

Christian Reformed Church

Loan Fund

Offering Circular

2019-20



OFFERING CIRCULAR

CHRISTIAN REFORMED CHURCH LOAN FUND, INC., U.S.

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\$20,000,000

We, the Christian Reformed Church Loan Fund, Inc., U.S. (referred to as “Loan Fund”), are offering up to \$20,000,000 of unsecured debt securities in the types listed below (“Certificates”) to raise money primarily for making loans to Christian Reformed churches. Many of these churches cannot obtain financing from commercial loan sources at affordable or prevailing rates of interest, and it is our mission to provide them with an alternative means of financing their projects. Our ability to assist Christian Reformed churches financially is dependent to a great extent upon the support of our investors, and it is expected that investors will be motivated to purchase the Certificates, at least in part, by a desire to assist in these financing efforts. The Certificates are of the following types:

Investment Certificates

Investment Certificates are offered in separate series based on the length of their terms, which we announce from time to time. The minimum term offered is generally 12 months. The interest rate paid on an Investment Certificate is fixed for its term at the time the subscription for the Investment Certificate is received and at the time(s) it matures and is reinvested. The minimum investment in an Investment Certificate is \$1,000. See “Description of Certificates” on page 11.

Flex Investment Certificates

Flex Investment Certificates are demand securities that earn a variable rate of interest. The interest rates could change several times each month. The rates are also tiered based on the amount of the Flex Investment Certificate -higher balances yield higher interest rates. Flex Investment Certificates have no term, and up to two redemptions may be made per month without service charges. The minimum initial investment in a Flex Investment Certificate is \$5,000. See “Description of Certificates” on page 11.

Flex Building Fund Certificates

Flex Building Fund Certificates are available only to Christian Reformed churches and are provided as a convenient way to invest building fund cash before it is needed. The Flex Building Fund Certificates are demand securities and earn a variable rate of interest equal to the fixed rate of interest we offer on 12 month Investment Certificates from time to time. Interest rates could change several times each month. Flex Building Fund Certificates permit up to two redemptions per month for purposes related to the investor church’s building program without service charges. The minimum initial investment in a Flex Building Fund Certificate is \$5,000. See “Description of Certificates” on page 11.

The interest rates available on Certificates as of the date this Offering Circular was delivered to you are set forth on the accompanying interest rate sheet. Current interest rates may be obtained by contacting us at the telephone numbers and email address listed above. Interest on all Certificates accrues daily and is payable quarterly in the third, sixth, ninth and twelfth months of each year after the date of the Certificate until the principal of the Certificate has been repaid. At the time of subscription, you may elect to have interest compounded (added to the principal balance of your Certificate) on a quarterly basis instead of having it paid directly to you. If your Certificate has a balance of \$50,000 or more, you may elect to have the accrued interest paid to you monthly.

A purchase of the Certificates involves significant risks, and prospective investors should read the entire Offering Circular carefully, including the “Risk Factors” section beginning on page 2.

***Not FDIC or SIPC Insured**

***Not a Bank Deposit**

***No CRC Guarantee**

The date of this Offering Circular is October 15, 2019

This offering is being made by us without the assistance of any brokers or dealers. We will, therefore, receive 100% of the proceeds from the sale of the Certificates, we will bear all of the related expenses, and there will be no direct or indirect underwriting, sales or similar fees, or commissions paid. It is estimated that the expenses for the offering, including legal and registration fees, will be less than 0.25% of the total offering amount. This offering runs from the date of this Offering Circular until the expiration of the periods of time authorized in the various states in which we offer, which is typically twelve months.

The Certificates are intended to be sold to those persons who, at or prior to the time of receiving this Offering Circular, are members or supporters of, or participants in, the Christian Reformed Church in North America ("CRC") or contribute to its local, classis or denominational ministries. The CRC and its classes, churches, denominational committees and agencies may also purchase Certificates. We believe these people and organizations may be interested in an investment offering reasonable but not necessarily the highest interest rate so that loans, in turn, may be made to CRC churches at reasonable interest rates.

This Offering Circular does not constitute an offer or solicitation in any state in which such an offer or solicitation is not authorized.

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

THE CERTIFICATES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(A)(4) OF THE FEDERAL SECURITIES ACT OF 1933 AND SECTION 3(C)(10) OF THE FEDERAL INVESTMENT COMPANY ACT OF 1940. A REGISTRATION STATEMENT RELATING TO THE CERTIFICATES HAS NOT BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

THE CERTIFICATES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT DETERMINED THE ACCURACY, ADEQUACY, TRUTHFULNESS, OR COMPLETENESS OF THIS DOCUMENT AND HAVE NOT PASSED UPON THE MERIT OR VALUE OF THE CERTIFICATES, 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 LOAN FUND AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURE, MERITS, AND RISKS INVOLVED.

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

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY 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 INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE BY THE LOAN FUND.

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

FLORIDA RESIDENTS

THE CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION SINCE THEY ARE EXEMPT FROM REGISTRATION. WE ARE REGISTERED AS AN ISSUER/DEALER IN FLORIDA TO SELL OUR OWN SECURITIES AND THE CERTIFICATES WILL BE OFFERED SOLELY THROUGH OUR CORPORATE OFFICERS AND EMPLOYEES WHO ARE REGISTERED IN FLORIDA AS ASSOCIATED PERSONS.

CALIFORNIA RESIDENTS

AUTOMATIC RENEWAL UPON MATURITY OF A CERTIFICATE, AS PROVIDED IN THIS OFFERING CIRCULAR, IS NOT AVAILABLE TO INVESTORS WHO ARE CALIFORNIA RESIDENTS. ALL CALIFORNIA INVESTORS WILL RECEIVE A MATURITY NOTICE AND A CURRENT OFFERING CIRCULAR WITHIN 30 DAYS OF EACH MATURITY DATE AND CALIFORNIA INVESTORS WILL HAVE THE OPPORTUNITY TO NOTIFY THE LOAN FUND IF THEY INTEND TO RENEW THEIR INVESTMENTS. IF CALIFORNIA INVESTORS NEITHER RENEW NOR RETURN THEIR CERTIFICATES, AS OF THE DATE OF THEIR CERTIFICATES' MATURITY, THEIR FUNDS WILL BE PROMPTLY RETURNED. RENEWALS CAN BE MADE ONLY IF THE LOAN FUND IS QUALIFIED TO MAKE SALES IN THE STATE OF CALIFORNIA AT THE TIME OF RENEWAL.

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 CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

SOUTH DAKOTA RESIDENTS

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SDCL 47-318-201(7)(B) OF THE SOUTH DAKOTA SECURITIES ACT. NEITHER THE SOUTH DAKOTA DIVISION OF INSURANCE (DIVISION) NOR THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

WASHINGTON RESIDENTS

UNLESS OTHERWISE EXEMPT FROM REGISTRATION IN WASHINGTON, OFFERS AND SALES OF CERTIFICATES TO WASHINGTON RESIDENTS SHALL BE LIMITED TO THOSE PERSONS WHO, PRIOR TO THEIR SOLICITATION FOR THE PURCHASE OF CERTIFICATES, WERE MEMBERS OF, CONTRIBUTORS TO OR LISTED AS PARTICIPANTS IN THE LOAN FUND OR THEIR RELATIVES.

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SUMMARY

This summary contains certain basic information about us and this offering. It does not, however, contain all of the information that might be important to you. You should read the entire Offering Circular, including the attached audited financial statements (“Financial Statements”), before investing.

General

We are a legally autonomous Michigan non-profit corporation. We are affiliated with, and organized solely for the benefit of, the CRC and its member churches and boards. The CRC organized as a denomination in 1857, and had 1,072 affiliated churches and a combined membership of 222,156 persons as of December 31, 2018.

Our Purpose

Our purpose is primarily to act for the benefit of, and to assist in financing the acquisition and construction of capital improvements for, CRC churches and parsonages. The need for our services arose primarily from the difficulties encountered by CRC churches in obtaining financing. Bank financing for long terms can be expensive, inflexible and difficult for some churches to obtain. Furthermore, legal restrictions placed upon offerings of church securities and the cost of complying with those restrictions make it highly desirable to centralize fund raising efforts so that high legal and financial costs can be spread more broadly. We expect that the Certificates will be purchased primarily by persons or entities in the CRC family who are interested in an investment offering reasonable, but not necessarily the highest, interest rates in order for loans at reasonable interest rates to be made to CRC churches.

Certificates

We are offering three types of Certificates. Investment Certificates have various terms ranging from one to five years, earn a fixed interest rate, and require a \$1,000 minimum investment. Flex Investment Certificates are payable upon demand with between one to three business days’ prior notice depending on the redemption amount, earn a variable interest rate, and require a \$5,000 minimum initial investment. Flex Building Fund Certificates are payable on demand with between one to three business days’ prior notice depending on the redemption amount, earn a variable interest rate, and require a \$5,000 minimum initial investment, but are only available to CRC churches. The interest rates we pay on Investment Certificates are fixed for the term of the Certificate, but the interest rates offered on new Investment Certificates vary from time to time. The interest rates we pay on the Flex Investment Certificates and Flex Building Fund Certificates vary from time to time. The interest rates available on Certificates as of the date this Offering Circular was delivered to you are set forth on the accompanying interest rate sheet. Current interest rates may be obtained by contacting us at the telephone numbers and e-mail address listed on the cover page of this Offering Circular. Interest on all Certificates accrues daily and is payable in the third, sixth, ninth and twelfth months of each year after the date of the Certificate until the principal of the Certificate has been repaid. At the time of subscription, you may elect to have interest compounded (added to the principal balance of your Certificate) on a quarterly basis instead of having it paid directly to you. If your Certificate has a balance of \$50,000 or more, you may elect to have the accrued interest paid to you monthly. See also “Description of Certificates” on page 11.

Use of Proceeds

Proceeds received from the sale of the Certificates will be used primarily to make loans to CRC churches. Proceeds may also be used to support our liquidity, to pay operating expenses, and to pay interest and principal on outstanding Certificates. Proceeds that are not used for one of these purposes will be invested in investments permitted by the CRC. See “Operational, Financing and Investing Activities” on page 7.

Selected Financial Data

<u>As of June 30, 2019:</u>		<u>For the fiscal year ended June 30, 2019:</u>	
Assets		Revenues	\$855,794
Cash and cash equivalents	\$5,407,381	Expenses	<u>627,859</u>
Loans & accrued interest receivable (net of allowances)*	15,943,762	Change in Net Assets	\$227,935
Prepaid support charges	-		
Assets held for sale	-		
Equipment, net	11,611		
Total Assets	<u>\$21,362,754</u>	Certificates issued	\$2,730,408
		Certificates redeemed	\$2,542,818
Liabilities and Net Assets		Certificates renewed	\$4,909,000
Certificates payable	\$15,232,018		
Accrued interest and fees payable	38,380		
Net Assets	6,092,356		
Total Liabilities & Net Assets	<u>\$21,362,754</u>		

*As of June 30, 2019, these loans included \$234,753 of unsecured loans and \$0 of delinquent loans, which constituted 1.48% and 0% of total loans, respectively.

