

Annual Report for the year 2021

Canadian Mennonite Publishing Service 50th Annual Meeting
Saturday, May 7, 2022, 4:00 p.m. PDT by Zoom

1. Agenda for the 2022 Annual Meeting
2. Minutes of the 2021 Annual Meeting
3. Report from the Board Chair
4. Report from the Publisher
5. Board Member and Staff List
6. Auditor's Report
7. Audited Financial Statements

**51st Annual Meeting of
CANADIAN MENNONITE
PUBLISHING SERVICE**

Saturday, May 7, 2022, 4:00 p.m. PDT By Zoom

Agenda

1. List of members of the corporation
2. Items requiring actions by CMPS members:
 - a) Approval of minutes from 2021 annual meeting
 - b) Acceptance of 2021 financial statements
 - c) Appointment of auditor for 2022
 - d) Elections of CMPS directors
3. Other business and discussion
4. Adjournment

The CMPS 2021 Annual Report contains board, editorial and circulation reports as well as audited financial statements for 2021.

**The 50th Annual Meeting of Canadian Mennonite Publishing Service
by Zoom**

Saturday, May 8, 4:00 pm – 4:15 pm PDT

Members of the Corporation in attendance:

Henry Krause, MC Canada
Annika Krause, MC Canada
Aaron Penner, MC Canada
Rod Wiens, MC Canada
Art Koop, MCA
Larry Epp, MCS
Karen Barber, MCEC
Tobi Thiessen (staff)

Agenda for the CMPS Annual Meeting was included in the CMPS Annual Report.

Items requiring actions by CMPS members:

Approval of minutes from 2020 annual meeting

Annika Krause moved to approve the minutes from 2020; Larry Epp seconded, approved unanimously

Acceptance of 2020 financial statements.

Noted that the expense line for Head office – salaries” includes remuneration for people who work on contracts or earn commissions. This edit will be made to next year’s financial statements.

Aaron Penner moved to accept the 2020 financial statements; Kathryn Lymburner seconded; Approved.

Appointment of auditor for 2021

Aaron Penner moved to retain BDO as CM’s auditors with the fee to be approved by the Executive Committee; Rod Wiens seconded; Approved

Election of CMPS Directors: Lois Epp was elected for a third term, 2021 - 2024

Annika Krause moved; Larry Epp seconded, Unanimously approved

The meeting was adjourned at 4:15 p.m.

2021 Chairperson's Report

I am grateful to be connected to *Canadian Mennonite* magazine and to be on the board to support the work that is being done. As I reflect on the magazine over the last year, I want to affirm the Mission Statement that grounds this publication. The work is guided by these words: "To educate, inspire, inform, and foster dialogue on issues facing Mennonites in Canada as it shares the good news of Jesus Christ from an Anabaptist perspective. We do this through a print publication and through other media, working with our church partners."

This is what all the staff of CM have been involved in. And I want to affirm again the guiding values that motivate the work. The words from Hebrews 10:23-25 encourage us to "*... hold fast to the confession of our hope without wavering, for he who has promised is faithful. And let us consider how to provoke one another to love and good deeds...and encouraging one another...*" (Hebrews 10:23-25). These words help CM to value:

- 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

Thank you to Tobi Thiessen, publisher and Ginny Hostetler, executive editor for continuing to provide a quality publication through affirming the values and vision of the magazine. And thank you for the good work of the writers, reporters and correspondents, of those who do the hands-on tasks of editing and putting the magazine together and to those who do the hard work of making sure that the ideas and stories and opinions that are part of the magazine are shared through various online platforms.

As we all know it has been another challenging year as Covid has continued to be an ever-present factor in the life of those who work on the magazine. It continued to be a year of missing the personal contact and in person events that were an everyday part of the work a couple of years ago. But, given the tools of online meetings and conversation, there have been more opportunities to attend events which would only have been available in person in the past.

