

**MISSIONARY CHURCH INVESTMENT FOUNDATION, INC.**  
**3811 Vanguard Drive, Fort Wayne, IN 46809**  
**(260) 747-2027 ext. 1205 – Email: [mcif@mcusa.org](mailto:mcif@mcusa.org)**  
**\$15,000,000 INVESTMENT CERTIFICATES**

We – Missionary Church Investment Foundation, Inc. (the “Foundation,” “we,” or “us”) – are offering up to \$15,000,000 of Investment Certificates as shown below:

Description	Type	Minimum Purchase
Liquid Account	Demand	\$0
Employee Savings	Demand	\$0
Church Reserve	Demand	\$0
1-year Term Investment Certificate	Term	\$1,000
2-year Term Investment Certificate	Term	\$1,000
3-year Term Investment Certificate	Term	\$1,000

The Investment Certificates are unsecured, general obligations of the Foundation. Because of the continuous nature of this offering, the type of Investment Certificates available and the interest rates paid on the Investment Certificates are expected to change from time to time based on the Foundation’s financial needs and current market conditions. Current interest rates are shown on the Investment Application and Agreement accompanying this Offering Circular. You may also call us at (260) 747-2027 x1205 or visit our website ([www.mcifusa.org](http://www.mcifusa.org)) to obtain our current interest rates. Term Investment Certificates have fixed terms and interest rates of up to 3 years. Demand Investment Certificates have rates that can vary as often as monthly and can be redeemed, in whole or in part, upon written request. We use the proceeds of the Investment Certificates primarily to fund loans to churches and other church-related organizations affiliated with Missionary Church, Inc. (the “Denomination”).

We offer Investment Certificates only to persons who are, prior to the receipt of an Offering Circular, members of, contributors to, or participants in the Denomination, the Foundation or in any program activity or organization which constitutes a part of the Denomination or the Foundation, or in other religious organizations that have a programmatic relationship with the Denomination or the Foundation, a region or a district or other program, activity or organization which constitutes a part of the Missionary Church, a region, or one of its districts, or a successor in interest to such person. Investment Certificates are not available in all states.

This offering is not underwritten and no commissions will be paid on the sales of the Investment Certificates. We will receive 100% of the proceeds from the sales of the Investment Certificates, less all expenses of this offering. We will pay the expenses of this offering, which should not exceed \$55,000, or less than ½ of 1% of the offering. This offering is a continuous offering and without a termination date.

**Your purchase of Investment Certificates is subject to certain risks. Please read “Risk Factors,” beginning on page 8.**

*The date of this Offering Circular is June 30, 2022, and may be used until the expiration of the periods of time authorized in the various states, which is typically twelve months.*

**Not FDIC or SIPC Insured**

**Not a Bank Deposit**

**No Missionary Church, Inc. Guarantee**

THESE SECURITIES MAY EITHER BE REGISTERED OR EXEMPT FROM REGISTRATION IN THE VARIOUS STATES OR JURISDICTIONS IN WHICH THEY ARE OFFERED OR SOLD BY THE FOUNDATION. THIS OFFERING CIRCULAR HAS BEEN FILED WITH THE SECURITIES ADMINISTRATORS IN SUCH STATES OR JURISDICTIONS THAT REQUIRE IT FOR REGISTRATION OR EXEMPTION.

THE INVESTMENT CERTIFICATES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(a)(4) OF THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THE INVESTMENT CERTIFICATES HAS NOT BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY, ADEQUACY TRUTHFULNESS, OR COMPLETENESS OF THIS DOCUMENT AND HAVE NOT PASSED UPON THE MERIT OR VALUE OF THESE SECURITIES, OR APPROVED, DISAPPROVED, OR ENDORSED THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE FOUNDATION AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURE, MERITS AND RISKS INVOLVED.

THE INVESTMENT CERTIFICATES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, OR ANY STATE BANK INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE INVESTMENT CERTIFICATES IS DEPENDENT UPON OUR FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW OUR FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE INVESTMENT CERTIFICATES ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY THE DENOMINATION OR BY ANY CHURCH, CONFERENCE, INSTITUTION OR AGENCY AFFILIATED WITH THE DENOMINATION.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT WITH OUR WRITTEN CONSENT AND AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NO PERSON HAS BEEN AUTHORIZED TO GIVE INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING, OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN MADE BY US.

INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF INVESTMENT CERTIFICATES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY STATE IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALES MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY

**IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE FOUNDATION SINCE THE DATE OF THIS OFFERING CIRCULAR.**

**SPECIAL NOTICES TO PROSPECTIVE INVESTORS**

The securities laws of some states restrict the offering of the Investment Certificates in certain cases, and the Foundation will not accept subscriptions from persons in the following states unless they meet the applicable state requirements and confirm the same in their subscription agreement. The states and applicable restrictions are noted below.

**AN INVESTOR MUST PURCHASE A SECURITY HEREUNDER FOR HIS OWN BONA FIDE INVESTMENT AND NOT WITH A VIEW TO RESALE.**

**PLEASE NOTE THESE ADDITIONAL STATE-SPECIFIC DISCLOSURES:**

**CALIFORNIA RESIDENTS**

**ALL INVESTORS WILL RECEIVE A MATURITY NOTICE AND A CURRENT OFFERING CIRCULAR WITHIN THIRTY DAYS OF THE MATURITY DATE OF EACH OF THEIR INVESTMENT CERTIFICATES AND CALIFORNIA INVESTORS WILL HAVE THE OPPORTUNITY TO NOTIFY THE FOUNDATION IF THEY INTEND TO RENEW THEIR INVESTMENTS. IF RENEWAL IS NOT REQUESTED, INVESTORS' FUNDS WILL BE PROMPTLY RETURNED. RENEWALS CAN BE MADE ONLY IF MISSIONARY CHURCH INVESTMENT FOUNDATION, INC. IS QUALIFIED TO MAKE SALES IN CALIFORNIA.**

**"IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."**

**FLORIDA RESIDENTS**

**THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE STATE OF FLORIDA, DEPARTMENT OF BANKING AND FINANCE, DIVISION OF SECURITIES. UPON APPROPRIATE NOTICE TO THE FOUNDATION, SOME FLORIDA PURCHASERS MAY RESCIND THEIR PURCHASE OF INVESTMENT CERTIFICATES WITHIN THREE BUSINESS DAYS OF THEIR PURCHASE.**

**GEORGIA RESIDENTS**

**ANY PERSON WHO PURCHASES THE SECURITIES OFFERED HEREBY SHALL HAVE THE UNQUALIFIED AND UNWAIVABLE RIGHT TO RESCIND SUCH PURCHASE WITHIN 72 HOURS OF THE EXECUTION OF A WRITTEN AGREEMENT TO PURCHASE ANY SECURITIES OFFERED HEREBY, THE DELIVERY OF A CONFIRMATION OF SALE, OR THE PAYMENT FOR ANY SECURITIES OFFERED HEREBY, WHICHEVER SHALL OCCUR FIRST. RESCISSION MAY BE ACCOMPLISHED BY COMPLETING AND MAILING THE FORMS CONTAINED IN THE ACCOMPANYING GEORGIA SUPPLEMENT.**

**THESE SECURITIES ARE OFFERED AND SOLD PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 10-5-10(7) OF THE GEORGIA UNIFORM SECURITIES ACT OF 2008. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE GEORGIA SECURITIES COMMISSION.**

#### **KENTUCKY RESIDENTS**

**THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER KRS 292.400(9) OF THE KENTUCKY SECURITIES ACT.**

#### **INDIANA RESIDENTS**

**THESE ARE SPECULATIVE SECURITIES. THE INDIANA SECURITIES DIVISION HAS NOT IN ANY WAY PASSED UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, THE SECURITIES HEREBY OFFERED, OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

#### **PENNSYLVANIA RESIDENTS**

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES, NOR HAS THE DEPARTMENT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. A REGISTRATION STATEMENT WITH RESPECT TO THE SECURITIES OFFERED BY THIS OFFERING CIRCULAR HAS BEEN FILED IN THE OFFICES OF THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES IN HARRISBURG, PENNSYLVANIA THAT INCLUDES CERTAIN EXHIBITS ONLY SUMMARIZED OR ALLUDED TO IN THE OFFERING CIRCULAR AND WHICH IS AVAILABLE FOR INSPECTION AT THE DEPARTMENT OFFICE DURING REGULAR BUSINESS HOURS: 17 N. SECOND STREET, SUITE 1300, HARRISBURG, PA 17101, PHONE: (800) 600-0007 or (717) 787-8059, FAX: (717) 783-5122. REGULAR OFFICE HOURS ARE MONDAY-FRIDAY 8:30 AM TO 5:00 PM.**

**IF YOU HAVE ACCEPTED AN OFFER TO PURCHASE THESE SECURITIES MADE PURSUANT TO AN OFFERING CIRCULAR WHICH CONTAINS A WRITTEN NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(m)(1) OF THE PENNSYLVANIA SECURITIES ACT OF 1972, YOU MAY ELECT, WITHIN TWO BUSINESS DAYS AFTER THE FIRST TIME YOU HAVE RECEIVED THIS NOTICE AND AN OFFERING CIRCULAR (WHICH IS NOT MATERIALLY DIFFERENT FROM THE FINAL OFFERING CIRCULAR) TO WITHDRAW FROM YOUR PURCHASE AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONIES PAID BY YOU. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A WRITTEN NOTICE (INCLUDING A NOTICE BY FACSIMILE OR ELECTRONIC MAIL) TO THE ISSUER INDICATING YOUR INTENTION TO WITHDRAW.**

**IT IS THE POSITION OF THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES THAT INDEMNIFICATION FOR VIOLATIONS OF THE PENNSYLVANIA SECURITIES ACT OF 1972 IS NULL AND VOID AS AGAINST PUBLIC POLICY.**

#### **SOUTH CAROLINA RESIDENTS**

**ALL INVESTORS WILL RECEIVE A MATURITY NOTICE AND A CURRENT OFFERING CIRCULAR WITHIN THIRTY DAYS OF THE MATURITY DATE OF EACH OF THEIR INVESTMENT CERTIFICATES AND SOUTH CAROLINA INVESTORS WILL HAVE THE OPPORTUNITY TO NOTIFY THE FOUNDATION IF THEY INTEND TO RENEW THEIR INVESTMENTS. IF RENEWAL IS NOT REQUESTED, INVESTORS' FUNDS WILL BE PROMPTLY RETURNED.**

**IF AN INVESTOR WAS A RESIDENT OF THE STATE OF SOUTH CAROLINA AT THE TIME OF PURCHASE OF AN INVESTMENT CERTIFICATE, THE INVESTOR HAS THE RIGHT TO DECLARE AN EVENT OF DEFAULT ON**

**THAT INVESTMENT CERTIFICATE IF AND ONLY IF (A) THE FOUNDATION FAILS TO PAY PRINCIPAL AND INTEREST DUE ON THAT INVESTMENT CERTIFICATE WITHIN 30 DAYS OF RECEIPT OF WRITTEN NOTICE FROM THE INVESTOR NOTIFYING THE FOUNDATION OF ITS FAILURE TO PAY SUCH PRINCIPAL OR INTEREST ON THE DUE DATE, OR (B) A SOUTH CAROLINA RESIDENT WHO OWNS AN INVESTMENT CERTIFICATE OF THE SAME ISSUE (i.e., THE SAME TYPE, TERM AND OFFERING) HAS RIGHTFULLY DECLARED AN EVENT OF DEFAULT AS TO THAT INVESTOR'S INVESTMENT CERTIFICATE. THE OWNER OF A CERTIFICATE DECLARES AN EVENT OF DEFAULT ON THAT CERTIFICATE BY SUBMITTING A WRITTEN DECLARATION TO THE FOUNDATION.**