Please carefully read the Risk Factors beginning on the next page.

•Not FDIC or SIPC Insured

•Not a Bank Deposit

•No CRC Guarantee

RISK FACTORS

An investment in the Certificates should be considered speculative and involves a high degree of risk due to many factors, including those described below. Accordingly, prospective investors should carefully take into account all of the following risks before making a decision to invest.

This Offering Circular contains forward-looking statements about our plans, strategies, objectives, goals, and expectations. These forward-looking statements are identifiable by words or phrases indicating that we “expect,” “anticipate,” “project,” “plan,” “believe,” or “intend” that a particular event may or will occur in the future or similarly stated expectations. These forward-looking statements are subject to many factors, including the risk factors below, which could cause actual results to differ materially from the stated expectations. We undertake no obligation to update or revise any forward-looking statements to reflect developments or information obtained after the date of this Offering Circular.

Illiquid Investment; No Market

The Certificates are an illiquid investment because there is no public market or other markets for the Certificates, and no such market is likely to develop. In addition, the Certificates are not transferable without our consent and transfer may also be restricted by applicable state securities laws. Consequently, the Certificates will likely need to be held until their maturity. Therefore, the Certificates should be purchased only with funds that you do not and will not need for normal use or financial emergency and should only be considered as a long-term investment.

Limited Liquidity

The Flex Investment Certificates and Flex Building Fund Certificates are payable on demand. If a significant number of investors in these Certificates elected to redeem them, it would result in significant demands on our liquid resources. If a large number of those investors did redeem their Certificates at the same time, we would not have sufficient liquidity available to satisfy all Certificate redemption requests on a timely basis. See also “Possible Insufficient Liquid Assets” on page 4.

Reliance on Church Borrowers

The loans we make are to CRC churches and related entities. The ability of the borrowing church to repay its loan will depend upon the contributions received from its members. Both the number of members and the amount of their contributions to a borrowing church could fluctuate. There can be no assurance that a borrower will receive enough contributions to repay its loan. Our loans have historically not been personally guaranteed by church members, and even if they were, there could be no assurance that the guarantors could or would repay a church’s loan. If a sufficient number of borrowing churches default on their loans, we may not be able to repay all principal and interest due on outstanding Certificates.

Unsecured Certificates

The Certificates are our unsecured general debt obligations. You will be dependent solely upon our financial condition and operations for principal and interest payments on the Certificates.

Certificates Not Insured

Certificates are not bank instruments, are not FDIC or SIPC insured, and are subject to investment risks, including the possible loss of the principal invested.

No CRC Guarantee

The CRC has not guaranteed repayment of the Certificates or any loans we have made. You must rely solely upon us for repayment of the Certificates.

No Sinking Fund or Trust Indenture

No sinking fund or trust indenture has been or will be established to provide for repayment of the Certificates. Thus, no funds are specifically set aside for repayment of the Certificates prior to their maturity. In the event of a default, you will be left to seek legal remedies on your own, without the benefit of a trustee acting on your behalf.

Risk Return Ratio

We believe CRC individuals and organizations may be interested in investing in the Certificates, which offer reasonable but not necessarily the highest interest rate, so that loans to CRC churches, in turn, may be made at reasonable interest rates. Accordingly, the risks of investing in the Certificates may be greater than implied by the interest rates offered.

Junior Priority

The Certificates will be issued on parity with all of our other certificates, whether previously issued and outstanding or expected to be issued in the future. Although we could borrow funds from a bank or other sources on a secured basis, we had no senior secured debt outstanding at the date of this Offering Circular. If we were to borrow in this manner, the rank of the Certificates would be subordinate to those secured loans to the extent of the collateral pledged to secure them. See “Operational, Financing and Investing Activities” on page 7.

Call by Loan Fund

We may call a Certificate at any time in our sole discretion.

Collateral May Be Insufficient

Although in most instances our loans are secured by a mortgage or deed of trust, there can be no assurance that proceeds of a foreclosure sale of church property would be sufficient to repay a defaulted loan in full. This is particularly true in view of the fact that many church buildings are single purpose buildings and have a limited resale market. In addition, we occasionally make second mortgage loans for which we would not have any recourse against the collateral until the senior lender has been paid in full. Defaults on loans would adversely affect our ability to repay Certificates.

Risks Associated with Construction

Our borrowers often use our loans to construct new facilities or renovate existing facilities. If any of the unique risks associated with construction and renovation are realized, they could adversely affect a borrower’s ability to repay its loan by increasing construction costs or delaying or preventing completion of the project, and their failure to repay their loan would adversely affect our ability to repay Certificates.

Effect of Environmental Liability

We do not typically require an environmental site assessment before approving a loan unless the purpose of the loan is for acquiring real estate, in which case we generally do require a current environmental site assessment. If environmental pollution or other contamination is found on or near property securing a loan, our security for the loan could be impaired and the borrower’s ability to repay the loan may also be negatively impacted. Under various environmental laws and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum products released at the property, and may be held liable for property damage and for investigation and clean-up costs which may be substantial. This may adversely affect the owner’s ability to sell or rent the property or to borrow using the property as collateral. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs incurred in connection with the contamination. Persons who arrange for disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of these substances at the disposal or treatment facility. Finally, the owner of a site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site.

Remedies as a Lender Limited

Our remedies as a creditor upon default by any of our borrowers will be subject to various laws, regulations and legal principles that provide protections to borrowers. Our legal and contractual remedies, including those specified in our loan agreements and collateral documents, typically require judicial actions, which are often subject to discretion and delay. Under existing law (including, without limitation, the Federal Bankruptcy Code), the remedies specified by our loan agreements and collateral documents may not be readily available or may be limited. A court may refuse to order the specific performance of the covenants contained in the loan agreements and collateral documents. In addition, the laws of a particular jurisdiction may change or make it impractical or impossible to enforce specific covenants in the loan agreements and collateral documents.

Collateral May Be Impaired

The various security interests established under our mortgages and deeds of trust may be subject to other claims and interests. Examples of these claims and interests are statutory liens; rights arising in favor of the United States or any agency thereof; constructive trusts or equitable liens imposed or conferred by any state or federal court; and bankruptcy or receivership laws affecting amounts earned by the borrower after institution of bankruptcy or receivership proceedings by or against the borrower.

Borrowers Geographically Concentrated

Although we have no geographic restrictions within the United States on where loans are made, aggregate loans in excess of 10% of total loans were located in the following states as of June 30, 2019:

<u>State</u>	<u>Number of Loans</u>	<u>Principal Outstanding</u>	<u>Percent of Loan Portfolio</u>
MI	12	\$5,051,118	32%
CA	9	2,463,863	16%
FL	5	2,392,903	15%
Total	26	\$9,907,884	63%

The concentration of loans in one or more states or regions increases the risk that adverse economic conditions in those areas could adversely affect the ability of borrowers located in those areas to repay their loans, and our ability to repay the Certificates.

Future Changes in Federal or State Laws

Future changes in federal or state laws may adversely affect our ability to continue to sell Certificates and your ability to buy Certificates or reinvest your maturing Certificate proceeds. This could, in turn, adversely affect our ability to repay Certificates. Further, while we strive to comply with all applicable laws, if we find that we have not done so in all cases, it is possible that we may be subject to future regulatory actions, which could include fines, orders or the institution of rescission offers.

Loan Policies

Our loans are all made to CRC churches pursuant to loan policies that may not necessarily be applied by commercial lenders. Commercial lenders typically require a higher level of equity, higher church revenues and a more established church than we do. Furthermore, many of our loans are to finance new construction projects, which are riskier than loans made to finance existing projects. Some churches borrowing from us would not be able to secure financing from commercial lenders. We have in the past been willing to accommodate certain borrowers whose payments fall behind or to restructure or refinance their outstanding loans in situations where a typical commercial lender would not. Thus, many of our loans involve a higher risk of loss than loans made by commercial lenders.

Uninsured or Inadequately Insured Risks

For each loan that is secured by a mortgage or deed of trust, we require the borrower to provide us with a lender's policy of title insurance at least equal to the amount of the loan. Borrowers are also required to maintain fire and casualty insurance at least equal to the loan amount to protect their buildings from loss through a variety of disasters. There can be no assurance, despite these requirements, that the insurance will exist at the time of a claim or that it will be in an amount sufficient to cover losses. If insurance is inadequate or non-existent, a borrower might default on its loan and this would negatively affect our ability to repay Certificates.

Possible Insufficient Liquid Assets

We attempt to maintain sufficient liquidity (cash and cash equivalent assets) to meet our anticipated needs for payments of interest on Certificates, redemptions of maturing Investment Certificates, redemptions of Flex Investment Certificates and Flex Building Fund Certificates, and funding of loans to churches based upon their building schedules. We maintain excess cash, if any, in investments that are approved by the CRC. See "Operational, Financing and Investing Activities" on page 7. It is possible that our obligations, including payment of redemptions of Flex Investment Certificates and Flex Building Fund Certificates which cannot be scheduled or predicted with accuracy, could at some time be greater than the amount of cash immediately available.

Change in Interest Rates

Interest rates may vary in the future. To the extent that interest rates rise for bank loans obtained by us or with respect to other certificates and evidences of indebtedness issued by us, we will be required to apply a larger amount of our revenues to the payment of interest on those obligations. This could adversely affect our financial condition and ability to pay principal and interest on the Certificates and our other indebtedness. Even if interest rates rise and other issuers offer investments with higher rates of return than our Certificates, we will not be obligated to redeem the Investment Certificates prior to their maturity.

No Income Tax Benefits

There are no income tax benefits with respect to investment in the Certificates and interest paid or payable on Certificates is taxed as ordinary income regardless of whether interest is received by you or added to the principal balance of your Certificate. You may have additional taxable income imputed to you if you invest or loan more than \$250,000 with or to us and other organizations in the CRC and if the interest paid to you is below the applicable federal rate. See "Tax Aspects" on page 13.

