

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
Non-Consolidated Financial Statements
December 31, 2023

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
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Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of The B.C. Conference of the Mennonite Brethren Churches

Report on the Non-consolidated Financial Statements

Qualified Opinion

We have audited the non-consolidated financial statements of The B.C. Conference of the Mennonite Brethren Churches ("BCMB"), which comprise the non-consolidated statement of financial position as at December 31, 2023, and the non-consolidated statements of changes in fund balances, operations and cash flows for the year then ended, and notes to the non-consolidated financial statements including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of BCMB as at December 31, 2023, and the non-consolidated results of its operations and non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

Under ASNPO, camp properties (*Note 5*) should be presented at their carrying value (ie: historical cost adjusted for amortization and impairment) on the non-consolidated statement of financial position. Due to the lack of information available to BCMB about the carrying values of the properties, camp properties are originally measured at the values published by BC Assessment and remeasured annually for changes in the assessed value. Both the original measurement and subsequent measurement policies constitute a departure from ASNPO. As the carrying value is not supported by sufficient appropriate audit evidence, it is considered impracticable to quantify the financial effects of this misstatement. Our audit opinion for the year ended December 31, 2022 was also modified accordingly.

Similarly, church properties (*Note 4*) should be presented at their carrying value on the non-consolidated statement of financial position. Due to the lack of information available to BCMB, the carrying values of the properties could not be supported by sufficient appropriate audit evidence and therefore the amount of any misstatement for the properties is not determinable on the non-consolidated statements of financial position and changes in fund balances. Our audit opinion for the year ended December 31, 2022 was also modified accordingly.

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 Non-consolidated Financial Statements* section of our report. We are independent of BCMB in accordance with ethical requirements that are relevant to our audit of the non-consolidated 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 qualified audit opinion.

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Responsibilities of Management and Those Charged with Governance for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing BCMB'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 BCMB or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 these non-consolidated 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 non-consolidated 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 BCMB'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 BCMB'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 non-consolidated 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 BCMB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

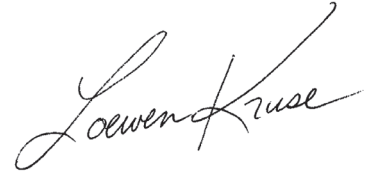
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the non-consolidated financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year.

Burnaby, British Columbia
February 26, 2024



Chartered Professional Accountants

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
Non-Consolidated Statement of Financial Position
December 31, 2023

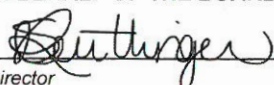
	Operating Fund	Restricted Funds (Note 16)	2023	2022
ASSETS				
CURRENT				
Cash and cash equivalents	\$ 355,164	\$ 1,079,437	\$ 1,434,601	\$ 747,042
Accounts receivable	6,842	-	6,842	17,222
Recoverable from government authorities - GST	4,570	-	4,570	1,964
Prepaid expenses	80,790	-	80,790	97,990
	447,366	1,079,437	1,526,803	864,218
CAPITAL ASSETS (Note 3)	4,403	-	4,403	2,877
CHURCH PROPERTY HELD FOR SALE (Note 4)	-	-	-	112,534
CHURCH PROPERTIES (Note 4)	66,650	-	66,650	66,650
CAMP PROPERTIES (Note 5)	-	21,913,000	21,913,000	21,769,000
	\$ 518,419	\$ 22,992,437	\$ 23,510,856	\$ 22,815,279
LIABILITIES AND FUND BALANCES				
CURRENT				
Accounts payable and accrued liabilities	\$ 46,215	\$ -	\$ 46,215	\$ 42,082
Due to related parties (Note 6)	103,716	-	103,716	96,928
Deferred revenue	41,875	-	41,875	37,445
Deferred contributions	-	-	-	1,841
	191,806	-	191,806	178,296
FUND BALANCES				
Unrestricted	326,613	-	326,613	405,596
Internally restricted (Note 16)	-	22,885,001	22,885,001	22,122,073
Externally restricted (Note 16)	-	107,436	107,436	109,314
	326,613	22,992,437	23,319,050	22,636,983
	\$ 518,419	\$ 22,992,437	\$ 23,510,856	\$ 22,815,279