CM continues in the work of producing quality content in the paper magazine, and online. It continues to do the work of reporting on the life and ministries of the Mennonite church across Canada from local congregations to the regional churches to the work that is done nationally and internationally. In this work CM has been trying to be more aware of racism and racial justice and continues to look for writers who can give a better representation of the diversity of our church across our country. I want to applaud the good work and writing that continues to come through the magazine.

One issue that all print publications, whether it be newspapers or magazines like CM are facing is navigating the changing landscape of online content. This continues to grow as more people engage in the various online platforms such as Facebook, Instagram and Twitter as well as

through the comment section of the CM website. CM continues to be committed to producing a paper magazine, publishing 22 print issues in 2021. CM still has a very strong base that appreciates having a physical magazine in their hands. In addition to the hard copies there were four digital-only issues published.

Financially the magazine came through 2021 well, even though advertising revenue continues to be a challenge to generate. Thank you to all the donors who gave to the work of CM, providing healthy financial support. Many regular donors as well as new ones helped make this challenging year one that was financially positive. With much gratitude we offer thanks to all those who shared and continue to share in this ministry. And we also want to thank the Canadian Periodical Fund for their grant again this year. This has been an ongoing grant that is very much appreciated.

CM continues to have a good partnership relationship with Mennonite Church Canada through the five Regional Churches. This has resulted in good interaction with the regional and national communication directors and CM staff. The 'Every Home Plan' continues through a covenant between the various Churches and CM. It allows anyone who attends a Mennonite Church Canada congregation to subscribe to the magazine.

As we look back on last year and plan for the future, I continue to be optimistic that we can meet the challenges before us and find ways to continue to serve the church through the magazine and through the online platforms. We have excellent staff and a vision for strengthening and supporting the church in its various forms and ministries across the country and I look forward to what the future will bring.

—*Henry Krause*
Langley, B.C.

2021 Publisher's Report

Canadian Mennonite tells the stories of our church family across the country. With 26 issues per year, our website and social media, *Canadian Mennonite* offers a place to talk about current faith issues. We are inspired by Paul's letter to the Hebrews, exhorting the church to spur one another on to love and good deeds. Sharing diverse perspectives in an atmosphere of respect helps us all grow as caring congregations and a nationwide community that makes a difference in the world.

The magazine goes to about 9,000 households across Canada; by mail or email, every two weeks. In the same two-week period, *Canadian Mennonite* shares some content through social media. In 2021, we expanded our Instagram presence to complement work on Facebook and Twitter.

Through the Every Home Plan, people from Mennonite Church Canada congregations subscribe to the magazine at half the cost of a regular subscription. Fees are paid collectively through the church.

Whether you read the magazine on paper or on your mobile device; whether you visit our website or follow us on social media; whether you write letters, post comments, or discuss the articles at church; *Canadian Mennonite* is grateful that you connect with our church family through the magazine.

Paid circulation and readership

Paid circulation (the number of copies sold to readers) continued its downward trend in 2021. At year end, there were approximately 8,700 subscriptions in Canada, down from 9,000 at the end of 2020.

The bulk of subscribers continue to prefer reading their magazine by mail. We deliver 1450 copies by email, up from 1330 at the end of 2019.

Traffic on the CM website was steady at approximately 200,000 visitors in 2021, the same as in 2020.

Canadian Mennonite in 2021

- **26** issues
- **1005** articles about the church in Canada and beyond
- **5,500** followers on social media
- **9,500** subscribers
- **200,000** website visitors

Ways to connect

Subscribe to get the magazine by mail, email or both. 26 issues per year (22 print plus 4 digital-only e-zines).

Sign up for *CM Now*- a free, biweekly email with links to recent stories.

Write letters or web comments in response to articles.

Follow us on Facebook, Twitter and

Finances

In 2021, CMPS recorded a surplus of \$35,900 due to lower-than-budgeted expenses and strong revenue.

Expenses were lower than expected due to ongoing travel restrictions and few in-person meetings. CMPS' other expenses were steady in 2021. These are the expenses required to write the articles, layout the magazine, publish and distribute it, maintain the subscription database and manage the website.

