

INITIATIVES FOR JUST COMMUNITIES INC.
Notes to the Financial Statements
March 31, 2022

3. CAPITAL ASSETS

	2022			2021
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 155,000	\$ -	\$ 155,000	\$ 155,000
Buildings - El'Dad	402,971	250,483	152,488	153,406
Building - IJC	517,713	113,606	404,107	425,377
Leasehold Improvements - IJC	150,309	65,760	84,549	97,333
Furniture	11,704	9,240	2,464	2,760
Equipment	112,105	98,877	13,228	16,535
Computers	19,888	15,101	4,787	6,490
Vehicles - El'Dad	67,958	54,171	13,787	19,695
Vehicles - IJC	28,184	26,472	1,712	2,446
Software	22,947	3,825	19,123	-
	\$ 1,488,781	\$ 637,536	\$ 851,245	879,042

Included in the Organization's capital assets is the carrying value of the land and buildings at 39136 Ridgewood Road in the RM of Ste. Anne, Manitoba which has been provided to the Organization by MCC Manitoba for its operational use and beneficial interest at a nominal annual lease amount. The lease is set to expire March 31, 2025.

4. BANK INDEBTEDNESS

The Organization has an operating line of credit available up to \$25,000. The operating line bears interest at the Standard Rate of Interest of the Credit Union plus 3% per annum. At March 31, 2022, there were no drawings on this facility.

Security for this line of credit is documented in Note 6.

5. DEFERRED CONTRIBUTIONS - CAPITAL

	<u>2022</u>	<u>2021</u>
Deferred contributions – capital		
Beginning of year	\$ 50,132	\$ 14,448
Contributions received	-	40,500
Amounts recognized as revenue	(4,816)	(4,816)
	\$ 45,316	\$ 50,132

Deferred contributions have been received for capital projects and will be amortized into revenue over the useful life of the related capital asset.

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6. LONG TERM DEBT

	<u>2022</u>	<u>2021</u>
SCU mortgage, on demand, bearing interest at the annual rate of 3.79%, repayable in monthly blended principal and interest payments of \$2,850, maturing September 2022, secured by land and building	\$ 392,211	\$ 411,268

Security for the Steinbach Credit Union line of credit and mortgage is provided through a general security agreement, a demand promissory note in the amount of \$470,000, first charge on the property located at 315 HWY 52, Mitchell, and registered first charge over all present and future assets of the borrower.

7. OPERATING FUND NET ASSETS

Included in the Operating Fund Net Assets are Restricted Net Assets related to the following programs:

	<u>2022</u>	<u>2021</u>
El'Dad Ranch	\$ 728,912	\$ 634,087
Touchstone	91,786	79,502
CoSA	126,988	7,544
	<u>\$ 947,686</u>	<u>\$ 721,133</u>

These net assets are restricted for use in programming by the Funders. The remainder of the Operating Fund Net assets are unrestricted.

During the year, the Board approved transfers from the Operating Fund (Unrestricted) as follows:

- Transfer of \$71,000 of MCC contributions to the Operating Fund (Restricted) to fund the operations of the CoSA program (2021 - \$78,614).

Additionally, during the year, the Department of Families approved the transfer of \$72,522 from the Operating Fund (Restricted – El'Dad Ranch) to the Capital Fund (2021 - \$87,779).

8. RELATED PARTY TRANSACTIONS

The directors of Initiatives for Just Communities Inc. ("IJC") are appointed subject to approval of the directors of Mennonite Central Committee Manitoba Inc. ("MCC Manitoba"). Accordingly, IJC is considered a controlled entity for financial reporting purposes and is accounted for by MCC Manitoba on an equity basis.

During the year ended March 31, 2022, IJC received \$120,000 in contributions (2021 - \$170,000) from MCC Manitoba for various programs administered by IJC.

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9. ECONOMIC DEPENDENCE

Initiatives for Just Communities Inc. is economically dependent on the Province of Manitoba – Department of Families and Provincial Special Needs Program and the Mennonite Central Committee Manitoba Inc. for the majority of its funding.

The following provides a reconciliation of confirmed revenues received from the Department of Families to actual revenues recognized:

	<u>2022</u>
Revenue - Manitoba Family Services per grant confirmation	\$ 5,785,682
Per diem revenue	5,474,872
HCMO	30,000
Employment and income assist	46,079
Health and Education tax	46,705
Miscellaneous reimbursements	2,370
Pension and Benefits	185,656
Revenue - Department of Families per Summary Statement Operations	<u>\$ 5,785,682</u>

The Organization is able to retain a surplus of 2% of provincial funding for each Restricted program. Surpluses in excess of 2% may be retained for the purposes of the program services subject to approval by the Province of Manitoba Department of Families.

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11. FINANCIAL RISKS

a) Interest rate risk

Interest rate risk is the risk to the Organization's earnings that arises from fluctuations in interest rates and the degree of volatility of those rates. Long-term debt bears interest at fixed rates and therefore is not impacted by short term changes in the variable rates.

b) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Organization is exposed to credit risk relating to its accounts receivables.

12. BUDGET FIGURES

Budget figures are unaudited and have been provided for information purposes only.

INITIATIVES FOR JUST COMMUNITIES INC.
Summary of Cost Centre Operations
Year Ended March 31, 2022

	2022						
	Touchstone FASD Program	Circles of Support and Accountability	Open Circle	El'Dad Ranch	Resource Generation	Inter- program eliminations	Total
Revenue	\$ 684,938	\$ 66,754	\$ 27,706	\$ 5,172,230	\$ 471,565	\$ (307,866)	\$ 6,115,327
Expenditures	672,654	165,428	54,275	4,857,765	434,530	(307,866)	5,876,786
Excess Revenue (Expenditures) before MCC Manitoba Contributions	12,284	(98,674)	(26,569)	314,465	37,035	-	238,541
MCC Manitoba Contributions	-	71,000	26,569	-	(97,569)	-	-
Excess Revenue (Expenditures)	\$ 12,284	\$ (27,674)	\$ -	\$ 314,465	\$ (60,534)	\$ -	\$ 238,541

	2021						
	Touchstone FASD Program	Circles of Support and Accountability	Open Circle	El'Dad Ranch	Resource Generation	Inter-program eliminations	Total
Revenue	\$ 643,134	\$ 95,237	\$ 13,295	\$ 4,584,013	\$ 510,487	\$ (228,519)	\$ 5,617,647
Expenditures	614,104	173,851	70,207	4,402,149	363,438	(228,519)	5,395,230
Excess Revenue (Expenditures) before MCC Manitoba Contributions	29,030	(78,614)	(56,912)	181,864	147,049	-	222,417
MCC Manitoba Contributions	-	78,614	56,912	-	(135,526)	-	-
Excess Revenue (Expenditures)	\$ 29,030	\$ -	\$ -	\$ 181,864	\$ 11,523	\$ -	\$ 222,417