2021 NATIONAL ASSEMBLY

CANADIAN CONFERENCE OF MENNONITE BRETHREN CHURCHES

JUNE 10-12, 2021

WELCOME

Normally we would greet you with a smile, hand-shake, and a warm welcome to a particular church. But this is not yet normal, so we welcome you with a smile and a friendly virtual welcome!!

While we miss the getting-together part, this virtual setting makes it possible for more people to join us from across our six time zones. With the learnings from two years of "virtual conventions," our staff has developed a pretty good set of procedures to do our AGM work.

National Assembly is an annual opportunity for us, as a family of churches, to gather together. It is an opportunity for us to build relationships, learn how we are progressing toward our goals, hold our leaders and teams accountable, and affirm our leaders going forward.

This is a historic National Assembly. We look forward to the expanded delegate assembly and our work as we seek consensus together and with the Holy Spirit as in Acts 15.

Welcome to National Assembly 2021!

Ron Penner
CCMBC moderator

DELEGATE QUALIFICATIONS

Each member church shall be entitled to be represented at any convention by delegates. The maximum number of delegates is one (1) pastoral delegate per church and one (1) other delegate for every twenty-five (25) members or fraction thereof of that member church. Executive Board members for the Canadian conference have a vote at convention by virtue of their position as Executive Board members. Each delegate must be:

- 18 years of age or older
- A member in good standing
- Approved as a delegate by the church

AGENDA

Date Saturday, June 12, 2021
Location 1310 Taylor Ave,
Winnipeg, MB R3M 3Z6
Time 10 am – 3 pm CDT

1. Welcome, prayer and opening remarks
2. Consent motion to appoint parliamentarian, ballot team, and minute review committee
3. Consent motion to approve the 2020 AGM minutes and the 2021 agenda as presented
4. Prayer (in breakout rooms)
5. Moderator's report
6. National Director's report
7. MB Seminary report
8. Motion to approve Legacy consolidated financial statements
9. Motion to approve CCMBC non-consolidated financial statements
10. Motion to approve CCMBC pension plan
11. Motions to approve KPMG as auditor for CCMBC Legacy, CCMBC, CCMBC Investments and CCMBC Pension Plan
12. CCMBC Legacy report
13. Motion to approve CCMBC General Operating Bylaws
14. Motion to approve the Collaborative Unified Strategic Plan
15. Multiply report
16. Motions to approve the 2021 CCMBC budget and the 2022 CCMBC Pro Forma budget
17. Motion to approve the revision of the Confession of Faith Article 8: Christian Baptism
18. Motion to approve Membership Regulation Policy
19. Motion to approve National Credentialing Policy
20. Motion to approve Executive Board members
21. Consent Motion to destroy ballots upon approval of the minutes by the Executive Board Secretary and adjourned the meeting

RULES OF ORDER

1. We strive for unity and respect, involving the participation of all assembled, as we deliberate decisions that shape the future of our conference.
2. Delegates should stand to speak at a nearby microphone or indicate you want to speak by using the "raise hand" function in Zoom. Please use the following protocol:
   a. Wait for acknowledgement by the moderator.
   b. State your name, church and community you come from.
   c. Address the moderator. Delegates may not dialogue with each other on the floor.
   d. Keep remarks to the point. Avoid repeating statements already made by another delegate.
   e. Take care to confine remarks to the motion or resolution under discussion.
3. A delegate may speak to an issue more than once, unless there are other delegates who wish to address an issue. A delegate should not ask for the floor more than 3 times on one issue. The mover of a motion may answer questions to a motion as often as they are raised.
4. Individuals other than delegates may be permitted to speak, subject to the decision of the moderator. The assembled delegates may, by a simple majority vote, override the decision of the chair.
5. Only delegates are permitted to vote.
6. For online delegates, the "Digital Voting Policy for Conventions of the Conference" will be followed. Additional instructions may be provided by the Moderator regarding any other meeting procedures required by online delegates.
7. In general, Robert's Rules of Order will be followed.

DIGITAL VOTING POLICY

DIGITAL VOTING POLICY FOR CONVENTIONS OF THE CONFERENCE

A Digitally Registered Delegate is entitled to participate online and vote using the digital communications technology selected by the staff of the Conference who are responsible for hosting the Convention. This technology will be provided at no cost to each registered delegate.

REGISTRATION PROCEDURE

To be enrolled and participate as a Digitally Registered Delegate, the following procedure will be used:

- For each church delegate who is attending online, their name and a unique email address must be provided.
- Each delegate must have their own digital device such as a computer or smartphone that is capable of running the communications software being used by the Conference. For reasons of authentication and vote tabulation, multiple delegates cannot share a single device.
- At least 24 hours prior to the start of the Convention, each Digitally Registered Delegate will receive an email with a password and instructions on how to attend the Convention online. Delegates will have time to load and test any software before the start of the Convention.
- Each delegate will receive a unique identifier (Registration Order Number) that must be used when logging into the online convention so that their identity can be validated. Anyone who does not have an identifier will be disconnected from the online service.

VOTING PROCEDURE

When a call for a vote is made by the Moderator, each Digitally Registered Delegate will indicate their vote using a voting or polling feature provided by the online software. The members of the Ballot Team will be responsible for tallying the result of the votes from all delegates.

CALL FOR A BALLOT

If a vote by ballot is required, the Moderator will indicate how responses from the Digitally Registered Delegates will be received by using a voting or polling feature provided by the online software.

MOTION DISCUSSION PROCEDURE

Prior to voting on a motion, the Moderator may open the floor for questions. The Moderator will be responsible for managing questions from all delegates in person as well as Digitally Registered Delegates. The same rules of order for the Convention, as set by the Conference, will apply to all delegates. The following guidelines apply to Digitally Registered Delegates:

- All microphones of online participants will be muted (It may be required that all video be turned off except for the speakers).
- A Digitally Registered Delegate may use appropriate features of the software as designated by the Moderator to signal their desire to speak to the motion on the floor.
- The Moderator will identify the delegate to speak next and the microphone will be unmuted.
- The Moderator may also ask that the delegate use video, if available when speaking.

SCRUTINIZING VOTING RESULTS

There can be times when technology fails. The Ballot Team will be given the discretion to request that a vote be retaken if they feel that a significant portion of the delegates was somehow prohibited from participating in the vote and would have impacted the results of the vote.

In order for the Ballot Team to evaluate if a vote was impaired, it may be necessary for each Digitally Registered Delegate to indicate a YES, NO, or ABSTAIN response to a vote so that the online results can be validated. For instance, if only 45% of the delegates vote YES and 30% vote NO, it is important to confirm that the remaining 25% abstained as it could change the outcome of the vote.

Note: Members of the Ballot Team will be at the Convention site as well as online to confirm all results.

RESTARTING THE ONLINE SESSION

In the event that there is a failure in the online technology, the Moderator may discern the need to postpone the meeting temporarily until communication issues are resolved. Email will be used to communicate to all Digitally Registered Delegates. Rules for quorum will still apply once the online meeting is restarted.

FROM THE MODERATOR

Along with God's people around the globe, our churches and agencies have grappled with COVID's challenges to health, life, and work. While the toll has been significant, we have survived the year! Thanks to all for your creativity and perseverance!

Annual General Meetings are about reporting the state of our organization as well as doing necessary work to guide us going forward. We are still required to hold our meeting virtually and we are grateful for the opportunity and even the pluses for participation that Zoom provides.

Your Executive Board has met for two-hour zoom meetings monthly throughout the year – our attendance has been strong, and committees have worked hard to address their responsibilities. See the roster in the attached table.

Throughout this year, we worked to prepare several key elements to live out our "collaborative model for your approval:"

- A revised and adapted set of General Operating Bylaws,
- A Collaborative Unified Strategic Plan (CUSP),
- A Budget both for 2021 as well as a proforma for 2022.

We have also seen the operationalizing of several key teams and meetings:

- The National Ministry Team, consisting of senior leaders from all provinces and partner organizations, which has led the way in crafting our CUSP;
- The National Faith and Life Team, consisting of representatives from all provincial Faith and Life Teams, who are stewards of our Confession of Faith as well as guides to coordinate our wider spiritual and theological health;
- The National Council, which consists of all the Boards from Provinces and Partner Organizations, which offers discernment and counsel to the major elements of our work;
- National Townhalls, which offer church members opportunities to learn about and offer counsel regarding key issues – this year we held Townhalls around the Bylaws and CUSP.

In addition to these, the Board has engaged in regular matters such as:

- Evaluation of the National Director's work,
- Monitoring our finances and compliance with regulations,
- Working at reviewing and creating needed policies and procedures to guide us.

Troubles and challenges are also to be expected and this year also brought us some of those:

- Completing the Multiply Organizational Review, resulting in leadership and board changes,
- Downsizing our National Staff to deal with financial restrictions,
- Responding to our NFLT Director going on medical leave,
- Renegotiating an affiliation agreement between MB Seminary, MB Church Manitoba, and CMU,
- Responding to a petition from individuals around ministry related to the LGBTQ+ issue.
- We have also provided a follow-up report to the "Keeping our Promises" project arising from "Our Financial Story." Please see the report at the following location: **.

We are pleased with progress on the above as well as "clean audits" and positive financial outcomes in our several financial departments: CCMBC, Legacy, Investments, and Pensions.

At this National Assembly (AGM), our major decisions will involve approvals of:

- Governance-level recommendations:
- General Operating Bylaws,
- The Collaborative Unified Strategic Plan (CUSP),
- Operational membership decisions:
- Approval of 2020 Financial Statements,
- Approval of the Auditor for this year,
- Approval of Budgets
- Election of representatives to needed posts.

Key Policy recommendations:

- Approval of a revised Confession of Faith Article on Baptism and Church Membership,

- Approval of National Membership Policy
- Approval of a National Credentialing Policy
- As we look ahead to the coming year, we anticipate needing work in the following areas:
- Operationalizing the CUSP,
- Updating MOU's or Agreements among our Partners,
- Updating additional policies.

Hopefully adapting to a "post-COVID" reality.

While an active and effective Board is essential for organizational health, it is also very important that we have a good complement of staff to operationalize our mission and goals.

We want to express our thanks to the leaders and staff of our national office as well as those of our partners: Historical Commission, Legacy, MB Seminary, and Multiply.

Elton DaSilva has worked many extra hours dealing with the volume of work, effects of incorporating four time zones in his sphere, and the trouble-shooting this year has required. Thank you, Elton and your team.

We welcome Jason Krueger as President and CEO of Legacy and thank Jim Davidson for his work during our transitional process. Bertha Dyck continues as CFO for both Legacy and CCMBC.

One of the outcomes of the Multiply Review was Randy Friesen's departure as General Director. Not only has he served as General Director, but also a champion for various new initiatives in MB Mission throughout his 30 years of service. We thank him for his leadership and wish him well in his new chapter! We also pray for the Multiply Board as they search for a new General Director.

Again, thanks to the members of our Executive Board – we serve as your representatives in the work of planning, implementing, monitoring and problem-solving. Alongside, it is essential that we listen well to what God is about during these days as well as what our brothers and sisters are hearing.

We hope you will take time to join us for several key events now in June:

Thursday, June 10th – Virtual Seminars to give you an opportunity to gain more information on four key topics: Bylaws, CUSP, Finances, and Confession of Faith.

Friday, June 11th – An evening of sharing and celebration.

Saturday, June 12th – Our Annual General meeting.

The mission before us is: "To foster a community and culture of healthy disciple-making churches and ministries, faithfully joining Jesus in his mission."

For the Executive Board,

Ron Penner

Moderator

FROM THE NATIONAL DIRECTOR

Although not officially stipulated as a mandate, I felt CCMBC had five significant "big rocks" to tackle, both administratively and strategically.

Big Rock 1 – To right-size CCMBC financially to fit according to the income received from our churches. Moving CCMBC out of dependency on a supplemental income from Legacy was a priority. Over the last two years, we significantly reduced our budget, removing approximately $350,000 from the annual budget.

2020 was the first year in a long time that CCMBC lived within its means. You will be receiving our 2020 financial statements, which highlight a surplus for the year. We have also created a budget for 2021 and a Pro Forma for 2022 that includes deficit reduction and (or) increased reserves.

Big Rock 2 - Create a two-way conduit of communication with member churches and partners. The January 2020 approved communication plan launched us into an era of town hall meetings, focus groups, National Council meetings, and a national communication team made up of representatives from each of the agencies and provinces. The *MB Herald* moved online and became a monthly digital publication. This move has seen great results with significant uptake in subscriptions. We are even beginning to see paid advertisers returning to the magazine.

Big Rock 3 - Write governing documents, policies, and procedures that support the existence of the Collaborative Governance Model. With much input and teamwork, the new bylaws accommodate the new parts of the Collaborative Model. The first draft of SPAs (Strategic Partnership Agreements) was done in March 2020 and is now being re-visited by a task force.

Big Rock 4 - Develop a new system of funding conference work. Since the Collaborative Model called for accountability and partnership between provinces and national, it made sense for a single stream of funding to flow upwards from the provinces to the national conference. This significant but complicated work is working well as we finish the first year of this endeavor.

Big Rock 5 –The *Collaborative Unified Strategic Plan (CUSP)* is up for approval at this year's National Assembly. The CUSP is a unique and unprecedented plan owned at all levels of MB ministry in Canada. Representing input from provinces and agencies, the CUSP imagines all parts of the Collaborative Model, working together at our best with hope and trust that God will continue to grow our family of churches. Like the bylaws, the CUSP has been vetted several times through town halls, focus groups, the National Council, National Ministry Team, and the National Faith & Life Team.

Although the last two years were marked by complications and big changes, those two years also saw a significant shift in our national family's culture and behavior, primarily the growth in collaboration and a desire to do things together. I am grateful to our staff for the incredible work they have done this year. I am also thankful for the Executive Board, National Faith & Life Team, and National Ministry Team's work in having the vision to propel us in this new direction.

As we look forward to a new mandate, there are some new "big rocks" to address. Such as operationalizing the CUSP, fully developing the role of CCMBC as a principal organization in the Collaborative Model, rebuilding ministry reserves, and re-engaging our mission nationally and globally. I look forward to what God has planned for our family of churches.

Elton DaSilva

National Director,
Canadian Conference of
Mennonite Brethren Churches

Faith & Life

The National Faith and Life Team exists to articulate and safeguard Mennonite Brethren theological convictions, produce theological and pastoral resources, and provide discernment and guidance on current issues. We continue to serve the MB churches of Canada in the area of strengthening the Canadian MB identity and community.

Although our global pandemic has shut down initiatives all around us and slowed life for many, that has not been the experience for the NFLT. Along with most everyone else, our team—consisting of church leaders from BC to Nova Scotia—shifted to online meetings in order to continue moving forward with our mission and responsibilities.

The following represents the bulk of our work during the past year:

MB Confession of Faith

- We have completed our recommended revision to **Article 8 on Baptism** which began in Fall of 2018. We have heard from many individuals and churches, and recommend it for final approval.
- We have also produced **Explanatory Notes** and **Responses to FAQs** to assist anyone in our MB family to better understand Article 8—especially those who want to teach and preach these convictions more effectively. (These will replace what were formerly called **Commentary** and **Pastoral Application**.)
- We have updated the MB Confession's "Brief Edition" and renamed it a **"Summary of the Confession of Faith."** Since many congregations link to the Brief Edition on their websites, it needed to reflect the language and wording of the Full Edition more carefully.
- We are working on **translations** of our full Confession of Faith into more languages beyond what we have at present (viz., English, French, and Chinese). A Farsi translation is underway; and the Spanish translation is to be updated soon. Translations into a few Indigenous languages are also being considered.

MB Resources

- We are working on two pamphlets in response to **Medical Assistance in Dying** (MAiD) legislation in Canada.
- We are writing materials that provide greater clarity about the biblical and theological foundations for our Confession of Faith's convictions about human sexuality, and about how we can live out these convictions more lovingly to those who identify as **LGBQT+** inside and outside of our congregations. Prompted by some of our Provincial Conferences and by letters we have received from concerned individuals, we recognize that this conversation is a priority for the MB family across Canada.
- During the first wave of the pandemic, the NFLT Director, Ingrid Reichard, gave leadership to national online prayer gatherings, coordinated an international MB Good Friday celebration, and offered resources to pastors through webinars, blog posts, and one-on-one support.
- We are working on coordinating **church membership policies** across provincial conferences to provide greater clarity.

Credentialing of Leaders

- We have done a thorough revision to our **Code of Personal and Ministry Ethics** for all MB credentialed leaders across Canada as all of us enter an era that requires greater shared clarity and vision for our national team of pastors and leaders.
- We launched an alternate credentialing process in partnership with our First Nations leaders, and are excited about the first candidates who are nearing completion of the process.
- We are in the process of considering how to better prepare applicants for credentialing, and how to invite credentialed leaders to effective and ongoing **professional development**.

Events

- Because of our desire to have the **Pastoral Credentialing Orientation** (PCO) as a live event, we have re-scheduled this Spring's two in-person events to Fall: October 27-29 in Ontario, and November 3-5 in BC.
- For similar reasons, **Equip Study Conference 2021** on ecclesiology has been postponed and will become **Equip Study Conference 2022**.

Earlier this year, we were informed that our NLFT Director and chairperson, Ingrid Reichard, would be on a short-term medical leave. Many individuals from within the NFLT have stepped up during her absence; but we very much look forward to Ingrid's return and her leadership of this Team.

Please pray for the women and men of your National Faith and Life Team—for the Holy Spirit's wisdom, courage, and creativity to carry out the task of assisting our MB family as we seek to be faithful to Jesus' mission in the world. Pray also that God will continue to send quality women and men to serve on this team and on each of the provincial faith and life teams.

Your servants in Christ,

Andrew Dyck, Karen West, and Ken Esau
(The Interim NFLT Coordinating Team)
On behalf of the MB National Faith and Life Team

PCO Pastors Credentialing Orientation

East (ON)

October 27-29, 2021

West (BC)

November 3-5, 2021

Contact your provincial office for more information.

April 22, 2021

BC Report for National Convention

Greetings from the churches in BC.

As fellow travelers through a year of Covid we confess by faith, “our light and momentary troubles are achieving for us an eternal glory that far outweighs them all” (2 Cor, 4:17)

Despite all the setbacks, disappointments and deep loss, our hope in Christ remains strong. Knowing that the light shines brightest when the night is dark, we anticipate that the troubles of these days will cause many to seek a community where they can find truth and love. By God’s grace our churches will be those communities.

Over the past year our BCMB churches have been catapulted into the online world. Necessity has led even the smallest of our churches to utilize zoom and live streaming to provide teaching and community for their people. In so doing our churches have opened hundreds of thousands of portals offering seekers a glimpse of what they might find at a given church.

Across the province, the creative Holy Spirit of God has led our churches to

- offer drive thru communion
- divide up buildings into multiple zones for groups of 50
- serve coffee and donuts at local schools for teachers
- honour long term care workers with gifts and a musical tribute
- support families with children’s ministry resourcing at home
- form small discipleship huddles compliant with Covid restrictions
- focus on a decentralized discipleship model and consider how to be the church when large gatherings are not possible.

Our BC churches and pastors have grown in their appreciation for the wider Canadian MB family through the past year. National prayer events, a pastoral wellness seminar as well as invitations from the CCMB and NFLT to offer feedback on strategic and theological questions have all helped to raise awareness that we are part of a Canada wide community.

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The year past has also stretched and tested us in many ways. The changes in structure and leadership at Multiply have left us struggling to maintain momentum in church planting and retain our confidence in MB global mission partnership. We praise God that the mission is His and we are grateful for the many signs that momentum and confidence remain strong.

It is no secret that Canadians struggle with regionalism. With the new collaborative model, we are eager to see the MB family grow ministry partnerships between provinces and we want to pursue ministry here in the west with a keen eye on what we can learn from and share with our churches to the east.

BCMB church members have trusted God for His provision in their lives during this time of COVID. They have been faithful in worshipping God through gifts and offerings and have enabled BCMB to contribute faithfully 20% or $355,400 of our church contributions to the CCMBC one-stream funding budget in 2020. This is a reflection of trust and hope in God's provision and the gospel work of the church, both provincially and nationally.

We deeply appreciate our Canadian MB family and are prayerfully excited about what God has for us together.

In Christ,

Rob Thiessen

Conference Minister
BCMB Conference

ABMB 2021 Report for National Assembly

Paul J Loewen (ABMB Executive Director) & Tim Doerksen (ABMB Moderator)

Like every organization, we made adjustments and pivots. 2020 was a year of soul-searching, re-focusing, and many uncertainties, with plenty of faith-building opportunities. Our priorities shifted from future directional plans to focusing on maintenance and assistance.

- We made budget adjustments, reducing our expected income and narrowing expenses, recognizing the effect the pandemic would have on all of us. We are contributing 30% of all church donations to the National Conference which lines up with how funds were distributed in the past. We are very thankful that at the end of 2020, we were able to meet our obligations and attain a surplus.
- We managed crises and conflicts, and with the leadership of the Faith & Life Teams (credentialing & care), we saw some churches move back to increasing health.
- We increased our partnerships and collaboration efforts, specifically with leadership development (churches, Camp Evergreen and Multiply), and for 2021 are anticipating some ground-breaking events like SOAR Alberta (for youth) and TREK (focus on post high school "gap" year).
- Credentialing of pastors has been challenging with no in-person interviews; the value of theological alignment and understanding is so helpful in achieving our mission. We are very intentional about interviewing all potential pastors prior to candidating or hire.
- We continue to assist new Canadian churches with practical matters like credentialing of pastors, financial support systems, and achieving their charitable status.
- Working toward helping churches collaborate together for greater missional impact and church health. When churches start, or struggle through transitions, we invite and engage other congregations to partner.
- We are beginning to implement the CUSP (Collaborative Unified Strategic Plan) within the province.

Moving forward, 3 mandates that we want to focus on. They are:
1. Grow personal relationships with pastors and boards/church leaders;
2. Develop conference-wide missional opportunities that build unity;
3. Focus on collaborating together for emerging leadership development.

We want to continue to work with our churches and mission partners (Camp Evergreen, Multiply, MB Seminary, Colleges...etc.) to achieve these goals. It is our desire that these opportunities for ministry will rise out of our churches, and that we grasp them and collectively see them grow within our province. It is a call to our churches that as they see opportunities they share that vision with our province. This approach is very much in line with our National Collaborative Model that allows more direction from our provinces to identify areas of ministry that need to be emphasized.

We continue to emphasize the need to work together as churches and ministry partners for greater service to the King of kings. In so many ways we are seeing the need to get back to the basics of doing "church" in more relational ways, encouraging each other in our walk and service to Jesus. While we grieve many losses of past ministry, we also anticipate the greater opportunities that are before us. May God lead and guide us together!

ASSEMBLY 2021
Restoring joy for the Mission

The March 13th Assembly was the first to be conducted via Zoom. Some 100 people took part including Conference leaders, ministry teams, delegates, and guests.

Willard Hasmatali, SKMB pastor and planter, brought two devotionals on the Assembly theme: *Restoring Joy for the Mission*. Using the text 1 Peter 1:3-9, Hasmatali's central claim was that COVID has not fractured the ultimate foundation of our joy – the person and work of Christ and the expectation of his return and our salvation.

Moderator Gwen Machnee provided the Executive board report highlighting that our Director of Ministry, Phil Gunther, was instrumental in bringing shape to both the Common Understanding & Common Covenant (CUCC), and Memo of Understanding (MOU) with Horizon College & Seminary, and the 2021 budget. Phil was also key to providing care and communication to SKMB members since the pandemic started in 2020.

Discipleship Coach Luke Etelamaki (pastor/planter) reported that COVID struck at the beginning of his ministry with SKMB and his role immediately shifted from being a discipleship coach to pastoral care support to the Director of Ministry. Etelamaki is re-engaging in conversations with SKMB pastors and directors about discipleship in their respective churches and camps. Etelamaki said he is all about cheering on churches to make robust changes toward better discipleship. He challenged listeners to be deliberate in defining the characteristics of a disciple and what discipleship looks like in their setting – What is your discipleship matrix and what are your metrics?

Other Assembly Highlights:

- The CUCC was adopted for a year of review by the constituency.
- The SKMB – Horizon MOU was adopted.
- SKMB has a new office on the recently built Horizon Campus, a space shared with Multiply.
- Carmel Pentecostal Church (Saskatoon) was welcomed into membership.
- Recognition of Ross Hardy's long tenure as a servant in SKMB's ministry.
- Jeff Siemens (Saskatoon) was elected as the new moderator.
- The 2020 year ended with a surplus which will be re-invested in strategic initiatives.
- The 2021 budget ($181,000 revenue, $149,000 operational expenses, $21,000 Field Operation expenses and $19,500 strategic investments) were adopted.

Leaders Collective

The Conference will see its second group of seven young adults complete the *Leaders Collective* training program in the Spring of 2021. The *Leaders Collective* is a six-month cohort-based program that seeks to train participants who are actively serving their churches or camps. The purpose is to deepen their capacity to lead as followers of Christ.

National – Provincial Collaboration

SKMB leadership is committed to on-going collaborating with national leaders on the CUSP and bylaws. Once the CUSP is adopted, SKMB will revisit our provincial strategic plan in order to operate in harmony with it.

Moving Forward

The SKMB Director of Ministry (DM), Phil Gunther, provided a rallying call to churches and camps regarding post-pandemic life.

> *"God's word teaches us that there is a time for everything, a season for every activity under the sun. Friends, the season of pandemic is on its last legs, infected numbers are decreasing, hospitalizations are decreasing, deaths are decreasing and the timeframe to receive vaccinations is decreasing. The window of hope and optimism is opening wider by the day. Yes, we have some battles that remain, with COVID and with fully re-opening churches. Here we must remain patient, all the while preparing for a new season, a post-Covid season. Our pandemic 'winter' is ending, our post-pandemic spring is unfolding, and God is calling us out of darkness to the light. He is calling us to Himself. He is calling us on mission. He is calling us to advance the Gospel. He is calling us from a period of self-preservation to a renewed passion for gospel proclamation. It is a time of opportunity led by His Spirit, and here is victory. God sees us as more than conquerors in Christ Jesus. Friends, put on the armour of God and go forward as victors! This is our hope – the future is in the Father's hands and He is sovereign. SKMB family, we will rebuild what was torn down, restore what was lost, and revive what was cast down. Let us together re-commit to re-engage in the great command and great commission. Ours is the victory! Ours is the hope! Ours is the joy!"*

Gunther went on to call lay and vocational leaders to help the church understand the present culture and need, redefine the mission for a post-pandemic world, to re-set passion for advancing the Gospel. He called leaders to ask mission-defining questions for a world so different than what it was even a year ago. Finally, he shared his own roadmap to strategic leadership in 2021.

SKMB Office Communication

As we look forward to 2021, we anticipate living in the Collaborative Model and the National Strategic Plan, together with the other provinces and agencies. We remain committed to our ongoing work to equip, resource, and inspire our churches.

Leadership Development

We established a new 3-year affiliation with the MB Seminary, CCMBC, and CMU to continue offering a Manitoba Mennonite Brethren track. in graduate-level training. Andrew Dyck and Pierre Gilbert remain as faculty in our midst and continue their involvement in our Faith and Life Teams, preaching and teaching and ministry among students. We are grateful for these partners and the tangible collaboration in the forming of this affiliation.

Organizational Health

We are updating and revising our governance and bylaws in order to bring them into compliance with the Collaborative Model. We put together a bylaw review team and will bring these items to our Assembly 2022. Also, revisions to our Safe Place Policy are being completed along with further resource materials to provide churches with training for volunteers.

Another space of our work is supporting churches. Pastoral searches, HR realities, crisis support, board development, navigating challenging conversations, etc. We are honored to be invited and welcomed into the internal workings of a local church.

Spiritual Health & Theology

Our Nuts & Bolts events have been times for pastors and leaders to gather, be equipped, inspire and support one another. These events are times where we can ask challenging questions. Questions like how do we help our pastors and leaders survive and thrive in an alien environment? Or, how can we help them navigate the changing landscape?

One space of need that became apparent in 2019 was the care and inclusion of LGBTQ+ persons. While we have many churches who have made great strides in this important work, we've often struggled with how to engage in healthy conversation that continues to honor the convictions that we share in our confession. We engaged with PostureShift, an event designed to equip churches for this very work. Unfortunately, the pandemic tangled our plans for 2020. PostureShift is now scheduled for September 29-30 of this year. We are excited to collaborate with the Saskatchewan and Ontario MB Conferences in this opportunity.

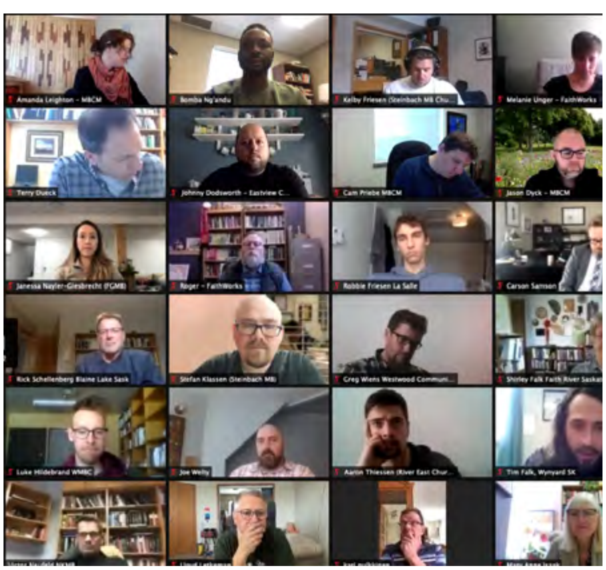
MBCM's Provincial Faith and Life Team have been faithful in their ongoing work in the area of spiritual health and theology. The PFLT has always been a critical factor in the credentialing process for MBCM pastors, and that continues to be the case. 2020 marked the year that the PFLT began to focus and work a bit more in the theological and practical workings of churches within MBCM. This work continues into 2021.

Missions

This past March, the Multiply team once again hosted SOAR Heartland. Our ongoing partnership with Multiply continues to be effective in providing opportunities for local churches such as cross-cultural & contextual training on living out the Gospel of Jesus, orientating our everyday life to be missional, as well as resources in the areas of local & global mission, to name a few

I Corinthians 15:58 "Therefore, my dear brothers and sisters, stand firm. Let nothing move you. Always give yourselves fully to the work of the Lord because you know that your labour in the Lord is not in vain."

