

MULTIPLY NETWORK - CANADIAN SECTION

Financial Statements

(Stated in Canadian Dollars)

May 31, 2024

MULTIPLY NETWORK - CANADIAN SECTION

Index to Financial Statements

(Stated in Canadian Dollars)

Year Ended May 31, 2024

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5 - 6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 19
Schedule of North America Mission Mobilization and Mission Training Programs Expenses <i>(Schedule 1)</i>	20
Schedule of Worldwide Administration Expenses <i>(Schedule 2)</i>	21

INDEPENDENT AUDITOR'S REPORT

To the Members of MULTIPLY Network - Canadian Section

Report on the Financial Statements

Opinion

We have audited the financial statements of MULTIPLY Network - Canadian Section (the "Organization"), which comprise the statement of financial position as at May 31, 2024, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at May 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 report. We are independent of the Organization in accordance with 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 ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

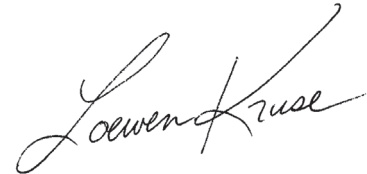
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 these 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 Organization'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 Organization'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 Organization 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.

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.

Burnaby, British Columbia
October 7, 2024





Chartered Professional Accountants

MULTIPLY NETWORK - CANADIAN SECTION**Statement of Financial Position****(Stated in Canadian Dollars)****May 31, 2024**

	2024	2023 <i>(Note 2)</i>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 1,409,277	\$ 1,365,608
Cash on deposit with related party <i>(Note 4)</i>	775,595	1,416,527
Investments <i>(Note 5)</i>	2,704,154	3,126,732
Accounts receivable and accrued	74,587	83,019
Due from government authorities - GST	22,379	17,113
Prepaid expenses and deposits	263,117	292,962
	5,249,109	6,301,961
INVESTMENTS <i>(Note 5)</i>	802,689	881,144
LOAN RECEIVABLE <i>(Note 6)</i>	712,195	679,303
PREPAID RENT <i>(Note 6)</i>	287,805	320,697
CAPITAL ASSETS <i>(Note 7)</i>	41,873	19,685
CASH ON DEPOSIT WITH RELATED PARTY <i>(Note 4)</i>	227,614	227,614
DUE FROM RELATED AGENCY <i>(Note 4)</i>	92,740	-
	\$ 7,414,025	\$ 8,430,404
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 420,039	\$ 482,092
Payable to government authorities	9,059	5,463
Deferred contributions <i>(Notes 8, 9)</i>	3,000,051	3,744,354
Due to related agency <i>(Note 4)</i>	-	55,574
	3,429,149	4,287,483
NET ASSETS		
Unrestricted fund	1,222,713	1,324,407
Capital assets fund	41,873	19,685
Internally restricted fund <i>(Note 9)</i>	2,492,676	2,571,215
Endowment fund <i>(Note 9)</i>	227,614	227,614
	3,984,876	4,142,921
	\$ 7,414,025	\$ 8,430,404

CONTINGENT LIABILITIES *(Note 10)*COMMITMENTS *(Note 11)***ON BEHALF OF THE BOARD**


 Director


 Director

See notes to financial statements

MULTIPLY NETWORK - CANADIAN SECTION

Statement of Changes in Net Assets

(Stated in Canadian Dollars)

Year Ended May 31, 2024

	Capital Assets Fund	Internally Restricted Fund	Endowment Fund	Unrestricted Fund	2024	2023
NET ASSETS - BEGINNING OF YEAR						
As previously reported	\$ 19,685	\$ 2,491,326	\$ 227,614	\$ 1,324,407	\$ 4,063,032	\$ 4,521,800
Prior period adjustment (Note 2)	-	79,889	-	-	79,889	79,889
As restated	19,685	2,571,215	227,614	1,324,407	4,142,921	4,601,689
Deficiency of revenue over expenses	(12,364)	-	-	(97,440)	(109,804)	(220,180)
Net assets transfers (Note 12)	34,552	(78,768)	-	44,216	-	-
Adjustment of foreign exchange movement during the year	-	229	-	(48,470)	(48,241)	(238,588)
NET ASSETS - END OF YEAR	\$ 41,873	\$ 2,492,676	\$ 227,614	\$ 1,222,713	\$ 3,984,876	\$ 4,142,921