CONTINGENT LIABILITIES (Note 9)

LEASE COMMITMENT (Note 10)

FUNDS HELD IN TRUST (Note 11)

ON BEHALF OF THE BOARD


 Director


 Director

SIGN HERE

See notes to non-consolidated financial statements

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
Non-Consolidated Statement of Changes in Fund Balances
Year Ended December 31, 2023

	Operating Fund	Restricted Funds (Note 16)	2023	2022
FUND BALANCES - BEGINNING OF YEAR	\$ 405,596	\$ 22,231,387	\$ 22,636,983	\$ 20,619,456
Excess (deficiency) of revenue over expenses	578,568	(40,501)	538,067	38,323
Camp properties annual assessed value adjustment	-	144,000	144,000	2,195,000
Transfer of church properties	-	-	-	(215,796)
Interfund transfers (Note 7)	(657,551)	657,551	-	-
FUND BALANCES - END OF YEAR	\$ 326,613	\$ 22,992,437	\$ 23,319,050	\$ 22,636,983

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
Non-Consolidated Statement of Operations
Year Ended December 31, 2023

	Operating Fund	Restricted Funds (Note 16)	2023	2022 (Note 15)
REVENUE				
Church contributions	\$ 1,611,463	\$ -	\$ 1,611,463	\$ 1,653,026
Estate gifts	141,500	-	141,500	5,114
Recoveries	74,854	-	74,854	70,011
Event income	74,525	-	74,525	87,094
Interest income	11,605	4,075	15,680	2,758
MB Chinese Church Association	-	11,396	11,396	9,616
Donations	8,974	-	8,974	58,627
Miscellaneous income	1,906	-	1,906	353
	<u>1,924,827</u>	<u>15,471</u>	<u>1,940,298</u>	<u>1,886,599</u>
EXPENSES				
Ministry partnerships				
Cdn Conf of MB Churches	257,834	-	257,834	264,484
Columbia Bible College	241,720	-	241,720	247,954
BCMB Bible Camp Society	209,490	-	209,490	214,893
Total ministry partnerships	709,044	-	709,044	727,331
Wages and benefits	378,611	-	378,611	347,449
Church planting	249,105	-	249,105	239,328
Events	147,779	-	147,779	153,984
Professional services	75,997	-	75,997	73,881
Recoverable costs	71,515	-	71,515	75,481
Administration	64,990	-	64,990	76,350
The Way Forward	-	38,522	38,522	-
Ministry	35,977	-	35,977	27,583
Church support and development	33,212	-	33,212	35,950
MB Chinese Church Association / Esperanza	-	17,450	17,450	9,187
Board governance	4,445	-	4,445	9,887
Donations	-	-	-	62,727
Other facilities administration	-	-	-	9,138
	<u>1,770,675</u>	<u>55,972</u>	<u>1,826,647</u>	<u>1,848,276</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	154,152	(40,501)	113,651	38,323
GAIN ON SALE OF PROPERTY	424,416	-	424,416	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 578,568</u>	<u>\$ (40,501)</u>	<u>\$ 538,067</u>	<u>\$ 38,323</u>

See notes to non-consolidated financial statements

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
Non-Consolidated Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 538,067	\$ 38,323
Items not affecting cash:		
Amortization	2,213	3,624
Gain on sale of property	(424,416)	-
	<u>115,864</u>	<u>41,947</u>
Changes in non-cash working capital:		
Accounts receivable	10,380	(13,001)
Recoverable from government authorities - GST	(2,606)	869
Prepaid expenses	17,200	(41,175)
Accounts payable and accrued liabilities	4,133	29,578
Due to related parties	6,788	52,518
Deferred revenue	4,430	2,893
Deferred contributions	(1,841)	(32,955)
	<u>38,484</u>	<u>(1,273)</u>
Cash flow from operating activities	<u>154,348</u>	<u>40,674</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(3,739)	-
Decrease in loan receivable	-	13,120
Proceeds from sale of church property held for sale	536,950	-
	<u>533,211</u>	<u>13,120</u>
Cash flow from investing activities	<u>533,211</u>	<u>13,120</u>
INCREASE IN CASH FLOW	687,559	53,794
Cash and cash equivalents - beginning of year	<u>747,042</u>	<u>693,248</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,434,601	\$ 747,042
CASH AND CASH EQUIVALENTS CONSIST OF:		
Unrestricted cash	\$ 355,164	\$ 276,060
Unrestricted cash deposits with another organization	-	6,754
Internally restricted cash	510,777	353,073
Internally restricted cash deposits with another organization	461,224	-
Externally restricted cash	-	1,841
Externally restricted cash deposits with another organization	107,436	109,314
	<u>\$ 1,434,601</u>	<u>\$ 747,042</u>