We're incredibly grateful for the resilience of our churches in 2020. Indeed a sign of God's steadiness in our lives amid much trouble and unknown.



ONMB Report to National AGM

A month into this pandemic, a poem entitled "**Exposed**" came to my attention:

"We've all been exposed.
Not necessarily to the virus
(though maybe…who even knows).
We've all been exposed BY the virus.

Corona is exposing us.
Exposing our weak sides.
Exposing our dark sides.
Exposing what normally lays far beneath
the surface of our souls,
hidden by the invisible masks we wear…"

[Read the full poem: by Sarah Bourns]

This poem resonated in my heart as a prophetic reminder of the idols that often lurk in our lives keeping us from our first love. It is a call to reassess our spiritual practices and the ways in which we express our lives as disciples of Jesus. Although we are still figuring this out, this season has been an opportunity to look afresh at what God is doing in our day.

Like other parts of the country, several of our churches have remained closed while others have pivoted many times in attempting to stay within the provincial regulations. Our Camp's normal summer functions were all curtailed, while our Leaders Collective program was adversely affected and as a result a new cohort did not start.

Regardless of the challenges, the power of the gospel and the vitality of the church has moved forward. We've learned a new way to connect with each through numerous virtual platforms. Most churches have enhanced or birthed an online presence, often with great success. Amazingly, a few church planting efforts have begun or continued in spite of the pandemic.

This year we had great plans to celebrate our 90th AGM. Although we had to revise initial dreams and hopes, we discovered that a virtual attempt worked quite well and allowed us to engage a larger group than we would have seen in person.

In the meetings we were able to adopt an entirely revamped Bylaw revision which we trust will position us for strategic growth in the years ahead. We experienced remarkable generosity from our people as most of our churches have remained financially fit. That translated into the strongest year of financial support to ONMB in the past decade. We are so grateful. We were even able to welcome two new churches to our family: Northend Church in Niagara and Manotick Community Church in the Ottawa area.

This year we began to really press into our national collaborative efforts. The National Ministry Team met numerous times, worked through countless challenging efforts, and is positioned to propose the CUSP (collaborative unified strategic plan). Our unified efforts also allowed us to offer two 'wellness seminars' to serve our leaders in these challenging days.

As we look to this next year, our hope is to develop several teams to assist our collaborative efforts. In particular we will be establishing a missional church planting team to reimagine our church expansion efforts. It is also our hope to create a leadership development team to more comprehensively address the growing need for new leaders in our midst.

I believe this is a Kairos moment (Greek for: an opportune moment in time for action). A time to reimage what the church might look like in the future. A time to assess and rethink what our missional expressions should be moving forward. A time to engage with a growing number of Indigenous brothers and sisters. A time to reimagine our love and unity in these days of unprecedented polarization and division. My prayer is that we will not miss all that God has for us during this particular Kairos moment.

Ed Willms

Ed Willms
Executive Director

Ontario
Conference of Mennonite Brethren Churches

AÉFMQ REPORT

Headlines and Highlights

- Strengthening of the provincial board adding 3 persons under 40 in the last year.
- Beginning of consultation to produce a Strategic plan for Quebec
- Reducing staff from a 3/4 time provincial minister and expensive accountant to a less expensive accountant and a communications person.
- A very successful fundraising program for Camp Péniel
- Increased enrolment at ÉTEQ and the beginning of minimal financial reserves there
- We have pushed incorporation of individual churches and 6 out of 9 have completed it.
- 1 church closed, partly due to COVID.

Finances

- Projected Year-end outcome (Size of surplus or deficit)
- Suspected small surplus ($3000).
- Lowered or New Commitments : Plan to resume contribution to CCMBC: $6000 budgeted for 2021

Major Decisions at Spring 2021 Provincial Convention

- Election of a new chair in April: Nathan Whatley
- Affirmation of a provincial ethical code developed prior to the upcoming revised national code.

What changes in Provincial representation to CCMBC either on the EB, NMT, or NFLT do you foresee?

- None

Clouds and Challenges on the horizon

What "figurative storm clouds" do you see on your province's horizon? What challenges do you foresee in the next two years?

- The long-term consequences of the pandemic on our congregations are difficult to assess
- The renewing of our pastoral leadership (especially for French-speaking churches)
- The lack of a younger generation to take charge of the Qc MB churches
- Social changes raising theological questions (same-sex marriages, women's leadership, race relations, etc.)

Richard Lougheed and Zacharie Leclair

Association des Églises
des frères mennonites du Québec

National Assembly Report for the Atlantic Region

Our three churches—The Well Dartmouth, River of Life MB Church Moncton, and Gateway Community Church in Lower Sackville, continue to focus on caring for pastoral needs and having an online presence. The Well is holding "micro-churches" in four different locations, and is thanking God for a baptism on Easter Sunday. They have a number of people exploring faith and have strong small group participation. River of Life church continues to have in-person socially distance meetings. Small group and prayer meetings are well attended online. Gateway is still without a pastor. They continue to be led by committed lay people. Finances in our small churches are stable, and we are thankful to God for that.

Respectfully submitted by Sam Reimer (Atlantic rep to the executive board).

APRIL 2021

INTRODUCTION TO THE COLLABORATIVE UNIFIED STRATEGIC PLAN

PREAMBLE

One of the pillars of our new Collaborative Governance Model is “common mission and agenda.” To function in a coordinated and cohesive way as a family of churches in Canada, creating a Collaborative Unified Strategic Plan (CUSP) was necessary. It represents the collaborative work between provinces and national agencies. The National Ministry Team developed the CUSP in consultation with National Council, National Town Halls, and focus groups. The CUSP encompasses all parts of our Canadian MB ministry and emphasizes a strong focus on discipleship as the core focus for our mission in Canada and beyond.

The CUSP identifies four priority areas that provincial conferences and national agencies will invest into resourcing our churches in ministry. These priority areas are Spiritual Health and Theology, Leadership Development, Mission, Organizational Health. To engage a broad audience, we have created supplementary documents: CUSP (full version), CUSP Sidewalk Version, CUSP Placemat, Who is the CUSP for, and Operationalizing the CUSP (Phase 1).

At this AGM, we present the CUSP (Full version) for approval. The Operationalizing of the CUSP is seen as “still in process” and will change as National Implementation Task Forces get to work. We have included some of the development costs in the 2022 Proforma Budget; its implementation is not included in the 2021 Budget.

To help you address some key issues or concerns which tend to come up, we have included a few Frequently Asked Questions and Responses below. If there are other questions you have, please feel free to address them to us BEFORE May 29, 2021 at FAQ@mbchurches.ca.

IS IT JUST ANOTHER NATIONAL IDEA?

The CUSP is attempting a new concept – the CUSP is not a national program; it is a cooperative of all the partners. While CCMBC will serve as the coordinator (Principal Organization) to facilitate the planning, coordination, and evaluation of the CUSP, it is not CCMBC’s program.

HOW DO ALL PARTNERS ENGAGE WITH IT?

First, all partners have a strong, virtually equal voice in shaping and developing the plan. All provinces and ministry partners are part of the creation of the CUSP.

Second, all partners will be engaged in a National Team focussed on implementing a significant area like Leadership Development in a special task force. Each partner will look at what they can contribute to the goal in their region and possibly beyond. This might mean sharing program resources, expertise, people-time, and training, or maybe some funds.

HOW IS THE CUSP FUNDED?

Single-stream donations for our common work will primarily fund the CUSP. Contributions toward programming and people’s time will be factored in as provinces and partners can offer them.

Eventually, when Legacy’s financial conditions permit, we will see some annual “donations” coming to the CUSP to assist with its costs. We will need to carefully treat these funds to avoid creating dependence on these “annually-determined donations” that may vary from year to year.

We invite your participation as a delegate at the MB Church of Canada National Assembly (AGM), where we will vote on the approval of the CUSP.

INTRODUCTION OF PROPOSED AMENDED GENERAL OPERATING BYLAW

NOVEMBER 4, 2020

One of the key elements to round out the Collaborative Model of functioning as a Canadian MB Conference is it Bylaws. During the past 12 months, many hours of drafting, discerning and gaining legal counsel have occurred in order to prepare a Proposed Amended General Operating Bylaw to the Membership. We have a few further discernment settings to go through but here is where we have come through early November.

Keeping Annual General Meeting and Including Member Organizations

Following an initial draft, our legal counsel reviewed the proposed bylaws for consistency with our founding Charter and this led to one of the more significant changes in the Bylaws and Collaborative Model. Whereas earlier there was a proposed substantial decision role for the gathering of boards (then called National Assembly) and that churches would express their will through the votes at Provincial Conferences, the new proposal is that we continue with our Annual General Meetings with Church delegates, but we also include a limited number of delegates from the Member Boards. That AGM gathering is now called National Assembly and is described in Article 6. That group is the sole decision-making body for the Members; the gathering of Boards is now called National Council (see Article 6.9) and has a planning, recommending, and monitoring role. We now have a more fully-represented constituency to make decisions for the well-being of our national denomination.

Preserving Provincial Authority regarding Admission and Discipline of Member Churches.

During the discernment meetings, one of the key issues has been the preservation of the Provinces to admit or suspend their member churches. See Article 4, section 4.6. for this point.

Role or Office Changes

There are a few changes to individual positions or roles:

- Addition of a Treasurer to the Executive Board; (Article 7.1.4.)
- Making the National Director and National Faith and Life Team Director both accountable to the Executive Board; (Article 11)

Committee Changes

In the area of Committees, please note the following:

- The addition of the National Ministry Team as a committee (See Article 10);
- The addition of the National Faith and Life Team as a committee (see Article 12);
- The addition of a Board Executive Committee to help make the Executive Board leadership more collaborative (see Article 13).

Appointment of Board members to Partner Agencies

While representatives to various boards is maintained via election at a National Assembly (AGM), should there be a vacancy arise between conventions, the Executive Board is now mandated to appoint a representative to fulfill the vacated term. In the past the only option was to appoint a current EB member to fill such a vacancy. (See Articles 14.3 and 18.)

Dispute Resolution

A Dispute Resolution Article (Article 23) has been added to help us resolve issues that may arise between partners or committees in our conference.

Ron Penner
Moderator

ARTICLE 8, MB CONFESSION OF FAITH

In 2015, the Board of Faith Life (now called the National Faith and Life Team, or NFLT) surveyed MB leaders across Canada to determine their support for, and concerns about, the MB Confession Faith. In 2018, based on responses to that survey, the Board began a process of revising Article 8 "Christian Baptism." The process included feedback and discussion across the country through provincial conference conventions, a national summit, regional clusters of pastors, online comments, and more. The revision has been met with widespread affirmation; and the NFLT believes the revised Article is ready for inclusion in the Confession of Faith.

PROPOSED ARTICLE 8 CHRISTIAN BAPTISM

God's Invitation

We believe that when people respond in faith to God's invitation to repentance, new life, and discipleship, God calls each of them to receive water baptism in the name of the Father, Son, and Holy Spirit.

Meaning

Baptism is an act of obedience which testifies that God in Christ has forgiven and cleansed a person from sin, freed them from the power of sin and death, given them the Holy Spirit, and united them with the body of Christ. Baptism by immersion is a powerful testimony that a believer has been washed by the Spirit, has died with Christ to sin and has been raised to newness of life.

In baptism the believer publicly bears witness to their own commitment to follow Jesus as Lord, serving Jesus as a covenant member of the local congregation in God's Kingdom mission.

Baptism is the God-given means by which the local church family incorporates followers of Jesus.

Who

Baptism is for all those who repent and confess Jesus Christ as Lord and Saviour, have received the Holy Spirit, and pledge to live as disciples who obey Jesus in all of life. Baptism is for those who understand its basic meaning, are able to be accountable to Christ and the church, and request it voluntarily.

Practice

The local church baptizes believers by immersion and joyfully welcomes and disciples them into full participation as members of the congregation. The local church also joyfully welcomes Christian disciples baptized elsewhere, regardless of mode, if they were baptized upon their own confession of faith.

The local church invites those who claim baptism prior to their own confession of faith and who desire to be members of a Mennonite Brethren congregation to receive baptism as a testimony to their own faith.

Matthew 3:13-17; 28:18-20; Acts 2:38-42; 8:12; 10:47-48; Romans 6:2-6; 1 Corinthians 12:12-14; Colossians 2:12-13; Galatians 3:26-27; Ephesians 4:4-6; Titus 3:5; Hebrews 10:22; 1 Peter 3:21.

CURRENT ARTICLE 8 CHRISTIAN BAPTISM

Confession

We believe that when people receive God's gift of salvation, they are to be baptized in the name of the Father, Son, and Holy Spirit. Baptism is a sign of having been cleansed from sin. It is a covenant with the church to walk in the way of Christ through the power of the Spirit.

Meaning

Baptism by water is a public sign that a person has repented of sins, received forgiveness of sins, died with Christ to sin, been raised to newness of life, and received the Holy Spirit. Baptism is a sign of the believer's incorporation into the body of Christ as expressed in the local church. Baptism is also a pledge to serve Christ according to the gifts given to each person.

Eligibility

Baptism is for those who confess Jesus Christ as Lord and Saviour and commit themselves to follow Christ in obedience as members of the local church. Baptism is for those who understand its meaning, are able to be accountable to Christ and the church, and voluntarily request it on the basis of their faith response to Jesus Christ.

Practice

We practice water baptism by immersion administered by the local church. Local congregations may receive into membership those who have been baptized by another mode on their confession of faith. Persons who claim baptism as infants and wish to become members of a Mennonite Brethren congregation are to receive baptism on their confession of faith.

Matthew 3:13-17; 28:18-20; Acts 2:38; Romans 6:2-6; 1 Corinthians 12:13; Colossians 2:12-13; Galatians 3:26-27; Ephesians 4:4-6

NATIONAL CREDENTIALING PROCESS

Revised & Approved by NFLT on October 23, 2020

This document outlines the process for ministry credentialing and registration as carried out by the provincial Faith and Life teams (PFLT) which are part of the Canadian Mennonite Brethren Conference.

1. Definitions

1.1 Credentialing – The process by which the provincial Faith & Life team deems a pastoral minister's theology and life-style fit to serve in the provincial Mennonite Brethren Conference, in the role for which s/he is being considered. The credentialing process is a prerequisite to registering the pastor with the province for a license to solemnize marriages, though credentialing does not automatically lead to registration.

1.2 Registration – The legal provincial registration to solemnize marriages according to each provincial Marriage Act. Only Lead/Sr. pastors and pastoral staff whose licensing is requested by the congregation in which they serve will be registered. The provincial MB Conferences do not register persons not recognized as ministers in a local MB congregation. The provincial MB Conferences may issue temporary registrations at the discretion of the PFLT or Provincial Conference Minister.

1.3 Questionnaire – the Ministry Credentialing/Ordination Questionnaire is the document owned and managed by the National Faith and Life Team (NFLT) for the purpose of gathering information regarding the lifestyle and theological convictions of the candidate undergoing the credentialing process.

1.4 Pastors Credentialing Orientation (PCO) – A seminar-style introduction to Mennonite Brethren history, theology and polity. Participation in PCO is a credentialing requirement.

1.5 Ordination – by the laying on of hands is the act by which the local church and the provincial conference, under the Holy Spirit's guidance, commission men and women to the vocation of long-lasting leadership ministry. Ordination assumes that credentialing requirements have been completed, and is initiated by the local congregation. The ordination requirements and process are not addressed in this document, but in *Ordination: Principles and Practices* (2017)."

2. The Credentialing Process

2.1 General Policy Statements

2.1.1 The NFLT, in collaboration with each province/region, is responsible for the overall credentialing process, the maintenance of credentialing policies, the upkeep of the credentialing questionnaire, and the maintenance of a national credentialing database. The NFLT grants the authority to provincial MB conferences to credential MB pastors and ministry leaders.

2.1.2 The Ministry Credentialing/Ordination Questionnaire meets the current requirements of each PFLT and the legal requirements for registration of each province. The questionnaire is available on the provincial MB Conference sites in the English or French language.

2.1.3 Pastors and ministry leaders requesting to serve in a church or ministry of the Canadian MB Conference are required to:

a) complete the province specific pre-hire assessment by the Provincial Faith and Life Team,
b) uphold and teach the Confession of Faith, and to
c) complete the credentialing questionnaire and interview, ideally as part of the candidating/hiring process, but at a minimum within 1 year of hiring date.

2.1.4 The following roles require credentialing:

a) Ministry staff with any spiritual leadership role (regardless of title) in a local church or an MB organization (such as Multiply, MB Seminary, camps),
b) All church staff with the title “pastor”, employed at ½ time or more,
c) Chaplains, faculty, missionaries, and others who desire to associate with the Canadian Conference of Mennonite Brethren, but are not serving in an MB organization.

Credentialing is not required for staff whose roles are primarily administrative. Interim or short-term pastors may, at the discernment of the PFLT, serve un-credentialled, completing only the Code of Conduct document.

2.1.5 The credentialing candidate must complete PCO within 2 years of his/her hiring date.

2.1.6 Each PFLT is responsible for the provincial registration of credential holders for permanent and temporary licences to solemnize marriages

2.1.7 Each PFLT assigns a person responsible for the upkeep of the national credentialing database

2.1.8 Each PFLT will assign, as deemed appropriate, an approved mentor to accompany the candidate through the credentialing process.

2.1.9 The PFLT discerns the most appropriate credentialing path for the candidate: the traditional credentialing process or the narrative credentialing process (the latter is for those leaders trained in or serving in narrative tradition environments).

2.1.10 Each credentialed individual will undergo a re-covenanting process (Appendix I of Ministry Credentialing/Ordination Questionnaire) a minimum of every 5 years.

2.1.11 Credentialing completed in any province within 5 years of a role transfer to another province will be recognized by the hiring province. The PFLT in the hiring province must request the original completed Questionnaire and a letter of commendation for the transferred candidate from the PFLT of origin. The hiring province Faith & Life team will conduct a welcome interview with the transferred candidate.

2.2 Credentialing Process

2.2.1 The PFLT will invite the candidate to participate in PCO, preferably before the credentialing interview, in order to orient the candidate to the MB Community and to the Confession.

2.2.2 The **credentialing candidate** submits the completed Questionnaire and supporting documentation to the PFLT.

2.2.3 The PFLT will arrange for a pre-read of the submitted questionnaire documentation package by a member of the PFLT to ascertain the readiness of the document package for the credentialing interview. If the documents are deemed insufficient, the PFLT will contact the candidate with requests for improvements.

2.2.4 The PFLT arranges for and conducts a credentialing interview with the candidate, his/her Sr. Pastor or Moderator, the credentialing mentor, and the candidate’s spouse, if married. There are three possible outcomes of the interview:

a) The candidate is deemed unsuitable, in which case the PFLT will inform the candidate and the hiring church moderator of the result.

b) The candidate is denied credentialing until the PFLT recommendations are met in order to complete the credentialing process successfully. The PFLT will schedule a follow up interview to assess the completion of the recommendations from the previous interview.

c) The interview is successful, in which case the PFLT will inform the candidate and hiring church/organization of the successful completion of the credentialing process, along with any recommendations on the part of the PFLT for future success and growth of the candidate, and will log the credentialed candidate into the credentialing database.

2.2.5 If the credentialed candidate is a minister qualified for provincial registration the PFLT will proceed to register the credentialed candidate with the provincial Marriage Office.

2.2.6 The PFLT will ratify the newly credentialed candidate at the next scheduled PFLT meeting.

2.2.7 The PFLT may invite the credentialed candidate to any other provincially specific required seminars (e.g. Sacred Trust).

3. Privacy of Information

All credentialing documentation will be stored, shared, and destroyed in keeping with the provincial privacy legislation. The information requested in the Ministry Credentialing/ Ordination Questionnaire may be accessed only by those within the Mennonite Brethren Conference who have been designated to determine the candidate's suitability for credentialing in the indicated ministry role. Information from the questionnaire may not be shared without the candidate's permission. The questionnaire will be kept by the provincial conference office in confidentiality and in a safe and secure location.

GUIDELINES FOR REGULATION FOR MEMBERS IN MENNONITE BRETHREN CHURCHES

APPROVED BY NFLT, OCTOBER 23, 2020

Scope & Purpose

This policy contains guidelines for the regulation of members in MB churches in Canada as referenced in CCMBC Bylaw Article 4 Section 7 Membership in the Member Church. The spirit of these guidelines is to promote best practices and consistency in the MB churches in Canada and not to place an undue burden on the church.

Related Resources

1. Confession of Faith Article 6, 8 & 10 and related Living our Confession guidelines
2. The Faith & Life pamphlet Baptism and Church Membership

Theological Basis

The basis for the guidelines contained in this policy are our convictions as stated in the Confession of Faith, specifically Articles 6, 8 & 10 which address the nature of the church, baptism, belonging, and discipleship in the context of a local church.

Among these are our beliefs that the church is the body of Christ, made visible in the context of the local church. The church forms a covenant community of persons who have placed their faith and trust in Christ and have made that faith visible in the act of believer's baptism.

We endorse a short span of time between faith and baptism which results in becoming a member of the covenant community. We hold that baptism makes one a member of the covenant community and that such belonging is not conditional on spiritual maturity.

Definitions

Covenant Community is a local church community consisting of baptized followers of Christ who mutually commit to follow Jesus in the context of this community. In this policy, the terms *covenant community* and *local church* are used interchangeably.

Member of the covenant community is a baptized believer committed to follow Jesus in this local church. This belonging begins at the point of a person's believer baptism in that congregation, acceptance into membership by means of transfer from another MB congregation, or acceptance into membership by means of testimony for those believer baptized elsewhere. This belonging ends when the person leaves the covenant community or is no longer a member in good standing. Missionaries, students, and others who, for a time, live away from the covenant community, but desire to retain their membership may be an exception, as discerned by the leadership of the local church.

Legally Constituted Membership refers to membership of an organization, as stipulated by applicable government regulations, for the purpose of participation in the governing decision-making in the organization. In many MB churches the covenant community members are also the legally constituted members. In some MB churches the legally constituted members are a subset of the covenant community members. (See Article 8 Implementation Guideline 10)

Policy

To provide for consistency of practice that reflects our MB convictions, each local church shall:

1. Have in place clear processes for managing membership by:
    a. Baptizing and incorporating believers in accordance with Article 8 of MB Confession of Faith and the Article Implementation Guidelines contained therein,

    b. Having in place an adequate baptism preparation process (see FAQ 5),

    c. Considering all believers baptized in this church to be members of the covenant community with mutual commitments as outlined in (FAQ 10),

    d. Having in place the means and a process for incorporating into the covenant community those believers who were believer-baptized in other congregations,

    e. Having in place policies which, in line with applicable government regulations, specify which covenant community members may vote on legal matters of church governance,

    f. Having in place a means of tracking the individuals baptized in this church, those joined through transfer or testimony, and those who may legally participate in decision-making in the church.

2. Have in place a clearly defined process for church discipline that aims at restoration of the disciplined member into full participation in the covenant community.

3. Have in place a clear path, for all ages and stages of spiritual growth, for the purpose of nurturing and discipling toward spiritual maturity.

4. Have in place clearly defined practices for the process of calling out and nurturing the gifting and character of each member of the covenant community for service in the church, the MB conference, and the world.

Each MB church shall endeavour to implement the requirements of this policy as stated herein and do so in a way that honours the local context and strengthens the church.

2021 NATIONAL REPORT

MB BIBLICAL SEMINARY

One of the most amazing ministry leadership passages in the New Testament is tucked away at the end of Acts 18. Apollos, a gifted and powerful teacher and preacher, was demonstrably effective in mission and ministry. Yet something was missing. Priscilla and her husband Aquila knew what it was. They came alongside him and "explained the way of God more adequately" (v 26).

What was the result? Apollos became a great help to new believers in Achaia, and he proved from the Scriptures that Jesus was the Messiah. Eventually, he was even mentioned in the same breath as Paul and Peter in 1 Corinthians 1:12. All because someone came alongside him and helped equip him for life and ministry.

This is the heartbeat of MB Seminary! To educate and equip disciples of Jesus for the sake of God's kingdom and mission.

NAVIGATE
FAITH AND LIFE WITH MB SEMINARY

Consider, for instance, our new medium, **"Navigate: Faith and Life with MB Seminary,"** a three-times per year conversation designed to answer questions of how our faith should shape how we engage a given topic. Our first event in November equipped our MB family across the country to engage and respond to the issue of Medical Assistance in Dying (MAiD).

Faculty members Dr. Doug Heidebrecht and Dr. Brian Cooper offered thoughts on the biblical and theological implications of life, death, and suffering from an MB perspective. They were followed by Dr. Gloria Woodland's presentation which bridged the gap between our theological conclusions and the reality of walking alongside those impacted by MAiD. These presentations, along with questions submitted by online participants, began a rich conversation of faith and life within our MB community.

Whether it is graduate theological education, our bi-annual devotional series, or series events such as Navigate, your generosity enables MB Seminary to shape leaders and change lives across the country and the world. Thank you for financially supporting MB Seminary in 2020. Together, we make a difference as we navigate faith and life in our complex world that desperately needs a Saviour.

Thank you for being a part of the ministry of MB Seminary!

BY THE NUMBERS

91	289	157	1090
2019/20 Enrolled Students	World Campus Course Enrolment	NAVIGATE Participants	Devotional Readers

SHAPING LEADERS, CHANGING LIVES

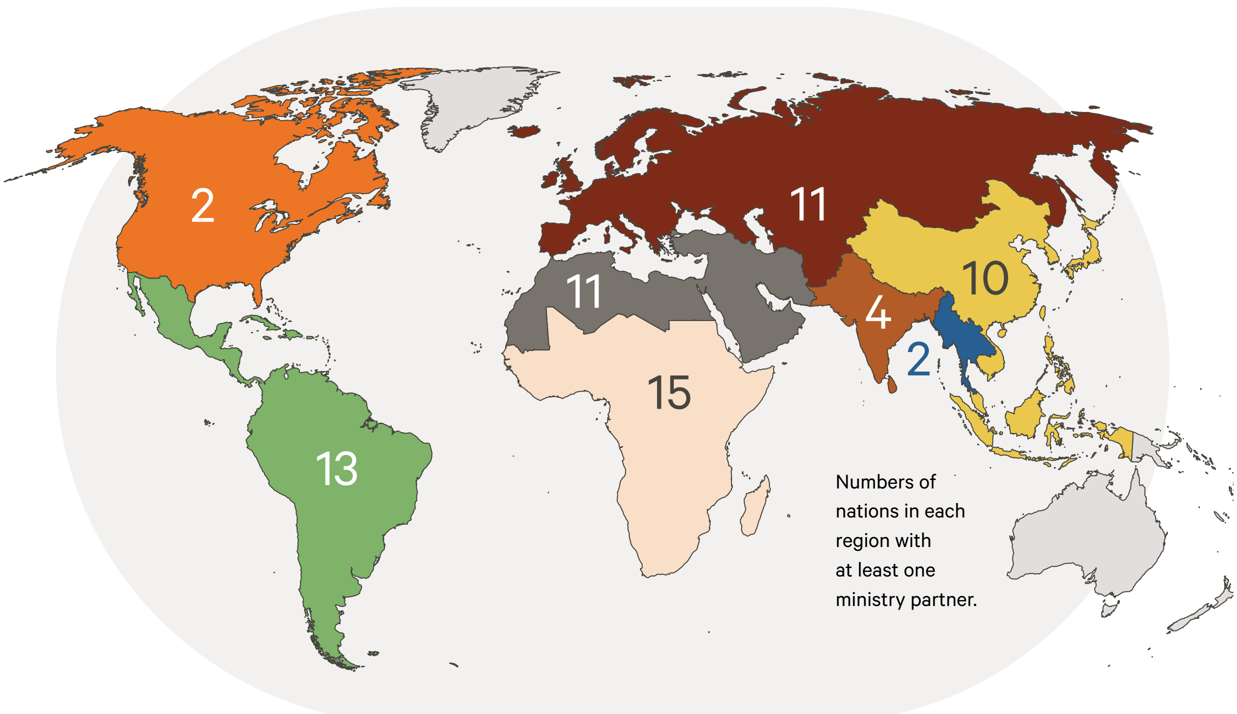
Let's Celebrate our Shared Impact in 2020

Working together to make Jesus known, we saw

377 churches planted and **5,560** people baptized in **68** nations

as reported by our

89 Global Workers* and **91** National Leaders



Facilitating mission engagement among U.S. and Canadian churches, we saw

463 people participate in mission and discipleship training

12 Global Partnership video calls, each with up to **74** participants

279 churches involved in global mission through Multiply

**Global Workers refers to Long-Term Missionaries sent from North America as well as International Partner Missionaries.*

You can find regional stories, ministry highlights and the full 2020 Impact Report at **multiply.net/2020report**

multiply
together that the world may know

Global Report

multiply
together that the world may know

In many ways, 2020 was an exceptional year, especially in regard to the massive challenges and changes that have come as a result of the global pandemic. COVID-19 has reminded us all of our vulnerability, and also our shared humanity. In the face of this, we have found hope in God through faith in Jesus Christ. More than ever, we believe the Gospel speaks clearly to our deepest needs for love, peace and forgiveness. Therefore, we are more convinced than ever of our calling as the Church to live this message of hope wherever God calls us and to boldly share the Gospel of Jesus with others.

We want to take this opportunity to thank you for your generous support in 2020. Despite the difficulties of the year, you gave of yourself like never before. On behalf of our mission workers, staff and the Multiply Board, we want to say how much we appreciate your support in prayer and giving. In this past year, we saw unprecedented levels of generosity and engagement, which made it possible for us to step forward in making disciples and planting churches around the world. With our global partners, we are celebrating exceptional fruitfulness and multiplication.

At this Assembly, we want to encourage you with clear evidence of God's goodness and faithfulness. As we look back at 2020, we want to give glory to God and also provide you with an account of your partnership with us. We value your continued involvement in mission with us and we invite you to join us in prayer for our global work. To learn more about opportunities and to hear more stories of transformation, please visit our website (multiply.net).

