

Mennonite Economic Development Associates of Canada

Non-consolidated Financial Statements

June 30, 2021

(expressed in U.S. dollars)



Independent auditor's report

To the Members of Mennonite Economic Development Associates of Canada

Our opinion

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of Mennonite Economic Development Associates of Canada (the Company) as at June 30, 2021 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.

What we have audited

The Company's financial statements comprise:

- the non-consolidated balance sheet as at June 30, 2021;
- the non-consolidated statement of operations and changes in unrestricted net assets for the year then ended;
- the non-consolidated statement of cash flows for the year then ended; and
- the notes to the non-consolidated financial statements, which include significant accounting policies and other explanatory information.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
95 King Street South, Suite 201, Waterloo, Ontario, Canada N2J 5A2
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Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated 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 non-consolidated 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 Company'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 Company'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 non-consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
October 7, 2021

Mennonite Economic Development Associates of Canada

Non-consolidated Balance Sheet

As at June 30, 2021

(expressed in U.S. dollars)

	2021 \$	2020 \$
Assets		
Current assets		
Cash and short-term deposits (notes 3 and 13)	10,981,734	9,210,437
Accounts receivable	1,546,953	416,615
Advances to MEDA Canada Country Programs and partners (note 4)	1,989,222	749,866
Work in progress	36,117	127,331
Prepaid expenses	116,563	114,600
Current portion of loans receivable (note 5)	698,406	30,660
	<u>15,368,995</u>	<u>10,649,509</u>
Loans receivable (note 5)	131,378	815,895
Loans receivable from related parties (note 6)	14,592,878	14,205,912
Investments (note 7)	3,298,905	3,674,490
Capital assets (note 8)	895,276	1,157,105
	<u>18,918,437</u>	<u>19,853,402</u>
	<u>34,287,432</u>	<u>30,502,911</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 14)	778,582	637,437
Deferred contributions (note 9)	143,266	175,688
Deferred grants and contracts	7,574,197	6,449,154
Due to MEDA Canada Country Programs and partners (note 4)	97,509	88,770
Due to related parties (note 11)	5,698,212	4,081,506
Current portion of notes payable (note 10)	3,331,961	2,711,114
	<u>17,623,727</u>	<u>14,143,669</u>
Notes payable (note 10)	5,298,243	5,532,125
	<u>22,921,970</u>	<u>19,675,794</u>
Net Assets		
Unrestricted	<u>11,365,462</u>	<u>10,827,117</u>
	<u>34,287,432</u>	<u>30,502,911</u>
Contingencies and commitments (note 12)		

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

Mennonite Economic Development Associates of Canada
Non-consolidated Statement of Operations and Changes in Unrestricted Net Assets
For the year ended June 30, 2021

(expressed in U.S. dollars)

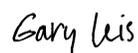
	2021	2020
	\$	\$
Revenues		
Grants and contracts	15,894,664	18,478,412
Contributions (note 9)	2,616,795	2,827,166
Consulting and program management fees (note 11)	3,950,391	4,411,784
Contributions from related organizations (note 11)	1,346,259	693,711
Realized investment income (note 11)	313,718	320,659
Unrealized gain on investments	-	151,278
Convention income	24,192	-
Other (note 15)	627,814	40,688
	<u>24,773,833</u>	<u>26,923,698</u>
Expenses		
Global development programs	22,173,750	25,176,735
Resource development	677,305	819,100
MEDA Risk Capital Fund	316,287	309,670
Constituency engagement	407,848	306,275
Unrealized loss on investments	375,585	-
Other (note 15)	284,713	862,747
	<u>24,235,488</u>	<u>27,474,527</u>
Excess of revenues over expenses (expenses over revenues) for the year	538,345	(550,829)
Unrestricted net assets – Beginning of year	<u>10,827,117</u>	<u>11,377,946</u>
Unrestricted net assets – End of year	<u>11,365,462</u>	<u>10,827,117</u>

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 Rob Schlegel

Chair

November 8, 2021

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Secretary

November 6, 2021

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

Mennonite Economic Development Associates of Canada

Non-consolidated Statement of Cash Flows

For the year ended June 30, 2021

(expressed in U.S. dollars)