See notes to non-consolidated financial statements

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES

Notes to Non-Consolidated Financial Statements

Year Ended December 31, 2023

1. PURPOSE OF THE ORGANIZATION

The B.C. Conference of the Mennonite Brethren Churches ("BCMB") exists to join God in building healthy churches that transform communities with His love and truth. BCMB operates programs and ministries to assist its local member churches.

BCMB is incorporated under the Societies Act of British Columbia and is a registered charity under the Income Tax Act and as such is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The non-consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

BCMB does not prepare consolidated financial statements for its controlled entity, Columbia Bible College (*Note 6*).

These non-consolidated financial statements present only the financial position, changes in fund balances, results of operations and changes in cash flows for BCMB. Individual member churches and camps within BCMB account for their own financial position, changes in fund balances, results of operations and change in cash flows, as well as any assets that may be on title with BCMB, but for which the churches and camps are the authorized users.

Fund Accounting

BCMB follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the operations, administration and capital assets of BCMB and reports its unrestricted resources.

The Restricted Funds account for funds externally restricted by contributors to be used for specific ministries and funds internally restricted by the Board of Directors for designated purposes.

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THE B.C. CONFERENCE OF THE MENNONITE BRETHERN CHURCHES
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue Recognition

Externally restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributor. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions and estate gifts are recognized as revenue of the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Recoveries are recognized as revenue when invoiced which typically coincides with payment by BCMB of the related expense to be recovered. Recoveries pertaining to annual group licenses are recognized over the term of the license. Any amounts received in advance are reflected in deferred revenue on the Non-Consolidated Statement of Financial Position.

Event income is recognized as revenue when the events are held.

Financial Instruments

All financial instruments are initially recorded at their fair market value. Publicly traded financial instruments quoted in an active market are subsequently measured at fair value with any unrealized gains or losses and transaction costs recognized in net excess of revenue over expenses. All other financial instruments are adjusted for any transaction costs incurred on acquisition and are subsequently measured at their amortized cost. Financial instrument impairments and impairment reversals are recognized when incurred in net excess of revenue over expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash balances with financial institutions, and cash deposits with another organization. Any term deposits or similar contractual instruments that are cashable and have a maturity term of three months or less are classified as cash equivalents.

Capital Assets and Amortization

Capital assets purchased are stated at cost less accumulated amortization. Capital assets contributed are recorded at the fair value as of the date of receipt. Amortization is provided at the straight-line method, as follows:

Furniture and equipment	4 years
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BCMB regularly reviews its capital assets to remove those no longer in use. Fully amortized capital assets are removed from the financial statements.

Capital assets acquired during the year but not placed into use are not amortized until they are used in operations.

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THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Camp Properties

Camp properties, which include land and buildings held for leasing purposes to BCMB Bible Camp Society (related by significant influence), are initially recorded at the most recent BC Assessment values at the time of the transfer. Subsequently, camp properties are revalued annually to the BC Assessment values that are released during the fiscal year. This adjustment is reflected in the Non-Consolidated Statement of Changes in Fund Balances as a direct increase (decrease) to fund balances. This policy is not compliant with ASNPO which requires such assets to be recorded at their cost values and subsequently adjusted for amortization and impairments.

