



ANNUAL REPORT
July 31, 2025

MENNONITE MISSION NETWORK

Elkhart, Indiana

ANNUAL REPORT

July 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mennonite Mission Network
Elkhart, Indiana

Opinion

We have audited the accompanying financial statements of Mennonite Mission Network (a nonprofit organization), which comprise the statements of financial position as of July 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mennonite Mission Network as of July 31, 2025 and 2024, and the changes in its 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 Financial Statements section of our report. We are required to be independent of Mennonite Mission Network 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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 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 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 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 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 Mission Network'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mennonite Mission Network'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.

Respectfully submitted,



Certified Public Accountants

Portage, Michigan
January 28, 2026

MENNONITE MISSION NETWORK

Elkhart, Indiana

STATEMENTS OF FINANCIAL POSITION

July 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	2,895,188	3,240,030
Investments	15,129,946	14,682,536
Contributions receivable	17,587	5,773
Receivable from Mennonite Church USA	38,486	66,362
Prepaid expenses and deposits	74,414	171,807
Current portion notes receivable, net	19,854	19,415
Total Current Assets	18,175,475	18,185,923
PROPERTY AND EQUIPMENT		
Net Property and Equipment	56,126	73,463
OTHER ASSETS		
Long-term notes receivable, net	45,783	66,161
Investment in Mutual Aid Sharing Plan	99,383	83,744
Beneficial interest in split-interest agreements	161,248	144,610
Assets not available due to restrictions	175,000	175,000
Total Other Assets	481,414	469,515
TOTAL ASSETS	18,713,015	18,728,901

The Notes to Financial Statements are an integral part of this statement.

MENNONITE MISSION NETWORK

Elkhart, Indiana

STATEMENTS OF FINANCIAL POSITION

July 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	175,859	264,655
Payable to Mennonite Church USA	131,552	469,489
Funds held for overseas workers	58,945	53,718
Deferred revenue	185,639	69,500
Current portion of financing lease liabilities	0	6,562
Gift annuity payable	3,944	4,091
Total Current Liabilities	555,939	868,015
NET ASSETS		
Without donor restrictions	10,841,117	10,908,602
With donor restrictions	7,315,959	6,952,284
TOTAL NET ASSETS	18,157,076	17,860,886
TOTAL LIABILITIES AND NET ASSETS	18,713,015	18,728,901

The Notes to Financial Statements are an integral part of this statement.

MENNONITE MISSION NETWORK

Elkhart, Indiana

STATEMENT OF ACTIVITIES

For the Year Ended July 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND GAINS AND OTHER SUPPORT			
Contributions	2,261,722	1,168,076	3,429,798
Estates and bequests	1,914,700	650	1,915,350
Grants - programs	0	107,092	107,092
Fees - recovery of costs	96,535	144,625	241,160
Investment income, net	671,644	510,406	1,182,050
Other revenue	5,655	3,600	9,255
Net assets released from restrictions	1,587,412	(1,587,412)	0
Total Revenues, Gains and Other Support	6,537,668	347,037	6,884,705
PROGRAM EXPENSES			
International ministries	2,219,489	0	2,219,489
Christian service	756,824	0	756,824
Mission education and resources	1,191,550	0	1,191,550
Total Program Expenses	4,167,863	0	4,167,863
SUPPORTING SERVICE EXPENSES			
General Administration	1,340,801	0	1,340,801
Fundraising	850,813	0	850,813
Payment to Executive Board	254,928		254,928
Total Supporting Services Expenses	2,446,542	0	2,446,542
Total Expenses	6,614,405	0	6,614,405
CHANGE IN NET ASSETS FROM OPERATIONS	(76,737)	347,037	270,300
OTHER CHANGES			
Changes in value of split-interest agreements	0	16,638	16,638
Change in value of investment in Mutual Aid Sharing plan	15,639	0	15,639
Payment to Mennonite Church USA	(6,387)	0	(6,387)
Total Other Changes	9,252	16,638	25,890
CHANGE IN NET ASSETS	(67,485)	363,675	296,190
NET ASSETS, BEGINNING OF YEAR	10,908,602	6,952,284	17,860,886
NET ASSETS, END OF YEAR	10,841,117	7,315,959	18,157,076

The Notes to Financial Statements are an integral part of this statement.