See notes to financial statements

MULTIPLY NETWORK - CANADIAN SECTION**Statement of Operations****(Stated in Canadian Dollars)****Year Ended May 31, 2024**

	2024	2023
REVENUE		
Donations - restricted (<i>Note 8</i>)	\$ 7,892,665	\$ 7,596,374
Donations - unrestricted	1,408,593	1,073,989
Unrestricted estate gifts	612,073	520,972
Interest, investment and other income	306,785	506,371
	10,220,116	9,697,706
EXPENSES		
North America:		
Mission mobilization and mission training programs (<i>Schedule 1</i>)	1,933,990	1,884,631
Holistic church planting	554,663	514,438
Leadership training and team health	68,645	45,130
Administration	16,171	32,981
	2,573,469	2,477,180
Sub-Saharan Africa:		
Capacity building	336,291	318,740
Holistic church planting	116,187	116,203
Leadership training and team health	-	2,982
	452,478	437,925
South Asia:		
Holistic church planting	302,731	266,408
Capacity building	115,308	137,650
Leadership training and team health	2,444	475
Administration	137	69
	420,620	404,602
Southeast and East Asia:		
Holistic church planting	1,547,114	1,426,368
Capacity building	357,302	330,270
Leadership training and team health	32,673	15,689
Administration	1,483	2,106
	1,938,572	1,774,433
Europe and Central Asia:		
Holistic church planting	1,258,414	939,554
Capacity building	429,148	553,524
Leadership training and team health	16,875	10,925
Administration	1,269	346
	1,705,706	1,504,349

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See notes to financial statements

MULTIPLY NETWORK - CANADIAN SECTION**Statement of Operations (continued)****(Stated in Canadian Dollars)****Year Ended May 31, 2024**

	2024	2023
Latin America:		
Capacity building	588,420	546,512
Holistic church planting	283,048	311,186
Leadership training and team health	5,681	4,576
Administration	184	-
	877,333	862,274
Middle East and North Africa:		
Holistic church planting	-	198,591
	-	198,591
Worldwide:		
Administration (Schedule 2)	728,191	761,739
Holistic church planting	543,521	423,739
Mission mobilization and mission training programs	354,553	321,252
Leadership training and team health	348,045	370,345
Capacity building	169,086	256,121
	2,143,396	2,133,196
Total expenses before capital projects	10,111,574	9,792,550
Capital projects:		
Europe and Central Asia	180,617	27,738
Latin America	37,729	53,200
Sub-Saharan Africa	-	29,227
Southeast and East Asia	-	15,171
	218,346	125,336
	10,329,920	9,917,886
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (109,804)	\$ (220,180)

See notes to financial statements

MULTIPLY NETWORK - CANADIAN SECTION**Statement of Cash Flows****(Stated in Canadian Dollars)****Year Ended May 31, 2024**

