

## **Annual Report For the year 2018**

Canadian Mennonite Publishing Service  
48th Annual Meeting

Saturday, April 6, 2019, 4:00 p.m.  
At Mennonite Heritage Village, Steinbach, MB

1. Agenda for the 2019 Annual Meeting
2. Minutes of the 2018 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

48th Annual Meeting of  
**CANADIAN MENNONITE PUBLISHING SERVICE**

Saturday, April 6, 2019, 4:00 p.m.  
Foothills Mennonite Church, Calgary, Alberta

**Agenda**

1. List of members of the corporation
  - Bryce Miller, Secretary, CMPS
2. Items requiring actions by CMPS members:
  - a) Approval of minutes from 2018 annual meeting
  - b) Acceptance of 2018 financial statements
  - c) Appointment of auditor for 2019
  - d) Elections of CMPS directors
    - vacancy to replace Ally Siebert, 2019 - 2022, first term
3. Other business and discussion
4. Adjournment

*The CMPS 2019 Annual Report contains board, editorial and circulation reports as well as audited financial statements for 2018.*

*A fundraising dinner for Canadian Mennonite Publishing Service follows at Mennonite Heritage Village, Steinbach, 6:30 pm.*

**Minutes of the CMPS 47<sup>th</sup> Annual Meeting**  
**Saturday, April 28, 2018, 4:00 pm**  
Foothills Mennonite Church  
Calgary, Alberta

**Members present:**

MC Canada: Elmer Hildebrand, Henry Krause, Doreen Martens, Rod Wiens

MCBC: Linda Matties

MC Alberta: Art Koop

MC Saskatchewan: Larry Epp

MC Manitoba: Ken Reddig

MCEC: Tim Reimer

Individuals registered as members: none

Tobi Thiessen (staff)

Minutes recorded by Bryce Miller.

1. Henry Krause called the meeting to order
2. Moved by Linda Matties / Seconded by Larry Epp / Carried: That the Minutes of the 2017 annual general meeting be approved as presented.
3. Moved by Rod Wiens / Seconded by Tim Reimer / Carried: That the 2017 financial statements be received as presented
4. Moved by Ken Reddig / Seconded by Doreen Martens / Carried: That BDO be appointed auditors for 2018.
5. Moved by Linda Matties / Seconded by Doreen Martens / Carried that the Directors be appointed by acclamation.
6. Other business:
  - It was suggested that if an audit is not required by some law or bylaw, that a financial review be conducted instead
  - It was suggested that the 2019 AGM possibly be held at noon.
7. For information:

The 2019 AGM will be held at Steinbach Historical Museum, Steinbach, Manitoba on Saturday, April 6, 2019.

Adjourned at 4:10 PM

## 2018 Chairperson's Report

This has been a good year for *Canadian Mennonite*. Thank you to all the staff and writers for their excellent work in producing a well-written magazine both on paper and digitally that continues to report on the life and ministries of the Mennonite Church across Canada.

Thank you to Ginny Hostetler and Tobi Thiessen for their respective roles of Executive Editor and Publisher as *Canadian Mennonite* continues to have these positions being held by two persons. This model is working well and I want to express appreciation for both of them and their diligence and hard work. I also want to give a special thank you to David Rogalsky who ended his term as Mennonite Church Eastern Canada correspondent after twelve years of doing a very good job of reporting and writing about the church and its work.

We are grateful to the many donors who continue to support CM as well as the Canadian Periodical Fund grant that the magazine received again this year. With a larger grant than budgeted for and the ongoing support of readers and the Covenant partners CM was again able to end the year with a small surplus. It is encouraging when people show their support for this work by their financial contributions. And thanks as well to the work of staff for continuing to generate funds through advertising revenue and the support of those organizations and agencies that use CM to promote their work. And finally thanks to all the staff for also being diligent in monitoring spending in order to stay within budget.

The world of print media - magazines and newspapers - continues to be a challenging place as social media and digital formats are becoming much more accessible and favoured over traditional hard copy print. To respond to these changing times staff has worked at retooling and redesigning the print version of the magazine, which came into effect in January 2019. This is happening alongside of work to enhance the online magazine and to post articles both online as well as have them in the print version of the magazine. Also with a desire to increase its online presence through social media CM has hired an Online Media Manager who also began in January 2019.

From a reader survey that was done a couple of years ago CM recognizes that many of our readers are older and appreciate the paper magazine so the digital format and social media will not replace the paper magazine but will enhance it and provide more timely responses to news and activities in the church.

The restructuring of Mennonite Church Canada and the increased role of the Regional Churches continues to work itself out. Part of this is also the question of the best ways to communicate well across the country and in the various regions. The role of CM in the communication strategy for our national and regional churches continues to be an important component and we are thankful for the affirmation of the work of CM through this transition time and look forward to a new model and covenant to be developed over the next year.