MENNONITE MISSION NETWORK

Elkhart, Indiana

STATEMENT OF ACTIVITIES

For the Year Ended July 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND GAINS AND OTHER SUPPORT			
Contributions	2,217,332	1,022,744	3,240,076
Estates and bequests	1,518,202	11,615	1,529,817
Grants - programs	0	120,124	120,124
Fees - recovery of costs	105,997	58,796	164,793
Investment income, net	593,526	691,412	1,284,938
Other revenue	163,253	3,687	166,940
Net assets released from restrictions	1,786,573	(1,786,573)	0
Total Revenues, Gains and Other Support	6,384,883	121,805	6,506,688
PROGRAM EXPENSES			
International ministries	2,294,193	0	2,294,193
Christian service	632,852	0	632,852
Mission education and resources	1,319,671	0	1,319,671
Total Program Expenses	4,246,716	0	4,246,716
SUPPORTING SERVICE EXPENSES			
General Administration	1,772,815	0	1,772,815
Fundraising	819,617	0	819,617
Payment to Executive Board	315,243	0	315,243
Total Supporting Services Expenses	2,907,675	0	2,907,675
Total Expenses	7,154,391	0	7,154,391
CHANGE IN NET ASSETS FROM OPERATIONS	(769,508)	121,805	(647,703)
OTHER CHANGES			
Changes in value of split-interest agreements	0	4,560	4,560
Change in value of investment in Mutual Aid Sharing plan	(3,897)	0	(3,897)
Payment to Mennonite Church USA	(333,311)	0	(333,311)
Donated property and equipment	(4,364,783)	0	(4,364,783)
Gain on sale of property and equipment	250	0	250
Total Other Changes	(4,701,741)	4,560	(4,697,181)
CHANGE IN NET ASSETS	(5,471,249)	126,365	(5,344,884)
NET ASSETS, BEGINNING OF YEAR	16,379,851	6,825,919	23,205,770
NET ASSETS, END OF YEAR	10,908,602	6,952,284	17,860,886

The Notes to Financial Statements are an integral part of this statement.

Mennonite Mission Network

Elkhart, Indiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended July 31, 2025

	PROGRAM SERVICES				SUPPORTING SERVICES				Total
	International Ministries	Christian Service	Mission Education and Resources	Total Program Services	General Administration	Fundraising	Payment to Executive Board	Total Supporting Services	
EXPENSES									
Domestic salaries and benefits	786,367	431,244	989,987	2,207,598	1,026,573	730,981	0	1,757,554	3,965,152
Field personnel salaries, benefits and housing	543,755	0	0	543,755	0	0	0	0	543,755
Field costs	38,496	159,554	0	198,050	0	0	0	0	198,050
Grants and subsidies	642,867	45,635	9,000	697,502	96,663	0	254,928	351,591	1,049,093
Mission education material	34	282	46,235	46,551	13,130	8,547	0	21,677	68,228
Depreciation	4,581	1,781	5,149	11,511	14,803	3,070	0	17,873	29,384
Occupancy	27,230	17,240	46,352	90,822	8,981	24,434	0	33,415	124,237
Outside services	31,894	18,250	32,166	82,310	86,262	24,670	0	110,932	193,242
Travel and meetings	110,283	59,663	37,340	207,286	42,944	45,537	0	88,481	295,767
Other operating expenses	33,982	23,175	25,321	82,478	51,445	13,574	0	65,019	147,497
TOTAL	2,219,489	756,824	1,191,550	4,167,863	1,340,801	850,813	254,928	2,446,542	6,614,405

The Notes to Financial Statements are an integral part of this statement.

Mennonite Mission Network

Elkhart, Indiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended July 31, 2024

	PROGRAM SERVICES				SUPPORTING SERVICES			Total Supporting Services	Total
	International Ministries	Christian Service	Mission Education and Resources	Total Program Services	General Administration	Fundraising	Payment to Executive Board		
EXPENSES									
Domestic salaries and benefits	822,822	419,436	1,128,710	2,370,968	1,066,298	689,448	0	1,755,746	4,126,714
Field personnel salaries, benefits and housing	583,163	0	0	583,163	0	0	0	0	583,163
Field costs	37,479	54,045	0	91,524	0	0	0	0	91,524
Grants and subsidies	631,838	33,314	9,238	674,390	84,274	0	315,243	399,517	1,073,907
Mission education material	0	832	38,606	39,438	12,357	10,291	0	22,648	62,086
Depreciation	7,328	2,891	7,896	18,115	215,698	5,116	0	220,814	238,929
Occupancy	27,822	23,297	40,477	91,596	120,778	22,655	0	143,433	235,029
Outside services	16,043	14,370	23,859	54,272	104,065	12,223	0	116,288	170,560
Travel and meetings	126,303	62,653	39,149	228,105	48,805	59,494	0	108,299	336,404
Other operating expenses	41,395	22,014	31,736	95,145	120,540	20,390	0	140,930	236,075
TOTAL	2,294,193	632,852	1,319,671	4,246,716	1,772,815	819,617	315,243	2,907,675	7,154,391

The Notes to Financial Statements are an integral part of this statement.

