

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Consolidated Financial Statements
With Independent Auditor's Report

December 31, 2025 and 2024



MENNONITE BRETHREN FOUNDATION AND AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mennonite Brethren Foundation and Affiliate
Hillsboro, Kansas

Opinion

We have audited the accompanying consolidated financial statements of Mennonite Brethren Foundation and Affiliate (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mennonite Brethren Foundation and Affiliate as of December 31, 2025 and 2024, and the changes in its consolidated net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Mennonite Brethren Foundation and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mennonite Brethren Foundation and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors
Mennonite Brethren Foundation and Affiliate
Hillsboro, Kansas

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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 Mennonite Brethren Foundation and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mennonite Brethren Foundation and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLC

Naperville, Illinois
April 17, 2026

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Consolidated Statements of Financial Position

	December 31,	
	2025	2024
ASSETS:		
Cash and cash equivalents	\$ 3,963,237	\$ 2,442,457
Investments	160,422,290	136,540,515
Interest receivable	1,287,838	811,501
Prepaid expenses and other assets	146,769	482,696
Contribution and estate receivables	10,200,916	2,438,590
Loans receivable	146,355,885	136,892,707
Allowance for credit losses	(2,717,612)	(2,717,612)
Assets held in trust	31,166,972	26,823,324
Investments held for endowment	69,226,068	61,596,556
Property and equipment, net	4,616,081	4,823,827
Total Assets	\$ 424,668,444	\$ 370,134,561
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 207,279	\$ 187,074
Earnings payable	28,639	24,760
Investment certificates	120,568,223	103,479,737
Trust liability	28,981,349	24,779,556
Annuities payable	3,098,493	3,128,843
Held for others	81,107,331	68,162,582
Pension funds held for others	95,479	95,787
Total liabilities	234,086,793	199,858,339
Net assets:		
Net Assets Without Donor Restrictions	119,848,617	111,271,996
Net Assets With Donor Restrictions:		
Restricted by purpose or time	25,909,090	15,744,556
Restricted in perpetuity	44,823,944	43,259,670
	70,733,034	59,004,226
Total net assets	190,581,651	170,276,222
Total Liabilities and Net Assets	\$ 424,668,444	\$ 370,134,561

See notes to consolidated financial statements

Mennonite Brethren Foundation and Affiliate

Consolidated Statements of Activities

Years Ended December 31,

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Interest on loans receivable	\$ 9,227,479	\$ -	\$ 9,227,479	\$ 8,866,222	\$ -	\$ 8,866,222
Contributions	18,272,220	5,630,458	23,902,678	12,896,524	1,589,500	14,486,024
Contributions of nonfinancial assets	1,666,110	4,069	1,670,179	2,012,779	2,133	2,014,912
Fees and other	1,672,228	35,570	1,707,798	1,630,737	34,720	1,665,457
Investment income	11,557,516	5,657,827	17,215,343	7,584,403	5,974,158	13,558,561
Change in value of annuities and trusts	375,324	143,510	518,834	438,979	111,945	550,924
Change in value of deferred gifts	-	83,105	83,105	-	246,538	246,538
Total Support and Revenue	42,770,877	11,554,539	54,325,416	33,429,644	7,958,994	41,388,638
RECLASSIFICATIONS:						
Net assets released from purpose restrictions	2,822,114	(2,822,114)	-	2,888,389	(2,888,389)	-
Transfer per donor stipulation	(2,996,383)	2,996,383	-	3,458	(3,458)	-
Total Reclassifications	(174,269)	174,269	-	2,891,847	(2,891,847)	-
EXPENSES:						
Program services	32,047,214	-	32,047,214	20,325,619	-	20,325,619
Supporting activities:						
Management and general	1,972,773	-	1,972,773	2,032,463	-	2,032,463
Total Expenses	34,019,987	-	34,019,987	22,358,082	-	22,358,082
Change in Net Assets	8,576,621	11,728,808	20,305,429	13,963,409	5,067,147	19,030,556
Net Assets, Beginning of Year	111,271,996	59,004,226	170,276,222	97,308,587	53,937,079	151,245,666
Net Assets, End of Year	<u>\$ 119,848,617</u>	<u>\$ 70,733,034</u>	<u>\$ 190,581,651</u>	<u>\$ 111,271,996</u>	<u>\$ 59,004,226</u>	<u>\$ 170,276,222</u>

See notes to consolidated financial statements

MENNONITE BRETHERN FOUNDATION AND AFFILIATE

Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 20,305,429	\$ 19,030,556
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	207,746	224,940
Net realized and unrealized gain on investments	(11,611,994)	(9,330,826)
Maturities of charitable gift annuities	(10,777)	(38,689)
Maturities of trusts	(54,398)	-
Charitable gift annuity actuarial change	(32,738)	(260,980)
Change in value of charitable trusts	(141,856)	(109,540)
Interest reinvested in investment certificates	4,884,192	4,133,421
Donated real estate	(334,844)	(216,410)
Endowment contributions	(438,204)	(471,504)
Loss on disposal of property and equipment	-	182
Changes in:		
Interest receivable	(476,337)	(219,236)
Prepaid expenses and other assets	335,927	(29,899)
Contribution and estate receivables	(7,762,326)	(2,414,429)
Accounts payable and accrued expenses	20,205	19,947
Earnings payable	3,879	(1,262)
Pension funds held for others	(308)	(98,662)
Net Cash Provided by Operating Activities	4,893,596	10,217,609
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	110,046,885	58,211,903
Purchase of investments	(118,159,849)	(67,119,105)
Loan advances	(34,687,036)	(27,169,169)
Loan principle received	25,223,858	22,032,915
Sale of investments for charitable gift annuities	478,148	438,304
Purchase of property and equipment	-	(44,121)
Net Cash Used by Investing Activities	(17,097,994)	(13,649,273)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of investment certificates	40,266,565	19,682,170
Redemptions of investment certificates	(26,631,224)	(16,166,735)
Face value of new annuity and trust agreements	20,000	1,227,194
Gift portion of new charitable gift annuities and trusts	(6,835)	(634,951)
Payments on charitable gift annuities and trusts	(740,802)	(652,913)
Investment income on assets held in trust	379,270	272,133
Endowment contributions	438,204	471,504
Net Cash Provided by Financing Activities	13,725,178	4,198,402
Net Change in Cash and Cash Equivalents	1,520,780	766,738
Cash and Cash Equivalents, Beginning of Year	2,442,457	1,675,719
Cash and Cash Equivalents, End of Year	\$ 3,963,237	\$ 2,442,457
SUPPLEMENTAL INFORMATION:		
Matured investment certificates reinvested	\$ 45,684,792	\$ 43,610,158
Cash paid for interest	\$ 442,968	\$ 363,351

See notes to consolidated financial statements

MENNONITE BRETHERN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

1. NATURE OF ORGANIZATION:

The consolidated financial statements include the financial statements of Mennonite Brethren Foundation (Foundation) and its affiliate, Mennonite Brethren Loan Fund (Fund), which are related through a common Board of Directors. All material intercompany transactions have been eliminated. The consolidated entity is hereinafter referred to as the Organization.

The Foundation is a service agency whose mission is to encourage and assist individuals, congregations and ministries in the Mennonite Brethren community with Biblical financial stewardship solutions. Services provided include planned giving options, stewardship education and managing endowment funds. The Foundation is engaged by and has power of attorney for The United States Conference of Mennonite Brethren Churches as agent for the purpose of conducting all their stewardship, financial counseling, financial management and trust programs within the boundaries of the United States of America. The Foundation's principal sources of revenue include contributions and investment income.

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Fund has been classified as an organization that is not a private foundation under IRC Section 509(a)(3).