**UPON AN INVESTOR'S RIGHTFUL DECLARATION OF AN EVENT OF DEFAULT ON AN INVESTMENT CERTIFICATE: (A) THE PRINCIPAL AND INTEREST ON THAT INVESTMENT CERTIFICATE BECOMES IMMEDIATELY DUE AND PAYABLE, (B) THE INVESTOR HAS THE RIGHT TO RECEIVE FROM THE FOUNDATION UPON WRITTEN REQUEST A LIST OF NAMES AND ADDRESSES OF ALL OWNERS OF INVESTMENT CERTIFICATES OF THE SAME ISSUE IN THE STATE OF SOUTH CAROLINA, AND (C) THE OWNERS OF 25% OR MORE IN PRINCIPAL AMOUNT OF INVESTMENT CERTIFICATES OF THE SAME ISSUE OUTSTANDING IN THE STATE OF SOUTH CAROLINA HAVE THE RIGHT TO DECLARE THE ENTIRE ISSUE IN THE STATE OF SOUTH CAROLINA DUE AND PAYABLE.**

**THE RIGHTFUL DECLARATION OF AN EVENT OF DEFAULT AS TO ANY ONE INVESTMENT CERTIFICATE OF THE SAME ISSUE IN THE STATE OF SOUTH CAROLINA CONSTITUTES AN EVENT OF DEFAULT ON THE ENTIRE ISSUE IN SOUTH CAROLINA.**

**DEMAND INVESTMENT CERTIFICATES ARE NOT AVAILABLE IN THE STATE OF SOUTH CAROLINA.**

#### **SPECIAL NOTICE**

**ANY FUTURE TRANSACTION WITH AN OFFICER, DIRECTOR, KEY EMPLOYEE OR ANY OTHER INDIVIDUAL WILL BE ON TERMS NO LESS FAVORABLE TO THE FOUNDATION THAN COULD BE OBTAINED FROM AN INDEPENDENT THIRD PARTY. THE FOUNDATION DOES NOT EXTEND LOANS TO ANY OFFICER, DIRECTOR, KEY EMPLOYEE OF THE FOUNDATION OR TO ANY OTHER INDIVIDUAL. THE FOUNDATION ONLY PROVIDES FINANCING TO AFFILIATES OF THE DENOMINATION FOR PURPOSES DESCRIBED IN THE SUMMARY OF THE OFFERING.**

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## SUMMARY OF THE OFFERING

This Summary is provided for your convenience and contains only selected information. Before investing, you should read this entire Offering Circular, including the audited financial statements.

**The Foundation.** The Foundation is an Indiana nonprofit corporation, affiliated with the Denomination. We assist the Denomination by making loans to churches and other church-related organizations affiliated with the Denomination (hereafter all such types of churches and church-related organizations affiliated with the Denomination will be referred to as “Church Organizations”) for buildings, equipment, land, and other projects.

Our offices are located at 3811 Vanguard Drive, Fort Wayne, Indiana 46809, and our telephone number is (260) 747-2027, ext. 1205. Our mailing address is P.O. Box 9127, Fort Wayne, IN 46899-9127. (See “History and Operations”)

**Description of the Investment Certificates.** We are offering Term and Demand Investment Certificates. Minimum investment amounts, terms, and interest rates at any particular time are reflected in the Investment Application and Agreement accompanying this Offering Circular and on our website ([www.mcfusa.org](http://www.mcfusa.org)). All Investment Certificates are unsecured debt obligations of the Foundation and are not insured.

Term Investment Certificates have a fixed rate of interest, and interest is compounded semi-annually unless the Investor elects to receive interest payments. Thirty days prior to the maturity date of Term Investment Certificates, Investors will receive a maturity notice, together with the latest copy of the Offering Circular. Upon maturity, an investor may request in writing to either: 1) redeem the Investment Certificate or 2) extend the Investment Certificate for a one- to three-year term at the corresponding interest rate in effect at that time. If no extension request is made, an Investor will be deemed to have elected to redeem the Investment Certificate. If we allow early redemption of an Investment Certificate, an early withdrawal penalty may be assessed.

We offer three types of Demand Investment Certificates: Employee Savings Accounts, Church Reserve Accounts, and Liquid Accounts. Demand Investment Certificates have interest rates that can vary as often as monthly, and can be (for certain Demand Investment Certificates) variable based on the amount invested. Interest is compounded monthly for Demand Investment Certificates. You can request partial or full redemption of a Demand Investment Certificate at any time. (See “Description of Investment Certificates”)

**Use of Proceeds.** The proceeds from the sale of Investment Certificates will be added to the Foundation’s general funds and used primarily to make loans to Church Organizations for buildings, equipment, land and other projects. Some of the funds not used to make loans may be used to maintain liquidity and invested accordingly, used for the costs of this offering, or other purposes. (See “Use of Proceeds”)

**Financing of Foundation Activities.** The Foundation’s activities are financed mostly by the proceeds from the sale of its Investment Certificates, but also from principal and interest payments from its loans, and income on its investments. (See “Use of Proceeds” and “Financing and Operational Activities”)

**Summary of Financial Information.** The following is a summary of financial information for the Foundation's most recent fiscal year ending December 31, 2021:

Description	As of December 31, 2021
Cash, cash equivalents, and readily marketable securities (combined)	\$15,350,178
Total Loans Receivable*	\$25,620,926
Unsecured Loans Receivable	\$667,848
Unsecured Loans Receivable as a % of Total Loans Receivable	2.61%
Loan Delinquencies as a % of Total Loans Receivable**	2.56%
Total Assets	\$41,408,854
Total Investment Certificates Payable	\$ 35,377,123
Investment Certificates Redeemed during fiscal year	\$3,188,808
Other Long Term Debt	\$0
Net Assets	\$5,793,571
Change in Net Assets	\$146,214

*\*Prior to deducting Allowance for Loan Losses of \$852,875*

*\*\*Loans on which principal and/or interest were delinquent over 90 days*

## RISK FACTORS

The purchase of Investment Certificates involves certain risks. You should carefully consider the risk factors noted below, and all of the other information in this Offering Circular, before making a decision to purchase.

**No Security for Repayment of Investment Certificates.** The Investment Certificates are unsecured debt obligations of the Foundation and are uninsured. Investors must depend solely on the Foundation's financial condition and operations for repayment of principal and payment of interest on its Investment Certificates. As unsecured obligations, Investors will have a claim on the assets of the Foundation ranking equally with all other unsecured creditors of the Foundation.

**No Sinking Fund Established for Repayment.** No sinking fund or trust indenture has been, or will be, established by the Foundation to provide for the repayment of the Investment Certificates.

**Senior Secured Indebtedness.** As of the date of this Offering Circular, we had no secured debt obligations or other secured liabilities. We will not incur or issue Senior Secured Indebtedness in an amount greater than 10% of the Tangible Assets of the Foundation.

**No Public Market.** No public market exists for the Investment Certificates and none will develop. The transferability of the Investment Certificates is limited and restricted.

**We May Redeem Investment Certificates.** We reserve the right to redeem any of the Investment Certificates for repayment at any time, upon 30 days' prior written notice to an Investor.

**We Are Not Obligated to Redeem Investment Certificates Prior to Maturity.** We are not legally obligated to redeem Investment Certificates prior to their maturity. If early redemption is allowed, there will normally be an early withdrawal penalty. (See Description of Investment Certificates")

**Investments Subject to Market Risks.** Proceeds of this offering that are not used to fund loans or cover other expenses, along with other funds, may from time to time be invested in readily marketable securities. Readily marketable securities are subject to various market risks and may decline in value,



resulting in losses, which may affect our liquidity and ability to repay its Investment Certificates. (See "Investing Activities")

**Risks may be greater than implied by low interest rates.** Other institutions may offer Investment Certificates or other securities with higher rates of return, greater security, and less risk than our Investment Certificates.

**Increased Demand for Repayment Might Adversely Affect Our Financial Position.** A substantial portion of the outstanding Investment Certificates is payable in one, two, or three years. The principal amount of the outstanding Investment Certificates maturing during 2022 is \$11,811,856. Historically, a majority of the maturing Investment Certificates have been extended or reinvested. In the event that demands for repayment upon maturity of Investment Certificates are inconsistent with prior experience, and exceed the availability of funds (including Liquid Assets), the Foundation's financial condition and its ability to repay Investment Certificates will be adversely affected. (See "Financing and Operational Activities")

**Repayment of Term Investment Certificates.** We have the option, under the payment deferral right, to repay the principal in equal installments over five years beginning 30 days after the maturity of an Investment Certificate, or request for repayment of an Employee Savings Account or a Church Reserve Account, if the Board of Directors deems it necessary to maintain sufficient funds to meet obligations and maintain liquidity. If we exercise our option to repay the principal over five years, the interest rate that an Investor will receive may be less than the then market rate of interest. Investment Certificates issued to Investors in California, Kentucky, Michigan, North Carolina, or Pennsylvania are not subject to repayment of principal on an installment basis.

**Denomination Not Liable and Custodial Accounts Not Available as Source of Funds for Repayment.** Neither the Denomination nor any of the Denomination's affiliates will be liable for the repayment of the Investment Certificates. Investors must rely solely upon the assets of the Foundation for repayment. While the financial statements of the Foundation include the operations of various other funds managed by the Foundation, most of the assets attributable to such accounts are held under separate endowments and other agreements, and consequently should not be considered as available for the repayment of any of our liabilities, including the Investment Certificates.

**Liability for Claims Against the Denomination Could Adversely Affect Foundation.** The Foundation is separately incorporated from the Denomination and is not liable for claims against the Denomination or its affiliates. However, it is possible that in claims against the Denomination or its affiliates, the claimants might contend that the Foundation is also liable. Such claims against the Denomination, if upheld by the courts, could negatively affect the financial condition of the Foundation.

**Repayment of Loans is Dependent upon Contributions to Churches.** Our loans are primarily to churches. The ability of the churches to repay their loans will primarily depend upon the contributions they receive from their members. To the extent that a church experiences a reduction in contributions, the ability to repay a loan may be adversely affected, which in turn, may have an adverse effect on our ability to repay principal and interest on our Investment Certificates. (See "Lending Activities")

**We May Be More Accommodating Than a Commercial Lender.** Our lending criteria and policies may be more lenient than those of commercial lenders. We may also be more willing to accommodate partial, deferred or late payments, and have in the past made such accommodations to certain borrowers. (See "Lending Activities")

**The Value of the Security for Loans May Be Less Than Anticipated.** Most of our loans are secured by first

liens on real estate, which is primarily church buildings. Church buildings may have limited use and limited marketability compared to other commercial real estate. Therefore, if the real estate securing a loan were to be sold in order to satisfy a loan in default, the proceeds from the sale may be less than the amount owed. (See “Lending Activities”)

**Not All Loans Are Secured.** The Foundation’s loans have typically been secured by a first lien on real estate or other property. However, occasionally we have made loans that are not secured by collateral. (See “Lending Activities”)

**Construction Risks.** We often make loans that are used for building construction or improvements. Such loans are subject to construction-related risks, such as higher than anticipated construction costs or the inability to complete the construction or improvements. Higher costs and being unable to complete construction or improvements may adversely affect a borrower’s ability to repay and in turn, affect our financial condition. (See “Lending Activities”)

**Environmental Risks.** We do not usually require an environmental audit prior to making a loan. If environmental pollution or contamination were found on property securing a loan, the value of the property may be impaired. (See “Lending Activities”)

**Potential Claims Under Securities Laws Could Adversely Affect Foundation.** The Foundation has undertaken the process of complying with the securities laws of the states in which Investment Certificates will be offered and sold. Any failure to be in compliance with the securities laws of certain states may expose the Foundation to potential securities law liabilities. Any such claims against the Foundation, if successful, could have an adverse effect on the Foundation’s financial condition.

**Changes in Federal or State Laws.** The Foundation’s ability to continue to offer and sell Investment Certificates in the future could be adversely affected if state or federal laws were changed to include new or additional requirements on the Foundation. Such an occurrence could result in a decrease in the amount of Investment Certificates sold by the Foundation, which may also affect its ability to meet its obligations. If the Foundation is not able to continue to offer Investment Certificates in a particular state, Investors from that state may not be able to reinvest when their Investment Certificates mature.

**Federal Income Tax Consequences.** You will not receive a charitable tax deduction by investing with the Foundation. Interest paid or accrued on the Investment Certificates will be taxable as ordinary income to an Investor in the year paid or accrued. Investors who have invested or loaned more than \$250,000 in the *aggregate* with the Foundation may be subject to tax on imputed income. (See “Tax Aspects”).

