

**Mennonite Heritage Village (Canada) Inc.**  
**Financial Statements**  
*December 31, 2025*

To the Members of Mennonite Heritage Village (Canada) Inc.:

## Qualified Opinion

We have audited the financial statements of Mennonite Heritage Village (Canada) Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations and changes in fund balances, cash flows and the related schedule for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly our verification of revenue was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenue, current assets, excess of revenue over expenses, and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba

April 14, 2026

*MNP LLP*

Chartered Professional Accountants

**MNP**

**Mennonite Heritage Village (Canada) Inc.**  
**Statement of Financial Position**

*As at December 31, 2025*

	<i>Operating Fund</i>	<i>Cultural Properties and Antiquities Fund</i>	<i>Capital Fund</i>	<i>Endowment Fund</i>	<b>2025</b>	<b>2024</b>
<b>Assets</b>						
<b>Current</b>						
Cash	360,267	14,585	-	329	375,181	362,996
Accounts receivable	31,294	-	-	-	31,294	48,396
Prepaid expenses	2,907	-	-	-	2,907	2,907
Inventory (Note 3)	35,585	-	-	-	35,585	28,909
	<b>430,053</b>	<b>14,585</b>	<b>-</b>	<b>329</b>	<b>444,967</b>	<b>443,208</b>
<b>Capital assets (Note 4)</b>	<b>-</b>	<b>-</b>	<b>2,546,913</b>	<b>-</b>	<b>2,546,913</b>	<b>2,710,311</b>
<b>Cultural properties and antiquities (Note 5)</b>	<b>-</b>	<b>1,948,406</b>	<b>-</b>	<b>-</b>	<b>1,948,406</b>	<b>1,948,406</b>
	<b>430,053</b>	<b>1,962,991</b>	<b>2,546,913</b>	<b>329</b>	<b>4,940,286</b>	<b>5,101,925</b>


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**Mennonite Heritage Village (Canada) Inc.**  
**Statement of Financial Position**

*As at December 31, 2025*

	Operating Fund	Cultural Properties and Antiquities Fund	Capital Fund	Endowment Fund	2025	2024
<b>Liabilities</b>						
<b>Current</b>						
Bank indebtedness (Note 6)	337,715	-	-	-	337,715	240,159
Accounts payable and accrued liabilities (Note 7)	133,683	-	-	-	133,683	75,478
Deferred contributions (Note 8)	40,001	-	-	-	40,001	30,001
Current portion of capital lease obligations (Note 9)	-	-	13,573	-	13,573	15,026
Term loan due on demand (Note 10)	-	-	852,721	-	852,721	892,712
	<b>511,399</b>	<b>-</b>	<b>866,294</b>	<b>-</b>	<b>1,377,693</b>	<b>1,253,376</b>
<b>Deferred contributions</b> (Note 8)	-	-	937,726	-	937,726	967,415
<b>Capital lease obligations</b> (Note 9)	-	-	7,926	-	7,926	21,499
<b>Interfund balances</b> (Note 11)	987,531	(33,513)	(948,919)	(5,099)	-	-
	<b>1,498,930</b>	<b>(33,513)</b>	<b>863,027</b>	<b>(5,099)</b>	<b>2,323,345</b>	<b>2,242,290</b>
<b>Fund balances</b>						
Invested in cultural property and antiquities	-	1,996,504	-	-	1,996,504	1,986,102
Invested in capital assets	-	-	1,683,886	-	1,683,886	1,822,871
Externally restricted endowments	-	-	-	5,428	5,428	4,728
Unrestricted deficit	(1,068,877)	-	-	-	(1,068,877)	(954,066)
	<b>(1,068,877)</b>	<b>1,996,504</b>	<b>1,683,886</b>	<b>5,428</b>	<b>2,616,941</b>	<b>2,859,635</b>
	<b>430,053</b>	<b>1,962,991</b>	<b>2,546,913</b>	<b>329</b>	<b>4,940,286</b>	<b>5,101,925</b>

