

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
Non-Consolidated Financial Statements
December 31, 2025

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
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Year Ended December 31, 2025

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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, 2025, 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, 2025, 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 (i.e. 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, 2024 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, 2024 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.

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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.

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 23, 2026



Chartered Professional Accountants

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
Non-Consolidated Statement of Financial Position
December 31, 2025

	Operating Fund	Restricted Funds	2025	2024
ASSETS				
CURRENT				
Cash	\$ 570,001	\$ 96,526	\$ 666,527	\$ 563,736
Cash on deposit with another organization	-	1,037,164	1,037,164	1,004,269
Accounts receivable	25,365	-	25,365	10,782
GST recoverable	3,534	-	3,534	3,298
Prepaid expenses	50,637	-	50,637	111,701
	649,537	1,133,690	1,783,227	1,693,786
CAPITAL ASSETS (Note 3)	11,884	-	11,884	9,858
CHURCH PROPERTIES (Note 4)	102,525	-	102,525	66,650
CAMP PROPERTIES (Note 5)	-	22,874,600	22,874,600	22,221,600
	\$ 763,946	\$ 24,008,290	\$ 24,772,236	\$ 23,991,894
LIABILITIES AND FUND BALANCES				
CURRENT				
Accounts payable and accrued liabilities	\$ 61,437	\$ -	\$ 61,437	\$ 64,313
Due to related parties (Note 6)	102,735	-	102,735	121,472
Deferred revenue	27,201	-	27,201	50,283
	191,373	-	191,373	236,068
FUND BALANCES				
Unrestricted	572,573	-	572,573	381,129
Internally restricted (Note 15)	-	23,895,745	23,895,745	23,267,236
Externally restricted (Note 15)	-	112,545	112,545	107,461
	572,573	24,008,290	24,580,863	23,755,826
	\$ 763,946	\$ 24,008,290	\$ 24,772,236	\$ 23,991,894

CONTINGENT LIABILITIES (Note 9)

LEASE COMMITMENT (Note 10)

FUNDS HELD IN TRUST (Note 11)

ON BEHALF OF THE BOARD

Director

Director

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, 2025

	Operating Fund	Restricted Funds <i>(Note 15)</i>	2025	2024
FUND BALANCES - BEGINNING OF YEAR	\$ 381,129	\$ 23,374,697	\$ 23,755,826	\$ 23,319,050
Excess (deficiency) of revenue over expenses	248,655	(76,618)	172,037	128,176
Camp properties annual assessed value adjustment <i>(Note 5)</i>	-	653,000	653,000	308,600
Interfund transfers <i>(Note 7)</i>	(57,211)	57,211	-	-
FUND BALANCES - END OF YEAR	\$ 572,573	\$ 24,008,290	\$ 24,580,863	\$ 23,755,826

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
Non-Consolidated Statement of Operations
Year Ended December 31, 2025

	Operating Fund	Restricted Funds (Note 15)	2025	2024
REVENUE				
Church contributions	\$ 1,735,311	\$ -	\$ 1,735,311	\$ 1,618,911
Recoveries	167,822	-	167,822	107,399
Event income	76,330	-	76,330	71,100
Interest income	30,064	2,831	32,895	35,608
Rental income	20,619	-	20,619	12,769
Donations	17,665	-	17,665	9,542
MB Chinese Church Association	-	11,430	11,430	8,000
Miscellaneous income	-	-	-	338
	<u>2,047,811</u>	<u>14,261</u>	<u>2,062,072</u>	<u>1,863,667</u>
EXPENSES				
Ministry partnerships				
Cdn Conf of MB Churches	270,600	-	270,600	259,026
Columbia Bible College	253,900	-	253,900	242,837
BCMB Bible Camp Society	220,000	-	220,000	210,458
Total ministry partnerships	744,500	-	744,500	712,321
Wages and benefits	342,658	52,001	394,659	408,912
Recoverable costs	168,294	-	168,294	108,957
Events	154,213	-	154,213	147,228
Church planting	134,250	-	134,250	95,859
Church support and development	91,710	-	91,710	51,622
Professional services	88,601	-	88,601	72,079
Administration	69,267	-	69,267	76,018
Church renewal initiative	-	29,701	29,701	45,189
MB Chinese Church Association	-	9,177	9,177	12,110
Board governance	5,663	-	5,663	5,196
	<u>1,799,156</u>	<u>90,879</u>	<u>1,890,035</u>	<u>1,735,491</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 248,655	\$ (76,618)	\$ 172,037	\$ 128,176