The Fund was established by the Foundation as an affiliated organization. The Fund is a service agency whose primary mission is to serve the financial needs of the Mennonite Brethren conference, churches, institutions and agencies. Activities include loaning funds primarily to Mennonite Brethren organizations, as well as other organizations that share similar values, for the purchase or construction of facilities for operations; offering to qualified workers of the Mennonite Brethren churches loans for the purpose of purchasing or constructing their residences; raising capital from primarily Mennonite Brethren organizations and individuals; and expressing generosity by making grants from earnings to the Foundation. The Fund's primary means of obtaining funds has been through the issuance of investment certificates.

The Fund is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Fund has been classified as an organization that is not a private foundation under IRC Section 509(a)(1).

BASIS OF ACCOUNTING

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASU).

MENNONITE BRETHERN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES:

USE OF ESTIMATES

The preparation of U.S. GAAP consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking accounts and sweep accounts. Other accounts such as money market accounts are considered investments regardless of their original maturity. At December 31, 2025 and 2024, the Organization's cash balances exceeded federally insured limits by \$306 and \$5,579, respectively.

INVESTMENTS

Investments with readily determinable fair values are reported at fair value. Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. The fair values for equity securities, money market funds and mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of certificates of deposit, government bonds, mortgage pools, corporate bonds, and CMO and asset backed securities are based on yields currently available on comparable securities of issuers with similar credit ratings. Real estate and commodity investments are determined based on independent appraisals. Non-publicly traded securities are reported at fair value, determined by management using independent appraisals, discounted future cash flows and sales of similar investments. Discounts for lack of liquidity or marketability are taken into consideration when applicable. Investment in some interest bearing deposits are recorded at cost plus accrued interest. Notes receivable are reported at amortized cost. Interest is calculated and recognized using the simple interest method. Donated stocks, bonds, mutual funds and government securities are recorded at quoted value or appraised fair value (as determined by appraisal) on the date of donation and thereafter carried in accordance with the above policies. Investment income and realized and unrealized gains and losses are included in investment income without donor restrictions unless a donor or law temporarily or permanently restricts their use.

CONTRIBUTION AND ESTATE RECEIVABLES

Conditional promises to give are not recognized in the consolidated financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give (contribution and estate receivables) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. All promises to give are expected to be collected within one year. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted until they have been collected.

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Loans receivable consist of loans primarily to Mennonite Brethren organizations and qualified church workers, as well as other organizations that share similar values, primarily secured by real estate mortgages, although the Fund does make some unsecured loans and some loans that are secured by other forms of collateral. Most of the loans are originally set up for a term of five to fifteen years for organization loans, and thirty years for home loans. Loans are reported at their outstanding principal balances net of loan participation interests sold, less the related allowance for credit losses. Interest income on loans is accrued and credited to income based on the principal amount outstanding.

Allowance for credit losses

The Fund recognizes an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the consolidated statements of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset (contractual term) which includes consideration of prepayments.

Assets are written off when the Fund determines that such financial assets are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the consolidated statements of financial position date.

The Fund utilizes a loss rate approach in determining its lifetime expected credit losses on its loans. This method is used for calculating an estimate of losses based primarily on the Fund's historical loss experience. In determining its loss rates, the Fund evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that it can reasonably forecast. For the period of time beyond which it can reasonably forecast it applies immediate reversion based on the facts and circumstances as of the reporting date. The Fund concludes that it can reasonably support a forecast period of all loan segments for two years after the consolidated statements of financial position date. The Fund classifies loans based on the following portfolio segments: loans to Mennonite Brethren (MB) churches and organizations, loans to non-MB churches and organizations, and loans to qualified church workers. In situations where a loan does not share the same risk characteristics with other loans, the Fund measures those loans individually.

Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider the following: borrower's creditworthiness, changes in lending policy and procedures, changes in nature and volume of the loan portfolio and in the terms of loans, changes in experience, ability and depth of lending management and staff, changes in the quality of the loan review system, changes in the loan-to-value ratios, existence and effect of any concentration of credit and changes in the level of such concentrations, effect of other external forces such as natural disasters, pastoral vacancies, and other external factors like regulatory, legal and technological environments, and competition, and the current and forecasted direction of the economic and business environment. Such forecasted information includes: GDP growth, unemployment rates, and church giving trends.

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES, continued

The Fund also has off-balance sheet financial instruments, which include church standby letters of credit and construction loans. The Fund minimizes these risks through underwriting guidelines and prudent risk management techniques. The Fund estimates a liability for loan commitments that are not unconditionally cancellable by the Fund based on the likelihood of funding and an estimate of credit losses over the life after funding. Credit loss methodology is based on a loss rate approach that starts with the probability of funding based on historical experience and adjusted for current conditions and further adjusted for the period of time that can be reasonably forecast. For the period of time beyond which the Fund can reasonably forecast, it applies immediate reversion based on the facts and circumstances as of the reporting date. The Fund has concluded that it can reasonably support a forecast period for two years after the consolidated statements of financial position date. As of December 31, 2025 and 2024, the Fund recorded a liability of off-balance sheet unfunded commitments totaling approximately \$346,000 and \$378,000, respectively. Due to immateriality, this amount has been combined with the allowance for credit losses in the consolidated statements of financial position.

Credit quality indicators

The Fund categorizes its loans as performing or nonperforming. Status for performing and nonperforming loans is based on payment activity for the year. Payment activity is reviewed by management on a monthly basis to determine how loans are performing. Loans are considered to be nonperforming when days delinquent is greater than 60 days in the previous month. The Fund evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics and performance status change.

The Fund elects to present the accrued interest receivable balance separately in the consolidated statements of financial position from the amortized cost of the loans receivable. The Fund elected not to measure an allowance for credit losses for accrued interest receivable. For all classes of loans receivable, the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due and management believes, after considering economic and business conditions and collection efforts, that the principal or interest will not be collectible within the stated term of the loan. All accrued interest is reversed against interest income when a loan is placed on nonaccrual status. Interest received on nonaccrual loans generally is either applied against principal, or reported as interest income, according to management's judgment as to the collectability of principal. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, there is a sustained period of repayment performance, and future payments are reasonably assured. The Fund did not write off any loan accrued interest receivables during the years ended December 31, 2025 and 2024. Due to the nature of the relationship with its borrowers, the Fund is willing to make accommodations with borrowers whose payments are not current, so long as such accommodations do not jeopardize the interests of the Fund's investors.

The Fund may sell participation interests in its loans to third parties from time to time. When the Fund does so, it continues to service the loans and remit a portion of each loan payment it receives from the borrowers to the buyers of the participation interest. The participations are non-recourse, which means that the Fund will have no obligation to repurchase the portion of the loan it sold, and the purchaser will assume the risk of loss on that portion of the loan. Accordingly, the portions of the loans it sells are not included in the outstanding loans receivable.

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES, continued

The Fund may also purchase participation interests in individual loans from third party lenders. Under these loan participation agreements, the third-party lenders maintain all records, collect all payments and remit monthly the appropriate pro rata share of both interest and principal collected on the loans. All loan participations are purchased without recourse and are secured by real property.

