CCMBC LEGACY FUND

Our Plan Forward: Emerging from "Telling Our Financial Story"

CCMBC's stewardship assets and liabilities were transferred to Legacy in 2019 to comply with securities regulations. When this occurred, the associated liabilities were greater than the value of the assets. To make things balance, a "due from related party" asset was required. This exposed a weakness in CCMBC's past budget practices, a reliance on stewardship surpluses to cover ministry expenses, and a requirement for stronger accounting policies.

Why did the corresponding liabilities exceed the value of assets transferred to Legacy?

Between 2013 and 2018:

- Church support, donations and grants did not meet budget expectations; successive annual budgets did not give adequate consideration to prior year church support
- CCMBC generally spent according to budgeted expenditures but did not react in a timely manner to reduced church support
- The value of land investments was reduced to fair market value per accounting standards; this was beyond the control of staff/board
- Impaired loans were written down per accounting standards; this was beyond the control of staff/board
- Stewardship operating surpluses were not enough to offset the preceding items

At the end of 2019, $9.3 million was due to Legacy. Due to timing, the cash portion of the asset transfer to Legacy had not been completed in 2019, however, CCMBC cash balances allowed for a reduction to $3.1 million in 2020 and a further reduction to $2.1 million in 2021. This amount is not interest bearing as it is not a loan from Legacy.

Although CCMBC and Legacy are separate organizations, Legacy's activities are for the benefit of CCMBC and its constituents. We share the responsibility for eliminating this obligation because we're in this together – we always have been. Subsequent to the transfer of stewardship assets, accounting policies were strengthened and CCMBC relies upon One Stream funding to meet its annual operating budget.

On May 10, 2021 the Legacy board approved management's recommendation to direct 70% of Legacy's consolidated after-tax income to reducing the related party obligation. On the basis of realistic assumptions, the obligation is expected to be eliminated in 2025. This target date does not include the effect of any CCMBC operating surpluses or change in Legacy's operations.

Legacy Board
Michael Dick, chair
Jeff Dyck
Dan Guggenheimer
Ron Willms
Bryant Whyte

Legacy Staff
Jason Krueger, CEO
Bertha Dyck, CFO