

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE CANADIAN CONFERENCE OF MENNONITE BRETHREN CHURCHES
AND
CCMBC LEGACY FUND INC.
2022-2026**

January 29, 2022 Draft

1. PREAMBLE

This Memorandum of Understanding (the “MOU” or “Agreement”) is the agreement between the Canadian Conference of Mennonite Brethren Churches (“CCMBC”) and CCMBC Legacy Fund Inc. (“Legacy”). This MOU documents the details of mutual collaboration and obligations as referring to the continued operation of Legacy and its relationship with CCMBC.

Legacy supports the charitable objectives of CCMBC as described in its General Operating Bylaw (2016) and provides payroll and accounting services for its churches and church entities, and pension and benefits administration services for employees of these organizations. Administration of investment and lending activities is provided through Legacy’s wholly owned subsidiary CCMBC Investments Ltd. (“CCMBC Investments”). CCMBC Investments facilitates the raising of funds to accomplish the charitable objectives of CCMBC. CCMBC Investments issues redeemable preferred shares and promissory notes to facilitate the lending of money secured by mortgages to MB churches, pastors of MB churches, and other MB church-affiliated institutions such as schools and camps.

Key related documents are Legacy Bylaws, Legacy Policies and Procedures, CCMBC Investments Bylaws, CCMBC Bylaws, CUSP Network Strategic Partnership Agreement, National Instrument 45-106 *Prospectus Exemptions*, and the Income Tax Act (Canada) with Canada Revenue Agency.

This MOU describes expectations concerning Legacy’s governance, financial management, and resource stewardship. Legacy is a partner organization in the CUSP and participates in its development, implementation, and assessment.

CCMBC and Legacy are committed to ensuring the vitality and sustainability of resources and continued service to our constituency.

2. LEGAL STATUS AND OWNERSHIP

Legacy was incorporated under the *Canada Not-for-Profit Corporations Act* on July 30, 2015, as amended, and restated on May 30, 2016, as a non-share capital corporation. Its sole member is CCMBC. Legacy was registered as a charity effective January 9, 2017.

CCMBC Investments is a for profit entity that was incorporated pursuant to the *Canada Business Corporations Act* on May 14, 2019. CCMBC Investments is extra-provincially registered to carry on business in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and Nova Scotia. CCMBC Investments is 100% owned by Legacy.

3. GOVERNANCE

Legacy’s board is comprised of three (3) persons who are current members of the CCMBC Executive Board and two (2) persons who are not members of the CCMBC Executive Board and who have been selected by the CCMBC Nominating Committee and are affirmed at CCMBC’s National Assembly.

Legacy is governed in accordance with its Bylaws which are expressly approved by Conference Members at National Assembly, as well as by following its Governance Manual.

The Legacy board of directors is responsible for the governance of Legacy. The board guards the mission and mandate of Legacy and serves as the fiduciary for the organization. In fulfilling this role, the board is responsible for hiring and supervising the CEO and oversees the philosophy, finances, and strategic direction of Legacy.

Executive Board members and CCMBC's National Director are invited to attend Legacy board meetings as nonvoting observers. While not currently identified in the CCMBC Bylaws, Legacy's CEO and two independent Legacy directors are invited to participate as guests at CCMBC board meetings. The Legacy CEO is an ex-officio member of CCMBC's National Ministry Team.

Subject to fiduciary responsibilities that securities legislation requires, by entering into this Agreement CCMBC and Legacy express their mutual desire that the missional mandate of CCMBC, effected through the CUSP, continues to be given priority and to ensure that decisions regarding the governance and operations of both organizations reflect this mandate.

4. ACCOUNTABILITY

Legacy is accountable to CCMBC and its Conference Members in the following ways:

- a) The Bylaws of Legacy provide that its affairs be managed by a board of directors consisting of five directors, at least two of whom are "independent" as determined in accordance with the Canada Not-for-profit Corporations Act S.C. 2009, c. 23 and National Instrument 52-110 *Audit Committees*. Three members of Legacy's board are members of the Conference Executive Board. The two independent directors of the Legacy board are selected by the CCMBC Nominating Committee and affirmed by ordinary resolution of the Conference Members at each National Assembly.
- b) Upon request of the CCMBC Executive Board, the Legacy board of directors will provide reports to the Conference Members at the CCMBC National Assemblies.
- c) Legacy offers regular reporting and stories of celebration. Quarterly financial reports shall be provided no later than 60 days following the end of a calendar quarter. Annual financial reports shall be provided no later than 120 following the end of a calendar year. The Legacy board of directors shall provide full reports to CCMBC as requested by the CCMBC Executive Board.
- d) The Legacy Board of Directors, by a majority vote of its members, may amend the bylaws of Legacy. No bylaw shall be effective until first approved by the CCMBC Executive Board and then sanctioned by at least two-thirds (2/3) of the votes cast by the Conference Members at a meeting of the Conference Members, including their annual general meeting (National Assembly).
- e) Annual audited financial statements of Legacy will be presented to CCMBC, the member of Legacy, for approval.
- f) The auditor for Legacy is appointed by CCMBC, the member of Legacy.
- g) The budget of Legacy is affirmed by CCMBC, the member of Legacy.