MENNONITE MISSION NETWORK

Elkhart, Indiana

STATEMENTS OF CASH FLOWS

For the Years Ended July 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS USED IN OPERATING ACTIVITIES		
Change in net assets	296,190	(5,344,884)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	29,384	238,929
Donated property and equipment	0	4,364,783
Change in fair value of investment in Mutual Aid Sharing Plan	(15,639)	3,897
Contributions and grant revenue restricted for long-term purposes	0	(92)
Gain on sale of property and equipment	(90)	(250)
Realized and unrealized gain on investments	(1,080,193)	(900,814)
Change in value of split-interest agreements	(16,638)	(4,560)
Adjustments for changes in operating assets and liabilities:		
Accounts receivable	(11,814)	866,984
Prepaid expenses and deposits	97,393	(81,764)
Accounts payable	(88,796)	(13,089)
Payable to/receivable from Mennonite Church USA, net	(310,061)	464,583
Funds held for overseas workers	5,227	(9,415)
Deferred revenue	116,139	12,500
Net Cash Flows Used In Operating Activities	(978,898)	(403,192)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	90	250
Purchase of property and equipment	(12,047)	(34,715)
Payments received on notes receivable, net	19,939	56,513
Proceeds from maturity or sale of investments	632,875	1,007,522
Purchase of investments	(92)	(977,336)
Net Cash Flows From Investing Activities	640,765	52,234
CASH FLOWS USED IN FINANCING ACTIVITIES		
Change in gift annuity payable	(147)	88
Cash paid for finance leases	(6,562)	(7,644)
Collections of contributions and grants restricted for long-term purposes	0	92
Net Cash Flows Used In Financing Activities	(6,709)	(7,464)
CHANGE IN CASH AND CASH EQUIVALENTS	(344,842)	(358,422)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,240,030	3,598,452
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,895,188	3,240,030
SUPPLEMENTARY DISCLOSURE OF CASH FLOWS		
Cash Payments for Interest	0	348
Donated Property and Equipment	0	4,364,783

The Notes to Financial Statements are an integral part of this statement.

MENNONITE MISSION NETWORK

Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS

July 31, 2025 and 2024

NATURE OF BUSINESS

Mennonite Mission Network (Mission Network) exists to promote and administer activities and programs of evangelism, church growth and social concern at home (North America) and overseas, and to receive, hold and apply donations, bequests, properties and funds for these purposes. Mission Network receives a concentration of its contributions from members, churches and conferences of Mennonite Church USA. Offices are located in Newton, Kansas and Elkhart, Indiana.

Mission Network is one of five program boards under Mennonite Church USA and functions as the mission agency for Mennonite Church USA (see Note 12).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

Mission Network prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), which require Mission Network to report information regarding its financial position and activities as without donor restrictions or with donor restrictions based on the existence or absence of donor-imposed restrictions.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets are available for use in general operations and not subject to donor or grantor restrictions and may be designated for specific purposes by action of the Board of Directors (the Board).

NET ASSETS WITH DONOR RESTRICTIONS

Net assets are contributions and other inflows of assets whose use by Mission Network is limited by donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net assets with donor restrictions also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on assets with donor-imposed restrictions that are perpetual in nature, which have not been appropriated by the Board.

MENNONITE MISSION NETWORK

Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS

July 31, 2025 and 2024

CASH AND CASH EQUIVALENTS

For the purpose of the Statements of Cash Flows, Mission Network considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Mission Network has cash on deposit in financial institutions, which, at times, may exceed the limits of coverage provided by the Federal Deposit Insurance Corporation (FDIC). Mission Network has not experienced any losses in such accounts to date. Mission Network also maintains cash equivalents in investment accounts that are not FDIC insured. Mission Network has \$3,303,497 and \$3,878,045 in cash and cash equivalent accounts that exceed federally insured limits at July 31, 2025 and 2024, respectively.

CONTRIBUTIONS RECEIVABLE

Contributions are carried at the original amount or remaining balance less a discount for contributions due over one year from fiscal year-end and an allowance for credit losses. Management determines the allowance for credit losses by evaluating specifically identified receivables Mission Network believes to be uncollectible in addition to an amount determined to be adequate, in management's judgment, to absorb probable uncollectible amounts. If actual collections experience changes, revisions to the allowance may be required. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Management determined no significant allowance for credit losses was necessary as of July 31, 2025 and 2024. There were no contributions receivable beyond one year as of July 31, 2025 and 2024.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, or for donations, at fair value at the date of the donation, and includes expenditures for new additions and repairs, which substantially increase the useful lives of existing property and equipment. Normal repairs and maintenance are recorded as operating expenditures. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited to or charged against operations for the period.

Donations of property and equipment are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Mission Network reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Mission Network reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation of property and equipment is computed by the straight-line method over the estimated useful lives of the assets:

A summary of the range of lives by asset category follows:

Buildings	20 - 40 years
Equipment	3 - 10 years

MENNONITE MISSION NETWORK

Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS

July 31, 2025 and 2024

LONG-LIVED ASSETS

Mission Network reviews its long-lived assets periodically to determine potential impairment by comparing the carrying value of the long-lived assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the exceeded future net cash flows be less than the carrying value, Mission Network would recognize an impairment loss at that date. As impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value of long-lived assets. There was no impairment at July 31, 2025 and 2024.

INVESTMENTS

Investments in money market funds, mutual funds, and bonds are carried at fair value based on quoted market prices. Investment income, including realized and unrealized gains and losses on investments, dividends and interest are reported under revenue, grants and other support in the statements of activities. Mission Network considers substantially all investments highly liquid.

BENEFICIAL INTEREST IN TRUST ACCOUNTS

Mission Network has a beneficial interest in irrevocable trusts, which are currently held and administered by independent trustees. Mission Network's portion of the fair value of the underlying assets of the trusts are recorded in net assets with donor restrictions. The net change in value of the assets of the trusts due to realized and unrealized gains (losses) and other investment income is reported within the change in the value of split-interest agreements in the Statements of Activities.