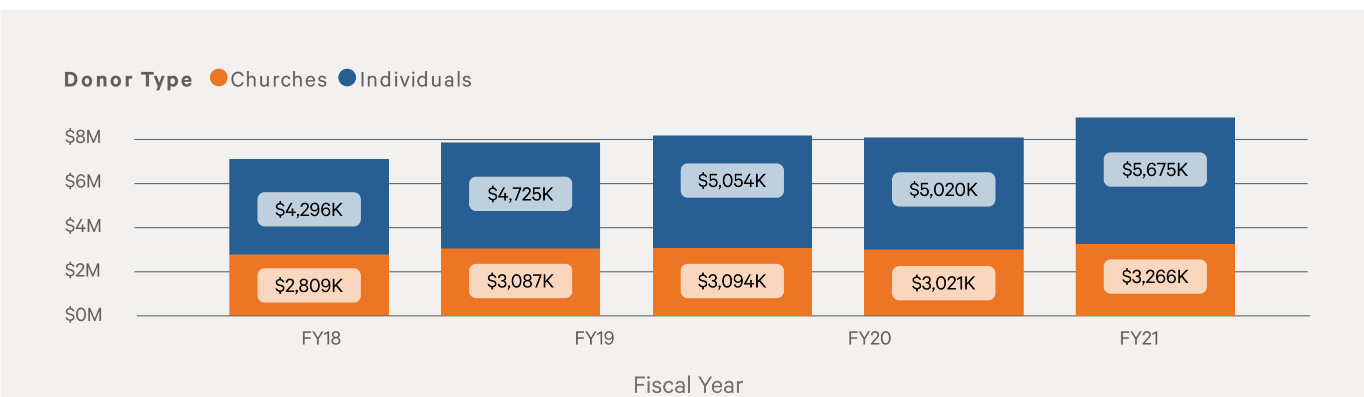
As you know, Randy Friesen has transitioned out of his leadership role with Multiply in April 2021. We are grateful for Randy's many years of faithful service among our global family. We have experienced God's grace and unity over the past 120 years of mission work and there is much more the Lord has in store for us in the days ahead!

Let's continue to work ***together*** *that the world may know Jesus.*

Larry Neufeld
Global Partnership Team Leader

Donations by Churches/Individuals ($USD + $CDN mixed)

June 2020 - February 2021, Fiscal Year-to-date, 9 months, Unaudited



- Compares annual donor engagement by only showing Missionary, Project and Undesignated donations
- Excludes North American Church Planting (C2C), Estate, STM participant or church trip donations
- Currency not converted to USD so that original gift amounts can be compared year-over-year to show trends in donor engagement

300 - 32040 Downes Road, Abbotsford, BC V4X 1X5 Canada • 4867 E. Townsend Avenue, Fresno, CA 93727-5006 USA
1.866.964.7627 • multiply.net

February Financial Update

June 2020 - February 2021, Fiscal Year-to-date, 9 months, Unaudited

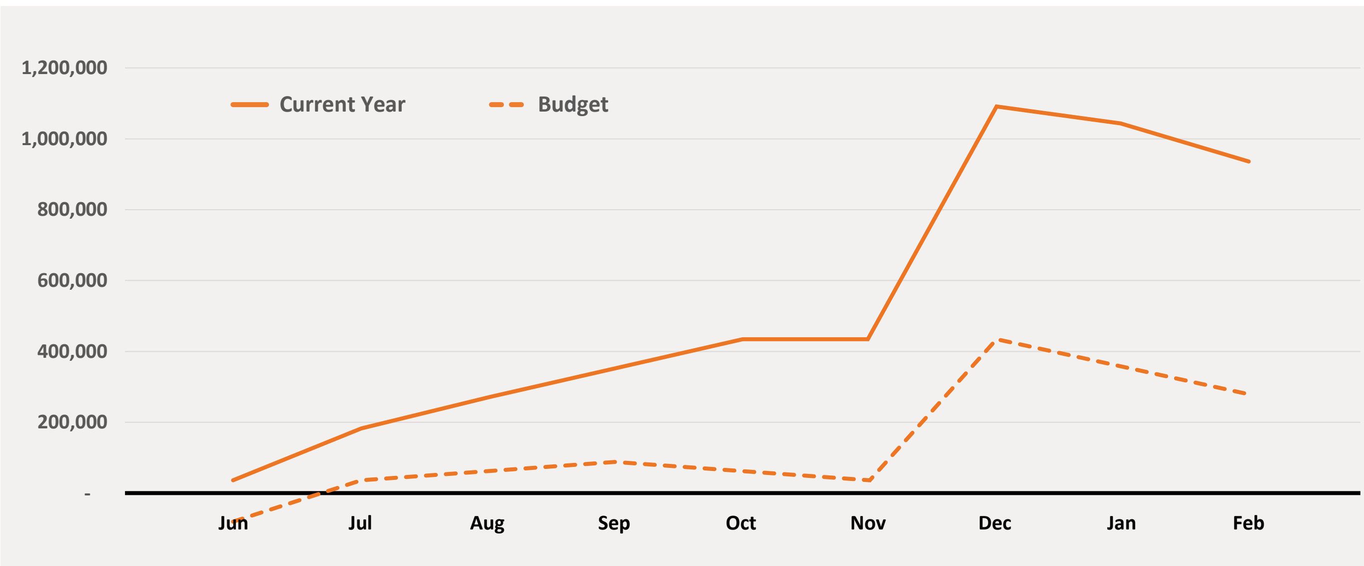
multiply
together that the world may know

We are grateful to God and to our donors for a strong December which positions us well for our lower-giving months and significant ministry expenses we are planning for.

Net Results ($USD)

Revenue:	**$ 7,939,092**
Expenses:	**$ 6,996,898**
Net:	**$ 942,194**

In addition to the Net operating surplus shown here, a YTD surplus of $693k designated for mission projects and global worker ministry is reflected separately on our balance sheet.



How Your Gifts Were Put to Work (June 2020 - February 2021)

Cross-Cultural Mission Activities | 66%

Central & South America | **7%**

East Asia | **6%**

Europe & Central Asia | **15%**

Middle East & North Africa | **3%**

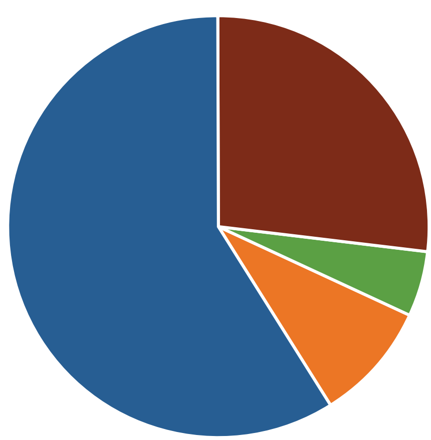
North America | **3%**
(Indigenous & Immigrants)

South Asia | **5%**

Southeast Asia | **15%**

Sub-Saharan Africa | **5%**

Worldwide Initiatives | **7%**



22% | Church Mission Engagement

15% | Church Partnership Support

7% | Mission & Discipleship Training
(includes Short-Term Mission programs)

3% | Missionary Care

Equipping & Team Health

9% | Administration

Finance, IT, Legal & Governance

The Historical Commission — through its four archives (Fresno, Abbotsford, Hillsboro, and Winnipeg) — continues to offer research and archiving services to MB churches — their institutions and their people.

One of my roles is keeper of the Winnipeg archives (Centre for MB Studies), where I adapted to the COVID restrictions by offering research help to users online. Looking for a baptism photo, an obituary of a loved one, a book, magazine article, or church decision on some theological issue? There are online research resources available to help you with your quest. Ask me to connect you with these if you are interested.

A recent COVID project of mine involved the digitization of audio cassette recordings. In 1987, Frieda Esau Klippenstein interviewed 34 Mennonite women for an oral history project, documenting the experience of Mennonite domestics associated with the Mary Martha Home in Winnipeg. These immigrant women — usually for a year or two, but some longer — had worked for wealthy Winnipeg families in their homes during the 1920s through to the 1950s — cooking, cleaning, and child minding.

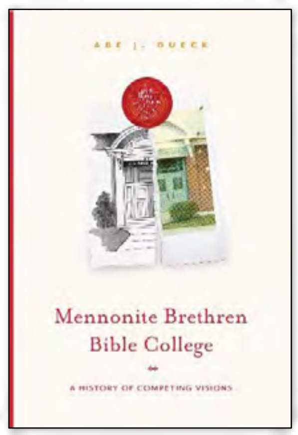
It was then, as it is today — many care worker jobs were done by newcomer women. The Mennonite women from the Mary Martha Home — also newcomers to Canada — did what they could to help their families resettle in Canada.

For many years, the women were under the supervision of Anna Thiessen (1892–1977), matron of the Mary Martha Home, a house at 437 Mountain Avenue and ministry of the Mennonite Brethren Church of Manitoba.

When the Mary Martha Home closed in 1959, more than 2,200 women had benefited from its housing, support, and advocacy services. The digitization of the interview cassettes ensures that researchers will be able to access the interviews, even as the original cassette tape recordings deteriorate with time.

To listen to a 3-minute excerpt from one of Frieda's interviews, see http://cmbs.mennonitebrethren.ca/ and follow the prompts. You will also find links to other documents related to the Mary Martha Home.

My other role is to work part-time for the Historical Commission, which funds research grants and publications. For application criteria and details concerning these initiatives — and the news releases announcing past recipients and their projects — see the Commission's website, https://mbhistory.org.



The Commission's most recent publication is Abe J. Dueck's book, *Mennonite Brethren Bible College: A History of Competing Visions*. The book — to be released in spring 2021 — documents and assesses the Canadian Mennonite Brethren church's education agenda from 1944 to 1992, a story of competing visions. To purchase your copy, see https://www.kindredproductions.com.

For more information on these initiatives and resources, contact me at **jon.isaak@mbchurches.ca**.

The Historical Commission is a funded ministry of the US Conference of Mennonite Brethren Churches and the Canadian Conference of Mennonite Brethren Churches.

Elected board members include **Don Isaac**, chair (Hillsboro), **Patricia Janzen Loewen**, vice-chair (Winnipeg), **Chris Koop** (St. Catharines), **Benny Leung** (Calgary), **Maricela Chavez** (Fresno), and **Valerie Rempel**, recording secretary (Fresno). Archival representation on the board includes **Kevin Enns-Rempel** and **Hannah Keeney** (Fresno), **Peggy Goertzen** (Hillsboro), **Richard Thiessen** (Abbotsford), and **Jon Isaak**, executive secretary (Winnipeg).

CBC 2020-2021 HIGHLIGHTS

COLUMBIA
BIBLE COLLEGE

"MAKING THE MOST OF EVERY OPPORTUNITY"

Many of us spent much of the past year just trying to cope with all the uncertainty and confusion coming our way. It has been no different at Columbia – masking, physical distancing, restrictions on gatherings, etc. But in the midst of the struggle, God has been teaching us important new lessons about faith, caring for one another, and resilience. In Ephesians 5:16, the Apostle Paul calls on his readers to *"make the most of every opportunity."* Near the end of last year, I was thinking about how the COVID-19 experience has served as an opportunity to encourage growth in our walk with Jesus. Columbia faculty and staff have met the challenge face on, and continued to provide excellent discipleship and educational experiences to our students. Our students' determination to keep learning and growing has been so inspiring. Yes, it certainly has been different this year, but we're *"making the most of every opportunity"*!

In Christ,

Bryan Born

BRYAN BORN, PRESIDENT

2020-21 ENROLLMENT STATS

- 172 Residents
- 180 Commuters
- 21 Offsite

CURRENT STUDENTS:
373

CLASS IS IN PERSON!

CODY STEFICK
STUDENT COUNCIL PRESIDENT

"Having classes in-person this year has honestly been so amazing. The sudden switch to remote learning last year was difficult to navigate, and being in-person has been so great! I am so thankful for all the work that CBC has done to make it possible for us to be in class and that we have been able to continue to operate in the ways we do."

JOIN US IN PERSON THIS FALL!

NEWSWORTHY

NORTHVIEW & CBC PARTNERSHIP

Columbia is proud to have collaborated with Northview Community Church in developing a Ministry Apprenticeship program that allows students to complete up to six courses (18 credits) toward a Church Ministry minor while engaged in a Northview internship. **The strength of this partnership is that students will gain exposure to a wide range of ministry programs while accessing Columbia-accredited courses delivered on-site at Northview.**

We believe this environment will provide a rich context to apply skills and content from class in an actual ministry setting. This program is ideal for those pursuing vocational ministry and is available to Columbia third and fourth year students.

CANADIAN MENNONITE UNIVERSITY

CMU Mission

Canadian Mennonite University is an innovative Christian university, rooted in the Anabaptist faith tradition, moved and transformed by the life and teachings of Jesus Christ. Through teaching, research, and service CMU inspires and equips women and men for lives of service, leadership, and reconciliation in church and society.

2020-21 Enrolment

902 Full-time equivalent

690 Shaftesbury campus (**628** FTE)
611 Undergraduate
79 Graduate
76% Manitoba; **24%** other provinces and international
83 International students, **28** countries

274 FTE Menno Simons College
(CMU programming in Conflict Resolution and International Development at UW)

Church-Rooted University

Undergraduate degree programs in Arts, Sciences, Humanities, Social Sciences, Biblical and Theological Studies (BA majors in BTS and Christian Ministry), Music, Business, Communications & Media.

Graduate degrees feature MBA, Peacebuilding and Development, and Seminary programs.

Biblical and Theological Studies (BTS) Eighteen credit hours of BTS in all undergraduate degrees.

Graduate School of Theology and Ministry (GSTM) Anabaptist-Evangelical Seminary learning in a Canadian university context.

Three graduate degree streams:
MA Christian Ministry
MA Theological Studies
Master of Divinity

Chapels centred on Hebrews 11:1-3 "By Faith we Understand"

Live-Streaming: Access many CMU courses, Xplore options, and Face2Face conversations... wherever you are!

Greetings from Canadian Mennonite University

Below, find a sampling of CMU courses being taught by Mennonite Brethren Faculty including Pierre Gilbert, Andrew Dyck, Paul Doerksen, Christine Longhurst, David Balzer, Brian Froese, and Renee Wilms.

- Principles of Biblical Interpretation
- Encountering the Bible
- The Problem of Evil in Biblical Perspective
- An Examination of Christianity's Truth Claims
- Vocation and Calling
- Exploring Christian Spirituality
- Anabaptist Spirituality
- Moving Beyond Church Walls: Witnessing to God's Mission
- The Art of Preaching
- Theology of Mission
- Nurturing Faith in Youth
- Film, Faith, and Popular Culture
- Theological Ethics
- Evangelical Theology
- Current Theological Issues in Anabaptism
- Theological Ethics
- Leading Music and Worship
- Hymnology—The History of Congregational Song
- Christian Worship: Patterns and Practices
- Journalism and Peacebuilding
- Christianity and the Mass Media
- Mennonites in Canada since 1970
- Practicum and Vocation

Extending CMU into the Life of the Church

Xplore: At the Intersection of Faith and Life

Xplore is a 55-Plus Enrichment Program with over 200 seniors from across Canada. Join us in fall for new six week sessions—no homework and deep conversation!

Sampling of courses from this year:

- **Worship as the People's Work:** Growing in worship, living as disciples, engaging in mission
- **Explorations in Biblical Spirituality:** Encountering God through the story of Jacob, Exodus, the Psalms, Wisdom literature, Daniel, and the Prophets.
- **Indigenous Spirituality & Christianity:** Exploring the Christian—Indigenous faith encounter
- **The Book of Revelation:** Offering guidance for the church today
- **Hearing the Old Testament Prophets Today:** Nurturing hope in God's good future
- **The Power of Music from Bach to the Beatles:** Exploring harmonies in our inmost soul
- **Theological Resistance in Troubled Times:** The compelling witness of Dietrich Bonhoeffer

ReNew: Resourcing Pastors for Ministry

Water from a Living Stream: A Resource for Pastoring in a COVID-19 World
Coming February, 2022

The words of **Jaden Krahn (4th-year Environmental Studies Major, Outtatown graduate), Calgary, AB**: I continue to attend a Mennonite university because of the broader church and community that it connects me to. CMU is an academic community, a social community, and a community of faith—all commitments that are dearly important to me during these formative years of my life. CMU is a university where I have the chance to be who I am in a place of academic rigour, where weekly chapels, forums, fellowship groups, and professors help me to understand more of myself and who God is.

cmu.ca

Steinbach Bible College SBCollege.ca

For the latest COVID-19 information and its impact on SBC, visit ***SBCollege.ca/COVID-19.***

2020 Recap

Yes, this has been a challenging year of re-invention, flexibility, and exercising immense trust in God.

This has also been a great year, with one of our largest student bodies ever in SBC's 84 year history! Student numbers:

123
ON-CAMPUS

61
COMMUNITY

14
APPRENTICE U (WPG)

17
ONLINE

215
Total

New from SBC

APPRENTICE U
Christian Education in the Secular University. Become an apprentice of Christ in kingdom living. Accredited courses offered in Winnipeg.
ApprenticeU.ca

MARKETPLACE
A blend of faith formation, vocational skills and work experience. Students select their Industry Credential and add it to SBC's solid biblical foundation in Christ centered community.

PRE-UNIVERSITY
Maximize faith formation and University transfers. Biblical foundations and worldview formation for university directed students.

ONLINE BA CHRISTIAN LEADERSHIP
Extending the reach of students who require the flexibility and autonomy of earning their degree 100% online.

PURSUIT
With three mission trips built in, this four-month DTS is perfect for young adults who desire to pursue God through travel, leadership experiences, discipleship, worship, community and mission.

Student Experience

"Through coming to SBC, I have been able to go deeper in my relationship with God, be challenged in matters of faith that I grew up with and grow in my leadership abilities all the while being humbled and shaped by my heavenly father who loves us all so much!

SBC is a place to do these things and so much more, God uses the professors, staff, your peers and many others daily to point you to Him and mold you into the child of God that He wants you to be." **– Eli (3rd Year, BA Christian Studies)**

Through the Province of Manitoba's degree granting act, Steinbach Bible College is authorized to grant degrees. Steinbach Bible College is a fully accredited college with the Association of Biblical Higher Education (ABHE).

Thank you for supporting your students as they pursue a Solid Biblical Foundation in SBC's Christ Centered Community.

Dr. Rob Reimer
President

Steinbach Bible College is an evangelical Anabaptist college empowering servant leaders to follow Jesus, serve the church, and engage the world.

ETEQ

École de Théologie Évangélique du Québec

En partenariat avec UNIVERSITÉ LAVAL

Faculté de théologie et de sciences religieuses

Report to MB CHURCHES OF CANADA'S NATIONAL ASSEMBLY

Dr. Jean (John) Martin, President

April 2021

ONCE UPON A TIME, THERE WAS A VERY LITTLE SCHOOL SOMEWHERE IN QUEBEC …

It was 1976. The Canadian Conference of Mennonite Brethren Churches (CCMBC) caught onto the importance of providing Quebec with its own French-language Theological and pastoral formation, right here in Laval, Quebec. It would no longer be necessary for Québécois Christians to fill their suitcases for the long trip west. In their backyard would be the *petite Institut Biblique Laval (IBL).* Those early leaders knew that the Church of tomorrow would need disciples trained to serve and lead in this unique cultural and spiritual setting. Later our little school would gain a strategic partner, *Université de Montréal*, and change its name to *École de Théologie Évangélique de Montréal (ETEM).* More recently, our little school would take another audacious step and «adopt» a *second* Church parent, one with a similar heart and vision for Quebec. Since 2016, our Quebec school belongs both to the Mennonite Brethren Church and to the Christian and Missionary Alliance under the name of *École de Théologie Évangélique du Québec* (*ETEQ*). Our little-school-that-became-not-so-little has over **100 students** studying at the Bachelor, Masters and the Doctorate levels and **23 teachers** who in very great part hold a doctorate in Theology. The school that now partners with *Université Laval* has 8 key MB teachers and (who would have believed!) now also offers a minor in Pastoral Studies- all in English!

… THAT GREW, GREW AND GREW

Our 8 core values:

*** **Faithfulness** to Scripture *** Academic **rigour** *** **Transformation** of individuals and Faith communities *** **Service** in view of the common good *** Authentic **Community** based on humble listening and dialogue *** **Openness** to others with the midst of their differences *** Quebec **culture** as a reality to be respected and influenced *** **Partnership** as the pathway towards fruitful Evangelical mission

We have outgrown our donor base and **a renewal of individual and Church donors is our main focus** after having spent 2 years restructuring so as to reduce our expenses. Today we have for the first time since a very, very long time, our very own emergency fund equal to 1.5 months of operations. God is good. And so are his people. Our revenues of $ 778,000 for the 12 months ending June 30, 2020:

☑ Student tuition	$ 164 000
☑ Mennonite Brethren subsidy (including rent)	$ 179 000
☑ Canadian Alliance subsidy	$ 144 000
☑ Donations (individuals, Churches, businesses)	$ 201 000
☑ Federal salary subsidies March-June (COVID-19)	$ 62 000
☑ Sale of books and course readings AND other	$ 28 000

What a joy it is to serve God's kingdom through ETEQ and the Mennonite Brethren!

ICOMB REPORT 2020

International Community of Mennonite Brethren

2020 IN THE REARVIEW MIRROR: OPPORTUNITIES AND CHALLENGES

We began 2020 with 2 Peter 1:4, recognizing that we are **"part of the divine nature."** As the year progressed and the pandemic spread, all planned activities, events, and visits were canceled and regular travel was halted, and we noticed how vulnerable we and all our plans are. This tiny virus put a halt to much of our plans and we were helpless to stop it. Through it all, we were reminded there is an Almighty God, through whose divine nature we can endure all challenges. Our plans may have been thwarted, but not God's plans, purposes, love or care.

As an ICOMB Global Family we have been active during this time: living our vision, gathering online to celebrate and share, and taking important steps forward on the path to growth.

ICOMB member conferences have had both shared and unique experiences during this challenging year. Andreas Isaak from Bavaria, Germany writes: "I send devotions via text messages a few times week to more than a hundred people. They sometimes forward them to others with the help of social media. I have heard that people came to know Jesus in other parts of the country through these devotion messages." Other conference leaders have reported similar blessings from this new way of connecting and ministering.

However, there is a great deal of pain in many of our conferences. From Malawi we read: "Some of our members are infected and have to stay in isolation but have no food. Most of our members cannot afford face masks and soap." The Panamanian conference lost long-time and respected leaders this year due to the virus.

Most of the conferences in ICOMB live in this space of tension between opportunity and sorrow. As ICOMB leadership we pray for wisdom to navigate these waters together with member conferences.

SUMMIT ONLINE

The annual Summit planned for June 2020 in Brazil was not possible, but we were able to improvise and meet online. Some members were unfamiliar with the new technology or limited by their internet capacity, but we were able to provide technical support to ensure everyone could join. Online, we are able to meet with emerging conference leaders and young leaders that would normally not be able to afford to travel to Summit. However, due to different time zones, online meetings must be brief, and cannot replace the connections formed in person. 2020 has given us a breadth of connections with new leaders, but we have not been able to connect in depth.

Mennonite World Conference
A Community of Anabaptist related Churches

Congreso Mundial Menonita
Una Comunidad de Iglesias Anabautistas

Conférence Mennonite Mondiale
Une Communauté d'Eglises Anabaptistes

Report to *CANADIAN CONFERENCE OF MENNONITE BRETHREN CHURCHES – 2021*

Mennonite World Conference (MWC) is called to be a communion of Anabaptist-related churches linked to one another in a worldwide community of faith for fellowship, worship, service and witness.

GIVING THANKS:

- MWC is our Anabaptist global church with more than 1.4 million baptized believers in 107 national member churches, including Be In Christ Canada. Learn about our global Christ-centred faith community by visiting our website and signing up for the monthly online ***MWC Info*** newsletter, bimonthly ***Prayer Network*** and the biannual ***Courier/Correo/Courrier*** magazine.
- Together we are the church, the body of Christ here on earth, and together we witness to **hope** in challenging times through the grace of God in Christ by the Holy Spirit. Along with the apostle Paul, we can take comfort in God's assurance: "*My grace is sufficient for you, for power is made perfect in weakness*" (2 Corinthians 12:9).
- Learn how the global church walked alongside one-another in the 2020 Year-in-Review Video.

GETTING INVOLVED:
With your support, MWC's four Commissions create connections between our members:

The Deacons Commission:
Up to the end of December 2020, the MWC COVID-19 fund has supported 47 humanitarian initiatives carried out by 53 national Anabaptist churches in 28 countries, with a total project value of US$444,711. "*Covid-19 has no borders. The only way to end this pandemic is with global cooperation. The only valid response from the global church is one of interdependent compassion. May we respond today as our forebears of the early church did*." – César Garcia, MWC General Secretary.

GKMI Synod of Indonesia distributed COVID-19 relief supplies on Sumba Island, Indonesia. Photo: Agus Mayanto

The Mission Commission:

Members of the Global Anabaptist Service Network (GASN) and the Global Mission Fellowship (GMF) brought supplies and solace to their communities during the pandemic – often helped by grants from the COVID-19 task force. (GMF represents 71 members in 36 countries in the Global Mission Fellowship and GASN has 59 members in 29 countries.)

The Faith and Life Commission:

Five years of Lutheran-Mennonite-Roman Catholic Trilateral dialogue examined baptism in light of contemporary pastoral and missional challenges facing all three Christian communities. The report published this year "*raises the question for each of these churches: are there ways of acknowledging our different practices of baptism that grow the unity for which Jesus prayed?*" says Mennonite delegation member Larry Miller. The commission is developing a study guide for churches to explore the implications of the report and act on its recommendations.

Mennonite Disaster Service Canada

REPORT

"A great encouragement to our congregation and a catalyst for ministry..."

That's what Rob Patterson, pastor of the Scott St. Mennonite Brethren Church in St. Catharines, Ont. said about what a grant from the Mennonite Disaster Service (MDS) Canada Spirit of MDS Fund meant to his church during the pandemic.

The church used the funds to provide about 500 meals for nearby families experiencing food insecurity because of COVID-19. "The grant allowed us to get the program up and running, helping with food purchasing and promotion," says Patterson.

He added it "made us feel that we are part of the larger Mennonite cause, both in St Catharines and around the world. This kind offer of support from MDS has been a real blessing, and in turn, allowed us to be a blessing to the larger community."

Scott St. was one of 80 congregations or other ministries in Canada that received $1,000 grants or more from the Fund this year to respond to pandemic needs in their communities.

Due to the pandemic, MDS was unable to do its regular programs of repairing and rebuilding homes for people impacted by natural disasters in the U.S. and Canada. Through the Fund we could support churches on the frontlines of responding to this huge pandemic disaster—supporting their efforts to be the hands and feet of Jesus in their communities.

Although the pandemic curtailed our regular programs in Canada, and prevented Canadians from going to the U.S. to volunteer, we were able to help flood victims in Fort Vermillion, Alta. clean out their houses, and rebuild one house in 70 Mile House, B.C.—all done following strict health and safety protocols to keep volunteers and members of the community safe.

The Apostle Paul writes in 1 Corinthians 13:13:

"So now faith, hope, and love abide, these three, but the greatest of these is love."

During this challenging year we experienced God's faithfulness as we brought hope to people struggling because of disaster, showing them the love of Christ that is in our hearts.

—Ross Penner, Director of Canadian Operations

Bob Ratelle does cleanup in the kitchen at Scott Street Church in St. Catharines, Ont., after making meals made possible by support from the MDS Canada Spirit of MDS Fund.

The MDS budget year runs from August 1 to July 31. In 2019-20. **6,048** volunteers from across Canada and the U.S. gave their time, skills and compassion to build **79** new homes, complete **280** repairs, and finish **91** cleanups for households who experienced a disaster. That volunteer labour was valued at **$13.6** million. In Canada, we finished up a project rebuilding or repairing **15** houses in Grand Forks, B.C.; built or repaired **5** houses in Renfrew, Ont.; and built two new homes following fires in Marquette, Man. and Newfoundland.

Mennonite Disaster Service

mds.mennonite.net

MDS Canada Office
200-600 Shaftesbury Blvd.
Winnipeg, MB Canada R3P 2J1
204-261-1274
toll-free 866-261-1274
mdscanada@mds.mennonite.net

Mennonite Central Committee update 2021

MCC enters 2021 with a fresh sense of hope and promise, knowing that "God is our refuge and strength, a very present help in trouble" (Psalm 46:1, NRSV). Over the past year, despite the challenges posed by COVID-19 and thanks to your support, MCC has continued to serve in the name of Christ. We are reminded that we follow a God who perseveres with us, no matter what.

Last year, the pandemic saw us scale up our work in health, disease prevention and emergency food distribution. Our focus was on helping the most vulnerable communities, such as displaced people in refugee camps and other locations.

As revenue sources appeared threatened by the pandemic, MCC also made the difficult decision to end programming in various countries – South Africa, Lesotho, Eswatini, Vietnam and China – to ensure our core mission remains strong. Significant reductions were also made within MCC program in Canada. As we write this, we are deeply grateful to report that, throughout the year, our supporters and donors were once again highly generous. Thanks be to God.

Relief: On August 4, 2020, a large explosion of ammonium nitrate affected the entire city of Beirut, Lebanon. In response, MCC's local partners distributed food to more than 1,300 families, provided psychosocial support for children and began housing rehabilitation projects. MCC also shipped two containers of emergency relief supplies, including comforters, relief kits and hygiene kits.

Development: Around the world, MCC is helping farmers who struggle with the effects of a changing climate. In places like Kenya, we're supporting village savings and loans groups so farmers can access essential credit. Small-scale farmers can buy goats and other animals to help diversify their income. And technology is playing an important role in these remote areas. Partners now use cell phones to connect with farmers when situations like COVID-19 restrict personal contact.

Peace: Last year, MCC Canada committed to doing more to address racial injustice, both within MCC as a workplace and through our advocacy work. You may find this list of resources helpful in your own journey.

Part of MCC's peacebuilding and anti-racism work happens through relationship-building in our young adult volunteer programs. While many short-term assignments looked different due to COVID-19, MCC is grateful for the youth who served with MCC last year – and for the 22 who are currently serving. As Clare Maier, a SALT participant from Waterloo MB Church who served in Bolivia, reflects, "I have seen the hope that faith in Christ gives those I work with and the ways it is integrated into daily life. It has challenged me to decide how strong a faith I want to settle for and how I want to express that faith daily."

