Financial Statements of

CANADIAN MENNONITE BRETHREN PENSION PLAN

Year ended December 31, 2024

CANADIAN MENNONITE BRETHREN PENSION PLAN

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Year ended December 31, 2024

INDEPENDENT AUDITOR'S 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, 2024;
- 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 2024, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Auditor’s 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 auditor’s 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 auditor’s 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 auditor’s 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.

Chartered Professional Accountants

Winnipeg, Canada
____, 2025

CANADIAN MENNONITE BRETHREN PENSION PLAN

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Cash and short-term investments	$ –	$ 3,216,228
Investments (note 4)	107,492,026	96,104,987
	107,492,026	99,321,215
Liabilities		
Payable to CCMBC Legacy (note 9)	(148,453)	(47,383)
Net assets available for benefits	$ 107,343,573	$ 99,273,832

See accompanying notes to financial statements.

On behalf of the Board:

_______________________ Director

_______________________ Director

CANADIAN MENNONITE BRETHREN PENSION PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Increase in net assets:		
Contributions:		
Employer	$ 2,747,940	$ 2,444,159
Employees	2,747,940	2,444,161
Employee voluntary	55,207	50,710
Transfer in from other plans	384,427	–
Investment income (note 5)	2,331,310	2,293,182
Realized investment gains, net of realized losses	17,310,128	1,289,879
Net unrealized investment gains (loss)	(6,025,737)	7,275,070
	19,551,215	15,797,161
Decrease in net assets:		
Retirement withdrawals	9,600,454	5,904,669
Terminations	1,246,294	348,759
Investment management fees	375,448	507,930
Trustee fees	110,825	131,243
Administrative expenses (note 9)	148,453	169,254
	11,481,474	7,061,855
Increase in net assets available for benefits	8,069,741	8,735,306
Net assets available for benefits, beginning of year	99,273,832	90,538,526
Net assets available for benefits, end of year	$ 107,343,573	$ 99,273,832

See accompanying notes to financial statements.

CANADIAN MENNONITE BRETHREN PENSION PLAN

Notes to Financial Statements

Year ended December 31, 2024

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.

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.

On October 1, 2024, the Conference appointed The Canada Life Assurance Company ("Canada Life") as the administrator of the Plan (formerly Canadian Western Trust).

2. Basis of presentation:

(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 ("ASPE").

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. Basis of presentation (continued):

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis, except for investments which are measured at fair value through the statement of changes in net assets available for benefits.

c) Use of estimates and judgments:

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the statement of financial position and the reported amounts of changes in net assets available for benefits during the year. Actual results may differ from those estimates.

Estimates and underlying 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.

(d) Functional and presentation currency:

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

3. Significant accounting policies:

(a) Financial assets and financial liabilities:

(i) Financial assets:

Financial assets are recognized initially on the trade date, which is the date that the Plan becomes a party to the contractual provisions of the instrument. Upon initial recognition, attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred.

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

3. Significant accounting policies (continued):

On derecognition of a financial asset, the difference between the carrying amount of the asset and consideration received is recognized in the statement of changes in net assets available for benefits as a net realized gain on sale of investments.

(ii) Financial liabilities:

All financial liabilities are recognized initially on the trade date at which the Plan becomes a party to the contractual provisions of the instrument.

The Plan derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of net assets available for benefits when, and only when, the Plan has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(b) Fair value measurement:

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.

In determining fair value, the Plan follows the guidance in IFRS 13, *Fair Value Measurement* ("IFRS 13"), in Part I of the CPA Canada Handbook as required by Canadian accounting standards for pension plans. As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The Plan uses closing market price as a practical expedient 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.

3. Significant accounting policies (continued):

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

All changes in fair value, other than interest and dividend income and expense, are recognized in the statement of changes in net assets available for benefits as part of the change in net unrealized gains.

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:

At December 31, 2024, segregated funds are valued at the values supplied by the Plan administrator, which represent the Plan's share of underlying assets at fair values determined using closing market prices.

3. Significant accounting policies (continued):

At December 31, 2023, bonds, equities and exchange-traded funds are valued at year-end closing market prices. Mutual funds were 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.

(c) 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 mutual funds and bonds. Dividend income from publicly traded securities is recorded as of the ex-dividend date. Interest income has been accrued as earned.

(d) Contributions:

Employee and employer contributions are recognized on an accrual basis.

(e) 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.

(f) 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.