REVENUE AND SUPPORT

Contributions are included in income in the period the gifts are pledged or received. Contributions received, including estates and bequests, are classified and reported based on the existence or absence of donor-imposed restrictions.

Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Grant revenue is derived from nonexchange transactions with nonprofit organizations and individuals. Revenue is recognized in accordance with the provisions of the grant agreements, typically in the year the grant is awarded.

Mission Network receives revenue from exchange transactions. Funds received from partnering organizations for the services of some overseas workers and voluntary service unit participants is recorded after services are performed and require no further obligation by Mission Network. Additionally, Mission Network receives fees for providing IT services to other Mennonite Church USA agencies and some other related organizations. Revenue from fees for IT services is recognized as services are provided. Fees for participation in seminars and learning tours sponsored by Mission Network are recognized at the time the event takes place. Revenue received from congregations for expenses related to speaking engagements is recognized after the speaking event.

Deferred revenue includes a use obligation for a life interest in real estate donated to Mission Network. Deferred revenue from the use obligation is included in income based on the actuarial life expectancy of the donor.

MENNONITE MISSION NETWORK

Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS

July 31, 2025 and 2024

CONTRIBUTED NONFINANCIAL ASSETS

Donated materials and other noncash donations are recorded as contributions at their estimated fair values on the date received. Mission Network generally pays for services requiring specific expertise. Many individuals volunteer their time and perform a variety of tasks that assist Mission Network with their programs and administration, but these donated services are not reflected in the financial statements because they do not meet the requirements for inclusion.

Contributions of services are recognized if the services received: (a) create or enhance nonfinancial assets, or (b) require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

INCOME TAXES

Mission Network is incorporated as a nonprofit organization under the laws of the state of Ohio and is exempt from federal and state income taxes pursuant to provisions of Section 501(c)(3) of the Internal Revenue Code, except for taxes pertaining to unrelated business income, if any. Mission Network is not considered a private foundation.

Mission Network follows the accounting guidance for uncertainty in income taxes. The standard clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Management believes that Mission Network has no material uncertainties in income taxes.

Mission Network is not required to file Form 990. Mission Network files Form 990-T when required in the U.S. federal jurisdiction and with applicable states as required.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or service are charged directly to that program or service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation that is consistently applied, as follows:

The costs related to shared services and personnel are allocated based on the full-time equivalent of domestic staff employees for each program compared to total full-time equivalent of domestic staff for Mission Network. The costs related to shared services and personnel include office services, information technology and other shared office expenses. Costs for other areas such as Program Human Resources, Marketing and Communications, Church Relations and certain other staff are allocated based on estimates of time devoted to each activity. The cost of certain mixed use publications are allocated to fundraising based on the fundraising content in the materials. Management evaluates these allocations on an annual basis.

General and administrative expenses include costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of Mission Network.

MENNONITE MISSION NETWORK

Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS

July 31, 2025 and 2024

LEASES

Mission Network leased two office buildings, one in Elkhart, Indiana and the other in Netwon, Kansas, throughout the entire fiscal year ended July 31, 2025. Both leases are on a month-to-month basis. Rent expense was \$8,700 and \$1,537 each month of the year for the Elkhart and Newton buildings, respectively.

CHANGE IN ACCOUNTING PRINCIPLE

In June 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13 "Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments" (Topic 326), which amends certain provisions of Accounting Standards Codification (ASC) 326, "Financial Instruments - Credit Losses". The ASU changes the impairment model for most financial assets, including trade accounts receivable. Entities are required to use a new forward-looking "current expected credit loss" model that generally results in the earlier recognition of allowances for losses. The Mission Network adopted ASU 2016-13, with a date of initial application of August 1, 2023, by applying the modified retrospective transition approach. No cumulative effect adjustment to net assets as of July 1, 2023 was necessary. Adoption of ASU 2016-13 did not have a material impact on the financial statements for the year ended July 31, 2025.

NOTE 2 - NOTES RECEIVABLE

Note receivable is comprised of the following at July 31:

	<u>2025</u>	<u>2024</u>
Unsecured note receivable for vehicle Mennonite purchased on behalf of international worker. The note bears interest at a rate of 3.55%. Repayment began in March 2024 in monthly installments of \$595 over 3 years.	10,167	17,301
Unsecured note receivable for the San Antonio Mennonite Church mortgage loan. The note bears interest at a rate of 1.5%. Repayment began in October 2019 in monthly installments of \$1,145 over 10 years.	55,470	68,275
Total	65,637	85,576
Current portion	19,854	19,415
Net long-term notes receivable	45,783	66,161

Long-term notes receivable, less current portion, is scheduled to be collected as follows for the years ending July 31:

2027	16,508
2028	13,394
2029	13,596
2030	2,285
Total	45,783

MENNONITE MISSION NETWORK

Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS

July 31, 2025 and 2024

NOTE 3 - LIQUIDITY AND AVAILABILITY

The table below represents financial assets available for general expenditures within one year at July 31:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	2,895,188	3,240,030
Contributions receivable, net	17,587	5,773
Notes receivable, net	65,637	85,576
Investments	10,899,258	11,431,385
Total	13,877,670	14,762,764
Less: amounts not available to be used within one year		
Long term portion of notes receivable	45,783	66,161
Net assets with donor restrictions	7,315,959	6,952,284
Total financial assets available for general expenditures within one year:	6,515,928	7,744,319

Mission Network has reserves that are included in cash and cash equivalents in the table above to ensure that there is cash available to meet unexpected expenses that might result from claims submitted to the self-funded health plans, repair and maintenance costs or other unanticipated needs; however, these amounts are available to be expended in the next year.