As you meet virtually with Mennonite Brethren brothers and sisters, we pray that you will be reminded of God's abiding presence – and that you will join us in sharing God's love and compassion for all. We couldn't do this work without you!

RICK COBER BAUMAN
EXECUTIVE DIRECTOR, MCC CANADA
RICKCOBERBAUMAN@MCCCANADA.CA

Jacqes Safari Lukwebo washes the hands of his wife Floride Murhimanya M'nkwale with water collected by the rooftop rainwater catchment system the family received through a project in DR Congo. The project was implemented in partnership with the Community of MB Churches in Congo to help reduce disease. (MCC photo/Matthew Lester)

Justus Wambua Mang'oka feeds goats at his home in Makueni County in Kenya. Using funds received from an MCC-supported farmers association, Justus bought goats which have multiplied. He plans to sell them at the local market to help supplement his income from other farming activities. (MCC photo/Mwangi Kirubi)

"God is our refuge and strength, a very present help in trouble."

— Psalm 46:1, NRSV

Report on the Non-Consolidated Financial Statements for the Year Ended December 31, 2020

The financial statement on the right is a summary of the audited Non-Consolidated Financial Statements of the Canadian Conference of Mennonite Brethren Churches (CCMBC). The Notes to the financial statements are an integral part of telling the financial story and can be found here.

With the reorganization to separate the financial services and Stewardship Ministries from the ministry aspect of CCMBC behind us, 2020 started as a year to begin operating in the Collaborative Model by implementing One-Stream funding. In this model, churches send their full conference support to their provincial conference and in turn the provincial conferences forward a portion of this funding to CCMBC based on a prescribed percentage for each province.

Just like in many other organizations and in many areas of our lives, the pandemic has impacted the 2020 financial results for CCMBC. When there was uncertainty in the spring of 2020 of how COVID restraints would affect churches financially, measures were put in place to reduce expenses through staff reductions, reduced giving to partner organizations, and of course, a mandated reduction in travel. With these reductions, the help of federal government assistance, and stronger than anticipated support from churches, CCMBC was able to finish the year with a surplus of $222,917.

Canadian Conference of MB Churches

Summarized Non-consolidated Financial Statements

Non-consolidated Statement of Financial Position

	at Dec 2020	at Dec 2019
Assets		
Cash	$5,029,312	$11,148,107
Accounts and other receivables	456,835	142,894
Donated securities	34,231	62,963
Inventories	4,049	1,059
Prepaid expenses and deposits	20,490	33,664
Capital assets	105,873	116,388
	$5,650,790	**$11,505,075**
Liabilities		
Accounts payable and accrued liabilities	$895,500	$1,086,784
Benefit plan payable	631,739	798,222
Due to related party	3,142,840	9,350,529
	4,670,079	11,235,535
Deferred contributions	960,996	473,826
Net assets:		
Restricted for endowments	1,366,526	1,365,442
Unrestricted	-1,346,811	-1,569,728
	19,715	-204,286
	$5,650,790	**$11,505,075**

Non-consolidated Statement of Operations and Changes in Net Assets

	2020	2019
Revenue		
Church support	$1,005,774	$1,151,307
Donations/Grants	2,343,585	3,690,608
Sales	89,946	343,952
Government assistance	512,740	0
Other Stewardship Division revenue	0	7,659,675
	3,952,045	12,845,542
Expenses		
Cost of sales	40,192	94,514
Staffing	558,878	707,898
Specific programming costs	2,211,650	3,361,668
Support of outside agencies	707,882	1,344,089
Office expenses	117,874	1,342,281
Board costs and convention	88,473	255,171
Public relation consts	4,179	1,022
Other Stewardship Division expenses	0	8,859,501
	3,729,128	15,966,144
Excess (deficiency) of revenue over expenditures	**222,917**	**-3,120,602**
Net assets at beginning of year	-204,286	2,915,361
Reinvested endowment earnings during the year	1,084	955
Net assets at end of year	**$19,715**	**($204,286)**

Non-Consolidated Statement of Financial Position

A Statement of Financial Position is a snapshot at a point in time, in this case December 31, 2020 and December 31, 2019.

CCMBC began 2020 with a cash position of $11,148,107. Due to timing, the cash portion of the asset transfer to Legacy had not been completed in 2019. During 2020, $6.2 million was transferred to Legacy thereby reducing the $9,350,529 **Due to related party** to $3,142,840. A further $1 million has been transferred in 2021. Due to factors more fully described in the report "Telling Our Financial Story", including the accumulation of operating deficits, CCMBC is unable to transfer the full amount to Legacy at this time. CCMBC and Legacy are developing a plan and schedule to eliminate the remaining $2.1 million.

While the government assistance for 2020 has been reflected in these statements, the full amount had not been received by year-end resulting in the increased balance in **Accounts Receivable**.

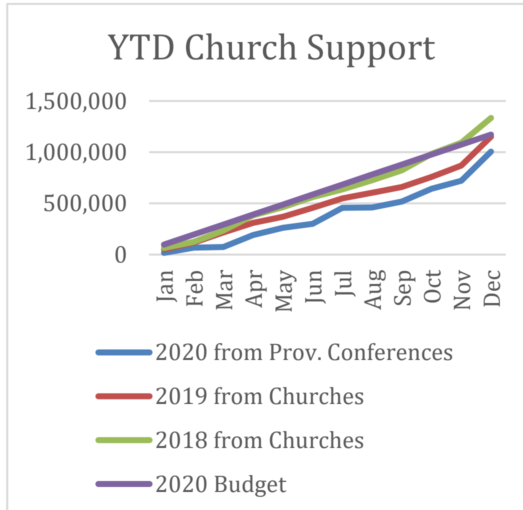
In 2020, CCMBC had 18 church plants operating under its charitable status. As donations to church plants are considered designated donations for CCMBC, any excess over expenses is reported as deferred contributions available for use in the future. The increase in **Deferred Contributions** reflects almost $500,000 of surpluses for these MB church plants.

The $222,917 surplus in CCMBC operations for 2020 is reflected in the improved **Unrestricted net assets** from a 2019 deficit of $1,569,728 to $1,346,811 in 2020.

Non-Consolidated Statement of Operations

Unlike the Statement of Financial Position, the Statement of Operations paints a picture of what happens over a period of time, in this case the year 2020. A prior year comparison is made difficult as the 2019 results include operations that have now been moved to Legacy.

One number that can be compared is that of church contributions. Starting with a budget of $1,172,000, then adjusting our expectations down to $991,611 in June, we ended the year having received $1,005,774, which is 86% of the original budget.



The **Grants and donations** line includes about $2 million of MB church planting revenue which, in conjunction with approximately $280,000 of the Government assistance is directly offset in the Specific programming costs, so there is no impact to the bottom line of CCMBC.

Both staffing expenditures and board costs reflect the reduction in expenses due to COVID. The decrease in **Support of outside agencies** reflects approximately $34,000 of COVID related reductions along with a decrease in designated donations that flow through to our MB Partners.

We want to thank you for continued support of your conference, which allowed us to finish the year with a surplus.

Respectfully submitted by
Bertha Dyck, CFO

Non-consolidated Financial Statements of

THE CANADIAN CONFERENCE OF THE MENNONITE BRETHREN CHURCH OF NORTH AMERICA

Year ended December 31, 2020

THE CANADIAN CONFERENCE OF THE MENNONITE BRETHREN CHURCH OF NORTH AMERICA

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Year ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Canadian Conference of the Mennonite Brethren Church of North America

Opinion

We have audited the non-consolidated financial statements of The Canadian Conference of the Mennonite Brethren Church of North America (the "Entity"), which comprise the non-consolidated statement of financial position as at December 31, 2020, the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the non-consolidated financial statements, comprising a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the non-consolidated financial position of the Entity as at December 31, 2020, and its non-consolidated results of operations and its non-consolidated 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 the 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 statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.

- 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.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

April 28, 2021

THE CANADIAN CONFERENCE OF THE MENNONITE BRETHREN CHURCH OF NORTH AMERICA

Non-Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

		2020		2019
Assets				
Cash (note 13)	$	5,029,312	$	11,148,107
Accounts and other receivables (note 2[k])		456,835		142,894
Donated securities		34,231		62,963
Inventories		4,049		1,059
Prepaid expenses and deposits		20,490		33,664
		5,544,917		11,388,687
Capital assets (note 6)		105,873		116,388
	$	5,650,790	$	11,505,075
Liabilities, Deferred Contributions and Net Assets				
Accounts payable and accrued liabilities (note 8)	$	895,500	$	1,086,784
Benefit plan payable		631,739		798,222
Due to related party (note 13)		3,142,840		9,350,529
		4,670,079		11,235,535
Deferred contributions:				
Expenses of future periods (note 11)		960,996		473,826
Net assets:				
Restricted for endowments (note 12)		1,366,526		1,365,442
Unrestricted		(1,346,811)		(1,569,728)
		19,715		(204,286)
Commitments (note 14)				
	$	5,650,790	$	11,505,075

See accompanying notes to non-consolidated financial statements.

On behalf of the Governing Board:

"Michael Dick" Director "Jeffrey Dyck" Director

THE CANADIAN CONFERENCE OF THE MENNONITE BRETHREN CHURCH OF NORTH AMERICA

Non-Consolidated Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Church contributions	$ 1,005,774	$ 1,151,307
Grants and donations	2,343,585	3,690,608
Sales	89,946	343,952
Government assistance (note 2[k])	512,740	–
Mortgage interest	–	2,501,616
Interest on other investments	–	1,832,428
Rental income	–	275,768
Realized gain on disposal of other investments (note 5)	–	3,049,863
	3,952,045	12,845,542
Expenditures:		
Cost of sales	40,192	94,514
Staffing	558,878	707,898
Specific programming costs	2,211,650	3,361,668
Support of outside agencies	707,882	1,344,089
Office expenses (note 13)	117,874	1,342,281
Board costs and convention	88,473	255,171
Public relations costs	4,179	1,022
Interest	–	3,677,813
	3,729,128	10,784,456
Excess of revenue over expenditures before the undernoted	222,917	2,061,086
Other income (expenses):		
Donation to related party (note 13)	–	(4,073,791)
Unrealized loss on other investments	–	(996,380)
Allowance for credit losses (note 4)	–	(111,517)
	–	(5,181,688)
Excess (deficiency) of revenue over expenditures	$ 222,917	$ (3,120,602)

See accompanying notes to non-consolidated financial statements.

THE CANADIAN CONFERENCE OF THE MENNONITE BRETHREN CHURCH OF NORTH AMERICA

Non-Consolidated Statement of Changes in Net Assets

Year ended December 31, 2020, with comparative information for 2019

	Unrestricted	Restricted for endowments	2020 Total	2019 Total
Balance, beginning of year	$ (1,569,728)	$ 1,365,442	$ (204,286)	$ 2,915,361
Reinvested earnings during the year	–	1,084	1,084	955
Excess (deficiency) of revenue over expenditures	222,917	–	222,917	(3,120,602)
Balance, end of year	$ (1,346,811)	$ 1,366,526	$ 19,715	$ (204,286)

See accompanying notes to non-consolidated financial statements.

THE CANADIAN CONFERENCE OF THE MENNONITE BRETHREN CHURCH OF NORTH AMERICA

Non-Consolidated Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash flows from (used in) operating activities:		
Excess (deficiency) of revenue over expenditures	$ 222,917	$ (3,120,602)
Adjustments for:		
Amortization	25,745	239,341
Realized gain on disposal of other investments (note 5)	–	(3,049,863)
Unrealized loss on other investments	–	996,380
Allowance for credit losses (note 4)	–	111,517
Donation of capital assets (note 13)	–	4,073,791
Change in non-cash operating working capital:		
Accounts and other receivables	(313,941)	32,616
Donated securities	28,732	(19,298)
Inventories	(2,990)	1,146
Prepaid expenses	13,174	(15,562)
Accounts payable and accrued liabilities	(191,284)	(614,577)
Benefit plan payable	(166,483)	(247,233)
Net change in deferred contributions related to expenses of future periods	487,170	(17,257)
	103,040	(1,629,601)
Cash flows from (used in) financing activities:		
Change in trust deposits, net	–	(13,677,096)
Change in RRSP accounts, net	–	(5,271,103)
Change in tax free savings accounts, net	–	(2,580,026)
Endowments	1,084	955
	1,084	(21,527,270)
Cash flows from (used in) investing activities:		
Purchase of capital assets	(15,230)	(12,479)
Change in investments, net	–	14,739,481
Change in mortgages and loans receivables, net	–	2,908
Change in due from related party (note 13)	(6,207,689)	2,093,850
	(6,222,919)	16,823,760
Decrease in cash	(6,118,795)	(6,333,111)
Cash, beginning of year	11,148,107	17,481,218
Cash, end of year	$ 5,029,312	$ 11,148,107

For the year ended December 31, 2019, excluded from certain line items in the above non-consolidated statement of cash flows are amounts related to the reorganizations disclosed in note 3.

See accompanying notes to non-consolidated financial statements.

THE CANADIAN CONFERENCE OF THE MENNONITE BRETHREN CHURCH OF NORTH AMERICA

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2020

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1. Nature of organization:

The Canadian Conference of the Mennonite Brethren Church of North America (the "Conference") was incorporated by an Act of the Parliament of Canada on December 18, 1945. The Conference is a registered charity within the meaning of the *Income Tax Act* and therefore is exempt from income taxes under Section 149(1) of the *Income Tax Act*.

The Conference provides services to Mennonite Brethren supported missions, institutions, local churches and their members. In addition, the Conference administers endowment funds which generate earnings to fund various Mennonite Brethren ministries.

Prior to the reorganizations described in note 3, these services included financial services including administration of funds on deposit (in the form of deposits, annuities, Tax Free Savings Accounts (TFSA's) and Registered Retirement Savings Plan accounts (RRSP's) and provision of mortgages to Mennonite Brethren Churches (MB Churches), pastors of Mennonite Brethren Churches (MB Church Pastors) and other Mennonite Brethren and affiliated institutions such as schools and camps (MB Church Entities).

The Conference is the sole member of CCMBC Legacy Fund Inc. (Legacy), a registered charity. CCMBC Investments Ltd. (CCMBC Investments) is a for-profit wholly-owned subsidiary of Legacy. On August 30, 2019, CCMBC, CCMBC Investments and Legacy completed a reorganization as described in note 3 and on December 30, 2019, CCMBC and Legacy completed an additional reorganization as described in note 3.

2. Significant accounting policies:

(a) Basis of accounting:

The non-consolidated financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

These non-consolidated financial statements also do not reflect the assets, liabilities, revenue, expenses and cash flows of the various colleges funded by the Conference nor do they reflect the activities of the separately incorporated provincial conferences, individual congregations and Multiply (formerly MB Mission).

2. Significant accounting policies (continued):

(b) Controlled entities:

The Conference accounts for its controlled entities using the cost method, except that when a controlled entity's equity securities are quoted in an active market, the investment is accounted for at its quoted amount.

Investments in non-consolidated controlled entities are assessed individually for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment the Conference determines if there is a significant adverse change in the expected timing or amount of future cash flows from the investment. If there is a significant adverse change in the expected cash flows, the carrying amount of the investment is reduced to the higher of the present value of the expected cash flows and the amount that could be realized from selling the investment. When the extent of impairment of a previously written down investment decreases and the decrease can be related to an event occurring after the impairment was recognized, the impairment loss is reversed to the extent of the improvement.

(c) Revenue recognition:

The Conference follows the deferral method of accounting for contributions. Restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in endowment net assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest on mortgage and other investments is recorded as income on an accrual basis, using the effective interest method. Rental revenue includes recovery of common area maintenance costs and is recognized on an accrual basis over the term which it applies.

Sales revenue is recognized when the order is shipped or picked up by the customer.

2. Significant accounting policies (continued):

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

The Conference amortizes its capital assets as follows:

Asset	Rate
Computer equipment	3 - 5 years straight-line
Office equipment	5 - 10 years straight-line

The current year’s income has been charged with an amount of $25,745 (2019 - $239,341) reflecting the current year`s amortization which is included in office expenses in the non-consolidated statement of operations.

(e) Impairment of long-lived assets:

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When circumstances indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset’s fair value or replacement cost. The write-down of the asset is charged to income during the year. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

(f) Mortgages and loans receivable:

Loans are initially measured at fair value plus incremental direct transaction costs. Loans are subsequently re-measured at their amortized cost, net of allowance for credit losses, using the effective interest method.

Interest income is accounted for on the accrual basis, except on loans classified as impaired. A loan is classified as impaired when, in management’s opinion, there has been deterioration in credit quality to the extent that there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest.

2. Significant accounting policies (continued):

When a loan is classified as impaired, accrual of interest on the loan ceases and the carrying amount of the loan is reduced to its estimated realizable amount. Estimated realizable amounts are measured by discounting the expected future cash flows, if they can be reasonably estimated, using the effective interest rate inherent in the loan. When the amounts and timing of cash flows cannot be reasonably estimated, the carrying amount of the loan is reduced to its estimated net realizable value based on either:

(i) the fair value of any security underlying the loan, net of expected costs of realization, or;

(ii) observable market prices for the loan.

As long as the loan remains classified as impaired, payments received will be credited to the carrying value of the loan. A loan will be returned to accrual status only when the timely collection of both principal and interest is reasonably assured and all arrears payments of principal and interest are brought current.

(g) Allowance for credit losses:

The Conference maintains an allowance for credit losses which, in management's opinion, is adequate to absorb all credit related losses in its portfolio. The allowance for credit losses consists of specific provisions, being provisions against specific credit exposures determined on an item-by-item basis, and a general provision for losses which have occurred, but where such losses cannot be determined on an item-by-item basis.

In assessing existing credit losses, management must rely on estimates and exercise judgment regarding matters for which the ultimate outcome is unknown. Changes in circumstances may cause future assessments of credit risk to be significantly different than current assessments and may require an increase or decrease in the allowance for credit losses.

(h) Inventories:

Inventories are measured at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

2. Significant accounting policies (continued):

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Conference has elected to carry its other investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Conference determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Conference expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(j) Contributed services:

Volunteers are an integral part of the activities of the Conference. Contributed services are not recognized in the financial statements because of the difficulty in determining their fair value.

(k) Government assistance:

Government assistance related to current expenses is included in the determination of net income for the period when the related expenditures are incurred. A liability to repay government assistance, if any, is recorded in the period in which the condition arises that causes the assistance to become repayable.

2. Significant accounting policies (continued):

During the year ended December 31, 2020, the Conference incurred $1,885,418 of salaries expenditures. Of this amount, $1,074,533 relate to non-registered church plants salaries expenditures and are included in specific programming costs on the statement of operations. Of the remaining $810,885, $523,283 is included in staffing expenses and $287,602 is included in specific programming costs on the statement of operations. During the year ended December 31, 2020, the Conference has included in grants and donations income $512,740 (2019 - nil) for government assistance related to salaries expenditures under the Canada Emergency Wage Subsidy program of which $334,403 is included in accounts and other receivables at December 31, 2020. $281,648 of the total subsidy of $512,740 relates to non-registered church plants salaries expenditures of which $180,449 is included in accounts and other receivables at December 31, 2020.

(l) Use of estimates:

The preparation of the financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from management`s best estimates as additional information becomes available in the future.

3. Reorganizations:

August 30, 2019

On August 30, 2019, as described in an Offering Memorandum dated July 17, 2020, CCMBC, CCMBC Investments and Legacy completed a reorganization resulting in assets consisting of mortgage and loans receivable and other investments of $149,610,420 in the aggregate being transferred by the Conference to CCMBC Investments. Pursuant to the reorganization, CCMBC Investments issued 1,136,500 preferred shares for $1,136,500 and issued promissory notes in the amount of $145,758,413 to certain of the former investors in the Conference’s deposit note program. The subscription price for the issuance of these preferred shares and promissory notes was satisfied by the transfer of the mortgage and loan receivables and other investments from the Conference to CCMBC Investments. The excess of the mortgage and loans receivable and other investments over the promissory notes and preferred shares of $2,715,507 was included in due from related parties (note 13).

THE CANADIAN CONFERENCE OF THE MENNONITE BRETHREN CHURCH OF NORTH AMERICA

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2020

3. Reorganizations (continued):

December 30, 2019

On December 30, 2019, as approved by the Board of Directors, the Conference and Legacy completed a reorganization resulting in certain assets of the Conference, including its interest in CCMBC Holdings, being transferred to Legacy and Legacy assuming certain liabilities of the Conference.

Assets transferred to Legacy:		
Other investments (note 5)	$	8,542,695
Mortgage and loans receivable (note 4)		7,229,266
Prepaid assets and deposits		176,330
Investment in CCMBC Holdings Inc.*		1
		15,948,292
Liabilities assumed by Legacy:		
Accounts payable and accrued liabilities	$	36,920
Deposit notes (note 9)		28,540,802
		28,577,722
Amount due to Legacy (note 13)	$	12,629,430

* CCMBC Holdings Inc. is a for-profit entity that owns all of the shares of CP Printing Solutions, Deer River Properties and Crossfield Highway Development Inc.

In addition, on December 30, 2019, the Conference donated capital assets with a carrying amount of $4,073,791 to Legacy (note 6).

4. Mortgage and loans receivable:

On August 30, 2019, mortgage and loans receivable including accrued interest in the amount of $88,329,608 net of an allowance for credit losses of $3,570,742 were transferred to CCMBC Investments (note 3).

On December 30, 2019, mortgage and loans receivable including accrued interest in the amount of $7,340,783) net of an allowance for credit losses of $111,517 were transferred to Legacy (note 3).

No gain or loss was recognized on the transfers to CCMBC Investments or Legacy.

5. Other investments:

On August 30, 2019, other investments in the amount of $64,851,554 were transferred to CCMBC Investments (note 3). A net realized gain on disposition of $3,389,616 was recognized in the statement of operations.

On December 30, 2019, other investments in the amount of $8,542,695 were transferred to Legacy (note 3). A net realized loss on disposition of $73,432 was recognized in the statement of operations.

6. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	$ 22,255	$ 17,792	$ 4,463	$ 6,847
Office equipment	127,951	26,541	101,410	109,541
	$ 150,206	$ 44,333	$ 105,873	$ 116,388

On December 30, 2019, the Conference donated capital assets with a net book value of $4,073,791 to Legacy (note 3).

7. Operating facility and guarantee:

On August 22, 2019, and as amended October 25, 2019, the Conference entered into a Letter of Agreement with the Bank of Montreal which provides for an operating facility for use by the Conference in the aggregate amount of $250,000, along with letters of credit up to $100,000, bearing interest at prime. The operating facility is secured by a general security agreement over the assets of the Conference, a $300,000 corporate guarantee from Legacy and CCMBC Holdings Inc., a $400,000 corporate guarantee from CCMBC Investments and general security agreements over the assets of Legacy, CCMBC Holdings Inc. and CCMBC Investments. As at December 31, 2020 and December 31, 2019, the operating facility was unutilized.

In addition, the Conference has provided a guarantee in the amount of $3,000,000 and a general security agreement to the Bank of Montreal as security for the operating facility of Legacy. As at December 31, 2020, the operating facility of Legacy was unutilized.

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities is $468 (2019 - $1,306) for government remittances.

9. Deposit notes:

Until August 30, 2019, the Conference issued deposit notes to MB Churches and MB Church Entities along with members of Canadian Conference churches and from August 30, 2019 to December 30, 2019 to MB Churches and MB Church Entities.

All deposit notes were due on demand and bore interest at a variable rate of interest which was determined at July 1 and December 31 of each year.

On August 30, 2019, deposit notes in the amount of $80,298,579 were included as part of the reorganization described in note 3.

On December 30, 2019, deposit notes in the amount of $28,577,722 were included as part of the reorganization described in note 3.

10. Registered Retirement Savings Plan and Tax Free Savings Accounts:

Until August 30, 2019, the Conference had an RRSP Trust and TFSA Trust for members of Mennonite Brethren churches. Funds were directed to first mortgages. Interest on member savings was calculated every six months and credited to each account on June 30 and December 31. Members' accounts were administered by Canadian Western Trust and the Conference.

RRSP Trust and TFSA Trust funds were due on demand and bore interest at variable rates of interest which were determined at July 1 and December 31 of each year.

On August 30, 2019, RRSP Trust funds in the amount of $41,939,128 and TFSA Trust funds in the amount of $24,657,206 were included as part of the reorganization described in note 3.

11. Deferred contributions related to expenses of future periods:

Deferred contributions related to expenses of future periods are externally restricted contributions that have been received and relate to expenses to be incurred in subsequent years. Changes in deferred contributions related to expenses of future periods are as follows:

	2020	2019
Balance, beginning of year	$ 473,826	$ 491,083
Add amount received relating to future periods	811,445	675,279
Less amount recognized as revenue in the period	(324,275)	(692,536)
Balance, end of year	$ 960,996	$ 473,826

As at December 31, deferred contributions related to expenses of future periods consists of the following:

	2020	2019
Emerging leaders	$ 4,109	$ 11,388
Centre for Mennonite Brethren Studies	28,990	28,990
Non-registered church plants	794,696	355,729
United Bible Society	79,046	63,364
Church planting initiatives	876	883
Church planters reserve	34,221	12,020
Other externally restricted	19,058	1,452
	$ 960,996	$ 473,826

12. Restrictions on net assets:

All of the net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the principal be maintained intact. Investment income earned on endowments is externally restricted for specific purposes.

At December 31, net assets restricted for endowments consists of the following:

	2020	2019
CMU Endowment	$ 205,077	$ 205,077
Manitoba Conference Endowment	73,797	73,797
Evangelism Endowment	158,803	158,803
Family Endowment	928,849	927,765
	$ 1,366,526	$ 1,365,442

13. Related party transactions:

As described in note 3, on August 30, 2019, the Conference transferred mortgage and loans receivable and certain other investments to CCMBC Investments as part of the reorganization. In addition, on December 30, 2019, the Conference transferred certain assets and liabilities to CCMBC Legacy as part of the reorganization described in note 3 and donated capital assets in the amount of $4,073,791 to Legacy.

At December 31, 2020, the Conference has a payable in the amount of $3,142,840 (2019 - $9,350,529) to Legacy which is due on demand with no specified terms of repayment. Subsequent to December 31, 2020, the Conference made a cash payment in the amount of $1,000,000 to Legacy to reduce the amount payable to $2,142,840.

At December 31, 2020, the Conference has $2,551,710 (2019 - $870,910) on deposit with Legacy which bears interest at a variable rate of interest, 1.40 percent (2019 - 2.90 percent) at December 31, 2020.

During the year ended December 31, 2020, Legacy provided accounting and payroll services to the Conference for $47,700 (2019 - $47,700).

These transactions are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

14. Commitments:

Lease commitments:

The Conference leases office space under long-term leases. The future minimum payments required under these leases are:

2021	$ 20,790

15. Employee pension plan:

The Conference is a participant of a money purchase pension plan. Members of the plan include employees of the Conference and related organizations. The cost of funding the plan is shared by employee and employer. The rate of employer contributions to the fund in 2020 was 5 percent (2019 - 5 percent) of the employee salaries. The pension expense for the year ended December 31, 2020 was $33,766 (2019 - $43,424).

16. Financial risks:

(a) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of the Conference holding investments denominated in United States dollars (USD) in 2019 and holding cash denominated in USD. Fluctuations in the relative values of the Canadian dollar against USD can result in a positive or a negative impact on the fair value of the investments and cash. The Conference currently holds USD and manages this cash for the purposes of achieving foreign exchange gains and meeting the cash requirements of the Conference. This cash management approach exposes the Conference to changes in exchange rates which can affect the fund balances.

(b) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Conference was exposed to interest rate risk on its investments in corporate bonds, private fixed income and mortgage funds, and investments in mortgages until their disposal in 2019 (note 3). The Conference managed its investment portfolio to earn investment income and invested according to a Statement of Investment Policy approved by The Board and monitored by investment managers.

The Conference is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

(c) Liquidity risk:

Liquidity risk is the risk that the Conference will encounter difficulty in meeting financial obligations as they become due and arises from the Conference's management of working capital. The Conference's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due and maintain a minimum cash balance in excess of the aggregate amount of endowments and the benefit plan payable.

(d) Credit risk:

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the other party by failing to discharge the obligation. The Conference was exposed to credit risk arising from its mortgage and loans receivable and investments in corporate bonds and private fixed income and mortgage funds until their disposal in 2019 (note 3). In order to reduce its credit risk, the Conference reviewed loan applications before extending credit. Investments were monitored by investment managers.

16. Financial risks (continued):

An allowance for credit losses was established based upon factors surrounding the credit risk of specific accounts. The Conference had a number of corporate bonds, private fixed income and mortgage funds and mortgage and loans receivable which minimizes concentration of credit risk.

There have been no changes to the Conference's financial instrument risk exposures from the end of the prior year subsequent to the reorganizations described in note 3.

17. COVID-19 implications:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which included implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Canada resulting in economic slowdown. Governments in Canada have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The current challenging economic climate may lead to adverse change in cash flows and working capital levels, which may have a direct impact on the Conference's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Conference is not known at this time.

As of the date of issuance of the financial statements, the Conference has accessed certain government aid programs to assist with the impact of COVID-19 on the Conference's operations. This includes access to government subsidies to assist with the Conference's expenditures (note 2[k]).

Financial Statements of

CANADIAN MENNONITE BRETHREN PENSION PLAN

Year ended December 31, 2020

CANADIAN MENNONITE BRETHREN PENSION PLAN

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Year ended December 31, 2020

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Trustees of Canadian Mennonite Brethren Pension Plan

Opinion

We have audited the financial statements of Canadian Mennonite Brethren Pension Plan (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020;
- the statement of changes in net assets available for benefits for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31 2020, and its changes in net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 the financial statements in accordance with Canadian accounting standards for pension plans, 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 statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.

- 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.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

April 28, 2021

CANADIAN MENNONITE BRETHREN PENSION PLAN

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Cash and short-term investments	$ 8,773,490	$ 6,672,712
Mutual funds	14,226,875	8,142,437
Fixed income and related securities	28,312,078	26,537,137
Exchange-traded funds	–	9,385,883
Canadian equity and related securities	6,228,655	11,627,900
U.S. equity and related securities	29,807,470	18,171,930
International equity and related securities	17,857,530	14,476,767
	105,206,098	95,014,766
Liabilities		
Payable for investments purchased	5,586,017	–
Net assets available for benefits	$ 99,620,081	$ 95,014,766

See accompanying notes to financial statements.