**Right to Change Policies.** At various points in this Offering Circular, we describe our policies, including loan and investment policies. These descriptions are intended to help you understand our current operations. We reserve the right to change our policies and procedures in the future from time to time.

**COVID-19.** The COVID-19 Pandemic may adversely impact our financial condition. On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. Churches throughout the United States have been forced to temporarily cancel or severely limit in-person gatherings to stop the spread of the virus. Additionally, the pandemic may result in a downturn in the economy, including market volatility, increased unemployment, shuttered businesses, and low interest rates. As a result, churches could experience a decline in charitable contributions, which could impair their ability to repay their loans. We cannot reasonably estimate the length or severity of this pandemic and also cannot estimate with any certainty the effect COVID-19 will have on our financial position, results of operations, and cash flows.

## **HISTORY AND OPERATIONS**

We were incorporated as an Indiana nonprofit corporation in 1958. Our office is located at 3811 Vanguard Drive, Fort Wayne, Indiana 46809, and our telephone number is (260) 747-2027, ext. 1205. Our mailing address is P.O. Box 9127, Fort Wayne, Indiana 46899-9127.

We are organized and operated exclusively for religious, educational, charitable, and benevolent purposes. We are a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code and are included in the group exemption letter issued by the IRS to the Denomination.

We are governed by a Board of Directors which meets at least 4 times per year, in accordance with our organizational documents. Our Executive Director, Steven M. Sisson, manages our day-to-day activities. We are affiliated with the Denomination and support its activities and ministries. Though we are a separate legal entity, the Denomination's General Oversight Council appoints the members of our Board of Directors, and annually approves our Executive Director.

We support the activities and ministries of the Denomination primarily by making loans to Church Organizations for buildings, equipment, land, and other projects. We fund the loans mostly from the proceeds from the sale of our Investment Certificates. We give the Denomination a portion of our operating income each year. We also award other grants to the Denomination or affiliates of the Denomination on a case-by-case basis as approved by our Board of Directors.

We support the Denomination also by educating Church Organizations in areas of financial management, fund raising, budgeting, construction planning, and stewardship training. We have also supported the Denomination by offering planned giving and trust management services. Though we no longer offer planned giving and trust management services, we are still managing a few gift annuities and trust accounts. We have also continued to manage various endowments, including the Denomination's endowment.

Though closely affiliated, we are a separate legal entity from the Denomination. Our assets and liabilities are independent of the financial structure of the Denomination its affiliates, and of assets held under various endowments and other agreements we manage. Such entities have no legal obligations with respect to the Investment Certificates. Our assets generally are not legally available to creditors of the Denomination, its affiliates, or any of the endowments or other agreements managed by the Foundation.

To continue to make loans to Church organizations available, we are offering \$15,000,000 of Investment Certificates in various states (primarily states where Missionary Churches are located). The Investment Certificates are unsecured and uninsured general debt obligations and are not secured by particular loans to any specific borrowing entities.

## **USE OF PROCEEDS**

We are offering a total of \$15,000,000 in this offering. We will add the proceeds of this offering to our general funds. We use our general funds primarily to make loans to Church Organizations for buildings, equipment, land, and other projects. In our normal course of operations, we are continuously making new loan commitments based on the availability of funds and also continuously have loans in process which may or may not be fully advanced. A portion of this offering may be used to fund these commitments, loans in process, or loans that have not been fully advanced. However, we did not make

these commitments in contemplation of this offering and they will be funded regardless of the results of this offering.

We usually invest funds, pending their future use in our lending activities or in accordance with our liquidity policy. Our policy is to maintain a liquidity reserve of 10-15% of the total amount of all outstanding Investment Certificates. We do not anticipate using any of the proceeds of this offering to meet interest or principal payments on the Investment Certificates. However, if amounts from our loans receivable are less than anticipated, or if repayment demands on maturing outstanding Investment Certificates exceed our historical experience, we may use the proceeds of this offering, along with other available funds, to meet those requirements.

We will pay the expenses of this offering, including printing, mailing, attorneys' fees, accountants' fees, and securities registration fees. We expect the expenses of this offering to be approximately \$55,000, or less than ½ of 1% the total offering amount. We do not anticipate using the proceeds of this offering to pay operating expenses, but may do so in the future.

No underwriters are participating in this offering. No discounts or commissions will be paid in connection with the sale of the Investment Certificates. The Investment Certificates will be sold only through designated representatives of the Foundation.

#### **FINANCING AND OPERATIONAL ACTIVITIES**

Our ability to repay principal and interest on our outstanding Investment Certificates depends upon our financial condition and the funds available to us. The primary sources of funds historically have been proceeds from the sale of Investment Certificates, principal and interest payments received on our outstanding loans, and investments.

The following table describes our outstanding Investment Certificates as of 12/31/2021:

<b>Description</b>	<b>Number</b>	<b>Weighted Avg. Interest Rate</b>	<b>Amount</b>
Term Investment Certificates	912	2.72%	\$27,206,128
Demand Investment Certificates	133	1.04%	\$8,170,995
<b>Total</b>	<b>1045</b>	<b>2.33%</b>	<b>\$35,377,122</b>

For the Term Investment Certificates as of 12/31/2021, the following table shows the amounts maturing by year:

<b><u>Year Maturing</u></b>	<b><u>Amount</u></b>
2022	\$11,811,856
2023	\$8,969,144
2024	\$6,425,128
<b>Total</b>	<b>\$27,206,128</b>

The following table shows sales and redemptions of Investment Certificates for the past 3 years:

	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>Sales</b>	\$6,793,142	\$6,793,620	\$7,302,612
<b>Redemptions</b>	\$3,188,808	\$4,863,794	\$4,869,087

The following table summarizes the amount and nature of our loans receivable as of December 31, 2021:

	<u>Number</u>	<u>Amount</u>	<u>Percentage</u>
Secured*	110	\$24,953,078	97.4%
Unsecured	8	\$667,848	2.6%
<b>Total</b>	<b>118</b>	<b>\$25,620,926</b>	<b>100.0%</b>

*\*Of the secured loans noted above, 96.5% are secured by real estate.*

The following table shows, as of December 31, 2021, the schedule of contractual maturities of our loans receivable, which are not necessarily forecasts of future cash flows:

<u>Receivable in</u>	<u>Principal</u>
2022	\$1,303,786
2023	\$4,727,125
2024	\$8,487,785
2025	\$9,968,674
2026	\$49,455
Thereafter	\$1,084,101
<b>Total</b>	<b>\$25,620,926</b>

Our loan terms usually range from 3 to 20 years. As of December 31, 2021, the interest rates on our loans ranged from 3.75% to 6.50%. Our overall average rate on our loans as of December 31, 2021, is 4.56%.

### **LENDING ACTIVITIES**

**Nature and Type of Loans Receivable.** We only make loans to Church Organizations. Most of our loans are for the purchase, construction, and improvement of church buildings, including parsonages. We also make loans for equipment or other capital and expense needs.

Most of our loans are secured by a 1<sup>st</sup> mortgage or deed of trust on the buildings or land we are financing. In the event that our loans are secured by a 2<sup>nd</sup> mortgage or deed of trust, we usually hold the 1<sup>st</sup> mortgage also. We also make loans secured by personal property, such as equipment or fixtures. Although we occasionally make loans that are unsecured, it is our policy that at least 90% of our loans will be secured.

**Securitization of Loan Portfolio.** The Foundation will not securitize its loan portfolio or any portion thereof.

**Loan Policies.** We usually make loans for up to 80% of the lower of cost or market value of the buildings, land or equipment we are financing, thus we usually require borrowers to make a down payment. We may make exceptions and allow a smaller down payment on a case-by-case basis, as approved by the Board of Directors. If the loan is secured by real estate, we normally require an appraisal or opinion of value, but may at times waive this requirement, especially if making a smaller loan or if we are confident that the real estate has substantial equity. We may or may not require a survey or environmental audit. We usually require title insurance or, if it is a smaller real estate loan, a title search, and also require fire and extended insurance coverage naming the Foundation as additional insured or mortgagee.

Our loans usually are made for terms of up to 20 years at our then current interest rates. Terms may in actuality occasionally become longer in the event that we offer payment deferrals to borrowers. The Foundation may change the interest rates offered on new loans at any time, depending on market conditions and other factors. The interest rate on each loan may adjust every 3 years, unless the term of the loan is 5 years or less. Most of our loans require equal monthly installments of principal and interest,

but other more customized payment schedules may be allowed. All of our loans may be prepaid at any time without penalty.

Church Organizations request loans by sending us a written loan application. With each loan application, we typically obtain the following information:

- Financial statements and attendance information for the past 2 years and current year-to-date
- Information regarding the project to be financed (cost, building size and description, construction plans & specifications, etc.)
- A description of how the project will help the church achieve its mission
- Information regarding fund raising or a capital campaign for the project
- Plans for generating sufficient funds to repay the loan
- Approval from the Region or District in which the Church Organization is located.

We approve or deny loan applications based on our evaluation of the applicant's financial condition and cash flow, the proposed project, and the collateral available.

We limit loans to a single borrower to 75% of Undesignated Assets Without Donor Restrictions. We also limit loans concentrated in any particular state to no more than 30% of total assets, and limit loans to churches under 5 years old to 33% of total assets.

The above loan policies are determined by our Board of Directors and may be revised at any time.

**Material Loans to a Single Borrower.** As of December 31, 2021, we had seven borrowers with loans of \$1,000,000 or more. These loans totaled \$9,235,167, or 36% of the total outstanding loan portfolio at that same date.

**Loan Delinquencies.** The following table shows loans on which payments were past due over 90 days:

	<b>As of:</b>		
	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>12/31/2019</b>
Number of Loans	4	5	3
Total Principal Balance	\$656,677	\$909,803	\$456,044
% of Principal Balance of All Loans	2.56%	3.41%	1.95%

We have frequently been willing to make accommodations and offer refinancing arrangements to borrowers who are not current, including allowing them to defer principal payments or their entire payments for periods of time. Though we are not obligated to continue to do so, we have made these accommodations and refinancing arrangements due to the nature of our relationship with our borrowers. Therefore, our delinquency experience cannot be compared to that of a commercial lender.

As of December 31, 2021, our Allowance for Loan Losses was \$852,875, or 3.3% of total loans. Our management and Board of Directors evaluates the Allowance for Loan Losses regularly, based on our historical loss experience, the nature and amount of our loan portfolio, adverse situations that may affect borrowers' ability to repay, estimated collateral values, and general economic conditions. Our evaluation of the Allowance for Loan Losses is inherently subjective. We have never had any loan losses charged to the Allowance for Loan Losses.

## INVESTING ACTIVITIES

We maintain a portion of our assets in investments in order to maintain reasonable liquidity and pending their use in loan activities.

As of December 31, 2021, our cash and investments were as follows:

Type	% of Total	Total	Operations	Endowment	Annuities
Cash	1.7%	\$277,941	\$277,941	\$0	\$0
Money Market Funds	4.0%	\$665,304	\$578,127	\$80,939	\$6,238
Mutual Funds	11.8%	\$1,953,297	\$1,152,438	\$779,898	\$20,961
Common Stocks	11.8%	\$1,947,384	\$1,947,384	\$0	\$0
Exchange Traded Funds	0.3%	\$45,817	\$45,817	\$0	\$0
Government Agency Bonds	16.8%	\$2,772,065	\$2,772,065	\$0	\$0
Corporate Bonds	53.6%	\$8,840,799	\$8,576,406	\$219,420	\$44,973
Totals	100.0%	\$16,502,607	\$15,350,178	\$1,080,257	\$72,172

Our policy is to maintain a liquidity reserve of 10-15% of the total of all outstanding Investment Certificates in a separate investment account from other general funds. The liquidity reserve is included in the investment information above. As of December 31, 2021, the liquidity reserve was 14.6% of all outstanding Investment Certificates and our total liquid assets were 43.4% of all outstanding Investment Certificates.

