

Canadian Mennonite Publishing Service

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Annual Report For the year 2017

Canadian Mennonite Publishing Service
47th Annual Meeting

Saturday, April 28, 2018, 4:00 p.m.
At Foothills Mennonite Church, Calgary, AB

1. Agenda for the 2018 Annual Meeting
2. Minutes of the 2017 Annual Meeting
3. Report from the Board Chair
4. Report from the Publisher
5. Auditor's Report
6. Audited Financial Statements
7. Board Member and Staff List

47th Annual Meeting of
CANADIAN MENNONITE PUBLISHING SERVICE

Saturday, April 28, 2018, 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 2017 annual meeting
 - b) Acceptance of 2017 financial statements
 - c) Appointment of auditor for 2018
 - d) Elections of CMPS directors
 - Lois Epp, Calgary, Alberta, 2018 - 2021, second term
 - Bryce Miller, Winnipeg, Manitoba, 2018 – 2021, second term
3. Other business and discussion
4. Adjournment

The CMPS 2017 Annual Report contains board, editorial and circulation reports as well as audited financial statements for 2017.

A fundraising concert for Canadian Mennonite Publishing Service follows at Cardel Theatre, Calgary, 7:00 pm.

CANADIAN MENNONITE PUBLISHING SERVICE
46th Annual Members Meeting
Minutes
April 22, 2017, 4:00 pm
First Mennonite Church
800 King Street East, Kitchener Ontario

Members present

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

MCBC: Linda Matties

MC Alberta: none

MC Saskatchewan: Larry Epp

MC Manitoba: Ken Reddig

MCEC: Tim Reimer

Individuals registered as members: Ron Rempel

Tobi Thiessen (staff), Virginia Hostetler (staff)

1. Henry Krause called the meeting to order
2. Moved by Doreen Martens / Seconded by Ken Reddig / Carried: That the 2016 financial statements be received as presented
3. Moved by Linda Matties / Seconded by Elmer Hildebrand / Carried: That BDO be appointed auditors for 2017.
4. Moved by Elmer Hildebrand / Seconded by Bryce Miller / Carried that the Directors be appointed by acclamation.
5. There are no further reports beyond the written reports as provided by directors and staff.
6. For information:
 - The archival records of CMPS and Canadian Mennonite are held at Conrad Grebel College Archives.
 - Records will be retained at the office for five years and then taken to archives.
 - Resumes will be destroyed.
 - Usage for research purposes to commence after 20 years.

Adjournment

Minutes recorded by Linda Matties

2017 Chairperson's Report

Let me start this report by saying thank you to all the staff and writers of Canadian Mennonite. You have continued to produce a well-written magazine both on paper and digitally for our readers and the Mennonite Church across Canada. Well done!

2017 saw some significant changes within CM as well as in the structure of both Mennonite Church Canada and the Regional Churches (formerly Area churches) and CM has continued to provide good coverage of the ways in which these changes have and are taking place as well as the ongoing work of providing information, news and thoughtful articles on issues of faith and life.

Thank you to Ginny Hostetler and Tobi Thiessen for stepping up and doing fine work in their new assignments following Dick Benner's retirement at the end of March 2017. We also want to remember Dick and his quite sudden passing on November 4 and again give thanks for his work for CM over the years.

The restructuring of Mennonite Church Canada in October has and will continue to result in both challenges and opportunities for CM. We are thankful to our covenant partners (Regional and National) that we will continue to work with our funding model through 2018 as various aspects of the new structure are determined and carried out. We reported last year that a Communications Working Group had been set up to look at how best to work on communications between and among the Regional churches in the new structure. That group completed its work with various recommendations last May.

Thanks to Tobi for her work on the 'Two Divisions proposal' and we will see where this idea goes as the Executive Staff Group of Mennonite Church Canada works on determining the communications needs for the new structural alignment in Canada in the next year and a half.

We are grateful to the many donors who continue to support CM as well as the Canadian Periodical Fund grant that CM received again this year. With a larger grant than budgeted for and the ongoing support of readers and the Covenant partners CM was able to end the year with a small surplus. Thanks as well to the work of staff for continuing to generate funds through advertising revenue, working with donors as well as being diligent in monitoring spending.