On behalf of the Board:

“Michael Dick” Director

“Jeffrey Dyck” Director

CANADIAN MENNONITE BRETHREN PENSION PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Increase in net assets:		
Contributions:		
Employer	$ 2,264,950	$ 2,343,687
Employees	2,264,950	2,343,687
Employee voluntary	52,180	54,856
Investment income (note 3)	2,060,940	2,165,978
Realized investment gains, net of realized losses	1,947,156	3,957,966
Net unrealized investment gains	5,471,565	6,122,993
	14,061,741	16,989,167
Decrease in net assets:		
Retirement withdrawals	8,656,479	3,872,926
Terminations	118,020	65,231
Investment management fees	552,494	532,626
Trustee fees	129,433	128,008
	9,456,426	4,598,791
Increase in net assets available for benefits	4,605,315	12,390,376
Net assets available for benefits, beginning of year	95,014,766	82,624,390
Net assets available for benefits, end of year	$ 99,620,081	$ 95,014,766

See accompanying notes to financial statements.

1. Description of the Plan:

Canadian Mennonite Brethren Pension Plan (the "Plan") is an employer pension plan which provides pensions for the employees of the Canadian Conference of Mennonite Brethren Churches (the "Conference") and other Mennonite Brethren employers. The Plan is a defined contribution pension plan which is financed by contributions by the employers and employees. The Plan is registered under the Pension Benefits Act of British Columbia, registration #0561175.

These financial statements reflect only the assets and liabilities under the administration of the Trustees of the Plan on behalf of the Canadian Conference of Mennonite Brethren Churches. The term "net assets", as used throughout these financial statements, refers to net assets available for benefits.

The funding policy, in accordance with the Plan is that employees must contribute 5 percent of their earnings to the Plan, with the balance of the funding coming from employers matching employees' contributions.

The Plan is fully vested upon receipt of the first contribution.

Withdrawal or transfers of the balance of the member's account are available when a member ceases to be employed by the employer.

The Plan is a registered pension plan as defined by the *Income Tax Act* (Canada) and is not subject to income taxes.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements are prepared using Canadian accounting standards for pension plans. For accounting policies that do not relate to the Plan's investment portfolio, the Plan has elected to apply Canadian accounting standards for private enterprises.

A statement of changes in pension obligations has not been provided since the changes in the pension obligation for the year is equal to the change in net assets available for benefits that year.

2. Significant accounting policies (continued):

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and investments are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Plan has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

(c) Fair value measurement:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Plan uses closing market price for fair value measurement. When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

2. Significant accounting policies (continued):

The Plan has categorized its assets and liabilities that are carried at fair value on a recurring basis, based on the priority of the inputs to the valuation techniques used to measure fair value, into a three level fair value hierarchy. Financial assets and liabilities measured at fair value are categorized as follows:

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2: Fair value is based on quoted prices for similar assets or liabilities in active markets, valuation that is based on significant observable inputs or inputs that are derived principally for or corroborated with observable market data through correlation or other means.

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs or the use of broker quotes. These unobservable inputs reflect the Plan's assumptions about the assumptions market participants would use in pricing the assets or liabilities.

All changes in fair value, other than interest and dividend income, are recognized in the statement of changes in net assets available for benefits within unrealized and realized investment gains and losses.

Fair values of investments are determined as follows:

Bonds, equities and exchange-traded funds are valued at year-end closing market prices.

Since money market instruments are primarily comprised of Canada treasury bills, government and corporate short-term notes, their carrying value approximates fair value given the nature of these investments.

Mutual funds are valued at the unit values supplied by the fund administrator, which represents the Plan's proportionate share of underlying net assets at fair values determined using year-end closing market prices.

2. Significant accounting policies (continued):

Investments in derivative financial instruments, being forward foreign exchange contracts, are valued at year end quoted market prices where available. Where quoted prices are not available, values are determined using pricing models, which take into account current market and contractual prices of the underlying instruments, as well as time value and yield curve or volatility factors underlying the positions.

Alternative investments are recorded at fair value determined by the external manager. A number of valuation methodologies are considered in arriving at the fair value of unquoted investments, including internal or external valuation models, which may include discounted cash flow analyses. The most appropriate methodology to determine fair value is chosen on an investment by investment basis. Any control, size, liquidity or other discounts or premiums on the investment are considered by the external manager in their determination of fair value.

(d) Foreign currency translation:

Transactions in foreign currencies are translated into Canadian dollars at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Canadian dollars at the exchange rate at that date.

Foreign currency differences arising on translation are recognized in the statement of changes in net assets available for benefits within unrealized investment gains and losses.

(e) Investment transactions and income recognition:

(i) Investment transactions:

Investment transactions are accounted for on a trade date basis.

(ii) Income recognition:

Investment income has been accrued as reported by the issuer of the pooled funds and bonds. Dividend income from publicly traded securities is recorded as of the ex-dividend date. Interest income has been accrued as earned.

2. Significant accounting policies (continued):

(f) Contributions:

Employee and employer contributions are recognized on an accrual basis.

(g) Benefits:

Benefit payments to members, termination refunds to former members, and transfer payments to other plans are recorded in the period in which they are paid or payable. Any benefit payment accruals not paid are reflected in accounts payable and accrued liabilities.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets during the year. Actual results could differ from those estimates.

3. Investment income:

	2020	2019
Cash and short-term investments	$ 8,561	$ 20,275
Fixed income and related securities	676,835	632,396
Exchange-traded funds	456,488	412,038
Canadian equity and related securities	354,642	384,960
U.S. equity and related securities	293,022	331,790
International equity and related securities	271,392	384,519
	$ 2,060,940	$ 2,165,978

4. Risk management:

The Plan is exposed to a variety of financial risks as a result of its investment activities and has policies and procedures that govern the management of market, credit and liquidity risk. The Finance Committee establishes a target asset mix among interest bearing instruments and Canadian and foreign equities to ensure diversification across asset classes. This strategy is provided to the investment managers who implement and monitor it to ensure the policies are met.

4. Risk management (continued):

The Board of Directors through the Finance Committee, a permanent sub-committee of the Board, has overall responsibility for the Plan including the establishment and review of the Plan's risk management objectives and policies. The Board has appointed RBC Dominion Securities to manage the ongoing investment operations of the Plan in keeping with the agreed upon Statement of Investment Policies and Procedures (SIPP) and as required by the law. The Finance Committee receives regular reports from RBC Dominion Securities through which it reviews the market values of the Plan assets.

The principal financial instruments used by the Plan, from which financial instrument risk arises are as follows:

(i) cash, short-term investments and mutual funds; and

(ii) investments in fixed income and related securities, Canadian equity and related securities, U.S. equity and related securities, international equity and related securities and exchange-traded funds.

There have been no substantive changes in the Plan's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or methods used to measure them from previous periods.

(a) Market risk:

(i) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Plan invests in interest-bearing financial assets. The Plan is exposed to the risk that the value of such financial assets will fluctuate due to changes in the prevailing levels of market interest rates. The Plan's exposure to interest rate risk is concentrated in its investments in fixed income funds and a money market mutual fund. To manage the Plan's interest rate risk, appropriate guidelines on the weighting and duration for fixed income investments are set by the Finance Committee and monitored by the investment manager. As at December 31, 2020, if the prevailing interest rates were raised or lowered by 100 basis points, with all other factors held constant, net assets would likely have decreased or increased, respectively, by approximately $2,403,500 (2019 - $1,506,000).

4. Risk management (continued):

(ii) Foreign currency risk:

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate as a result of the Plan investing in foreign currencies and converting non-Canadian earnings at different points in time at different foreign exchange rates. The Plan currently holds foreign equities. This investment approach exposes the Plan to changes in exchange rates which can affect the net assets available for benefits. The Plan does not hedge foreign currency risk.

The Plan's exposure to foreign currencies to the Canadian dollar is shown below:

As at December 31, 2020	Actual currency exposure	%
Canadian	$ 55,650,734	50.90
U.S. dollar	49,555,364	49.10
	$ 105,206,098	100.00

As at December 31, 2019	Actual currency exposure	%
Canadian	$ 58,955,729	62.05
U.S. dollar	36,059,037	37.95
	$ 95,014,766	100.00

A 10 percent increase or decrease in exchange rates at December 31, 2020, with all other variables held constant, would have resulted in a change in unrealized gains (losses) of approximately $4,956,000 (2019 - $3,606,000).

(iii) 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). The Plan is subject to equity price risk due to daily changes in the market values of its equity portfolio.

4. Risk management (continued):

Equity price risk is managed by investment policy guidelines that provide for prudent investment in equity markets within defined limits. The Plan does not use derivative instruments to reduce its exposure to equity price risk.

As at December 31 2020, a decline of 10 percent in equity values, with all other variables held constant, would have impacted the Plan's equity investments by an approximate unrealized loss of $5,389,000 (2019 - $4,428,000).

(b) Credit risk:

The Plan is exposed to credit risk through its investment in fixed income securities, which is the risk that a counterparty will be unable to pay amounts in full when due. All transactions in listed securities are settled upon delivery using approved investment managers. The risk of default is considered minimal, as delivery of securities sold is only made once the investment manager has received payment. Payment is made on a purchase once the securities have been received by the investment manager. The trade will fail if either party fails to meet its obligation. The Plan utilizes multiple counterparties and those that have a high credit rating in order to minimize credit risk.

Unless otherwise authorized by the Board, the asset mix of the fund must at all times be in accordance with the Plan’s SIPP. In addition, all investments are required to be maintained within legal limitations for employee pension plans registered under the *British Columbia Pension Benefits Act* and the Pension Benefits Standards Regulations (1985) Canada, and in such a manner as is necessary to avoid any penalty under the *Income Tax Act* (Canada). These measures mitigate the risk of credit default. The Finance Committee reviews investment reports with the investment advisor to monitor exposure to risk.

The breakdown of the Plan’s fixed income portfolio by credit ratings from various rating agencies is presented below:

	2020		2019	
Credit rating	Carrying value	Coupon rate	Carrying value	Coupon rate
AAA	$ –	%	$ 1,664,940	2.80%
AA	16,275,588	%	15,807,994	2.86%
A	9,128,564	%	5,871,016	2.85%
BBB	2,907,926	%	3,193,187	2.58%
	$ 28,312,078		$ 26,537,137	

4. Risk management (continued):

Credit risk associated with contributions receivable is minimized due to their nature. No provision for doubtful contributions has been recorded in either 2020 or 2019.

(c) Liquidity risk:

Liquidity risk is the risk that the Plan will encounter difficulty in meeting financial obligations as they come due. The Plan may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Plan or the securities may be subject to legal or contractual restrictions on their resale. Liquidity risk is managed by investing the majority of the Plan's assets in investments that are traded in an active market and can be readily disposed.

The table below summarizes the fair value by the earliest contractual maturity of the Plan's fixed income investments:

	2020	2019
Less than one year	$ –	$ 836,265
One to five years	11,701,487	14,436,935
After five years	16,610,591	11,263,937
Total fair value	$ 28,312,078	$ 26,537,137

(d) Other risk:

The global pandemic related to an outbreak of COVID-19 has cast additional uncertainty on the assumptions used by management in making its judgements and estimates. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Plan in future periods.

5. Disclosures relating to fair value measurements:

The following table summarizes the fair value measurements recognized in the statement of financial position categorized by fair value hierarchy:

December 31, 2020	Level 1	Level 2	Level 3	Total
Cash and short-term investments	$ 3,276,065	$ 5,497,425	$ –	$ 8,773,490
Mutual funds	5,148,684	9,078,191	–	14,226,875
Fixed income and related securities	–	28,312,078	–	28,312,078
Exchange-traded funds	–	–	–	–
Canadian equity and related securities	6,228,655	–	–	6,228,655
U.S. equity and related securities	29,807,470	–	–	29,807,470
International equity and related securities	17,857,530	–	–	17,857,530
	$ 62,318,404	$ 42,887,694	$ –	$105,206,098

December 31, 2019	Level 1	Level 2	Level 3	Total
Cash and short-term investments	$ 6,672,712	$ –	$ –	$ 6,672,712
Mutual funds	–	–	8,142,437	8,142,437
Fixed income and related securities	–	26,537,137	–	26,537,137
Exchange-traded funds	9,385,883	–	–	9,385,883
Canadian equity and related securities	11,627,900	–	–	11,627,900
U.S. equity and related securities	18,171,930	–	–	18,171,930
International equity and related securities	14,476,767	–	–	14,476,767
	$ 60,335,192	$ 26,537,137	$ 8,142,437	$ 95,014,766

During the year ended December 31, 2020, $8,142,437 was transferred from level 3 to level 2. During the year ended December 31, 2019, there were no transfers between levels.

5. Disclosures relating to fair value measurements (continued):

Level 3 fair values

The fair value of the mutual funds is determined based on the underlying net asset values of the mutual funds. The following table presents the reconciliation of the Plan's mutual funds measured at fair value using unobservable inputs (Level 3):

Contingent consideration	2020	2019
Balance, beginning of year	$ 8,142,437	$ 6,414,056
Unrealized gains	–	1,728,381
Transfer to level 2	(8,142,437)	–
Balance, end of year	$ –	$ 8,142,437

6. Capital management:

The capital of the Plan is represented by net assets available for benefits. There have been no changes in what the Plan considers to be its capital since the previous period. The Plan fulfils its objectives by adhering to specific investment policies outlined in the SIPP which is reviewed annually by the Finance Committee.

The Plan's investment positions expose it to a variety of risks which are discussed in note 4. The Plan manages net assets by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (current year's employee and employer contributions) in accordance with the approved SIPP.

As a defined contribution pension plan, the Plan's operations are reliant on revenues generated annually. The Plan has accumulated net assets available for benefits over its history. A portion of the net assets available for benefits is retained as working capital which may be required from time to time due to timing days in receiving its primary revenues. The remaining balance in net assets available for benefits is available for the use of the Plan and is allocated between each of the pension plan members.

Canadian Conference of Mennonite Brethren Churches
Report on 2021 Proposed Budget and 2022 Pro Forma Budget

2021 Proposed Budget

The 2021 draft budget was approved by the Executive Board in January 2021 for ratification at the 2021 National Assembly (AGM).

Funding (Revenue)

Church Contributions: The major source of funding for CCMBC is church support through one-stream funding from the provincial conferences. It is meant to support all national commitments (e.g., MB Seminary, ICOMB, NFLT, etc.). The 2021 one-stream funding budget is $935,700 ($1,172,000 – 2020).

Grants and Donations: A large portion of donations has historically been related to church planting. Due to changes in church planting philosophy, support of church planting is expected to move to provincial conferences in 2021 so donations received in this area are not being budgeted in CCMBC. There is still a $200,000 transitional placeholder, which is fully offset as an expense in “Mission”.

Donations received with designation for other MB ministries are not budgeted but are recorded as Flowthrough donations both in revenue and expenses.

Due to the uncertainty of the duration of the Canada Emergency Wage Subsidy and the uncertainty of CCMBC’s qualification, government assistance has not been budgeted for 2021.

Other Revenue: The greatest part of Other Revenue includes sales for Kindred Productions (KP), MB Herald (MBH), and the Centre for M.B. Studies (CMBS). The $50,000 increase in 2021 over 2020 reflects the anticipation of additional resources being made available through KP.

$64,500 revenue for Pastors Credentialing and Orientation (PCO) and the EQUIP Study Conference (EQUIP) is included in the 2021 budget and is fully offset within Spiritual Heath & Theology expenses. With COVID uncertainties, the amount associated with these events could change, however, these are expected to be self-funding events so there should be no impact on net income. The 2020 budget included PCO and Gathering, both of which were not run due to COVID.

Cost of Ministry (Expenses)

Governance consists of the Executive Board, National Ministry Team, National Director, and Centre for MB Studies and includes expenses such as board travel, legal and insurance fees, and non-compensation related staffing costs. The 2021 budget is $79,500 ($162,570 – 2020) which is in line with 2020 actuals. The main contributors to the reduction are travel costs and Gathering (AGM) costs.

Spiritual Health & Theology consists of the National Faith and Life Team (NFLT) and the NFLT Director and include expenses such as board travel, PCO, EQUIP, publishing, and non-compensation related staffing costs. The budget of $96,900 ($85,800 – 2020) includes a $61,000 reduction in travel expenses but includes $52,500 ($0 – 2020) for EQUIP, which is generally run bi-annually.

Leadership Development consists of support of $40,000 for ETEQ and $155,000 for MB Seminary. The MB Seminary portion includes $15,000 that represents 8 months (June to December) of a $25,000 annual commitment for a MB GTE track at CMU in Manitoba. 2020 also included the Leadership Training Matching Grant (LTMG) program, which has been paused until funding has been regenerated.

Mission includes any support given to ICOMB, Multiply, and MB church plants. The 2021 budget includes $40,000 for ICOMB. It also includes $232,500 for MB church planting. $200,000 of this budgeted expense will only be used as designated donations are received. The balance is budgeted to fulfill earlier commitments.

Communications includes the MB Herald Digest, Kindred Production, and general communication pieces such as the website. The $21,000 reduction in the 2021 budget represents the decrease in MB Herald costs. These costs were anticipated, but not incurred for 2020.

Administration/Compensation includes all staffing costs, general administration fees, and accounting fees. The reduction in the budget to $530,200 ($590,030 – 2020) is primarily due to the reduction of staff.

2022 Pro Forma Budget

The starting point for the 2022 Pro Forma Budget is the 2021 Proposed Budget. It should be noted that the pro forma budget reflects the funding needs to carry out the work of the national conference and is contingent on the acceptance of the CUSP. Should the NMT determine that the proposed one-stream funding level cannot be met, adjustments will be made to the budget during 2021.

Only significant changes from the 2021 budget are highlighted below.

Funding (Revenue)

Church Contributions: Church support through one-stream funding from the provincial conferences has been increased from $935,700 in the 2021 budget back to the 2020 budget amount of $1,172,000 in the 2022 Pro forma.

Cost of Ministry (Expenses)

Leadership Development: The increase from $155,000 to $175,000 represents an increase in the subsidy for MB Seminary from $140,000 to $150,000 along with the Manitoba GTE commitment of $25,000 ($15,000 in 2021).

Operationalizing the CUSP is contingent on acceptance of the CUSP at the AGM. The anticipated $140,000 expenses are itemized in the Budget Breakdown and are described further in the CUSP related documents prepared for the National Assembly.

Contingency/Deficit Reduction: The increased budget of $108,500 ($34,600 – 2021) is intended for the rebuilding of a financially stable CCMBC. It reflects a move in the direction of eliminating the deficit in unrestricted net assets and rebuilding contingency and operational reserves.

Respectfully submitted by
Bertha Dyck, CFO

Canadian Conference of MB Churches - 2021 Budget and 2022 Pro Forma

	2020 Budget	*2020* Actual	2021 Budget	2022 Pro Forma
Funding				
One Stream Funding	$1,172,000	$1,005,774	$935,700	$1,172,000
Contributions/Gifts/Grants (1)	16,100	659,723	206,600	206,600
Flow Through Donations		466,990		
Other Revenue	200,450	81,290	193,880	193,880
	1,388,550	2,213,777	1,336,180	1,572,480
Expenses				
Governance (Exec.Board, NMT, National Director, CMBS)	186,570	77,319	79,500	79,500
Spritital Health & Theology (NFLT)	85,800	21,951	96,900	96,900
Leadership Development	202,500	126,029	195,000	215,000
Mission (Multiply, ICOMB, MB Church Plants) (1)	140,000	600,849	272,500	272,500
Operationalizing the CUSP (2)				140,000
Communications	115,650	72,743	94,480	94,480
Partner Support	33,000	15,491	33,000	33,000
Partner Support (Flow Through)		469,058		
Administration & Compensation	590,030	607,419	530,200	532,600
Contingency/Deficit Reduction	24,000		34,600	108,500
	1,377,550	1,990,860	1,336,180	1,572,480
Build (Use) Reserves	11,000			
Excess of Revenue over Expenses	$0	$222,917	$0	$0

Budget Breakdowns

	2021	2022
Leadership Development		
ETEQ	$40,000	$40,000
MB Seminary	155,000	175,000
Total Leadership Development	195,000	215,000
Mission		
ICOMB	40,000	40,000
Multiply/MB Church Plants	232,500	232,500
Total Mission	272,500	272,500
Operationalizing the CUSP		
Church Assessment		20,000
New Initiatives (NMT)		50,000
Data System		30,000
Priority Areas National Teams		40,000
	$0	$140,000
Partner Support		
MWC	10,000	10,000
EFC	9,000	9,000
Historical Commission	13,000	13,000
Direction	1,000	1,000
	$33,000	$33,000

Notes:

1. $1,653,747 of both revenue and expenses for non-registered church plants are included in the audited statements but have been removed from 2020 Actual for this report

2020 Actual include $231,093 of Government Assistance

2. See Operationalizing of the CUSP in the Budget Breakdowns

2021 LEGACY REPORT

We celebrate the completion of our first full year of operations since the reorganization of MB Stewardship Ministries into our new organizational structure. This journey was not easy, yet it was necessary, and God was gracious. It is humbling to consider the Lord's blessing, the support of our investors, and the commitment of staff and board members enabling us to serve our constituency. We consider it a privilege to use the resources we have been entrusted with to help others thrive in their ministry context.

CCMBC Legacy Fund Inc. is a Canadian Registered Charity whose sole member is our national conference, and we serve as a resource to our 230 churches, provincial conferences, and ministry partners. Legacy provides payroll and accounting services for many of our churches and conferences, which they value for saving them significant time and expense. We administer the group insurance program that ensures all conference employees and retirees have access to comprehensive and affordable health, dental, and insurance coverage. We administer CCMBC's Pension Plan that helps participants prepare for retirement.

"To those who use well what they are given, even more will be given, and they will have an abundance (Matthew 25:29a)".

For more than 40 years, the Lord has blessed our people with the resources and heart to fund Kingdom growth. Today, many pastors own homes and churches have buildings thanks to your participation in MB Stewardship Ministries. These investment and lending activities continue through Legacy's subsidiary CCMBC Investments Ltd. By investing in promissory notes, our investors provide the capital necessary for us to extend mortgages to our churches, pastors, schools, and camps, enabling them to have a presence in the communities they serve. The difference between the rates charged to borrowers and paid to investors provides the "margin for ministry" that helps Legacy to provide payroll, accounting, benefit, and pension services to our constituency.

In 2020, Legacy was blessed with an operating surplus and a significantly strengthened balance sheet. With God's blessing and the continued support of our investors, we are in a stronger position to discern how best to concurrently eliminate the amount due to Legacy (incurred during reorganization) and establish appropriate operating reserves. We anticipate having a plan and timeline outlined by early summer, supported by applicable policies. Once these objectives are achieved, we will develop policies to determine the funds that can be donated to CCMBC for ministries in a given year. The CUSP is central to this process.

Join us in prayer as we seek:

- Guidance so that our plans and actions are God-pleasing and supportive of conference ministry objectives
- A continuance of collaborative decision-making with the leadership of our national and provincial conferences and ministry partners
- Wisdom as we follow through on our shared commitment to be good stewards, communicate clearly, and rebuild trust
- Clarity on how best to meet the needs of our constituents

Thank you for being part of the ministry of Legacy!

Respectfully submitted by
Jason Krueger, CEO

Legacy by the numbers

1,098
Group Insurance Participants

190
Churches using payroll services

1,531
Pension Plan Participants

29
Organizations using accounting services

2,149
Investor accounts

$159million
Invested in promissory notes

100
Church and pastor mortgages

$82million
Total mortgages

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	**Legacy Staff**
Michael Dick, chair	Jason Krueger, CEO
Jeff Dyck	Bertha Dyck, CFO
Dan Guggenheimer	
Ron Willms	
Bryant Whyte	

CCMBC LEGACY FUND

**Report on the Consolidated Financial Statements of CCMBC Legacy Fund Inc.
for the Year Ended December 31, 2020**

Summary

We are pleased to offer this commentary that highlights certain key aspects of our financial performance and position.

CCMBC Legacy Fund Inc. ("Legacy") was established to manage the financial services and Stewardship Ministries division of the Canadian Conference of Mennonite Brethren Churches ("CCMBC"). Financial services operations were transferred to Legacy in 2018, including accounting and payroll services, benefits and pension administration, and facilities management. Stewardship assets and liabilities were transferred to Legacy in 2019, including land, buildings, capital equipment, and the mortgages and deposits to/from various MB churches, individuals, provincial conferences, and related MB agencies. Investment and lending activities now continue through Legacy's subsidiary CCMBC Investments Ltd.

Legacy is a registered charity within the meaning of the Income Tax Act and therefore is exempt from income taxes under Section 149(1) of the Income Tax Act. CCMBC is the sole member of Legacy and appoints its Board members.

The 2020 Consolidated Financial Statements of CCMBC Legacy Fund Inc. represent the first full year of operations since the reorganization into our new organizational structure and include the activities of Legacy and its wholly-owned for-profit subsidiaries CCMBC Investments Ltd. and CCMBC Holdings Inc. The accompanying notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

In late 2020, we said goodbye to Jim Davidson who served CCMBC and Legacy faithfully for many years as CFO and finally as CEO of Legacy. We wish him well in retirement! Jason Krueger joined Legacy as CEO in fall 2020, having served previously as CEO of a similar organization.

Consolidated Statement of Financial Position

Total assets decreased 9.3% to $164.2 million compared to the prior year, due primarily to a reduction in cash, the redemption of investments to fund redemption of promissory notes, and the amount due from CCMBC relating to the reorganization of Stewardship Ministries. Legacy held mortgage investments of $77.9 million ($82.7 million – 2019), other investments of $63.6 million ($48.9 million – 2019), and land held for sale of $6.9 million ($6.9 million – 2019).

Due to several factors more fully described in the report "Telling Our Financial Story" including the accumulation of operating deficits and a constrained timeline to conclude the reorganization, the liabilities assumed by Legacy were in excess of the assets acquired. The difference represents an amount that is due from CCMBC by Legacy ("Due from related party" in our Consolidated Financial Statements). At the beginning of 2020, $9.3 million remained outstanding but by year-end, this figure had been substantially reduced to $3.1 million. After year-end, this figure was further reduced to $2.1 million. This amount is not interest-bearing. Legacy and CCMBC are developing a plan and schedule to eliminate the remaining amount which will largely be determined by future donations from Legacy.

Total liabilities decreased 9.6% to $161.1 million compared to the prior year, due primarily to the redemption of promissory notes. Total liabilities were comprised primarily of promissory notes totalling $130.4 million ($147.7 million – 2019) and deposit notes totalling $29.0 million ($28.5 million – 2019). Unrestricted net assets increased to $0.4 million due to positive operational performance during 2020.

During the year, Legacy worked with borrowers on a case-by-case basis on deferral arrangements. By the end of 2020, only 2.2% of borrowers (excluding the credit-impaired loans that were purchased by Legacy) were still on deferral arrangements or had not resumed their principal and interest payments. God has blessed our churches and people even through the Covid period.

Consolidated Statement of Operations

Operational results for 2020 reflect a full-year contribution from CCMBC Investments and CCMBC Holdings. A prior-year comparison is made difficult, as the transfer to CCMBC Investments of mortgages and corresponding liabilities did not occur until August 2019, and the transfer to Legacy of CCMBC Holdings, deposit notes, and capital assets did not occur until December 2019.

Revenue

Revenue of $8.6 million was recorded during 2020 ($2.7 million – 2019), comprised primarily of $3.4 million mortgage interest ($1.2 million – 2019) and $4.2 million investment earnings ($0.7 million – 2019). Monies raised from investors through CCMBC Investments facilitate the lending of money secured by mortgages to CCMBC's churches, pastors, and partner organizations. Any excess funds not required for lending are invested in other investments according to specified Investment Policy Statement guidelines that are reviewed and approved annually. Lending activities are governed by Legacy's Credit Policy ensuring there is a credit underwriting regime that is sound.

Expenditures

Expenditures of $7.6 million were recorded during 2020 ($3.1 million – 2019), including interest on promissory notes ($3.1 million) and deposit notes ($0.7 million), salaries and benefits ($1.2 million), and investment management fees ($0.7 million). Investment management fees are paid to a third party (Capstone Asset Management) for Exempt Market Dealer and Portfolio Manager services relating to monies raised on behalf of CCMBC Investments. Legacy recognizes loss allowances for expected credit loss (ECL) on financial assets (mortgages) measured at amortized cost. In 2020, $28,000 was recorded as an allowance for credit losses.

Income Taxes

Although Legacy is exempt from income tax, its wholly-owned for-profit subsidiaries CCMBC Investments and CCMBC Holdings are not. Total income taxes of $0.4 million were recorded during 2020.

Excess (Deficiency) of Revenue Over Expenditures

Legacy recorded an excess of revenue over expenditures of $0.4 million during 2020, a substantial improvement over the deficiency of $0.8 million last year.

We wish to thank you for supporting the ministry of Legacy!

Respectfully submitted by
Bertha Dyck, CFO and Jason Krueger, CEO

Consolidated Financial Statements of

CCMBC LEGACY FUND INC.

Year ended December 31, 2020

CCMBC LEGACY FUND INC.

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INDEPENDENT AUDITORS' REPORT

To the Directors of CCMBC Legacy Fund Inc.

Opinion

We have audited the consolidated financial statements of CCMBC Legacy Fund Inc. (the "Entity"), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, comprising a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its consolidated results of operations and its consolidated 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 the 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 statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

April 28, 2021

CCMBC LEGACY FUND INC.

Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Cash	$ 8,135,267	$ 28,403,345
Accounts receivable	105,975	250,014
Due from related party (note 14)	3,142,840	9,350,529
Inventories	–	18,243
Other investments (note 5)	63,558,024	48,928,338
Mortgage investments (note 4)	77,906,297	82,711,769
Prepaid expenses and other assets	286,241	230,296
Land held for sale	6,939,867	6,917,180
Capital assets (note 6)	3,974,357	4,104,265
Future tax asset	186,098	202,417
	$ 164,234,966	$ 181,116,396
Liabilities, Deferred Contributions and Net Assets		
Accounts payable and accrued liabilities (note 8)	$ 621,434	$ 694,387
Income taxes payable	271,342	83,548
Deposit notes (note 9)	29,044,791	28,540,802
Promissory notes (note 10)	130,427,625	147,721,475
Preferred shares (note 11)	752,500	1,114,500
	161,117,692	178,154,712
Deferred contributions:		
Capital assets (note 12)	2,693,731	2,917,657
Net assets:		
Unrestricted	423,543	44,027
Commitments (note 15)		
	$ 164,234,966	$ 181,116,396

See accompanying notes to consolidated financial statements.

