Canadian Mennonite Publishing Service

Financial Statements

For the year ended December 31, 2023

Contents

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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, 2023, 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, 2023, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
May 8, 2024

Canadian Mennonite Publishing Service
Statement of Financial Position

December 31	General Fund	Stabilization Fund	Professional Development Fund	Capital Fund	2023 Total	2022 Total
Assets						
Current						
Cash (Note 2)	$ 91,746	$ 67,974	$ 32,621	$ 17,749	$ 210,090	$ 225,084
Short-term investments (Note 3)	88,975	125,382	-	-	214,357	211,762
Accounts receivable	30,749	-	-	-	30,749	33,277
Prepaid expenses	12,994	-	-	-	12,994	1,798
	224,464	193,356	32,621	17,749	468,190	471,921
Tangible capital assets**, net** (Note 4)	45,807	-	-	-	45,807	52,740
	$ 270,271	$ 193,356	$ 32,621	$ 17,749	$ 513,997	$ 524,661
Liabilities and Fund Balances						
Current						
Accounts payable and accrued liabilities	$ 43,969	$ -	$ -	$ -	$ 43,969	$ 37,154
Deferred grant revenue (Note 5)	52,553	-	-	-	52,553	54,502
Other deferred revenue	19,690	-	-	-	19,690	23,366
Interfund payables (receivables) (Note 6)	-	(7,447)	7,447	-	-	-
	116,212	(7,447)	7,447	-	116,212	115,022
Fund balances						
Internally restricted	-	200,803	25,174	17,749	243,726	247,019
Unrestricted	108,252	-	-	-	108,252	109,880
Restricted for tangible capital assets	45,807	-	-	-	45,807	52,740
	154,059	200,803	25,174	17,749	397,785	409,639
	$ 270,271	$ 193,356	$ 32,621	$ 17,749	$ 513,997	$ 524,661

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						2023	2022
	Budget	General Fund	Stabilization Fund	Professional Development Fund	Capital Fund	Total	Total
	(unaudited)						
Revenue							
Individual and group subscriptions	$ 256,000	$ 258,259	$ -	$ -	$ -	$ 258,259	$ 252,853
Advertising and supplements	115,000	93,514	-	-	-	93,514	108,011
Grants (Note 7)	250,000	212,161	-	-	-	212,161	230,060
Donations	160,000	182,209	-	-	-	182,209	173,015
Interest	6,000	6,690	1,704	703	394	9,491	3,796
Unrealized gain (loss) on investments	-	-	1,066	-	-	1,066	(976)
	787,000	752,833	2,770	703	394	756,700	766,759
Expenses (Schedule 1)	806,900	768,554	-	-	-	768,554	767,874
Surplus (deficit) for the year	(19,900)	(15,721)	2,770	703	394	(11,854)	(1,115)
Fund balances, beginning of year	-	162,620	201,523	31,196	14,300	409,639	410,754
Inter fund transfers (Note 8)	-	7,160	(3,490)	(6,725)	3,055	-	-
Fund balances, end of year	$ -	$ 154,059	$ 200,803	$ 25,174	$ 17,749	$ 397,785	$ 409,639

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		2023		2022
Cash flows from operating activities				
Deficit for the year	$	(11,854)	$	(1,115)
Items not involving cash				
Amortization of tangible capital assets		9,534		8,875
Unrealized (gain) loss on short term investment		(1,066)		976
		(3,386)		8,736
Changes in non-cash working capital balances				
Accounts receivable		2,528		(2,861)
Prepaid expenses		(11,196)		762
Accounts payable and accrued liabilities		6,815		13,952
Deferred grant revenue		(1,949)		(7,850)
Other deferred revenue		(3,676)		(1,760)
		(10,864)		10,979
Cash flows from investing activities				
Purchase of tangible capital assets		(2,601)		(7,110)
Purchase of short term investments		(1,529)		(100,000)
		(4,130)		(107,110)
Decrease in cash during the year		(14,994)		(96,131)
Cash, beginning of year		225,084		321,215
Cash, end of year	$	210,090	$	225,084

December 31, 2023

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	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 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.
	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 board resolved to use the Professional Development Fund for the strategic planning process of the organization but has not made an official resolution to change the purpose of the fund.
	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.