	2024	2023
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (109,804)	\$ (220,180)
Items not affecting cash:		
Amortization	12,364	10,831
Unrealized (gains) losses on investments	17,807	(4,104)
	<u>(79,633)</u>	<u>(213,453)</u>
Changes in non-cash working capital:		
Accounts receivable and accrued - (increase) decrease	8,432	(55,632)
Due from government authorities - GST - increase	(5,266)	(1,884)
Prepaid expenses and deposits - (increase) decrease	29,845	(7,838)
Accounts payable and accrued liabilities - decrease	(62,053)	(17,689)
Payable to government authorities - increase (decrease)	3,596	(721)
Deferred contributions - decrease	(744,303)	(343,824)
	<u>(769,749)</u>	<u>(427,588)</u>
Cash flow used by operating activities	<u>(849,382)</u>	<u>(641,041)</u>
FINANCING ACTIVITY		
Advances from (to) related agency	<u>(148,314)</u>	<u>325,915</u>
INVESTING ACTIVITIES		
(Increase) decrease in investments	483,226	(1,589,105)
(Increase) decrease in loan receivable	(32,892)	312,925
(Increase) decrease in prepaid rent	32,892	(320,697)
Purchase of capital assets	(34,552)	-
Cash flow from (used by) investing activities	<u>448,674</u>	<u>(1,596,877)</u>
OTHER CASH FLOW ITEMS		
Adjustment of foreign exchange movement during the year	<u>(48,241)</u>	<u>(238,588)</u>
DECREASE IN CASH FLOW	<u>(597,263)</u>	<u>(2,150,591)</u>
Cash and cash equivalents - beginning of year	<u>2,782,135</u>	<u>4,932,726</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,184,872</u>	<u>\$ 2,782,135</u>
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash - unrestricted	\$ 604,229	\$ 422,249
High interest savings mutual fund units - unrestricted	494,759	943,359
High interest savings mutual fund units - restricted	310,289	-
Cash on deposit with related party - restricted	<u>775,595</u>	<u>1,416,527</u>
	<u>\$ 2,184,872</u>	<u>\$ 2,782,135</u>

See notes to financial statements

MULTIPLY NETWORK - CANADIAN SECTION

Notes to Financial Statements

(Stated in Canadian Dollars)

Year Ended May 31, 2024

1. DESCRIPTION OF ORGANIZATION OPERATIONS

MULTIPLY Network (the "Organization") is the global mission agency of the Canadian and United States Conferences of the Mennonite Brethren Churches, which is comprised of two distinct, separately incorporated, divisions: a Canadian Section and a United States Section. The Organization shares the Gospel through church planting, leadership training and social action and operates its programs throughout the world. The purpose of the Organization is to participate in making disciples of all people groups, sharing the Gospel of Jesus Christ cross culturally and globally, in word and in deed, in Spirit-empowered obedience to Christ's commission and in partnership with local Mennonite Brethren churches.

The headquarters of the Canadian Section is located in Abbotsford, British Columbia. The Canadian Section was incorporated under the Canada Corporations Act by Letters Patent on August 17, 2007, as Mennonite Brethren Mission and Service International, also operating as MBMS International or simply "MBMSI". On June 3, 2011 the name was formally changed to MB Mission. On June 10, 2014, it was 'continued' under the Canada Not-for-Profit Corporations Act as required by legislation. On March 7, 2019 the name was formally changed to MULTIPLY Network, also operating as "MULTIPLY". The Canadian Section's Board of Directors has four members elected by the Canadian Conference of Mennonite Brethren Churches ("CCMBC") and four members elected by the United States Conference of Mennonite Brethren Churches ("USMB"), plus up to four more members appointed by the board. The Canadian Section is a registered charity under the Income Tax Act and as such it is exempt from income taxes.

2. PRIOR PERIOD ADJUSTMENT

The Organization has corrected its financial statements for an error in the prior years. Previously a life insurance policy, in which the Organization was the owner and beneficiary, was not presented as an investment asset. In addition to presenting the investment, the Organization determined to set up a new internally restricted fund to restrict the investment. To account for this correction in the current year, the opening investments and Internally Restricted fund net assets increased by \$79,889. For the prior year figures, the opening investments and Internally Restricted fund net assets increased by \$79,889.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

These financial statements present the financial position, changes in net assets, results of operations and changes in cash flows of MULTIPLY Network - Canadian Section.

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MULTIPLY NETWORK - CANADIAN SECTION

Notes to Financial Statements

(Stated in Canadian Dollars)

Year Ended May 31, 2024

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

Fund Accounting

Resources for various purposes and projects are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group. Assets, liabilities and net assets of the Organization are reported in the following self-balancing funds:

The **Unrestricted fund** is the general operating fund of the Organization. Unrestricted fund programs are preplanned and budgeted, as approved by the Board of Directors, on an annual basis. This fund is used to account for those economic resources of the Organization which are expendable for any purpose in performing the charitable objectives of the Organization. It includes both administrative and mission activities.