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 *Canadian Mennonite*. We have excellent staff and a vision for strengthening and supporting the church in its various forms and ministries across the country and so I look forward to what the future will bring.

—Henry Krause  
Langley, B.C.

## 2018 Publisher's Report

### We are still in flux

*The church was changing. It was a period of flux, with the old trying to maintain the status quo and the new looking for change to meet the needs of the time.... To speak to the young people, to speak prophetically to the issues of the day, was urgent.*

– founder Ted Friesen, reflecting on the start of *The Canadian Mennonite*, 65 years ago

In the 21<sup>st</sup> century, the church seems to be in even more flux than in the 1960s when *The Canadian Mennonite* was established, so Ted Friesen's words remain as appropriate today as they were then: our community's needs continue to change and we still need to connect with multiple generations and to speak prophetically.

In addition to the approximately 10,000 households that subscribe to the biweekly magazine today, *Canadian Mennonite* has seen a 50 percent increase in the electronic readership of the magazine, and an 87 percent increase in traffic on our website over the past two years. Just as Mennonites gather together on a Sunday morning to worship, our community also gathers online and through print to share, discuss, debate, and to build connections.

The mission of *Canadian Mennonite* is to educate, inspire, inform and foster dialogue on issues facing Mennonites in Canada. This happens in print and online. In addition to articles written by staff about activities and people in our churches, CM carries the voices of church leaders and gives space to issues discussed at the nationwide church level. There is a stable of columnists whose opinions are featured regularly. Readers across the country respond to what they see, by posting comments on our website or sending in letters to print in the Reader's Write section. Other people submit longer viewpoint pieces, or essays, for us to consider as the feature article in any given issue.

We are deeply grateful for the Every Home Plan that, since 1997, has allowed anyone who attends a Mennonite Church congregation to subscribe to the magazine. These days, a subscription can be print or digital. A print subscription means the magazine is mailed to individual homes. A digital subscription means a replica of the print magazine is emailed to the subscriber. Because a print copy goes to a physical address where there could be more than one reader, we allow a digital subscription to include up to two email addresses.

On the website, some stories get posted that are never published in print because they are time sensitive or because of space restrictions in print. Similarly, a portion of the print magazine is not posted to the website until 60 days after publication, in order to retain value in the subscribed product.

### Who is reading *Canadian Mennonite*?

In 2018, paid circulation (print and digital subscriptions to the magazine) fell 6 percent to 10,347 subscriptions. Of these, 664 subscribers are "digital-only" which means they do not receive a print copy. The other 9,683 households get a print copy mailed to them. Since a residential address may include more than one reader of the magazine, any print subscriber may add up to two email addresses to get a digital copy as well.

In total, there were 970 people on the email distribution list, up from 845 at the end of 2017. The average open rate for the digital delivery email was 56 percent, which shows strong interest. By way of comparison, a marketing email from a company is only expected to get a 20 percent open rate.

CM web traffic had increased dramatically in 2017 and was stable throughout 2018, posting a small increase of 2 per cent over the year (144,680 users on the site in 2018, compared to 141,400 in 2017). On a weekly basis, this means approximately 3,000 people visited the CM website per week, compared to 2950 per week in 2017. Seventy-three per cent of web sessions came from Canadians and 16 per cent from people in the U.S. The remainder came from all over the world.

With the hiring of a full-time Online Media Manager in January 2019, the pace of increase in online traffic has picked up once again.

The free e-newsletter *CM Now* that we send out biweekly had 443 subscribers at year end, up from 296 in 2017. *CM Now* is a way to offer regular access to online content, as people don't necessarily check the website for new stories. The open rate for *CM Now* averaged over 60 percent—again, showing strong engagement by readers.

In general, *Canadian Mennonite* readers are spread across Canada in way that matches the distribution of Mennonite Church Canada membership. In print, CM has relatively fewer readers in B.C. than in the other regions (B.C. represents 5% of subscribers but 10% of MC Canada members), yet the B.C. readers make up 13% of our web audience.

