

CCMBC Legacy Fund Inc.
2019 Proposed Budget Commentary
May 30, 2018

Effective, January 1, 2018 CCMBC Legacy Fund Inc. began full operations as a separate entity providing resources to the Canadian Conference, our provincial conferences and to churches within our denomination. This includes providing mortgages to MB churches, active MB pastors and affiliated organizations supported by our conference. In addition, Legacy provides accounting services, payroll services, administration of the CCMBC benefits and pension plans and management of facilities and leased properties that are used by our conference and partners.

The 2019 budget includes the revenues from our mortgage and portfolio investments as well as fees received from some of the services provided and noted above. The expenditures included are the costs of providing the above services and servicing the interest costs of the deposits that our depositors have entrusted us to steward.

Revenue

The 2019 proposed budget has been prepared using conservative rates for net interest revenue on investments and reflects a decrease in investments due to the decrease in deposit liabilities.

Rental income for MB facility tenants is being recorded as rental revenue. In the situations where cash rent is not being received, we have provided for an offset expense identifying the subsidized amount. The facility rent subsidy to the MB family for 2019 is \$416,100.

The revenue for payroll and accounting services provided to churches and conferences is being recorded in full. Accounting Services is offered at no charge to non-registered church plants that have been in operating for less than three years. This is reflected as a MB ministry subsidy and is expected to be \$73,000 in 2019.

No revenue is being recognized in the 2019 budget for capital gains, recovery of the allowance for credit losses and net profit (loss) from the for-profit operations. This is consistent with prior year's budget practices.

Expenses

Similar to interest revenue, budgeted interest expenses are down, due to the decrease in deposit liabilities.

The reduction of costs in Financial Administration, Accounting Services, and Information Technology are down due to the restructuring of staff in those areas.

As in 2018, revenue and direct expenses relating to the non-registered deposits have not been incorporated in the 2019 budget. It is expected that any net earnings from these funds in 2019 will be added directly to the investment reserve, to be made available for ministry use in a future year.

Report submitted by Bertha Dyck
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CCMBC Legacy Fund Inc.