Approved on behalf of the Board

  
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Director

  
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Director

*The accompanying notes are an integral part of these financial statements*

**Mennonite Heritage Village (Canada) Inc.**  
**Statement of Operations and Changes in Fund Balances**

*For the year ended December 31, 2025*

	<i>Operating Fund</i>	<i>Cultural Properties and Antiquities Fund</i>	<i>Capital Fund</i>	<i>Endowment Fund</i>	<b>2025</b>	<b>2024</b>
<b>Revenue</b>						
Development						
Donations and fundraising	<b>403,735</b>	<b>11,351</b>	-	<b>700</b>	<b>415,786</b>	691,001
Grants	<b>274,338</b>	-	-	-	<b>274,338</b>	290,664
Sponsorship	<b>25,500</b>	-	-	-	<b>25,500</b>	33,000
Amortization of deferred contributions	-	-	<b>29,689</b>	-	<b>29,689</b>	91,297
Admissions	<b>207,625</b>	-	-	-	<b>207,625</b>	201,951
Sales (schedule)	<b>604,950</b>	-	-	-	<b>604,950</b>	543,657
Other revenue						
Miscellaneous	<b>56,973</b>	-	-	-	<b>56,973</b>	46,723
Interest	<b>13</b>	<b>52</b>	-	-	<b>65</b>	343
	<b>1,573,134</b>	<b>11,403</b>	<b>29,689</b>	<b>700</b>	<b>1,614,926</b>	1,898,636
<b>Cost of sales</b>	<b>194,065</b>	-	-	-	<b>194,065</b>	150,295
<b>Net revenue</b>	<b>1,379,069</b>	<b>11,403</b>	<b>29,689</b>	<b>700</b>	<b>1,420,861</b>	1,748,341

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**Mennonite Heritage Village (Canada) Inc.**  
**Statement of Operations and Changes in Fund Balances**

*For the year ended December 31, 2025*

	<i>Operating Fund</i>	<i>Cultural Properties and Antiquities Fund</i>	<i>Capital Fund</i>	<i>Endowment Fund</i>	<b>2025</b>	<b>2024</b>
<b>Net revenue</b> <i>(Continued from previous page)</i>	<b>1,379,069</b>	<b>11,403</b>	<b>29,689</b>	<b>700</b>	<b>1,420,861</b>	<b>1,748,341</b>
<b>Expenses</b>						
Amortization	-	-	<b>168,674</b>	-	<b>168,674</b>	169,727
Bad debts (recovery)	<b>3,691</b>	-	-	-	<b>3,691</b>	(448)
Bank charges and interest	<b>90,179</b>	-	-	-	<b>90,179</b>	91,664
Equipment lease	<b>5,724</b>	-	-	-	<b>5,724</b>	7,202
Fundraising	<b>25,816</b>	<b>1,001</b>	-	-	<b>26,817</b>	31,566
Insurance	<b>69,308</b>	-	-	-	<b>69,308</b>	35,069
Marketing and advertising	<b>20,373</b>	-	-	-	<b>20,373</b>	17,664
Memberships	<b>8,383</b>	-	-	-	<b>8,383</b>	11,181
Office and supplies	<b>41,999</b>	-	-	-	<b>41,999</b>	43,982
Professional development	<b>7,732</b>	-	-	-	<b>7,732</b>	7,760
Professional fees	<b>16,617</b>	-	-	-	<b>16,617</b>	13,019
Property expense	<b>37,872</b>	-	-	-	<b>37,872</b>	33,383
Repairs and maintenance (schedule)	<b>162,616</b>	-	-	-	<b>162,616</b>	210,872
Salaries and benefits (schedule)	<b>824,309</b>	-	-	-	<b>824,309</b>	841,647
Special events	<b>55,191</b>	-	-	-	<b>55,191</b>	69,736
Supplies (schedule)	<b>33,624</b>	-	-	-	<b>33,624</b>	35,820
Utilities	<b>64,123</b>	-	-	-	<b>64,123</b>	77,736
Volunteer meals	<b>26,323</b>	-	-	-	<b>26,323</b>	23,890
<b>Total expenses</b>	<b>1,493,880</b>	<b>1,001</b>	<b>168,674</b>	<b>-</b>	<b>1,663,555</b>	<b>1,721,470</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>(114,811)</b>	<b>10,402</b>	<b>(138,985)</b>	<b>700</b>	<b>(242,694)</b>	<b>26,871</b>
<b>Fund balances, beginning of year</b>	<b>(954,066)</b>	<b>1,986,102</b>	<b>1,822,871</b>	<b>4,728</b>	<b>2,859,635</b>	<b>2,832,764</b>
<b>Fund balances, end of year</b>	<b>(1,068,877)</b>	<b>1,996,504</b>	<b>1,683,886</b>	<b>5,428</b>	<b>2,616,941</b>	<b>2,859,635</b>