The following table gives an overview of the Canadian audience for CM material.

|                 | % of members in MC Canada* | % of CM subscribers | % of CM letter writers | % of CM website visitors | # of CM subscribers (print or digital) | # of Canadian web visitors |
|-----------------|----------------------------|---------------------|------------------------|--------------------------|--|----------------------------|
| BC              | 10%                        | 5%                  | 11%                    | 13%                      | 599                                    | 13,086                     |
| Alberta         | 4%                         | 6%                  | 9%                     | 14%                      | 642                                    | 13,963                     |
| Saskatchewan    | 9%                         | 11%                 | 14%                    | 6%                       | 1,028                                  | 6,154                      |
| Manitoba        | 27%                        | 29%                 | 24%                    | 15%                      | 2,962                                  | 14,362                     |
| Ontario         | 49%                        | 49%                 | 40%                    | 45%                      | 4,990                                  | 43,986                     |
| Quebec          | <1%                        | <1%                 | 1%                     | 4%                       | 73                                     | 3,918                      |
| Nova Scotia     |                            |                     |                        | 1%                       |  | 1,337                      |
| New Brunswick   | <1%                        | <1%                 |                        | <1%                      | 14                                     | 689                        |
| Nfld & Labrador |                            |                     |                        | <1%                      | 2                                      | 374                        |
| PEI             |                            |                     |                        | <1%                      |  | 248                        |
| Canada          | 100%                       |                     |                        |                          | 10,347                                 | 98,333                     |

\* based on April 2017 MC Canada data

According to our 2015 print reader survey, 84 per cent of CM magazine readers are over 55 years of age. However, CM online readers are evenly spread out through all ages, so we remain confident that the declining trend in print readership is not a function of magazine content. It is the nature of the vehicle.

## Telling the stories of our churches across the country

*Canadian Mennonite* regional correspondents bring stories from each region to the attention of the national body. They write about congregations and individuals, activities of the regional church body, plus stories about camps, schools and other ministries. Correspondents also contribute one longer-length feature article per year.

**Eastern Canada correspondent Dave Rogalsky** retired in August 2018, having brought Mennonite Church Eastern Canada (MCEC) stories to the rest of the country for 12 years. In 2018, Dave published 52 articles and photos, such as “We need the peace theology” about the Lao Canadian Evangelical Mennonite Church in Toronto.

Because the geographic area of MCEC is so large and because there are many more congregations in MCEC than in the other regions across Canada, it is difficult for one correspondent to cover the whole region. Therefore, **in the autumn of 2018, CM contracted with freelance writers to send us stories from three distinct clusters** within MCEC: the Greater Toronto Area; Niagara area and Leamington area. The new Eastern Canada correspondent, Janet Bauman, began in January 2019.

**Manitoba correspondent Nicolien Klassen Wiebe** brought Mennonite Church Manitoba (MCM) stories to national attention with 31 articles and photos, such as “Paying attention to the invisible” about the Charleswood Mennonite Church women who lead a Bible study at a prison. Nicolien took a 10-week unpaid leave during the fall, during which time she was replaced by Gladys Terichow.

**Saskatchewan correspondent Donna Schulz** published 44 articles and photos from her area of the country, such as “Still the same inside” about a nursing home resident helping others.

**Alberta correspondent Donita Wiebe-Neufeld** has been writing for CM since 2000 and will leave CM at the end of March 2019. In 2018, Donita published 31 articles and photos from Mennonite Church Alberta (MCA), such her feature article “Dying well: End-of-life planning for congregations”.

**British Columbia correspondent Amy Dueckman** brought forward stories from Mennonite Church BC. In 2018, she published 40 articles and photos, such as “A neighbour to all who come” about the missional activities of urban churches like Peace Church on 52nd and Chinatown Peace Church.

**Senior Writer Will Braun** wrote 20 articles on a variety of topics of broad, national interest, such as “Evangelical social justice” or “Farmers, thinkers, eaters: Mennonites in agricultural research learn from plots, buffalo and theologians”. As well as writing, Will launched a series of short video rants for the website called “Once around the barn”.

**Young Voices editor Aaron Epp** wrote 34 stories, usually related to the activities of younger adults in the church, such as “An openness to learning is the first step” and “Viral theology”.

Mennonite Church Canada congregations and related organizations are welcome to promote their events in the *Canadian Mennonite* Calendar, which appears in the print magazine and on the website. To submit an event, go to [www.canadianmennonite.org](http://www.canadianmennonite.org) and click on Events. As well, *Canadian Mennonite* welcomes notices from church administrators about births, adoptions, baptisms, marriages and deaths, for publishing in the Milestones section. Our sense of being a nationwide community grows when we share with one another the important events that take place in our congregations.

## Balancing geography and topics

In 2018, *Canadian Mennonite* published 23 print issues, either 32 or 40 pages in length. These issues included 833 articles. Another 77 articles appeared only online.

In selecting content, CM ensures there are stories from each part of the country in every issue. CM tries to keep the overall geographic distribution of stories in balance with the distribution of church membership across the country. With Eastern Canada representing 49% of Mennonite Church Canada members, it would be overwhelming if half of CM stories came from Ontario. Therefore, the smaller regions get proportionately more attention than their size alone might warrant.

As well as articles from CM correspondents, freelance writers and volunteers, CM published 120 press releases from Mennonite institutions. (see box middle, right).