Relationship with CRC

Because we are separately incorporated and a separate legal entity apart from the CRC, we should not be liable for claims made against the CRC or other CRC organizations. It is possible, however, that in the event of claims against the CRC or other CRC organizations, the claimants might contend that we also are liable. In addition, any amounts payable by the CRC to us, including the funds we hold in the CRC's cash concentration account, are potentially subject to creditor claims and other liabilities of the CRC. Such claims and liabilities, if upheld by the courts, could negatively affect our ability to recover funds from the CRC and, ultimately, our financial condition and our ability to repay the Certificates. See "History and Operations - Related Party Transactions" on page 6 and "Operational, Financing and Investing Activities - Cash Management and Investing Activities" on page 8.

Securities Investments, Bank Deposits and Related Risks

Our investments in marketable securities, if any, are subject to various market risks that may result in losses if market values decline. In addition, our deposits and investments may exceed FDIC and SIPC account limits and may not, therefore, be protected fully by those insurance programs.

Investors Geographically Concentrated

We had Certificates outstanding as of June 30, 2019, with a total principal balance aggregately of \$15,232,018. The following table shows the five states in which the highest amount of Certificates were outstanding at that date:

<u>State</u>	<u>Number of Certificates</u>	<u>Principal Balance</u>	<u>Percentage of Total Certificates Outstanding</u>
MI	303	\$6,032,820	40%
IL	46	2,539,283	17%
CA	29	2,213,372	15%
FL	19	1,077,122	7%
WA	32	662,397	4%
Total	429	\$12,524,994	83%

Adverse economic conditions in these states, could increase redemption requests and negatively affect the rate of reinvestment, which would negatively impact our liquidity and ability to raise funds through the sale of Certificates.

Other Offerings

We expect to sell Certificates in this and other offerings. The total offering amount of \$20,000,000 is not a limitation on the amount of Certificates we may sell in this and other offerings we may conduct at any time. We have sold our Certificates in prior years and anticipate that we will continue to sell additional Certificates as part of a continuous offering process.

No Firm Underwriting Commitment

We are offering the Certificates directly and without a firm underwriting commitment. No assurance can be given as to the principal amount of Certificates that will be sold and whether the proceeds will be sufficient to accomplish the purposes of the offering.

Right to Change Policies

We reserve the right to change our policies and procedures. At various points in this Offering Circular we describe our policies, such as our loan policies described on page 10, and our investment policies described on page 7. These descriptions are intended to help you understand our current operations. If we change our policies or procedures, including our loan or investment policies, there may be an adverse impact on our ability to repay Certificates.

Historical Renewal Rates May Not Continue

Historically, most investors have not redeemed their Certificates at maturity and have permitted them to renew automatically for an additional term. Approximately 32% of the principal amount of Certificates maturing during the fiscal year ended June 30, 2019, was renewed for an additional term, compared to 36% and 18% in the fiscal years ended June 30, 2018, and 2017, respectively. We cannot assure you that historical rates of renewal will continue. A significant reduction in the rate of renewals could negatively affect our ability to redeem Certificates when due. A total of approximately \$7,146,314 of our Certificates are payable on demand or are scheduled to mature by June 30, 2020.

HISTORY AND OPERATIONS

Christian Reformed Church in North America

The Christian Reformed Church in North America began in 1857. Its first members were located almost exclusively in Western Michigan. Within a few years scattered congregations elsewhere in the East and Midwest joined the group. Almost all of the members of these congregations were people who had recently emigrated from the Netherlands and Dutch immigrants remained the chief source of growth for the Christian Reformed Church for many years. Today, the CRC has churches in most states and provinces throughout the United States and Canada, as follows:

<u>Calendar Year</u>	<u>Number of CRC Churches in North America</u>	<u>Number of CRC Church Members in North America</u>
2019	1,072	222,156
2018	1,080	227,402
2017	1,091	234,819
2016	1,088	235,921
2015	1,090	249,227

At the regional level, the CRC is composed of 47 regional units (“Classis”). Each Classis consists of all churches in its geographical area and every organized CRC church must belong to a Classis. A minister and representatives from each church attend meetings of classes normally two or three times a year. The central and principal task of each Classis is to monitor the spiritual state of its several congregations; each Classis also helps in establishing new churches, discipline matters, etc.

At the general level, the CRC’s main body is the Synod which meets annually. Synod is not an assembly standing over and above the churches, but it is an assembly representing all the churches of the CRC. When a decision is made by Synod that decision is adopted by the delegates representing every Classis and every church. These decisions and supporting reports and other data are published each year for the use of the churches. Between meetings of Synod, a Board of Trustees, elected by Synod, executes all synodical matters which cannot be postponed until the next Synod. In addition, it functions as the Corporate Trustee of Synod, is responsible for expediting the work which Synod does directly, and supervises the work of the Executive Director of the CRC.

Denominational agencies, committees and institutions that report to the Council of Delegates through the Executive Director of the CRC including Resonate Global Mission, Back to God Ministries International, World Renew, Calvin University, Calvin Theological Seminary, Ministers’ Pension and Insurance Funds, and the Loan Fund.

The Loan Fund

We are affiliated with the CRC and our office is located in the CRC denominational building at 1700 28th St. S.E., Grand Rapids, Michigan 49508-1407.

We were incorporated on October 6, 1983, as a Michigan non-stock, directorship, non-profit corporation primarily to help churches in the CRC finance capital improvement projects. We make loans for the purchase of sites for churches in the CRC and their parsonages, the construction and remodeling of church buildings within the CRC, and for the purchase of capital equipment. We also make loans to refinance indebtedness outstanding to other lenders. We are authorized by our governance documents to raise funds for our activities from contributions, the issuance of securities, and through loans from banks. We are exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended (“Code”). As a result, under section 170(c)(2)(B) of the Code, donations to us are deductible for federal income tax purposes.

Related Party Transactions

All of our employees are paid by the CRC. The net amount of all direct and indirect reimbursements we made to the CRC for remuneration paid to our employees and for all other services provided to us by the CRC during the fiscal years ended June 30, 2019, 2018, and 2017, was approximately \$193,000, \$254,000, and \$215,000, respectively. Other services provided to us by the CRC and included in these reimbursement figures included accounting, audit, investment management, electronic funds transfer, and synodical reporting services. We held \$5,407,381, \$3,618,933, and \$6,102,071 in the CRC’s cash concentration account as of June 30, 2019, 2018, and 2017, respectively.

Our officers, directors and employees collectively held approximately \$167,000, \$163,000, and \$168,000 of Certificates as of June 30, 2019, 2018, and 2017, respectively, each issued on the same terms available to other investors. There are no other transactions between us and our officers or directors. It is our policy that any transactions with officers, directors or their affiliates will be on terms no less favorable to us than those that can be obtained from unaffiliated third parties and, in the case of Certificates, than are made available to all other investors.

The Offering

The offering of Certificates made by this Offering Circular is intended to enable us to renew our existing debt financing through our Certificates and to provide additional financing through sales of additional Certificates, as necessary for maintaining and expanding our activities. The Certificates are our general unsecured obligations and are not specifically allocated to any particular loans or churches.

While this offering is for \$20,000,000, we also had \$15,232,018 of Certificates outstanding as of June 30, 2019, to investors in 23 states.

USE OF PROCEEDS

Proceeds received from the sale of the Certificates will be used primarily to make loans to CRC churches. Proceeds may also be used to support our liquidity, to pay operating expenses, and to pay interest and principal on outstanding Certificates. Proceeds that are not used for one of these purposes will be invested in investments permitted by the CRC. See “Operational, Financing and Investing Activities” below.

No underwriters are participating in this offering and no underwriting discounts or commissions will be paid in connection with the sale of the Certificates. We will bear all expenses of this offering, including printing and mailing costs and attorneys’ and accountants’ fees.

OPERATIONAL, FINANCING AND INVESTING ACTIVITIES

The payment of principal and interest on the Certificates will be dependent upon our financial condition and the funds available to us. Historically, our primary sources of funds have been collections on loans receivable, proceeds from issuance of Certificates, and interest income on loans receivable and on cash and cash equivalents. We have also received gifts and bequests and it is anticipated that we may receive additional contributions in that manner.

Over the last several years our net assets have continued to increase, less any non-recurring or extraordinary items. Our net assets were \$6,092,356, \$5,864,421, and \$5,691,823, as of June 30, 2019, 2018, and 2017, respectively. Our net change in assets was \$227,935, \$172,598, and \$(1,815,213) in the fiscal years ended June 30, 2019, 2018, and 2017, respectively.

Operational and Lending Activities

Loans receivable totaled \$15,872,028, \$17,208,128, and \$17,485,214 each net of allowances of \$400,073, \$400,073, and \$405,836 for uncollectible loans, as of June 30, 2019, 2018, and 2017, respectively. We had approved but unfunded loan commitments of approximately \$461,087, \$2,025,200, and \$1,560,000 as of June 30, 2019, 2018, and 2017, respectively.

We closed \$2,010,000 of new loans in the fiscal year ended June 30, 2019, compared with \$2,882,000 and \$2,645,000 in the fiscal years ended June 30, 2018 and 2017, respectively. We believe that the fluctuation in lending activity is primarily due to the timing of church projects.

Our loan repayments increased in the fiscal year ended June 30, 2019. We received \$3,111,772, \$3,093,208, and \$2,522,263 in principal payments on our loans in the fiscal years ended June 30, 2019, 2018, and 2017, respectively.

We consider a loan “delinquent” when full payment of principal and interest under the loan terms are 30 days or more past due. We had delinquent loans in the principal amount of \$0 as of June 30, 2019, 2018, and 2017, respectively. When churches are delinquent on the payment of their loans, we generally work with them to find ways to resolve their financial challenges, and frequently this approach has resulted in the loans becoming fully performing loans again, or they are paid off in full. We consider a loan “impaired” when full payment of principal and interest under the original loan terms is not expected. The classification of a loan as impaired does not necessarily mean that the loan will result in a loss, though that is certainly possible in some cases. We had impaired loans in the principal amount of \$497,112, \$511,622, and \$526,690 as of June 30, 2019, 2018, and 2017, respectively. We have not had any losses related to impaired loans during those same years.

We recognize that losses may be experienced in connection with our lending activities. Allowances for uncollectible loans are recorded when it is determined that we will be unable to collect all amounts due according to the terms of the underlying agreement. For our fiscal year ended June 30, 2019, we made no additional provision for loan losses, and our allowance for uncollectible loans remained at \$400,073 as of June 30, 2019, compared to \$400,073 and \$405,836 as of June 30, 2018 and 2017, respectively. There can be no assurance that actual losses will not exceed the established allowance for uncollectible loans.