*The accompanying notes are an integral part of these financial statements*

# Mennonite Heritage Village (Canada) Inc.

## Statement of Cash Flows

For the year ended December 31, 2025

	2025	2024
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	(242,694)	26,871
Amortization	168,674	169,727
Amortization of deferred contributions	(29,689)	(91,297)
	(103,709)	105,301
Changes in working capital accounts		
Accounts receivable	17,102	4,785
Inventory	(6,676)	4,745
Accounts payable and accrued liabilities	58,205	(39,085)
Deferred contributions	10,000	-
	(25,078)	75,746
<b>Financing</b>		
Change in bank indebtedness, net	97,556	(329,340)
Repayments of capital lease obligations	(15,026)	(14,779)
Advances of term loan due on demand	-	900,000
Repayments of term loan due on demand	(39,991)	(299,571)
Repayment of Canada Emergency Business Account	-	(40,000)
	42,539	216,310
<b>Investing</b>		
Purchase of capital assets	(5,276)	(21,100)
<b>Increase in cash resources</b>	<b>12,185</b>	<b>270,956</b>
<b>Cash resources, beginning of year</b>	<b>362,996</b>	<b>92,040</b>
<b>Cash resources, end of year</b>	<b>375,181</b>	<b>362,996</b>

The accompanying notes are an integral part of these financial statements

**Mennonite Heritage Village (Canada) Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

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**1. Incorporation and nature of the organization**

The Mennonite Heritage Village (Canada) Inc. (the "Charity") exists to collect, preserve, and display the pioneer history of the Mennonite settlements in Southern Manitoba. The Organization operates a large heritage-oriented facility and historic village site in Steinbach, Manitoba.

The Charity is a registered charity and thus is exempt from income taxes under the Income Tax Act.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

***Fund accounting***

The Charity follows the deferral method of accounting for contributions and reports using fund accounting, and maintains four funds: Operating Fund, Cultural Properties and Antiquities Fund, Capital Asset Fund and Endowment Fund.

The Operating Fund reports the Charity's unrestricted revenue and expenses related to program delivery and administrative activities.

The Cultural Properties and Antiquities Fund reports the Organization's assets, liabilities, revenues and expenses related to the Organization's cultural properties and antiquities.

The Capital Fund reports the Charity's assets, liabilities, revenue and expenses related to the Organization's fixed assets.

The Endowment Fund reports the Charity's endowment contributions. Investment income earned on resources of the Endowment Fund is reported in the Endowment Fund.

***Revenue recognition***

The Organization follows the deferral method of accounting for contributions and reports using fund accounting. Restricted capital contributions are recognized in the Capital Fund as revenue in the year in which the related expenses are incurred. Restricted cultural properties and antiquities contributions are recognized in the Cultural Properties and Antiquities Fund as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the fund balances of the Endowment Fund.

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

All other revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

***Government assistance***

Government assistance includes all funding received from the federal and provincial government. The Organization recognizes government assistance received as earned revenue in the period for which all obligations in relation to the assistance have been satisfied.

***Inventory***

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

**Mennonite Heritage Village (Canada) Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

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**2. Significant accounting policies** *(Continued from previous page)*

**Capital assets**

Purchased capital assets are recorded at cost in the Capital Fund. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the following method at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Buildings	straight-line	30, 40, or 50 years
Ground enhancements	straight-line	10 years
Summer pavilion	straight-line	50 years
Peace monument	straight-line	50 years
Equipment	declining balance	20 %

**Cultural properties and antiquities**

Cultural properties and antiquities gifted to the Organization are recorded at their appraised fair market values at the date of the gift. Cultural properties and antiquities that are purchased by the Organization are recorded at the cost of the purchase. The cultural properties and antiquities are capitalized on the statement of financial position within the Cultural Properties and Antiquities Fund and no amortization is recorded.