In addition, Mission Network's Board has established policies that are used to ensure that there are adequate financial assets available to meet general operating expenditures. These board policies require Mission Network to maintain cash reserves as follows:

- (1) - Reserves equal to 25% of the combined revenue and contributions budget adopted for the next fiscal year.
- (2) - Reserves that provide for estate and bequest gifts received each year to be used over a four year period from date of receipt.

Mission Network's Board has approved investing cash reserves, included in the table above as investments held for operations in a diversified portfolio managed using a conservative investment risk allocation. These investments are highly liquid and available within the next year and are considered part of the cash reserves in accordance with board policies.

Mission Network is also required to maintain a line of credit of at least 10% of the annual operating budget (see Note 7).

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NOTE 4 - INVESTMENTS AND OTHER ASSETS

Investments and other assets as of July 31, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Domestic equity mutual funds	5,100,685	4,892,050
Domestic bond mutual funds	6,713,951	6,519,774
Foreign equity mutual funds	1,831,165	1,813,240
Real estate mutual funds	329,518	337,960
Institutional money market funds	1,137,110	1,119,512
Other assets held for resale	17,517	0
Investment in mutual aid sharing plan	99,383	83,744
Beneficial interest in split-interest agreements	161,248	144,610
Total	15,390,577	14,910,890

At July 31, 2025 and 2024, Mission Network held investments in the following mutual funds that accounted for 10% or more of total investments:

	<u>2025</u>	<u>2024</u>
Domestic Bond Mutual Fund A	17%	39%
Domestic Bond Mutual Fund B	16%	*
Domestic Bond Mutual Fund C	11%	*
Domestic Bond Mutual Fund D	10%	*

* - Less than 10%

Investment securities in general are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Statements of Financial Position.

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July 31, 2025 and 2024

NOTE 5 - FAIR VALUE MEASUREMENTS

Mission Network follows the provisions of ASC 820-10, Fair Value Measurements, which applies to all assets and liabilities that are being measured and reported at fair value. ASC 820-10 establishes a framework for measuring fair value in accordance GAAP and expands disclosure about fair value measurements. Under GAAP, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. This standard enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The three levels of the fair value hierarchy under ASC 820 are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

In determining the appropriate levels, Mission Network performs a detailed analysis of the assets and liabilities that are subject to the standard. All money market funds and mutual funds are actively traded and are based upon market quotations of national security exchanges. These financial instruments are classified as Level 1.

The investment in the Mutual Aid Sharing Plan (MASP) is valued annually at the insurance reserve fund's fiscal year end and is based on activity in the specific funds invested within the reserve fund and related operating results. The change in fair value of the investment in MASP is reported separately under the heading "other changes" in the statements of activities. The MASP requires a notice of 120 days to withdraw from the plan. The member's remaining reserve fund balance is paid to the member after the closing of activities of the plan year in which the agency withdraws. The fair value estimate of this investment is classified as Level 3.

The fair value of the beneficial interest in trust accounts held by others is based on the fair value of the trust's underlying assets provided by the trustee, which includes investments at varying levels. The fair value estimate of this beneficial interest asset is classified as Level 3.

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Assets measured at fair value on a recurring basis, as of July 31, 2025 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Domestic equity mutual funds	5,100,685	0	0	5,100,685
Domestic bond mutual funds	6,713,951	0	0	6,713,951
Foreign equity mutual fund	1,831,165	0	0	1,831,165
Real estate mutual funds	329,518	0	0	329,518
Institutional money market funds	1,137,110	0	0	1,137,110
Other assets held for resale	17,517	0	0	17,517
Investment in Mutual Aid Sharing Plan	0	0	99,383	99,383
Beneficial interest in split-interest agreements	0	0	161,248	161,248
Total	15,129,946	0	260,631	15,390,577

Assets measured at fair value on a recurring basis, as of July 31, 2024 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Domestic equity mutual funds	4,892,050	0	0	4,892,050
Domestic bond mutual funds	6,519,774	0	0	6,519,774
Foreign equity mutual fund	1,813,240	0	0	1,813,240
Real estate mutual funds	337,960	0	0	337,960
Institutional money market funds	1,119,512	0	0	1,119,512
Investment in Mutual Aid Sharing Plan	0	0	83,744	83,744
Beneficial interest in split-interest agreements	0	0	144,610	144,610
Total	14,682,536	0	228,354	14,910,890

During the years ended July 31, 2025 and 2024, there were no transfers in or out of Level 3.