As of June 30, 2019, the scheduled maturity of principal outstanding on our loans was approximately as follows:

<u>Fiscal year ending June 30</u>	<u>Principal Maturing</u>
2020	292,400
2021	38,700
2022	116,200
2023	812,100
2024	226,400
Thereafter	14,786,301
Total	<u>\$16,272,101</u>

Cash Management and Investing Activities

For the fiscal years ended June 30, 2019, 2018, and 2017, we did not have any realized or unrealized gains or losses from investments.

Historically, our short term funds have been held in a cash concentration account maintained by the CRC. The cash concentration account includes short-term funds of the CRC and various CRC agencies and denominational affiliates, including the Loan Fund. The CRC has authority to make investment decisions with regard to all funds held in the cash concentration account and may utilize a brokerage account or other accounts in the name of the CRC for that purpose. The CRC investment policy governs the investments made by the CRC with funds held in the cash concentration account and all investments we make directly. This policy permits short-term investments, including U.S. Treasury bills and their Canadian counterpart; commercial paper in the highest grade as rated by Standard & Poor's or Moody's; certificates of deposit and other bank or savings-and-loan deposits, provided they are government insured institutions (if more than the insured amount is invested with an institution, the institution should be of high quality); and other approved short-term investments determined by the CRC or its advisors to be of high quality and marketability. The CRC investment policy also permits investments in publicly traded common stocks, preferred stocks, and convertible securities of companies which are determined by the CRC or its advisors to have capable and ethical management and not subject to undue risk. The CRC policy also permits investments in publicly traded bonds and notes of investment grade (in most cases it is expected that the investments will be at least A-rated securities). In addition to these permissible investments, funds held in the CRC's cash concentration account also may be advanced to the CRC.

As of June 30, 2019, we had a total of \$5,407,381 in short-term funds, all of which was held in the cash concentration account, as compared to 3,618,933 and \$6,102,071 as of June 30, 2018 and 2017, respectively.

Funds we hold in the cash concentration account and all amounts we may advance to the CRC from the account are not secured by any collateral or security interest. Also, the CRC's bank borrowings are secured by all of the CRC's bank accounts, which may include the cash concentration account maintained by the CRC for the benefit of the CRC and its various agencies and denominational affiliates. If the CRC were to default in payment of its unsecured creditors or its secured bank indebtedness, these creditors may have equal or senior priority to the assets in the cash concentration account for repayment of CRC's indebtedness, obligations or liabilities. If there were claims by CRC's bank or other creditors, it would likely delay payment of any funds from the cash concentration account and, if the creditors were to prevail, it could negatively affect our ability to recover full payment of the amounts in the cash concentration account or amounts advanced to the CRC from the cash concentration account. Funds advanced to the CRC are payable on demand and earn interest at a rate that is 100 basis points (1.0%) above the rate we receive on our cash/money market investments in the cash concentration account. We believe these terms are fair and that the risks of the advance to the CRC are reasonable and appropriate for the Loan Fund, particularly in light of the higher rate of return we earn on this investment. In the future, funds may be invested in portfolios administered by CRCNA Funds LLC, which is a nonprofit organization administered by the CRC for the purpose of offering the following three investment options: an Income Fund, a Balanced Fund, and a Money Market Investment Account. These investment options are offered by CRCNA Funds exclusively to the CRC and to agencies affiliated with the CRC that are located in Michigan and Illinois.

The Income Fund offered by CRCNA Funds invests in fixed income securities and cash and cash equivalents and is designed to provide returns greater than a money market fund while retaining a risk profile that is lower than the Balanced Fund.

The Balanced Fund offered by CRCNA Funds invests in managed portfolios of stocks and bonds and is designed to provide a rate of return greater than the Income Fund over a period of three to five years.

The Money Market Investment Account offered by CRCNA Funds permits the participants to pool their funds to achieve higher yields through collective investment in a money market savings account that is insured by the FDIC up to applicable limits. The Money Market Investment Account seeks to provide current income while maintaining liquidity.

As of the date of this offering circular, the Loan Fund does not hold any cash or investments in the portfolios administered by CRCNA Funds but may do so in the future.

Financing Activities

As of June 30, 2019, our Certificates payable were \$15,232,018, compared to \$15,044,428 and \$17,990,490 as of June 30, 2018, and 2017, respectively.

In the fiscal year ended June 30, 2019, we issued a total of \$2,730,408 of Certificates (not including renewals at maturity of approximately \$4,909,000), compared to \$653,839 and \$100,000 of Certificates (not including renewals at maturity of approximately \$5,359,000 and \$1,582,000), as of June 30, 2018, and 2017, respectively. During those same fiscal years, we redeemed \$2,542,818, \$3,599,901, and \$9,650,736 of Certificates, respectively.

Principal payments received on loans to CRC churches amounted to \$3,111,772, \$3,093,208, and \$2,522,263 in the fiscal years ended June 30, 2019, 2018, and 2017, respectively. In the past three years, interest income from our loans has exceeded the interest expense on our Certificates. Interest income from our loans was \$790,578, \$824,789, and \$874,850 in the fiscal years ended June 30, 2019, 2018, and 2017, respectively, while interest expense on our Certificates was \$305,709, \$313,350, and \$447,427 respectively.

In the fiscal year ended June 30, 2019, Certificate redemptions decreased over 2018, and were less than collections on loans receivable by \$568,954. In the fiscal year ended June 30, 2018, Certificate redemptions decreased over 2017, and were more than collections

on loans receivable by \$506,693. In the fiscal year ended June 30, 2017, Certificate redemptions increased over 2016, and exceeded collections on loans receivable by \$7,128,473.

The following table describes the approximate principal balances of our outstanding Certificates as of June 30, 2019:

<u>Type / Term</u>	<u>Aggregate Principal Balance</u>
Flex Investment Certificates	\$3,015,514
Investment Certificates Maturing in FYE 2020	4,130,800
Investment Certificates Maturing in FYE 2021	3,169,200
Investment Certificates Maturing in FYE 2022	1,663,800
Investment Certificates Maturing in FYE 2023	1,506,400
Investment Certificates Maturing in FYE 2024	1,746,304
Total	<u>\$15,232,018</u>

As of June 30, 2019, we also had approximately \$38,380 in accrued interest payable on our Certificates as compared to approximately \$33,919 and \$39,905 as of June 30, 2018 and 2017, respectively.

The selected financial information below is derived from the Financial Statements as of, and for the fiscal years ended, June 30, 2015 through 2019.

SELECTED FINANCIAL INFORMATION
(In U.S. Dollars)

<u>Fiscal Year Ended June 30</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Assets					
Cash and cash equivalents	\$11,096,796	\$14,315,282	\$6,102,071	\$3,618,933	\$5,407,381
Note receivable, CRC	2,000,000	2,000,000	-	-	-
Loans & interest receivable (net of allowances)	21,470,300	18,560,566	17,563,541	17,297,235	15,943,762
Prepaid support charges	-	-	52,000	26,000	-
Assets held for sale	-	298,138	-	-	-
Equipment, net	-	-	18,606	16,587	11,611
Total Assets	<u>\$34,567,096</u>	<u>\$35,173,986</u>	<u>\$23,736,218</u>	<u>\$20,958,755</u>	<u>\$21,362,754</u>
Liabilities and Net Assets					
Certificates payable/Accrued interest payable	\$27,105,990	\$27,664,450	\$18,030,395	\$15,078,347	\$15,270,398
Refundable commitment fees	-	2,500	14,000	15,987	-
Net Assets	<u>7,461,106</u>	<u>7,507,036</u>	<u>5,691,823</u>	<u>5,864,421</u>	<u>6,092,356</u>
Total Liabilities and Net Assets	<u>\$34,567,096</u>	<u>\$35,173,986</u>	<u>\$23,736,218</u>	<u>\$20,958,755</u>	<u>\$21,362,754</u>
Ratio of Net Assets to Total Assets	21.58%	21.34%	23.98%	27.98%	28.52%
Ratio of Cash & cash equivalents to Certificates payable/Accrued interest payable	40.94%	51.75%	33.84%	24.00%	35.41%
Total Revenues	\$1,068,445	\$983,608	\$922,173	\$863,112	\$855,794
Total Expenses	<u>888,606</u>	<u>937,678</u>	<u>2,737,336</u>	<u>690,514</u>	<u>627,859</u>
Excess of Revenues over Expenses/Change in Net Assets	<u>\$179,839</u>	<u>\$45,930</u>	<u>\$(1,815,213)</u>	<u>\$172,598</u>	<u>\$227,935</u>
Certificates issued	\$3,502,354	\$1,978,388	\$100,000	\$653,838	\$2,730,408
Certificates redeemed	\$3,227,936	\$1,478,106	\$9,650,736	\$3,599,901	\$2,542,818
Unsecured loans*	\$95,468	\$82,912	\$100,771	\$476,732	\$234,753
Unsecured loans as percent of total loans*	0.44%	0.45%	0.58%	2.77%	1.48%
Delinquent loans	\$0	\$0	\$0	\$0	\$0
Delinquent loans as percent of total loans	0.00%	0.00%	0.00%	0.00%	0.00%

*For fiscal years ending June 30, 2015 and June 30, 2016, does not include an unsecured \$2,000,000 note receivable outstanding to the CRC. Unsecured loans and unsecured loans as a percent of total loans for those fiscal years would have been significantly higher if this note receivable was included in those figures. On February 20, 2017, we forgave the repayment of this note receivable.

LENDING ACTIVITIES

We make two primary types of loans as follows: (a) loans to churches for financing the acquisition and construction of, and capital improvements to, churches and parsonages, and (b) loans to refinance indebtedness outstanding to other lenders. If loan demand is higher than we can accommodate, first consideration is given to loans for the acquisition and construction of new or additional facilities.

Some of our other general loan policies include the following:

1. We generally will not fund more than 75% of a project and generally will not fund a project that results in a debt service requirement for the borrower in excess of 35% of its current year's operating budget.
2. Payment terms normally will be on a monthly basis and will include principal and interest payments whenever possible. In certain cases (loans during construction, for example) loans might be repaid in installments that include interest only with amortization of principal at a subsequent time.
3. Loans will be made on a secured basis in most circumstances. Thus, mortgages or deeds of trust will normally be required on the borrower's real estate; collateral will be required to be insured in an amount equal to at least the loan amount; and appraisals of collateral may be required to justify the amount of the loan in relation to the security provided. In some instances, it may be necessary or appropriate to secure loans with other collateral such as personal guarantees of certain members of a congregation. A situation like that would be reviewed carefully and we do not expect that many loans would be made on that basis. A commitment fee of 1% of the loan amount will be charged to borrowers for the commitment period approved for a loan.