Proceeds from the sale of cultural properties and antiquities would be used either to acquire new items for the collection or for the direct care of the collection.

**Contributed materials and services**

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Charity's operations and would otherwise have been purchased.

**Deferred contributions related to capital assets**

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

**Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. No allowance has been recorded as at December 31, 2025 (2024 - \$nil).

Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the periods in which they become known.

**Customer's accounting for cloud computing arrangement**

The Charity has applied the simplification approach to account for expenditures in a cloud computing arrangement. Under the simplification approach, the Charity recognizes expenditures related to the elements in the cloud computing arrangement as an expense as incurred. In the current year, expenses of \$6,574 (2024 - \$625) have been recognized as memberships expense on the financial statement.

**2. Significant accounting policies** *(Continued from previous page)*

**Financial instruments**

The Charity recognizes financial instruments when the Charity becomes party to the contractual provisions of the financial instrument.

**Arm's length financial instruments**

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Charity may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Charity has not made such an election during the year.

The Charity subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Charity's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

**Financial asset impairment**

The Charity assesses impairment of all its financial assets measured at cost or amortized cost. The Charity groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Charity determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Charity reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Charity reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Charity reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

The Charity reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenues over expenses in the year the reversal occurs.

**Mennonite Heritage Village (Canada) Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**3. Inventory**

	2025	2024
Books and souvenirs	33,506	28,711
Food	2,079	198
	35,585	28,909

The cost of inventories expensed in the year was \$194,065 (2024 – \$150,295).

**4. Capital assets**

	Cost	Accumulated amortization	2025 Net book value
Land	39,706	-	39,706
Buildings	3,787,314	2,710,660	1,076,654
Equipment	661,009	584,058	76,951
Ground enhancements	299,817	154,806	145,011
Summer pavilion	1,289,501	230,696	1,058,805
Peace monument	150,698	22,513	128,185
	6,228,045	3,702,733	2,525,312
Assets under capital lease			
Equipment under capital lease	85,134	63,533	21,601
	6,313,179	3,766,266	2,546,913

	Cost	Accumulated amortization	2024 Net book value
Land	39,706	-	39,706
Buildings	3,787,314	2,632,772	1,154,542
Equipment	655,733	565,481	90,252
Ground enhancements	299,817	128,290	171,527
Summer pavilion	1,289,501	204,056	1,085,445
Peace monument	150,698	19,499	131,199
	6,222,769	3,550,098	2,672,671
Assets under capital lease			
Equipment under capital lease	85,134	47,494	37,640
	6,307,903	3,597,592	2,710,311

**5. Cultural properties and antiquities**

At December 31, 2025, the Charity's cultural properties and antiquities primarily consists of over 30 heritage buildings and monuments and over 16,000 artifacts. These items are all held for public exhibition and cultural purposes. During the year, expenditures directly related to maintaining cultural properties and antiquities were \$3,282 (2024 – \$781) There were no significant changes, additions, disposals or write-downs to the collection.

**Mennonite Heritage Village (Canada) Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

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**6. Bank indebtedness**

The Organization has a line of credit with Steinbach Credit Union ("SCU") with a maximum limit of \$400,000 (2024 - \$400,000). The line of credit bears interest at the credit union's prime rate of 4.45% (2024 - 5.45%) and is secured by a general security agreement as well as property located at 231 PTH #12 North in Steinbach, Manitoba. At December 31, 2025 the Organization had used \$298,007 (2024 - \$202,592) of the line of credit, the difference being the net of outstanding cheques and deposits.