PROPERTY AND EQUIPMENT

Property and equipment purchases in excess of \$5,000 are capitalized at cost, or if donated, at the fair market value on the date of the gift. The carrying values of land, buildings, software, and furniture, fixtures and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of impairment during the years ended December 31, 2025 or 2024. Repairs and maintenance are expensed at incurred. Depreciation is calculated using the straight line method over estimated useful lives of the assets as follows:

Land	Not depreciated
Building	40 years
Software	3 years
Furniture, fixtures and equipment	5-20 years

Property and equipment consist of the following:

	December 31,	
	2025	2024
Land	\$ 147,778	\$ 147,778
Building	4,782,913	4,782,913
Software	30,373	30,373
Furniture, fixtures and equipment	611,263	623,633
	<u>5,572,327</u>	<u>5,584,697</u>
Less accumulated depreciation	<u>(956,246)</u>	<u>(760,870)</u>
	<u>\$ 4,616,081</u>	<u>\$ 4,823,827</u>

ASSETS HELD IN TRUST

Assets held in trust consist of charitable remainder trusts with revocable and irrevocable beneficiary interests. Assets held in trust are valued the same as investments. Gains and losses (including realized and unrealized) from all of these assets are reported as a component of change in value of charitable trusts or as a component of trust liability if the trustor has the ability to change the remainderman until the point the trust matures.

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNDS HELD FOR OTHERS

Funds held for others consist of those assets held on behalf of other organizations. These assets are valued the same as investments and comingled with other Organization assets. All activity related to these assets is recorded directly to assets and a corresponding liability account as they are accounted for as agency funds.

PENSION FUNDS HELD FOR OTHERS

Pension funds held for others represent funds held by the Foundation for Multiply (a separate entity). The Organization holds these funds for Multiply for purposes of making pension disbursements on its behalf. A corresponding amount is included in assets which offsets this liability (accounted for as agency funds).

INVESTMENT CERTIFICATES

Investment certificates consist of interest-bearing demand accounts and certificates on terms described in the Fund's Offering Circular and are not insured by FDIC or any other federal or state agency or private organization. Interest on demand accounts is paid either periodically or accumulates and is accrued at a variable interest rate. In addition, demand accounts are generally payable upon 30 days written notice subject to availability of funds. A substantial portion of the investment certificates issued by the Fund are demand instruments or will be maturing within the next two years. The Fund would not have sufficient liquid assets to satisfy repayment of this amount if all of these investors were to request an immediate withdrawal. However, management anticipates, similar to past history, that a substantial portion of these certificates will be reinvested or rolled over into new certificates with the Fund. The Fund offers and sells its certificates to investors in certain states, pursuant to applicable state securities registrations, or exemptions therefrom. In the states which require registration of the certificates, such registrations are generally granted on an annual basis and consider such factors as the Fund's financial condition, continued compliance with state securities laws, and any specific terms and conditions of such registration approval. The Fund cannot be assured of receiving future approvals of the registration of its certificates in those states which require registration, and a lapsed registration approval could negatively impact the Fund's operations.

ANNUITIES PAYABLE

Gift annuities are recognized as income at the date of the gift, net of actuarial liability, which is the present value of the annuity payments based on the life expectancy of the donor and a discount rate of 6 percent. Annually, an adjustment is made to income and the actuarial liability to record the actuarial gain or loss due to recomputation of the liability based upon the revised life expectancy. Additional income is recognized upon termination of the annuity contract. Amounts received from annuity contracts are invested with other pooled investments which include money market accounts and loans receivable. Total annuity funds invested are \$9,142,745 and \$8,789,282 at December 31, 2025 and 2024, respectively, including \$2,493,787 and \$2,567,915, respectively, held in trust for California annuitants.

MENNONITE BRETHERN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

TRUST LIABILITY

Trust liability includes irrevocable charitable remainder unitrusts and represents the present value of future cash flows to income beneficiaries and the portion of trusts due other remaindermen. The present value of future cash flows to income beneficiaries is computed using published mortality rate tables adopted by the IRS at an assumed rate of return based on the current applicable federal rate to determine the present value of the actuarially determined liability. The resulting actuarial gain or loss is recorded as a component of the change in value for agreements where the Foundation has an irrevocable interest. If the Foundation does not have an irrevocable interest, the resulting actuarial gain or loss is recorded directly to the due other remaindermen liability which is included in the trust liability on the consolidated statements of financial position. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to the Foundation.

CLASSES OF NET ASSETS

Information regarding financial position and activities is reported in two classes of net assets based on the existence of, or absence of, donor-imposed restrictions. Net assets are classified as follows:

Net assets without donor restrictions are those currently available for Organization purposes under the direction of the Board, those designated by the Board for specific use and those resources invested in property and equipment.

Net assets with donor restrictions are those contributed with donor stipulations for specific operating purposes or programs, those with time restrictions, undistributed endowment investment income, or those not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interests have ceased. These also include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for use with or without donor restrictions.

SUPPORT, REVENUE, EXPENSES AND DISTRIBUTIONS

Contributions to gift agreements, including donor advised funds, are reported as income when made, which may be when cash is received, unconditional promises are made or ownership of donated assets is transferred. Fees and other income includes management fees, rent and other miscellaneous income and is recognized as the performance obligation is met. Noncash gifts are recorded at their estimated fair market value at the date of donation. Investment income is recognized when earned. The Organization reports gifts of cash and other assets as support with donor restriction if they are received with donor stipulations that limit the use of the donated amount. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

MENNONITE BRETHERN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, EXPENSES AND DISTRIBUTIONS, continued

Grants to qualified organizations in accordance with various gift agreements are recognized when the grants are approved by the Foundation or upon maturity of the agreement at the donor's death. Earnings payable represent endowment distributions and trust payments owed but unpaid at year end. Operating expenses are recognized when incurred in accordance with the accrual basis of accounting and include certain costs associated with administration of gift agreements. The costs of providing various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. No joint costs were incurred for the years ended December 31, 2025 and 2024. Advertising costs are expensed as incurred and totaled \$79,520 and \$71,587 for the years ended December 31, 2025 and 2024, respectively.

CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the years ended December 31, contributions of nonfinancial assets recognized within the consolidated statements of activities included:

	December 31,	
	2025	2024
Agricultural and other commodities	\$ 1,241,835	\$ 1,713,502
Real estate	334,844	216,410
Personal property and other	93,500	85,000
	<u>\$ 1,670,179</u>	<u>\$ 2,014,912</u>

The Organization recognized contributions of nonfinancial assets within revenue, which included agricultural commodities, real estate, and personal property. These contributions did not have any donor-imposed restrictions.

It is the Organization's policy to sell all contributed commodities and personal property immediately upon receipt, which are valued according to the actual cash proceeds received upon disposition. The values of real estate and significant personal property that cannot be sold immediately upon receipt are determined by an appraisal.

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

3. INVESTMENTS:

Investments consist of the following:

	December 31,	
	2025	2024
At fair value:		
Money market funds	\$ 12,964,176	\$ 12,636,110
Certificates of deposit	4,117,868	3,793,421
U.S. government securities	13,872,727	10,585,436
Corporate bonds	25,510,503	19,198,220
Equities	121,606,544	107,305,778
Mutual funds	43,713,273	37,935,673
Mortgage pools	13,065,320	12,197,792
CMO and asset backed securities	1,074,252	660,175
Non-publicly traded securities	-	258,500
Real estate	3,324,091	3,606,879
Commodities	72,678	46,710
	239,321,432	208,224,694
At Cost:		
Personal property	28,023	-
Denominational loan fund certificates	14,555,816	9,831,141
	14,583,839	9,831,141
At contract value:		
Cash value life insurance	351,561	374,578
At net asset value:		
Alternative investments	3,017,132	-
At other than fair value:		
Loans receivable	3,541,366	6,529,982
	260,815,330	224,960,395
Less:		
Investments held for endowment	(69,226,068)	(61,596,556)
Assets held in trust	(31,166,972)	(26,823,324)
	\$160,422,290	\$136,540,515

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

3. INVESTMENTS, continued:

Investment income consists of the following for the years ended:

	December 31,	
	2025	2024
Interest and dividend income	\$ 6,443,407	\$ 4,972,270
Net realized and unrealized (losses) gains	11,611,994	9,330,826
Investment management and custodial fees	(840,058)	(744,535)
	\$ 17,215,343	\$ 13,558,561

4. LOANS RECEIVABLE, NET:

A summary of loans receivable classified by interest rates is as follows:

	December 31,	
	2025	2024
4 1/2% or less	\$ 6,517,009	\$ 8,467,586
over 4 1/2 to 5 1/2%	1,594,469	792,785
over 5 1/2 to 6 1/2%	48,847,575	41,986,691
over 6 1/2 to 7 1/2%	85,640,089	84,417,949
over 7 1/2 to 8 1/2%	2,081,820	1,227,696
over 8 1/2%	1,674,923	-
	146,355,885	136,892,707
Allowance for credit losses	(2,717,612)	(2,717,612)
	\$143,638,273	\$134,175,095

A summary of loans receivable classified by loan portfolio segment is as follows:

	December 31,	
	2025	2024
MB organizations	\$ 58,851,948	\$ 46,396,379
Non-MB organizations	76,358,927	80,776,036
Qualified church workers	11,145,010	9,720,292
	146,355,885	136,892,707
Allowance for credit losses	(2,717,612)	(2,717,612)
	\$143,638,273	\$134,175,095

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

4. LOANS RECEIVABLE, NET, continued:

The following summarizes the activity related to the allowance for credit losses for the years ended December 31, 2025 and 2024:

	MB Organizations	Non-MB Organizations	Qualified Church Workers	Total
Balance, December 31, 2023:	\$ 963,460	\$ 1,690,852	\$ 63,300	\$ 2,717,612
Transfers	143,085	(158,712)	15,627	-
Charge-offs	-	-	-	-
Recoveries	-	-	-	-
Provision for credit losses	-	-	-	-
	1,106,545	1,532,140	78,927	2,717,612
Balance, December 31, 2024:	1,106,545	1,532,140	78,927	2,717,612
Transfers	153,363	(172,463)	19,100	-
Charge-offs	-	-	-	-
Recoveries	-	-	-	-
Provision for credit losses	-	-	-	-
	1,259,908	1,359,677	98,027	2,717,612
Balance, December 31, 2025:	\$ 1,259,908	\$ 1,359,677	\$ 98,027	\$ 2,717,612

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Notes to Consolidated Financial Statements

December 31, 2025 and 2024

4. LOANS RECEIVABLE, NET, continued:

Loans are considered to be nonperforming when days past due are greater than 60 days in the previous month. The following table presents loans by credit quality indicator for the year ended December 31, 2025:

	MB Organizations	Non-MB Organizations	Qualified Church Workers	Total
Performing	\$ 57,177,025	\$ 76,358,927	\$ 11,145,010	\$ 144,680,962
Nonperforming	1,674,923	-	-	1,674,923
	<u>\$ 58,851,948</u>	<u>\$ 76,358,927</u>	<u>\$ 11,145,010</u>	<u>\$ 146,355,885</u>

The following table presents loans by credit quality indicator for the year ended December 31, 2024:

	MB Organizations	Non-MB Organizations	Qualified Church Workers	Total
Performing	\$ 46,396,379	\$ 80,776,036	\$ 9,720,292	\$ 136,892,707
Nonperforming	-	-	-	-
	<u>\$ 46,396,379</u>	<u>\$ 80,776,036</u>	<u>\$ 9,720,292</u>	<u>\$ 136,892,707</u>

Past due status is based on contractual terms of the loan. A loan is considered to be past due when a scheduled payment has not been received 30 days after the contractual due date. Loans are classified as delinquent when payments are 90 days overdue.

An aging analysis of the principal of past due loans receivable by portfolio segment as of December 31, 2025, is as follows:

	MB Organizations	Non-MB Organizations	Qualified Church Workers	Total
Past due:				
30 days past due	\$ 1,466,018	\$ 501,927	\$ 639,025	\$ 2,606,970
Greater than 90 days	1,674,923	-	-	1,674,923
Total past due	<u>3,140,941</u>	<u>501,927</u>	<u>639,025</u>	<u>4,281,893</u>
Current	55,711,007	75,857,000	10,505,985	142,073,992
	<u>\$ 58,851,948</u>	<u>\$ 76,358,927</u>	<u>\$ 11,145,010</u>	<u>\$ 146,355,885</u>

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

4. LOANS RECEIVABLE, NET, continued:

An aging analysis of the principal of past due loans receivable by portfolio segment as of December 31, 2024, is as follows:

	<u>MB Organizations</u>	<u>Non-MB Organizations</u>	<u>Qualified Church Workers</u>	<u>Total</u>
Past due:				
Greater than 90 days	\$ -	\$ -	\$ -	\$ -
Current	<u>46,396,379</u>	<u>80,776,036</u>	<u>9,720,292</u>	<u>136,892,707</u>
	<u>\$ 46,396,379</u>	<u>\$ 80,776,036</u>	<u>\$ 9,720,292</u>	<u>\$ 136,892,707</u>

Loans receivable at December 31, 2024, will mature as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 20,385,007
2027	28,107,454
2028	11,130,626
2029	13,116,735
2030	8,401,087
Thereafter	<u>65,214,976</u>
	<u>\$ 146,355,885</u>

As of December 31, 2025, the Fund had no unsecured loan and five loans totaling \$5,000,671 secured by other assets. The loans receivable earn interest at fixed or variable rates which ranged from 2.53 percent to 11.50 percent at December 31, 2025.

MENNONITE BRETHERN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

4. LOANS RECEIVABLE, NET, continued:

The Fund had 181 loans at December 31, 2025. Although the Fund has no geographic restrictions within the United States on where loans are made, aggregate loans in excess of five percent of total balances at December 31, 2025, were located in the following states:

State	Number of Loans	Principal Outstanding	Percent of Loan Portfolio
California	62	\$ 63,662,841	43%
Kansas	22	14,523,499	10%
Washington	12	13,145,957	9%
Utah	9	12,433,824	8%
Oregon	13	9,388,439	6%
	118	\$113,154,560	76%

At December 31, 2025, the Fund had 138 borrowers with balances as follows:

Loan Balance	Number of Borrowers	Principal Outstanding	Percent of Loan Portfolio
\$0 - \$500,000	78	\$ 16,906,299	12%
\$ 500,001 - \$1,000,000	22	14,889,337	10%
\$1,000,001 - \$1,500,000	13	15,616,241	11%
\$1,500,001 - \$2,000,000	9	16,737,163	11%
\$2,000,001 - \$2,500,000	6	13,787,027	9%
\$2,500,001 - \$3,000,000	3	8,661,336	6%
Over \$3,000,000	7	59,758,482	41%
	138	\$146,355,885	100%

Although the Fund has a diverse portfolio of loans primarily to Mennonite Brethren churches, organizations and qualified individuals, as well as other organizations that share similar values, concentrations of credit risk exist with respect to individually significant borrowers, which are defined as those exceeding five percent of the total loan portfolio. At December 31, 2025, there were five individually significant borrowers whose balances totaled \$52,643,582.

Collateral dependent loans in the MB Organizations loan segment, as of December 31, 2025, totaled \$1,674,923, and had a recorded allowance for credit loss of \$324,135.

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

5. ASSETS HELD IN TRUST:

The Organization administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Organization's use. The portion of the trust attributable to the future interest of the Organization is recorded in the consolidated statements of activities as contributions with donor restrictions in the period the trust is established. Assets held in the charitable remainder trusts are recorded at fair value in the Organization's consolidated statements of financial position. On an annual basis, the Organization revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a stated contract rate and applicable mortality tables.