NOTE 6 - PROPERTY AND EQUIPMENT

The cost of property and equipment and the related accumulated depreciation, including assets under capital leases, at July 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Building	126,656	126,656
Equipment	420,842	401,574
Construction in process	0	16,625
Total	547,498	544,855
Less: accumulated depreciation	491,372	471,392
Total	56,126	73,463

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NOTE 7 - LINE OF CREDIT

Mission Network has a \$800,000 line of credit with a bank. Any borrowings against the line of credit are due on demand and bear interest at the prime rate (7.50% at July 31, 2025) and are unsecured. The line of credit expires on January 31, 2026, Mission Network intends to renew this line of credit.

There were no outstanding balances on the line of credit as of July 31, 2025 and 2024, or borrowings for the years then ended.

NOTE 8 - RESTRICTIONS ON NET ASSETS

Mission Network's net assets with donor restrictions at July 31 were restricted for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
International ministries	2,491,183	2,273,150
Christian service	168,542	171,699
Mission education and resources	219,612	239,536
General missions	1,468,711	1,318,627
Total	4,348,048	4,003,012
Subject to passage of time:		
Beneficial interest in split-interest agreements	161,248	144,610
Land subject to life interest	122,000	120,000
Total	283,248	264,610
Perpetual in nature, earnings from which are subject to Endowment spending policy and appropriation:		
International ministries	364,147	364,147
Mission education and resources	19,184	19,184
General missions	2,301,332	2,301,331
Total	2,684,663	2,684,662
Total	7,315,959	6,952,284

NOTE 9 - ENDOWMENTS

Mission Network's endowment consists of several individual funds established to provide financial support to the Mission Network and its students in perpetuity. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Board has interpreted the Indiana Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, we retain in perpetuity: (a) the original value of initial and subsequent gift amounts donated to the endowment, (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added, and (c) realized and unrealized gains of donor-restricted endowment funds until appropriated by the Board for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

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July 31, 2025 and 2024

FUNDS WITH DEFICIENCIES

From time to time, the fair value of the assets associated with the individual donor-restricted endowment funds may fall below the level that the donor or Indiana Trust and Fiduciary Law requires Mission Network to retain as a fund of perpetual duration. At July 31, 2025 and 2024, there were no funds with deficiencies.

RETURN OBJECTIVES, RISK PARAMETERS

Mission Network has adopted investment and spending policies for endowment assets that attempt to provide a stream of funding to support operations and programs of Mission Network by its endowment while seeking to preserve the endowment assets in perpetuity. In establishing this policy, Mission Network considered the long-term expected return on its endowment. Accordingly, over the long-term, Mission Network expects the current spending policy to allow its endowment to grow by the amount of inflation annually. This is consistent with Mission Network's objective to preserve the capital assets of Mission Network in perpetuity as well as preserve the purchasing power of the endowment assets over time.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy the long-term return objectives, Mission Network 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). Mission Network maintains an investment policy that targets an investment allocation of 55% in domestic and international equities, 35% in debt securities and 10% in alternative investments.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

Mission Network has a policy of appropriating for distribution on an annual basis 4.5% of the Average Market Value of Mission Network's endowment funds to support the charitable mission of Mission Network's programs. In establishing this policy, Mission Network considered the long-term expected return on its endowment. For spending purposes, the Average Market Value shall be established based on the moving average of the previous 20 quarters ending July 31. Accordingly, over the long-term, Mission Network expects the current spending policy to allow its endowment to grow by the amount of inflation annually. This is consistent with Mission Network's return objectives.

The following is a summary of the changes in endowment net assets for the year ending July 31, 2025:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>
Endowment net assets, beginning of year	762,927	5,941,239	6,704,166
Investment return:			
Investment income, net of fees	30,755	264,461	295,216
Net realized and unrealized gain	25,819	240,945	266,764
Total investment return	56,574	505,406	561,980
Appropriation of endowment assets for expenditure	(50,000)	(241,500)	(291,500)
Endowment net assets, end of year	769,501	6,205,145	6,974,646

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The following is a summary of the changes in endowment net assets for the year ending July 31, 2024:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>
Endowment net assets, beginning of year	725,152	5,771,339	6,496,491
Investment return:			
Investment income, net of fees	21,195	179,382	200,577
Net realized and unrealized gain	54,080	467,176	521,256
Total investment return	75,275	646,558	721,833
Contributions	0	92	92
Other	0	(223,397)	(223,397)
Appropriation of endowment assets for expenditure	(37,500)	(253,353)	(290,853)
Endowment net assets, end of year	762,927	5,941,239	6,704,166

NOTE 10 - GROUP HEALTH PLANS

Mission Network has three self-insured group health plans for its domestic staff employees, mission workers overseas and certain unit leaders in its domestic service programs, under which it is responsible for individual health claims. Employees from Mennonite Church USA, a related party also participate in the plan for domestic staff employees.