We also recognize ongoing challenges that CM faces such as the one that came about after the Maple View supplement was published in the fall. Although there was much negative response there were also many supportive comments about the role and purpose of CM in ongoing conversations in the larger church. The relationship between publishing a paper magazine and an online presence through social media and a digital magazine continue to be a significant issue needing attention. Thanks to staff for their ongoing work in strengthening our online presence and for initiatives such as 'Once around the barn' with Will Braun.

I also want to affirm another new initiative this year with the retooling and visioning meetings that took place for staff in the summer as well as the writers group 'in service' event that took

place in Winnipeg in October. These are important ways in which to strengthen, renew and encourage staff and writers in the good work they are doing.

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.

2017 Publisher's Report

Since 1953, *Canadian Mennonite* has been publishing the stories of our church family. We offer a broad range of articles, views and opinions by church members from across the country. Stories are written by seven correspondents and writers who are spread out from British Columbia to Ontario. There are seven staff in Waterloo, Ontario who do editing, graphic design, advertising, production and administration. Most CM positions are part-time, to manage an online presence and produce 23 or 24 issues of the print magazine in a year. The print cycle is bi-weekly, with some slower 3-week cycles in summer and at Christmas.

Canadian Mennonite's mission is to educate, inspire, inform and foster dialogue on issues facing Mennonites in Canada. 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 maintaining a subscription.

Regional Coverage and Audience

The following table gives a picture of *Canadian Mennonite* coverage of our church across the country, and our audience in 2017.

	% of members in MC Canada*	% of CM subscribers	% of articles published	% of letter writers	% of CM website users	# items published in CM**	# of CM subscribers (print or digital)	# of Canadian web visits
BC	11%	6%	10%	11%	13%	57	609	20,497
Alberta	4%	6%	8%	9%	11%	47	660	17,173
Saskatchewan	9%	10%	11%	9%	7%	66	1,056	11,268
Manitoba	27%	30%	23%	23%	19%	137	3,175	29,497
Ontario & east	49%	49%	38%	49%	45%	214	5,192	69,860
MC Canada	100%		11%			67	10,692	155,685

* based on April 2017 MC Canada data

** includes print and online articles, viewpoints, letters, features, photos, news releases and columns. Excludes items related to MCC, CMU, MDS, Abundance or other church partners

We track statistics to monitor whether CM is evenly read across the country. Mennonite Church Eastern Canada includes Ontario, Quebec and one congregation in New Brunswick. Representing 49% of church members across the country, MCEC also accounts for 49% of CM subscribers and 49% of the people who wrote letters to Readers Write. Mennonite Church Manitoba is next largest region, accounting for 27% of Mennonite Church Canada membership and 30% of subscribers. When we compare numbers of subscribers with numbers of members, we estimate that 69% of MC Canada households subscribe to CM.

Mennonite Church British Columbia accounts for 11% of MC Canada membership but only 6% of CM subscribers. This shows that interest in subscribing to the magazine is low, yet the ones who do subscribe are very engaged, accounting for 11% of our letter writers. Meanwhile, non-subscribers find value in the website. BC accounts for 13% of Canadian web traffic.

The dynamic is somewhat different in Alberta, which represents only 4% of MC Canada membership but 6% of CM subscribers, 9% of letter writers and 11% of Canadian web visitors. In Saskatchewan, we have relatively lower web engagement, but strong interest otherwise. Representing 9% of MC Canada membership, Saskatchewan readers account for 10% of our subscribers, 9% of letter writers and only 7% of Canadian web visitors.

In total in 2017, there were 10,692 subscriptions (print and digital) in Canada, most of which are managed through our churches in the Every Home Plan. It is a net loss of 516 subscriptions over 2016. In sharp contrast, Canadian traffic coming to the CM website grew 27% in 2017 to 155,685 sessions.

CM also counts how many articles are published from each region of the country, to ensure we are not giving unbalanced geographic coverage. Some articles are national in focus, or were written by Mennonite Church Canada staff. Details about how many articles related to each different region are in the table above.

Finances

Revenue grew \$4000 in 2017 to \$742,732 against expenses of \$739,425, giving CMPS a small surplus of \$3,300. Overall cash balances grew by \$15,666.