In years prior, Mennonite Church Canada regularly sent press releases. However, in the new denominational structure, communications are coming through the regional communicators and CM is still working on how to best cover stories that are national in scope.

It should be noted that CM does not publish all press releases it receives, nor do we necessarily publish a release in its entirety. Sometimes a release might be used as the basis for a story that CM will assign to staff. Other times, a release might be edited for length. Some are printed; some appear only online. Releases are chosen based on editorial merit, relevance to the readership and subject to space availability.

There were 77 letters published in the Readers Write section, with greatest attention focused on oil pipelines and the arrest of Steve Heinrichs (see box, bottom right). Online, CM approved 212 comments. Both print letters and online comments may be edited for length, style and clarity. Our discussion guidelines require people to use their full names. Letters should address issues rather than individuals. Personal attacks are not accepted.

## 2018 geographic distribution of articles

|                  | No. articles | % of articles | % of members in MC Canada* |
|------------------|--------------|---------------|----------------------------|
| BC               | 70           | 11%           | 10%                        |
| Alberta          | 58           | 9%            | 4%                         |
| Saskatchewan     | 81           | 13%           | 9%                         |
| Manitoba         | 158          | 25%           | 27%                        |
| Eastern Canada   | 227          | 36%           | 49%                        |
| National focus   | 43           | 1%            |                            |
| <b>Canada</b>    | <b>637</b>   |               | <b>100%</b>                |
| Other countries  |              |               |                            |
| United States    | 36           |               |                            |
| Kenya            | 5            |               |                            |
| Ethiopia         | 5            |               |                            |
| Bolivia          | 5            |               |                            |
| Israel/Palestine | 4            |               |                            |

| Institutional releases published in CM in 2018 | No. items |
|--|-----------|
| Mennonite World Conference                     | 26        |
| Mennonite Central Committee                    | 20        |
| Mennonite Church Canada                        | 7         |
| Conrad Grebel Univ. College                    | 15        |
| MennoMedia                                     | 12        |
| AMBS   | 11        |
| Canada Foodgrains Bank                         | 9         |
| Canadian Mennonite Univ.                       | 7         |

| Readers Write subjects  | No. letters |
|-------------------------|-------------|
| Steve Heinrichs arrest  | 9           |
| Pipeline                | 8           |
| Israel/Palestine        | 8           |
| Maple View MC           | 7           |
| Suicide                 | 5           |
| LGBTQ                   | 5           |
| Sexual abuse            | 4           |
| Biblical interpretation | 4           |
| Canadian Mennonite      | 2           |
| MC Canada               | 1           |

## Financial growth

Revenue grew \$28,000 in 2018 to \$768,978 against expenses of \$744,570, giving CMPS a surplus of \$24,800. Overall cash balances grew by \$33,000.

### Revenue

Subscription revenue held steady compared to 2017, accounting for \$255,700 of total revenue. The federal Canada Periodical Fund grant was \$8,000 higher than in 2017, representing another \$255,150 of revenue. Advertising revenue increased \$5,000 to \$131,000, while donations also increased by \$16,000 to \$126,000.

### Expenses

In total, CM's expenses in 2018 were \$744,105 compared to \$739,425 a year earlier.

Human resource costs (writers, editors, graphic design, advertising and administration) account for 57% of annual expenses. At \$427,500 for all employee-related costs, the amount was similar to the total in 2017, though it included a 1.8 per cent cost of living adjustment.

Postage and printing costs have been trending down for several years as the number of print subscriptions declines. As well, CM moved from printing 24 issues per year, to 23 per year in 2017. In 2018, printing and postage for 23 print issues cost \$223,300 compared to \$229,300 a year prior. The reduction in printing and postage expense is offset by the cost of website development and management. Website development cost in 2018 was \$5,000, following a \$4,000 investment in 2017. Website development is now an annual expense, as opposed to being considered a one-time project cost.

The largest increase in expenses in 2018 over 2017 was from the fundraising expense of two direct mail letter campaigns to all subscribers. In earlier years, fundraising letters were sent only to previous donors. In 2017, we sent one of the two fundraising letters to all subscribers. In 2018, we sent both spring and fall fundraising letters to all subscribers. Therefore, fundraising in 2018 cost \$23,000 compared to only \$13,000 in 2017. These campaigns raised \$16,000 in additional donations over the period, making the additional \$10,000 in expenses worth it.

CM has had two annual fundraising letters since 1998, but in the current publishing environment, subscription revenue, advertising revenue and the federal grant are insufficient to cover expenses. CM views fundraising as a valuable way to generate engagement with readers. Donors send us much-needed donations, and also their comments on the magazine. This kind of feedback is very valuable as we seek to cover stories that meet the needs of the church across the country.