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses (expenses over revenues) for the year	538,345	(550,829)
Items not affecting cash		
Amortization of capital assets	271,657	280,171
Loss on sale of investments	-	8,366
Equity share of unrealized loss (gain) on investment	375,585	(151,278)
Unrealized foreign exchange loss (gain) on notes payable	684,410	(249,414)
Unrealized foreign exchange (gain) loss on loans receivable from related parties	(684,410)	239,866
Unrealized foreign exchange (gain) loss on loans receivable	(13,900)	35,178
	<u>1,171,687</u>	<u>(387,940)</u>
Net change in non-cash working capital items	<u>1,809,385</u>	<u>(1,564,002)</u>
	<u>2,981,072</u>	<u>(1,951,942)</u>
Financing activities		
Increase in notes payable	353,182	505,205
Repayments of notes payable	(650,627)	(1,402,908)
Increase in due to MEDA Canada Country Programs and partners	8,739	63,195
	<u>(288,706)</u>	<u>(834,508)</u>
Investing activities		
(Increase) decrease in advances to MEDA Canada Country Programs and partners	(1,239,356)	325,919
Issuance of new loans	-	(687,932)
Payment of loans	30,671	913,539
Decrease in loans receivable with related parties	297,444	907,251
Proceeds on sale and distributions from investments	-	106,984
Purchase of investments	-	(906,680)
Purchase of capital assets	(9,828)	(32,333)
	<u>(921,069)</u>	<u>626,748</u>
Change in cash and short-term deposits during the year	<u>1,771,297</u>	<u>(2,159,702)</u>
Cash and short-term deposits – Beginning of year	<u>9,210,437</u>	<u>11,370,139</u>
Cash and short-term deposits – End of year	<u>10,981,734</u>	<u>9,210,437</u>
Supplemental disclosure of cash flow information		
Net interest received	26,199	123,759

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

Mennonite Economic Development Associates of Canada

Notes to Non-consolidated Financial Statements

June 30, 2021

(expressed in U.S. dollars)

1 Purpose of the organization

Mennonite Economic Development Associates of Canada (MEDA Canada) is an international economic development organization that creates business solutions for the relief of poverty.

MEDA Canada, a not-for-profit corporation without share capital, is incorporated as “Mennonite Economic Development Associates of Canada” under the federal laws of Canada and is a registered charity under the Income Tax Act.

2 Significant accounting policies

Basis of presentation

The non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, except that controlled profit-oriented enterprises are accounted for using the cost method, as opposed to equity accounting or consolidation.

The non-consolidated financial statements include the activities of MEDA Canada.

As allowed under Part III of the CPA Handbook for not-for-profit organizations Section 4450, MEDA Canada country programs, as not-for profit organizations, are not consolidated within these financial statements.

- **MEDA Trade Company Inc.**

MEDA Trade Company Inc. is a for-profit subsidiary of MEDA Canada and is incorporated as a taxable corporation under the provincial laws of Ontario. MEDA Trade Company Inc. had no financial activity in the year.

- **MEDA Global Inc.**

MEDA Global Inc. is a not-for-profit corporation based in Canada. MEDA Canada exercises control over MEDA Global Inc. as it manages and oversees its operations. MEDA Global Inc. had no financial activity in the year.

- **MEDA Canada Country Programs**

MEDA Canada Country Programs are not-for-profit operations based in Ghana, Ethiopia, Ukraine, Kenya, Myanmar, Jordan, Tanzania, Nicaragua, Nigeria and Senegal. MEDA Canada exercises control over these Country Programs as it manages and oversees their operations. A summary of the financial position and results of operations of the MEDA Canada Country Programs is included in the notes to these non-consolidated financial statements (note 4).

Mennonite Economic Development Associates of Canada

Notes to Non-consolidated Financial Statements

June 30, 2021

(expressed in U.S. dollars)

Revenue recognition

MEDA Canada follows the deferral method of accounting for revenue. Restricted funding, which primarily includes grant and contract revenues from various government and other funding agencies, is recognized as revenue in the year in which the related expenses are incurred and all relevant terms of the funding agreement are met. Deferred contributions and deferred grants and contracts at the non-consolidated balance sheet date relate to funding received by that date that is in respect of program expenses to be incurred in future periods.