Revenue

A \$22,000 increase in the Canada Periodical Fund grant offset lower revenue from subscriptions, advertising and donations. Within the category of subscription revenue, the Every Home Plan accounted for \$239,525, down almost \$10,000 from 2016. (Every Home Plan revenue comes from the five Publishing Partners (Mennonite Church Canada, and each Regional Church) for a proportion of the subscriptions in their respective jurisdictions.) Other subscription revenue comes from individuals and churches that have group plans but are not members of Mennonite Church Canada. Individual and group subscription revenue was also down about \$2000 over 2016.

Advertising and donation revenue were each down about \$5000 over 2016. Advertising is difficult to sell in the current media environment. Two large clients (MennoMedia and TourImagination) dramatically cut their print advertising in 2017, though the loss was offset by growth in advertising from the large Mennonite schools, and online advertising. In terms of donations, CMPS carried out its usual spring and fall fundraising drives. The spring mailing was sent to all subscribers, and generated a strong return. However, the fall fundraising letter went into the mail much later than usual due to an error at the printing company. As a result, returns from the fall drive were lower than in 2016. Overall, donation revenue was \$4000 less than in 2016.

Expenses

Given the changing media environment, the 2017 budget included items to help CMPS adapt. We published 23 issues instead of 24, and increased the page count on the remaining issues in order to publish the same number of stories but save on postage costs. The money saved was used to pay for upgrades to our website and office software. CMPS also had lower than expected salary costs (\$257,451 compared to \$266,800 budgeted) due to the unexpected departure of our graphic designer. It took time to replace him, and we operated with one less staff person for a period, then had a short-term contract person fill in. The position was officially re-filled on January 1, 2018.

Fundraising expenses were significantly higher than previous years (\$12,935 compared to \$4,949 in 2016). This was due to the direct mailing to all subscribers in spring. Returns from that fundraising drive exceeded expenses and 194 new donors were added to the existing donor database, so the drive was considered a success.

Overall 2017 expenses were \$739,425, lower than the \$742,000 budgeted but higher than 2016 expenses of \$736,000.

Staff

In 2017, CMPS made a significant change to its corporate structure. Instead of a full-time Editor/Publisher and a half-time Web Editor, we now have a half-time Publisher and a full-time Executive Editor. Tobi Thiessen was hired as Publisher at .5 FTE starting March 20. Virginia Hostetler expanded her role from .5 FTE Web Editor to full-time Executive Editor at the same time. Former Editor/Publisher Dick Benner retired March 31. The new positions are for two-year terms while the board evaluates future leadership needs.

After 9 years of service, graphic designer Dan Johnson left CMPS in May. He was replaced by Betty Avery in the .5FTE position that became effective January 1, 2018. Manitoba correspondent Nicolien Klassen-Wiebe succeeded Beth Downey Sawatzky in September.

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. Furnace repairs in 2017 cost \$750. The furnace may need replacing in the near future but the Capital Fund has \$10,000 designated for that purpose.

Computer equipment and some proprietary software is owned by CMPS. In 2017, one new computer was purchased. Hardware, in-house systems and the website are maintained by contract with Peaceworks. Increasingly, software is licensed by subscription rather than owned. In 2017, CMPS upgraded to current versions of software such as Adobe Creative Suite and Microsoft Office products through subscriptions. In terms of the proprietary software, these are systems designed over 10 years ago to support CM's various database needs (circulation, advertising, archives).

—*Tobi Thiessen, Publisher*

Canadian Mennonite Publishing Service

Board of Directors as of Dec. 31, 2017

Representing	Term
Canadian Mennonite Publishing Service	
• Lois Epp, Calgary, AB	2015 - 2018, first term
• Bryce Miller, Winnipeg, MB	2015 - 2018, first term
• Ally Siebert, Ottawa, ON	2016 - 2019, first term
Mennonite Church Canada	
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
Mennonite Church British Columbia	
Linda Matties, Abbotsford, BC	2015 - 2018, third term
Mennonite Church Alberta	
Art Koop, Calgary, AB	2017 – 2020, first term
Mennonite Church Saskatchewan	
• Larry Epp, Rosthern, SK	2016 - 2019, first term
Mennonite Church Manitoba	
Ken Reddig, Pinawa, MB	2014 - 2017, first term
Mennonite Church Eastern Canada	
• Tim Reimer, Toronto, ON	2016 - 2019, third term
• <i>indicates Executive Committee of the Board</i>	