We have an investment policy that provides for reasonable and prudent diversification and preservation of cash, cash equivalents, and readily marketable securities. Per our investment policy, we also seek to avoid investing in industries that are inconsistent with the Denomination's moral standards and values. Our Board of Directors sets and changes our investment policies and also approves our investment managers. We employ two investment managers, who have discretion to buy and sell securities in accordance with our investment policies. Our Board of Directors reviews our investments quarterly to verify compliance with our investment policy and to evaluate performance.

The following table shows our aggregate realized and unrealized gains and losses from investments as well as our aggregate interest and dividend income from investments for the past 3 years:

	2021	2020	2019
Realized & Unrealized Gains & Losses	\$73,880	\$605,206	\$674,726
Interest and Dividend Income (net of investment advisory fees)	\$293,594	\$253,948	\$248,978

The Endowment Fund investments are owned almost entirely by the Denomination, but managed by us. As a result, we are required to include the Endowment investments, their interest and dividend income, and their gains and losses in our financial statements. See Notes 4 and 7 to the financial statements.

## SELECTED FINANCIAL DATA

The following table shows selected financial data, based on our audited financial statements, for the past 5 years:

	2021	2020	2019	2018	2017
Cash, Cash Equivalents and Readily Marketable Securities	\$15,350,178	\$10,572,941	\$11,607,488	\$10,300,068	\$10,958,945
Total Loans Receivable*	\$25,620,926	\$26,699,315	\$23,359,478	\$21,448,959	\$21,751,220
Amount of Unsecured Loans Receivable	\$667,848	\$529,596	\$296,697	\$51,740	\$11,988
Unsecured Loans Receivable as % of Total Loans Receivable	2.61%	1.98%	1.27%	.24%	.06%
Percent of Delinquent Loans	2.56%	3.41%	1.95%	1.08%	5.21%
Total Assets	\$41,408,854	\$37,702,803	\$35,263,775	\$32,120,223	\$33,154,348
Total Investment Certificates payable	\$35,377,123	\$31,772,789	\$29,842,963	\$27,409,438	\$28,045,692
Investment Certificates redeemed	\$3,188,808	\$4,863,794	\$4,869,087	\$2,447,969	\$1,673,262
Other Long Term Debt	\$0	\$0	\$0	\$0	\$0
Net Assets	\$5,793,571	\$5,647,357	\$5,020,219	\$4,309,145	\$4,675,695
Change in Net Assets	\$146,214	\$627,138	\$711,074	(\$366,550)	\$261,514

\*Prior to deducting Allowance for Loan Losses of \$852,875, \$816,875, \$791,513, \$745,198, and \$717,115, for 2021, 2020, 2019, 2018, and 2017, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors and the Executive Director regularly review our financial condition and operating results. Since our purpose is to support our Denomination, our goal is not to maximize earnings. We seek to maintain positive operating results and sufficient liquidity to meet our obligations. In 2021, 2020, and 2019, we continued to generate an increase in net assets without donor restrictions from operations. Net realized and unrealized gains on investments greatly increased our overall increase in net assets for all three years.

In 2021, 2020, and 2019, sales of Investment Certificates exceeded redemptions, which we believe was primarily a result of paying above-market interest rates. Our interest margin (the difference between the average percentage we receive on our loans and the average percentage we pay to our Investors) is remaining at just over 2%. We believe our interest margin has been adequate.



Here is more detail regarding a few other financial measures:

1. Capital Adequacy, as measured by the amount of our Net Assets without Donor Restrictions (“NAWDR”) as a percentage of our total assets. As capital increases, it offers greater protection to our Investors against losses in the value of assets. The following table calculates our capital adequacy as of December 31 of the past 3 years:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
NAWDR	\$5,116,681	\$5,030,742	\$4,450,624
Total Assets	\$41,408,854	\$37,702,803	\$35,263,775
NAWDR as % of Total Assets	12.4%	13.3%	12.6%

2. Liquidity Status as measured by our Liquid Assets (cash, cash equivalents and readily marketable securities) as a percentage of our total outstanding Investment Certificates. The calculations below, as of December 31 of each of the past 3 years, do not include our \$1,000,000 unsecured open line of credit, which can provide additional liquidity if needed.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash and investments	\$15,350,178	\$10,572,941	\$11,607,488
Investment Certificates	\$35,377,123	\$31,772,789	\$29,842,963
Cash & investments as % of Investment Certificates	43.4%	33.3%	38.9%

3. Cash Flow Performance, as measured by the ratio of available cash as compared to cash redemptions of Investment Certificates. As calculated below, our cash flow performance exceeds 1:1 for each of the past 3 years.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Cash from Operating Activities	\$118,061	(\$136,506)	\$106,964
Cash and Investments, beginning of fiscal year	\$10,572,941	\$11,607,488	\$10,300,068
Loan Principal repayments, less loan disbursements	\$1,078,389	(\$3,339,837)	(\$1,810,519)
Cash generated from sale of Investment Certificates	\$6,793,142	\$6,793,620	\$7,302,612
Total Cash Available	\$18,562,533	\$14,924,765	\$15,843,628
Redemptions of Investment Certificates	\$3,188,808	\$4,863,794	\$4,869,087
Ratio	5.8:1	3.1:1	3.2:1

4. Loan Quality as measured by our loans that have scheduled principal and/or interest payments 90 days or more delinquent as a percentage of our total loans. As shown in the table below our loan delinquency increased somewhat as of 2020, but remained manageable, and decreased as of 2021. We believe the increase in 2020 was mostly a result of the COVID-19 environment.

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Number of Loans	4	5	3
Total Principal Balance	\$656,677	\$909,803	\$456,044
% of Principal Balance of All Loans	2.56%	3.41%	1.95%

5. Operating Trends as measured by our change in net assets. We have had a positive change in Net Assets for 4 of the past 5 years, as shown in the table below:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Change in Net Assets	\$146,214	\$627,138	\$711,074	(\$366,550)	\$261,514

## DESCRIPTION OF INVESTMENT CERTIFICATES

We are offering up to \$15,000,000 in Investment Certificates. The following are the Investment Certificates offered as of the date of this Offering Circular:

Type	Minimum Purchase
<b>Liquid Account</b>	<b>\$0</b>
<b>Employee Savings</b>	<b>\$0</b>
<b>Church Reserve</b>	<b>\$0</b>
<b>1-year Term Investment Certificate</b>	<b>\$1,000</b>
<b>2-year Term Investment Certificate</b>	<b>\$1,000</b>
<b>3-year Term Investment Certificate</b>	<b>\$1,000</b>

Interest rates may vary from time to time, and are determined by our Board of Directors. We may offer different interest rates for Investment Certificates in excess of a specified, minimum investment amount. Investment Certificates below a specified, minimum investment amount may have an interest rate as low as 0%. Applicable interest rates and minimum investment amounts at the time of purchase will be reflected on the Investment Application and Agreement accompanying this Offering Circular and on our website ([www.mcfusa.org](http://www.mcfusa.org)).

The Investment Certificates may be available as investments for Individual Retirement Accounts (“IRAs”). Individuals who wish to invest in our Investment Certificates through a self-directed IRA may do so through a custodial agreement with Goldstar Trust Company. We recommend that you consult with your tax advisor prior to investing through an IRA. There are risks and considerations associated with investing through an IRA, such as whether there is sufficient liquidity in the IRA should the beneficiary need to take a mandatory distribution.

Our policy is to limit the total investment amount per Investor so that it will not exceed the greater of \$500,000 or 3.0% of the total principal balance of all Investment Certificates. In addition, we restrict the total amount of Investment Certificates to a maximum of 10 times our Net Assets. We also seek to maintain an appropriate balance between the Investment Certificates offered. Thus, the total principal balance of all Term Investment Certificates will comprise at least 70% of the principal balance of all Investment Certificates; and the total principal balance of all Demand Investment Certificates will not exceed 30% of the total principal balance of all Investment Certificates.

We do not issue physical certificates, as we use a book-entry system for our Investment Certificates. Upon opening an Investment Certificate, Investors will receive an investment confirmation as a receipt, and will also receive periodic statements showing the balance and activity of their Investment Certificate.

All Investment Certificates are unsecured general obligations of the Foundation. The Foundation will not incur secured indebtedness in an amount greater than 10% of its tangible assets. As of the date of this Offering Circular, the Foundation has no secured indebtedness, though we reserve the right to issue future secured obligations up to the 10% limit. Claims made by Investors will be subordinate to claims of any secured creditors, and will be equal in priority to all other unsecured creditors of the Foundation. Investors have no equity interest in the Foundation and no right to vote on matters brought before the Foundation or its Board of Directors.

Although we have never done so, if our Board of Directors deems it necessary to maintain sufficient liquidity to meet obligations, we have the option to repay the principal of an Investment Certificate in

equal installments over 5 years, beginning 30 days after the maturity of a Term Investment Certificate, or request for repayment of a Demand Investment Certificate. Investment Certificates issued to Investors in California, Kentucky, Michigan, North Carolina, or Pennsylvania are not subject to repayment of principal on an installment basis.

Investment Certificates are not transferable, except by operation of law, or with our consent, transfers between accounts owned by the same person or entity. Investment Certificates are not negotiable and no market exists or will develop.

### **Term Investment Certificates**

Term Investment Certificates accrue interest daily from the date of receipt. We add the interest to the principal (“compound”) semi-annually, or you may elect for us to pay you the interest via check semi-annually. However, if the Investment Certificate has a balance of \$10,000 or more, you may elect for us to pay you the interest via check monthly.

Upon maturity of your Investment Certificate and until 25 days after the maturity date, you may request in writing to either redeem the principal and any accrued interest, or to reinvest your Investment Certificate. You can reinvest your Investment Certificate for an additional term of 1, 2, or 3 years at the then current interest rate for the term selected. Thirty days prior to the maturity of your Investment Certificate, we will send you a maturity notice and a copy of the current Offering Circular. In the event that we elect not to accept reinvestment of an Investment Certificate, the principal and any accrued interest will be paid to you. If, 25 days after an Investment Certificate’s maturity date, we have not received a request for redemption or reinvestment, you will be deemed to have elected to redeem the Investment Certificate.

Though you have no right to redeem your Term Investment Certificate prior to maturity, we generally have honored requests for early redemption, subject to an early withdrawal penalty. We cannot offer any assurance that we will honor requests for early redemption of Term Investment Certificates in the future, and whether or not we allow early redemption is subject to our sole discretion. Currently, the early withdrawal penalty for early redemption of a Term Investment Certificate is 3 months of interest. In certain circumstances, such as the death of the Investment Certificate holder, we have waived early withdrawal penalties, but cannot offer any assurance that we will waive early withdrawal penalties in the future.

### **Demand Investment Certificates**

Demand Investment Certificates have no stated maturity. You may request a partial or full withdrawal at any time, upon your written request. Interest rates for Demand Investment Certificates are adjustable monthly, as determined by our Board of Directors. You may make additions to principal of your Demand Investment Certificate at any time and in any amount. We add the interest to the principal (“compound”) of the Demand Investment Certificate monthly. However, if the Demand Investment Certificate has a balance of \$10,000 or more, if the Investor elects for us to do so, we will pay the interest to the Investor via check monthly. Demand Investment Certificates are not available in the state of South Carolina.

We offer 3 types of Demand Investment Certificates. Below are the 3 types and their unique features:

*Employee Savings Accounts* – offered only to missionaries and employees of the Denomination

*Church Reserve Accounts* – offered only to Church Organizations

*Liquid Accounts* – have a 4-tiered interest rate, based on the principal balance at each addition to principal or withdrawal.

## **PLAN OF DISTRIBUTION**

We will primarily solicit the sale of Investment Certificates through direct mailings of the Offering Circular and advertising materials, where permitted. Occasionally, our representatives may discuss the nature and purpose of the Foundation and its recent activities at national, regional, or district conferences or at a church.

In order to purchase an Investment Certificate, you must, prior to the receipt of the Offering Circular, be a member of, contributor to (including previous investors), or participant in the Denomination, the Foundation, or in any program, activity or organization which constitutes a part of the Denomination or the Foundation, or in other religious organizations that have a programmatic relationship with the Denomination or the Foundation, or a successor in interest to such person.