We have an unsecured loan program for churches to borrow up to \$50,000 (but no less than \$10,000) for capital improvements or repairs to existing church-owned buildings or parsonages. These loans bear interest at our secured mortgage loan rate plus 1%. Approved unsecured loans are subject to a loan service fee of 1% of the loan amount (\$200 minimum). Our Executive Director has the authority to approve unsecured loans. All loans approved by the Executive Director must be ratified by the Board of Directors at its first subsequent

meeting. Our policy is that unsecured loans may not exceed 10% of the total amount of loans of the Loan Fund at any time. As of June 30, 2019, unsecured loans in this program aggregated \$234,753 or 1.48% of total loans outstanding as compared to \$476,732 or 2.8% and \$100,771 or 0.58% as of June 30, 2018 and 2017, respectively.

4. Loans will be due and payable in their entirety if a church secedes from the CRC.

5. Churches applying for loans from us will be required to complete a detailed application setting forth membership and economic data for the church, detailed information concerning the proposed capital improvement project, debt service ability of the congregation, and other related information. Except in the case of the relatively small unsecured loans, we will obtain fluffier information concerning the applicant church and its community from its Classis, and the Classis will also be requested to state whether it believes the applicant church is in need of the loan and whether or not the Classis recommends the granting of the loan. If the amount of the requested loan exceeds \$300,000, the loan must be approved by our Board of Directors. Loans of \$300,000 or less may be approved by our Loan Committee. All loans approved by the Loan Committee must be ratified by the Board of Directors at its first subsequent meeting.

6. We do not normally make a loan exceeding 6% of our total assets to any single church (the maximum loan permitted at the date of this Offering Circular is \$1,500,000), except in special circumstances. Our Board may approve a loan in excess of our maximum permissible loan if members of the borrowing church invest an amount in our Investment Certificates that is sufficient to cover the portion of the loan which exceeds the maximum permissible amount, and the church members' Investment Certificates must be for a minimum term of 3 years. A church must pay down its loan if at any time the investments of its members in Investment Certificates do not cover the amount of the loan that exceeds our maximum permissible amount. The total loan-to-value ratio in these cases may not exceed 60%, and the debt service ratio may not exceed 25%. As of June 30, 2019, there were no loans over \$1,500,000.

The foregoing loan policies do not apply to any advances we may make to the CRC from the CRC's cash concentration account.

DESCRIPTION OF CERTIFICATES

Provisions Applicable to All Certificates:

You may purchase a Certificate with cash or check. We may delay issuance of Certificates until checks have cleared.

1. Interest Rates. When setting our interest rates from time to time, we take into account several indices and interest rates published by various sources, as well as market conditions, our own financial situation, the current cost of our operations, and the demand for loans from churches. The interest rates available as of the date this Offering Circular was delivered to you are set forth on the accompanying interest rate sheet. Current interest rates may be obtained by contacting us at (616) 224-0829 or (800) 332-0012, by e-mailing us at loanfund@crcna.org.

2. Interest Accrual, Compounding and Payment. Interest accrues daily and is payable quarterly in the third, sixth, ninth and twelfth months after the date of issuance of a Certificate for each year it is outstanding, and until the principal has been repaid. Interest payments are made on the same day of the month as the date the Certificate was issued. At the time of subscription, you may elect to have interest paid to you or added to the principal balance of your Certificate (compounded) on each quarterly payment date. If your Certificate has a balance of \$50,000 or more, you may elect to have the accrued interest paid to you monthly.

3. Call. We may call a Certificate at any time in our sole discretion.

4. Security. The Certificates are our unsecured obligations.

5. Transfers. You may transfer your Certificate only with our consent, and then only as follows: (1) transfers to persons or entities who would be eligible to purchase or hold a Certificate in their own right; (2) transfers by gift, order of a court of competent jurisdiction, or upon death to heirs and beneficiaries; (3) transfers to us; or (4) transfers to an entity that is wholly owned by you or to a trust you created.

6. Default. An event of default shall occur if we fail to make any payment required by a Certificate when due and such default continues for more than 60 days after we have received written notice of that failure. Such a default shall be an event of default only as to that Certificate.

7. Ranking and Priority. If we were to borrow funds on a secured basis from a bank or sources other than through the sale of Certificates, payment of principal and interest on the Certificates may be subordinated to the repayment of those secured loans. It is our policy that senior secured debt will not exceed 10% of our tangible assets. We did not have any senior secured debt outstanding at the date of this Offering Circular.

Provisions Applicable to the Investment Certificates:

1. Minimum Initial Investment. \$1,000.

2. Interest Rates. The interest rate for the term is based on the applicable rate offered at the time the subscription for the Investment Certificate is received.
3. Term. Minimum 12 month term; additional terms are set forth on the interest rate sheet that accompanied this Offering Circular.
4. Renewal. An Investment Certificate will not be redeemed at maturity unless you notify us in writing on a form provided with the notice of maturity that you elect to redeem the Investment Certificate. The notice must be received by us on or prior to maturity to be effective. If you do not give notice of an election to redeem the Investment Certificate, the Investment Certificate will be deemed to be renewed for the same term, on the same conditions, and at the interest rate then offered on Investment Certificates of that term. A notice of maturity will be mailed to you at least 30 days prior to the maturity. You will also receive an Offering Circular at least annually.
5. Early Redemption. There is no provision for redemption of Investment Certificates before their maturity date. It is our policy, in the sole discretion of our Board of Directors, to consider requests for early redemption based upon a representation of personal or financial emergency need. There can be no assurance, however, that we will continue this policy in the future and we are not legally obligated to redeem any Investment Certificates prior to their maturity. In any case, if an early redemption is permitted, our policy is to charge an early redemption fee equal to one month of interest on Investment Certificates that have a remaining term of less than two years, two months of interest on Investment Certificates that have a remaining term of two years to four years, and three months of interest on Investment Certificates that have a remaining term of more than four years.

Provisions Applicable to the Flex Investment Certificates:

1. Minimum Initial Investment. \$5,000. Additional investments may be made at any time and in any amount.
2. Interest Rates. Interest rates are variable and are adjusted by us from time to time. The rate of interest paid also depends on the balance of the Flex Investment Certificate - the rates are tiered and increase or decrease as the investment balance increases or decreases according to the following tiers:

Tier V	\$100,000 or more
Tier IV	\$50,000 to \$99,999.99
Tier III	\$25,000 to \$49,999.99
Tier II	\$5,000 to \$24,999.99
Tier I	below \$5,000

If you own a Flex Investment Certificate, you will also be notified of current rates at the conclusion of each calendar month.

3. Term; Redemptions; Service Fees. There is no fixed or prescribed term. You can redeem any or all of the balance of Flex Investment Certificates at any time. Redemptions of \$50,000 or less can be made with at least one business day's prior notice and redemptions of more than \$50,000 can be made with at least three business days' prior notice. Funds can be wire transferred to your account at another institution at your expense or they can be paid to you by mailed check. Two redemptions may be made in one calendar month without fees. There is a \$9 fee, plus wire transfer costs, for each redemption in excess of two per calendar month.
4. Automatic Payment Option. Churches that have loans with us can have their loan payments automatically paid from their Flex Investment Certificate each month.
5. Statements. A statement will be mailed for each calendar month showing all investments and redemptions made during the month and the amount of interest earned and paid or credited during that period, if applicable. The average percentage yield on the Flex Investment Certificate for the past month and the current interest rate will also be shown. Our statement will be the formal record of activity and will be binding upon you if you do not notify us of any errors within 30 days after the date of the statement.

Provisions applicable to Flex Building Fund Certificates:

1. Minimum Initial Investment: \$5,000. Additional investments may be made at any time and in any amount.
2. Interest Rates. Interest rates are variable and equal to the interest rate we offer from time to time on new Investment Certificates with a one-year term.
3. Term; Redemptions; Service Fees. There is no fixed or prescribed term. You can redeem any or all of the balance of Flex Building Fund Certificates at any time. Redemptions of \$50,000 or less can be made with at least one business day's prior notice and redemptions of more than \$50,000 can be made with at least three business days' prior notice. Funds can be wire transferred to your account at another institution at your expense or they can be paid to you by mailed check. Two redemptions for purposes related to the church's buildings may be made in one calendar month without fees. There is a \$9 fee, plus wire transfer costs, for each redemption for other purposes or for additional redemptions in excess of two per calendar month.
4. Automatic Payment Option. Churches that have loans with us can have their loan payments automatically paid from their Flex Building Fund Certificate each month.
5. Statements. A statement will be mailed each calendar month showing all investments and redemptions made during the month and the amount of interest earned and paid or credited during that period, if any. The average percentage yield on the Flex Building Fund Certificate for the past calendar month and the current interest rate will also be shown. Our statement will be the formal record of activity and will be binding upon you if you do not notify us of any errors within 30 days after the date of the statement.
6. Investors. Flex Building Fund Certificates are only available to CRC churches.

PLAN OF DISTRIBUTION

The Certificates are offered for sale to and are intended to be sold to persons who at or prior to the time of receiving this Offering Circular are members or supporters of, or participants in, the CRC, or contribute to its local, Classis or denominational ministries. The CRC and its classes, churches, denominational committees and agencies may also purchase Certificates. Certificates may be advertised in *The Banner*, the official publication of the CRC, and through other church communications and publications. These advertisements, along with direct mail to members of the CRC and our website, are the only means to generate interest by members of the CRC to request copies of the Offering Circular, and the offer to sell the Certificates is made only through the Offering Circular. Sales are made only by our Executive Director or our other officers. Our employees perform significant administrative and lending functions for us in addition to the sale of the Certificates and none of our employees represents any other issuer in connection with the offer or sale of securities.

Sales of Certificates are intended to be made to investors in several states in the United States where the offer and sale can be made legally under applicable state laws.

No underwriting or selling agreements exist or are anticipated 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 Certificates.

TAX ASPECTS

This discussion of federal income tax consequences was written to support the promotion or marketing of the Certificates and is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax penalties. You are advised to consult your own tax counsel or advisor to determine the particular federal, state, local, or foreign income or other tax consequences particular to your investment in our Certificates.

By purchasing a Certificate, you may be subject to certain income tax provisions of the Code. Some of the significant federal income tax consequences of purchasing a Certificate include the following:

- Although we are a 501(c)(3) organization, you will not be entitled to a charitable deduction for the Certificate you purchase.
- Unless you hold your Certificate through an IRA or other qualified tax deferred account, any interest on your Certificate will be taxed as ordinary income in the year it accrues, whether paid or compounded.
- If required, we will provide you a Federal Income Tax Form 1099-INT or the comparable form by January 31st of each year indicating the interest earned on your Certificate(s) during the previous year. The amount reported to you on this form is the interest that is taxable to you and should be included on your income tax return.
- You will not be taxed on the return of any principal amount of your Certificate or on the payment of interest that was previously taxed.
- Payments of principal and interest may be subject to "backup withholding" of federal income tax (currently at the rate of 28%) if you fail to furnish us with a correct social security number or other tax identification number, or if the Internal Revenue Service has informed us you are subject to backup withholding.