Staff as of Dec. 31, 2017

Head office	Started	Time
Betty Avery, Graphic Designer	2017	50%
Barb Draper, Editorial Assistant	2001	50%
Michael Hostettler, Advertising Representative	2013	40%
Virginia Hostettler, Executive Editor	2017	100%
Lisa Jacky, Circulation/Finance	2005	80%
Ross W. Muir, Managing Editor	2005	100%
Tobi Thiessen, Publisher	2017	50%
Regional Correspondents/editors		
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>
		6.6FTE

**Canadian Mennonite Publishing
Service
Financial Statements
For the year ended December 31, 2017**

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Independent Auditor's Report

To the Members of Canadian Mennonite Publishing Service

We have audited the accompanying financial statements of Canadian Mennonite Publishing Service, which comprise the statement of financial position as at December 31, 2017 and the statements of revenue and expenses and changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Mennonite Publishing Service as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
April 4, 2018

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

December 31	2017				2016	
	General Fund	Stabilization Fund	Professional Development Fund	Capital Fund	Total	Total
Assets						
Current						
Cash (Note 2)	\$ 164,790	\$ 179,973	\$ 31,757	\$ 12,785	\$ 389,305	\$ 371,590
Short-term investments (Note 3)	-	9,813	-	-	9,813	9,027
Accounts receivable	3,994	-	-	-	3,994	7,429
Prepaid expenses	1,649	-	-	-	1,649	1,754
	170,433	189,786	31,757	12,785	404,761	389,800
Tangible capital assets (Note 4)	79,804	-	-	-	79,804	88,287
	\$ 250,237	\$ 189,786	\$ 31,757	\$ 12,785	\$ 484,565	\$ 478,087
Liabilities and Fund Balances						
Current						
Accounts payable and accrued liabilities (Note 5)	\$ 12,682	-	-	-	\$ 12,682	\$ 17,797
Deferred contributions (Note 6)	63,304	-	-	-	63,304	57,205
Deferred revenue	28,882	-	-	-	28,882	26,695
Interfund payables (receivables) (Note 7)	(5,184)	4,394	560	230	-	-
	99,684	4,394	560	230	104,868	101,697
Fund balances						
Internally restricted	79,804	185,392	31,197	12,555	308,948	317,607
Unrestricted	70,749	-	-	-	70,749	58,783
	150,553	185,392	31,197	12,555	379,697	376,390
	\$ 250,237	\$ 189,786	\$ 31,757	\$ 12,785	\$ 484,565	\$ 478,087

On behalf of the Board:

_____, Director

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

For the year ended December 31

2017 2016

	Budget (unaudited)	2017			2016		
		General Fund	Stabilization Fund	Professional Development Fund	Capital Fund	Total	Total
Revenue							
Individual & group subscriptions	\$ 263,692	\$ 254,801	\$ -	\$ -	\$ -	\$ 254,801	\$ 266,546
Advertising and supplements	130,000	125,379	-	-	-	125,379	131,152
Grants (Note 8)	220,000	247,119	-	-	-	247,119	225,636
Donations - Individual	115,000	109,644	-	-	-	109,644	115,523
Donations - Publishing partners	1,500	1,560	-	-	-	1,560	1,730
Interest	1,000	1,607	1,362	247	104	3,320	2,270
Unrealized gain on investments	-	-	785	-	-	785	1,458
Other	-	124	-	-	-	124	(464)
	731,192	740,234	2,147	247	104	742,732	743,851
Expenses (Schedule 1)							
	742,087	739,425	-	-	-	739,425	736,022
Surplus (deficit) for the year	(10,895)	809	2,147	247	104	3,307	7,829
Fund balances, beginning of year	146,282	147,070	184,607	31,197	13,516	376,390	368,561
Transfer (from) to Professional Development Fund (Note 9)	-	247	-	(247)	-	-	-
Transfer (from) to Stabilization Fund (Note 9)	-	1,362	(1,362)	-	-	-	-
Transfer (from) to Capital Fund (Note 9)	-	1,065	-	-	(1,065)	-	-
Fund balances, end of year	\$ 135,387	\$ 150,553	\$ 185,392	\$ 31,197	\$ 12,555	\$ 379,697	\$ 376,390