The assets of the remainder trust funds are invested in the following:

	December 31,	
	2025	2024
Money market funds	\$ 1,080,276	\$ 530,737
Equities, equity and bond funds	29,753,947	25,641,177
Real estate	279,000	590,000
Corporate notes	27,528	26,830
Loans receivable	26,221	34,580
	\$ 31,166,972	\$ 26,823,324

The above amounts are included as assets of the Foundation.

Liabilities and net assets held in trust consist of:

	December 31,	
	2025	2024
Irrevocable charitable beneficiary - payment liability	\$ 1,124,230	\$ 1,203,868
Revocable charitable beneficiary (liability equals assets)	27,857,119	23,575,688
	28,981,349	24,779,556
Net assets with donor restrictions for irrevocable charitable remainder trusts	2,185,623	2,043,768
	\$ 31,166,972	\$ 26,823,324

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

6. CHANGE IN VALUE OF CHARITABLE GIFT ANNUITIES AND TRUSTS:

	December 31,	
	<u>2025</u>	<u>2024</u>
Change in Value of Charitable Gift Annuities:		
Interest and dividends	\$ 250,657	\$ 231,839
Net realized and unrealized gains	696,621	539,864
Actuarial change	32,738	260,980
Maturities	10,777	38,689
Transfer to endowment upon maturity of annuity	-	(29,297)
Payments and distributions (including miscellaneous expenses)	<u>(613,815)</u>	<u>(600,691)</u>
	<u>376,978</u>	<u>441,384</u>
Change in Value of Charitable Trusts (Irrevocable Beneficiary):		
Interest and dividends	83,109	83,566
Net realized and unrealized gains	296,161	188,567
Maturities	54,398	-
Actuarial change	25,239	52,016
Payments and distributions (including miscellaneous expenses)	<u>(317,051)</u>	<u>(214,609)</u>
	<u>141,856</u>	<u>109,540</u>
Total change in value of annuities and trusts	<u>\$ 518,834</u>	<u>\$ 550,924</u>

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

7. INVESTMENT CERTIFICATES:

The Fund issues certificates, which are the Fund's unsecured debt securities, to Mennonite Brethren churches, organizations and individuals that invest in the Fund. Certificates are redeemable at end of terms ranging from one to five years or on demand and earn interest at variable rates (from 2.50% to 5.25% at December 31, 2025). The Fund was indebted on investment certificates as summarized below:

	December 31,	
	2025	2024
Demand:		
Advantage	\$ 19,088,466	\$ 17,363,489
Demand	10,217,369	10,058,951
	29,305,835	27,422,440
Term:		
10 month	13,128,161	-
One year	20,832,734	20,826,033
15 month	-	4,872,063
Two year	5,332,429	4,678,358
Three year	7,444,627	5,251,428
Four year	1,162,565	708,170
Five year	43,361,872	39,721,245
	91,262,388	76,057,297
	\$ 120,568,223	\$ 103,479,737

Amounts are presented in the schedule below based on the year in which the investment certificates are scheduled to mature. Notwithstanding the foregoing, the Fund will pay any redemption of an investor's demand certificate within 30 days after receiving the request, although the Fund generally can honor requests much more quickly; term certificates may not be redeemed without the Fund's consent before they mature and any redemptions prior to maturity are subject to substantial penalties.

Year of Maturity	Amount
Demand	\$ 29,305,835
2026	49,726,963
2027	14,257,259
2028	10,100,754
2029	8,920,085
2030	8,257,327
	\$ 120,568,223

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

7. INVESTMENT CERTIFICATES, continued:

At December 31, 2025, the Fund had a total of 299 investors with aggregate investment certificate balances of \$100,000 or more as follows:

Certificate Balances	Number of Investor Households	Aggregate Balances	Percent of Certificate Balances Outstanding
\$100,000 - \$200,000	146	\$ 19,918,117	17%
\$200,001 - \$300,000	57	14,081,962	12%
\$300,001 - \$500,000	48	18,345,266	15%
Greater than \$500,000	45	48,690,788	40%
Related parties (Note 11)	3	1,000,797	1%
	299	\$ 102,036,930	85%

At December 31, 2025, the Fund had 2,098 certificates, with the primary concentrations by state as follows:

State	Number of Certificates	Aggregate Investment Certificate Balances	Percent of Certificate Balances Outstanding
Kansas	958	\$ 39,944,709	33%
California	526	36,764,941	30%
Oklahoma	232	13,927,131	12%
South Dakota	137	8,631,858	7%
	1,853	\$ 99,268,639	82%

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

8. NET ASSETS:

Net assets consist of:

	December, 31	
	2025	2024
Net Assets without donor restrictions:		
Undesignated	\$ 99,200,870	\$ 92,557,414
Capital adequacy reserve	10,281,274	9,151,741
Board designated endowment	7,516,909	6,943,777
Board designated reserve	2,849,564	2,619,064
Total net assets without donor restrictions	119,848,617	111,271,996
Net assets with donor restrictions:		
Subject to expenditure for specified purposes:		
Scholarships and grants	1,034,862	859,998
Subject to the passage of time:		
Unitrust-restricted beneficiaries	2,185,623	2,043,768
Contribution and estate receivables	4,272,916	-
Life estates	1,530,474	1,447,681
	7,989,013	3,491,449
Subject to Foundation's spending policy and appropriations:		
Accumulated gains	11,768,836	8,511,023
Term endowments	5,116,379	2,882,086
Endowment funds restricted in perpetuity	44,796,869	43,234,562
	61,682,084	54,627,671
Subject to restriction in perpetuity:		
Annuity funds-restricted for endowment	27,075	25,108
Total net assets with donor restrictions	70,733,034	59,004,226
Total net assets	\$ 190,581,651	\$ 170,276,222

The Foundation's governing board through specific action has created self-imposed limits on net assets without donor restrictions. The board has set aside \$10,366,473 and \$9,562,841 for the following purposes as of December 31, 2025 and 2024, respectively. These net assets can be drawn upon if the board approves such action.

	December 31,	
	2025	2024
For investment as a board-designated endowment	\$ 7,516,909	\$ 6,943,777
Operating reserves	2,706,640	2,583,140
For special projects	142,924	35,924
	\$ 10,366,473	\$ 9,562,841

MENNONITE BRETHERN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

9. CONCENTRATION OF CREDIT RISK:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, cash equivalents, marketable securities and loans receivable. From time to time, cash deposits are in excess of FDIC insured limits; while management is mindful of the FDIC limits, they realize that cash balances generated in the ordinary course of business will generally exceed FDIC insured limits. The Organization has not experienced any losses on these accounts. At December 31, 2025, approximately \$230.6 million of the Organization's investment portfolio was held by the investment management firm of Charles Schwab & Co., Inc., member SIPC. The Organization has not experienced any losses on these accounts and does not believe it is exposed to any significant risk of loss related to these.

Concentrations of credit risk with respect to loans receivable are limited to a certain extent by the secured position of the Fund in most instruments, the number of organizations comprising the Fund's loans receivable base and their dispersion across geographic areas, and the Fund's policy of limiting the maximum loan amount to any one borrower. As described in Note 2, the Fund's policy is to make loans primarily to Mennonite Brethren churches, organizations and qualified individuals, as well as other organizations that share similar values. At December 31, 2025, approximately 40% of the loans were to qualified organizations, 8% were to qualified church workers and 52% were to other organizations. Loans made by the Fund are typically secured by first mortgages and are normally limited to 75% of the aggregate cost or value of the property securing the loan. As described in Note 4, the Fund also had \$5,000,671 in unsecured loans, loans secured by third party guarantees or other sources. While the Fund may be exposed to credit losses in the event of nonperformance by the above contracting parties, management has established an allowance for potential credit losses, which it believes is adequate to cover any such losses.