Revenue increased in 2021 from the Canada Periodical Fund, a federal grant that supports Canadian content in print media. CMPS received \$12,000 from the Business Innovation component of the Canada Periodical Fund to develop a new advertising sales system connected with the CMPS website. As well, CMPS received \$247,000 from the Aid to Publishers component of the Canada Periodical Fund.

Overall, CM recorded revenue of \$780,000 (up \$15,000 from 2020) against expenses of \$743,600 (down \$16,500 from 2020).

Facilities and Equipment

CMPS owns a 1670 square foot unit at 490 Dutton Drive. Annual condominium fees cover snow removal and exterior maintenance. CMPS is responsible for interior maintenance, including heating, cooling and plumbing. There were no major capital expenses in 2021. The furnace is 20 years old and needs to be replaced. CMPS has reserved \$10,000 of its Capital Fund for this purpose.

Most staff members work remotely from their homes across Canada. To ensure safety among head office staff during the COVID-19 pandemic, CM limited on-site work to two employees per day.

—*Tobi Thiessen, Publisher*

Canadian Mennonite Publishing Service Board of Directors as of Dec. 31, 2021

Representing	Term
Canadian Mennonite Publishing Service	
Carl DeGurse, Winnipeg, MB	2020 – 2023, first term
Lois Epp, Calgary, AB	2021 - 2024, third term
Kathryn Lymburner, Stouffville, ON	2019 – 2022, first term
Mennonite Church Canada	
* Annika Krause, Vancouver, BC	2021 - 2024, second term
* Henry Krause, Langley, BC	2020 - 2023, third term
* Aaron Penner, Winnipeg, MB	2019 - 2022, first term
Rod Wiens, Herschel, SK	2021 - 2024, third term
Mennonite Church British Columbia	
Eun Young Kwan, Vancouver, BC	2021 - 2024, first term
Mennonite Church Alberta	
Art Koop, Edson, AB	2020 – 2023, second term
Mennonite Church Saskatchewan	
* Larry Epp, Rosthern, SK	2019 - 2022, second term
Mennonite Church Manitoba	
Ken Reddig, Pinawa, MB	2020 - 2023, third term
Mennonite Church Eastern Canada	
Karen Heese, Stouffville, ON	2021 - 2022, filling unexpired term
* indicates Executive Committee of the Board	

Staff as of Dec. 31, 2021

Head office	Started	FTE
Betty Avery, Graphic Designer	2017	60%
Graham Aberdein, Circulation/Finance	2005	100%
Barb Draper, Editorial Assistant	2001	40%
Aaron Epp, Online Media Manager	2019	100%
Virginia Hostetler, Executive Editor	2017	100%
Ross W. Muir, Managing Editor	2005	50%
Kalena Scheifele, Advertising Representative	2021	20%
Tobi Thiessen, Publisher	2017	60%
Regional Correspondents		
B.C. Amy Rinner Waddell, Abbotsford	2005	20%
Alberta: vacant		
Saskatchewan: Emily Summach, Rosthern	2021	20%
Manitoba: Nicolien Klassen-Wiebe, Winnipeg	2016	20%
Eastern Canada: Janet Bauman, Kitchener	2018	20%
Senior Writer: Will Braun, Morden	2011	40%
		6.5FTE

Canadian Mennonite Publishing
Service
Financial Statements
For the year ended December 31, 2021

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Independent Auditor's Report

To the Members of
Canadian Mennonite Publishing Service

Opinion

We have audited the financial statements of Canadian Mennonite Publishing Service (the Organization), which comprise the statement of financial position as at December 31, 2021, and the statements of revenue and expenses and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, and the results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statement's, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
May 5, 2022