### **Facilities and Equipment**

CMPS owns its unit at 490 Dutton Drive. The facility is aging but adequate. Annual condominium fees of \$5600 cover snow removal and exterior maintenance. CMPS is responsible for interior maintenance, including heating, cooling and plumbing. The 20-year old furnace may need replacing in the near future and the Capital Fund has \$10,000 designated for that purpose.

Computer equipment and some proprietary software is owned by CMPS, with maintenance provided by PeaceWorks. No new computers were purchased in 2018. The office photocopier is scheduled to be replaced in 2019 (\$5000).

—Tobi Thiessen, Publisher

## Canadian Mennonite Publishing Service

### Board of Directors as of Dec. 31, 2018

| Representing  | Term                     |
|---|--------------------------|
| <b>Canadian Mennonite Publishing Service</b>        |                          |
| • Lois Epp, Calgary, AB                             | 2015 - 2018, first term  |
| • Bryce Miller, Winnipeg, MB                        | 2015 - 2018, first term  |
| vacant  | 2016 - 2019, first term  |
| <b>Mennonite Church Canada</b>                      |                          |
| Elmer Hildebrand, Winnipeg, MB                      | 2016 - 2019, first term  |
| • Henry Krause, Langley, BC                         | 2017 - 2020, second term |
| Doreen Martens, Oakville, ON                        | 2016 - 2019, third term  |
| Rod Wiens, Herschel, SK                             | 2015 - 2018, first term  |
| <b>Mennonite Church British Columbia</b>            |                          |
| Annika Krause, Sherbrooke, BC                       | 2018 - 2021, first term  |
| <b>Mennonite Church Alberta</b>                     |                          |
| Art Koop, Calgary, AB                               | 2017 - 2020, first term  |
| <b>Mennonite Church Saskatchewan</b>                |                          |
| • Larry Epp, Rosthern, SK                           | 2016 - 2019, first term  |
| <b>Mennonite Church Manitoba</b>                    |                          |
| Ken Reddig, Pinawa, MB                              | 2017 - 2020, second term |
| <b>Mennonite Church Eastern Canada</b>              |                          |
| Sylvia Hook, Kitchener, ON                          | 2018 - 2021, first term  |
| • <i>indicates Executive Committee of the Board</i> |                          |

### Staff as of Dec. 31, 2018

| Head office                                   | Started | Time       |
|---|---------|------------|
| Betty Avery, Graphic Designer                 | 2017    | 50%        |
| Barb Draper, Editorial Assistant              | 2001    | 50%        |
| Michael Hostetler, Advertising Representative | 2013    | 40%        |
| Virginia Hostetler, Executive Editor          | 2017    | 100%       |
| Lisa Jacky, Circulation/Finance               | 2005    | 100%       |
| Ross W. Muir, Managing Editor                 | 2005    | 100%       |
| Tobi Thiessen, Publisher                      | 2017    | 50%        |
| <b>Regional Correspondents/editors</b>        |         |            |
| B.C. Amy Dueckman, Abbotsford                 | 2005    | 20%        |
| Alberta: Donita Wiebe-Neufeld, Edmonton       | 2000    | 20%        |
| Saskatchewan: Donna Schulz, Rosthern          | 2014    | 20%        |
| Manitoba: Nicolien Klassen-Wiebe, Winnipeg    | 2016    | 20%        |
| Eastern Canada: David Rogalsky, Kitchener     | 2006    | 30%        |
| Senior Writer: Will Braun, Winnipeg           | 2011    | 40%        |
| Young Voices Editor: Aaron Epp, Winnipeg      | 2013    | <u>40%</u> |

6.8FTE

**Canadian Mennonite Publishing  
Service  
Financial Statements  
For the year ended December 31, 2018**

---

**Contents**

|  |        |
|--|--------|
| <b>Independent Auditor's Report</b>                            | 1-2    |
| <b>Financial Statements</b>                                    |        |
| Statement of Financial Position                                | 3      |
| Statement of Revenue and Expenses and Changes in Fund Balances | 4      |
| Statement of Cash Flows  | 5      |
| Notes to Financial Statements                                  | 6 - 11 |
| Schedule 1 - Expenses  | 12     |



Tel: 519-576-5220  
Fax: 519-576-5471  
Toll-Free: 888-236-5482  
www.bdo.ca

BDO Canada LLP  
The Bauer Building  
150 Caroline Street S, Suite 201  
Waterloo ON N2L 0A5 Canada

---

## Independent Auditor's Report

---

### To the Members of Canadian Mennonite Publishing Service

#### Opinion

We have audited the financial statements of Canadian Mennonite Publishing Service, which comprise the statement of financial position as at December 31, 2018, 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 Canadian Mennonite Publishing Service as at December 31, 2018, 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 Canadian Mennonite Publishing Service 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 Canadian Mennonite Publishing Service 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 Canadian Mennonite Publishing Service or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Canadian Mennonite Publishing Service 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 Canadian Mennonite Publishing Service 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 Canadian Mennonite Publishing Service 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 Canadian Mennonite Publishing Service 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario  
March 20, 2019