Contributed Services and Materials

Volunteers assist BCMB in carrying out its ministry, programs and operations. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials or gifts-in-kind are only recognized when their fair value is reasonably determinable, with such items recorded at fair value on the date of the contribution. During the year, BCMB received non-cash gifts-in-kind of \$NIL (2022 - \$NIL).

Defined Contribution Plan

BCMB participates in the Canadian Mennonite Brethren Pension Plan administered by the Canadian Conference of the Mennonite Brethren Church of North America, which is a defined contribution plan related to future employee benefits. BCMB is only responsible for payments as specified under the plan agreement. The contribution amounts are determined based upon employee services rendered during the year. Contributions made by BCMB for the year amounted to \$15,235 (2022 - \$14,539).

Measurement Uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Material uncertainties involving management estimates include the determination of the carrying values of the camp properties (*Note 5*) and closed church properties (*Note 4*).

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Furniture and equipment	\$ 10,815	\$ 6,412	\$ 4,403	\$ 2,877

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES

Notes to Non-Consolidated Financial Statements

Year Ended December 31, 2023

4. CHURCH PROPERTIES

BCMB currently holds title to one (2022 - two) church property for which no member congregation currently occupies. The property is held by BCMB for a future congregation and was recorded as a direct increase to the Operating Fund balance in the year in which the member church ceased operating.

Although ASNPO require such assets to be recorded at carrying value, BCMB has been unable to determine the carrying value of the church at the time the member church ceased activity. The assets have been included based on available historical cost information totaling \$66,650 (2022 - \$179,184). The difference between the historical cost and the current carrying value of the church property is not determinable as of the report date.

Further, in the prior year one of the above-noted church properties with a historical cost of \$112,534 was classified as held for sale on the Non-Consolidated Statement of Financial Position and it was sold in the current year.

5. CAMP PROPERTIES

At December 31, 2023 the properties of three camps are held (2022 - three camps) and the total assessed value is \$21,913,000 (2022 - \$21,769,000).

Previously, BCMB signed lease agreements with BCMB Bible Camp Society (the "Tenant") to lease five parcels of land to the Tenant for the camp properties located at Gardom Lake Bible Camp, Stillwood Camp and Conference Centre, and The Pines Bible Camp Association (collectively, the "Camps"). Subsequent to the year end, the leases at all locations were extended an additional three years until December 31, 2026.

The land and building for two of the camp properties with an assessed value of \$18,318,000 (2022 - \$18,252,000) are encumbered by mortgages between CCMBBC Investments Ltd. and the camps operating the premises with a loan value of \$1,943,397 as at December 31, 2023. BCMB acts as guarantor on the loans as disclosed in Note 9.

One of the camp properties with an assessed value of \$3,595,000 (2022 - \$3,517,000) has external restrictions on its use as set by the Columbia Shuswap Regional District that limits BCMB's ability to sub-divide the property, requires the use of the property to be for a private educational facility, and limits the maximum capacity.

One of the camp properties with an assessed value of \$14,006,000 (2022 - \$14,241,000) has external restrictions on its use as set by the Fraser Valley Regional District that limits BCMB's ability to sub-divide the property, requires the property to be used as a church camp, recreational, cultural, charitable or farming institution, limits the maximum capacity, and limits the building size and floor area.

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

6. RELATED PARTIES

The following is a summary of amounts due from related parties:

	<u>2023</u>	<u>2022</u>
The Pines Bible Camp Association (<i>related by significant influence</i>)	\$ 162,645	\$ 162,645
Allowance for uncollectible loan	<u>(162,645)</u>	<u>(162,645)</u>
	<u>\$ -</u>	<u>\$ -</u>

The amounts due from related parties are unsecured, non-interest bearing and without any specific repayment terms.

During a previous year, an allowance was established for the entire balance due from The Pines Bible Camp Association due to uncertainty regarding the collectability of the balance. The amount has not been fully written off as there is an expectation of collection at a later date when the camp becomes financially stable.