Canadian Mennonite Publishing Service
Statement of Financial Position

December 31					2021	2020
	General Fund	Stabilization Fund	Professional Development Fund	Capital Fund	Total	Total
Assets						
Current						
Cash (Note 2)	\$ 172,843	\$ 93,073	\$ 31,606	\$ 23,693	\$ 321,215	\$ 298,269
Short-term investments (Note 3)	-	112,739	-	-	112,739	110,269
Accounts receivable	30,416	-	-	-	30,416	17,877
Prepaid expenses	2,560	-	-	-	2,560	1,528
	<u>205,819</u>	<u>205,812</u>	<u>31,606</u>	<u>23,693</u>	<u>466,930</u>	<u>427,943</u>
Tangible capital assets (Note 4)	<u>54,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,504</u>	<u>60,923</u>
	<u>\$ 260,323</u>	<u>\$ 205,812</u>	<u>\$ 31,606</u>	<u>\$ 23,693</u>	<u>\$ 521,434</u>	<u>\$ 488,866</u>
Liabilities and Fund Balances						
Current						
Accounts payable and accrued liabilities (Note 5)	\$ 23,202	\$ -	\$ -	\$ -	\$ 23,202	\$ 22,292
Deferred grant revenue (Note 6)	62,352	-	-	-	62,352	69,381
Other deferred revenue	25,126	-	-	-	25,126	25,782
Interfund payables (receivables) (Note 7)	(10,963)	3,312	409	7,242	-	-
	<u>99,717</u>	<u>3,312</u>	<u>409</u>	<u>7,242</u>	<u>110,680</u>	<u>117,455</u>
Fund balances						
Internally restricted	54,504	202,500	31,197	16,451	304,652	308,601
Unrestricted	106,102	-	-	-	106,102	62,810
	<u>160,606</u>	<u>202,500</u>	<u>31,197</u>	<u>16,451</u>	<u>410,754</u>	<u>371,411</u>
	<u>\$ 260,323</u>	<u>\$ 205,812</u>	<u>\$ 31,606</u>	<u>\$ 23,693</u>	<u>\$ 521,434</u>	<u>\$ 488,866</u>

On behalf of the Board:

_____, Director

_____, Director

Canadian Mennonite Publishing Service
Statement of Revenue and Expenses and Changes in Fund Balances

For the year ended December 31

2021

2020

	Budget (unaudited)	General Fund	Stabilization Fund	Professional Development Fund	Capital Fund	Total	Total
Revenue							
Individual and group subscriptions	\$ 256,300	\$ 256,010	\$ -	\$ -	\$ -	\$ 256,010	\$ 256,894
Advertising and supplements	110,000	113,689	-	-	-	113,689	89,540
Grants (Note 8)	250,000	258,815	-	-	-	258,815	240,649
Donations	152,000	150,359	-	-	-	150,359	177,673
Interest	3,500	579	839	96	64	1,578	2,958
Unrealized gain (loss) on investments	-	-	2,470	-	-	2,470	39
	771,800	779,452	3,309	96	64	782,921	767,753
Expenses (Schedule 1)	764,600	743,578	-	-	-	743,578	760,093
Surplus (deficit) for the year	7,200	35,874	3,309	96	64	39,343	7,660
Fund balances, beginning of year	-	123,733	200,030	31,197	16,451	371,411	363,751
Transfer (from) to Professional Development Fund (Note 9)	-	96	-	(96)	-	-	-
Transfer (from) to Stabilization Fund (Note 9)	-	839	(839)	-	-	-	-
Transfer (from) to Capital Fund (Note 9)	-	64	-	-	(64)	-	-
Fund balances, end of year	\$ -	\$ 160,606	\$ 202,500	\$ 31,197	\$ 16,451	\$ 410,754	\$ 371,411

Canadian Mennonite Publishing Service Statement of Cash Flows

For the year ended December 31	2021	2020
Cash flows from operating activities		
Surplus (deficit) for the year	\$ 39,343	\$ 7,660
Items not involving cash		
Amortization of tangible capital assets	8,394	8,123
Unrealized gain on short term investment	(2,470)	(39)
	<u>45,267</u>	<u>15,744</u>
Changes in non-cash working capital balances		
Accounts receivable	(12,539)	(6,751)
Prepaid expenses	(1,032)	95
Accounts payable and accrued liabilities	910	7,959
Deferred grant revenue	(7,029)	10,300
Other deferred revenue	(656)	(2,631)
	<u>24,921</u>	<u>24,716</u>
Cash flows from investing activities		
Purchase of tangible capital assets	(1,975)	-
	<u>(1,975)</u>	<u>-</u>
Increase in cash during the year	22,946	24,716
Cash, beginning of year	<u>298,269</u>	<u>273,553</u>
Cash, end of year	<u>\$ 321,215</u>	<u>\$ 298,269</u>