On behalf of the Governing Board:

“Michael Dick” Director

“Ronald Willms” Director

CCMBC LEGACY FUND INC.

Consolidated Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Grants and donations (note 2[l])	$ 165,498	$ 63,213
Sales revenue	102,327	–
Payroll and accounting services (note 14)	270,615	250,541
Rental and property management revenue	377,485	18,000
Mortgage interest (note 4)	3,426,576	1,184,620
Income from other investments	4,158,343	733,041
Other interest income	50,675	50,798
Deferred contributions related to capital assets (note 12)	223,926	–
Net realized gains (losses) on sale of other investments	(128,549)	428,522
	8,646,896	2,728,735
Expenditures:		
Salaries and benefits	1,198,223	973,482
Professional fees	389,212	297,652
General and administrative	416,391	78,671
Interest on deposit notes (note 9)	656,940	–
Interest on promissory notes (note 10)	3,125,888	1,454,000
Interest on preferred shares (note 11)	8,026	3,794
Investment management fees (note 13)	677,884	199,102
Occupancy	320,631	80,128
Property administration	198,609	–
Property taxes	231,752	–
Insurance	83,448	2,289
Depreciation	218,027	–
Bad debt expense	51,578	–
	7,576,609	3,089,118
Excess (deficiency) of revenue over expenditures before the undernoted	1,070,287	(360,383)
Other income (loss):		
Other income	114,334	–
Gain on disposal of capital assets	85,209	–
Change in unrealized appreciation (depreciation) in value of other investments	(495,738)	294,906
Allowance for credit losses (note 4)	(27,811)	(830,467)
	(324,006)	(535,561)
Excess (deficiency) of revenue over expenditures before income taxes	746,281	(895,944)
Income taxes (recovery):		
Current	350,446	83,548
Future	16,319	(202,417)
	366,765	(118,869)
Excess (deficiency) of revenue over expenditures	$ 379,516	$ (777,075)

See accompanying notes to consolidated financial statements.

CCMBC LEGACY FUND INC.

Consolidated Statement of Changes in Net Assets

Year ended December 31, 2020, with comparative information for 2019

		2020		2019
Balance, beginning of year	$	44,027	$	(335,032)
Excess (deficiency) of revenue over expenditures		379,516		(777,075)
Contribution of non-amortizable capital assets (note 3)		–		1,156,134
Balance, end of year	$	423,543	$	44,027

See accompanying notes to consolidated financial statements.

CCMBC LEGACY FUND INC.

Consolidated Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash flows from (used in) operating activities:		
Excess (deficiency) of revenue over expenditures	$ 379,516	$ (777,075)
Adjustments for:		
Net realized losses (gains) on sale of other investments	128,549	(428,522)
Change in unrealized depreciation (appreciation) In value of other investments	495,738	(294,906)
Depreciation	218,027	–
Deferred contributions related to capital assets	(223,926)	–
Gain on sale of capital assets	(85,209)	–
Bad debt expense	51,578	–
Amortization of transaction costs (note 10)	141,074	34,870
Allowance for credit losses (note 4)	27,811	830,467
Income taxes	350,446	83,548
Future taxes	16,319	(202,417)
Mortgage interest (note 4)	(3,426,576)	(1,184,620)
Interest on deposit notes (note 9)	656,940	–
Interest on promissory notes (note 10)	2,984,814	1,419,130
Interest on preferred shares (note 11)	8,026	3,794
Change in non-cash operating working capital:		
Accounts receivable	92,461	(45,155)
Inventories	18,243	–
Prepaid expenses	(55,944)	388,317
Accounts payable and accrued liabilities	(72,953)	510,559
Funding of mortgage investments	(3,763,934)	(2,524,391)
Mortgage repayments	8,737,156	3,797,886
Purchase of other investments	(32,451,359)	(40,506,363)
Proceeds from sale of other investments	17,197,385	65,695,702
Mortgage interest received	3,231,015	1,127,755
Interest paid on deposit notes (note 9)	(25,855)	–
Interest paid on promissory notes (note 10)	(147,781)	(33,026)
Interest paid on preferred shares (note 11)	(584)	(48)
Income taxes paid	(162,652)	–
	(5,681,675)	27,895,505
Cash flows from (used in) financing activities:		
Proceeds on issuance of deposit notes (note 9)	7,045,595	–
Repayment of deposit notes (note 9)	(7,172,691)	–
Proceeds on issuance of promissory notes (note 10)	5,680,791	7,020,017
Repayment of promissory notes (note 10)	(26,226,690)	(5,741,796)
Proceeds from issuance of preferred shares (note 11)	21,500	11,500
Repayment on redemption of preferred shares (note 11)	(117,000)	(33,500)
Change in due from related party (note 14)	6,207,689	(2,833,735)
	(14,560,806)	(1,577,514)
Cash flows from (used in) investing activities:		
Purchase of capital assets	(120,016)	–
Proceeds on disposal of capital assets	117,106	–
Expenditures on land held for sale	(22,687)	–
Acquisition of cash (note 3)	–	234,828
	(25,597)	234,828
Increase (decrease) in cash	(20,268,078)	26,552,819
Cash, beginning of year	28,403,345	1,850,526
Cash, end of year	$ 8,135,267	$ 28,403,345

For the year ended December 31, 2019, excluded from proceeds on issuance of promissory notes, proceeds from issuance of preferred shares in financing activities, transaction costs paid, and change in due to related parties in financing activities and funding of mortgage investments and acquisition of other investments in operating activities are amounts related to the initial issuance or promissory notes and preferred shares and the acquisition of mortgages and other investments as described in note 3.

See accompanying notes to consolidated financial statements.

CCMBC LEGACY FUND INC.

Notes to Consolidated Financial Statements

Year ended December 31, 2020

1. Nature of organization:

CCMBC Legacy Fund Inc. (the "Legacy") was incorporated under the Canada Not-for-profit Corporations Act on July 30, 2015 and amended on May 30, 2016. Legacy is a registered charity within the meaning of the *Income Tax Act* and therefore is exempt from income taxes under Section 149(1) of the *Income Tax Act*. The sole member of Legacy is The Canadian Conference of Mennonite Brethren Church of North America (CCMBC).

Through its wholly-owned for-profit subsidiary, CCMBC Investments Ltd. (CCMBC Investments), Legacy's objective is to facilitate the raising of funds to accomplish the charitable purposes of CCMBC. CCMBC Investments issues redeemable preferred shares (preferred shares) and promissory notes (promissory notes) to facilitate the lending of money secured by mortgages for Mennonite Brethren Churches (MB Churches), pastors of Mennonite Brethren Churches (MB Church Pastors) and other Mennonite Brethren and affiliated institutions such as schools and camps (MB Church Entities). Any excess funds not required for lending are invested in other investments pursuant to specified investment guidelines. Legacy also provides accounting and payroll services to Canadian MB Churches and MB Church Entities and administers deposit notes for MB Churches and MB Church Entities.

These consolidated financial statements present the activities of Legacy and its wholly-owned subsidiaries CCMBC Investments and CCMBC Holdings Inc. (CCMBC Holdings). CCMBC Holdings is a for-profit entity that owns all of the shares in the following entities:

CP Printing Solutions
Crossfield Highways Development Inc.
Deer River Properties Inc.

On August 30, 2019, CCMBC, CCMBC Investments and Legacy completed a reorganization as described in note 3 and on December 30, 2019, CCMBC and Legacy completed an additional reorganization as described in note 3.

2. Significant accounting policies:

(a) Basis of accounting:

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

CCMBC LEGACY FUND INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

2. Significant accounting policies (continued):

(b) Revenue recognition:

Legacy follows the deferral method of accounting for contributions. Restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purposes of capital assets are deferred and amortized into revenue at a rate corresponding with the related capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest on mortgage investments and other investments is recorded as income on an accrual basis, using the effective interest method. Rental revenue includes recovery of common area maintenance costs and is recognized on an accrual basis over the term to which it applies.

(c) Land held for sale:

Purchased land held for sale is recorded at cost. Costs that are directly attributable to development of the land are capitalized, provided that the carrying value does not exceed net realizable value.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

Legacy amortizes its capital assets as follows:

Asset	Rate
Buildings	30 years straight-line
Computer equipment	3 - 5 years straight-line
Office equipment	5 - 10 years straight-line
Parking lot	15 years straight-line
Artwork	Indefinite

CCMBC LEGACY FUND INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

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2. Significant accounting policies (continued):

(e) Impairment of long-lived assets:

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When circumstances indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The write-down of the asset is charged to income during the year. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

(f) Assets held for sale:

Long-lived assets are classified by Legacy as an asset held for sale at the point in time when the asset is available for immediate sale, management has committed to a plan to sell the asset and is actively locating a buyer for the asset at a sales price that is reasonable in relation to the current fair value of the asset, and the sale is probable and expected to be completed within a one-year period.

Assets to be disposed of are separately presented on the consolidated statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale are presented separately in the appropriate asset and liability sections of the consolidated statement of financial position.

(g) Mortgage investments:

Mortgage investments are initially measured at fair value plus incremental direct transaction costs. Mortgage investments are subsequently re-measured at their amortized cost, net of allowance for credit losses, using the effective interest method.

Interest income is accounted for on the accrual basis, except on mortgages classified as impaired. A mortgage is classified as impaired when, in management's opinion, there has been deterioration in credit quality to the extent that there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest.

2. Significant accounting policies (continued):

When a mortgage is classified as impaired, accrual of interest on the mortgage ceases and the carrying amount of the mortgage is reduced to its estimated realizable amount. Estimated realizable amounts are measured by discounting the expected future cash flows, if they can be reasonably estimated, using the effective interest rate inherent in the mortgage. When the amounts and timing of cash flows cannot be reasonably estimated, the carrying amount of the mortgage is reduced to its estimated net realizable value based on either:

(i) the fair value of any security underlying the mortgage, net of expected costs of realization or;

(ii) observable market prices for the mortgage.

As long as the mortgage remains classified as impaired, payments received will be credited to the carrying value of the mortgage. A mortgage will be returned to accrual status only when the timely collection of both principal and interest is reasonably assured and all arrears payments of principal and interest are brought current.

(h) Allowance for credit losses:

Legacy maintains an allowance for credit losses which, in management's opinion, is adequate to absorb all credit related losses in its portfolio. The allowance for credit losses consists of specific provisions, being provisions against specific credit exposures determined on an item-by-item basis, and a general provision for losses which have occurred, but where such losses cannot be determined on an item-by-item basis.

In assessing existing credit losses, management must rely on estimates and exercise judgment regarding matters for which the ultimate outcome is unknown. Changes in circumstances may cause future assessments of credit risk to be significantly different than current assessments and may require an increase or decrease in the allowance for credit losses.

(i) Inventories:

Inventories are measured at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

CCMBC LEGACY FUND INC.

2. Significant accounting policies (continued):

(j) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Legacy has elected to carry its other investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, Legacy determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Legacy expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(k) Income taxes:

The for-profit subsidiaries of Legacy use the future income taxes method of accounting for income taxes. Under the future income taxes method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment. Refundable taxes that will be recovered on the payment of qualifying dividends are recognized as a future income tax asset.

A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized. Income tax expense or benefit is the sum of the company’s provision for the current income taxes and the difference between the opening and ending balances of the future income tax assets and liabilities.

2. Significant accounting policies (continued):

(l) Government assistance:

Government assistance related to current expenses is included in the determination of net income for the period when the related expenditures are incurred. A liability to repay government assistance, if any, is recorded in the period in which the condition arises that causes the assistance to become repayable.

During the year ended December 31, 2020, Legacy has included in grants and donations $19,498 (2019 - nil) for government assistance related to salaries expenditures under the Temporary Wage Subsidy for Employers program.

(m) Use of estimates:

The preparation of the financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Significant items subject to estimates and assumptions include the allowance for credit losses and the carrying amounts of capital assets and land held for sale. Actual results could differ from management`s best estimates as additional information becomes available in the future.

COVID-19

The COVID-19 outbreak has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the property is unknown. Legacy continues to monitor and assess the impact that COVID-19 will have on its business activities and financial results and the impact on Canadian and local economies, financial markets, and sectors and issuers in which Legacy may invest. COVID-19 has the potential to adversely affect the value of Legacy’s mortgages and other investments and the extent of promissory note redemptions.

The estimates that could be most significantly impacted by COVID-19 include those underlying the allowance for credit losses (note 4). Actual results could differ from those estimates.

CCMBC LEGACY FUND INC.
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

3. Reorganizations:

August 30, 2019

On August 30, 2019, as described in an Offering Memorandum dated July 17, 2019, CCMBC, CCMBC Investments and Legacy completed a reorganization resulting in assets consisting of mortgage investments and other investments of $149,610,420 in the aggregate being transferred by CCMBC to CCMBC Investments. Pursuant to the reorganization, CCMBC Investments issued 1,136,500 preferred shares for $1,136,500 and issued promissory notes in the amount of $145,758,413 to certain of the former investors in the CCMBC deposit note program. The subscription price for the issuance of these preferred shares and promissory notes was satisfied by the transfer of the mortgage investments and other investments from CCMBC to CCMBC Investments. The excess of the mortgage investments and other investments over the promissory notes and preferred shares of $2,715,507 was included in due to related parties (note 14). Transaction costs of $739,879 (note 10) were incurred related to the issuance of the promissory notes which were paid by CCMBC and included in due to related parties (note 14).

December 30, 2019

On December 30, 2019, as approved by the Board of Directors, CCMBC and Legacy completed a reorganization resulting in certain assets of CCMBC, including its interest in CCMBC Holdings, being transferred to Legacy and Legacy assuming certain liabilities of CCMBC.

The following table summarizes the assets transferred and liabilities assumed by Legacy:

Assets transferred:		
Cash	$	234,828
Accounts receivable		41,999
Due from CCMBC (note 14)		12,628,613
Inventories		18,243
Other investments (note 5)		8,542,695
Prepaid assets and deposits		178,819
Land held for sale		6,917,180
Capital assets (note 6)		30,474
		28,592,851
Liabilities assumed:		
Accounts payable and accrued liabilities	$	52,049
Deposit notes (note 9)		28,540,802
		28,592,851

CCMBC LEGACY FUND INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

3. Reorganizations (continued):

In addition, on December 30, 2019, CCMBC donated capital assets with a carrying amount of $4,073,791 to Legacy (note 6). $1,109,453 of the capital assets relate to land and $46,681 relate to artwork which are not amortized. As a result, $1,156,134 of the donation was recorded as a direct increase to net assets. The remaining amount of the donation of $2,917,657 was recorded within deferred contributions related to capital assets (note 12).

4. Mortgage investments:

As described in note 3, Legacy's wholly owned subsidiary, CCMBC Investments, acquired mortgage investments of $88,329,608 on August 30, 2019 including accrued interest of $430,717. Of the mortgage investments acquired, $7,598,394 were acquired with an allowance for credit losses of $3,570,742.

	2020		2019	
	Principal	Accrued interest	Principal	Accrued interest
Mortgages investments	$ 82,193,516	$ 141,801	$ 86,625,396	$ 487,582
Allowance for credit losses	(4,429,020)	–	(4,401,209)	–
	77,764,496	141,801	82,224,187	487,582
		$ 77,906,297		$ 82,771,769

As at December 31, 2020, unadvanced mortgage commitments under the existing gross mortgage investments amounted to $3,782,899 (2019 - $4,948,405). The mortgage investments are secured by real property and will mature between 2021 and 2046. During the year ended December 31, 2020 Legacy generated net interest income of $3,426,576 (2019 - $1,184,620).

All mortgage investments bear interest at a variable rate. At December 31, 2020, the interest rate on mortgages to MB Churches and MB Church Entities is 3.90 percent (4.15 percent) and for MB Church Pastors is 2.90 percent (2019 - 3.90 percent). Legacy reviews the interest rates every six months and adjusts the rates, as required, to ensure a positive difference between its outstanding promissory notes and the mortgage investments. During the year ended December 31, 2020, the weighted average interest rate earned on net mortgage investments was 3.86 percent (2019 - 4.14) percent.

A majority of the mortgage investments contain a prepayment option, whereby the borrower may repay the principal at any time prior to maturity without penalty or yield maintenance.

CCMBC LEGACY FUND INC.
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

4. Mortgage investments (continued):

If not demanded, principal repayments by contractual maturity dates are expected as follows:

2021	$	6,716,811
2022		3,962,640
2023		4,012,483
2024		4,051,552
2025 and thereafter		63,450,030
	$	82,193,516

The provision for credit losses amounted to $4,429,020 as at December 31, 2020 (2019 - $4,401,209) which is recorded in mortgage investments on the statement of financial position. Certain mortgage investments held by Legacy do not have a provision for credit losses due to the value of the underlying collateral.

During the year ended December 31, 2020, Legacy worked with borrowers on a case-by-case basis on deferral arrangements. At December 31, 2020, 2.2 percent of borrowers (excluding those in default) were still on deferral arrangements or had not resumed their principal and interest payments. Subsequent to December 31, 2020, Legacy's collection of interest payments (excluding those in default) is materially in line with historical collection rates.

The following table summarizes the mortgage investments and allowance for credit losses at December 31:

December 31, 2020	MB Churches	MB Church Entities	MB Church Pastors	Total
Mortgage investments, including interest receivable	$ 62,340,394	$ 16,669,020	$ 3,325,903	$ 82,335,317
Allowance for credit losses	(3,237,179)	(1,080,551)	(111,290)	(4,429,020)
	$ 59,103,215	$ 15,588,469	$ 3,214,613	$ 77,906,297

December 31, 2019	MB Churches	MB Church Entities	MB Church Pastors	Total
Mortgage investments, including interest receivable	$ 64,726,118	$ 17,989,237	$ 4,397,623	$ 87,112,978
Allowance for credit losses	(3,261,676)	(1,055,403)	(84,130)	(4,401,209)
	$ 61,464,442	$ 16,933,834	$ 4,313,493	$ 82,711,769

CCMBC LEGACY FUND INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

4. Mortgage investments (continued):

The internal risk ratings presented in the table below are defined as follows:

Low risk: Mortgage investments that have lower credit risk than Legacy's risk appetite and credit standards and that have a below average probability of default.

Medium-low risk: Mortgage investments that are typical for Legacy's risk appetite and credit standards and retain a below average probability of default.

Medium-high risk: Mortgage investments that are within Legacy's risk appetite and credit standards and retain an average probability of default.

High risk: Mortgage investments within Legacy's risk appetite and credit standards that have an additional element of credit risk that could result in an above average probability of default.

Default: Mortgage investments that are 90 days past due and when there is objective evidence that there has been a deterioration of credit quality to the extent Legacy no longer has reasonable assurance as to the timely collection of the full amount of principal and interest and/or when Legacy has commenced enforcement remedies available to it under its contractual agreements.

The following table presents the gross carrying amounts of mortgage investments by internal risk ratings used by Legacy for credit risk management purposes:

December 31, 2020	MB Churches	MB Church Entities	MB Church Pastors	Total
Low risk	$ 19,861,257	$ 4,373,068	$ 979,497	$ 25,213,822
Medium-low risk	22,400,121	9,315,105	1,177,163	32,892,389
Medium-high risk	4,594,871	948,125	647,931	6,190,927
High risk	9,875,689	–	453,271	10,328,960
Default	5,608,456	2,032,722	68,041	7,709,219
Mortgage investments	62,340,394	16,669,020	3,325,903	82,335,317
Allowance for credit losses	(3,237,179)	(1,080,551)	(111,290)	(4,429,020)
Mortgage investments	$ 59,103,215	$ 15,588,469	$ 3,214,613	$ 77,906,297

CCMBC LEGACY FUND INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

4. Mortgage investments (continued):

December 31, 2019	MB Churches	MB Church Entities	MB Church Pastors	Total
Low risk	$ 16,819,667	$ 5,451,790	$ 1,647,953	$ 23,919,410
Medium-low risk	28,066,335	10,252,446	1,657,049	39,975,830
Medium-high risk	6,047,861	325,009	143,408	6,516,278
High risk	8,219,999	–	879,711	9,099,710
Default	5,572,256	1,959,992	69,502	7,601,750
Mortgage investments	64,726,118	17,989,237	4,397,623	87,112,978
Allowance for credit losses	(3,261,676)	(1,055,403)	(84,130)	(4,401,209)
Mortgage investments	$ 61,464,442	$ 16,933,834	$ 4,313,493	$ 82,711,769

Geographic analysis:

December 31, 2020	MB Churches	MB Church Entities	MB Church Pastors	Total
British Columbia	$ 40,116,545	$ 6,894,378	$ 1,143,436	$ 48,154,359
Ontario	7,714,049	7,895,671	664,394	16,274,114
Alberta	6,465,105	113,824	–	6,578,929
Saskatchewan	366,674	365,668	329,379	1,061,721
Manitoba	4,212,330	–	503,748	4,716,078
Quebec	100,273	318,928	573,656	992,857
Atlantic Provinces	128,239	–	–	128,239
	$ 59,103,215	$ 15,588,469	$ 3,214,613	$ 77,906,297

December 31, 2019	MB Churches	MB Church Entities	MB Church Pastors	Total
British Columbia	$ 41,770,583	$ 7,290,417	$ 2,158,334	$ 51,219,334
Ontario	8,426,873	8,388,543	636,614	17,452,030
Alberta	6,662,379	160,553	–	6,822,932
Saskatchewan	653,743	834,858	412,718	1,901,319
Manitoba	3,702,883	–	508,896	4,211,779
Quebec	114,890	259,463	596,931	971,284
Atlantic Provinces	133,091	–	–	133,091
	$ 61,464,442	$ 16,933,834	$ 4,313,493	$ 82,711,769

5. Other investments:

As described in note 3, Legacy's wholly owned subsidiary, CCMBC Investments, acquired other investments with a fair value of $64,851,554 on August 30, 2019.

CCMBC LEGACY FUND INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

5. Other investments (continued):

As described in note 3, Legacy acquired other investments with a fair value of $8,542,695 on December 30, 2019. Legacy's other investments consist of the following at December 31, 2020:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Private fixed income funds	$ 39,864,134	$ 39,899,537	$ 41,732,701	$ 42,027,607
Private mortgage funds	19,873,302	19,932,723	3,002,464	3,002,464
Corporate bonds	2,810,568	2,825,764	2,863,267	2,863,267
Guaranteed income certificates	900,000	900,000	1,035,000	1,035,000
	$ 63,448,004	$ 63,558,024	$ 48,633,432	$ 48,928,338

Prior to December 31, 2019, Legacy redeemed certain other investments in the amount of $20,391,346 for which the cash was in-transit at December 31, 2019. During the year ended December 31, 2020, these funds were re-invested in other investments.

The funds in which Legacy invests (Investee Funds) are managed by asset managers who apply various investment strategies to accomplish their respective investments objectives. These objectives include generating income and cash flow along with capital appreciation by investing in fixed income securities and mortgages. The Investee Funds also invest in underlying funds. At December 31, 2020 and 2019, Legacy invests in five private fixed income funds and two private mortgage funds. Legacy can redeem their investment in the Investee Funds ranging from weekly to semi-annually.

The guaranteed income certificates have interest rates ranging from 1.28 percent and 1.85 percent (2019 - ranging from 2.03 percent and 2.20 percent) and mature between March 2021 and March 2023 (2019 - mature in August 2020). At December 31, 2010, the weighted average interest rate is 1.54 percent (2019 - 2.12 percent).

The par value of the corporate bonds at December 31, 2020 is $2,850,000 (2019 - $2,781,000). The corporate bonds have interest rates ranging from 3.15 percent to 7.85 percent (2019 - ranging from 3.52 percent to 4.25 percent) and mature between May 2023 and October 2032 (2019 - between May 2025 and June 2029).

Maturities and interest rates of the corporate bonds are as follows:

December 31, 2020 Under one year	1 - 5 years	6 - 10 years	Over 10 years	Total	Weighted average yield
$ –	$ 689,150	$ 624,759	$1,511,855	$ 2,825,764	4.13%

CCMBC LEGACY FUND INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

5. Other investments (continued):

December 31, 2019	Under one year	1 - 5 years	6 - 10 years	Over 10 years	Total	Weighted average yield
	$ –	$ –	$ 2,863,267	$ –	$ 2,863,267	3.82%

6. Capital assets:

As described in note 3, Legacy acquired capital assets in the amount of $30,474 and CCMBC donated capital assets in the amount of $4,073,791 to Legacy on December 30, 2019. Legacy's capital assets consist of the following at December 31, 2020:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	$ 1,109,453	$ –	$ 1,109,453	$ 1,109,453
Artwork	46,681	–	46,681	46,681
Buildings	2,902,081	177,690	2,724,391	2,815,390
Computer equipment	77,742	21,224	56,518	38,243
Office equipment	48,118	15,967	32,151	86,189
Parking lot	8,309	3,146	5,163	8,309
	$ 4,192,384	$ 218,027	$ 3,974,357	$ 4,104,265

7. Operating facility and guarantee:

On August 22, 2019, and as amended October 25, 2019, Legacy entered into a Letter of Agreement with the Bank of Montreal which provides for an operating facility for use by Legacy in the aggregate amount of $2,750,000, bearing interest at prime. The operating facility is secured by a general security agreement over the assets of Legacy and its subsidiaries, a $3,000,000 corporate guarantee from CCMBC, a general security agreement over the assets of CCMBC, and by the corporate bonds and guaranteed income certificates held by Legacy (note 5).

As at December 31, 2020 and 2019, the operating facility was unutilized. In addition, Legacy has provided a guarantee in the amount of $400,000 and a general security agreement to the Bank of Montreal as security for the operating facility of CCMBC. As at December 31, 2020 and 2019, the operating facility of CCMBC was unutilized.

CCMBC LEGACY FUND INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities is $3,356 (2019 - $2,678) for government remittances.

9. Deposit notes:

As described in note 3, Legacy assumed deposit notes in the amount of $28,540,802 from CCMBC on December 30, 2019.

Legacy issues deposit notes to MB Churches and MB Church Entities. All deposit notes are due on demand and bear interest at a variable rate of interest which is determined at July 1 and December 31 of each year.

The following table summarizes activity for the deposit notes for the years ending December 31, 2020 and 2019:

	Note	2020	2019
Balance, beginning of year		$ 28,540,802	$ –
Deposit notes acquired on reorganization	3	–	28,540,802
Deposit notes issued		7,045,595	–
Deposit notes repaid		(7,172,691)	–
Interest on deposit notes		656,940	–
Interest paid		(25,855)	–
Balance, end of year		$ 29,044,791	$ 28,540,802

10. Promissory notes:

CCMBC Investments is authorized to issue an unlimited number of promissory notes which can be issued in one or more series. The initial minimum subscription amount for each holder of a promissory note is $2,500. The promissory notes are payable on demand and bear interest at a variable interest rate which is determined on January 1 and July 1 of each year. The variable interest rate is equal to the overnight lending rate of the Bank of Canada plus 115 basis points. Interest is compounded and payable on a semi-annual basis on June 30 and December 31 of each year.

As described in note 3, CCMBC Investments issued promissory notes of $145,758,413 on August 30, 2019. Aggregate transaction costs incurred related to the offering of the promissory notes were $739,879 which are amortized using the effective interest method over five years.

CCMBC LEGACY FUND INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

10. Promissory notes (continued):

The following table summarizes the promissory notes as at December 31, 2020 and 2019:

	2020	2019
Promissory notes	$ 130,991,560	$ 148,426,484
Less: transaction costs	(563,935)	(705,009)
	$ 130,427,625	$ 147,721,475

The following table summarizes activity for the promissory notes for the years ending December 31, 2020 and 2019:

	Note	2020	2019
Balance, beginning of year		$ 147,721,475	$ –
Promissory notes issued		5,680,791	152,778,430
Transfer from preferred shares	11	266,500	–
Transaction costs		–	(739,879)
Promissory notes repaid		(26,226,690)	(5,741,796)
Amortization of transaction costs		141,074	34,870
Interest on promissory notes		2,984,814	1,419,130
Transfer of interest on preferred shares	11	7,442	3,746
Interest paid		(147,781)	(33,026)
Balance, end of year		$ 130,427,625	$ 147,721,475

11. Preferred shares:

Preferred shares are issued on the first $500 invested by an investor in CCMBC Investments with the remainder invested in promissory notes. The preferred shares are redeemable at the option of the holder for $1, with a minimum of fourteen days' notice to CCMBC Investments. The preferred shares are not entitled to vote at any meetings of shareholders, except where otherwise provided by the Canada Business Corporations Act, and, in such case, they shall then be entitled to one vote for each preferred share held. The preferred shares are entitled in each financial year of CCMBC Investments, cumulative dividends at a rate equal to 1 percent of the redemption amount of $1 per preferred share. Individual holders of preferred shares must subscribe for 500 preferred shares and no holder of preferred shares can hold more than 500 preferred shares.

CCMBC LEGACY FUND INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

11. Preferred shares (continued):

As described in note 3, CCMBC Investments issued 1,136,500 preferred shares for cash consideration of $1,136,500 on August 30, 2019.

The following table summarizes the preferred shares:

	2020		2019	
	Number	Amount	Number	Amount
Authorized: Unlimited preferred shares, non-voting, cumulative dividend entitlement of 1 percent of the redemption amount annually, redeemable at the option of the holder for $1	752,500	$ 752,500	1,114,500	$ 1,114,500

The following table summarizes activity for the preferred shares:

	Note	2020	2019
Balance, beginning of year		$ 1,114,500	$ –
Preferred shares issued		21,500	1,148,000
Preferred shares transferred to promissory notes	10	(266,500)	–
Preferred shares repurchased		(117,000)	(33,500)
Accrued interest		8,026	3,794
Interest paid		(584)	(48)
Transfer of interest to promissory notes	10	(7,442)	(3,746)
Balance, end of year		$ 752,500	$ 1,114,500

On January 1, 2020, 256,000 preferred shares in the amount of $256,000 were redeemed and the amount was transferred to the applicable preferred shareholder's promissory notes (note 10).

12. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent the unamortized amount of donated capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

As described in note 3, on December 30, 2019, CCMBC contributed $2,917,657 of amortizable capital assets to Legacy.

12. Deferred contributions related to capital assets (continued):

	Donations	Accumulated amortization	2020 Net book value	2019 Net book value
Buildings	$ 2,815,390	$ 179,354	$ 2,636,036	$ 2,815,390
Computer equipment	38,243	12,137	26,106	38,243
Office equipment	55,715	29,289	26,426	55,715
Parking lot	8,309	3,146	5,163	8,309
	$ 2,917,657	$ 223,926	$ 2,693,731	$ 2,917,657

13. Investment management fees:

CCMBC Investments has entered into an Investment Management and Distribution Agreement with a third party that can be cancelled at any time on written notice without penalty. The investment management fees are as follows:

- $400,000 on the first $30,000,000 of assets under management (AUM)
- 0.80% on AUM from $30,000,000 to $50,000,000
- 0.60% on AUM from $50,000,000 to $150,000,000

14. Related party transactions:

As described in note 3, on August 30, 2019, Legacy, through its wholly-owned subsidiary, CCMBC Investments, acquired mortgage investments and other investments from CCMBC. In addition, on December 30, 2019, Legacy acquired certain assets and assumed certain liabilities from CCMBC as described in note 3 and received donated capital assets in the amount of $4,073,791 from CCMBC.

At December 31, 2020, Legacy had a receivable in the amount of $3,142,840 (2019 - $9,350,529) from CCMBC which is due on demand with no specified terms of repayment. Subsequent to December 31, 2020, Legacy received a cash payment in the amount of $1,000,000 from CCMBC to reduce the amount receivable to $2,142,840.

At December 31, 2020, Legacy holds $2,551,710 (2019 - $870,910) on deposit from CCMBC which bears interest at a variable rate of interest, 1.40 percent (2019 - 2.90 percent) at December 31, 2020.

During the year ended December 31, 2020, Legacy provided accounting and payroll services to CCMBC for $47,700 (2019 - $47,700).

These transactions are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

CCMBC LEGACY FUND INC.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

15. Commitments:

Lease commitments:

Legacy leases office space under long-term leases. The future minimum payments required under these leases are:

2021	$	10,520

16. Employee pension plan:

Legacy is a participant of a money purchase pension plan. Members of the plan include employees of Legacy. The cost of funding the plan is shared by employee and employer. The rate of employer contributions to the fund in 2020 was 5 percent (2019 - 5 percent) of the employee salaries. The pension expense for the year ended December 31, 2020 was $37,108 (2019 - $35,820).

17. Financial risks:

(a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Legacy is exposed to interest rate risk on its investments in private fixed income funds and mortgage investments.

As of December 31, 2020, $77,906,297 (2019 - $82,711,769) of net mortgage investments bear interest at variable rates. If there were a decrease or increase of 1 percent in interest rates, with all other variables constant, the impact from variable rate mortgage investments would be a decrease or increase in revenue over expenditures of approximately $592,000 (2019 - $282,000).

As of December 31, 2020, $130,427,625 (2019 - $147,721,475) of promissory notes and $29,044,791 (2019 - $28,540,802) of deposit notes bear interest at variable rates. If there was a decrease or increase of 1 percent in interest rates, with all other variables constant, the impacting from variable rate promissory notes and deposit notes would be a decrease or increase in revenue over expenditures of approximately $1,752,000 (2019 - $489,000).

Legacy manages its sensitivity to interest rate fluctuations by managing the interest rate spread between its promissory notes and mortgage investments.

17. Financial risks (continued):

Legacy is also exposed to interest rate risk through its investments in Investee Funds (note 5).

The Investee Funds are exposed to interest rate risk through their investments in interest-bearing financial instruments and in underlying funds exposed to interest rate risk. Two of the Investee Funds have high-yield (or below investment grade) exposure to mortgages and therefore net assets tend to be affected more by changes in economic growth than changes in interest rates.

(b) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Legacy has no significant direct exposure to currency risk at December 31, 2020 and 2019 or indirect exposure at December 31, 2019. Legacy does have indirect exposure to currency risk through its investment in Investee Funds at December 31, 2020.

(c) Credit risk:

Credit risk is the risk that a borrower may be unable to honour its debt commitments as a result of a negative change in market conditions that could result in a loss to the Company. Legacy mitigates this risk by the following:

(i) adhering to the mortgage investment policies and investment guidelines (subject to certain duly approved exceptions);

(ii) ensuring all new mortgage investments over a pre-determined threshold are approved by the Board of Directors, and by appropriate members of management below a pre-determined threshold before funding; and

(iii) actively monitoring the mortgage investments and initiating recovery procedures, in a timely manner, where required.

The exposure to credit risk at December 31, 2020 relating to net mortgages amounts to $77,906,297 (2019 - $82,711,769) and for accounts receivable amounts to $105,975 (2019 - $250,014). Legacy has recourse under these mortgages in the event of default by the borrower; in which case, Legacy would have a claim against the underlying collateral. Management believes that the potential loss from credit risk with respect to cash that is held at a Schedule 1 bank to be minimal.

17. Financial risks (continued):

Legacy is also exposed to credit risk through its investments in Investee Funds (note 5).

Two of the private fixed income Investee Funds, which represent approximately 78 percent (2019 - 89 percent) of the investment in private fixed income funds, are exposed to credit risk through investments in debt securities, mortgage loans and promissory notes. The mortgage loans are secured by all assets of the borrower as defined by general security agreements which may be subordinate to other lenders.

For one of the other private fixed income Investee Funds, it is exposed to credit risk through direct investment in debt securities and for the other two private fixed income Investee Funds, they are indirectly exposed to credit risk through investment in underlying funds that are exposed to credit risk. .

(d) Liquidity risk:

Liquidity risk is the risk that Legacy will encounter difficulty in meeting financial obligations as they become due. This risk arises in normal operations from fluctuations in cash flow as a result of the timing of mortgage investment advances and repayments and the need for working capital. Management routinely forecasts future cash flow sources and requirements to ensure cash is efficiently utilized.

Legacy's deposit notes, promissory notes and preferred shares are due on demand. All of the rest of Legacy's financial liabilities are due within one year.

Legacy is also exposed to liquidity risk through its investments in Investee Funds (note 5).

The fixed income Investee Funds are exposed to liquidity risk through weekly or monthly cash redemptions on their units and therefore they invest the majority or a portion of assets in investments and underlying funds that can be readily disposed of. The mortgage Investee Funds are exposed to liquidity risk through monthly or semi-annual cash redemptions on their units and therefore use cash flow projections to forecast funding requirements on mortgage proposals and anticipated redemption of units and my also enter into loan facilities with one or more Canadian chartered banks to hedge the liquidity risk of redemptions.

A portion of the amounts invested in underlying funds are subject to redemption restrictions exercisable by the manager of the underlying fund to manage extraordinary liquidity pressures which includes the ability to suspend redemptions or withhold varying amounts of any redemption requested.

Financial Statements of

CCMBC INVESTMENTS LTD.

And Independent Auditors' Report thereon

Year ended December 31, 2020

KPMG LLP
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Winnipeg MB
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of CCMBC Investments Ltd.

Opinion

We have audited the financial statements of CCMBC Investments Ltd. (the "Entity"), which comprise the statement of financial position as at December 31, 2020, the statements of comprehensive income (loss), equity (deficiency) and cash flows for the year then ended, and notes to the financial statements, comprising a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 the financial statements in accordance with International Financial Reporting Standards, 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 statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.

- 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.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

April 28, 2021

CCMBC INVESTMENTS LTD.

Statement of Financial Position

As at December 31, 2020, with comparative information for 2019

	Note		2020		2019
Assets					
Cash		$	3,177,583	$	25,754,691
Due from related party	10		–		16,400
Prepaid expenses			6,765		–
Other investments	5		51,182,349		40,385,643
Mortgage investments, net	4		77,906,297		82,711,769
Deferred tax assets	11		186,098		202,417
Total assets		$	132,459,092	$	149,070,920
Liabilities and Equity (Deficiency)					
Accounts payable and accrued liabilities		$	366,836	$	473,392
Income taxes payable	11		271,342		83,548
Promissory notes	6		130,427,625		147,721,475
Preferred shares	7		752,500		1,114,500
Total liabilities			131,818,303		149,392,915
Equity (deficiency)			640,789		(321,995)
Total liabilities and equity		$	132,459,092	$	149,070,920

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

On behalf of the Board:

“Michael Dick” Director “Ronald Willms” Director

CCMBC INVESTMENTS LTD.

Statement of Comprehensive Income (Loss)

Year ended December 31, 2020, with comparative information for the period from May 14, 2019 to December 31, 2019

	Note	2020	2019
Investment income:			
Mortgage interest	4	$ 3,426,576	$ 1,184,620
Income from other investments		4,011,263	733,041
Other income		23,337	22,344
Net realized gains (losses) on sale of other investments		(280,670)	428,522
		7,180,506	2,368,527
Expenses:			
Interest on promissory notes	6	3,125,888	1,454,000
Interest on preferred shares	7	8,026	3,794
Management fees	9, 10	440,600	146,867
Investment management fees	9	656,359	199,102
General and administrative		459,080	345,167
Donation to related party	10	700,000	125,000
		5,389,953	2,273,930
Net income before other income		1,790,553	94,597
Other income (loss):			
Change in unrealized appreciation (depreciation) in value of other investments		(433,193)	294,906
Provision for credit losses	4	(27,811)	(830,467)
		(461,004)	(535,561)
Net income (loss) before taxes		1,329,549	(440,964)
Income taxes (recovery):			
Current	11	350,446	83,548
Deferred	11	16,319	(202,417)
		366,765	(118,869)
Net comprehensive income (loss)		$ 962,784	$ (322,095)

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

CCMBC INVESTMENTS LTD.

Statement of Equity (Deficiency)

Year ended December 31, 2020, with comparative information for the period from May 14, 2019 to December 31, 2019

	Note		Common share		Retained earnings (deficit)		Total equity (deficiency)
Balance, beginning of year		$	100	$	(322,095)	$	(321,995)
Net comprehensive income for the year			–		962,784		962,784
December 31, 2020		$	100	$	640,689	$	640,789

	Note		Common share		Deficit		Total deficiency
Issuance of common share	8	$	100	$	–	$	100
Net comprehensive loss for the period					(322,095)		(322,095)
December 31, 2019		$	100	$	(322,095)	$	(321,995)

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

CCMBC INVESTMENTS LTD.

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for the period from May 14, 2019 to December 31, 2019

	Note	2020	2019
Cash flows from (used in) operating activities:			
Net comprehensive income (loss)		$ 962,784	$ (322,095)
Adjustments for:			
Net realized losses (gains) on sale of other investments		280,670	(428,522)
Change in unrealized depreciation (appreciation) in value of other investments		433,193	(294,906)
Amortization of transaction costs	6	141,074	34,870
Provision for credit losses	4	27,811	830,467
Income taxes	11	350,446	83,548
Deferred taxes	11	16,319	(202,417)
Mortgage interest	4	(3,426,576)	(1,184,620)
Interest on promissory notes	6	2,984,814	1,419,130
Interest on preferred shares	7	8,026	3,794
Change in non-cash operating items:			
Prepaid expenses		(6,765)	–
Accounts payable and accrued liabilities		(106,556)	473,392
Funding of mortgage investments	4	(3,763,934)	(2,524,391)
Mortgage repayments	4	8,737,156	3,797,886
Purchase of other investments		(24,510,569)	(40,506,363)
Proceeds from sale of other investments		13,000,000	65,695,702
Mortgage interest received		3,231,015	1,127,755
Interest paid on promissory notes		(147,781)	(33,026)
Interest paid on preferred shares		(584)	(48)
Income tax paid		(162,652)	–
		(1,952,109)	27,970,156
Cash flows from (used in) financing activities:			
Proceeds on issuance of promissory notes	6	5,680,791	7,020,017
Repayment of promissory notes	6	(26,226,690)	(5,741,796)
Proceeds from issuance of preferred shares	7	21,500	11,500
Repayment on redemption of preferred shares	7	(117,000)	(33,500)
Issuance of common share	8	–	100
Change in due from related party	10	16,400	(3,471,786)
		(20,624,999)	(2,215,465)
Increase (decrease) in cash		(22,577,108)	25,754,691
Cash, beginning of year		25,754,691	–
Cash, end of year		$ 3,177,583	$ 25,754,691

For the period ended December 31, 2019, excluded from proceeds on issuance of promissory notes, proceeds from issuance of preferred shares in financing activities, transaction costs paid, and change in due to related parties in financing activities and funding of mortgage investments and acquisition of other investments in operating activities are amounts related to the initial issuance or promissory notes and preferred shares and the acquisition of mortgages and other investments as described in note 1.

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

1. Organization of the Company:

CCMBC Investments Ltd. (the "Company") was incorporated under the *Canadian Business Corporations Act* on May 14, 2019. The Company commenced active operations on August 30, 2019. The head office of the Company is located at 1310 Taylor Avenue Winnipeg, Manitoba, Canada.

The Company's objective is to facilitate the raising of funds to accomplish the charitable purposes of Canadian Conference of the Mennonite Brethren Church of North America (CCMBC) and CCMBC Legacy Fund Inc. (Legacy or Manager). The Company issues redeemable preferred shares (preferred shares) and promissory notes (promissory notes) to facilitate the lending of money secured by mortgages for Mennonite Brethren Churches (MB Churches), pastors of Mennonite Brethren Churches (MB Church Pastors) and other Mennonite Brethren and affiliated institutions such as schools and camps (MB Church Entities). Any excess funds not required for lending are invested in other investments pursuant to specified investment guidelines.

The Company is managed by Legacy, a registered charity.

On August 30, 2019, as described in an Offering Memorandum dated July 17, 2019, CCMBC, Legacy and the Company completed a reorganization resulting in assets consisting of mortgage investments and other investments of $149,610,420 in the aggregate being transferred by CCMBC to the Company. Pursuant to the reorganization, the Company issued 1,136,500 preferred shares for $1,136,500 and issued promissory notes in the amount of $145,758,413 to certain of the former investors in the CCMBC deposit note program. The subscription price for the issuance of these preferred shares and promissory notes was satisfied by the transfer of the mortgage investments and other investments from CCMBC to the Company. The excess of the mortgage investments and other investments over the promissory notes and preferred shares of $2,715,507 was included in due to related parties (note 10). Transaction costs of $739,879 (note 6) were incurred related to the issuance of the promissory notes which were paid by CCMBC and included in due to related parties by the Company (note 10).

2. Basis of preparation:

(a) Statement of compliance:

The financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors and authorized for issue on April 28, 2021.

2. Basis of preparation (continued):

(b) Basis of measurement:

The financial statements have been prepared on a going concern and historical cost basis, except for other investments which are measured at fair value through profit or loss (FVTPL).

(c) Functional and presentation currency:

The financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Critical accounting estimates, assumptions and judgments:

The preparation of financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and disclosures of contingent assets and liabilities. Actual results could differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

COVID-19

The COVID-19 outbreak has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the property is unknown. The Company continues to monitor and assess the impact that COVID-19 will have on its business activities and financial results and the impact on Canadian and local economies, financial markets, and sectors and issuers in which the Company may invest. COVID-19 has the potential to adversely affect the value of the Company's mortgages and other investments and the extent of promissory note redemptions.

The estimates that could be most significantly impacted by COVID-19 include those underlying the allowance for credit losses (note 4). Actual results could differ from those estimates.

CCMBC INVESTMENTS LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Basis of preparation (continued):

The significant items subject to estimates and assumptions include:

Measurement of expected credit losses:

The determination of expected credit losses takes into account different factors and varies by nature of mortgage investment. These judgments include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which would require an increase or decrease in the expected credit loss. Refer to note 3(b).

Fair value measurement:

Where the fair values of financial assets and financial liabilities recorded in the financial statements cannot be derived from active markets, they are determined using a variety of valuation techniques that may include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, estimates are required to establish fair values. The Company's other investments consistent of investments in private investment funds and are valued based on the net asset value of each of the investment funds.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include:

Classification of mortgage investments:

Mortgage investments are classified based on the business model for managing assets and the contractual cash flow characteristics of the asset. The Company exercises judgment in determining both the business model for managing the assets and whether cash flows of the financial asset comprise solely payments of principal and interest.

Income taxes:

The Company is subject to income taxes in different jurisdictions. Judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

CCMBC INVESTMENTS LTD.
Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Significant accounting policies:

(a) Cash:

Cash is comprised of cash balances held on deposit.

(b) Financial instruments:

(i) Classification and measurement:

Financial assets are required to be classified into one of the following categories: fair value through profit or loss (FVTPL), amortized cost or fair value through other comprehensive income (FVOCI) based on the company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition.

All financial instruments are measured at fair value on initial recognition. Measurement in subsequent years depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL, in which case transaction costs are expensed as incurred.

Financial instruments at FVTPL are recognized initially on the trade date, which is the date on which the company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial assets:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant accounting policies (continued):

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model who objective is achieved by both collecting contractual cash flows and selling financial assets; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

Financial assets - Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The information considered includes:

- the policies and objectives for the portfolio and the operation of those policies in practice. These include whether the Company's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and

- the frequency, volume and timing of sales of financial assets in prior years, the reasons for such sales and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3. Significant accounting policies (continued):

Financial assets - assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular year of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(ii) FVTPL:

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting year with changes in fair value recognized in the statements of comprehensive income in the year in which they occur. The Company classifies its other investments as measured at FVTPL.

3. Significant accounting policies (continued):

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date.

The Company uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of financial assets and liabilities that are not traded in an active market, including derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

(iii) Amortized cost:

Financial instruments classified as amortized cost include financial assets that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest and financial liabilities not classified as FVTPL. Such financial assets and liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of these financial assets and financial liabilities is at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate. The Company classifies cash, investment income receivable, mortgage investments, accounts payable and accrued liabilities, due to related parties, promissory notes payable and preference shares as measured at amortized cost.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter year.

3. Significant accounting policies (continued):

(iv) Derecognition:

Financial assets:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities:

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

(v) Offsetting:

Financial assets and liabilities are offset and the net amount presented in the statements of financial position only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. At December 31, 2020 and 2019, no amounts have been offset in the statement of financial position.

(vi) Impairment of financial assets:

The Company recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost. The Company applies a three-stage approach to measure allowance for credit losses. The Company measures the loss allowance at an amount equal to 12 months of expected losses for performing mortgages if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1) and at an amount equal to lifetime expected losses on performing mortgages that have experienced a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected losses on mortgages which are credit impaired (Stage 3).

3. Significant accounting policies (continued):

The determination of a significant increase in credit risk takes into account different factors and varies by nature of investment. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due interest payment or maturity date, or pursuant to borrower specific relative criteria as identified by the Manager.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonably and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment that includes forward-looking information.

The Company considers a financial asset to be credit impaired when the borrower is more than 90 days past due or when there is objective evidence that there has been a deterioration of credit quality to the extent the Company no longer has reasonable assurance as to the timely collection of the full amount of principal and interest or/and when the Company has commenced enforcement remedies available to it under its contractual agreements.

The assessment of significant increase in credit risk requires experienced credit judgment. In determining whether there has been a significant increase in credit risk and in calculating the amount of expected credit losses, the Manager relies on estimates and exercises judgment regarding matters for which the ultimate outcome is unknown. These judgments include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which could require an increase or decrease in the allowance for credit losses.

In cases where a borrower experiences financial difficulties, the Company may grant certain concessionary modifications to the terms and conditions of a mortgage. Modifications may include payment deferrals, extension of amortization years, debt consolidation, forbearance and other modifications intended to minimize the economic loss and to avoid foreclosure or repossession of collateral. The Company determines the appropriate remediation strategy based on the individual borrower. If the Company determines that a modification results in expiry of cash flows, the original asset is derecognized while a new asset is recognized based on the new contractual terms.

Significant increase in credit risk is assessed relative to the risk of default on the date of modification. If the Company determines that a modification does not result in derecognition, significant increase in credit risk is assessed based on the risk of default at initial recognition of the original asset.

3. Significant accounting policies (continued):

Expected cash flows arising from the modified contractual terms are considered when calculating the ECL for the modified asset. For mortgages that were modified while having a lifetime ECL, the mortgages can revert to having 12-month ECL after a year of performance and improvement in the borrower's financial condition.

Measurement of ECLs:

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. Lifetime ECLs are the ECLs that result from all possible default event over the expected life of a financial instrument. 12-months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter year if the expected life of the instrument is less than 12 months). 12 month and lifetime probabilities of default are based on historical data from external credit rating agencies. Loss given default parameters generally reflect an assumed recovery rate of 80 percent. The maximum year considered when estimating ECLs is the maximum contractual year over which the Company is exposed to credit risk.

When determining the expected credit loss provision, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. The Manager considers past events, current market conditions and reasonable forward-looking supportable information about future economic conditions. In assessing information about possible future economic conditions, the Company utilizes multiple economic scenarios including a base case, which represents the most probable outcome and is consistent with the Manager's view of the mortgage investments. In considering the lifetime of a mortgage, the contractual year of the mortgage, including prepayment, extension and other options is generally used.

The Company incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and measurement of ECL. The key drivers for credit risk used by the Company are GDP growth, unemployment rates and housing price indicators. The Company may also make qualitative adjustments or overlays using the Manager's credit judgment.

Credit-impaired financial assets:

Allowances for Stage 3 are recorded for individually identified impaired mortgages to reduce their carrying value to the expected recoverable amount.

CCMBC INVESTMENTS LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Significant accounting policies (continued):

The Company reviews its mortgage investments on an ongoing basis to assess whether any mortgages carried at amortized cost should be classified as credit impaired and whether an allowance or write-off should be recorded. The review of individually significant problem mortgages is conducted at least quarterly by the Manager, who assesses the ultimate collectability and estimated recoveries for a specific mortgage based on all events and conditions that are relevant to the mortgage. To determine the amount the Company expects to recover from an individually significant impaired mortgage, the Company uses the value of the estimated future cash flows discounted at the mortgage's original effective interest rate. The determination of estimated future cash flows of a collateralized impaired mortgage reflects the expected realization of the underlying security, net of expected costs and any amounts legally required to be paid to the borrower.

Presentation of allowance for ECL in the statement of financial position:

Loss allowances for financial asset measured at amortized cost are deducted from the gross carrying amount of the asset.

Write-offs:

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to write-off. The Company expects no significant recovery from the amount written off.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(c) Preferred shares:

The Company's preferred shares include a contractual obligation to deliver cash or another financial asset and therefore the ongoing redemption feature is not the Company's only contractual obligation. As such, the Company's preferred shares are classified as financial liabilities in accordance with International Accounting Standard 32, *Financial Instruments: Presentation*.

(d) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

CCMBC INVESTMENTS LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Significant accounting policies (continued):

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

4. Mortgage investments:

As described in note 1, pursuant to an Offering Memorandum dated July 17, 2019, the Company acquired mortgage investments with a fair value of $84,758,866 on August 30, 2019 including accrued interest of $430,717. Of the mortgage investments acquired, $4,027,652 were purchased credit-impaired (POCI) consisting of $7,598,394 in book value and expected credit losses of $3,570,742.

	2020	2019
Mortgage investments	$ 78,622,774	$ 83,054,654
Interest receivable	141,801	487,582
	78,764,575	83,542,236
Allowance for credit losses	(858,278)	(830,467)
Mortgage investments at amortized cost	$ 77,906,297	$ 82,711,769

As at December 31, 2020, unadvanced mortgage commitments under the existing gross mortgage investments amounted to $3,782,899 (2019 - $4,948,405). The mortgage investments are secured by real property and will mature between 2021 and 2046. During the year ended December 31, 2020, the Company generated net interest income of $3,426,576 (period ended December 31, 2019 - $1,184,620).

All mortgage investments bear interest at a variable rate. At December 31, 2020, the interest rate on mortgages to MB Churches and MB Church Entities is 3.90 percent (2019 - 4.15 percent) and for MB Church Pastors is 2.90 percent (2019 - 3.90 percent).

4. Mortgage investments (continued):

The Company reviews the interest rates every six months and adjusts the rates, as required, to ensure a positive difference between its outstanding promissory notes and the mortgage investments.

During the year ended December 31, 2020, the weighted average interest rate earned on net mortgage investments was 3.86 percent (period ended December 31, 2019 - 4.14 percent). A majority of the mortgage investments contain a prepayment option, whereby the borrower may repay the principal at any time prior to maturity without penalty or yield maintenance.

If not demanded, principal repayments are expected as follows:

2021	$ 6,716,811
2022	3,962,640
2023	4,012,483
2024	4,051,552
2025 and thereafter	63,450,030
	$ 82,193,516

Allowance for Credit Losses:

The allowance for credit losses is maintained at a level that the Company considers adequate to absorb expected credit-related losses on the mortgage investments. The allowance for credit losses amounted to $858,278 as at December 31, 2020 (2019 - $830,467) which is recorded in mortgage investments on the statement of financial position. Certain mortgage investments held by the Company do not have an allowance for credit losses due to the value of the underlying collateral.

During the year ended December 31, 2020, the Company worked with borrowers on a case-by-case basis on deferral arrangements. At December 31, 2020, 2.2 percent of borrowers (excluding those POCI) were still on deferral arrangements or had not resumed their principal and interest payments. Subsequent to December 31, 2020, the Company's collection of interest payments (excluding those POCI) is materially in line with historical collection rates.

December 31, 2020:

MB Churches	Stage 1	Stage 2	Stage 3	POCI	Total
Mortgage investments, including interest receivable	$ 44,241,017	$ 12,490,919	$ –	$ 3,015,413	$ 59,747,349
Allowance for credit losses	(6,507)	(630,288)	–	(7,339)	(644,134)
Mortgage investments, net of allowance	$ 44,234,510	$11,860,631	$ –	$ 3,008,074	$ 59,103,215

CCMBC INVESTMENTS LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Mortgage investments (continued):

MB Church Entities	Stage 1	Stage 2	Stage 3	POCI	Total
Mortgage investments, including interest receivable	$ 13,541,939	$ 1,094,359	$ –	$ 1,123,066	$ 15,759,364
Allowance for credit losses	(7,089)	(32,410)	–	(131,396)	(170,895)
Mortgage investments, net of allowance	$ 13,534,850	$ 1,061,949	$ –	$ 991,670	$ 15,588,469

MB Church Pastors	Stage 1	Stage 2	Stage 3	POCI	Total
Mortgage investments, including interest receivable	$ 2,476,404	$ 781,458	$ –	$ –	$ 3,257,862
Allowance for credit losses	(43,249)	–	–	–	(43,249)
Mortgage investments, net of allowance	$ 2,433,155	$ 781,458	$ –	$ –	$ 3,214,613

December 31, 2019:

MB Churches	Stage 1	Stage 2	Stage 3	POCI	Total
Mortgage investments, including interest receivable	$ 51,340,125	$ 7,813,738	$ –	$ 3,003,033	$ 62,156,896
Allowance for credit losses	(52,554)	(644,811)	–	4,911	(692,454)
Mortgage investments, net of allowance	$ 51,287,571	$7,168,927	$ –	$ 3,007,944	$ 61,464,442

MB Church Entities	Stage 1	Stage 2	Stage 3	POCI	Total
Mortgage investments, including interest receivable	$ 16,029,245	$ –	$ –	$ 1,027,974	$ 17,057,219
Allowance for credit losses	(65,546)	–	–	(57,839)	(123,385)
Mortgage investments, net of allowance	$ 15,963,699	$ –	$ –	$ 970,135	$ 16,933,834

MB Church Pastors	Stage 1	Stage 2	Stage 3	POCI	Total
Mortgage investments, including interest receivable	$ 3,714,580	$ 613,541	$ –	$ –	$ 4,328,121
Allowance for credit losses	(9,328)	(5,300)	–	–	(14,628)
Mortgage investments, net of allowance	$ 3,705,252	$ 608,241	$ –	$ –	$ 4,313,493

CCMBC INVESTMENTS LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Mortgage investments (continued):

The changes in the allowance for credit losses are shown in the following tables:

December 31, 2020

MB Churches	Stage 1	Stage 2	Stage 3	POCI	Total
Balance, beginning of year	$ 52,554	$ 644,811	$ –	$ (4,911)	$ 692,454
Transfer to/from:					
Stage 1	–	–	–	–	–
Stage 2	(16,480)	16,480	–	–	–
Stage 3	–	–	–	–	–
Remeasurement	(30,579)	(72,091)	–	40,304	(62,366)
Purchases	–	–	–	–	–
Fundings	1,225	43,188	–	–	44,413
Repayments	(213)	(2,100)	–	(28,054)	(30,367)
Write-offs	–	–	–	–	–
Balance, end of year	$ 6,507	$ 630,288	$ –	$ 7,339	$ 644,134

MB Church Entities	Stage 1	Stage 2	Stage 3	POCI	Total
Balance, beginning of year	$ 65,546	$ –	$ –	$ 57,839	$ 123,385
Transfer to/from:					
Stage 1	–	–	–	–	–
Stage 2	–	–	–	–	–
Stage 3	–	–	–	–	–
Remeasurement	(58,457)	34,510	–	73,557	49,610
Purchases	–	–	–	–	–
Fundings	–	–	–	–	–
Repayments	–	(2,100)	–	–	(2,100)
Write-offs	–	–	–	–	–
Balance, end of year	$ 7,089	$ 32,410	$ –	$ 131,396	$ 170,895

CCMBC INVESTMENTS LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Mortgage investments (continued):

MB Church Pastors	Stage 1	Stage 2	Stage 3	POCI	Total
Balance, beginning of year	$ 9,328	$ 5,300	$ –	$ –	$ 14,628
Transfer to/from:					
Stage 1	–	–	–	–	–
Stage 2	–	–	–	–	–
Stage 3	–	–	–	–	–
Remeasurement	27,259	(6,065)	–	–	21,194
Purchases	–	–	–	–	
Fundings	6,662	765	–	–	7,427
Repayments	–	–	–	–	–
Write-offs	–	–	–	–	–
Balance, end of year	$ 43,249	$ –	$ –	$ –	$ 43,249

December 31, 2019

MB Churches	Stage 1	Stage 2	Stage 3	POCI	Total
Balance, beginning of period	$ –	$ –	$ –	$ –	$ –
Transfer to/from:					
Stage 1	–	–	–	–	–
Stage 2	(211,619)	211,619	–	–	–
Stage 3	–	–	–	–	–
Remeasurement	(2,520)	399,400	–	(4,911)	391,969
Purchases	267,672	–	–	–	267,672
Fundings	–	33,792	–	–	33,792
Repayments	(979)	–	–	–	(979)
Write-offs	–	–	–	–	–
Balance, end of period	$ 52,554	$ 644,811	$ –	$ (4,911)	$ 692,454

MB Church Entities	Stage 1	Stage 2	Stage 3	POCI	Total
Balance, beginning of period	$ –	$ –	$ –	$ –	$ –
Transfer to/from:					
Stage 1	–	–	–	–	–
Stage 2	–	–	–	–	–
Stage 3	–	–	–	–	–
Remeasurement	7	–	–	57,839	57,846
Purchases	66,044	–	–	–	66,044
Fundings	–	–	–	–	–
Repayments	(505)	–	–	–	(505)
Write-offs	–	–	–	–	–
Balance, end of period	$ 65,546	$ –	$ –	$ 57,839	$ 123,385

CCMBC INVESTMENTS LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Mortgage investments (continued):

MB Church Pastors	Stage 1	Stage 2	Stage 3	POCI	Total
Balance, beginning of period	$ –	$ –	$ –	$ –	$ –
Transfer to/from:					
Stage 1	–	–	–	–	–
Stage 2	(3,110)	3,110	–	–	–
Stage 3	–	–	–	–	–
Remeasurement	(945)	2,234	–	–	1,289
Purchases	13,017	–	–	–	13,017
Fundings	507	–	–	–	507
Repayments	(141)	(44)	–	–	(185)
Write-offs	–	–	–	–	–
Balance, end of period	$ 9,328	$ 5,300	$ –	$ –	$ 14,628

The internal risk ratings presented in the table below are defined as follows:

Low risk: Mortgage investments that have lower credit risk than the Company's risk appetite and credit standards and that have a below average probability of default.