The **Restricted fund** accounts for contributions that have been externally restricted by donors for specific purposes and projects. Revenue is recognized at the time that the matching expenses are incurred. Any unspent restricted funds are deferred on the Statement of Financial Position with the corresponding assets reflected as restricted. Therefore, the Restricted fund net asset balance is always \$NIL.

The **Endowment fund** consists of gift instruments requiring (in perpetuity) that the principal and its unrealized gains/losses be invested and that only the related investment income be utilized in operations. During the year, the Organization received \$NIL in endowment contributions and earned investment income of \$11,445 on its endowment funds. Disbursements were \$11,445 resulting in a net excess of \$NIL.

The **Internally Restricted fund** has been established by the governing Board. Related investment income is available to be utilized in operations. Any portion of the principal and its unrealized gains/losses may be expended upon board approval. The Organization records all income and approved disbursements in the Unrestricted fund and transfers any excess or deficiency of these amounts to the Internally Restricted fund balance at year-end for use in future years. The Internally Restricted fund consists of the following as at May 31, 2024:

Donated Life Insurance fund - designated to hold all current and future donated life insurance policies until the termination of the policy or the death of the individual covered by the policy.

Global Ministry Gathering fund - designated to send participants (national leaders; board; staff) to upcoming global ministry gatherings.

Memorial Scholarship fund - designated for scholarship programs and time-restricted use at annual rates determined by management.

Northview fund - designated for the loan to Northview Community Church.

Operating Contingency fund - approximates 3 months of expenses in case of adverse operating results.

The **Capital Assets fund** reports the internally restricted assets and expenses related to the Organization's capital assets.

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MULTIPLY NETWORK - CANADIAN SECTION

Notes to Financial Statements

(Stated in Canadian Dollars)

Year Ended May 31, 2024

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

Revenue Recognition

In order to ensure observance of limitations and restrictions placed on the use of the resources available, the Organization follows the deferral method of accounting for contributions.

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

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred, except the portion applied to general ministry and administration (between 5% and 15%) that is recognized when received. For the current year, that portion totaled \$1,041,492 (2023 - \$1,032,530).

Endowment contributions are recognized as direct increases in net assets.

Unrestricted investment income is recognized as revenue when earned on an accrual basis. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred.

Cloud Computing Arrangements

The Organization has applied AcG-20 Customer's Accounting for Cloud Computing Arrangements in the current year. No adjustments to the current or prior year were required after retrospectively implementing the new presentation and disclosure requirements. The Organization 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 \$51,856 of these services were expensed and are included in Worldwide administration on the Statement of Operations.

Contributed Goods and Services

Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed goods or gifts-in-kind are only recognized when their fair value is reasonably determinable and significant. During the year, the Organization received \$NIL (2023 - \$NIL) gifts-in-kind.

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 (deficiency) 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 (deficiency) of revenue over expenses.

Cash Equivalents

The Organization classifies its investment instruments as cash equivalents if the investment is cashable and has a maturity term of three months or less. In addition, fixed income securities matching these characteristics are classified as cash equivalents only if they are intended to be held temporarily before use in operating activities.

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MULTIPLY NETWORK - CANADIAN SECTION

Notes to Financial Statements

(Stated in Canadian Dollars)

Year Ended May 31, 2024

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

Investments

Investments consist of fixed guaranteed investment certificates ("GICs"), fixed income securities and funds, and funds invested in publicly traded equity instruments quoted in active markets. The GICs have various maturity dates up to May 2028 that bear interest at rates between 4.00% and 5.65% per annum (2023 - 3.25% and 5.00% per annum). These investments have been classified as current assets if they are capable of prompt liquidation or will mature within the next fiscal year. Any GICs that do not mature within the next fiscal year or are held as security for the credit facilities (*Note 10*), have been classified as long term assets.