Canadian Mennonite Publishing Service Notes to Financial Statements

December 31, 2021

1. Summary of Significant Accounting Policies

Nature of Business	Canadian Mennonite Publishing Service ("the organization") is incorporated under the laws of Canada as a not-for-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.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).
Fund Accounting	<p>The organization follows the restricted fund method of accounting for fund contributions.</p> <p>The General Fund accounts for the organization's publishing and administrative activities.</p> <p>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 approximately 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.</p> <p>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.</p> <p>The Capital Fund was established to fund future equipment purchases. Transfers to the fund are made as required and are approved by the Board. Revenue earned by the assets of this fund are to be transferred to the General Fund.</p>

Canadian Mennonite Publishing Service

Notes to Financial Statements

December 31, 2021

1. Summary of Significant Accounting Policies (continued)

Tangible Capital Assets	<p>Tangible capital assets are stated at cost. Amortization based on the estimated useful life of the asset is calculated as follows:</p> <table><tr><td>Building</td><td>- 25 year straight-line basis</td></tr><tr><td>Computer equipment</td><td>- 3 year straight-line basis</td></tr><tr><td>Computer software</td><td>- 3 year straight-line basis</td></tr><tr><td>Office equipment</td><td>- 5 year straight-line basis</td></tr></table> <p>One half of the normal amortization is provided in the year of acquisition and no amortization is provided in the year of disposal.</p> <p>When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the future economic benefits or service potential of the tangible capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations.</p>	Building	- 25 year straight-line basis	Computer equipment	- 3 year straight-line basis	Computer software	- 3 year straight-line basis	Office equipment	- 5 year straight-line basis
Building	- 25 year straight-line basis								
Computer equipment	- 3 year straight-line basis								
Computer software	- 3 year straight-line basis								
Office equipment	- 5 year straight-line basis								
Income Taxes	<p>The organization is a registered charity and therefore is not subject to income taxes.</p>								
Contributed Services and Materials	<p>Contributed materials 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. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p>								
Financial Instruments	<p>Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable.</p> <p>Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p>								

Canadian Mennonite Publishing Service Notes to Financial Statements

December 31, 2021

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Subscription revenue is recognized on a straight-line basis over the term of the subscription. Deferred subscription revenue results from advance payments for subscriptions received from subscribers.

Advertising revenue is recorded upon release of the periodical to subscribers. Deferred advertising revenue results from advertising funds received in advance of the periodical releases.

Grant revenue is received annually from the Canadian Periodical Fund, under the Aid to Publishers component. Funds 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.

Other grant revenue received during the year for current expenses is included in the determination of net income for the year. When grant revenue is received which relates to expenses of future periods, the amount is deferred and amortized to income as the related expenses are incurred.

All 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 those funds. Other investment income is recognized as revenue of the General Fund when earned.

Canadian Mennonite Publishing Service Notes to Financial Statements

December 31, 2021

2. Cash

The organization's bank accounts are held at one credit union. The bank accounts earn interest of less than 1% per annum.

3. Short-Term Investments

	2021	2020
Short-term investments	\$ 12,739	\$ 10,269
GIC Investment	100,000	100,000
Balance, end of year	\$ 112,739	\$ 110,269

Short-term investments consist of an index fund equity instrument presented at fair value.

The guaranteed investment earns interest at 0.60% per annum, maturing on April 29, 2022.

