization Fund, \$8,000 from the Professional Development Fund to the General Fund and \$6,595 from the Capital Fund to the General Fund.

Investment income earned in the Stabilization Fund of \$2,053, Professional Development Fund of \$1,085 and Capital Fund of \$208 were transferred to the General Fund.

4. Bank

The Organization's bank accounts are held at one credit union. The bank accounts earn nominal interest.

5. Investments

	<u>2011</u>	<u>2010</u>
<u>Stabilization Fund</u>		
Meritas Jantzi Social Index Fund		
At market value (cost - \$6,772)	<u>6,114</u>	<u>6,830</u>

Cumulative unrealized (losses) gains included in the fund balance of the Stabilization Fund is (\$658) (2010 - \$58).

6. Capital Assets

	<u>2011</u>		<u>2010</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 18,594	\$ 15,816	\$ 2,778	\$ 1,853
Computer software	2,557	2,557	-	-
Office equipment	18,586	11,408	7,178	-
Building	166,771	67,820	98,951	105,622
Land	18,530	-	18,530	18,530
	<u>\$ 225,038</u>	<u>\$ 97,601</u>	<u>\$ 127,437</u>	<u>\$ 126,005</u>

7. Deferred Contributions

Deferred contributions represent unspent externally restricted grants. Changes in the deferred contributions balance are as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 49,479	\$ -
Add amounts recorded in the year	120,836	138,765
Less amounts amortized to revenue in the year	<u>(121,625)</u>	<u>(189,265)</u>
Balance, end of year	<u>\$ 48,690</u>	<u>\$ 49,479</u>

8. Interfund Payables (Receivables)

The interfund balances are interest free and have no fixed terms of repayment.

CANADIAN MENNONITE PUBLISHING SERVICE

Notes to the Financial Statements December 31, 2011

9. Endowment Funds

Contributions made for endowment purposes are forwarded to the Mennonite Foundation of Canada ("Foundation") which acts as trustee on behalf of the Organization for these funds. Under the terms of an agreement dated January 21, 1991, all donations to the Endowment Fund belong to the Foundation. Only interest earned is forwarded to the Organization for use in the operations of the periodical. The balance on deposit in the fund at December 31, 2011 was \$14,377 (2010 - \$14,132) and interest earned during the year amounted to \$431 (2010 - \$425).

10. Financial Instruments

The Organization's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities.

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from its financial instruments.

All transactions related to financial instruments are recorded on a trade-date basis. The fair values of financial instruments are determined using published price quotations, where applicable. Transaction costs relating to all financial instruments are expensed as incurred.

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

Held-for-trading

This category is comprised of cash and investments. They are carried on the balance sheet at fair value with changes in fair value recognized in the Statement of Operations.

Loans and receivables

This category includes accounts receivable. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Other financial liabilities

Other financial liabilities includes accounts payable and accrued liabilities and mortgages payable. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

10. Financial Instruments (cont'd)

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant credit risk.

Currency Risk

Currency risk is the risk to the Organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant currency risk.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rate. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest rate risk.

11 Government Assistance

The Organization receives funding from government ministries. During the year, the Organization received \$120,836 as a grant under the Canadian Periodical Fund. Of this amount, \$71,876 was recognized as revenue in the year. In addition, the Organization received a \$3,000 government grant to offset the cost of a summer intern.

12. Capital Risk Management

The Organization's objectives when managing capital are to safeguard the Organization's ability to continue as a going concern. Capital is defined by the Organization as all general and internally restricted fund.

The General Fund's objective is to provide working capital for the Organization's operating expenses. Deposits and withdrawals to this fund are administered by management and are authorized by Board passage of the annual operating budget. Any material variations from budgeted income or expenditures are to be reported to the Board of Directors promptly, and at least three times per year as part of regular financial reporting to the Board.

CANADIAN MENNONITE PUBLISHING SERVICE

Notes to the Financial Statements December 31, 2011

12. Capital Risk Management (cont'd)

The Stabilization Fund's objective is to ensure that, should there be an operational shortfall reducing expected cash flow, the Organization can continue to operate for at least three months. This requires a minimum valuation of 25% of current annual expenses. At December 31, 2011, the Organization was not in compliance with the required minimum fund balance of \$165,873.

The Professional Development Fund's objective is to cover the costs of providing eligible staff with their defined professional development leave benefit. The Board determines what adequate levels of funding in this fund are on the basis of cost-projection forecasts prepared by management as part of the annual budget. At December 31, 2011, the Organization was in compliance with the required minimum fund balance of \$83,673.

The Capital Fund's objective is to provide funding for large capital asset purchases or repairs of existing capital assets. The Board determines what adequate levels of funding in this fund are on the basis of cost-projection forecasts prepared by management as part of the annual budget. At December 31, 2011, the Organization was in compliance with the required minimum fund balance of \$12,505.