Interest accrued to May 31 is included in accounts receivable and accrued on the Statement of Financial Position.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Capital assets contributed are recorded at the fair value as of the date of receipt. Amortization is provided annually on a straight-line basis at rates calculated to write-off the assets over their estimated useful lives as follows:

Computers and equipment	3 to 5 years
Furniture and fixtures	5 years
Leasehold improvements	10 years

Foreign Currency Translation

These financial statements are expressed in Canadian dollars, whereas the functional currency of the Organization is US dollars. For the financial statement presentation, all assets, liabilities and net assets, with the exception of deferred contributions, are translated to Canadian dollars using the exchange rate in effect at the Statement of Financial Position date which was 1.36 as at May 31, 2024 (1.36 for May 31, 2023). Deferred contributions, revenue and expenses are translated to Canadian dollars using an average of the 12 month-end rates (exchange rate for the last working day of each month) for the year, which was 1.35 for the 2024 fiscal year (1.33 for the 2023 fiscal year). The resulting foreign exchange gains and losses from translation are included as an adjustment to net assets.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. A significant area requiring the use of management estimates relates to the determination of the loan receivable discount rate (*Note 6*).

MULTIPLY NETWORK - CANADIAN SECTION**Notes to Financial Statements****(Stated in Canadian Dollars)****Year Ended May 31, 2024**

4. DUE FROM (TO) RELATED PARTIES AND RELATED AGENCY

	2024	2023
Cash on deposit with CCMBC Legacy Fund	\$ 1,003,209	\$ 1,644,141
Due from (to) MULTIPLY Network - United States Section	92,740	(55,574)
	<u>\$ 1,095,949</u>	<u>\$ 1,588,567</u>

Income is received from funds on deposit with related party as disclosed in *Note 14*.

The amounts due from (to) MULTIPLY Network - United States Section are unsecured, bear interest at a monthly variable rate, and have no specific terms of repayment.

5. INVESTMENTS

	2024	2023
		(Note 2)
Guaranteed investment certificates (GICs)	\$ 1,895,260	\$ 2,401,255
Fixed income funds	1,026,798	997,304
Equity funds	519,559	525,324
Life insurance policy	78,929	79,889
	3,520,546	4,003,772
Cumulative unrealized gains (losses) on investments	(13,703)	4,104
	<u>\$ 3,506,843</u>	<u>\$ 4,007,876</u>

MULTIPLY NETWORK - CANADIAN SECTION

Notes to Financial Statements

(Stated in Canadian Dollars)

Year Ended May 31, 2024

6. LOAN RECEIVABLE

The Organization has collaborated with a CCMBC affiliate church to provide facilities for its main office. Under this arrangement, Northview Community Church ("NCC") added a third storey to the ministry facility it was building, and made that entire floor available to MULTIPLY Network, rent free, except for incremental common costs such as utilities and property taxes, for a minimum period of 10 years, with the option to extend the lease for an additional 4 periods of 10 years each for a total of 50 years. As of September 2023, Multiply reduced the size of their Abbotsford office and Northview now occupies approximately 20% of the third floor. This has not changed the terms of the lease agreement or loan repayment terms.

In return, MULTIPLY Network offered to loan \$2 million interest-free to help with the construction financing. The \$2 million is secured by a second mortgage (CCMBC holds the first mortgage) over the land and building at 32040 Downes Road, Abbotsford BC, and will be returned to MULTIPLY Network as Northview is able. Any remaining amount unpaid becomes due and payable in full when the lease terminates.

Both parties were committed for the first 10 years, which started on March 6, 2013. Subsequent renewal options require 180 days written notice by MULTIPLY Network. However, after the first 10 years either party can terminate at any time with 730 days advance notice. On March 6, 2023, the Organization exercised the option to extend the lease for an additional 10 year period ending March 6, 2033.

Per Canadian accounting standards for not-for-profit organizations, the financial statement presentation requires two imputed adjustments. Due to its non-interest-bearing nature, the carrying amount of the loan receivable is below its face value. As such, upon extension, the loan has been discounted using a new rate of 4.00% per annum over the new 10 year renewal term. The discount has been recorded in prepaid rent on the Statement of Financial Position and subsequent reductions to the allowance are recorded as reductions to the prepaid rent. Each year over the minimum term of the loan, interest income and rent expense are imputed and recorded at a rate of 4.00% per annum on the outstanding loan balance prior to any discount.