The following is a summary of amounts due to related parties:

	<u>2023</u>	<u>2022</u>
BCMB Bible Camp Society (<i>related by significant influence</i>)	\$ 33,075	\$ 30,730
Canadian Conference of the Mennonite Brethren Church of North America (<i>related by common membership</i>)	34,810	31,021
Columbia Bible College (<i>controlled organization</i>)	<u>35,831</u>	<u>35,177</u>
	<u>\$ 103,716</u>	<u>\$ 96,928</u>

BCMB has significant influence over the following not-for-profit organizations: Campfire Ministries, Gardom Lake Bible Camp, BCMB Bible Camp Society, Stillwood Camp and Conference Centre, and The Pines Bible Camp Association. All these camps are registered charities under the Income Tax Act and as such are exempt from income taxes.

Columbia Bible College (the "College") is a controlled organization that is a registered charity under the Income Tax Act and as such is exempt from income taxes. The College is incorporated under the Columbia Bible College Act.

The purpose of the College is to provide post-secondary education to students from Canada and other parts of the world. BCMB has the authority to elect a majority of the directors of the College.

The relevant financial information provided by the College is audited by another firm of Chartered Professional Accountants and reported separately up to and including April 30, 2023. The College utilized the deferral method of accounting for contributions, rather than the restricted fund method used by BCMB. The College reported \$2,329,261 of restricted assets at April 30, 2023 (2022 - \$2,541,585).

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THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2023

6. RELATED PARTIES *(continued)*

	<u>2023</u>	<u>2022</u>
Total Assets	\$ 12,415,003	\$ 13,229,025
Total Liabilities	8,633,713	8,956,176
Net Assets	3,781,290	4,272,849
Revenue	6,681,246	7,107,105
Expenses	7,202,994	6,967,590
Cash flow from (used by)		
Operating Activities	(612,813)	(143,177)
Financing Activities	30,189	119,727
Investing Activities	(148,880)	(424,238)
The restricted assets of the College are as follows:		
Scholarship endowment principal	1,443,540	1,413,351
Deferred revenue	447,421	444,245
Internally restricted - capital reserve	438,300	683,989

The following is a summary of BCMB's related party revenue (expense) transactions:

	<u>2023</u>	<u>2022</u>
BCMB Bible Camp Society <i>(significantly influenced organization)</i>		
Ministry partnerships	\$ (209,490)	\$ (214,893)
Designated donations	-	(258)
	<u>(209,490)</u>	<u>(215,151)</u>
Columbia Bible College <i>(controlled organization)</i>		
Ministry partnerships	(241,720)	(247,954)
Administration	(32,114)	(34,847)
Scholarships	(4,776)	-
Event expenses	-	(3,800)
Designated donations	-	(2,938)
Training and development	-	(500)
Recoveries	-	101
	<u>(278,610)</u>	<u>(289,938)</u>
Canadian Conference of the Mennonite Brethren Church of North America <i>(related by common membership)</i>		
Ministry partnerships	(257,834)	(264,484)
Administration	-	(663)
Ministry partnerships - church planting subsidies	-	22,861
	<u>(257,834)</u>	<u>(242,286)</u>

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

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES

Notes to Non-Consolidated Financial Statements

Year Ended December 31, 2023

7. INTERFUND TRANSFERS

During the year, \$536,950 was transferred from the Operating Fund to the Internally Restricted The Way Forward Fund to fund related program expenses.

During the year, \$141,500 was transferred from the Operating Fund to the Internally Restricted Estate Gifts Fund per the Estate Gift Distribution Policy.

During the year, \$101 was transferred from the Operating Fund to the Externally Restricted Esperanza Multicultural Church Fund to cover the deficit.

During the year, \$20,000 was transferred from the Internally Restricted BCMB Church Planting Fund and \$1,000 was transferred from the Internally Restricted BCMB Ministry Growth Fund to the Operating Fund to fund related expenses recognized in the Operating Fund this year.

8. CREDIT FACILITIES

BCMB has unsecured credit card facilities with the Royal Bank of Canada with a credit limit of \$130,000. The credit facilities bear interest at 19.99% per annum on overdue balances.