Unrestricted contributions from individuals, corporations and foundations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. All contributions are considered to be available for general use unless specifically restricted by the donor.

Grants received for program purposes are recorded as revenue by MEDA Canada and expensed when disbursed to the various Country Programs based upon relevant criteria. Program-specific grants and contracts signed and executed by a MEDA Canada Country Program are recognized in income by the relevant MEDA Canada Country Program and, as such, are not recorded as revenue by MEDA Canada in these non-consolidated financial statements.

Cash and short-term deposits

Cash and short-term deposits includes cash, marketable securities and deposits with maturities of less than three months at acquisition.

Loans receivable

Loans are measured at amortized cost. Provisions are made based on management's assessment of the intent and ability of the borrower to pay, taking into account political and economic risk factors.

Investments

Investments are made to assist in the creation of business solutions to poverty in developing countries while achieving long-term capital growth. However, the opportunity to realize capital gains depends on a number of factors, and management cannot predict the future date at which MEDA Canada will divest of an investment in its portfolio.

The fair value method is used to account for investments in equity instruments that are quoted in an active market.

For investments not carried at fair value and that MEDA Canada controls or significantly influences, the equity method is used. Under the equity method, income or losses are added or deducted and dividends received are deducted from the carrying value of the investment shown on the non-consolidated balance sheet. The cost method is used to account for investments that MEDA Canada does not control or significantly influence.

Mennonite Economic Development Associates of Canada

Notes to Non-consolidated Financial Statements

June 30, 2021

(expressed in U.S. dollars)

Capital assets

Capital assets consist of assets purchased for use at administrative offices and are recorded at cost. Amortization is calculated using the straight-line method over the estimated useful lives of the assets. All asset classes are amortized using varying straight-line rates of three to 10 years.

Foreign currency translation

Monetary assets and liabilities held in currencies other than the United States dollar are translated at the rate of exchange prevailing at the non-consolidated balance sheet date. Non-monetary assets and liabilities are recorded at historical rates of exchange. Exchange differences are recorded in the non-consolidated statement of operations and changes in unrestricted net assets as they arise. Revenues and expenses denominated in foreign currencies are translated at the exchange rate prevailing at the transaction date.

Financial instruments

MEDA Canada's financial instruments consist of cash and short-term deposits, accounts receivable, advances to and due to MEDA Canada Country Programs and partners, due to and due from related parties, loans receivable, investments, accounts payable and accrued liabilities and notes payable. Financial instruments are measured at amortized cost. Currency risk and liquidity risk arising from these financial instruments is disclosed in note 13.

Use of estimates

The preparation of non-consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allocation of expenses

MEDA Canada executes in development programs, association engagement and finances the MEDA Risk Capital Fund. The costs of each function include the costs of personnel, travel, communication and other expenses that are directly related to providing the program. MEDA Canada also incurs costs for the shared management and support of all programs.

MEDA Canada annually allocates shared support and management costs on an appropriate basis for each cost as follows:

- Human resource, premises, administrative support and information technology costs are allocated proportionately based on the number of staff in each functional area.
- Finance, accounting, legal and marketing costs are allocated proportionately based on time spent by respective staff on each program area.

Mennonite Economic Development Associates of Canada

Notes to Non-consolidated Financial Statements

June 30, 2021

(expressed in U.S. dollars)

- Executive management and board costs are allocated proportionately based on time spent by board members and executive staff in each program area.

The amounts allocated are presented in note 16.

3 Cash and short-term deposits

Certain balances included in cash and short-term deposits are advances received from donors to fund specific projects, and therefore they cannot be used for other purposes. Current year balances under such conditions are \$5,728,241 (2020 – \$5,874,976).

4 MEDA Canada Country Programs and partners

Advances to MEDA Canada Country Programs and partners are as follows:

	2021 \$	2020 \$
MEDA Ethiopia	53,733	-
MEDA Ghana	-	111,912
MEDA Jordan	90,245	8,508
MEDA Kenya	399,740	200,550
MEDA Myanmar	14,171	29,846
MEDA Nicaragua	109,196	12,413
MEDA Nigeria	425,007	117,315
MEDA Senegal	319,917	32,347
MEDA Tanzania	70,354	-
MEDA Ukraine	335,348	177,736
Other	171,511	59,239
	1,989,222	749,866

The advances are non-interest bearing and are unsecured.