**Canadian Mennonite Publishing Service  
Statement of Financial Position**

| December 31                                       | 2018         | 2017               |                               |              |            |            |
|---|--------------|--------------------|-------------------------------|--------------|------------|------------|
|   | General Fund | Stabilization Fund | Professional Development Fund | Capital Fund | Total      | Total      |
| <b>Assets</b>                                     |              |                    |                               |              |            |            |
| <b>Current</b>                                    |              |                    |                               |              |            |            |
| Cash (Note 2)                                     | \$ 200,648   | \$ 79,939          | \$ 31,851                     | \$ 12,694    | \$ 325,132 | \$ 389,305 |
| Short-term investments (Note 3)                   | -            | 109,529            | -                             | -            | 109,529    | 9,813      |
| Accounts receivable                               | 15,015       | -                  | -                             | -            | 15,015     | 6,355      |
| Prepaid expenses                                  | 1,283        | -                  | -                             | -            | 1,283      | 1,649      |
|   | 216,946      | 189,468            | 31,851                        | 12,694       | 450,959    | 407,122    |
| <b>Tangible capital assets (Note 4)</b>           | 71,758       | -                  | -                             | -            | 71,758     | 79,804     |
|   | \$ 288,704   | \$ 189,468         | \$ 31,851                     | \$ 12,694    | \$ 522,717 | \$ 486,926 |
| <b>Liabilities and Fund Balances</b>              |              |                    |                               |              |            |            |
| <b>Current</b>                                    |              |                    |                               |              |            |            |
| Accounts payable and accrued liabilities (Note 5) | \$ 15,445    | \$ -               | \$ -                          | \$ -         | \$ 15,445  | \$ 15,043  |
| Deferred contributions (Note 6)                   | 63,947       | -                  | -                             | -            | 63,947     | 63,304     |
| Deferred revenue                                  | 38,754       | -                  | -                             | -            | 38,754     | 28,882     |
| Interfund payables (receivables) (Note 7)         | (5,890)      | 4,974              | 654                           | 262          | -          | -          |
|   | 112,256      | 4,974              | 654                           | 262          | 118,146    | 107,229    |
| <b>Fund balances</b>                              |              |                    |                               |              |            |            |
| Internally restricted                             | 71,758       | 184,494            | 31,197                        | 12,432       | 299,881    | 308,948    |
| Unrestricted                                      | 104,690      | -                  | -                             | -            | 104,690    | 70,749     |
|   | 176,448      | 184,494            | 31,197                        | 12,432       | 404,571    | 379,697    |
|   | \$ 288,704   | \$ 189,468         | \$ 31,851                     | \$ 12,694    | \$ 522,717 | \$ 486,926 |

On behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

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

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

For the year ended December 31 2018 2017

|   | Budget<br>(unaudited) | General Fund | Stabilization<br>Fund | Professional<br>Development<br>Fund | Capital Fund | Total      |
|---|-----------------------|--------------|-----------------------|-------------------------------------|--------------|------------|
| <b>Revenue</b>  |                       |              |                       |                                     |              |            |
| Individual & group subscriptions                          | \$ 255,671            | \$ 254,880   | \$ -                  | \$ -                                | \$ -         | \$ 254,880 |
| Advertising and supplements                               | 130,000               | 131,235      | -                     | -                                   | -            | 131,235    |
| Grants (Note 8)   | 240,000               | 255,149      | -                     | -                                   | -            | 255,149    |
| Donations - Individual                                    | 115,000               | 125,899      | -                     | -                                   | -            | 125,899    |
| Donations - Publishing partners                           | 1,500                 | 1,750        | -                     | -                                   | -            | 1,750      |
| Interest  | 1,000                 | 1,621        | 1,941                 | 341                                 | 137          | 4,040      |
| Unrealized gain (loss) on investments                     | -                     | -            | (898)                 | -                                   | -            | (898)      |
| Other   | -                     | (3,077)      | -                     | -                                   | -            | (3,077)    |
|   | 743,171               | 767,457      | 1,043                 | 341                                 | 137          | 768,978    |
| <b>Expenses (Schedule 1)</b>                              | 758,600               | 744,104      | -                     | -                                   | -            | 744,104    |
| <b>Surplus (deficit) for the year</b>                     | (15,429)              | 23,353       | 1,043                 | 341                                 | 137          | 24,874     |
| Fund balances, beginning of year                          | 150,553               | 150,553      | 185,392               | 31,197                              | 12,555       | 379,697    |
| Transfer (from) to Professional Development Fund (Note 9) | -                     | 341          | -                     | (341)                               | -            | -          |
| Transfer (from) to Stabilization Fund (Note 9)            | -                     | 1,941        | (1,941)               | -                                   | -            | -          |
| Transfer (from) to Capital Fund (Note 9)                  | -                     | 260          | -                     | -                                   | (260)        | -          |
| Fund balances, end of year                                | \$ 135,124            | \$ 176,448   | \$ 184,494            | \$ 31,197                           | \$ 12,432    | \$ 404,571 |
|   |                       |              |                       |                                     |              | \$ 379,697 |

