



July 17, 2019

**In the Matter of
the Securities Legislation of
Manitoba (the “Jurisdiction”)**

and

**In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions**

and

**In the Matter of
The Canadian Conference of the Mennonite Brethren Church of North America
(“CCMBC”)**

and

CCMBC Legacy Fund Inc. (“LEGACY”)

and

**CCMBC Investments Ltd.
(“INVESTMENTS”, and together with CCMBC and LEGACY the “FILERS”)**

Decision

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the “**Legislation**”) for an exemption from the requirements to prepare financial statements of an acquired business, to be included in an offering memorandum in accordance with Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* (“**Form 45-106F2**”), under Accounting principles and auditing standards requirements (the “**Exemption Sought**”).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the Manitoba Securities Commission is the principal regulator for this application, and
- (b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan and Nova Scotia.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filers:

1. CCMBC is an entity that was established by an Act of Parliament on December 18, 1945. CCMBC was granted charitable status in Canada in 1967.
2. CCMBC offers certain services to persons who attend CCMBC churches in Canada, and to member churches and organizations who are included under the ministry umbrella of CCMBC. One such service is a program whereby CCMBC takes parishioners' (hereinafter referred to as "Investors") money and loans such money to Mennonite Brethren Churches and related organizations to allow for the construction or renovation of Churches and related organizations.
3. To the extent that there are funds in excess of those required for loans, such excess funds are invested in conservative, publicly listed securities in order to earn a return.
4. The loans provided by CCMBC to churches and related organizations are secured by first mortgages in favour of, and in the name of, CCMBC. Similarly, the excess funds invested in publicly listed conservative investments are in the name of CCMBC.
5. Pursuant to a reorganization, substantially all of the loans provided by CCMBC and all of the investments held in the name of CCMBC will be transferred from CCMBC into Investments, a new share capital corporation incorporated under the Canadian Business Corporations Act (the "Reorganization"). The result of the Reorganization will be that Investments will loan money to the Mennonite Brethren Churches and related organizations, and Investments will invest the excess funds in conservative publicly listed securities (the "New Note Program").
6. Under the New Note Program, Investors will receive \$500 of preferred shares in Investments. The remaining balance of the amount of each Investor's investment will be represented by an uncertificated promissory note issued by Investments.
7. Investments will be relying on the "offering memorandum exemption" contained in Section 2.9 of National Instrument 45-106 Prospectus Exemption ("NI 45-106"). Investments is preparing an offering memorandum (the "Offering Memorandum") in accordance with Form 45-106F2 and will be delivering the Offering Memorandum to new Investors.
8. Investments, through the Reorganization, is likely acquiring a 'business' from CCMBC, as such term is contemplated in Form 45-106F2. Part C of the Instructions for Completing Form 45-106F2 pertains to financial statements for an acquired business. Section C(4)(b) of such instructions, provides that an issuer must include in its offering memorandum financial statements for an acquired business, which must be prepared in accordance with National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards ("NI 52-107").
9. CCMBC, as a charitable organization, has prepared audited financial statements in accordance with Part III of the Handbook, accounting standards for not-for-profit organizations ("NPO Standards").

10. Section 3.11(f) of NI 52-107 provides that financial statements of an acquired business can be prepared in accordance with Canadian GAAP applicable to private enterprises in Part II of the Handbook ("ASPE") if certain conditions are met. The conditions under Section 3.11(f) are met in this case and therefore if CCMBC was able to prepare its statements in accordance with ASPE, rather than NPO Standards, the relief requested herein would not be required.
11. NPO Standards of the Handbook encompasses standards in ASPE to the extent possible. In certain, limited circumstances, ASPE does not pertain to not-for-profit organizations. In these circumstances, NPO Standards are used to fill the gaps.
12. Many areas of significant accounting policies are consistent between NPO Standards and ASPE. This is specifically true in the case of CCMBC.
13. Investments will include in the Offering Memorandum audited financial statements of CCMBC that have been prepared in accordance with NPO Standards which will provide Investors with adequate financial disclosure to make an informed decision with respect to participating in the New Note Program.
14. The Filers are not in default of securities legislation in any jurisdiction.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that:

- (a) The Filers will include audited financial statements for CCMBC, prepared in accordance with NPO Standards, in each subsequent Offering Memorandum for a period of two (2) years from the date of the Offering Memorandum, as required under Form 45-106F2;
- (b) The Filers will make reference to this decision in the Offering Memorandum and each subsequent Offering Memorandum for a period of two (2) years from the date of the Offering Memorandum; and
- (c) This Decision will expire three (3) years from the date of this decision.


Chris Besko
Director, General Counsel
Manitoba Securities Commission