The health plan which domestic staff participates in is part of a risk sharing arrangement for major medical claims sponsored by Mennonite Church USA called the Corinthian Plan. Certain other self-insured group health plans covering Mennonite Church USA pastors and employees of other Mennonite Church USA agencies and related organizations also participate in the Corinthian Plan. The Corinthian Plan is governed by the Church Benefits Board, which is appointed by Mennonite Church USA and is administered by Everence (formerly known as Mennonite Mutual Aid (MMA)), an agency of Mennonite Church USA. Under the Corinthian Plan, Everence provides reinsurance to plans that participate in the Corinthian Plan based on the claims experience of all the participants in the Corinthian Plan. Mission Network is responsible for eligible claims up to \$20,000 per individual, per year. The level of eligible claims for which Mission Network is responsible was determined by an actuarial analysis. There were 75 individuals covered by the Corinthian Plan at July 31, 2025 and 2024.

Mission Network also provides two separate group health plans for mission workers overseas and unit leaders in its Service Adventure program. These plans participate as one of approximately 20 member organizations of a major medical expense pool referred to as the MASP. The MASP is incorporated as a not-for-profit organization under the laws of the state of Pennsylvania and is exempt from federal and state income taxes pursuant to provisions of Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. Each participating member made an initial investment into the MASP.

The participating members pay for their own actual claims incurred during the year. Each member is responsible for an initial level of claims for each covered individual based on the size of the agency. The MASP is responsible for the first \$250,000 of claims for each covered individual in excess of the members responsibility. Each member enters into a reinsurance contract with a common reinsurance provider under an agreement, negotiated by MASP based on the claims experience of all members in the MASP, which provides reinsurance for individual claims in excess of \$250,000 plus the members initial level of claim responsibility. Mission Network is responsible for eligible claims up to \$17,500 per individual, per year.

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The level of eligible claims for which Mission Network is responsible is determined based on the total number of lives enrolled in Mission Network health plans that participate in the MASP. There were 15 and 19 individuals covered by the MASP Plan at July 31, 2025 and 2024, respectively.

MASP has established policies for determining the ownership of the net assets of MASP. The amount recorded as an Investment in Mutual Aid Sharing Plan has been determined based on these policies to be \$99,383 and \$83,744 as of July 31, 2025 and 2024, respectively.

Mission Networks share of income or loss of the MASP is recorded in the statements of activities. Periodically, MASP has taken action to adjust the ownership of net assets so that the ownership reflects the respective level of participation of each member agency in MASP. This action may require an agency to pay additional amounts to increase their ownership of net assets or the agency may receive a return of their investment in the net assets of MASP. During the years ended July 31, 2025 and 2024, the net change in fair value investments with MASP was a gain of \$15,639 and a loss of \$3,897 respectively.

A member's equity in the assets of MASP will be returned to the agency upon their withdrawal from the pool. An Agency may withdraw its participation in the MASP by giving the MASP no less than 120 days' notice in writing. The member's remaining reserve fund balance is paid to the member after the closing of activities of the plan year in which the agency withdraws. If the member's reserve fund balance exceeds 10%, the total MASP reserve fund balance may be paid over 90 days.

Should the MASP ever dissolve, final disposition is subject to MASP membership policies.

NOTE 11 - RETIREMENT PLANS

Current full-time and certain part-time employees (including overseas workers) of Mission Network are covered by a defined contribution plan sponsored by Mennonite Church USA known as Mennonite Retirement Trust. Participants may elect to make contributions to the plan through salary reduction arrangements. Benefits are determined by the individual's credits in the trust. Contributions into the plan by Mission Network were \$259,580 and \$256,851 for the years ended July 31, 2025 and 2024, respectively.

NOTE 12 - FUNDS HELD FOR OVERSEAS WORKERS

Mission Network allows overseas workers to set aside a certain amount of income for relocation purposes. The funds are held by Mission Network in a separate bank account. Earnings are allocated proportionately to the participants. Mission Network will match contributions for employees with six or more years of service. Mission Network made contributions of \$750 for both the years ended July 31, 2025 and 2024.

NOTE 13 - RELATED PARTIES

Mennonite Church USA consists of congregations that have affiliated with one another in conferences, many of which are regional in nature, but may also reflect other affinities. The conferences serve as the main administrative structure for congregations. The congregations are represented at a General Assembly that meets every two years to act in matters of interest to Mennonite Church USA constituency. The Executive Board of Mennonite Church USA functions on behalf of the General Assembly when the General Assembly is not in session. Mission Network is one of five churchwide program boards of Mennonite Church USA. In that capacity, Mission Network has entered into an agreement to provide funding to Mennonite Church USA Executive Board for their work with congregations and conferences. For the years ended July 31, 2025 and 2024, Mission Network paid approximately \$255,000 and \$315,000, respectively, to Mennonite Church USA.

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The Board of Mission Network is made up of 13 members. Six of the members are appointed by Mennonite Church USA and the remaining seven members are elected by the General Assembly. In addition to missions (which is the mandate of Mission Network), the other program boards are involved in financial stewardship, education, media production and health services. The other affiliated program boards consist of the following: Everence, Mennonite Education Agency, MennoMedia (a merger of a former agency, Mennonite Publishing Network, and Third Way Media, a former program of Mennonite Mission Network) and Mennonite Health Services.