3. Administration of investments:

The Canada Life Assurance Company (the “Custodian”) provides custodial and administrative services to the Plan. Fidelity Investments Canada ULC is the underlying investment fund manager.

4. Investments:

At December 31, 2024, the Plan holds the following segregated funds administered by Canada Life (note 1):

	2024 Fair Value
Clearpath Index Pl 2020 (Fidelity)	$ 6,582,680
Clearpath Index Pl 2025 (Fidelity)	21,926,998
Clearpath Index Pl 2030 (Fidelity)	18,289,483
Clearpath Index Pl 2035 (Fidelity)	20,472,702
Clearpath Index Pl 2040 (Fidelity)	15,253,987
Clearpath Index Pl 2045 (Fidelity)	10,237,814
Clearpath Index Pl 2050 (Fidelity)	7,848,857
Clearpath Index Pl 2055 (Fidelity)	4,414,804
Clearpath Index Pl 2060 (Fidelity)	2,070,230
Clearpath Index Pl 2065 (Fidelity)	394,471
	$ 107,492,026

At December 31, 2023, the investments held by the Plan are summarized as follows:

	2023 Fair Value
Equity mutual funds	$ 6,256,548
Fixed income mutual fund	29,046,789
Canadian equity and related securities	8,447,858
U.S. equity and related securities	34,196,703
International equity and related securities	18,157,089
	$ 96,104,987

5. Investment income:

	2024	2023
Interest	$ 62,382	$ 65,424
Dividend	1,102,311	1,088,072
Other income	1,166,617	1,139,686
	$ 2,331,310	$ 2,293,182

6. Capital management:

The capital of the Plan is represented by net assets available for benefits and, beginning on October 1, 2024, is managed individually by participating members of the Plan via investment options including daily interest accounts, guaranteed investments and variable investment funds offered by Canada Life. The benefits a retiree or employee receive at retirement or on termination under this defined contribution plan are not predetermined. Income distribution or benefits are based on the assets within the retiree or employee individual retirement plan account at the time they retire. Under this Plan, the employee determines which investments his/her contributions, along with the contributions of the employer, are invested in from a selection of investment options available within the Plan. This allows the individual to create a portfolio suited to his/her own investment goals and tolerance for risk. The amount of money an individual employee has in the group plan account at retirement is based on the amount of contributions made over the years and the earnings these investments have made.

The Plan fulfils its objectives by adhering to specific investment policies outlined in the SIPP which is reviewed annually by the Conference. The SIPP was amended in October 2024 and previously in February 2022.

Increases in net assets available for benefits are a direct result of investment income generated by investments held by the Plan and contributions into the Plan by eligible employees and by the Conference. The employer is required to pay contributions in accordance with the Plan's provisions. More details on employee and employer contributions that were paid during the year is disclosed in the statement of changes in net assets available for benefits. No contributions remain past due as at December 31, 2024.

At December 31, 2023, the Plan’s investment positions exposed it to a variety of risks which are discussed in note 7. The Plan managed net assets by engaging knowledgeable investment managers who were charged with the responsibility of investing existing funds and new funds (current year’s employee and employer contributions) in accordance with the approved SIPP. 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. At December 31, 2023, the remaining balance in net assets available for benefits is available for the use of the Plan and was allocated between each of the pension plan members.

7. 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 Board of Directors of the Conference, through the Finance and Audit 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.

Until September 30, 2024, the Conference 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 and Audit Committee received regular reports from RBC Dominion Securities through which it reviewed the market values of the Plan assets.

Until September 30, 2024, the principal financial instruments used by the Plan, from which financial instrument risk arose were 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.

From October 1, 2024, the Conference appointed Canada Life as the administrator of the Plan. Fidelity Investments Canada ULC is the underlying investment fund manager and manages the ongoing investment operations of the Plan in keeping with the agreed upon SIPP and as required by the law.

From October 1, 2024 and as at December 31, 2024, the members direct the investment decisions for the assets in their accounts. As a result, the Plan does not provide the quantitative sensitivity analysis disclosure for market, foreign currency and interest rate risks.

At December 31, 2023, the Plan's exposure to market risk and credit risk is described below.

(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.

7. Risk management (continued):

At December 31, 2023, the Plan's exposure to interest rate risk was concentrated in its investments in a fixed income mutual fund. To manage the Plan's interest rate risk, appropriate guidelines on the weighting and duration for fixed income investments were set by the Finance and Audit Committee and monitored by the investment manager.