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	2017	2016
Cash flows from operating activities		
Surplus for the year	\$ 3,307	\$ 7,829
Items not involving cash		
Amortization of tangible capital assets	9,333	10,832
Unrealized gain on short term investment	(785)	(1,458)
	11,855	17,203
Changes in non-cash working capital balances		
Accounts receivable	3,435	50
Prepaid expenses	105	(235)
Accounts payable and accrued liabilities	(5,116)	1,578
Deferred contributions	6,099	3,186
Deferred revenue	2,187	(2,119)
	18,565	19,663
Cash flows from investing activities		
Purchase of tangible capital assets	(850)	(2,509)
	17,715	17,154
Increase in cash during the year	17,715	17,154
Cash, beginning of year	371,590	354,436
Cash, end of year	\$ 389,305	\$ 371,590

Canadian Mennonite Publishing Service

Notes to Financial Statements

December 31, 2017

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	<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 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. Revenue earned by the assets of this fund are to be transferred to the General Fund.</p>												
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>-</td><td>25 year straight-line basis</td></tr><tr><td>Computer equipment</td><td>-</td><td>3 year straight-line basis</td></tr><tr><td>Computer software</td><td>-</td><td>3 year straight-line basis</td></tr><tr><td>Office equipment</td><td>-</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>	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											

Canadian Mennonite Publishing Service

Notes to Financial Statements

December 31, 2017

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, 2017

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

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

Canadian Mennonite Publishing Service Notes to Financial Statements

December 31, 2017

4. Tangible Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 18,530	\$ -	\$ 18,530	\$ -
Building	166,771	107,847	166,771	101,176
Computer equipment	26,908	24,989	26,058	23,450
Computer software	5,489	5,488	5,489	5,165
Office equipment	22,284	21,854	22,284	21,054
	\$ 239,982	\$ 160,178	\$ 239,132	\$ 150,845
Net book value		\$ 79,804		\$ 88,287

5. Accounts Payable and Accrued Liabilities

Government remittances payable at the year end totaled \$5,229 (2016 - \$5,656).

6. Deferred Contributions

	2017	2016
Balance, beginning of year	\$ 57,205	\$ 54,019
Contributions received	253,218	228,821
Amortized into revenue	(247,119)	(225,635)
Balance, end of year	\$ 63,304	\$ 57,205

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, 2017

8. Government Assistance and Economic Dependence

The organization receives funding from government ministries. During the year, the organization received \$253,218 as a grant under the Canadian Periodical Fund. Of this amount, \$247,119 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 \$1,362, Professional Development Fund of \$247 and Capital Fund of \$104 were transferred to the General Fund. A transfer of \$961 from the Capital Fund to the General Fund was made to purchase a new computer.

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, 2017 was \$18,402 (2016 - \$16,252) and interest earned during the year amounted to \$275 (2016 - \$285).

Canadian Mennonite Publishing Service

Notes to Financial Statements

December 31, 2017

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

2017

2016

	Budget (unaudited)	General Fund	Stabilization Fund	Professional Development Fund	Capital Fund	Total	Total
Head office - salaries	266,800	257,451	-	-	-	257,451	253,626
Postage	\$ 159,987	\$ 152,007	\$ -	\$ -	\$ -	\$ 152,007	\$ 164,687
Regional correspondents	90,000	96,988	-	-	-	96,988	99,474
Printing and production	79,000	77,266	-	-	-	77,266	78,797
Head office - benefits	42,000	45,680	-	-	-	45,680	44,255
Advertising representative	20,800	18,234	-	-	-	18,234	17,894
Facility costs	13,000	12,652	-	-	-	12,652	12,378
Professional fees	12,000	10,357	-	-	-	10,357	12,206
Amortization	11,000	9,333	-	-	-	9,333	10,832
Staff travel	9,000	7,917	-	-	-	7,917	3,042
Board travel and insurance	9,000	10,616	-	-	-	10,616	9,929
Office	8,000	7,474	-	-	-	7,474	5,753
News service	6,500	4,686	-	-	-	4,686	5,737
Fundraising	5,000	12,935	-	-	-	12,935	4,949
Equipment maintenance	4,000	7,461	-	-	-	7,461	2,771
Special projects	4,000	4,182	-	-	-	4,182	5,150
Insurance	2,000	2,077	-	-	-	2,077	1,819
Telephone	-	2,109	-	-	-	2,109	1,833
Promotion	-	-	-	-	-	-	890
	\$ 742,087	\$ 739,425	\$ -	\$ -	\$ -	\$ 739,425	\$ 736,022

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