Medium-low risk: Mortgage investments that are typical for the Company's risk appetite and credit standards and retain a below average probability of default.

Medium-high risk: Mortgage investments that are within the Company's risk appetite and credit standards and retain an average probability of default.

High risk: Mortgage investments within the Company's risk appetite and credit standards that have an additional element of credit risk that could result in an above average probability of default.

Default: Mortgage investments that are 90 days past due and when there is objective evidence that there has been a deterioration of credit quality to the extent the Company no longer has reasonable assurance as to the timely collection of the full amount of principal and interest and/or when the Company has commenced enforcement remedies available to it under its contractual agreements.

CCMBC INVESTMENTS LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Mortgage investments (continued):

The following table presents the gross carrying amounts of mortgage investments subject to impairment requirements by internal risk ratings used by the Company for credit risk management purposes at December 31, 2020:

MB Churches	Stage 1	Stage 2	Stage 3	POCI	Total
Low risk	$ 19,861,255	$ –	$ –	$ –	$ 19,861,255
Medium-low risk	20,484,540	1,915,581	–	–	22,400,121
Medium-high risk	3,895,222	699,649	–	–	4,594,871
High risk	–	9,875,689	–	–	9,875,689
Default	–	–	–	3,015,413	3,015,413
Gross mortgage investments	44,241,017	12,490,919	–	3,015,413	59,747,349
Allowance for credit losses	(6,507)	(630,288)	–	(7,339)	(644,134)
Mortgage investments, net of allowance	$ 44,234,510	$ 11,860,631	$ –	$ 3,008,074	$ 59,103,215

MB Church Entities	Stage 1	Stage 2	Stage 3	POCI	Total
Low risk	$ 4,373,068	$ –	$ –	$ –	$ 4,373,068
Medium-low risk	9,168,871	146,234	–	–	9,315,105
Medium-high risk	–	948,125	–	–	948,125
High risk	–	–	–	–	–
Default	–	–	–	1,123,066	1,123,066
Gross mortgage investments	13,541,939	1,094,359	–	1,123,066	15,759,364
Allowance for credit losses	(7,089)	(32,410)	–	(131,396)	(170,895)
Mortgage investments, net of allowance	$ 13,534,850	$ 1,061,949	$ –	$ 991,670	$ 15,588,469

MB Church Pastors	Stage 1	Stage 2	Stage 3	POCI	Total
Low risk	$ 979,497	$ –	$ –	$ –	$ 979,497
Medium-low risk	1,177,163	–	–	–	1,177,163
Medium-high risk	193,269	454,662	–	–	647,931
High risk	126,475	326,796	–	–	453,271
Default	–	–	–	–	–
Gross mortgage investments	2,476,404	781,458	–	–	3,257,862
Allowance for credit losses	(43,249)	–	–	–	(43,249)
Mortgage investments, net of allowance	$ 2,433,155	$ 781,458	$ –	$ –	$ 3,214,613

CCMBC INVESTMENTS LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Mortgage investments (continued):

The following table presents the gross carrying amounts of mortgage investments subject to impairment requirements by internal risk ratings used by the Company for credit risk management purposes at December 31, 2019:

MB Churches	Stage 1	Stage 2	Stage 3	POCI	Total
Low risk	$ 16,819,668	$ –	$ –	$ –	$ 16,819,668
Medium-low risk	28,066,335	–	–	–	28,066,335
Medium-high risk	5,866,825	181,036	–	–	6,047,861
High risk	587,297	7,632,702	–	–	8,219,999
Default	–	–	–	3,003,033	3,003,033
Gross mortgage investments	51,340,125	7,813,738	–	3,003,033	62,156,896
Allowance for credit losses	(52,554)	(644,811)	–	4,911	(692,454)
Mortgage investments, net of allowance	$ 51,287,571	$ 7,168,927	$ –	$ 3,007,944	$ 61,464,442

MB Church Entities	Stage 1	Stage 2	Stage 3	POCI	Total
Low risk	$ 5,451,790	$ –	$ –	$ –	$ 5,451,790
Medium-low risk	10,252,446	–	–	–	10,252,446
Medium-high risk	325,009	–	–	–	325,009
High risk	–	–	–	–	–
Default	–	–	–	1,027,974	1,027,974
Gross mortgage investments	16,029,245	–	–	1,027,974	17,057,219
Allowance for credit losses	(65,546)	–	–	(57,839)	(123,385)
Mortgage investments, net of allowance	$ 15,963,699	$ –	$ –	$ 970,135	$ 16,933,834

MB Church Pastors	Stage 1	Stage 2	Stage 3	POCI	Total
Low risk	$ 1,647,954	$ –	$ –	$ –	$ 1,647,954
Medium-low risk	1,657,048	–	–	–	1,657,048
Medium-high risk	–	143,408	–	–	143,408
High risk	409,578	470,133	–	–	879,711
Default	–	–	–	–	–
Gross mortgage investments	3,714,580	613,541	–	–	4,328,121
Allowance for credit losses	(9,328)	(5,300)	–	–	(14,628)
Mortgage investments, net of allowance	$ 3,705,252	$ 608,241	$ –	$ –	$ 4,313,493

4. Mortgage investments (continued):

Geographic analysis:

December 31, 2020	MB Churches	MB Church Entities	MB Church Pastors	Total
British Columbia	$ 40,116,545	$ 6,894,378	$ 1,143,436	$ 48,154,359
Ontario	7,714,049	7,895,671	664,394	16,274,114
Alberta	6,465,105	113,824	–	6,578,929
Saskatchewan	366,674	365,668	329,379	1,061,721
Manitoba	4,212,330	–	503,748	4,716,078
Quebec	100,273	318,928	573,656	992,857
Atlantic Provinces	128,239	–	–	128,239
	$ 59,103,215	$ 15,588,469	$ 3,214,613	$ 77,906,297

December 31, 2019	MB Churches	MB Church Entities	MB Church Pastors	Total
British Columbia	$ 41,770,583	$ 7,290,417	$ 2,158,334	$ 51,219,334
Ontario	8,426,873	8,388,543	636,614	17,452,030
Alberta	6,662,379	160,553	–	6,822,932
Saskatchewan	653,743	834,858	412,718	1,901,319
Manitoba	3,702,883	–	508,896	4,211,779
Quebec	114,890	259,463	596,931	971,284
Atlantic Provinces	133,091	–	–	133,091
	$ 61,464,442	$ 16,933,834	$ 4,313,493	$ 82,711,769

5. Other investments:

As described in note 1, pursuant to an Offering Memorandum dated July 17, 2019, the Company acquired other investments with a fair value of $64,851,554 on August 30, 2019. The Company's other investments consist of the following at December 31 which are unconsolidated structured entities (note 13):

	2020	2019
Private mortgage funds	$ 19,932,723	$ 3,002,464
Private fixed income funds	31,249,626	37,383,179
	$ 51,182,349	$ 40,385,643

Prior to December 31, 2019, the Company redeemed certain other investments in the amount of $20,391,346 for which the cash was in-transit at December 31, 2019. During the year ended December 31, 2020, these funds were re-invested in other investments.

6. Promissory notes:

The Company is authorized to issue an unlimited number of promissory notes which can be issued in one or more series. The initial minimum subscription amount for each holder of a promissory note is $2,500. The promissory notes are payable on demand and bear interest at a variable interest rate which is determined on January 1 and July 1 of each year. The variable interest rate is equal to the overnight lending rate of the Bank of Canada plus 115 basis points. Interest is compounded and payable on a semi-annual basis on June 30 and December 31 of each year.

As described in note 1, pursuant to an Offering Memorandum dated July 17, 2019, the Company issued promissory notes of $145,758,413 on August 30, 2019. Aggregate transaction costs incurred related to the offering of the promissory notes were $739,879 which are amortized using the effective interest rate method over five years.

The following table summarizes the promissory notes as at December 31:

	2020	2019
Promissory notes	$ 130,991,560	$ 148,426,484
Less transaction costs	(563,935)	(705,009)
	$ 130,427,625	$ 147,721,475

The following table summarizes activity for the promissory notes for the period ending December 31:

	Note	2020	2019
Balance, beginning of year		$ 147,721,475	$ –
Promissory notes issued		5,680,791	152,778,430
Transfer from preferred shares	7	266,500	–
Transaction costs		–	(739,879)
Promissory notes repaid		(26,226,690)	(5,741,796)
Amortization of transaction costs		141,074	34,870
Interest on promissory notes		2,984,814	1,419,130
Transfer of interest on preferred shares	7	7,442	3,746
Interest paid		(147,781)	(33,026)
Balance, end of year		$ 130,427,625	$ 147,721,475

7. Preferred shares:

Preferred shares are issued on the first $500 invested by an investor in the Company with the remainder invested in promissory notes. The preferred shares are redeemable at the option of the holder for $1, with a minimum of fourteen days' notice to the Company.

7. Preferred shares (continued):

The preferred shares are not entitled to vote at any meetings of shareholders, except where otherwise provided by the Canada Business Corporations Act, and, in such case, they shall then be entitled to one vote for each preferred share held.

The preferred shares are entitled in each financial year of the Company, cumulative dividends at a rate equal to 1 percent of the redemption amount of $1 per preferred share. Individual holders of preferred shares must subscribe for 500 preferred shares and no holder of preferred shares can hold more than 500 preferred shares.

Pursuant to an Offering Memorandum dated July 17, 2019, the Company issued 1,136,500 preferred shares for cash consideration of $1,136,500 on August 30, 2019.

The following table summarize the preferred shares as at December 31, 2020:

	Number		Amount
Authorized:			
Unlimited preferred shares, non-voting, cumulative dividend entitlement of 1 percent of the redemption amount annually, redeemable at the option of the holder for $1	752,500	$	752,500

The following table summarize the preferred shares as at December 31, 2019:

	Number		Amount
Authorized:			
Unlimited preferred shares, non-voting, cumulative dividend entitlement of 1 percent of the redemption amount annually, redeemable at the option of the holder for $1	1,114,500	$	1,114,500

The following table summarizes activity for the preferred shares for the year ending December 31:

	Note		2020		2019
Balance, beginning of year		$	1,114,500	$	–
Preferred shares issued			21,500		1,148,000
Preferred shares transferred to promissory notes	6		(266,500)		–
Preferred shares repurchased			(117,000)		(33,500)
Accrued interest			8,026		3,794
Interest paid			(584)		(48)
Transfer of interest to promissory notes	6		(7,442)		(3,746)
Balance, end of year		$	752,500	$	1,114,500

7. Preferred shares (continued):

On January 1, 2020, 256,000 preferred shares in the amount of $256,000 were redeemed and the amount was transferred to the applicable preferred shareholder's promissory notes (note 6).

8. Share capital:

On May 14, 2019, the Company issued 1 common share for cash consideration of $100 to Legacy.

	Number		Amount
Authorized and issued:			
1 common share	1	$	100

9. Management and investment management fees:

The Company is managed by Legacy. For the year ended December 31, 2020, the Company incurred management fees of $440,600 (period ended December 31, 2019 - $146,867).

The Company has entered into an Investment Management and Distribution Agreement with a third party that can be cancelled at any time on written notice without penalty. The investment management fees are as follows:

- $400,000 on the first $30,000,000 of assets under management (AUM)
- 0.80% on AUM from $30,000,000 to $50,000,000
- 0.60% on AUM from $50,000,000 to $150,000,000

10. Related party transactions:

The Company is managed by Legacy and pays management fees as described in note 9.

During the period ended December 31, 2019, the Company acquired mortgage investments and other investments from CCMBC as described in note 1.

During the year ended December 31, 2020, the Company donated $700,000 (period ended December 31, 2019 - $125,000) to Legacy.

At December 31, 2020, the Company had a receivable in the amount of nil (December 31, 2019 - $16,400) from Legacy which is due on demand with no specified terms of repayment.

10. Related party transactions (continued):

Key management personnel:

During the periods ended December 31, 2020 and 2019, no amounts were paid to the Company's Board of Directors. The compensation to the senior management of Legacy is paid through management fees paid to Legacy.

11. Income taxes:

Components of income tax expense (recovery):

	2020	2019
Current taxes	$ 350,446	$ 83,548
Deferred taxes (recovery)	16,319	(202,417)
Total income taxes (recovery)	$ 366,765	$ (118,869)

Reconciliation of total tax expense (recovery):

	2020	2019
Income (loss) before tax	$ 1,329,549	$ (440,965)
Combined federal and provincial statutory tax rates	27%	27%
Expected income taxes (recovery) using combined statutory rates	358,978	(119,060)
Effects of other differences, net	7,787	191
Total income taxes (recovery)	$ 366,765	$ (118,869)

Net deferred tax assets at December 31, 2020 and 2019:

	Statement of financial position	
	2020	2019
Provision for credit losses	$ 197,682	$ 211,364
Transaction costs	(11,584)	(8,947)
Net deferred tax assets	$ 186,098	$ 202,417

12. Fair value measurement:

When measuring the fair value of an asset or of a liability, the Company uses market observable data as much as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred. There were no transfers between levels during the years ended December 31, 2020 and 2019.

The Company’s other investments are carried at fair value and fair value is based on level 2 inputs.

There is no quoted price in an active market for the mortgage investments. The Manager makes its determination of fair value based on its assessment of the current lending market for the mortgage investments of same or similar terms. As a result, the fair value of mortgage investments is based on level 3 inputs. The fair value of mortgage investments approximates their carrying value as interest rates are comparable to market rates for similar instruments.

The promissory notes and preferred shares are due on demand and therefore their fair values approximate their carrying values. The fair values of the remaining financial assets and liabilities carried at amortized cost approximate their carrying values due to their short maturity.

CCMBC INVESTMENTS LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2020

13. Interest in unconsolidated structured entities:

The table below describes the types of structured entities that the Company does not consolidate, but in which it holds an interest:

Type of structured entity	Nature and purpose	Interest held by the Company
Investments funds	To manage assets on behalf of third party investors and generate fees for the investment manager. These vehicles are financed through the issue of units to investors.	Investment in units issued by the funds

The tables below set out interests held by the Company in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

December 31, 2020			
Underlying funds	Number of underlying funds held	Total net assets of underlying funds	Carrying amount
Private mortgage funds	2	$ 214,633,715	$ 19,932,723
Private fixed income funds	2	99,548,200	31,249,626

Underlying funds	Principal place of business	Country of domicile	Average cost	Carrying amount included in other investments
Private mortgage funds	Canada	Canada	$ 19,873,302	$ 19,932,723
Private fixed income funds	Canada	Canada	31,460,690	31,249,626
Total			$ 51,333,992	$ 51,182,349

December 31, 2019			
Underlying funds	Number of underlying funds held	Total net assets of underlying funds	Carrying amount
Private mortgage funds	2	$ 171,269,006	$ 3,002,464
Private fixed income funds	2	92,075,223	37,783,179

Underlying funds	Principal place of business	Country of domicile	Average cost	Carrying amount included in other investments
Private mortgage funds	Canada	Canada	$ 3,002,464	$ 3,002,464
Private fixed income funds	Canada	Canada	37,088,273	37,383,179
Total			$ 40,090,737	$ 40,385,643

13. Interest in unconsolidated structured entities (continued):

During the year, the Company did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support. The Company can redeem their investment in the underlying funds ranging from weekly to semi-annually.

The Company has determined the funds (Investee Funds) in which it invests are unconsolidated structured entities generally because decision making about the Investee Funds' investing activities is not governed by voting rights held by the Company and other investors.

The Investee Funds are managed by an asset manager who is unrelated to the Company (note 9) and applies various investment strategies to accomplish their respective investment objectives. These objectives include generating income and cash flow along with capital appreciation by investing in fixed income securities and mortgages. The Investee Funds invest in unconsolidated structured entities (investment funds) which comprise approximately 81 percent (2019 - 59 percent) of the aggregate net assets of the private fixed income funds.

The change in fair value of each Investee Fund is included in the statement of income and comprehensive income in 'Change in unrealized appreciation in value of other investments'.

14. Guarantees:

On August 22, 2019, and as amended October 25, 2019, CCMBC and Legacy entered into Letter Agreements with the Bank of Montreal providing for operating facilities for use by CCMBC and Legacy. The Company has provided a guarantee in the amount of $3,000,000 and a general security agreement over the assets of the Company to the Bank of Montreal as part of the security for the operating facility of Legacy. The Company has provided a guarantee in the amount of $400,000 and a general security agreement over the assets of the Company to the Bank of Montreal as part of the security for the operating facility of CCMBC.

At December 31, 2020 and 2019, the operating facilities for use by CCMBC and Legacy were unutilized.

15. Capital risk management:

The Company manages its capital structure in order to support ongoing operations while focusing on its primary objectives of raising funds to accomplish the charitable purposes of CCMBC and Legacy. The Company defines its capital structure to include common shares, promissory notes and preferred shares. The Company reviews its capital structure on an ongoing basis and adjusts its capital structure in response to mortgage investment opportunities and anticipated changes in general economic conditions.

15. Capital risk management (continued):

The Company utilizes mortgage investment policies to manage the risk profile of the mortgage investments and investment guidelines to manage the risk profile of its other investments.

16. Risk management:

The Company is exposed to the symptoms and effects of national and global economic conditions and other factors that could adversely affect its business, financial condition and operating results. Many of these risk factors are beyond the Company's direct control.

The Manager and Board of Directors play an active role in monitoring the Company's key risks and in determining the policies that are best suited to manage these risks.

The Company's business activities, including its use of financial instruments, exposes the Company to various risks, the most significant of which are market rate risk (interest rate risk), credit risk, and liquidity risk.

(a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of financial assets or financial liabilities will fluctuate because of changes in market interest rates.

As of December 31, 2020, $77,906,297 (2019 - $82,711,769) of net mortgage investments bear interest at variable rates. If there were a decrease or increase of 1 percent in interest rates, with all other variables constant, the impact from variable rate mortgage investments would be a decrease or increase in net comprehensive income (loss) of approximately $592,000 (2019 - $282,000).

As of December 31, 2020, $130,427,625 (December 31, 2019 - $147,721,475) of promissory notes bear interest at variable rates. If there was a decrease or increase of 1 percent in interest rates, with all other variables constant, the impacting from variable rate promissory notes would be a decrease or increase in net comprehensive loss of approximately $1,449,000 (2019 - $489,000).

The Company manages its sensitivity to interest rate fluctuations by managing the interest rate spread between its promissory notes and mortgage investments.

The Company's cash, other investment income receivable, accounts payable and accrued liabilities and due to related parties have no exposure to interest rate risk due to their short-term nature. Cash carries a variable rate of interest and is subject to minimal interest rate risk and the preferred shares have no exposure to interest rate risk due to their fixed interest rate.

16. Risk management (continued):

The Company is also exposed to interest rate risk through its investments in Investee Funds (note 13).

The Investee Funds are exposed to interest rate risk through their investments in interest-bearing financial instruments and in underlying funds exposed to interest rate risk. The Investee Funds have high-yield (or below investment grade) exposure to mortgages and therefore net assets tend to be affected more by changes in economic growth than changes in interest rates.

(b) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has no significant direct exposure, or indirect exposure through its investment in Investee Funds, to currency risk at December 31, 2020 and 2019.

(c) Credit risk:

Credit risk is the risk that a borrower may be unable to honour its debt commitments as a result of a negative change in market conditions that could result in a loss to the Company. The Company mitigates this risk by the following:

(i) adhering to the mortgage investment policies and investment guidelines (subject to certain duly approved exceptions);

(ii) ensuring all new mortgage investments over a pre-determined threshold are approved by the Board of Directors, and by appropriate members of management below a pre-determined threshold before funding; and

(iii) actively monitoring the mortgage investments and initiating recovery procedures, in a timely manner, where required.

The exposure to credit risk at December 31, 2020 relating to net mortgages amounts to $77,906,297 (2019 - $82,711,769).

The Company has recourse under these mortgages in the event of default by the borrower; in which case, the Company would have a claim against the underlying collateral. Management believes that the potential loss from credit risk with respect to cash that is held at a Schedule I bank to be minimal.

16. Risk management (continued):

The Company is also exposed to credit risk through its investments in Investee Funds (note 13).

The Investee Funds are exposed to credit risk through investments in debt securities, mortgage loans and promissory notes. The mortgage loans are secured by all assets of the borrower as defined by general security agreements which may be subordinate to other lenders.

d) Liquidity risk:

Liquidity risk is the risk that the Company, will encounter difficulty in meeting its financial obligations as they become due. This risk arises in normal operations from fluctuations in cash flow as a result of the timing of mortgage investment advances and repayments and the need for working capital. Management routinely forecasts future cash flow sources and requirements to ensure cash is efficiently utilized.

The Company's promissory notes and preferred shares are due on demand. All of the rest of the Company's financial liabilities are due within one year.

The Company is also exposed to liquidity risk through its investments in Investee Funds (note 13).

The fixed income Investee Funds are exposed to liquidity risk through weekly or monthly cash redemptions on their units and therefore they invest a portion of assets in underlying funds that they can redeem within one week or one month or less. The mortgage Investee Funds are exposed to liquidity risk through monthly or semi-annual cash redemptions on their units and therefore use cash flow projections to forecast funding requirements on mortgage proposals and anticipated redemption of units and my also enter into loan facilities with one or more Canadian chartered banks to hedge the liquidity risk of redemptions.

A portion of the amounts invested in underlying funds are subject to redemption restrictions exercisable by the manager of the underlying fund to manage extraordinary liquidity pressures which includes the ability to suspend redemptions or withhold varying amounts of any redemption requested.

NOTICE OF MOTIONS

Date	Saturday, June 12, 2021
Location	1310 Taylor Ave, Winnipeg, MB R3M 3Z6
Time	10 am – 3 pm CDT

Summary of Motions:

1. Consent motion to appoint parliamentarian, ballot team, and minute review committee
2. Consent motion to approve the 2020 AGM minutes and the 2021 agenda as presented
3. Motion to approve the audited financial statements as presented:
   a. Consolidated Legacy Financials
   b. CCMBC Non-Consolidated Financials
   c. CCMBC Pension Plan
4. Motion to approve KPMG as auditors for:
   a. Legacy
   b. CCMBC
   c. CCMBC Investments
   d. CCMBC Pension Plan
5. Motion to approve the CCMBC General Operating Bylaws as presented.
6. Motion to approve the MB Church of Canada Collaborative Unified Strategic Plan as presented.
7. Motion to approve the 2021 CCMBC budget as presented.
8. Motion to approve the 2022 CCMBC Pro Forma budget as presented.
9. Motion to approve the revision of Article 8 “Christian Baptism” for the inclusion in the Confession of Faith of the Canadian Conference of Mennonite Brethren Churches.
10. Motion to approve the Membership Regulation Policy as presented.
11. Motional to approve the National Credentialing Policy as presented.
12. Elections by ballot:
    a. Executive Board
13. Motion to destroy ballots on the approval of the minutes by the Executive Board Secretary
14. Consent Motion - to destroy ballots upon approval of the minutes by the Executive Board Secretary and adjourned the meeting

DETAILED MOTIONS (AND RELATED DOCUMENTS)

Consent Motion – Parliamentarians, Ballot Team and Minute Review Committee

- It is moved that the parliamentarians, ballot team and minute review committee be approved as presented.

Consent Motion – Approval of 2020 Minutes and 2021 Agenda

- It is moved that the 2020 minutes and the 2021 agenda for the annual general meeting be approved as presented.
  Related Documents:
  Agenda (page 1)
  2020 AGM Minutes (online)

Motions – Approval of Audited Statements

- It is moved that the CCMBC Member Representative* approve the 2020 CCMBC Legacy Fund Inc. consolidated financial statements as presented
- It is moved that the 2020 audited non-consolidated financial statements for CCMBC be approved as presented.
- It is moved that the 2020 audited financial statements of the Canadian MB Pension Plan be approved as presented.
  Related Documents:
  2020 CCMBC Legacy Fund Inc. consolidated financial statement (page 89)
  2020 audited non-consolidated CCMBC financial statements (page 41)
  2020 audited financial statement for CCMBC Pension Plan (page 63)

Motions – Approval of KPMG as Auditor

- It is moved that the CCMBC Member Representative* vote in favour of KPMG being appointed as auditor for CCMBC Legacy Fund Inc. for fiscal year 2021.
- It is moved that KPMG be appointed as auditor for CCMBC for fiscal year 2021.
- It is moved that KPMG be appointed as auditor for the CCMBC Pension Plan for the fiscal year 2021.
- It is moved that the CCMBC Member Representative* vote in favour of KPMG being appointed as auditor for CCMBC Investments for fiscal year 2021.

Motion – General Operating Bylaws

- It is moved that the CCMBC General Operating Bylaws be approved as presented.
  Related Documents:
  Amended General Operating Bylaws (online)
  Introduction to Amended General Operating Bylaws (page 18)

Motion – Collaborative Unified Strategic Plan

- It is moved that the MB Church of Canada Collaborative Unified Strategic Plan be approved as presented.
  Related Documents:
  CUSP (Full Version) (online)
  CUSP (Sidewalk Version) (online)
  CUSP (Placemat) (online)
  Who is the CUSP for? (online)
  Operationalizing the CUSP Phase 1 (online)

Motion – CCMBC Budgets

- It is moved that the 2021 CCMBC budget be approved as presented.
- It is moved that the 2022 CCMBC Pro Forma budget be approved as presented.
  Related Documents:
  CCMBC 2021 Budget (page 83)
  CCMBC 2022 Pro Forma Budget (page 83)

Motion – Article 8

- It is moved that the revision of Article 8 "Christian Baptism" be approved for inclusion in the Confession of Faith of the Canadian Conference of Mennonite Brethren Churches.
  Related Documents:
  Article 8 Revision (page 19)
  Article 8 Commentary/FAQ and video resources (online)

Motion – NFLT Policies

- It is moved that the Membership Regulation Policy be approved as presented.
  It is moved that the National Credentialing Policy be approved as presented.
  Related Documents:
  Membership Regulation Policy (page 24)
  National Credentialing Policy (page 20)

Motion – Elections

- It is moved that the following individuals be received and elected, by ballot, as nominees to the following boards:
  Executive Board
  Phil Gunther (SKMB representative)
  Tim Doerksen (ABMB representative)

Consent Motion – Destroy Ballots and Adjournment

- It is moved that the ballots be destroyed upon the approval of the minutes by the Executive Board Secretary and the Annual General Meeting be adjourned.

***Explanation of the CCMBC Member Representative:**

The Multiply Bylaws and the Legacy Bylaws have been written to comply with the Canadian Not-for-Profit Corporation Act (CNCA). These bylaws state that a single individual will be selected by the CCMBC Executive Board to be the CCMBC Member Representative who will vote on behalf of the Canadian Conference of MB Churches.
The CCMBC Member Representative will vote on one motion at the Multiply Annual General Meeting:

- To elect the Multiply board members.
- The CCMBC Member Representative will vote on three motions at the Legacy Annual General Meeting:
- To approve the Consolidated Legacy Audited Statements,
- To appoint the CCMBC Investments auditor, and
- To appoint the Legacy auditor.
- The motions presented give the CCMBC Member Representative clear instructions on how to vote on each of the motions. By following this procedure, the CCMBC Executive Board is ensuring that related organizations are being accountable to the MB churches in Canada.

NOMINEE PROFILES

EXECUTIVE BOARD

Philip Gunther

Rev. Philip A. Gunther is the Director of Ministry for the Saskatchewan MB conference. He has served in pastoral ministry for 25 years prior to this role and has held numerous national and provincial Conference roles. Gunther is a graduate of the Canadian Theological Seminary. He presently serves as the interim Saskatchewan representative on the CCMBC Executive Board and on the National Faith & Life Team and National Ministry Team.

Tim Doerksen

Tim is a farmer and rancher on a diversified Crop and Livestock operation in Alberta. He is a member of Gem MB Church in Gem, Alberta and he serves as Moderator for the Alberta MB Conference. Tim has a deep appreciation for community and values engagement and participation within the local church. Tim serves as the Alberta representative on the CCMBC Executive Board.

Canadian Conference
of Mennonite Brethren Churches

Conférence Canadienne
des Églises des Frères Mennonites

NATIONAL ASSEMBLY

OF THE CANADIAN CONFERENCE OF MENNONITE BRETHREN CHURCHES

JUNE 10-12, 2021