(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. At December 31, 2023, the Plan held foreign equities. This investment approach exposed the Plan to changes in exchange rates which could affect the net assets available for benefits. The Plan did not hedge foreign currency risk.

The Plan's direct exposure at December 31, 2023 to foreign currencies and the Canadian dollar is shown below:

As at December 31, 2023	Actual currency exposure	%
Canadian	$ 36,395,441	36.64
U.S. dollar	59,817,769	60.23
Other	3,108,005	3.13
	$ 99,321,215	100.00

A 10 percent increase or decrease in exchange rates at December 31, 2023, with all other variables held constant, would have resulted in a change in unrealized gains of approximately $6,293,000.

(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).

7. Risk management (continued):

At December 31, 2023, The Plan was subject to equity price risk due to daily changes in the market values of its equity portfolio. Equity price risk was managed by investment policy guidelines that provide for prudent investment in equity markets within defined limits. The Plan did not use derivative instruments to reduce its exposure to equity price risk. A decline of 10 percent in equity values, with all other variables held constant, would have impacted the equity investments held directly by the Plan by approximately $6,080,000 at December 31, 2023.

(b) Credit risk:

At December 31, 2023, the Plan was indirectly exposed to credit risk through its investment in a fixed income mutual fund. Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. All transactions in listed securities were settled upon delivery using approved investment managers. The risk of default was considered minimal, as delivery of securities sold is only made once the investment manager 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 utilized multiple counterparties and those that have a high credit rating in order to minimize credit risk.

The breakdown of the Plan's fixed income portfolio by credit ratings from various rating agencies is presented below as a percentage of the fixed income investments. At December 31, 2023, the amounts relate to the investment in a fixed income mutual fund:

	2023
Credit rating	%
AAA	15.1%
AA	16.3%
A	13.2%
BBB	36.0%
BB	14.5%
B	3.4%
CCC	0.8%
D	0.3%
Unrated	0.4%
	100.0%

Credit risk associated with contributions receivable is minimized due to their nature. No provision for doubtful contributions has been recorded in either 2024 or 2023.

CANADIAN MENNONITE BRETHREN PENSION PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2024

7. Risk management (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the Plan will encounter difficulty in meeting financial obligations as they come due. The Plan maintains sufficient liquid assets to pay administrative expenses and professional fees payable.

8. 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, 2024	Level 1	Level 2	Level 3	Total
Clearpath Index Pl 2020 (Fidelity)	$ –	$ 6,582,680	$ –	$ 6,582,680
Clearpath Index Pl 2025 (Fidelity)	–	21,926,998	–	21,926,998
Clearpath Index Pl 2030 (Fidelity)	–	18,289,483	–	18,289,483
Clearpath Index Pl 2035 (Fidelity)	–	20,472,702	–	20,472,702
Clearpath Index Pl 2040 (Fidelity)	–	15,253,987	–	15,253,987
Clearpath Index Pl 2045 (Fidelity)	–	102,37,814	–	102,37,814
Clearpath Index Pl 2050 (Fidelity)	–	7,848,857	–	7,848,857
Clearpath Index Pl 2055 (Fidelity)	–	4,414,804	–	4,414,804
Clearpath Index Pl 2060 (Fidelity)	–	2,070,230	–	2,070,230
Clearpath Index Pl 2065 (Fidelity)	–	394,471	–	394,471
	$ –	$ 107,492,026	$ –	$107,492,026

During the year ended December 31, 2024, there were no transfers between levels.

December 31, 2023	Level 1	Level 2	Level 3	Total
Cash and short-term investments	$ 3,216,228	$ –	$ –	$ 3,216,228
Equity mutual funds	–	6,256,548	–	6,256,548
Fixed income mutual funds	–	29,046,789	–	29,046,789
Canadian equity and related securities	8,447,858	–	–	8,447,858
U.S. equity and related securities	34,196,703	–	–	34,196,703
International equity and related securities	18,157,089	–	–	18,157,089
	$ 64,017,878	$ 35,303,337	$ –	$ 99,321,215

During the year ended December 31, 2023, there was a transfer of $29,046,789 in fixed income mutual funds between level 1 and level 2.

9. Related party transactions:

During the year ended December 31, 2024, the Plan incurred administrative expenses with CCMBC Legacy in the amount of $148,453 (2023 - $169,254) of which $148,453 (2023 - $47,383) is included in payable to CCMBC Legacy at December 31, 2024.

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