Amounts due to MEDA Canada Country Programs and partners are as follows:

	2021 \$	2020 \$
MEDA Ghana	38,266	-
MEDA Tanzania	-	49,490
MEDA Ethiopia	-	29,609
Other	59,243	9,671
	97,509	88,770

Menonite Economic Development Associates of Canada

Notes to Non-consolidated Financial Statements

June 30, 2021

(expressed in U.S. dollars)

MEDA Canada Country Programs are not-for-profit organizations with a similar purpose to MEDA Canada and exist to carry out MEDA Canada's purpose in the country in which they are operating. The following Country Programs' financial results have not been consolidated in MEDA Canada's financial statements. Financial statements for each Country Program are prepared separately. A financial summary (obtained from unaudited, internally prepared financial information) of each Country Program as at June 30, 2021 and results of operations for the year then ended are as follows:

											2021	2020
	Tanzania SSBVC \$	Ethiopia \$	Ukraine \$	Ghana FEATS \$	Kenya \$	Myanmar \$	Jordan \$	Nicaragua \$	Nigeria \$	Senegal \$	Total \$	Total \$
Assets												
Current	45,272	106,759	403,249	12,704	462,392	12,620	143,167	199,076	536,301	332,772	2,254,312	1,521,673
Non-current	1,867	5,656	7,911	15,381	79,932	611	2	29,652	42,685	197,710	381,407	395,795
	47,139	112,415	411,160	28,085	542,324	13,231	143,169	228,728	578,986	530,482	2,635,719	1,917,468
Liabilities												
Current	55,329	106,763	403,249	21,145	462,392	12,620	143,166	199,077	536,251	332,772	2,272,764	1,528,537
Non-current	-	5,652	7,911	2,717	79,932	611	3	20,538	12,517	35,919	165,800	245,133
	55,329	112,415	411,160	23,862	542,324	13,231	143,169	219,615	548,768	368,691	2,438,564	1,773,670
Fund balance	(8,190)	-	-	4,223	-	-	-	9,113	30,218	161,791	197,155	143,798
	47,139	112,415	411,160	28,085	542,324	13,231	143,169	228,728	578,986	530,482	2,635,719	1,917,468
Results of operations												
Revenues	1,886,299	1,109,128	1,490,191	1,497,563	1,680,677	1,199,410	2,251,751	1,256,177	1,743,992	740,420	14,855,608	16,351,141
Expenses	1,901,897	1,109,128	1,490,191	1,512,440	1,680,677	1,238,214	2,283,954	1,260,805	1,737,601	587,343	14,802,250	16,444,930
Excess (deficiency) of revenue over expenses	(15,598)	-	-	(14,877)	-	(38,804)	(32,203)	(4,628)	6,391	153,077	53,358	(93,789)
Cash flows provided by (used in) operating activities	88,593	46,373	80,123	(149,854)	(49,813)	(117,104)	15,321	6,739	194,958	(19,286)	96,050	1,106

Mennonite Economic Development Associates of Canada

Notes to Non-consolidated Financial Statements

June 30, 2021

(expressed in U.S. dollars)

5 Loans receivable

The following is a summary of outstanding loans receivable by country:

	2021 \$	2020 \$
Canada	159,784	176,555
Nicaragua	670,000	670,000
	<u>829,784</u>	<u>846,555</u>
Less: Current portion of loans receivable	<u>698,406</u>	<u>30,660</u>
Non-current portion of loans receivable	<u>131,378</u>	<u>815,895</u>

The loans receivable bear interest at 5% – 8% with maturity dates varying from on demand to 2025 and thereafter, with full payment of principal due at that time.

Scheduled repayments of loans receivable are as follows:

	\$
2022	698,406
2023	29,859
2024	31,375
2025	32,992
2026 and thereafter	<u>37,152</u>
	<u>829,784</u>

6 Loan receivable from related parties

	2021 \$	2020 \$
MEDA (USA)	<u>14,592,878</u>	<u>14,205,912</u>

Loans receivable issued to MEDA (USA) have no specific terms of repayment and bear interest at rates ranging from nil% – 15%.