Prospective investors can obtain, via mail or email, an Offering Circular and other materials related to Investment Certificates upon request by contacting our Fort Wayne, Indiana office at 260-747-2027, extension 1205. The Offering Circular and other materials are also available online at [www.mcifusa.org](http://www.mcifusa.org).

To purchase one of our Investment Certificates you must review the Offering Circular, complete an Investment Application, and send the completed Investment Application along with a check payable to Missionary Church Investment Foundation, Inc., P.O. Box 9127, Fort Wayne, IN 46899-9127. If we accept your offer to purchase, we will notify you by sending you a confirmation and receipt.

No underwriting or selling agreements exist, and no direct or indirect commissions or other remuneration will be paid to any individuals or organizations in connection with the offer and sale of the Investment Certificates. We will offer and sell Investment Certificates only through our Executive Director and employees.

The amount of Investment Certificates offered is not a limitation on the total amount of Investment Certificates that we may authorize. We reserve the right to withdraw all or any part of the Investment Certificates offered without notice at any time. There is no minimum amount that must be raised, and if the entire amount of the offering is not required, the offering may be withdrawn and the acceptance of the applications suspended.

## **TAX ASPECTS**

You will not receive a charitable deduction for the purchase of Investment Certificates. The interest paid or accrued on Investment Certificates will be taxable as ordinary income to you in the year it is paid or accrued. If interest is accrued over the life of an Investment Certificate and is paid at the time of redemption or maturity, you must still report the interest income on your federal tax returns, and state tax returns, if applicable, as it is earned over the life of the Investment Certificate. You will not be taxed on the return of the principal amount or on the payment of previously accrued and taxed interest. We will notify you of interest earned each year on your Investment Certificates by mailing you an IRS Form 1099 or comparable form by January 31 of the following year.

We may withhold federal income tax from interest on Investment Certificates if you do not provide us with your correct social security number (for individuals) or employer identification number (for organizations) when you make an investment, or if the Internal Revenue Service notifies us that you are subject to backup withholding.

If you (or you and your spouse together) have invested or loaned more than \$250,000 in the aggregate with or to us and other charitable organizations that control, or are controlled by or under common control with us, you may have deemed to receive additional taxable interest under section 7872 of the tax code, if the interest actually accruing on your Investment Certificate is less than the applicable federal rate. You should consult your tax advisor if you believe this applies to you.

This description of the federal income tax consequences was written to support the promotion or marketing of the Investment Certificates and is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax penalties. This description was written as of the date of this Offering Circular and may not accurately reflect the federal tax consequences of investment in our Investment Certificates after the date of this Offering Circular. In addition, this summary does not address every aspect of tax law that may be significant to an Investor's particular circumstances, such as purchasing an Investment Certificate through an IRA or other tax-deferred account. You are advised to consult with your tax advisor as to the federal, state, local, foreign, or other tax consequences particular to your investment in our Investment Certificates.

### LITIGATION AND OTHER MATERIAL TRANSACTIONS

As of the date of this Offering Circular, there were no suits, actions, or other legal proceedings pending against the Foundation. There have been no material legal proceedings against the Foundation since the date of its inception.

### MANAGEMENT

Our affairs are governed by a Board of Directors, which has 4 regularly scheduled meetings per year. Currently, we have 11 individuals serving on the Board of Directors, of which 4 are ex-officio members. Per our Bylaws, the ex-officio members are the President, Treasurer, and one executive-level Director of the Denomination; and our Executive Director. Other than the ex-officio members, members of our Board of Directors are elected to staggered 3-year terms. An Executive Committee is empowered to act on behalf of our Board of Directors between meetings, with actions ratified by the Board of Directors at the next regular meeting.

Members of the Board of Directors are appointed by the General Oversight Council of the Denomination, upon recommendation by our Board of Directors. In addition, the Executive Director is approved annually by the Denomination's General Oversight Council upon recommendation by our Board of Directors. Only the Executive Director is actively engaged in day-to-day management of our affairs.

**Daniel Bridges**, Director, was born in 1976. Mr. Bridges taught in the public school system for 8 years, served as a church consultant with Church Growth Services, and most recently, serves as the Assistant to the District Superintendent of the North Central District. He also serves on the Board of Directors of United Missionary Loans and Investments and is a member of California Road Missionary Church in Elkhart, IN. He has a B.A. in Biology from Goshen College and Master of Nonprofit Administration (MNA) degree from the University of Notre Dame. Mr. Bridges also serves as a Director of Hubbard Hill Estates. Mr. Bridge's term on the Foundation's Board of Directors expires in 2024.

**Ryan King**, Director, was born in 1982. Mr. King is a CPA and part owner of King and King CPAs, an accounting firm with offices in Imlay City and Marlette, both in Michigan. Ryan graduated from Bethel College with an Accounting major and a minor in Economics and is also a member of Orchards Community Church in Romeo, MI. Ryan enjoys leading other members of his church on mission trips and also serves

as a member of the Board of Directors of Michigan Missionary Loans and Investments. Mr. King's term on the Foundation's Board of Directors expires in 2022.

**Reverend Dale Rinke**, Director, was born in 1963. Reverend Rinke is Associate Pastor of Orchard Community Church and, along with his wife Geri, leads the Strengthening Local Churches initiative within the Michigan Region. He holds a Bachelor of Science degree in Electrical Engineering from Ohio Institute of Technology, a Master in Business from Central Michigan University, and a Master in Ministry degree from Bethel University. Reverend Rinke's term on the Foundation's Board of Directors expires in 2022.

**Reverend Geri Rinke**, Director, was born in 1964. Reverend Rinke, along with her husband Dale, leads the Strengthening Local Churches initiative within the Michigan Region. In addition, she works at General Motors, where she leads growth initiatives and dealership training. She has a Bachelor of Science degree in Computer Information Systems from DeVry University, a Master of Science in Administration from Central Michigan University and Pastoral Ministry Certification from Christian Ministries, Inc. Reverend Rinke's term on the Foundation's Board of Directors expires in 2022.

**Reverend Jimmy Santiago**, Director, was born in 1953. As of October 2019, Reverend Santiago joined the Missionary Church Investment Foundation, Inc. staff as Church Relationship Specialist. He was a pastor in the Missionary Church for over eleven years prior to becoming the Central District's director of Ethnic Ministries and Hispanic Church Multiplication in 2006. Reverend Santiago was elected Interim President of the Denomination in June, 2022. Reverend Santiago is on the advisory board of New Life for Girls, a women's life rehabilitation ministry and attends Cornerstone Community Church in Chicago, IL. Reverend Santiago is an Ex Officio member of the Foundation's Board of Directors.

Reverend Santiago is employed part-time by the Foundation as a Church Relations Specialist.

**Steven M. Sisson**, Executive Director, was born in 1968. Mr. Sisson has been Executive Director of the Missionary Church Investment Foundation since January 1, 2011. He is a member of the Woodburn Missionary Church, Woodburn, Indiana. Mr. Sisson had been Vice President of Grabill Bank of Fort Wayne, Indiana for over 13 years prior to joining the Foundation. He holds a B.S. degree in Finance from Franklin University and, by reason of his office with the Foundation, is an Ex Officio member of the Foundation's Board of Directors.

Mr. Sisson is responsible for the day-to-day operation of the Foundation under the procedures, guidelines, and policies established by its Board of Directors. As such, he is responsible for the development and direction of the staff and programs of the Foundation. This includes the pre-screening of loan applications, maintenance and monitoring of data and accounting systems, product management, policy review, budget development, and all financial and program reporting.

**Jeremy Steup**, Director and Treasurer, was born in 1978. Mr. Steup was hired as Assistant Director of Financial Services for the Denomination in 2012, and was named Comptroller in May of 2018. Mr. Steup is a member of Life Community Church of Fort Wayne, IN. Mr. Steup is a CPA and has held various accounting and administrative positions prior to his joining the Denomination. Mr. Steup's term on the Foundation's Board of Directors expires in 2023.

**Wesley Steury**, Director and President, was born in 1950. Since 1979, Mr. Steury has been with the law firm of Burt, Blee, Dixon, Sutton & Bloom in Fort Wayne, Indiana. He is past Treasurer and Vice President of the Foundation. Mr. Steury has a B.A. from Taylor University and J.D. from the University of Michigan. He is a member of First Missionary Church of Fort Wayne, Indiana. He is also Treasurer and Director of

Hope House, Inc., a halfway house for chemically dependent women in Fort Wayne, Indiana. Mr. Steury's term on the Foundation's Board of Directors expires in 2023.

**Doug Stitt**, Director and Vice President, was born in 1963. Mr. Stitt is the Founder and Owner of Sensible Creative, a marketing communications company in Fort Wayne, Indiana. Mr. Stitt has a B.S. in Bible and pastoral studies from Philadelphia College of Bible (now Cairn University). He attends Pathway Community Church and serves on the design team. Doug also founded and leads Serving Simply, a feeding and caring ministry in downtown Fort Wayne, serving the homeless and needy every Saturday. Mr. Stitt's term on the Foundation's Board of Directors expires in 2023.

**Reverend Don Williams**, Director and Secretary, was born in 1962. Rev. Williams serves as the Director of Operations of the Missionary Church, Inc., denominational headquarters. Mr. Williams previously served as a local church pastor for 26 years. He earned a D. Min. in Spiritual Formation from Asbury Seminary, and has taught undergraduate courses in church administration, biblical studies, and spiritual formation. He is an Ex-Officio member of the Foundation's Board of Directors.

Except for our Executive Director and Church Relations Specialist, members of our Board of Directors receive no compensation from the Foundation. Members of our Board of Directors are reimbursed for expenses incurred in attending board meetings, at actual cost and at the IRS approved reimbursement rate for mileage. None of our officers or employees receive any remuneration for the sale of the Investment Certificates.

Some of our directors and officers may serve in various roles with their local churches or other Church Organizations. We may periodically have loans, lines of credit, or Investment Certificates outstanding with Church Organizations with whom directors or officers are affiliated and may have Investment Certificates outstanding with the directors or officers themselves and their family members. Generally, we do not consider these affiliations to be strong enough to constitute related party transactions in either our Certificate or loan programs. Any such transactions in all instances have been made in the ordinary course of business and at the prevailing terms and interest rates available to similarly situated parties.

The total remuneration, including salary and benefits, to all officers of the Foundation is \$148,954.

#### **LEGAL MATTERS**

As of the date of this Offering Circular, our management is not aware of any present, pending, or threatened material legal proceedings to which the Foundation is or may become a party, or against any individual in his or her capacity as our officer or director.

#### **INDEPENDENT AUDITORS**

Our financial statements as of the end of and for the years ended 12/31/2019, 12/31/2020, and 12/31/2021 have been audited by Katz, Sapper & Miller, LLP, independent auditors as stated in their reports appearing herein. We will send you a copy of our latest audited financial statement within 120 days of the end of our fiscal year.



FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

December 31, 2021, 2020, and 2019



# MISSIONARY CHURCH INVESTMENT FOUNDATION, INC.

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## *Independent Auditors' Report*

Board of Directors  
Missionary Church Investment Foundation, Inc.

### ***Opinion***

We have audited the accompanying financial statements of Missionary Church Investment Foundation, Inc., which comprise the statements of financial position as of December 31, 2021, 2020, and 2019, 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 Missionary Church Investment Foundation, Inc. as of December 31, 2021, 2020, and 2019, and the results of its operations 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Missionary Church Investment Foundation, Inc. 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 the 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 Missionary Church Investment Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' 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 auditors' 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 Missionary Church Investment Foundation, Inc.'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 Missionary Church Investment Foundation, Inc.'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.