See notes to non-consolidated financial statements

THE B.C. CONFERENCE OF THE MENNONITE BROTHERS CHURCHES
Non-Consolidated Statement of Cash Flows
Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 172,037	\$ 128,176
Item not affecting cash:		
Amortization	4,020	4,289
	<u>176,057</u>	<u>132,465</u>
Changes in non-cash working capital:		
Accounts receivable	(14,583)	(3,940)
GST recoverable	(236)	1,272
Prepaid expenses	61,064	(30,911)
Accounts payable and accrued liabilities	(2,876)	18,098
Due to related parties	(18,737)	17,756
Deferred revenue	(23,082)	8,408
	<u>1,550</u>	<u>10,683</u>
Cash flow from operating activities	<u>177,607</u>	<u>143,148</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(6,046)	(9,744)
Purchase of church property additions	(35,875)	-
Cash flow used by investing activities	<u>(41,921)</u>	<u>(9,744)</u>
INCREASE IN CASH FLOW	135,686	133,404
Cash and cash equivalents - beginning of year	<u>1,568,005</u>	<u>1,434,601</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,703,691	\$ 1,568,005
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	\$ 666,527	\$ 563,736
Cash on deposit with another organization	<u>1,037,164</u>	<u>1,004,269</u>
	\$ 1,703,691	\$ 1,568,005

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, 2025

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 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, 2025

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.

Interest income is recognized as revenue when earned on an accrual basis.

Cloud Computing Arrangements

BCMB applies the simplification approach to its cloud computing arrangements whereby all costs are expensed in the year in which the supply of services is provided. During the year \$5,511 (2024 - \$4,358) of these services were expensed and are included in Administration on the Non-Consolidated Statement of Operations.

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.

Financial assets and financial liabilities measured at amortized cost include:

Financial assets

- cash
- cash on deposit with another organization
- accounts receivable

Financial liabilities

- accounts payable and accrued liabilities
- due to related parties

(*continues*)

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2025

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

Cash and Cash Equivalents

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

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 impairment.

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 gifts-in-kind of \$NIL (2024 - \$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 \$17,986 (2024 - \$18,453).

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THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2025

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

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*) and the allocation of payroll expenses to the restricted fund.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Furniture and equipment	\$ 23,201	\$ 11,317	\$ 11,884	\$ 9,858

Amortization on capital assets for the fiscal year was \$4,020 (2024 - \$4,289) and is included in Administration expense on the Non-Consolidated Statement of Operations.

4. CHURCH PROPERTIES

BCMB currently holds title to one (2024 - one) church property that is not utilized by a member congregation that is currently being leased to a non-member church. 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 were originally recorded based on available historical cost information totaling \$66,650. During the year, BCMB purchased \$35,875 (2024 - \$NIL) of capital asset additions for the property. The difference between the carrying value in the financial statements and the correct carrying value of the church property is not determinable as of the report date.

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2025

5. CAMP PROPERTIES

At December 31, 2025 the properties of three camps are held (2024 - three camps) and the total assessed value is \$22,874,600 (2024 - \$22,221,600). The net increase in assessed value of \$653,000 (2024 - \$308,600) has been presented as a direct increase to the restricted funds on the Non-Consolidated Statement of Changes in Fund Balances.

BCMB has 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") until December 31, 2026.

The land and building for the camp properties located at Stillwood Camp and Conference Centre and The Pines Bible Camp Association, with an assessed value of \$18,209,600 (2024 - \$18,092,600), are encumbered by mortgages between CCMBC Investments Ltd. and the camps operating the premises with a loan value of \$1,842,039 as at December 31, 2025. BCMB acts as guarantor on the loans as disclosed in *Note 9*.

The Gardom Lake Bible Camp property, with an assessed value of \$4,665,000 (2024 - \$4,129,000), 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.

The Stillwood Camp and Conference property, with an assessed value of \$14,134,000 (2024 - \$13,870,000), 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.

6. RELATED PARTIES

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

	<u>2025</u>	<u>2024</u>
BCMB Bible Camp Society (<i>related by significant influence</i>)	\$ 30,230	\$ 36,579
Columbia Bible College (<i>controlled organization</i>)	37,123	43,332
Canadian Conference of the Mennonite Brethren Church of North America (<i>related by common membership</i>)	<u>35,382</u>	<u>41,561</u>
	<u>\$ 102,735</u>	<u>\$ 121,472</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.

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THE B.C. CONFERENCE OF THE MENNONITE BROTHERS CHURCHES
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2025

6. RELATED PARTIES *(continued)*

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, 2025. The College utilized the deferral method of accounting for contributions, rather than the restricted fund method used by BCMB. The College reported \$2,244,250 of restricted assets at April 30, 2025 (2024 - \$2,300,239).