5. FUNDING AND FINANCIAL MANAGEMENT

- a) While acknowledging that CCMBC and Legacy are separate entities, both organizations commit to a parallel budgeting process to ensure full consideration of CCMBC's missional objectives and Legacy's capacity to contribute funding to CCMBC's ministry priorities. It is acknowledged that CCMBC's operations are funded by its Conference Members through annual ministry support provided by the provinces. During the annual budgeting process, CCMBC funding requirements for new ministry initiatives will be carefully considered. Budget development will be led by the CCMBC National Director and Legacy CEO and approved by their respective boards. The goals of a parallel budgeting process are to ensure that mission remains the top priority of both organizations and that ministry initiatives are funded in a sustainable manner, thereby providing assurance of fiscal stewardship to the Conference Members.
- b) Legacy shall provide to CCMBC a \$200,000 operating line of credit. No fees or interest shall be payable.

- c) Legacy commits to providing infrastructure services to CCMBC and its designated ministry partners, in the form of but not limited to employee payroll and benefit services, administration of the CCMBC Pension Fund, accounting services, office management, facilities, information technology and other administration and support services. Legacy infrastructure services will be negotiated as part of the budgeting process and will be included as administration services within the CCMBC budget. Physical space provided to support CCMBC operations will be identified in the CCMBC budget as non-cash facility services.
- d) Services will be provided by Legacy to any CCMBC member church or CCMBC ministry partner at a fee to recover the cost of providing the services.
- e) Services provided to a nonregistered MB church plant may, subject to mutual agreement of CCMBC and Legacy, be subsidized by Legacy for the first three years of its ministry.
- f) Legacy will provide regular reports of its operating and investment surplus balances to the CCMBC Executive Board. When Legacy's reserves are more than the prescribed balances outlined in its Reserve Policy, the Legacy board shall advise the CCMBC Executive Board of the availability of cash transfers (donations). If transfers are made, they will be contingent upon having cash available and meeting the Reserve Policy guidelines established by the Legacy board.
- g) Donations to CCMBC shall be determined by the Legacy board of directors in the month following its approval of Legacy's audited annual financial statements, which typically occurs at the end of April. Legacy shall firstly apply donations to satisfy any outstanding obligations to Legacy. If no obligations are outstanding, cash transfers shall be forwarded to CCMBC as soon as practical. As CCMBC's budget is approved one year in advance, cash transfers received in the current year shall be applied to CCMBC's budget the following year. For example, if a cash transfer occurs in June 2023, CCMBC would incorporate the funds in its 2024 budget. Cash transfers may occur annually or more often and are not intended to diminish CCMBC's reliance on annual ministry support provided by the provinces for its annual operations budget.
- h) The Legacy board of directors is responsible for setting the financial policies of Legacy, including the investment policies of Legacy and CCMBC Investments.
- i) The Legacy board of Directors is responsible for the financial management of Legacy based on an annual budget affirmed by CCMBC, the sole member of Legacy.
- j) Legacy owns all the property and capital assets required to provide management services to CCMBC. Assets may be donated to CCMBC to accomplish mission. As defined in the Bylaws of Legacy, upon dissolution of Legacy, any remaining assets will be transferred to CCMBC.

6. DISPUTE RESOLUTION

Both parties agree to use the Dispute Resolution process as outlined in the CCMBC Bylaws.

7. FUTURE REVIEWS

The agreements set forth in this MOU and the relationships established herein and in the accompanying Bylaws will be reviewed by the national conference a minimum of every five years to determine whether any changes are desired. Both parties to this Agreement shall create a window of opportunity to request modification or expansion of the contents herein as circumstances warrant.

APPROVAL

Name: Ron Penner
CCMBC Executive Board Moderator

Signature: _____
Date: _____

Name: Elton DaSilva
CCMBC Executive Director

Signature: _____
Date: _____

Name: Michael Dick
Legacy Board Chair

Signature: _____
Date: _____

Name: Jason Krueger
Legacy President/CEO

Signature: _____
Date: _____