*Katz, Sappun & Miller, LLP*

Fort Wayne, Indiana  
March 24, 2022

**MISSIONARY CHURCH INVESTMENT FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2021, 2020, and 2019

**ASSETS**

	2021	2020	2019
<b>ASSETS</b>			
Cash	\$ 277,941	\$ 723,107	\$ 245,190
Interest receivable	107,474	150,582	57,010
Other receivables			10,305
Prepaid expenses and other assets		75	14,191
Investments	15,072,237	9,849,834	11,362,298
Loans receivable, net	24,768,051	25,882,440	22,567,965
Furniture and equipment, net	30,722	26,860	4,809
Investments held for annuities	72,172	90,199	101,780
Investments held for endowment	<u>1,080,257</u>	<u>979,706</u>	<u>900,227</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 41,408,854</u></u>	<u><u>\$ 37,702,803</u></u>	<u><u>\$ 35,263,775</u></u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 64,791	\$ 46,592	\$ 73,063
Investor certificates	27,206,128	25,289,143	25,002,101
Demand investor accounts	8,170,995	6,483,646	4,840,862
Ministry gifts payable	104,438	83,780	92,417
Annuities payable	68,931	85,618	101,780
Refundable reserve		66,667	133,333
Total Liabilities	<u>35,615,283</u>	<u>32,055,446</u>	<u>30,243,556</u>
<b>NET ASSETS</b>			
Without Donor Restrictions:			
Undesignated	4,713,314	4,667,651	4,119,992
Designated by the Board for endowment	<u>403,367</u>	<u>363,091</u>	<u>330,632</u>
Total Without Donor Restrictions	<u>5,116,681</u>	<u>5,030,742</u>	<u>4,450,624</u>
With Donor Restrictions:			
Donor-restricted endowment	<u>676,890</u>	<u>616,615</u>	<u>569,595</u>
Total With Donor Restrictions	<u>676,890</u>	<u>616,615</u>	<u>569,595</u>
Total Net Assets	<u>5,793,571</u>	<u>5,647,357</u>	<u>5,020,219</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 41,408,854</u></u>	<u><u>\$ 37,702,803</u></u>	<u><u>\$ 35,263,775</u></u>

*See accompanying notes.*

**MISSIONARY CHURCH INVESTMENT FOUNDATION, INC.**

**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2021, 2020, and 2019**

	2021	2020	2019
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS</b>			
Revenue, Gains, and Other Support:			
Contributions	\$ 93	\$ 1,112	\$ 82
Investment income from operating investments, net	303,626	286,115	292,012
Interest income on loans	1,205,663	1,110,995	1,083,506
Other	32,189	2,298	6,641
Net assets released from restrictions	26,882	25,275	25,751
Total Revenue, Gains, and Other Support	<u>1,568,453</u>	<u>1,425,795</u>	<u>1,407,992</u>
Expenses:			
Program Services:			
Loan management and grants	404,155	377,350	363,646
Investment interest	854,698	784,358	768,039
Supporting Services:			
Management and general	195,119	181,308	168,136
Fundraising	5,232	3,405	3,038
Total Expenses	<u>1,459,204</u>	<u>1,346,421</u>	<u>1,302,859</u>
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS</b>	109,249	79,374	105,133
<b>NONOPERATING ACTIVITIES WITHOUT DONOR RESTRICTIONS</b>			
Net realized and unrealized gain (loss) on investments	<u>(23,310)</u>	<u>500,744</u>	<u>537,846</u>
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>85,939</u>	<u>580,118</u>	<u>642,979</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>			
Investment return on donor-restricted endowment investments, net	87,157	72,295	93,846
Net assets released from restrictions	<u>(26,882)</u>	<u>(25,275)</u>	<u>(25,751)</u>
<b>INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>60,275</u>	<u>47,020</u>	<u>68,095</u>
<b>INCREASE IN NET ASSETS</b>	146,214	627,138	711,074
<b>NET ASSETS</b>			
Beginning of Year	<u>5,647,357</u>	<u>5,020,219</u>	<u>4,309,145</u>
End of Year	<u>\$ 5,793,571</u>	<u>\$ 5,647,357</u>	<u>\$ 5,020,219</u>

See accompanying notes.

**MISSIONARY CHURCH INVESTMENT FOUNDATION, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES  
Years Ended December 31, 2021, 2020, and 2019**

	<b>2021</b>	<b>Loan Management and Grants</b>	<b>Investment Interest</b>	<b>Total Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Grants		\$ 134,492		\$ 134,492	\$ 3,700		\$ 138,192
Headquarter expense		66,432		66,432	26,228	\$ 5,232	97,892
Interest expense			\$ 854,698	854,698			854,698
Legal and professional fees		31,965		31,965	46,175		78,140
Provision for loan losses		36,000		36,000			36,000
Travel		16,250		16,250			16,250
Wages and benefits		119,016		119,016	119,016		238,032
<b>TOTAL EXPENSES BY FUNCTION</b>		<b>\$ 404,155</b>	<b>\$ 854,698</b>	<b>\$ 1,258,853</b>	<b>\$ 195,119</b>	<b>\$ 5,232</b>	<b>\$ 1,459,204</b>
	<b>2020</b>	<b>Loan Management and Grants</b>	<b>Investment Interest</b>	<b>Total Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Grants		\$ 129,223		\$ 129,223	\$ 3,651		\$ 132,874
Headquarter expense		52,064		52,064	18,594	\$ 3,405	74,063
Interest expense			\$ 784,358	784,358			784,358
Legal and professional fees		36,261		36,261	45,955		82,216
Provision for loan losses		36,000		36,000			36,000
Travel		10,694		10,694			10,694
Wages and benefits		113,108		113,108	113,108		226,216
<b>TOTAL EXPENSES BY FUNCTION</b>		<b>\$ 377,350</b>	<b>\$ 784,358</b>	<b>\$ 1,161,708</b>	<b>\$ 181,308</b>	<b>\$ 3,405</b>	<b>\$ 1,346,421</b>
	<b>2019</b>	<b>Loan Management and Grants</b>	<b>Investment Interest</b>	<b>Total Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Grants		\$ 123,291		\$ 123,291	\$ 4,651		\$ 127,942
Headquarter expense		52,552		52,552	21,312	\$ 3,038	76,902
Interest expense			\$ 768,039	768,039			768,039
Legal and professional fees		29,452		29,452	44,900		74,352
Provision for loan losses		36,000		36,000			36,000
Travel		25,078		25,078			25,078
Wages and benefits		97,273		97,273	97,273		194,546
<b>TOTAL EXPENSES BY FUNCTION</b>		<b>\$ 363,646</b>	<b>\$ 768,039</b>	<b>\$ 1,131,685</b>	<b>\$ 168,136</b>	<b>\$ 3,038</b>	<b>\$ 1,302,859</b>

See accompanying notes.

**MISSIONARY CHURCH INVESTMENT FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2021, 2020 and 2019**

	2021	2020	2019
<b>OPERATING ACTIVITIES</b>			
Increase in net assets	\$ 146,214	\$ 627,138	\$ 711,074
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:			
Depreciation	11,041	3,287	2,459
Net realized and unrealized gain on investments	(73,880)	(605,206)	(674,726)
Provision for loan losses and acquired loans	36,000	25,362	46,315
(Increase) decrease in certain assets:			
Interest receivable	43,108	(93,572)	55,946
Other receivables		10,305	(2,925)
Prepaid expenses and other assets	75	14,116	69,868
Increase (decrease) in certain liabilities:			
Accounts payable and accrued expenses	18,199	(26,471)	(51,896)
Ministry gifts payable	20,658	(8,637)	480
Annuities payable	(16,687)	(16,162)	(16,297)
Refundable reserve	(66,667)	(66,666)	(33,334)
Net Cash Provided (Used) by Operating Activities	<u>118,061</u>	<u>(136,506)</u>	<u>106,964</u>
<b>INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	143,257	2,742,069	3,563,687
Purchase of investments	(5,120,836)	(759,909)	(4,372,087)
Purchase of furniture and equipment	(14,903)	(25,338)	
Purchase of church loans receivable			(1,890,426)
Principal payments collected on loans	2,769,589	2,679,356	2,208,277
Loan funds advanced	(1,691,200)	(6,019,193)	(2,128,370)
Net Cash Used by Investing Activities	<u>(3,914,093)</u>	<u>(1,383,015)</u>	<u>(2,618,919)</u>
<b>FINANCING ACTIVITIES</b>			
Sales of investor certificates and reinvested interest	6,793,142	6,793,620	7,302,612
Redemption of investor certificates	(3,188,808)	(4,863,794)	(4,869,087)
Net Cash Provided by Financing Activities	<u>3,604,334</u>	<u>1,929,826</u>	<u>2,433,525</u>
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	(191,698)	410,305	(78,430)
<b>CASH AND EQUIVALENTS</b>			
Beginning of Year	<u>1,134,943</u>	<u>724,638</u>	<u>803,068</u>
End of Year	<u>\$ 943,245</u>	<u>\$ 1,134,943</u>	<u>\$ 724,638</u>
<b>CASH AND EQUIVALENTS</b>			
Cash	\$ 277,941	\$ 723,107	\$ 245,190
Cash equivalents in investments	578,127	327,176	399,864
Cash equivalents in investments held for annuities	6,238	10,853	11,979
Cash equivalents in investments held for endowment	80,939	73,807	67,605
<b>TOTAL CASH AND EQUIVALENTS</b>	<u>\$ 943,245</u>	<u>\$ 1,134,943</u>	<u>\$ 724,638</u>
<b>SUPPLEMENTAL DISCLOSURES</b>			
Cash paid for interest	\$ 854,699	\$ 784,358	\$ 768,038
Noncash investing and financing activities:			
Refundable reserve on purchase of church loans receivable			100,000

See accompanying notes.

# MISSIONARY CHURCH INVESTMENT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS December 31, 2021, 2020 and 2019

### NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**General:** Missionary Church Investment Foundation, Inc. (the Foundation) was incorporated as a not-for-profit organization in 1958, under the laws of the state of Indiana. The Foundation is operated to support the people and churches of the Missionary Church, Inc. in their work and outreach for the Lord. The Missionary Church, Inc. controls the board appointments of the Foundation, and the Foundation is consolidated in the financial statements of Missionary Church, Inc. The Foundation's major programs are:

- **Loan Management and Grants** provide oversight and resources to fulfill the people and churches of the Missionary Church, Inc. denomination's needs by creating and administering funds for the purpose of financing the construction or purchase of church buildings, equipment, and parsonages, and awards grants to fund other projects.
- **Investment Interest** provided to the Foundation's certificate and deposit account holders allows the Foundation to make loans and issue certificates and to receive and hold real estate, monies, gifts, and legacies; receive, borrow, and loan money; purchase, hold, sell, improve, rent, convey, mortgage and exchange real estate and personal property including but not limited to stocks, bonds, and securities; and issues annuity agreements.

The Foundation's primary source of income is from the interest income on loans receivable and investment income.

**Basis of Presentation:** The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

- **Net Assets Without Donor Restrictions** are not subject to donor-imposed restrictions and may be used at the discretion of the Foundation's management and Board of Directors. This net asset category includes funds functioning as an endowment through designation by the Board of Directors and other Board-designated net assets.
- **Net Assets With Donor Restrictions** are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature and those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Estimates:** The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.



## NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Cash and Equivalents** consist of cash in demand deposit accounts and highly liquid investments purchased with an original maturity of three months or less. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Organization has not experienced any losses from its bank accounts.

**Investment Valuation and Income Recognition:** Investments are initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are stated at fair value. See Note 3 for discussion of fair value measurements.

Investment return reported in the statements of activities consists of interest and dividend income and realized and unrealized capital gains and losses, net of external and direct internal investment expenses. Realized and unrealized capital gains and losses related to net assets without donor restrictions are reported as nonoperating activities on the statements of activities. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method.

**Loans and Allowance for Loan Losses:** Interest income on interest bearing loans is computed daily based upon the principal amount of the loans outstanding prior to payments being received. The accrual of interest income on the Foundation's loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. Such loans are placed on a nonaccrual status when the principal or interest is past due 180 days or more unless the borrower is making at least interest only payments or the loan is fully collateralized. Interest income on the impaired loans is subsequently recognized only to the extent cash payments are received. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Generally, a loan is returned to accrual status when all delinquent interest and principal payments become current in accordance with the terms of the loan agreement.

The Foundation maintains an allowance for loan losses that has been determined by management to be adequate to absorb potential losses in the loan portfolio. Management considers numerous factors in estimating loan losses including current economic conditions, prior loan loss and delinquency experience, composition of the loan portfolio, adverse situations that may affect the borrower's ability to repay, and estimated value of any underlying collateral. Additional amounts may be added to the loan loss allowance to maintain an appropriate allowance as a percentage of the outstanding loan balance as deemed necessary. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Loan losses are charged against the allowance when management believes the inability to collect a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

**Furniture and Equipment** are recorded at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Depreciation of furniture and equipment is provided on a straight-line basis over the estimated useful lives of three to ten years.