In addition, 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, are controlled by or under common control with us, you may be deemed to receive additional taxable interest under Section 7872 of the Code if the interest paid to you is below the applicable federal rate, which is a minimum rate of interest which the Internal Revenue Service requires be included in certain loan transactions. In that situation, the Internal Revenue Service may impute income up to that applicable federal rate. If you believe this applies to you, you should consult your tax advisor.

If the law creating the tax consequences described in this summary changes, this summary could become inaccurate. This summary is based on the Code, the regulations promulgated under the Code and administrative interpretations and court decisions existing as of the date of this Offering Circular. These authorities could be changed either prospectively or retroactively by future legislation, regulations, administrative interpretations, or court decisions. Accordingly, this summary may not accurately reflect the tax consequences of an investment in our Certificates after the date of this Offering Circular.

Finally, this summary does not address every aspect of tax law that may be significant to your particular circumstances. For instance, it does not address special rules that may apply if you are a financial institution or tax-exempt organization, or if you are not a citizen or resident of the United States. It also does not address the tax consequences of purchasing a Certificate through an IRA, SEP, or 403(b) plan or other retirement plan, in which case special rules apply that are not described in this summary. Nor does it address any aspect of state or local tax law that may apply to you.

OUR MANAGEMENT

Directors and Officers

We are controlled and managed by our six-member Board of Directors. Directors are elected by a majority of Synod and serve for terms of three years each. Two directors are elected each year so that Board membership remains staggered. Upon the expiration of their term, Directors are eligible to serve one additional consecutive three-year term. Any vacancy occurring in the Board and any position to be filled by reason of an increase in the number of Directors will be filled by the Board of Directors. A Director elected to fill a vacancy will be elected for a term that extends until the next following meeting of Synod, at which time Synod will elect a Director to fill the remainder of the unexpired term.

Current Directors, their terms, and the functions they perform for us are as follows:

James Brewer, 55. Term expires June 30, 2021. Owner, Envision Wealth Planning, Chicago, IL (2010 - present)

Brad Bruinsma, 42. President. Term expires June 30, 2020. General Manager, NAI Wisinski of West Michigan commercial realtors, Grand Rapids, MI (2014 - present).

Jack Meyer, 67. Secretary. Term expires June 30, 2020. Territory Manager, Peterson Associates, Holland, MI (2012 - present).

Howard Van Den Heuvel, 59. Treasurer. Term expires June 30, 2021. Senior Partner at Van Den Heuvel Law Office, Grand Rapids, MI (1992 – present).

Barbara DeBoer, 58. Term expires June 30, 2022. CPA with Bruggen & Vande Vegte PC, Orange City, IA (2000 to present).

Jeffrey Feikens, 54. Vice President. Term expires June 30, 2022. Partner with the law firm Beier Howlett, Troy, MI (2015 to present). Prior to 2015, Mr. Feikens was an attorney at the law firm of Feikens, Stevens, Kennedy and Galbraith, PC (1989 to 2015).

In addition to the six directors named above, the following persons serve as ex-officio members of the Board of Directors with no vote, but having the right to participate in all meetings:

David E. Veen, Executive Director for the Christian Reformed Church Loan Fund, Inc., U.S., was a banker for 26 years and a financial consultant for 3 years before joining the Loan Fund. He was Commercial Lending Manager for First Financial Bank (formerly Irwin Union Bank) (2007 — 2008); Commercial Lending Manager and Community President for Citizens Bank (formerly Republic Bank)(2004 — 2007); President and CEO, Michigan Commerce Bank (formerly Kent Commerce Bank)(1997 — 2004); Vice President Commercial Banking Officer for Huntington Bank (formerly First Michigan Bank)(1994 - 1997); and Vice President Commercial Banking Officer for National City Bank (formerly First of America)(1984 - 1994). Beginning in 2008, he provided financial consulting services for Calder Investment Advisors, Cornerstone Retirement Partners, and Amicus Management before joining the Loan Fund.

John H. Bolt, Director of Finance and Administrative Services, Christian Reformed Church in North America, has a long history in financial management, having served as Chief Financial Officer of TwinLab Corporation and Vice President and Treasurer of Kellogg Company, as well as working in several other financial management roles.

No three directors at the time of their election may be members of CRC churches within the same Classis. Directors' work experience should be in areas such as: banking, savings and loan or other financial institutions, accounting, investments, real estate, architecture, construction, business, marketing, law or ministry.

Our Articles of Incorporation provide in effect that the corporation assumes all liability to any person other than the corporation or its members for all acts or omissions of the corporation's directors who are volunteer directors, as defined in section 110 (2) of the Michigan Nonprofit Corporation Act.

Committees of the Board

The, Board of Directors has appointed an Executive Committee which, except for certain matters enumerated in the bylaws, has and exercises the authority of the Board in the management of our business between meetings of the Board. Members of the Executive Committee as of the date of this Offering Circular are Messrs. Bruinsma, Meyer, Feikens and Van Den Heuvel.

The Board of Directors has appointed a Finance Committee which (a) adopts and recommends to the Board policies and practices for raising capital and other funds for lending; (b) adopts and recommends to the Board an investment policy and reviews investment activities; and (c) adopts and recommends to the Board an asset/liability management policy and reviews compliance with it. The Finance Committee oversees our financial affairs and reports to the Board regularly. Members of the Finance Committee as of the date of this Offering Circular are Messrs. Brewer and Van Den Heuvel and Ms. De Boer.

The Board of Directors has appointed a Loan Committee which (a) adopts and recommends to the Board a loan policy; and (b) approves loan requests up to an amount designated by the Board. Members of the Loan Committee as of the date of this Offering Circular are Messrs. Bruinsma, Meyer and Feikens.

Remuneration

All of our employees are paid by the CRC. The net amount of all direct and indirect reimbursements we made to the CRC for remuneration paid to our employees and for all other services provided to us by the CRC during the fiscal years ended June 30, 2019, 2018, and 2017, was approximately \$193,000, \$254,000, and \$215,000 respectively.

No member of the Board of Directors receives any compensation for being a Director. Directors are reimbursed for travel and lodging costs incurred in attending meetings of the Board or its Committees. The Board meets in two regular sessions each year. With the exception of Mr. Veen, none of our officers receives any compensation for their service in those roles, but they are reimbursed for actual expenses incurred in carrying out their responsibilities. There are no employment contracts with management or any other employee.

LEGAL MATTERS

As of the date of this Offering Circular, there were no suits, actions or other legal or administrative proceedings or claims pending against us.

INDEPENDENT AUDITORS

Our Financial Statements as of June 30, 2019, 2018, and 2017, and for the years ended June 30, 2019, 2018, and 2017, included in this Offering Circular, have been audited by BDO USA, LLP, independent auditors, as stated in their report.

REPORTS TO INVESTORS

It is our policy to send annual audited financial statements to our investors within 120 days after each of our fiscal year ends. You may also obtain our most recent annual audited financial statements by submitting a written request to us at the address listed on the cover page of this Offering Circular.

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Christian Reformed Church Loan Fund, Inc. - U.S.

Financial Statements
Years Ended June 30, 2019, 2018 and 2017

Christian Reformed Church Loan Fund, Inc. - U.S.

Financial Statements
Years Ended June 30, 2019, 2018 and 2017

Christian Reformed Church Loan Fund, Inc. - U.S.

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Independent Auditor's Report

Board of Directors
Christian Reformed Church Loan Fund, Inc. - U.S.
Grand Rapids, Michigan

We have audited the accompanying financial statements of Christian Reformed Church Loan Fund, Inc. - U.S. (the Fund), which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities, functional expenses, and cash flows for each of the three years in the period ended June 30, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Reformed Church Loan Fund, Inc. - U.S. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for each of the three years in the period ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

August 12, 2019

Financial Statements

Christian Reformed Church Loan Fund, Inc. - U.S.

Statements of Financial Position

<i>June 30,</i>	2019	2018
Assets		
Cash and cash equivalents	\$ 5,407,381	\$ 3,618,933
Accrued interest receivable	71,734	89,107
Loans receivable - net of allowance for loan losses of \$400,073 in 2019 and 2018 (Note 4)	15,872,028	17,208,128
Prepaid support charges (Note 7)	-	26,000
Equipment, net	11,611	16,587
Total Assets	\$ 21,362,754	\$ 20,958,755
Liabilities		
Certificates payable (Note 5)	\$ 15,232,018	\$ 15,044,428
Accrued interest payable	38,380	33,919
Refundable commitment fees	-	15,987
Total Liabilities	15,270,398	15,094,334
Net assets		
Without donor restrictions:		
Undesignated	5,758,192	5,530,257
Board-designated	334,164	334,164
Total Net Assets	6,092,356	5,864,421
Total Liabilities and Net Assets	\$ 21,362,754	\$ 20,958,755

See accompanying notes to financial statements.

Christian Reformed Church Loan Fund, Inc. - U.S.

Statements of Activities

<i>Year ended June 30,</i>	2019	2018	2017
Revenues			
Interest income	\$ 790,578	\$ 824,789	\$ 874,850
Interest income from concentrated cash management	63,766	24,885	45,717
Other income	1,450	13,438	1,606
Total Revenues	855,794	863,112	922,173
Expenses			
Program services:			
Interest on certificates payable	305,709	313,350	447,427
Provision for loan losses (Note 7)	-	-	1,948,000
Total program services	305,709	313,350	2,395,427
Supporting services:			
Management and general	296,937	354,594	322,964
Fundraising	25,213	22,570	18,995
Total supporting services	322,150	377,164	341,959
Total Expenses	627,859	690,514	2,737,386
Change in net assets	227,935	172,598	(1,815,213)
Net Assets, beginning of year	5,864,421	5,691,823	7,507,036
Net Assets, end of year	\$ 6,092,356	\$ 5,864,421	\$ 5,691,823

See accompanying notes to financial statements.

Christian Reformed Church Loan Fund, Inc. - U.S.