**7. Accounts payable and accrued liabilities**

	2025	2024
Accounts payable and accrued liabilities	<b>62,933</b>	23,314
Accrued wages	<b>71,059</b>	49,501
Government remittances payable (receivable)	<b>(309)</b>	2,663
	<b>133,683</b>	75,478

**8. Deferred contributions**

Deferred contributions consist of unspent contributions that are externally restricted. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	Operating Fund	Capital Fund	2025	2024
Balance, beginning of year	<b>30,001</b>	<b>967,415</b>	<b>997,416</b>	1,088,713
Amount received during the year	<b>10,000</b>	-	<b>10,000</b>	-
Less: Amount recognized as revenue during the year	-	<b>(29,689)</b>	<b>(29,689)</b>	(91,297)
Balance, end of year	<b>40,001</b>	<b>937,726</b>	<b>977,727</b>	997,416

**Mennonite Heritage Village (Canada) Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**9. Capital lease obligations**

	2025	2024
Kubota equipment lease, payable in equal monthly instalments of \$870 including interest at 0.99%, due October 2026, secured by a Kubota cab tractor with a net book value of \$9,248 (2024 - \$20,345).	<b>8,486</b>	18,577
Kubota equipment lease, payable in equal monthly instalments of \$460 including interest at 3.08%, due June 2028, secured by a Kubota tractor with a net book value of \$12,353 (2024 - \$17,295).	<b>13,013</b>	17,948
	<b>21,499</b>	36,525
Less: current portion	<b>13,573</b>	15,026
	<b>7,926</b>	21,499

Future minimum lease payments related to the obligations under capital lease are as follows:

2026	13,936
2027	5,412
2028	2,706
	<u>22,054</u>
Less: imputed interest	(555)
	21,499
Less: current portion	(13,573)
	<u>7,926</u>

**10. Term loan due on demand**

	2025	2024
Term loan due on demand with Steinbach Credit Union, bearing interest at the credit union's prime rate; 4.45% plus 0.5% (2024 - credit union's prime rate; 5.45% plus 0.5%), with blended principal and interest payments of monthly instalments of \$7,350 maturing August 1, 2044.	<b>852,721</b>	892,712

In February 26, 2024, the loan was refinanced to \$900,000 which was used to pay down existing mortgage loans and the line of credit. The loan is secured by a \$1,500,000 multi-purpose mortgage creating a first charge on property located at Lot 3 Plan 14671 and S1/2 of NW1/4 11-7-6E, a general security agreement providing a first security interest in all present and and future assets, and an assignment of insurance coverage on inventory, equipment, machinery and automobiles naming Steinbach Credit Union as first loss payable.

Principal repayments on the term loan due on demand in each of the next five years, assuming demand is not made, are estimated as follows:

2026	47,058
2027	49,441
2028	51,944
2029	54,575
2030	<u>57,338</u>

**Mennonite Heritage Village (Canada) Inc.**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

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**11. Interfund balances**

Income and expenses incurred in one fund on behalf of other funds are accounted for in the Interfund balances on the statement of financial position. The amounts have no specific terms of repayment and bear no interest.

**12. Financial instruments**

The Charity, as part of its operations, carries a number of financial instruments. It is management's opinion that the Charity is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to cash flow risk related to its bank indebtedness and term loan due on demand as they are based on the prime interest rate.

***Liquidity risk***

Liquidity risk is the risk that the Charity will encounter difficulty in meeting obligations associated with financial liabilities. The Charity enters into transactions to borrow funds from financial institutions for which repayment is required at various maturity dates.

**Mennonite Heritage Village (Canada) Inc.**  
**Schedule of Sales, Cost of Sales and Expenses**

*For the year ended December 31, 2025*

	2025				2024
	<i>Food Services</i>	<i>Books and Souvenirs</i>	<i>General Rental</i>	<i>Total</i>	<i>Total</i>
Sales	<b>348,679</b>	<b>129,406</b>	<b>126,865</b>	<b>604,950</b>	543,657
Cost of sales	<b>119,883</b>	<b>74,182</b>	-	<b>194,065</b>	150,295
Gross profit	<b>228,796</b>	<b>55,224</b>	<b>126,865</b>	<b>410,885</b>	393,362
Expenses					
Advertising	-	-	-	-	3,621
Repairs and maintenance	7,592	-	8,779	16,371	26,114
Supplies	1,287	5,708	3,808	10,803	19,861
Wages	162,607	80,908	66,957	310,472	279,355
	<b>171,486</b>	<b>86,616</b>	<b>79,544</b>	<b>337,646</b>	328,952
Excess (deficiency) of revenue over expenses	<b>57,310</b>	<b>(31,392)</b>	<b>47,321</b>	<b>73,239</b>	64,410