**Contributions** are recognized as support when they are received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met.

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Functional Allocation of Expenses:** The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific programs and supporting services benefited. Expenses related to more than one function are allocated among program and support services based on occupied space (including headquarter expense) or time spent by Foundation staff (including wages and benefits). Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

**Income Taxes:** The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Internal Revenue Code. In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income tax for 2021, 2020, and 2019.

The Foundation is not required to file U.S. federal, state, or local income tax returns.

**Subsequent Events:** Management has evaluated the financial statements for subsequent events occurring through March 24, 2022, the date the financial statements were available to be issued.

**NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY**

The following reflects the Foundation's financial assets and liquidity resources available for general expenditure that is, without donor or other restrictions limiting their use, within one year of December 31, 2021, 2020, and 2019:

	2021	2020	2019
Financial Assets:			
Cash	\$ 277,941	\$ 723,107	\$ 245,190
Interest and other receivables	107,474	150,582	67,315
Investments	16,224,666	10,919,739	12,364,305
Loans receivable, net	<u>24,768,051</u>	<u>25,871,802</u>	<u>22,567,965</u>
Total Financial Assets	41,378,132	37,665,230	35,244,775
Amounts Not Available to be Used Within One Year:			
Long-term loans receivables	(23,464,265)	(24,083,900)	(21,602,411)
Investments held for annuities	(72,172)	(90,199)	(101,780)
Refundable reserves		(66,667)	(133,333)
Board Designated Funds:			
Endowment	(403,367)	(363,091)	(330,632)
Donor Imposed Restrictions:			
Endowment	<u>(676,890)</u>	<u>(616,615)</u>	<u>(569,595)</u>
Total Financial Assets Available to Meet General Expenditures Within One Year	15,908,563	12,444,758	12,507,024
Line of Credit Availability	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total Financial Assets and Liquidity Resources Available to Meet General Expenditures Within One Year	<u>\$ 16,908,563</u>	<u>\$ 13,444,758</u>	<u>\$ 13,507,024</u>

## NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

The Foundation considers investment return without donor restrictions or board designations, appropriated earnings from donor-restricted and board-designated endowments, and contributions without donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include management and general expenses and fundraising expenses expected to be paid in the subsequent year.

The Foundation has a board-designated endowment of \$403,367, \$363,091, and \$330,632 at December 31, 2021, 2020, and 2019, respectively. Although the Foundation does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary.

The Foundation has various sources of liquidity at its disposal, including cash, investments, current loans receivable, and a line of credit. See Note 10 for information about the Foundation's line of credit.

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds.

## NOTE 3 - FAIR VALUE MEASUREMENTS

The Foundation has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

**Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

**Level 2** – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Foundation makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by the Foundation for assets that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2021, 2020, and 2019.

**Mutual Fund Shares and Money Market Fund Shares:** Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

**Common Stocks and Exchange-traded Funds:** Valued at the closing price reported on the active market on which the individual securities are traded.

### NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

**Government Agency Bonds:** Valued using pricing models maximizing the use of observable inputs for similar securities.

**Corporate Bonds:** Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Foundation's assets that are measured at fair value on a recurring basis as of December 31, 2021, 2020, and 2019:

2021	Level 1	Level 2	Total
<b>Assets</b>			
Investments, Including Amounts Held for Annuities and Endowment:			
Money Market Fund Shares	\$ 665,304		\$ 665,304
Mutual Fund Shares:			
Large cap	227,813		227,813
Midcap	127,335		127,335
Small cap	1,273,136		1,273,136
Fixed income	325,013		325,013
Common Stocks:			
Financials	767,363		767,363
Healthcare	207,833		207,833
Technology	288,667		288,667
Consumer goods	275,643		275,643
Industrial goods	170,805		170,805
Other	237,073		237,073
Exchange-traded Funds:			
Fixed income	45,817		45,817
Government Agency Bonds		\$2,772,065	2,772,065
Corporate Bonds:			
AAA - AA		8,840,799	8,840,799
	<u>                    </u>	<u>8,840,799</u>	<u>8,840,799</u>
Total Assets at Fair Value	<u>\$4,611,802</u>	<u>\$11,612,864</u>	<u>\$16,224,666</u>

**NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)**

<b>2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Assets</b>			
Investments, Including Amounts Held for Annuities and Endowment:			
Money Market Fund Shares	\$ 411,836		\$ 411,836
Mutual Fund Shares:			
Large cap	188,214		188,214
Midcap	118,925		118,925
Small cap	1,134,567		1,134,567
Fixed income	418,569		418,569
Common Stocks:			
Financials	600,981		600,981
Healthcare	322,984		322,984
Technology	124,504		124,504
Consumer goods	176,931		176,931
Industrial goods	116,219		116,219
Other	245,729		245,729
Exchange-traded Funds:			
Fixed income	35,379		35,379
Government Agency Bonds		\$1,481,013	1,481,013
Corporate Bonds:			
AAA - AA		<u>5,543,888</u>	<u>5,543,888</u>
Total Assets at Fair Value	<u>\$3,894,838</u>	<u>\$7,024,901</u>	<u>\$10,919,739</u>
<b>2019</b>			
<b>Assets</b>			
Investments, Including Amounts Held for Annuities and Endowment:			
Money Market Fund Shares	\$ 479,448		\$ 479,448
Mutual Fund Shares:			
Large cap	228,563		228,563
Midcap	103,314		103,314
Small cap	963,748		963,748
Fixed income	312,410		312,410
Common Stocks:			
Financials	553,974		553,974
Technology	334,877		344,877
Consumer goods	82,066		82,066
Consumer discretionary	240,928		240,928
Industrial goods	104,906		104,906
Other	246,104		246,104
Exchange-traded Funds:			
Fixed income	24,485		24,485
Government Agency Bonds		\$1,943,646	1,943,646
Corporate Bonds:			
AAA - AA		<u>6,745,836</u>	<u>6,745,836</u>
Total Assets at Fair Value	<u>\$3,674,823</u>	<u>\$8,689,482</u>	<u>\$12,364,305</u>

#### NOTE 4 - INVESTMENTS AND INVESTMENT RETURN

The Foundation's investments as of December 31, 2021, 2020, and 2019 are as follows:

<b>2021</b>	<b>Operations</b>	<b>Endowment</b>	<b>Annuities</b>	<b>Total</b>
Money market fund shares	\$ 578,127	\$ 80,939	\$ 6,238	\$ 665,304
Mutual fund shares	1,152,438	779,898	20,961	1,953,297
Common stocks	1,947,384			1,947,384
Exchange-traded funds	45,817			45,817
Government agency bonds	2,772,065			2,772,065
Corporate bonds	<u>8,576,406</u>	<u>219,420</u>	<u>44,973</u>	<u>8,840,799</u>
Total Investments	<u>\$15,072,237</u>	<u>\$1,080,257</u>	<u>\$ 72,172</u>	<u>\$16,224,666</u>
<b>2020</b>				
Money market fund shares	\$ 327,176	\$ 73,807	\$ 10,853	\$ 411,836
Mutual fund shares	1,174,348	662,536	23,391	1,860,275
Common stocks	1,587,348			1,587,348
Exchange-traded funds	35,379			35,379
Government agency bonds	1,413,201	63,168	4,644	1,481,013
Corporate bonds	<u>5,312,382</u>	<u>180,195</u>	<u>51,311</u>	<u>5,543,888</u>
Total Investments	<u>\$ 9,849,834</u>	<u>\$ 979,706</u>	<u>\$ 90,199</u>	<u>\$10,919,739</u>
<b>2019</b>				
Money market fund shares	\$ 399,864	\$ 67,605	\$ 11,979	\$ 479,448
Mutual fund shares	978,917	601,848	27,270	1,608,035
Common stocks	1,562,855			1,562,855
Exchange-traded funds	24,485			24,485
Government agency bonds	1,876,123	62,095	5,428	1,943,646
Corporate bonds	<u>6,520,054</u>	<u>168,679</u>	<u>57,103</u>	<u>6,745,836</u>
Total Investments	<u>\$11,362,298</u>	<u>\$ 900,227</u>	<u>\$101,780</u>	<u>\$12,364,305</u>

The Foundation's investment return consisted of the following for 2021, 2020 and 2019:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Dividends and interest (net of investment advisory fees of \$55,918 in 2021, \$49,862 in 2020 and 47,865 in 2019)	\$293,302	\$252,865	\$241,408
Net realized and unrealized gain on investments	<u>73,880</u>	<u>605,206</u>	<u>674,726</u>
Total Return on Investments	367,182	858,071	916,134
Income from other interest-bearing accounts	<u>292</u>	<u>1,083</u>	<u>7,570</u>
Total Investment Return, net	<u>\$367,474</u>	<u>\$859,154</u>	<u>\$923,704</u>

#### NOTE 4 - INVESTMENTS AND INVESTMENT RETURN (CONTINUED)

Investment return is included in the statements of activities as of December 31, 2021, 2020, and 2019 as follows:

	2021	2020	2019
Net Assets Without Donor Restrictions From Operations:			
Investment income on operating investments, net	\$303,626	\$286,115	\$292,012
Nonoperating Activities Without Donor Restrictions:			
Net realized and unrealized gain (loss) on investments	(23,310)	500,744	537,846
Net Assets With Donor Restrictions:			
Investment return on donor restricted endowment investments, net	<u>87,157</u>	<u>72,295</u>	<u>93,846</u>
Total Investment Return, net	<u>\$367,473</u>	<u>\$859,154</u>	<u>\$923,704</u>

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

#### NOTE 5 - LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans receivable are all interest bearing with rates ranging from 3.75% to 6.50% and have maturities at various dates through January 2028. Net loans receivable were as follows as of December 31, 2021, 2020, and 2019:

	2021	2020	2019
Loans receivable - secured with collateral	\$24,953,078	\$26,169,719	\$23,062,781
Loans receivable - unsecured	<u>667,848</u>	<u>529,596</u>	<u>296,697</u>
Total loans receivable	25,620,926	26,699,315	23,359,478
Less: Allowance for loan losses	<u>(852,875)</u>	<u>(816,875)</u>	<u>(791,513)</u>
Loans Receivable, net	<u>\$24,768,051</u>	<u>\$25,882,440</u>	<u>\$22,567,965</u>

In December 2020, the Foundation entered into two separate participation agreements with Christian Service Foundation (CSF) to purchase an interest in separate loans from the Foundation for 21.38% and 25.97%. The Foundation's share of the outstanding balance on the loans as of December 31, 2021 and 2020, was \$1,565,026 and \$2,447,839, respectively, and is reflected in loans receivable, net in the statements of financial position.

At December 31, 2021, the contractual maturities of the loans receivable, which are not necessarily forecasts of future cash flows, were as follows:

Receivable In	Principal
2022	\$ 1,303,786
2023	4,727,125
2024	8,487,785
2025	9,968,674
2026	49,455
Thereafter	<u>1,084,101</u>
	<u>\$25,620,926</u>

**NOTE 5 - LOANS AND ALLOWANCE FOR LOAN LOSSES (CONTINUED)**

Allowance for loan loss activity for the years ended December 31, 2021, 2020, and 2019 was as follows:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Balance at beginning of year	\$816,875	\$791,513	\$745,198
Provision (adjustment) for acquired loans		(10,638)	10,315
Provision for loan losses	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>
Balance at End of Year	<u><b>\$852,875</b></u>	<u><b>\$816,875</b></u>	<u><b>\$791,513</b></u>

Information on delinquent loans as of December 31, 2021, 2020, and 2019 is summarized below:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Total balance of delinquent loans at December 31:	\$656,677	\$909,803	\$456,044
Interest income recognized on delinquent loans during the delinquent period	29,870	32,264	24,745

At December 31, 2021, 2020 and 2019 there were no loans in non-accrual status.