Mission Network and Mennonite Church USA share certain expenses as part of their normal operations. Mennonite Church USA also receives certain contributions that are forwarded to Mission Network by agreement. Mission Network had amounts receivable from Mennonite Church USA of approximately \$38,000 and \$66,000 at July 31, 2025 and 2024, respectively. Mission Network had amounts payable to Mennonite Church USA of approximately \$0 and \$16,100 at July 31, 2025 and 2024, respectively.

Mission Network and Mennonite Church USA share health plan costs based on their proportionate share of participants in the plan. The plan is administered by Mission Network. As of July 31, 2025 and 2024, approximately \$131,500 and \$120,000, respectively, were due to Mennonite Church USA for amounts paid into the health plan in excess of costs.

Mission Network, on behalf of Mennonite Church USA, constructed an office facility in Elkhart, Indiana that is to be shared by Mennonite Church USA agencies and related organizations. Mission Network shares the Elkhart office facility with three other agencies of Mennonite Church USA and several other organizations. On August 1, 2024 the title of the facility, and all furniture and equipment within the facility, were transferred to Mennonite Church USA. As a result, Mission Network agreed to pay a flat rate occupancy fee related to the facility for the entire year ended July 31, 2025. Mission Network received approximately \$0 and \$54,600 for the years ended July 31, 2025 and 2024, respectively, from the other organizations to offset operating costs of the facility, which is included as a reduction to occupancy costs within the functional expenses.

The Executive Board of Mennonite Church USA and Mission Network agree that it may become desirable for Mennonite Church USA to hold title to the real estate, equipment and furnishings that make up the office facility. Mission Network has agreed that upon request from the Executive Board, it will transfer title of the office facility to Mennonite Church USA provided that the following conditions are met; all loan commitments, liens and obligations related to the office facility have been satisfied and released. On July 31, 2024, there were no loan commitments, liens or other obligations related to the office facility and Mennonite Mission Church USA requested a transfer of title of the land, building, and the furnishings and artwork within and outside the building, totaling \$4,364,783. This is captured within the Statement of Activities for 2024. Mission Network had amounts payable to Mennonite Church USA of approximately \$333,300 for the year ended July 31, 2024, related to the transfer of title of the building.

Mission Network also shares costs for telephone systems and information technology with other agencies of Mennonite Church USA and related organizations.

Everence provides administrative services for all health plans maintained by Mission Network as well as providing reinsurance for the staff health plan (see Note 10). Total expenses incurred for health plan costs paid to Everence was approximately \$575,000 and \$626,000 for the years ended July 31, 2025 and 2024, respectively. Mission Network had amounts included in accounts payable for health plan claims of approximately \$44,900 and \$4,100 at July 31, 2025 and 2024, respectively.

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The MASP provides reinsurance for health plans covering mission workers overseas and certain participants and unit leaders in its Christian Service programs (see Note 10). Total expenses incurred for health plan costs paid to MASP was approximately \$35,000 and \$42,000 for the years ended July 31, 2025 and 2024, respectively. Mission Network had no amounts included in accounts receivable from the MASP at July 31, 2025 and 2024.

NOTE 14 - CHARITABLE GIFT ANNUITIES

Mission Network receives assets from various individuals under agreements that require Mission Network to pay the donors varying amounts during their lifetime. These assets are recognized at their fair value at the time of their receipt. An actuarial present value of the payments to be made, based on the donor's age and annuity interest rates, is used to determine the obligation. The gift is based on the value of the assets less the obligation at the time the gift was received. The total annuity obligation as of July 31, 2025 and 2024, was approximately \$4,000. The annuity liability is periodically reviewed and adjusted as necessary for changes due to revised life expectancy.

NOTE 15 - TRANSITION-RELATED AGREEMENTS

The formation of Mennonite Church USA and Mennonite Mission Network resulted in agreements that may call for future payments to Mennonite Church Canada. These payments would be related to the proceeds received from the sale of real estate. If certain properties are sold, Mennonite Church Canada would receive a portion of the proceeds received by Mission Network. Payments are made as the proceeds of the sales are collected. The unpaid amounts included in accounts payable are \$1,281 and \$1,405 at July 31, 2025 and 2024, respectively.

NOTE 16 - ASSETS NOT AVAILABLE DUE TO RESTRICTIONS

Assets not available due to restrictions are made up of real estate donated to Mission Network with attached restrictions as to its available use. The property was recorded at the lower of cost or fair value, \$175,000, on the date of the gift and is restricted for the life interest of family members of the donor. As a result, it is discounted for the estimated life of the persons holding the life interest, totaling \$53,000 and \$55,000 as of July 31, 2025 and 2024, respectively. In 2024, there were contributions received to support a future mission trip totaling \$14,500. These amounts are reported in deferred revenue on the Statements of Financial Position.

NOTE 17 - SUBSEQUENT EVENTS

The Mission Network has evaluated subsequent events through January 28, 2026, the date the financial statements were available to be issued. No events or transactions occurred during this period which require recognition or disclosure in the financial statements.