A substantial portion of the investment certificates issued by the Fund are demand instruments or will be maturing within the next two years. In addition, all demand investment certificates are payable upon 30 days written notice subject to availability of funds. The Fund has insufficient liquid assets to satisfy repayment of this amount. Management anticipates, similar to past history, that a substantial portion of these certificates will be reinvested or rolled over into new certificates with the Fund.

10. RETIREMENT PLAN:

The Organization contributes 6% of annual compensation for all eligible employees working 20 hours or more a week to a 403(b) plan sponsored by the Foundation. Employer contributions totaled \$96,054 and \$96,681 during 2025 and 2024, respectively.

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

11. RELATED PARTY TRANSACTIONS:

Some of the Fund's board members also serve on the board of the U.S. Conference of Mennonite Brethren Churches (U.S. Conference), boards of the district conferences and boards of Mennonite Brethren educational institutions. From time to time the Fund may have loans or certificates outstanding with the U.S. Conference, district conferences, or Mennonite Brethren educational institutions.

The Fund offers a Home Loan program in which loans are available for the purchase or construction of primary residences in the United States for qualified church, district and conference employees. In addition, it is available to the Fund's staff as a benefit of employment. Board members, who are otherwise eligible, may participate in the Home Loan program. At December 31, 2025, the Fund had four loans with an outstanding combined balance of \$591,113, with a weighted average interest rate of 3.85%, with four officers. As of that same date, the Fund had two loans outstanding to two employees with an outstanding combined balance of \$108,927, with an interest rate of 3.93%. At December 31, 2025, the Fund had seven certificates totaling \$665,932, with an average interest rate of 3.55%, to a Mennonite Brethren Conference who has a board member also on the Fund's board. The fund also has 10 certificates totaling \$348,891, with an average interest rate of 2.91%, to churches who have board members on the Fund's board or officers of the Fund. At December 31, 2025, the Fund also had a line of credit loan commitment to a Mennonite Brethren Conference for a total of \$200,000, with an interest rate of 7.0%, of which \$200,000 is unfunded.

At December 31, 2024, the Fund had four loans with an outstanding combined balance of \$581,223, with a weighted average interest rate of 2.71%, with four officers. As of that same date, the Fund had three loans outstanding to three employees with an outstanding combined balance of \$178,248, with an interest rate of 4.19%. At December 31, 2024, the Fund had seven certificates totaling \$671,016, with an average interest rate of 4.43%, to a Mennonite Brethren Conference who has a board member also on the Fund's board. The fund also has 13 certificates totaling \$472,461, with an average interest rate of 4.00%, to churches who have board members on the Fund's board or officers of the Fund and six certificates totaling \$148,473, with an average interest rate of 4.30%, to a ministry who has a board member that is also an officer of the Fund. At December 31, 2024, the Fund also had a line of credit loan commitment to a Mennonite Brethren Conference for a total of \$200,000, with an interest rate of 7.0%, of which \$200,000 is unfunded.

During 2025 and 2024, the Foundation also made a grant totaling \$225,000 and \$309,101, respectively, to the U.S. Conference.

MENNONITE BRETHERN FOUNDATION AND AFFILIATE

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12. LOAN COMMITMENTS:

In the normal course of business, the Fund makes commitments to extend loans to meet the financing needs primarily of Mennonite Brethren churches, organizations and qualified individuals, as well as other organizations that share similar values. At December 31, 2025, the Fund had outstanding commitments of approximately \$17,950,000 to fund construction in progress, undrawn lines of credit and real estate mortgages.

Outstanding commitments are letters that outline the terms and conditions of the mortgage to be granted. The total commitment amount does not necessarily represent future cash requirements since construction costs may not total the amount the Fund agreed to lend or the commitments may expire without being fully drawn upon. The Fund's exposure to credit loss, in the event of nonperformance by the churches to which it has extended commitments, is limited to the amount of the commitment. The Fund controls the credit risk of its commitments through credit approvals, limits and monitoring procedures.

13. ENDOWMENT FUNDS:

The Foundation's endowment consists of 196 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets restricted by purpose or time until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

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Notes to Consolidated Financial Statements

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13. ENDOWMENT FUNDS, continued:

Endowment net asset composition by type of fund as of December 31, 2025:

	With donor restrictions				Total funds
	Without donor restrictions	Original gift amount	Accumulated gains (losses) and other	Total with donor restrictions	
Donor-restricted funds	\$ -	\$ 44,823,944	\$ 16,885,215	\$ 61,709,159	\$ 61,709,159
Board-designated funds	7,516,909	-	-	-	7,516,909
 Total funds	<u>\$ 7,516,909</u>	<u>\$ 44,823,944</u>	<u>\$ 16,885,215</u>	<u>\$ 61,709,159</u>	<u>\$ 69,226,068</u>

Changes in endowment net assets for year ended December 31, 2025:

	With donor restrictions				Total funds
	Without donor restrictions	Original gift amount	Accumulated gains (losses) and other	Total with donor restrictions	
Endowment net assets, beginning of year	<u>\$ 6,943,777</u>	<u>\$ 43,259,670</u>	<u>\$ 11,393,109</u>	<u>\$ 54,652,779</u>	<u>\$ 61,596,556</u>
Investment return, net	756,876	143,829	5,764,385	5,908,214	6,665,090
Contributions	-	438,204	-	438,204	438,204
Change in value of annuities	-	1,967	-	1,967	1,967
Rental Income	-	-	35,570	35,570	35,570
Amount appropriated for expenditures	(202,556)	-	(2,182,323)	(2,182,323)	(2,384,879)
Transfers	18,812	980,274	1,874,474	2,854,748	2,873,560
	<u>573,132</u>	<u>1,564,274</u>	<u>5,492,106</u>	<u>7,056,380</u>	<u>7,629,512</u>
 Endowment net assets, end of year	<u>\$ 7,516,909</u>	<u>\$ 44,823,944</u>	<u>\$ 16,885,215</u>	<u>\$ 61,709,159</u>	<u>\$ 69,226,068</u>

MENNONITE BRETHERN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

13. ENDOWMENT FUNDS, continued:

Endowment net asset composition by type of fund as of December 31, 2024:

	With donor restrictions				Total funds
	Without donor restrictions	Original gift amount	Accumulated gains (losses) and other	Total with donor restrictions	
Donor-restricted funds	\$ -	\$ 43,259,670	\$ 11,393,109	\$ 54,652,779	\$ 54,652,779
Board-designated funds	6,943,777	-	-	-	6,943,777
 Total funds	 <u>\$ 6,943,777</u>	 <u>\$ 43,259,670</u>	 <u>\$ 11,393,109</u>	 <u>\$ 54,652,779</u>	 <u>\$ 61,596,556</u>

Changes in endowment net assets for year ended December 31, 2024:

	With donor restrictions				Total funds
	Without donor restrictions	Original gift amount	Accumulated gains (losses) and other	Total with donor restrictions	
Endowment net assets, beginning of year	\$ 6,555,614	\$ 41,978,125	\$ 7,890,644	\$ 49,868,769	\$ 56,424,383
Investment return, net	629,617	379,732	5,433,375	5,813,107	6,442,724
Contributions	-	471,504	-	471,504	471,504
Change in value of annuities	-	1,470	-	1,470	1,470
Rental Income	-	-	34,720	34,720	34,720
Amount appropriated for expenditures	(202,523)	-	(1,837,439)	(1,837,439)	(2,039,962)
Transfers	(38,931)	428,033	(127,385)	300,648	261,717
Reclassification	-	806	(806)	-	-
	<u>388,163</u>	<u>1,281,545</u>	<u>3,502,465</u>	<u>4,784,010</u>	<u>5,172,173</u>
Endowment net assets, end of year	<u>\$ 6,943,777</u>	<u>\$ 43,259,670</u>	<u>\$ 11,393,109</u>	<u>\$ 54,652,779</u>	<u>\$ 61,596,556</u>

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

13. ENDOWMENT FUNDS, continued:

Funds with Deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of December 31, 2025, deficiencies of this nature existed in 2 donor-restricted endowment funds, which had an original gift value of \$315,403, a current fair value of \$313,495, and a deficiency of \$1,908. As of December 31, 2024, deficiencies of this nature existed in 11 donor-restricted endowment funds, which had an original gift value of \$4,080,122, a current fair value of 3,876,785, and a deficiency of \$203,337. These deficiencies resulted from unfavorable market conditions in 2022. The Organization deems it prudent to spend from underwater funds.

