



CCMBC LEGACY FUND

Ministry-Focused Financial Services

CCMBC Legacy Fund Inc. (“Legacy”) is a Canadian Registered Charity whose sole member is our national conference, and serves as a resource to our 230 churches, provincial conferences, and ministry partners. Legacy provides payroll and accounting services for our churches and conferences, administers the group benefits plan for conference employees and retirees, and administers the CCMBC Pension Plan. The raising of funds and lending activities are facilitated through our subsidiary, CCMBC Investments Ltd. By investing in promissory notes, investors provide the capital necessary for us to extend secured mortgages to our churches, pastors, schools, and camps, enabling them to have a presence in the communities they serve.

We are pleased to highlight certain key aspects of our financial position and performance. The 2021 Consolidated Financial Statements of CCMBC Legacy Fund Inc. 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.

“Glory to God in the highest heaven, and on earth peace to those on whom his favor rests.”
Luke 2:14

Amidst our shared struggle of navigating through COVID-19, the Lord continued to bless our relationships and finances. This is encouraging as we remain focused on better serving our constituents, enhancing stakeholder engagement, and glorifying God. During 2021 we were blessed with a healthy bottom line, which is reassuring, and we remain on track with the financial plan described in “Our Plan Forward: Emerging from Telling Our Financial Story”. We still expect to eliminate the related party obligation by 2025, which resulted from the transfer of CCMBC’s Stewardship Ministries assets into Legacy. At the end of 2019, \$9.3 million was due to Legacy but by the end of 2021, this had been reduced to \$2.2 million.

We have invested significant time to strengthen our operating policies, investment policies, and transparency. Several of our most important policies are available at (<https://ccmbclegacyfund.com/about/policies>). At National Assembly 2022, delegates will be asked to approve the Legacy Memorandum of Understanding (“MOU”) with CCMBC, which describes expectations concerning Legacy’s governance, financial management, and resource stewardship. Legacy is a partner organization in the Collaborative Unified Strategic Plan 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.

We refreshed our marketing efforts with new banner ads on the CCMBC website and ads in MB Herald and are working on promotional videos that can be used in a variety of settings. The significant outflow of investor funds over the past 10 years has slowed considerably, and we are hopeful the outflow permanently reverses. Our activities are made possible through the continued support of our investors.

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

It is a privilege to use the resources we have been entrusted with to help others thrive in their ministry context. Beyond providing the capital necessary to operate our loans program, your investment also enables us to administer group benefits, pension, payroll, and accounting services to those serving within our conference. 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 covet your prayer support. We seek wisdom so that our plans are God-pleasing and are supportive of our shared ministry objectives. We seek discernment to carry out our stewardship commitments within the context of a challenging economic environment. Thank you for your support! To God be the glory.

Consolidated Statement of Financial Position

Assets

Total assets decreased less than 1% to \$163.6 million (\$164.2 million – 2020). Legacy held mortgage investments of \$71.9 million (\$77.9 million – 2020), other investments of \$68.5 million (\$63.6 million – 2020), and land held for sale of \$7.0 million (\$6.9 million – 2020). The amount due from a related party (CCMBC) decreased to \$2.2 million (\$3.2 million – 2020). Of the 16 loan deferral agreements entered into during 2020 due to COVID-19, 12 organizations resumed their required payments, and two loans were repaid in full and closed during 2021. After year-end, one organization resumed its regular payments. God has blessed our churches and people during this challenging time.

Liabilities, Deferred Contributions and Net Assets

Total liabilities decreased to \$158.7 million (\$161.1 million – 2020), due primarily to the redemption of promissory notes. Total liabilities were comprised primarily of promissory notes totalling \$125.8 million (\$130.4 million – 2020) and deposit notes totalling \$31.1 million (\$29.0 million – 2020). Legacy is the administrator of CCMBC’s Group Benefits Plan. The Due to Related Party amount of \$0.6 million represents employee group benefit premiums and pension contributions held on CCMBC’s behalf and is distinct from the amount due from CCMBC. Unrestricted net assets increased to \$2.4 million (\$0.4 million – 2020) due to positive operational performance during 2021.

Consolidated Statement of Operations

Revenue

Total revenue of \$8.7 million was recorded during 2021 (\$8.6 million – 2020), comprised primarily of \$3.4 million of mortgage interest (\$3.4 million – 2020) and \$4.2 million of investment earnings (\$4.2 million – 2020). The capital raised from investors through CCMBC Investments facilitates the lending of money secured by mortgages to CCMBC's churches, pastors, and partner organizations. Any excess funds not required for lending activities are invested 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

Total expenditures of \$5.8 million were recorded during 2021 (\$7.6 million – 2020), including \$2.0 million of interest on promissory notes (\$3.1 million – 2020), \$0.4 million of interest on deposit notes (\$0.7 million – 2020), \$1.2 million for salaries and benefits (\$1.2 million – 2020), and \$0.7 million for investment management fees (\$0.7 million – 2020). Interest on promissory and deposit notes decreased due to lower interest rates and a decrease in the dollar amount of notes outstanding compared to the prior year. Investment management fees are paid to a third party for Exempt Market Dealer and Portfolio Manager services relating to monies raised on behalf of CCMBC Investments. Legacy recognizes an allowance for credit losses on financial assets (mortgages) measured at amortized cost. In 2021, \$717,000 was recorded as an allowance for credit losses (\$28,000 – 2020) and is the net effect of an improvement in collateral position on our loan portfolio and the re-measurement of the impaired loans.

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 \$0.2 million were recorded during 2021 (\$0.4 million – 2020).

Excess of Revenue Over Expenditures

Legacy recorded an excess of revenue over expenditures of \$2.0 million during 2021 (\$0.4 million – 2020).

*Respectfully submitted by
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