Statements of Functional Expenses

Year Ended June 30, 2019	Program Services			Supporting Services		
	Interest on Certificates Payable	Provision for Loan Losses	Total Program Services	Management and General	Fundraising	Total Supporting Services
Marketing and public relations	\$ -	\$ -	\$ -	\$ -	\$ 25,213	\$ 25,213
Financial services	-	-	-	192,621	-	192,621
Depreciation	-	-	-	4,976	-	4,976
Interest	305,709	-	305,709	-	-	305,709
Professional and registration fees	-	-	-	46,172	-	46,172
Maintenance and building services	-	-	-	24,488	-	24,488
Personnel	-	-	-	4,712	-	4,712
Business insurance	-	-	-	5,256	-	5,256
Informational services	-	-	-	11,745	-	11,745
Other	-	-	-	6,967	-	6,967
Totals	\$ 305,709	\$ -	\$ 305,709	\$ 296,937	\$ 25,213	\$ 322,150
						\$ 627,859

See accompanying notes to financial statements.

Christian Reformed Church Loan Fund, Inc. - U.S.

Statements of Functional Expenses

Year Ended June 30, 2018	Program Services			Supporting Services		
	Interest on Certificates Payable	Provision for Loan Losses	Total Program Services	Management and General	Fundraising	Total Supporting Services
Marketing and public relations	\$ -	\$ -	\$ -	\$ -	\$ 22,570	\$ 22,570
Financial services	-	-	-	253,552	-	253,552
Depreciation	-	-	-	4,920	-	4,920
Interest	313,350	-	313,350	-	-	313,350
Professional and registration fees	-	-	-	40,240	-	40,240
Maintenance and building services	-	-	-	24,847	-	24,847
Personnel	-	-	-	4,883	-	4,883
Business insurance	-	-	-	4,874	-	4,874
Informational services	-	-	-	14,894	-	14,894
Other	-	-	-	6,384	-	6,384
Totals	\$ 313,350	\$ -	\$ 313,350	\$ 354,594	\$ 22,570	\$ 377,164
						\$ 690,514

See accompanying notes to financial statements.

Christian Reformed Church Loan Fund, Inc. - U.S.

Statements of Functional Expenses

Year Ended June 30, 2017	Program Services			Supporting Services		
	Interest on Certificates Payable	Provision for Loan Losses	Total Program Services	Management and General	Fundraising	Total Supporting Services
Provision for loan losses	\$ -	\$ 1,948,000	\$ 1,948,000	\$ -	\$ -	\$ -
Marketing and public relations	-	-	-	-	18,995	18,995
Financial services	-	-	-	215,336	-	215,336
Depreciation	-	-	-	2,634	-	2,634
Interest	447,427	-	447,427	-	-	447,427
Professional and registration fees	-	-	-	48,340	-	48,340
Maintenance and building services	-	-	-	24,610	-	24,610
Personnel	-	-	-	5,528	-	5,528
Business insurance	-	-	-	5,425	-	5,425
Informational services	-	-	-	12,750	-	12,750
Other	-	-	-	8,341	-	8,341
Totals	\$ 447,427	\$ 1,948,000	\$ 2,395,427	\$ 322,964	\$ 18,995	\$ 341,959
						\$ 2,737,386

See accompanying notes to financial statements.

Christian Reformed Church Loan Fund, Inc. - U.S.

Statements of Cash Flows

<i>Year ended June 30,</i>	2019	2018	2017
Cash Flows From (for) Operating Activities			
Change in net assets	\$ 227,935	\$ 172,598	\$ (1,815,213)
Adjustments to reconcile change in net assets to net cash from operating activities:			
Depreciation expense	4,976	4,920	2,634
Provision for loan losses - CRCNA	-	-	1,948,000
Provision for loan losses	-	(5,764)	(122,111)
Loss on sale of assets held for sale	-	-	87,230
Changes in operating assets and liabilities:			
Accrued interest receivable	17,373	(10,780)	(9,503)
Prepaid support charges	26,000	26,000	-
Accrued interest payable	4,461	(5,986)	(83,319)
Refundable commitment fees	(15,987)	1,987	11,500
Net Cash From Operating Activities	264,758	182,975	19,218
Cash Flows From (for) Investing Activities			
Purchases of equipment	-	(2,900)	(21,240)
Proceeds from sale of assets held for sale	-	-	210,908
Advances on loans receivable	(1,775,672)	(2,810,359)	(1,393,624)
Collections on loans receivable	3,111,772	3,093,208	2,522,263
Net Cash From Investing Activities	1,336,100	279,949	1,318,307
Cash Flows From (for) Financing Activities			
Issuances of certificates payable	2,730,408	653,839	100,000
Redemptions of certificates payable	(2,542,818)	(3,599,901)	(9,650,736)
Net Cash From (for) Financing Activities	187,590	(2,946,062)	(9,550,736)
Net Increase (Decrease) in Cash and Cash Equivalents	1,788,448	(2,483,138)	(8,213,211)
Cash and Cash Equivalents, beginning of year	3,618,933	6,102,071	14,315,282
Cash and Cash Equivalents, end of year	\$ 5,407,381	\$ 3,618,933	\$ 6,102,071
Supplemental Disclosure of Cash Flow Information			
Cash paid for interest	\$ 28,466	\$ 39,015	\$ 122,544
Interest expense reinvested in certificates payable	272,782	280,321	408,202

See accompanying notes to financial statements.

Christian Reformed Church Loan Fund, Inc. - U.S.

Notes to Financial Statements

1. Organization

The purpose of the Christian Reformed Church Loan Fund, Inc. - U.S. (the Fund), a nonprofit corporation, is to assist congregations of the Christian Reformed Church in financing capital expansion projects. To accomplish this, the Fund grants loans, up to certain limits, for land and other capital expenditures to churches in the United States of America. Loan recipients are charged interest at rates sufficient to cover the Fund's cost of borrowing and operating expenses.

The Fund operates from office facilities provided by Christian Reformed Church in North America (CRCNA).

2. Summary of Significant Accounting Policies

Basis of Presentation

Net assets of the Fund and changes therein are classified and reported as follows:

- *Net Assets - without donor restrictions* - represent resources that are not restricted, either temporarily or permanently, by donor-imposed stipulations. They are available for the support of all organizational operations and services.
- *Net Assets - with donor restrictions* - represent resources with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restricted is accomplished, net assets - with donor restrictions are reclassified to net assets - without donor restrictions and reported in the statements of activities as net assets released from restrictions.

As of June 30, 2019 and 2018, the Fund has no net assets - with donor restrictions; however, the Board of Directors has designated \$334,164 of net assets - without donor restrictions for any future loan losses in excess of the allowance account.

Revenues and investment income are reported as follows:

Revenues are reported as increases in net assets - without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets - without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets - without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Net Assets - with donor restrictions contributions whose restrictions are satisfied in the same year in which the contribution revenue is recorded are reported as unrestricted contributions.

Reclassifications

Certain amounts previously reported in prior fiscal years have been reclassified to conform with the current year's presentation.

Christian Reformed Church Loan Fund, Inc. - U.S.

Notes to Financial Statements

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through August 12, 2019, the date the financial statements were available to be issued. Based on evaluation, there were no matters identified that had a significant impact on the financial statements as presented.

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. The Fund does not allocate management and general costs among program services. The statements of functional expenses present the natural classification detail of expenses by function.

Income Taxes

The Fund is included in the CRCNA group exemptions as an organization described under Internal Revenue Code Section 501(c)(3), exempt from taxation under Section 501(a). Contributions to the Fund are deductible for federal tax purposes.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments purchased with an original maturity of three months or less at the date of purchase.

In response to the recent years' decline in loan demand, the Fund determined that its cash position should be reduced by approximately \$8.0 million in order to reduce excess interest expense. The Fund accomplished this objective during 2017 by not accepting new investment funds, as well as by redeeming all maturing investment certificates for an eight-month period during the year.

Concentrations of Credit Risk

The Fund maintains its cash in various bank and brokerage accounts managed by CRCNA, and does not consider there to be a significant credit risk arising from deposits in excess of federally insured limits.

The risk associated with making many large loans is managed by limiting the size of each secured loan to \$1,500,000 or 6% of total assets. A loan may exceed \$1,500,000 only if members of the church invest in investment certificates with a minimum term of three years and in an amount at least equal to the amount by which the loan exceeds \$1,500,000. The total amount of all unsecured loans shall not exceed 10% of the total outstanding loans of the Fund (see Note 4). There were no loans with a balance over \$1,500,000 for the year ended June 30, 2019 or 2018.

Christian Reformed Church Loan Fund, Inc. - U.S.

Notes to Financial Statements

Loans

Loans that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported at the principal balance outstanding, net an allowance for loan losses.

The loan portfolio is segmented into standard loans and construction loans, both of which are secured by a mortgage on the property. The Fund also makes unsecured loans for capital improvements or repairs to existing church-owned buildings. Construction loans are loans in the construction stage and are not completed to the point where permanent occupancy is permitted.

The Fund considers a loan impaired when, based on current information and events, it is probable that the Fund will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the original loan agreement.

Interest Income

Interest income is recognized and accrued on loans receivable and cash and cash equivalents when earned. Interest income on impaired loans is recognized only when interest payments are received.

Allowance for Loan Losses

The allowance for loan losses is increased by a provision for losses charged to expense and reduced by loans charged-off, net of recoveries. The allowance is maintained at a level considered adequate to provide for probable incurred loan losses based on management's evaluation of the anticipated impact on the loan portfolio of current economic conditions, past loan experience, probable future losses on loans to specific borrowers, the financial condition of the borrower, the value of underlying collateral, and other pertinent factors that management believes require current recognition in estimating probable loan losses. Specific reserves are established for any impaired loan for which the recorded investment in the loan exceeds the fair value of the loan, less estimated costs to sell. There were no charge-offs or recoveries in the year ended June 30, 2019, 2018 or 2017.

Fair Value Measurements

Recorded book value approximates fair value for all financial instruments within the Fund.

Recent Accounting Pronouncement Adopted

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions," (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement or in the notes, and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources,

Christian Reformed Church Loan Fund, Inc. - U.S.

Notes to Financial Statements

(f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The adoption of this new standard impacted the presentation of the net asset classes and expanded the footnote disclosures as required. The total net assets and change in net assets were not impacted.

3. Liquidity

The Fund's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

<i>June 30,</i>	2019	2018
Cash and cash equivalents	\$ 5,407,381	\$ 3,618,933
Accrued interest receivable	71,734	89,107
Current portion of loans receivable	292,400	17,300
Total	\$ 5,771,515	\$ 3,725,340

As part of the Fund's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

4. Loans Receivable

The components of loans receivable by class, net, are as follows:

<i>June 30,</i>	2019	2018
Commercial real estate loans		
Secured loans	\$ 16,037,348	\$ 17,131,469
Unsecured loans	234,753	476,732
Allowance for loan losses	(400,073)	(400,073)
Loans Receivable, net	\$ 15,872,028	\$ 17,208,128

The allowance for loan losses relates solely to standard loans, and these loans have been evaluated for impairment. During the year ended June 30, 2019, the allowance account remained at \$400,073. During the year ended June 30, 2018, the allowance account decreased by \$5,763.