Return Objectives and Risk Parameters:

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce an inflation adjusted income stream to grow the corpus above the inflation rate. The Foundation expects its endowment funds, over time, to provide an average rate of return of between 6.5% and 9% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives:

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Related to Spending Policy:

The Foundation has a policy of appropriating for distribution each year 4% of its endowment fund's average fair value over the 3 previous calendar year ends. In establishing this policy, the Foundation considered long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 6% to 8% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment returns.

MENNONITE BRETHERN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

14. FAIR VALUE MEASUREMENTS AND DISCLOSURES:

The Organization uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. The valuations for each of these levels are determined as follows:

Level 1 - Quoted prices for identical instruments traded in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets or model-based valuations where significant assumptions are observable.

Level 3 - Model-based techniques using significant assumptions that are not observable. These unobservable assumptions reflect estimates of assumptions that market participants would use.

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2025:

	Total	Level 1	Level 2	Level 3
Corporate bonds				
AAA	\$ 655,543	\$ -	\$ 655,543	\$ -
AA	1,002,282	-	1,002,282	-
A	7,711,199	-	7,711,199	-
BBB	14,348,458	-	14,348,458	-
BB+ or below/not rated	1,793,021	-	1,793,021	-
	<u>25,510,503</u>	<u>-</u>	<u>25,510,503</u>	<u>-</u>
Mutual funds:				
Equity funds	33,434,086	33,434,086	-	-
Fixed income funds	10,279,187	10,279,187	-	-
	<u>43,713,273</u>	<u>43,713,273</u>	<u>-</u>	<u>-</u>
Equities	121,606,544	121,606,544	-	-
Money market funds	12,964,176	12,964,176	-	-
Certificates of deposit	4,117,868	-	4,117,868	-
U.S. government securities	13,872,727	-	13,872,727	-
Mortgage pools	13,065,320	-	13,065,320	-
CMO and asset backed securities	1,074,252	-	1,074,252	-
Non-publicly traded securities	-	-	-	-
Real estate	3,324,091	-	3,324,091	-
Commodities	72,678	-	72,678	-
	<u>170,097,656</u>	<u>134,570,720</u>	<u>35,526,936</u>	<u>-</u>
	<u>\$239,321,432</u>	<u>\$178,283,993</u>	<u>\$ 61,037,439</u>	<u>\$ -</u>

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

14. FAIR VALUE MEASUREMENTS AND DISCLOSURES, continued:

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2024:

	Total	Level 1	Level 2	Level 3
Corporate bonds				
AAA	\$ 214,795	\$ -	\$ 214,795	\$ -
AA	588,741	-	588,741	-
A	6,141,384	-	6,141,384	-
BBB	12,049,025	-	12,049,025	-
BB+ or below/not rated	204,275	-	204,275	-
	19,198,220	-	19,198,220	-
Mutual funds:				
Equity funds	27,287,345	27,287,345	-	-
Fixed income funds	10,648,328	10,648,328	-	-
	37,935,673	37,935,673	-	-
Equities	107,305,778	107,305,778	-	-
Money market funds	12,636,110	12,636,110	-	-
Certificates of deposit	3,793,421	-	3,793,421	-
U.S. government securities	10,585,436	-	10,585,436	-
Mortgage pools	12,197,792	-	12,197,792	-
CMO and asset backed securities	660,175	-	660,175	-
Non-publicly traded securities	258,500	-	258,500	-
Real estate	3,606,879	-	3,606,879	-
Commodities	46,710	-	46,710	-
	151,090,801	119,941,888	31,148,913	-
	\$208,224,694	\$157,877,561	\$ 50,347,133	\$ -

The Organization uses the net asset value (NAV) to determine the fair value for all investments which (a) do not have a readily determinable fair value and (b) prepare their consolidated financial statements consistent with the measurement principles of an investment company or have attributes of an investment company. The following table lists investments in other investment companies by major category in accordance with the Fair Value Measurements and Disclosure topic of the ASC as of December 31, 2025:

		Redemption Frequency
Alternative investment fund (a)	\$ 2,012,245	Daily, with 1 business day notice
Alternative investment fund (b)	\$ 1,004,887	Monthly, with 5 business days notice
	\$ 3,017,132	

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

14. FAIR VALUE MEASUREMENTS AND DISCLOSURES, continued:

- (a) This fund seeks 100% capital preservation, daily liquidity, and outperformance versus comparable daily liquidity funds, and primarily invests in repurchase agreements secured by US Government Backed securities and repurchase agreements secured by investment grade corporate bonds/securities. There are no unfunded commitments.
- (b) This fund seeks 100% capital preservation, daily liquidity, and outperformance versus comparable daily liquidity funds, and primarily invests in repurchase agreements secured by US Government Backed securities and repurchase agreements secured by investment grade corporate bonds/securities. There are no unfunded commitments.

15. FUNCTIONAL ALLOCATION OF EXPENSES:

The following table presents the functional allocation of expenses for the years ended December 31, 2025 and 2024:

	For the Year Ended December 31, 2025		
	Program Services	General and Administrative	Total
Interest on investment certificates	\$ 7,975,049	\$ -	\$ 7,975,049
Salaries and benefits	1,381,081	1,060,709	2,441,790
Distributions to others	22,049,444	-	22,049,444
Professional fees	46,643	249,541	296,184
Depreciation	46,048	161,698	207,746
Travel	34,247	33,232	67,479
Office expenses and other	514,702	467,593	982,295
Total	\$ 32,047,214	\$ 1,972,773	\$ 34,019,987

	For the Year Ended December 31, 2024		
	Program Services	General and Administrative	Total
Interest on investment certificates	\$ 7,222,601	\$ -	\$ 7,222,601
Salaries and benefits	1,320,329	1,068,112	2,388,441
Distributions to others	11,418,055	-	11,418,055
Professional fees	49,087	251,481	300,568
Depreciation	47,796	177,144	224,940
Travel	24,957	49,498	74,455
Office expenses and other	242,794	486,228	729,022
Total	\$ 20,325,619	\$ 2,032,463	\$ 22,358,082

MENNONITE BRETHERN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

15. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which is allocated on a square footage basis, as well as salaries and benefits, travel, and certain office expenses, which are allocated on the basis of estimates of time and effort.

16. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Organization's financial assets as of December 31, 2025 and 2024, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held for others, assets held in trusts and state required annuity reserves, perpetual and term endowments and accumulated earnings subject to appropriation beyond one year, unfunded portions of line of credit commitments, liquidity reserve limits required for church extension funds, or because the board has set aside funds for specific projects or a long-term investment as board designated endowments. These board designations could be drawn upon if the board approves that action.