December 31, 2023

1. Summary of Significant Accounting Policies (continued)

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.

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.

Income Taxes

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

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.

1. Summary of Significant Accounting Policies (continued)

Financial Instruments

Arm's length financial instruments are recorded at fair value at initial recognition.

Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. 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.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income. 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.

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.

Use of Estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates are involved with determining the useful lives of property, plant and equipment.

1. Summary of Significant Accounting Policies (continued)

Impairment of Long-lived Assets

In the event that facts and circumstances indicate that the long lived assets may be impaired, a test of recoverability would be performed.

Such a test entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to fair value is required.

For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group. An asset group is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.

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

	2023	2022
Short-term investments	$ 12,829	$ 11,762
GIC Investments	201,528	200,000
Balance, end of year	$ 214,357	$ 211,762

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

GIC investments consists of three investments with terms listed below:

1) A guaranteed investment certificate of $100,000 earning interest at 2.55% per annum, maturing on January 19, 2024.

2) A guaranteed investment certificate of $51,528 earning interest at 3.40% per annum, maturing on March 16, 2024.

3) A guaranteed investment certificate of $50,000 earning interest at 4.793% per annum, maturing on September 23, 2024.

Subsequent to year-end, the first two guaranteed investment certificates above were renewed under the following terms:

- $100,000 bearing interest at 2.550%, due May 18, 2024
- $50,000 bearing interest at 3.400%, due September 12, 2024

December 31, 2023

4. Tangible Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 18,530	$ -	$ 18,530	$ -
Building	171,092	148,687	171,092	141,844
Computer equipment	35,224	30,382	32,623	28,744
Computer software	5,489	5,488	5,489	5,488
Office equipment	27,255	27,226	27,255	26,173
	$ 257,590	$ 211,783	$ 254,989	$ 202,249
Net book value		$ 45,807		$ 52,740

5. Deferred Grant Revenue

	2023	2022
Balance, beginning of year	$ 54,502	$ 62,352
Grants received (Note 7)	210,212	218,010
Amortized into revenue (Note 7)	(212,161)	(225,860)
Balance, end of year	$ 52,553	$ 54,502

6. Interfund Payables (Receivables)

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

7. Government Assistance and Economic Dependence

The organization receives funding from the Federal government. During the year, the organization received $210,212 (2022 - $218,010) as a grant under the Canada Periodical Fund. Of this amount, $212,161 (2022 - $225,860) was recognized as revenue in the year. The organization is economically dependent on this funding to continue its operations.

8. Interfund Transfers

Investment income earned in the Stabilization Fund of $1,708, Professional Development Fund of $703 and Capital Fund of $394 were transferred to the General Fund.

The Board of Directors authorized the transfer of funds in the amount of $1,782 from the Stabilization Fund to the General Fund, $6,022 from the Professional Development Fund to the General Fund and $3,449 from the General Fund to the Capital Fund.

9. 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, 2023 was $21,876 (2022 - $21,876) and interest earned during the year amounted to $282 (2022 - $202).

10. 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.

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.

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.

December 31, 2023

10. 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.

These have not been any changes in the risks from the prior year.

Canadian Mennonite Publishing Service
Schedule 1 - Expenses

For the year ended December 31	Budget	2023	2022
	(unaudited)		
Head office - salaries	$ 339,000	$ 327,107	$ 320,746
Postage	122,000	119,969	123,550
Printing and production	70,000	83,440	73,513
Head office - benefits	58,000	53,545	56,758
Regional correspondents	64,000	47,283	71,708
Fundraising	28,000	26,620	28,708
Professional fees	21,000	25,362	19,251
Facility costs	16,000	15,937	15,627
News service	12,000	14,258	13,425
Special projects	30,000	13,452	-
Amortization	10,000	9,534	8,875
Office	11,000	7,710	9,017
Equipment maintenance	5,000	6,302	6,999
Staff travel	8,000	5,282	9,609
Board travel and insurance	6,000	4,411	1,199
Other	3,500	3,545	2,426
Insurance	2,400	2,487	2,364
Telephone	-	2,040	2,359
Promotion	1,000	270	1,740
	$ 806,900	$ 768,554	$ 767,874

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