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

---

## Canadian Mennonite Publishing Service Statement of Cash Flows

| For the year ended December 31                      | 2018              | 2017              |
|---|-------------------|-------------------|
| <b>Cash flows from operating activities</b>         |                   |                   |
| Surplus for the year                                | \$ 24,874         | \$ 3,307          |
| Items not involving cash                            |                   |                   |
| Amortization of tangible capital assets             | 8,046             | 9,333             |
| Unrealized (gain) loss on short term investment     | 898               | (785)             |
|   | 33,818            | 11,855            |
| Changes in non-cash working capital balances        |                   |                   |
| Accounts receivable                                 | (8,660)           | 3,435             |
| Prepaid expenses                                    | 366               | 105               |
| Accounts payable and accrued liabilities<br>(5,116) | 402               |                   |
| Deferred contributions                              | 643               | 6,099             |
| Deferred revenue                                    | 9,872             | 2,187             |
|   | 36,441            | 18,565            |
| <b>Cash flows from investing activities</b>         |                   |                   |
| Purchase of tangible capital assets                 | -                 | (850)             |
| Purchase of GIC investments                         | (100,614)         | -                 |
|   | (64,173)          | 17,715            |
| <b>Increase (decrease) in cash during the year</b>  | <b>(64,173)</b>   | <b>17,715</b>     |
| <b>Cash, beginning of year</b>                      | <b>389,305</b>    | <b>371,590</b>    |
| <b>Cash, end of year</b>                            | <b>\$ 325,132</b> | <b>\$ 389,305</b> |

---

# Canadian Mennonite Publishing Service Notes to Financial Statements

December 31, 2018

---

## 1. Summary of Significant Accounting Policies

**Nature of Business** Canadian Mennonite Publishing Service ("the organization") 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.

**Basis of Accounting** The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).

**Fund Accounting** The organization 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.

**Tangible Capital Assets** Tangible capital assets are stated at cost. Amortization based on the estimated useful life of the asset is calculated as follows:

|                    |                               |
|--------------------|-------------------------------|
| 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  |

One half of the normal amortization is provided in the year of acquisition and no amortization is provided in the year of disposal.

---

## Canadian Mennonite Publishing Service Notes to Financial Statements

December 31, 2018

---

### 1. Summary of Significant Accounting Policies (continued)

#### Income Taxes

The organization is a registered charity and therefore is not subject to income taxes.

#### Revenue Recognition

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

Periodical advertising revenue is recorded upon release of the periodical to subscribers. Amounts are recorded as revenue of the General Fund. 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.

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, 2018**

---

### 1. Summary of Significant Accounting Policies (continued)

**Contributed Services  
and Materials**

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.

**Financial Instruments**

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.

---

### 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

|                        | <u>2018</u>       | <u>2017</u>     |
|------------------------|-------------------|-----------------|
| Short-term investments | \$ 8,915          | \$ 9,813        |
| GIC Investment         | <u>100,614</u>    | <u>-</u>        |
| Balance, end of year   | <u>\$ 109,529</u> | <u>\$ 9,813</u> |

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

The guaranteed investment earns interest at 1.65% per annum, maturing on January 15, 2019.

---

**Canadian Mennonite Publishing Service  
Notes to Financial Statements**

**December 31, 2018**

---

**4. Tangible Capital Assets**

|                    | 2018              |                             | 2017              |                             |
|--------------------|-------------------|-----------------------------|-------------------|-----------------------------|
|                    | Cost              | Accumulated<br>Amortization | Cost              | Accumulated<br>Amortization |
| Land               | \$ 18,530         | \$ -                        | \$ 18,530         | \$ -                        |
| Building           | 166,771           | 114,518                     | 166,771           | 107,847                     |
| Computer equipment | 26,908            | 26,105                      | 26,908            | 24,989                      |
| Computer software  | 5,489             | 5,488                       | 5,489             | 5,488                       |
| Office equipment   | 22,284            | 22,113                      | 22,284            | 21,854                      |
|                    | <b>\$ 239,982</b> | <b>\$ 168,224</b>           | <b>\$ 239,982</b> | <b>\$ 160,178</b>           |
| Net book value     |                   | <b>\$ 71,758</b>            |                   | <b>\$ 79,804</b>            |

---

**5. Accounts Payable and Accrued Liabilities**

Government remittances payable at the year end totaled \$4,053 (2017 - \$5,229).