Direct loans by MEDA Canada Members

Certain MEDA Canada members have chosen to loan funds to MEDA Canada with the condition that those funds be loaned to specified MEDA Canada related projects or companies. Of the loans receivable shown above, \$nil is loaned under those conditions (2020 – \$50,000). In such cases, MEDA Canada acts as a trustee for the lenders and bears no risk for loss on the loans.

Mennonite Economic Development Associates of Canada

Notes to Non-consolidated Financial Statements

June 30, 2021

(expressed in U.S. dollars)

7 Investments

Investments consist of the following:

	2021 \$	2020 \$
Accounted for at cost:		
EFAfrica Group Ltd. – 8.5% (2020 – 11.7%) of issued and outstanding common shares	663,895	906,679
Business Partners East Africa LLC – 4.8% (2020 – 4.8%) of issued and outstanding shares	1,250,020	1,266,037
Accounted for using the equity method:		
Sarona Asset Management, Inc. – 9.9% (2020 – 10.0%) of issued and outstanding shares	7,365	1
Sarona Trade Finance Fund – 12% (2020 – 12%) of contributed capital	1,377,625	1,501,773
	<u>3,298,905</u>	<u>3,674,490</u>

8 Capital assets

	2021 \$	2020 \$
Office furniture, leasehold improvements and equipment	1,764,156	1,770,042
Less: Accumulated amortization	<u>868,880</u>	<u>612,937</u>
	<u>895,276</u>	<u>1,157,105</u>

9 Deferred contributions

Deferred contributions relate to funding received for specific projects that is in respect of program expenses to be incurred in future periods.

	2021 \$	2020 \$
Deferred contributions – Beginning of year	175,688	222,942
Contributions received during year	2,574,325	2,785,317
Contributions recognized in revenue during year	(2,616,795)	(2,827,166)
Revaluation of foreign currency balances	10,048	(5,405)
	<u>143,266</u>	<u>175,688</u>

Mennonite Economic Development Associates of Canada

Notes to Non-consolidated Financial Statements

June 30, 2021

(expressed in U.S. dollars)

10 Notes payable

Notes payable consist of:

	2021 \$	2020 \$
Kindred Credit Union, CDN\$600,000 (2020 – \$600,000), interest at 3% and 4% per annum, due December 31, 2021	484,027	441,956
Various promissory notes, interest at rates varying from nil% – 4%, with maturities at various dates from 30 days subsequent to demand to March 31, 2031		
US\$ denominated	531,892	451,355
CDN\$ denominated CDN\$7,629,105; (2020 – \$7,894,438)	6,154,488	5,814,996
Euro denominated €1,212,857 (2020 – €1,366,857)	1,459,797	1,534,932
	<u>8,630,204</u>	<u>8,243,239</u>
Less: Current portion	<u>3,331,961</u>	<u>2,711,114</u>
	<u>5,298,243</u>	<u>5,532,125</u>

The notes payable are unsecured.

Scheduled repayment of notes payable is as follows:

	\$
Year ending June 30, 2022 and open maturities	3,331,961
2023	2,375,050
2024	1,952,393
2025	554,181
2026 and thereafter	416,619
	<u>8,630,204</u>

Expenses include interest paid on long-term notes payable of \$110,266 (2020 – \$214,823).

Direct investment by MEDA Canada members

MEDA Canada is obligated to repay the funds only to the extent that MEDA Canada is repaid by the investee or is able to sell the respective investment. Of the notes payable shown above, \$nil is payable under those conditions (2020 – \$50,000).

Notes payable from MEDA Canada directors

Of the notes payable listed above, \$1,210,068 is payable to MEDA directors (2020 – \$1,473,188).

Mennonite Economic Development Associates of Canada

Notes to Non-consolidated Financial Statements

June 30, 2021

(expressed in U.S. dollars)

11 Related party transactions and balances

The balances due to related parties are due to MEDA Europa and MEDA (USA). MEDA Canada has its own membership, board structure and governance.

The balances represent current funds advanced to MEDA Canada for operations.