Any repayments made by NCC to the Organization reduce both the original principal portion of the loan and any unamortized balance of discount attributable to the amounts repaid. During the year, a total of \$NIL (2023 - \$NIL) repayments were received. As at May 31, 2024 the remaining balance of the original loan is \$1,000,000.

The actual balance outstanding and discount allowance are as follows:

	2024	2023
Actual amount receivable	\$ 1,000,000	\$ 1,000,000
Discount allowance	(287,805)	(320,697)
Discounted balance receivable	\$ 712,195	\$ 679,303

MULTIPLY NETWORK - CANADIAN SECTION

Notes to Financial Statements

(Stated in Canadian Dollars)

Year Ended May 31, 2024

7. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computers and equipment	\$ 50,954	\$ 23,366	\$ 27,588	\$ 3,153
Furniture and fixtures	113,386	113,386	-	-
Leasehold improvements	30,505	16,220	14,285	16,532
	<u>\$ 194,845</u>	<u>\$ 152,972</u>	<u>\$ 41,873</u>	<u>\$ 19,685</u>

8. DEFERRED CONTRIBUTIONS

Deferred contributions are donations received during the current or prior years which are restricted by the donor for various projects and are unspent at year-end. These contributions will be recognized as revenue in the year when the Organization is able to deploy them.

	2024	2023
BALANCE, beginning of year	\$ 3,744,354	\$ 4,088,178
Restricted donations received during the current year	7,148,362	7,252,550
Restricted donations recognized as revenue during the year	(7,892,665)	(7,596,374)
BALANCE, end of year	<u>\$ 3,000,051</u>	<u>\$ 3,744,354</u>

MULTIPLY NETWORK - CANADIAN SECTION**Notes to Financial Statements****(Stated in Canadian Dollars)****Year Ended May 31, 2024****9. RESTRICTED BALANCES**

	2024	2023
Internally restricted:		
Northview fund	\$ 1,000,000	\$ 1,000,000
Operating Contingency fund	675,648	754,473
Memorial Scholarship fund	504,837	503,591
Global Ministry Gathering fund	233,262	233,262
Donated Life Insurance fund	78,929	79,889
	2,492,676	2,571,215
Externally restricted:		
Deferred contributions	3,000,051	3,744,354
Endowment fund	227,614	227,614
	\$ 5,720,341	\$ 6,543,183
Represented by:		
Current assets		
Cash and cash equivalents	\$ 310,289	\$ -
Cash on deposit with related party	775,595	1,416,527
Investments	2,704,154	3,118,654
	3,790,038	4,535,181
Long term assets		
Investments	702,689	780,388
Loan receivable	712,195	679,303
Prepaid rent	287,805	320,697
Cash on deposit with related party	227,614	227,614
	1,930,303	2,008,002
	\$ 5,720,341	\$ 6,543,183

MULTIPLY NETWORK - CANADIAN SECTION

Notes to Financial Statements

(Stated in Canadian Dollars)

Year Ended May 31, 2024

10. CONTINGENT LIABILITIES

The Organization's missionaries and US staff are covered by a group medical plan which is self-insured with a retained risk of USD \$35,000 per enrolled individual per year. Claims that exceed USD \$35,000 are covered by a third-party policy through the Mutual Aid Sharing Plan. Additionally, the Mutual Aid Sharing Plan provides the Organization with aggregate protection that caps the Organization's total annual retained risk to USD \$461,529 (including reinsurance premiums). Premiums are deducted from missionary projects to cover the actual costs of these self-insured medical expenses, as well as the costs related to the Mutual Aid Sharing Plan. Medical claims are expensed as they occur. The costs of claims and reinsurance premiums in 2024 was \$125,152 (2023 – \$149,685). Any excess of premiums over expenses remaining at year-end is refunded to the various projects of the missionaries on a pro-rata basis. Since the amount of possible future medical claims is not determinable at this time, no liability has been accrued.

The Organization has credit cards available for use by employees of up to \$100,000 with the Bank of Montreal, which bear interest at a rate of 18.40% per annum on overdue balances. The cards are guaranteed and secured by a GIC equal to the credit limit. The outstanding balance of the cards as at May 31, 2024 was \$39,580 (2023 - \$40,402). The outstanding balance is not overdue and therefore not incurring interest.