4. Tangible Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 18,530	\$ -	\$ 18,530	\$ -
Building	166,771	135,086	166,771	128,416
Computer equipment	29,833	27,622	27,858	26,892
Computer software	5,489	5,488	5,489	5,488
Office equipment	27,255	25,178	27,255	24,184
	\$ 247,878	\$ 193,374	\$ 245,903	\$ 184,980
Net book value		\$ 54,504		\$ 60,923

5. Accounts Payable and Accrued Liabilities

Government remittances payable at the year end totaled \$4,960 (2020 -\$5,627).

Canadian Mennonite Publishing Service Notes to Financial Statements

December 31, 2021

6. Deferred Grant Revenue

	2021	2020
Balance, beginning of year	\$ 69,381	\$ 59,081
Grants received (Note 8)	247,796	243,508
Amortized into revenue (Note 8)	(254,825)	(233,208)
	<hr/>	<hr/>
Balance, end of year	\$ 62,352	\$ 69,381

7. Interfund Payables (Receivables)

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

8. Government Assistance and Economic Dependence

The organization receives funding from the Federal government. During the year, the organization received \$247,796 (2020 - \$243,508) as a grant under the Canada Periodical Fund. Of this amount, \$254,815 was recognized as revenue in the year. The organization is economically dependent on this funding to continue its operations. The organization also received \$3,990 from the federal government relating to the Summer Job Grant in 2021.

9. Interfund Transfers

Investment income earned in the Stabilization Fund of \$839, Professional Development Fund of \$96 and Capital Fund of \$64 were transferred to the General Fund.

10. Endowment Funds

Contributions made for endowment purposes are forwarded to Abundance 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, 2021 was \$21,876 (2020 - \$21,177) and interest earned during the year amounted to \$195 (2020 - \$239).

Canadian Mennonite Publishing Service Notes to Financial Statements

December 31, 2021

11. Financial Instrument Risks

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities. The risk has increased due to the impact of COVID-19. The extent of any future impact on the organization's operational results is unknown.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk and other price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments. Due to the economic impacts of COVID-19, there is expected to be an increase in volatility in market interest rates, increasing the organization's exposure to this risk.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to this risk through its short-term investments. Due to the economic impacts of COVID-19, there is expected to be an increase in the volatility of the market value of equity instruments.

Canadian Mennonite Publishing Service Notes to Financial Statements

December 31, 2021

11. Financial Instrument Risks (continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject the organization to concentrations of credit risk consist of cash, accounts receivable and short term investments. The short and long term investments are described in Note 3. The organization has deposited the cash and investments with a reputable financial institution, from which management believes the risk of loss to be remote. The credit risk on accounts receivable arises from credit provided to customers in the normal course of operations. Due to the outbreak of COVID-19, credit risk has increased for the organization as there is increased uncertainty whether customers will be able to make the required payments. This may impact the ability to fund the programs of the Organization in the future.

12. Uncertainty due to COVID-19

The impact of COVID-19 in Canada and on the global economy increased significantly over the past few years. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, industry, and workforce.

Given the daily evolution of the COVID-19 outbreak and the global response to curb its spread, the organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

Canadian Mennonite Publishing Service Schedule 1 - Expenses

For the year ended December 31	Budget (unaudited)	2021	2020
Head office - salaries	\$ 312,000	\$ 313,856	\$ 331,934
Postage	130,000	122,497	129,334
Regional correspondents	84,000	76,224	74,031
Printing and production	70,000	65,591	67,925
Head office - benefits	56,000	55,399	54,900
Fundraising	23,000	23,367	23,671
Facility costs	14,500	14,490	13,608
Board travel and insurance	5,000	1,160	1,669
Professional fees	14,000	18,090	13,377
Staff travel	6,000	2,078	3,829
Office	11,000	8,098	7,617
Amortization	8,000	8,394	8,123
News service	10,000	9,748	8,357
Special projects	10,000	10,000	8,753
Equipment maintenance	4,000	7,309	2,909
Insurance	2,100	2,218	2,128
Telephone	-	2,036	3,461
Advertising representative	-	-	-
Promotion	2,000	601	1,053
Other	3,000	2,422	3,414
	\$ 764,600	\$ 743,578	\$ 760,093

The accompanying notes are an integral part of these financial statements.