Income for the year includes \$284,713 (2020 – \$259,404) charged to MEDA (USA). Income for the year also includes \$1,346,259 (2020 – \$693,711) in contributions from MEDA (USA) and MEDA Europa. Realized investment income for the year includes \$227,609 (2020 – \$296,556) of interest charged to MEDA (USA).

12 Contingencies and commitments

Minimum lease commitments

MEDA Canada has minimum lease commitments for Canadian office premises of:

	\$
2022	329,384
2023	340,920
2024	340,920
2025	341,968
2026 and thereafter	1,042,685

Contingencies

MEDA Canada receives grants and contracts from donors, some of which are subject to audit and assessment in future periods.

13 Financial instruments

Fair value

The fair values of MEDA Canada's financial instruments recorded as current on the non-consolidated balance sheet are approximated by their carrying values due to their short-term maturity. It is not practicable to determine the fair value of loans receivable, as these loans are provided to organizations that are often unable to obtain alternate financing, and due to the uncertain political and economic conditions that exist in certain countries. It is also not practicable to determine the fair value of investments as these investments are in private companies in low income countries where no open market for the investments exists and uncertain political and economic conditions exist in certain countries.

It is not practicable to determine the fair value of notes payable given that MEDA Canada receives funds at below market rates, and because repayment requirements for some notes are limited by the amount MEDA Canada receives from the related investments.

Mennonite Economic Development Associates of Canada

Notes to Non-consolidated Financial Statements

June 30, 2021

(expressed in U.S. dollars)

Currency risk

MEDA Canada's assets and liabilities include balances that are denominated in foreign currencies consistent with the purpose of MEDA Canada. This exposes MEDA Canada to significant currency risk.

Credit risk

Consistent with the purpose of MEDA Canada, the lending and investing of monies internationally and in areas with differing political and economic climates exposes MEDA Canada, indirectly, to increased credit risk.

Liquidity risk

Liquidity risk is the risk of having insufficient cash resources to meet current financial obligations as they fall due, without raising funds at unfavourable rates or selling assets on a forced basis. Liquidity risk arises from the general business activities and in the course of managing the assets and liabilities. The purpose of liquidity management is to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. The liquidity requirements of MEDA Canada's business have been met primarily by funds generated from operations. Cash provided from these sources is used primarily for payment of operating expenses. MEDA Canada maintains a cash balance to meet liquidity requirements. As at June 30, 2021, MEDA Canada has cash of \$10,981,734 (2020 – \$9,210,437).

Significant event

The impacts of COVID-19 in Canada continued to be felt during the fiscal year. The global pandemic has continued to impact MEDA Canada's operations in various ways, including halting global travel and requiring its workforce to work remotely. Although the current impacts of the pandemic have not significantly impacted the operational results of MEDA Canada, its investment portfolio or the operations of the various Country Programs, the full duration of business disruption and the related financial impact cannot be reasonably estimated at this time. This may impact the timing and amounts realized on MEDA Canada's investment portfolio and its future ability to deliver the various Country Programs.

14 Government remittances

MEDA Canada had \$1,154 outstanding government remittances as at June 30, 2021 (2020 – \$nil).

Mennonite Economic Development Associates of Canada

Notes to Non-consolidated Financial Statements

June 30, 2021

(expressed in U.S. dollars)

15 Other revenue and expenses

Other revenue includes:

	2021 \$	2020 \$
Foreign currency exchange gains	553,207	-
Other	74,607	40,688
	<u>627,814</u>	<u>40,688</u>

Other expenses include:

	2021 \$	2020 \$
Foreign currency exchange losses	-	603,343
Other	284,713	259,404
	<u>284,713</u>	<u>862,747</u>

16 Allocation of expenses

Shared support and management costs have been allocated to the functional areas in the following amounts:

	Human resources, premises, admin and IT \$	Finance, accounting and legal \$	Executive management \$	Marketing \$	2021 \$	2020 \$
Constituency engagement	88,760	15,262	81,401	122,196	307,619	203,904
Development programs	887,246	807,805	145,337	143,147	1,983,535	1,975,513
Resource development	196,392	44,696	137,153	152,849	531,090	611,148
	<u>1,172,398</u>	<u>867,763</u>	<u>363,891</u>	<u>418,192</u>	<u>2,822,244</u>	<u>2,790,565</u>