The Organization has partnered with International Community of Mennonite Brethren ("ICOMB") in regard to the disbursement of scholarships through the use of endowment funds. ICOMB is a related party due to the Organization's significant influence over ICOMB's strategic decision making process. Once ICOMB has incorporated as a charity and can function independently of the Organization's assistance, the Mama (Tillie) Wall Scholarship endowment fund of \$52,567 currently held by the Organization and any similar future endowment funds will be donated to ICOMB.

11. COMMITMENTS

The Organization has a lease with respect to photocopier equipment. The operating lease is \$669 per month and expires November 2028. Future minimum lease payments as at year end are as follows:

2025	\$	8,028
2026		8,028
2027		8,028
2028		8,028
2029		3,345
		<hr/>
	\$	35,457

12. NET ASSETS TRANSFERS

During the year, the following net assets transfers occurred:

\$78,246 was transferred, at the discretion of the Board of Directors, from the Internally Restricted Operating Contingency fund to the Unrestricted fund in order to decrease the operating reserve.

\$34,553 was transferred from the Unrestricted fund to the Capital Assets fund for the purchase of capital assets.

\$432 was transferred from the Unrestricted fund to the Internally Restricted Memorial Scholarship fund for the net investment gains on funds held.

\$954 was transferred from the Internally Restricted Donated Life Insurance fund to the Unrestricted fund for the net investment loss on funds held.

MULTIPLY NETWORK - CANADIAN SECTION

Notes to Financial Statements

(Stated in Canadian Dollars)

Year Ended May 31, 2024

13. EMPLOYEE PENSION PLAN

The Organization contributes to a retirement plan covering all salaried missionary staff and full-time office staff working a minimum of twenty-two hours per week. Employees may contribute from five to thirteen percent of their gross salary to the plan with the Organization matching five percent for each participating employee. Contributions made to the plan are immediately vested by the employee. Contributions made by the Organization for the year amounted to \$228,123 (2023 – \$218,965).

14. RELATED PARTY TRANSACTIONS

	<u>2024</u>	<u>2023</u>
Administration and project expenses reimbursed from MULTIPLY Network - United States Section <i>(related as both are subject to common control)</i>	\$ 1,283,499	\$ 841,393
Donations and interest received from CCMBC Legacy Fund <i>(related to the Organization as both are controlled or subject to significant influence by CCMBC)</i>	76,327	78,779
Donations received from CCMBC <i>(controls the Organization as it and USMB elect the majority of the Organization's directors)</i>	-	116,936
Purchases from CCMBC <i>(controls the Organization as it and USMB elect the majority of the Organization's directors)</i>	(2,517)	(3,332)
Purchases from CCMBC Legacy Fund <i>(related to the Organization as both are controlled or subject to significant influence by CCMBC)</i>	(9,916)	(10,768)
	<u>\$ 1,347,393</u>	<u>\$ 1,023,008</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 Organization rents office space and receives various office-related services from CCMBC Legacy Fund for consideration of \$900 per month. The fair value assigned by both parties to the transaction was \$3,000 per month, for a total of \$36,000 for this fiscal year. The non-cash portion of the transaction has not been recorded in the financial statements in accordance with the Organization's accounting policy regarding contributed services.

The transactions related to entities incorporated outside of Canada and the United States that are subject to significant influence, but that exist only as administrative mechanisms to coordinate project activities and manage project funds, are not disclosed in this note as they would not provide any additional useful information.

As at year-end, \$316 (2023 – \$1,658) of the accounts payable and accrued liabilities is due to related parties and \$22,664 (2023 – \$35,541) of the accounts receivable and accrued is due from related parties. The related revenue and expenses have already been included in the amounts above.