9. CONTINGENT LIABILITIES

BCMB is a guarantor with respect to mortgages for member churches and camps operating under its Society, loaned from CCMBC Investments Ltd. in the amount of \$22,299,489 (2022 - \$21,038,170), further broken down into \$20,356,092 (2022 - \$19,081,689) in church loans and \$1,943,397 (2022 - \$1,956,481) in camp loans. The purpose of the loans is to allow the member churches and camps to acquire land and buildings and for church and camp building construction. The mortgages are secured by properties in which BCMB has title.

None of the loans are in default and management is of the opinion that the risk to BCMB that it would be required to pay these mortgages in the event of churches defaulting on their payments is mitigated by the fair value of the collateral as at year-end being in excess of the outstanding mortgages.

10. LEASE COMMITMENT

Subsequent to year end, BCMB entered into an operating lease with respect to its premises with Columbia Bible College, a related party, which expires on December 31, 2025. BCMB also holds an option to renew this lease for an additional two years at a renegotiated rate.

Future minimum lease payments over the term of the lease are as follows:

2024	\$	32,184
2025		33,483
		<hr/>
	\$	<u>65,667</u>

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES

Notes to Non-Consolidated Financial Statements

Year Ended December 31, 2023

11. FUNDS HELD IN TRUST

BCMB holds funds in trust for several member churches. They are solely the property of the churches and do not accrue in whole or part to BCMB. As at December 31, 2023, BCMB held \$6,859,064 (2022 - \$6,485,589) of cash deposits in trust from member churches.

12. ECONOMIC DEPENDENCE

BCMB is dependent on contributions from its member churches to fund a significant portion of its operations. During the year, BCMB received contributions equal to 32% of its Operating Fund revenue from three member churches (2022 - 28% from three member churches), and as such is economically dependent on these organizations for its ongoing operations.

13. REMUNERATION DISCLOSURE

In accordance with the Societies Act of British Columbia, BCMB discloses that there was one individual or person under a contract for services that exceeded \$75,000 of annual remuneration who was paid a total sum of \$110,784.

14. FINANCIAL INSTRUMENT RISKS

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. BCMB is exposed to credit risk for its cash and cash equivalents. Exposures to credit risk are as follows:

- Cash held at year-end exceeds the amounts covered by the Canadian Deposit Insurance Corporation, serving to increase credit risk. BCMB mitigates this risk by depositing its cash with a large, high quality financial institution.
 - The cash equivalents are cash deposits held with CCMBC Legacy Fund Inc., which is not a financial institution. The deposits are not government guaranteed or insured by the Canada Deposit Insurance Corporation, therefore any financial difficulties encountered by the CCMBC Legacy Fund Inc. could adversely affect the collectability and valuation of the deposits.
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15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. Specifically, the revenue and expense groupings have been changed to match the new presentation format of the Non-Consolidated Statement of Operations.

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES

Notes to Non-Consolidated Financial Statements

Year Ended December 31, 2023

16. RESTRICTED FUNDS

	Opening Balance	Revenue	Expenses	Interfund Transfers	Camp properties annual assessed value adjustment (Note 2)	Closing Balance
Internally restricted funds consist of:						
Camp capital assets	\$ 21,769,000	\$ -	\$ -	\$ -	\$ 144,000	\$ 21,913,000
The Way Forward	-	-	38,522	536,950	-	498,428
Contingency reserve	250,000	-	-	-	-	250,000
Estate funds	-	-	-	141,500	-	141,500
BCMB church planting	102,073	-	-	(20,000)	-	82,073
BCMB Ministry growth	1,000	-	-	(1,000)	-	-
	<u>22,122,073</u>	<u>-</u>	<u>38,522</u>	<u>657,450</u>	<u>144,000</u>	<u>22,885,001</u>

Externally restricted funds consist of:

MB Chinese Church Association	100,602	15,298	8,464	-	-	107,436
Esperanza Multicultural Church	8,712	173	8,986	101	-	-
	<u>109,314</u>	<u>15,471</u>	<u>17,450</u>	<u>101</u>	<u>-</u>	<u>107,436</u>
	<u>\$ 22,231,387</u>	<u>\$ 15,471</u>	<u>\$ 55,972</u>	<u>\$ 657,551</u>	<u>\$ 144,000</u>	<u>\$ 22,992,437</u>

See notes to non-consolidated financial statements