	December 31,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 3,963,237	\$ 2,442,457
Investments	160,422,290	136,540,515
Interest and other receivables	1,431,109	1,242,057
Contributions receivable	10,200,916	2,438,590
Loans receivable	146,355,885	136,892,707
Less: allowance for doubtful loans	(2,717,612)	(2,717,612)
Assets held in trust	31,166,972	26,823,324
Investments held for endowment	69,226,068	61,596,556
Financial assets, at year-end	420,048,865	365,258,594
Less those unavailable for general expenditure with one year, due to:		
Loans receivable collectible beyond one year	(125,970,878)	(134,943,462)
Accounts receivable collectible beyond one year	(139,615)	(426,735)
Investments and other financial assets held for others	(81,202,810)	(68,258,369)
Investments held in trusts and state required annuity reserves	(33,660,759)	(29,391,239)
Investments not convertible to cash within next 12 months	(6,291,487)	(9,241,703)
Perpetual and term endowments and accumulated earnings subject to appropriation beyond one year	(61,709,159)	(54,652,779)
Church extension fund required liquidity reserves*	(9,759,942)	(6,208,784)
Donor-imposed purpose restrictions	(1,034,862)	(859,998)
Investments in board designated endowments	(7,516,909)	(6,943,777)
Board designated for special projects	(142,924)	(35,924)
Financial assets available to meet cash needs for general expenditures within one year	\$ 92,619,520	\$ 54,295,824

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

16. LIQUIDITY AND FUNDS AVAILABLE, continued:

* The North American Securities Administrators Association's statement of policy regarding church extension fund securities states that at the end of its most recent fiscal year as reported in its audited financial statements, the church extension fund's cash, cash equivalents, readily marketable securities and available lines of credit shall have a value of at least 8% of the principal balance of its total outstanding certificates, except that the value of available lines of credit for meeting this standard shall not exceed 2% of the principal balance of its total outstanding certificates. Certificates held by the Foundation are excluded from this calculation.

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In December 2022, the Fund entered into a revolving line of credit agreement with a bank, allowing for maximum borrowings of \$5,000,000, of which \$0 was outstanding at December 31, 2024. This line of credit was unsecured and expired in December 2025. In January 2026, the Fund entered into a new revolving line of credit agreement, allowing for maximum borrowings of \$5,000,000. Interest on the line of credit is paid monthly at the prime rate plus 0.125%. This line of credit is unsecured and expires in January 2029. At December 31, 2025 and 2024, the Board had \$2,706,640 and \$2,583,140, respectively, of funds designated for operating reserves that could be drawn upon to meet its general expenditures if the board approved of such action.

17. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 17, 2026, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTAL INFORMATION**

Board of Directors
Mennonite Brethren Foundation and Affiliate
Hillsboro, Kansas

We have audited the consolidated financial statements of Mennonite Brethren Foundation and Affiliate as of and for the years ended December 31, 2025 and 2024, and our report thereon dated April 17, 2026, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLC

Naperville, Illinois
April 17, 2026

MENNONITE BRETHREN FOUNDATION AND AFFILIATE

Consolidating Statement of Financial Position

December 31, 2025

	Mennonite Brethren Foundation	Mennonite Brethren Loan Fund	Eliminations	Total
ASSETS:				
Cash and cash equivalents	\$ 2,567,282	\$ 1,395,955	\$ -	\$ 3,963,237
Investments	169,750,770	54,805,965	(64,134,445)	160,422,290
Interest receivable	-	1,287,838	-	1,287,838
Prepaid expenses and other	11,413	140,572	(5,216)	146,769
Contribution and estate receivable	10,200,916	-	-	10,200,916
Loans receivable	-	146,355,885	-	146,355,885
Allowance for credit losses	-	(2,717,612)	-	(2,717,612)
Assets held in trust	31,166,972	-	-	31,166,972
Investments held for endowment	69,226,068	-	-	69,226,068
Property and equipment, net	259,212	4,356,869	-	4,616,081
Total Assets	\$ 283,182,633	\$ 205,625,472	\$ (64,139,661)	\$ 424,668,444
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable and accrued expenses	\$ 122,648	\$ 89,847	\$ (5,216)	\$ 207,279
Earnings payable	28,639	-	-	28,639
Investment certificates	-	184,702,668	(64,134,445)	120,568,223
Trust liability	28,981,349	-	-	28,981,349
Annuities payable	3,098,493	-	-	3,098,493
Funds held for others	81,107,331	-	-	81,107,331
Pension funds held for others	95,479	-	-	95,479
Total liabilities	113,433,939	184,792,515	(64,139,661)	234,086,793
Net assets:				
Net assets without donor restrictions	99,015,660	20,832,957	-	119,848,617
Net assets with donor restrictions:				
Restricted by purpose or time	25,909,090	-	-	25,909,090
Restricted in perpetuity	44,823,944	-	-	44,823,944
	70,733,034	-	-	70,733,034
Total net assets	169,748,694	20,832,957	-	190,581,651
Total Liabilities and Net Assets	\$ 283,182,633	\$ 205,625,472	\$ (64,139,661)	\$ 424,668,444

See notes to consolidated financial statements

MENNONITE BRETHERN FOUNDATION AND AFFILIATE

Consolidating Statement of Activities

Year Ended December 31, 2025

	Mennonite Brethren Foundation	Mennonite Brethren Loan Fund	Eliminations	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:				
Revenues:				
Interest on loans receivable	\$ -	\$ 9,227,479	\$ -	\$ 9,227,479
Contributions	18,265,385	-	-	18,265,385
Contributions of nonfinancial assets	1,666,110	-	-	1,666,110
Annuity contributions received	6,835	-	-	6,835
Fees and other	1,558,961	113,267	-	1,672,228
Investment income	8,266,955	3,975,024	(684,463)	11,557,516
Change in value of charitable gift annuities	375,324	-	-	375,324
Reimbursements from MB Loan Fund	100,136	-	(100,136)	-
	30,239,706	\$13,315,770.00	(784,599)	42,770,877
Reclassifications:				
Net assets released from purpose restrictions	2,822,114	-	-	2,822,114
Transfer per donor stipulation	(2,996,383)	-	-	(2,996,383)
	30,065,437	13,315,770	(784,599)	42,596,608
Expenses:				
Program	22,941,461	9,848,680	(742,927)	32,047,214
Management and general	1,311,469	702,976	(41,672)	1,972,773
	24,252,930	10,551,656	(784,599)	34,019,987
Change in Unrestricted Net Assets	5,812,507	2,764,114	-	8,576,621
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:				
Restricted by purpose or time:				
Contributions	5,194,352	-	-	5,194,352
Contributions of nonfinancial assets	1,971	-	-	1,971
Fees and other	35,570	-	-	35,570
Investment income	5,513,998	-	-	5,513,998
Change in value of deferred gifts	83,105	-	-	83,105
Change in value of charitable trust agreements	141,856	-	-	141,856
Change in value of charitable gift annuities	(313)	-	-	(313)
Net assets released from restrictions	(2,822,114)	-	-	(2,822,114)
Transfer per donor stipulation	2,016,109	-	-	2,016,109
Change in Net Assets Restricted by Purpose or Time	10,164,534	-	-	10,164,534
Restricted in perpetuity:				
Contributions	436,106	-	-	436,106
Contributions of nonfinancial assets	2,098	-	-	2,098
Investment income	143,829	-	-	143,829
Change in value of charitable gift annuities	1,967	-	-	1,967
Transfer per donor stipulation	980,274	-	-	980,274
Change in Net Assets Restricted in Perpetuity	1,564,274	-	-	1,564,274
Change in Net Assets	17,541,315	2,764,114	-	20,305,429
Net Assets, Beginning of Year:	152,207,379	18,068,843	-	170,276,222
Net Assets, End of Year	\$ 169,748,694	\$ 20,832,957	\$ -	\$ 190,581,651

See notes to consolidated financial statements