Of the 118, 117 and 116, respectively, church loans outstanding, four, five and two loans had balances greater than \$1,000,000 at December 31, 2021, 2020 and 2019, respectively. These loans totaled \$5,436,578 (21%), \$6,450,316 (24%) and \$2,617,838 (11%) of the total outstanding loan portfolio at December 31, 2021, 2020 and 2019, respectively. The Foundation had approximately \$ 410,204, \$1,025,000 and \$683,000 of loan commitments made as of December 31, 2021, 2020 and 2019 respectively, for future loans.

In 2019 and 2017, the Foundation acquired church loans totaling \$1,990,426 and \$1,332,481, respectively. The Foundation retained \$100,000 from the acquisition price as a refundable reserve from each loan purchase. An amount of \$33,333 will be released and paid to each seller over three years starting on the subsequent year's anniversary date of the loan closing. For the 2017 loan purchase, \$33,333 will be paid from 2018 through 2020, and for the 2019 loan purchase, \$33,333 will be paid from 2019 through 2021, unless loan losses and collection costs exceed that amount established by the Foundation and seller. During 2021 the remaining refundable reserve amount for the 2019 acquired loans was paid in full. As of December 31, 2021, 2020, and 2019, \$0, \$66,667 and \$133,333 remained refundable for both loan purchases, respectively.

**NOTE 6 - FURNITURE AND EQUIPMENT**

Furniture and equipment consisted of the following as of December 31, 2021, 2020, and 2019:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Furniture	\$ 11,886	\$ 11,886	\$ 39,109
Equipment	40,242	8,475	42,676
Construction in progress		16,864	
	<u>52,128</u>	<u>37,225</u>	<u>81,785</u>
Less: Accumulated depreciation	<u>(21,406)</u>	<u>(10,365)</u>	<u>(76,976)</u>
Total Furniture and Equipment, net	<u><b>\$ 30,722</b></u>	<u><b>\$ 26,860</b></u>	<u><b>\$ 4,809</b></u>



**NOTE 7 - ENDOWMENT**

The Foundation holds an endowment for the benefit of the Missionary Church, Inc., which consists of individual funds established by donors to provide operating support for the Missionary Church, Inc. The endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

***Interpretation of Relevant Law***

The Foundation is subject to the Indiana Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions, because those assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Those assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. The Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

The endowment net asset composition by type of fund as of December 31, 2021, 2020, and 2019, was as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>2021</b>			
Board-designated funds	\$403,367		\$ 403,367
Donor-restricted endowment funds:			
Original gifts and amounts required to be maintained in perpetuity by donors		\$519,562	519,562
Accumulated investment return	<u>                    </u>	<u>157,328</u>	<u>157,328</u>
Total Endowment Funds	<u>\$403,367</u>	<u>\$676,890</u>	<u>\$1,080,257</u>
<b>2020</b>			
Board-designated funds	\$363,091		\$ 363,091
Donor-restricted endowment funds:			
Original gifts and amounts required to be maintained in perpetuity by donors		\$519,562	519,562
Accumulated investment return	<u>                    </u>	<u>97,053</u>	<u>97,053</u>
Total Endowment Funds	<u>\$363,091</u>	<u>\$616,615</u>	<u>\$ 979,706</u>

**NOTE 7 - ENDOWMENT (CONTINUED)**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>2019</b>			
Board-designated funds	\$330,632		\$ 330,632
Donor-restricted endowment funds:			
Original gifts and amounts required to be maintained in perpetuity by donors		\$519,562	519,562
Accumulated investment return	<u>                    </u>	<u>50,033</u>	<u>50,033</u>
Total Endowment Funds	<u>\$330,632</u>	<u>\$569,595</u>	<u>\$ 900,227</u>

***Underwater Endowment Funds***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of gifts donated to the donor-restricted endowment or the level that the donor otherwise requires the Foundation to retain as a fund of perpetual duration. There were no underwater endowment funds at December 31, 2021, 2020, and 2019.

***Investment and Spending Policies***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

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

The Foundation has a policy of appropriating for distribution each year a discretionary amount, up to 5% based on its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Activity in the endowment by net asset class for 2021, 2020, and 2019 is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment at December 31, 2018	\$285,154	\$501,500	\$ 786,654
New board designations	82		82
Interest and dividends	28,255	42,382	70,637
Realized and unrealized gains	34,309	51,464	85,773
Appropriated for expenditure	<u>(17,168)</u>	<u>(25,751)</u>	<u>(42,919)</u>

**NOTE 7 - ENDOWMENT (CONTINUED)**

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment at December 31, 2019	\$330,632	\$569,595	\$ 900,227
New board designations	1,112		1,112
Interest and dividends	21,802	32,703	54,505
Realized and unrealized gains	26,395	39,592	65,987
Appropriated for expenditure	<u>(16,850)</u>	<u>(25,275)</u>	<u>(42,125)</u>
Endowment at December 31, 2020	363,091	616,615	979,706
New board designations	93		93
Interest and dividends	24,931	37,397	62,328
Realized and unrealized gains	33,174	49,760	82,934
Appropriated for expenditure	<u>(17,922)</u>	<u>(26,882)</u>	<u>(44,804)</u>
Endowment at December 31, 2021	<u>\$403,367</u>	<u>\$676,890</u>	<u>\$1,080,257</u>

**NOTE 8 - INVESTOR CERTIFICATES AND OTHER OBLIGATIONS**

At December 31, 2021, unsecured investor certificates relating to loans (one to three years maturity, interest at 1.5% to 3% for 2021, 2020 and 2019) mature as follows:

Payable In	Principal
2022	\$11,811,856
2023	8,969,144
2024	<u>6,425,128</u>
	<u>\$27,206,128</u>

Demand investor accounts totaled \$8,170,995, \$6,483,646 and \$4,840,862 and ministry gifts payable totaled \$104,438, \$83,780 and \$92,417 at December 31, 2021, 2020, and 2019, respectively, and bear interest at rates ranging from 0.0% to 2.75%.

**NOTE 9 - ANNUITIES PAYABLE**

Annuities payable consist of charitable gift annuities issued by the Foundation. Annuitants have the option to change beneficiaries to any organization within the Missionary Church denomination during their lifetime; therefore, all annuities are reported as liabilities at the fair value of the contributed assets. The annuity obligation was \$68,931, \$85,618 and \$101,780 at December 31, 2021, 2020, and 2019, respectively.

**NOTE 10 - LINE OF CREDIT**

The Foundation has a \$1,000,000 revolving bank line of credit with First Merchants Bank which matures on September 9, 2022. There were no borrowings outstanding at December 31, 2021, 2020, and 2019. The line of credit is unsecured and bears interest at a floating rate of prime (per the Wall Street Journal "Money Rates") plus .50% (3.75% at December 31, 2021), which is payable monthly. There are no restrictive covenants on this line of credit.

## NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted entirely of endowment funds established by donors to support Missionary Church, Inc. as of December 31, 2021, 2020, and 2019 and were subject to the Foundation's spending policy for appropriation. See Note 7.

Net assets released from donor restrictions for 2021, 2020, and 2019 consisted entirely of amounts released from donor restrictions by incurring expenses supporting Missionary Church, Inc.

## NOTE 12 - EMPLOYEE BENEFITS

The Foundation participates in a multi-employer defined contribution 403(b) retirement savings plan for all of its qualified employees. All Plan participants are permitted to make salary reduction contributions to the Plan. The Foundation may make discretionary contributions to the Plan, determined annually based on eligible earnings of participants. The Foundation made contributions to the 403(b) Plan of \$3,600 in 2021, 2020 and 2019.

## NOTE 13 - RELATED PARTY TRANSACTIONS

The Foundation has certain transactions with related parties, including holding certain assets at institutions with related entities of Missionary Church, Inc. as follows:

	2021	2020	2019
As Presented in the Statements of Financial Position:			
Loans receivable			\$369,099
Accounts payable and accrued expenses	\$ 24,771	\$ 19,147	53,079
Investor certificates and demand investor accounts	988,869	893,092	668,704
As Presented in the Statements of Activities and Statements of Functional Expenses:			
Interest income		13,600	15,477
Interest expense	14,754	12,254	13,761
Accounting service expense	32,400	32,400	32,400
Rent expense	12,000	12,000	12,000
Grant expense	69,463	70,269	18,500
Tithe expense	14,800	14,604	18,603



**Internal Financial Statement**  
**July 31, 2022**

**MISSIONARY CHURCH INVESTMENT FOUNDATION, INC.**

**Statement of Financial Position**

**July 31, 2022**

**7/31/2022**

**ASSETS**

**ASSETS**

Cash and cash equivalents	\$ 1,207,281
Interest Receivable	107,966
Other Receivables	-
Prepaid Expenses	-
Investments	14,953,146
Loans Receivable - Net	23,686,551
Furniture and Equipment - net	22,285
Investments held for annuities	51,867
Investments held for endowment	915,890

**TOTAL ASSETS**

**\$ 40,944,986**

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable and accrued expenses	\$ 132,783
Investor Certificates	25,944,573
Demand Investor Accounts	10,309,380
Ministry Gifts Payable	142,919
Annuities Payable	50,388

**TOTAL LIABILITIES**

**36,580,043**

**NET ASSETS**

Without Donor Restrictions	
Undesignated	3,449,053
Designated by the Board for endowment	335,014
Total Without Donor Restrictions	<u>3,784,067</u>

With Donor Restrictions	
Perpetual in nature	580,876
Total With Donor Restrictions	<u>580,876</u>

Total Net Assets 4,364,943

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 40,944,986**

**MISSIONARY CHURCH INVESTMENT FOUNDATION, INC.**

**Statement of Activities  
For seven months ended July 31, 2022**

**7/31/2022**

**NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS**

Revenue, Gains, and Other Support:

Contributions	0
Investment income from operating investments	148,353
Interest Income on Loans	662,186
Other	1,260
Net assets released from restrictions	28,849
Total Revenue, Gains, and Other Support	<u>840,648</u>

**EXPENSES**

Program Services	
Loan Management and Grants	276,504
Investment Interest	455,303
Supporting Services	
Management and General	121,339
Fundraising	2,996
Total Expenses	<u>856,142</u>

**INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS**

(15,494)

**NONOPERATING ACTIVITIES WITHOUT DONOR RESTRICTIONS**

Net realized and unrealized gain (loss) on investments	<u>(1,265,861)</u>
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**INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS**

(1,281,355)

**NET ASSETS WITH DONOR RESTRICTIONS**

Investment return on donor-restricted endowment investments, net	(118,423)
Net assets released from restrictions	(28,849)

**INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS**

(147,272)

**INCREASE (DECREASE) IN NET ASSETS**

(1,428,627)

**NET ASSETS**

Beginning of Period	<u>5,793,571</u>
End of Period	<u><u>4,364,944</u></u>

**MISSIONARY CHURCH INVESTMENT FOUNDATION, INC.**

**STATEMENT OF CASH FLOWS**

**Seven Months Ended July 31, 2022**

**7/31/2022**

**OPERATING ACTIVITIES**

Change in net assets	(1,428,627)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	8,437
Net realized and unrealized gain on investments	1,384,284
Provision for loan losses	21,000
(Increase) decrease in certain assets:	
Interest receivable	(493)
Other receivables	-
Prepaid expenses	-
Increase (decrease) in certain liabilities:	
Accounts payable and accrued expenses	69,465
Ministry gifts payable	38,481
Annuities payable	(18,543)
Refundable Reserve	-
Net Cash Provided (Used) by Operating Activities	<u>74,004</u>

**INVESTING ACTIVITIES**

Proceeds from sales and maturities of investments	94,384
Purchase of investments	(1,174,904)
Purchase of furniture and equipment	-
Principal payments collected on loans	1,368,033
Loan funds advanced	(309,007)
Net Cash Provided (Used) by Investing Activities	<u>(21,494)</u>

**FINANCING ACTIVITIES**

Sales of investor certificates	3,265,286
Redemption of investor certificates	(2,388,456)
Net Cash Provided (Used) by Financing Activities	<u>876,830</u>

**INCREASE IN CASH AND EQUIVALENTS**

929,340

**CASH AND EQUIVALENTS**

Beginning of Period	<u>277,941</u>
End of Period	<u><u>1,207,281</u></u>