MULTIPLY NETWORK - CANADIAN SECTION

Notes to Financial Statements

(Stated in Canadian Dollars)

Year Ended May 31, 2024

15. FINANCIAL INSTRUMENT RISKS

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk for its cash and cash equivalents, cash on deposit with a related party, and loan receivable. Except for its loan receivable (*Note 6*), the Organization does not directly hold any collateral as security for its receivables. Exposures to credit risk and significant changes to the risk exposure from the prior year are as follows:

- Cash and cash equivalents held at year-end exceed the amounts covered by the Canada Deposit Insurance Corporation, serving to increase credit risk. The Organization mitigates this risk by depositing their cash and cash equivalents with large, high quality financial institutions.
- Cash on deposit with related party of \$1,003,209 (*Note 4*) is unsecured, as is the related accrued investment income.
- The loan receivable is secured as outlined in *Note 6* and repayment is only required upon a two year notice of lease termination or normal expiry of the lease term. There has been no change to credit risk exposure.

Concentrations of credit risk include:

- \$1,003,209 of the cash on deposit with a related party, plus the related accrued investment income, are due from one investee and are unsecured. Therefore, any financial difficulties encountered by the related party that are attributable to unfavourable investment decisions could adversely affect the collectability and valuation of the investments and amounts due to the Organization.
- The loan receivable is due from NCC, a not-for-profit organization that relies upon donations as its principal source of revenue. Therefore, future constraints on NCC's cash resources could adversely affect the collectability of the loan. Management regularly monitors the financial condition of NCC.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Organization is exposed to interest rate risk for its investments and cash on deposit with a related party. Exposures to interest rate risk and significant changes to the risk exposure from the prior year are as follows:

- Investments include fixed guaranteed investment certificates issued by financial institutions, all of which are tied to set interest rates, minimizing the risk of significant reductions to interest revenue.
- Cash on deposit with a related party of \$1,003,209 bears interest at a variable rate of interest, therefore fluctuations in market rates will affect investment revenue.

(continues)

MULTIPLY NETWORK - CANADIAN SECTION

Notes to Financial Statements

(Stated in Canadian Dollars)

Year Ended May 31, 2024

15. FINANCIAL INSTRUMENT RISKS *(continued)*

Currency Risk

Currency risk is the risk that the Organization's fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates due to volatility caused by external factors. The Organization is exposed to currency risk and its effect on the exchange gain or loss for the year on cash held in US dollar bank accounts and amounts due from/to MULTIPLY Network - United States Section.

Minimal amounts are held in US dollar bank accounts and the balance of amounts due from/to MULTIPLY Network - United States Section can vary significantly month to month and includes advances in US dollars. Foreign currency forward contracts are not used to manage exposure to currency risk.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Organization is exposed to other price risk for fixed income fund and equity fund investments of \$1,532,654 as the fair value can be significantly affected by price and valuation changes in the open market. These investments are actively managed by a professional advisor and concentrated in moderate risk equities.

MULTIPLY NETWORK - CANADIAN SECTION**Schedule of North America****Mission Mobilization and Mission Training Programs Expenses****(Schedule 1)****(Stated in Canadian Dollars)****Year Ended May 31, 2024**

	2024	2023
Salaries, wages and benefits	\$ 1,435,072	\$ 1,388,897
Travel	274,622	275,027
Advertising and promotion	68,031	62,347
Office supplies and expenses	43,280	61,033
Occupancy costs	53,669	43,863
Ministry materials	32,276	25,307
Professional fees	18,413	19,532
Interest and bank charges	5,746	4,795
Amortization	2,881	3,830
	\$ 1,933,990	\$ 1,884,631

MULTIPLY NETWORK - CANADIAN SECTION**Schedule of Worldwide Administration Expenses****(Schedule 2)****(Stated in Canadian Dollars)****Year Ended May 31, 2024**

	2024	2023
Salaries, wages and benefits	\$ 400,697	\$ 483,020
Professional fees	109,219	75,513
Occupancy costs	81,641	61,144
Office supplies and expenses	69,624	81,701
Travel	48,387	39,896
Interest and bank charges	13,348	14,067
Amortization	5,080	3,887
Licenses, memberships and dues	3,032	3,565
(Gain) loss on foreign exchange	(2,837)	(1,054)
	\$ 728,191	\$ 761,739