Relevant financial information for the College is as follows:

	<u>2025</u>	<u>2024</u>
Total Assets	\$ 11,394,054	\$ 11,744,909
Total Liabilities	7,918,096	8,289,892
Net Assets	3,475,958	3,455,017
Revenue	7,097,587	6,343,457
Expenses	7,085,531	6,683,702
Cash flow from (used by)		
Operating Activities	(92,979)	(276,878)
Financing Activities	8,885	13,972
Investing Activities	(53,783)	-
The restricted assets of the College are as follows:		
Scholarship endowment principal	1,466,397	1,457,512
Deferred revenue	502,797	474,552
Internally restricted - capital reserve	275,056	368,175

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THE B.C. CONFERENCE OF THE MENNONITE BRETHERN CHURCHES
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2025

6. RELATED PARTIES *(continued)*

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

	<u>2025</u>	<u>2024</u>
BCMB Bible Camp Society <i>(significantly influenced organization)</i>		
Ministry partnerships	\$ (220,000)	\$ (210,458)
Designated donations	-	(600)
	<u>(220,000)</u>	<u>(211,058)</u>
Columbia Bible College <i>(controlled organization)</i>		
Ministry partnerships	(253,900)	(242,837)
Administration	(33,483)	(32,067)
Scholarships	(2,188)	(1,125)
	<u>(289,571)</u>	<u>(276,029)</u>
Canadian Conference of the Mennonite Brethren Church of North America <i>(related by common membership)</i>		
Ministry partnerships	(270,600)	(259,026)
Professional services	-	(9,000)
Event income	1,000	1,500
Rental income	10,514	7,654
Recoveries	45,594	33,371
	<u>(213,492)</u>	<u>(225,501)</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.

7. INTERFUND TRANSFERS

During the year, \$35,875 was transferred from the Internally Restricted Contingency Reserve Fund to the Operating Fund for board-approved church support and development expenses.

During the year, \$93,086 was transferred from the Operating Fund to the Internally Restricted Contingency Reserve Fund to maintain a balance equal to three-months of operating expenses per the Contingency Fund Management Policy.

8. CREDIT FACILITIES

BCMB has unsecured credit card facilities with the Royal Bank of Canada with a credit limit of \$135,000. The credit facilities bear interest at 19.99% per annum on overdue balances.

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
Notes to Non-Consolidated Financial Statements
Year Ended December 31, 2025

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 \$15,400,177 (2024 - \$23,297,895), further broken down into \$13,558,138 (2024 - \$21,390,240) in church loans and \$1,842,039 (2024 - \$1,907,655) 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 for 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.

During the year, the Conference was named in three civil lawsuits pertaining to historical events occurring at member churches. The applicability of insurance coverage for two of the cases is still being determined. The likely outcome and any contingent loss related to these matters is not determinable at this time.

10. LEASE COMMITMENT

BCMB entered into a new two-year operating lease with respect to its premises with Columbia Bible College, a related party, at a monthly rate of \$2,906, which expires on December 31, 2027. The rate increases to \$2,991 per month starting January 2027. BCMB also holds an option to renew this lease for one additional year at a renegotiated rate. The lease has total future lease payments of \$70,768.

BCMB has a lease with respect to its printer equipment. The operating lease is \$152 per month under a lease expiring April 2030, and is secured by the leased equipment. The lease has total future lease payments of \$7,752.

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

2026	\$	36,698
2027		37,718
2028		1,824
2029		1,824
2030		456
		<hr/>
	\$	<u>78,520</u>

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, 2025, BCMB held \$7,413,657 (2024 - \$7,178,518) of cash deposits in trust for member churches.

THE B.C. CONFERENCE OF THE MENNONITE BRETHREN CHURCHES
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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 (2024 - 30% 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 were three individuals under a contract for services that each exceeded \$75,000 of annual remuneration who were paid a total sum of \$290,777.

14. FINANCIAL INSTRUMENTS RISK

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 on deposit with another organization. Exposures to and concentrations of credit risk, and significant changes to the risk exposure from the prior year are as follows:

- Cash deposits held at year-end exceed 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 on deposit with another organization are cash deposits held fully 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. 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	\$ 22,221,600	\$ -	\$ -	\$ -	\$ 653,000	\$ 22,874,600
Contingency reserve	455,525	-	-	57,211	-	512,736
Church renewal initiative	508,038	-	81,702	-	-	426,336
BCMB church planting start up	82,073	-	-	-	-	82,073
	<u>23,267,236</u>	<u>-</u>	<u>81,702</u>	<u>57,211</u>	<u>653,000</u>	<u>23,895,745</u>

Externally restricted funds consist of:

MB Chinese Church Association	107,461	14,261	9,177	-	-	112,545
	<u>\$ 23,374,697</u>	<u>\$ 14,261</u>	<u>\$ 90,879</u>	<u>\$ 57,211</u>	<u>\$ 653,000</u>	<u>\$ 24,008,290</u>

See notes to non-consolidated financial statements