The Organization's investment policy is to invest all funds in cash instruments such as bank accounts and term deposits. Any exceptions to this policy must be made through specific board motion.

The Organization is not subject to externally imposed capital requirements and the Organization's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2010.

CANADIAN MENNONITE PUBLISHING SERVICE

Schedule of Expenses
Year Ended December 31, 2011

	General Fund			Stabilization Fund		Professional Development Fund		Capital Fund		Total	
	Budget <i>(unaudited)</i>	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Postage	\$ 175,000	\$ 171,616	\$ 175,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,616	\$ 175,330
Head office - salaries	192,847	190,170	183,554	-	-	-	-	-	-	190,170	183,554
Printing and production	95,000	96,954	93,371	-	-	-	-	-	-	96,954	93,371
Regional correspondents	72,170	80,203	69,143	-	-	-	-	-	-	80,203	69,143
Head office - benefits	21,403	23,493	22,756	-	-	-	-	-	-	23,493	22,756
Advertising representative	16,414	17,598	18,503	-	-	-	-	-	-	17,598	18,503
Amortization	7,953	8,865	8,699	-	-	-	-	-	-	8,865	8,699
News service	12,500	14,620	12,310	-	-	-	-	-	-	14,620	12,310
Facility costs	10,500	10,788	10,388	-	-	-	-	-	-	10,788	10,388
Professional fees	8,200	6,415	8,938	-	-	-	-	-	-	6,415	8,938
Staff	5,500	6,976	9,063	-	-	-	-	-	-	6,976	9,063
Board	7,900	8,569	8,410	-	-	-	-	-	-	8,569	8,410
Fundraising	5,200	4,870	5,189	-	-	-	-	-	-	4,870	5,189
Office	7,900	7,313	7,892	-	-	-	-	-	-	7,313	7,892
Telephone	4,200	4,150	4,184	-	-	-	-	-	-	4,150	4,184
Insurance	1,710	1,575	1,710	-	-	-	-	-	-	1,575	1,710
Equipment maintenance	2,500	4,896	2,415	-	-	-	-	-	-	4,896	2,415
Special projects	5,500	4,420	6,534	-	-	-	-	-	-	4,420	6,534
Promotion	2,500	-	2,487	-	-	-	-	-	-	-	2,487
	<u>\$ 654,897</u>	<u>\$ 663,491</u>	<u>\$ 650,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 663,491</u>	<u>\$ 650,876</u>

Canadian Mennonite Publishing Service Board of Directors as of Dec. 31, 2011

Representing	Term
Canadian Mennonite Publishing Service	
• Carl DeGurse, Winnipeg, Man.	2010-2013, first term
• Margaret Ewen Peters, Hanley, Sask.	2009-2012, second term
• Tobi Thiessen, Toronto, Ont.	2010-2013, second term
Mennonite Church Canada	
• Ed Janzen, Abbotsford, B.C.	2010-2013, second term
• Les Klassen Hamm, Saskatoon, Sask.	2009-2012, first term
• Joon Hyoung Park, Abbotsford, B.C.	2009-2012, first term
• Doreen Martens, Oakville, Ont.	2010-2013, first term
Mennonite Church, British Columbia	
• Linda Matties, Abbotsford, B.C.	2009-2012, first term
Mennonite Church, Alberta	
• James Moyer, Lethbridge, Alta.	2011-2014, first term
Mennonite Church, Saskatchewan	
• Marianne Harder, Carlton, Sask.	Fills unexpired term of Joe Neufeld, 2013
Mennonite Church, Manitoba	
• Al Friesen, Altona, Man.	2011-2014, second term
Mennonite Church Eastern Canada	
• Tim Reimer, Toronto, Ont.	2010-2013, first term
• indicates Executive Committee of the Board	

Canadian Mennonite Publishing Service Staff as of Dec. 31, 2011

Head office	Started	Time
Barb Draper, Editorial Assistant	2001	40%
Lisa Jacky, Administrative Assistant	2005	80%
Dan Johnson, Graphic Designer	2008	50%
Dick Benner, Editor and Publisher	2009	100%
Ross W. Muir, Managing Editor	2005	100%
Lisa Metzger, Advertising Representative	2009	40%
Winnipeg Office		
Rachel Bergen, National Correspondent	2009	40%
Regional Correspondents/editor		
Emily Loewen, Young Voices Editor, Toronto	2011	40%
B.C. Amy Dueckman, Abbotsford	2005	20%
Alberta: Donita Wiebe-Neufeld, Edmonton	2000	20%
Saskatchewan: Karin Fehderau, Saskatoon	2000	20%
Manitoba: Evelyn Rempel Petkau, Carman	1997	20%
Eastern Canada: David Rogalsky, Kitchener	2006	<u>20%</u>
		5.9 FTE