---

**6. Deferred Contributions**

|                            | 2018             | 2017             |
|----------------------------|------------------|------------------|
| Balance, beginning of year | \$ 63,304        | \$ 57,205        |
| Contributions received     | 255,792          | 253,218          |
| Amortized into revenue     | (255,149)        | (247,119)        |
| Balance, end of year       | <b>\$ 63,947</b> | <b>\$ 63,304</b> |

---

**7. Interfund Payables (Receivables)**

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

---

---

## Canadian Mennonite Publishing Service Notes to Financial Statements

December 31, 2018

---

### 8. Government Assistance and Economic Dependence

The organization receives funding from government ministries. During the year, the organization received \$255,792 as a grant under the Canada Periodical Fund. Of this amount, \$255,149 was recognized as revenue in the year. The organization is economically dependent on this funding to continue its operations.

---

### 9. Interfund Transfers

Investment income earned in the Stabilization Fund of \$1,941, Professional Development Fund of \$341 and Capital Fund of \$137 were transferred to the General Fund. A transfer of \$123 from the Capital Fund to the General Fund was made to purchase a new docking station.

---

### 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, 2018 was \$20,402 (2017 - \$18,402) and interest earned during the year amounted to \$302 (2017 - \$275).

---

---

## Canadian Mennonite Publishing Service Notes to Financial Statements

December 31, 2018

---

### 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.

#### Equity Risk

The organization is exposed to fluctuations in equity markets on its short-term investments.

#### 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. The organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable from organizations that operate in the same industry. The organization provides credit to its clients in the normal course of its operations.

The above risks are unchanged from the prior year.

## Canadian Mennonite Publishing Service Schedule 1 - Expenses

For the year ended December 31

2018      2017

|                            | Budget<br>(unaudited) | 2018            |                       |                                     | 2017         |            |            |
|----------------------------|-----------------------|-----------------|-----------------------|-------------------------------------|--------------|------------|------------|
|                            |                       | General<br>Fund | Stabilization<br>Fund | Professional<br>Development<br>Fund | Capital Fund | Total      | Total      |
| Head office - salaries     | \$ 285,000            | \$ 276,890      | \$ -                  | \$ -                                | \$ -         | \$ 276,890 | \$ 257,451 |
| Postage                    | 152,000               | 147,028         | -                     | -                                   | -            | 147,028    | 152,007    |
| Regional correspondents    | 97,000                | 93,522          | -                     | -                                   | -            | 93,522     | 96,988     |
| Printing and production    | 84,000                | 76,290          | -                     | -                                   | -            | 76,290     | 77,266     |
| Head office - benefits     | 44,000                | 44,189          | -                     | -                                   | -            | 44,189     | 45,680     |
| Fundraising                | 12,000                | 22,894          | -                     | -                                   | -            | 22,894     | 12,935     |
| Facility costs             | 13,000                | 13,450          | -                     | -                                   | -            | 13,450     | 12,652     |
| Professional fees          | 11,000                | 11,121          | -                     | -                                   | -            | 11,121     | 10,357     |
| Staff travel               | 8,000                 | 11,019          | -                     | -                                   | -            | 11,019     | 7,917      |
| Board travel and insurance | 14,500                | 10,454          | -                     | -                                   | -            | 10,454     | 10,616     |
| Amortization               | 8,000                 | 8,046           | -                     | -                                   | -            | 8,046      | 9,333      |
| Office                     | 11,000                | 6,994           | -                     | -                                   | -            | 6,994      | 7,474      |
| News service               | 6,500                 | 6,366           | -                     | -                                   | -            | 6,366      | 4,686      |
| Special projects           | 5,000                 | 5,013           | -                     | -                                   | -            | 5,013      | 4,182      |
| Equipment maintenance      | 5,500                 | 3,710           | -                     | -                                   | -            | 3,710      | 7,461      |
| Telephone                  | -                     | 2,999           | -                     | -                                   | -            | 2,999      | 2,109      |
| Insurance                  | 2,100                 | 1,956           | -                     | -                                   | -            | 1,956      | 2,077      |
| Advertising representative | -                     | 1,860           | -                     | -                                   | -            | 1,860      | 18,234     |
| Promotion                  | -                     | 300             | -                     | -                                   | -            | 300        | -          |
| Bad debt                   | -                     | 3               | -                     | -                                   | -            | 3          | -          |
|                            | \$ 758,600            | \$ 744,104      | \$ -                  | \$ -                                | \$ -         | \$ 744,104 | \$ 739,425 |

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