Loans receivable at June 30, 2019 bear interest at predominantly adjustable interest rates ranging from 4.75% to 5.75%, and mature in various amounts through 2039. Substantially all loans receivable are secured by first or second real estate mortgages.

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Christian Reformed Church Loan Fund, Inc. - U.S.

Notes to Financial Statements

Maturities on loans receivable at June 30, 2019 are summarized as follows:

Year ending June 30,

2020	\$	292,400
2021		38,700
2022		116,200
2023		812,100
2024		226,400
Thereafter		14,786,301
Total	\$	16,272,101

A summary of current and past due loans at June 30, 2019 is as follows:

	Current	30-59 Days	60-89 Days	90+ Days	Total
Standard	\$ 16,272,101	\$ -	\$ -	\$ -	\$ 16,272,101

A summary of current and past due loans at June 30, 2018 is as follows:

	Current	30-59 Days	60-89 Days	90+ Days	Total
Standard	\$ 17,608,201	\$ -	\$ -	\$ -	\$ 17,608,201

There was one restructured loan at June 30, 2019 and 2018 with a balance of \$497,112 and \$511,622, respectively. This restructured loan had a specific allowance of \$0 recorded as of June 30, 2019 and 2018. This restructured loan is considered a Troubled Debt Restructuring based on the fact that the Fund has granted a concession to the borrower, who was considered to be experiencing financial difficulties. The subject loan is not included in nonperforming loans, as it is considered probable that all contractual principal and interest due under the restructured terms will be collected.

5. Certificates Payable

Certificates payable are issued under certificate offerings either registered or exempt from registration in the states where the certificates are offered. The certificates are initially offered in minimum denominations of \$1,000 or \$5,000, depending on the type of certificate, and may be issued by the Fund at any time. Interest is paid monthly or quarterly, depending on the amount invested, and may be reinvested by the certificate holder at an annual percentage yield (predominately fixed) ranging from 2.50% to 3.50% at June 30, 2019 (weighted average at June 30, 2019, 2018 and 2017 of 2.46%, 2.21% and 1.96%, respectively). Principal amounts are due at maturity or upon demand, depending on the type of certificate.

Christian Reformed Church Loan Fund, Inc. - U.S.

Notes to Financial Statements

Maturities on outstanding certificates at June 30, 2019 are summarized as follows:

Year ending June 30,

Flex certificates, payable on demand	\$	3,015,514
2020		4,130,800
2021		3,169,200
2022		1,663,800
2023		1,506,400
2024		1,746,304
Total	\$	15,232,018

In 2019 and 2018, the Fund had certificates payable renewed at maturity in the amount of approximately \$4,909,000 and \$5,359,000, respectively.

6. Commitments

As of June 30, 2019, the Fund had outstanding commitments and approved loans aggregating \$461,087 which will be disbursed as they are requested by the churches.

7. Transactions With Other Christian Reformed Church Entities and Related Parties

During the years ended June 30, 2019, 2018 and 2017, the Fund incurred charges of approximately \$193,000, \$254,000 and \$215,000, respectively, from CRCNA for support charges related to the consolidated financial services function.

The Fund manages its cash in conjunction with the CRCNA consolidated cash management system. As part of this process, CRCNA may borrow funds from participating entities. At June 30, 2016, the Fund held a note receivable from CRCNA in the amount of \$2,000,000. CRCNA had been making quarterly interest payments to the Fund, based on an interest rate of 1.3%. The net affect due to the write-off of this note for the Fund was a \$1,948,000 loan loss provision expense for the year ended June 30, 2017, which included a \$52,000 credit by CRCNA for the Fund's lost interest income for two years. This credit is being used to partially offset the Fund's CRCNA support charges, and has been recorded as prepaid support charges on the accompanying statements of financial position. This action will greatly benefit the CRCNA's overall ministry objectives.

Certificates payable include approximately \$167,000 and \$163,000 at June 30, 2019 and 2018, respectively, due to certain directors, officers and employees of the Fund.

TEAR HERE



SUBSCRIPTION TO PURCHASE INVESTMENT CERTIFICATES

Christian Reformed Church Loan Fund, Inc., U.S.

1700 28th Street S.E. Grand Rapids, MI 49508-1407

616-224-0829 800-332-0012 crlf@crcna.org

Investment Options

I/We wish to invest \$_____ in the following: (Make checks payable to Christian Reformed Church Loan Fund)

☐ **Investment Certificates** - certificates with a fixed interest rate for the term of the certificate. (minimum investment - \$1,000.00)

☐ 12 Month ☐ 18 Month ☐ 24 Month ☐ 30 Month ☐ 36 Month ☐ 48 Month ☐ 60 Month

☐ **Flex Investment Certificate** - (minimum investment - \$5,000.00)

Interest Payment Options (do not complete for Flex Investment Certificates)

☐ Interest to be retained and compounded quarterly.

☐ Interest to be paid quarterly:

☐ by check

☐ by electronic funds transfer (ACH) to my bank account.*

☐ Interest to be paid monthly: (Do not use this option if certificate is less than \$50,000)

☐ by check

☐ by electronic funds transfer (ACH) to my bank account.*

*If interest is to be paid by ACH, please complete the [ACH Electronic Transfer Authorization Form](#) and return it with this subscription form.

Ownership

Primary Owner's Name

Joint Owner's Name

Social Security Number

Date of Birth

Social Security Number

Date of Birth

Address

Address (if different)

City

State

Zip

City

State

Zip

()

Phone

()

Phone

Note: Joint owners are considered as joint tenants with rights of survivorship and not as tenants in common.

Interest is reported to the Internal Revenue Service using the Social Security Number of the primary owner.

If ownership is in the name of a trust, please include a copy of the trust.

(continued on other side)

Beneficiaries (Optional)

In the event of my/our death, you are authorized and instructed to pay the principal and interest as follows:

- ☐ As directed by my/our will.
☐ To the following person/trust/institution:

Name (Individual or Organization)

Address

City State Zip Telephone Number

(use additional sheets if necessary)

Account Signature(s)

I hereby acknowledge receipt of the Offering Circular of the Christian Reformed Church Loan Fund, Inc., U.S. and have had an opportunity to review it for at least two days before signing this Subscription Agreement.

I am a member of the Christian Reformed Church in North America, or I support Christian Reformed churches or ministries regularly.

Taxpayer Identification Number and Certification: Under penalties of perjury, I certify that:

- (1) My Social Security Number or Tax Identification Number shown on this form is correct; and
(2) I am not subject to backup withholding because either a) I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of failure to report all dividends or interest, or b) the IRS has notified me that I am no longer subject to backup withholding.

(Cross out paragraph (2) if you have been notified that you are subject to backup withholding because of underreporting.)

Primary Owner's Signature

Joint Owner's Signature

Date: _____

Note: Due to IRS regulations the Loan Fund cannot issue your certificate until your Taxpayer Identification number is provided and the above certification signed.

For office use only:

Certificate Number _____

Maturity Date _____ Rate _____ %



CORPORATION/ASSOCIATION SUBSCRIPTION TO PURCHASE INVESTMENT CERTIFICATES

Christian Reformed Church Loan Fund, Inc., U.S.

1700 28th Street S.E. Grand Rapids, MI 49508-1407

616-224-0829 800-332-0012 crlf@crcna.org

Investment Options

I/We wish to invest \$_____ in the following: (Make checks payable to Christian Reformed Church Loan Fund)

☐ **Flex Investment Certificate** (minimum investment - \$5,000)

☐ **Flex Building Fund Certificate** - (available to CRC Churches only, minimum investment - \$5,000)

☐ **Investment Certificates** (minimum investment - \$1,000)

☐ 12 Month ☐ 18 Month ☐ 24 Month ☐ 30 Month ☐ 36 Month ☐ 48 Month ☐ 60 Month

Interest Payment Options (do not complete for Flex Investment Certificates)

☐ Interest to be retained and compounded quarterly.

☐ Interest to be paid quarterly:

☐ by check

☐ by electronic funds transfer (ACH) to my bank account.*

☐ Interest to be paid monthly: (Do not use this option if certificate is less than \$50,000)

☐ by check

☐ by electronic funds transfer (ACH) to my bank account.*

☐ Interest to be credited to Flex Investment Certificate Number _____.

*If interest is to be paid by ACH, please complete the [ACH Electronic Transfer Authorization Form](#) and return with this subscription form.

Mailing Address (if different from corporate address)

Name (Individual or Organization)

Address

City

State

Zip

()

Telephone Number

Certification

I hereby acknowledge receipt of the Offering Circular of the Christian Reformed Church Loan Fund, Inc., U.S. and have had an opportunity to review it for at least two days before signing this Subscription Agreement.

The investor indicated on the signature card is a classis/agency/committee/church within the Christian Reformed denomination.

Taxpayer Identification Number and Certification: Under penalties of perjury, the undersigned certifies that:

(1) That the Taxpayer Identification number shown on this form is correct; and

(2) That the corporation is not subject to backup withholding because a) the corporation has not been notified by the Internal Revenue Service that it is subject to backup withholding, or b) the IRS has notified the corporation that it is no longer subject to backup withholding because of underreporting.

(Cross out paragraph (2) if you have been notified by the IRS that this corporation is currently subject to backup withholding.)

Check box if it applies:

☐ I certify that this corporation is exempt from backup withholding as defined under the heading "Payees and Payments Exempt from Backup Withholding" on the W-9 instructions. A TIN has been provided.

Authorized Signature for Corporation TIN Certification: _____

Note: Due to IRS regulations the Loan Fund cannot issue your certificate until your Taxpayer Identification number is provided and the above certification signed.

(Complete Signature Card/Resolution on Reverse)

**Christian Reformed Church Loan Fund, Inc., U.S.
Corporate Signature Card/Resolution**

☐ **New** ☐ **Change**

Certificate Number _____ Tax Identification Number _____
Account Title _____
Business Address _____ Business Phone (____) _____

Authorized Signers

Signature _____ _____ Printed Name Title	Signature _____ _____ Printed Name Title
Signature _____ _____ Printed Name Title	Signature _____ _____ Printed Name Title

Resolved:

1. That the Christian Reformed Loan Fund, Inc., U.S. (Loan Fund) is designated as depository of this corporation subject to the Loan Fund's terms and conditions governing this account, as they may be amended from time to time.
2. That the Loan Fund is authorized:
 - a. TO ACCEPT FOR DEPOSIT and/or for collection any cash, checks, drafts, instruments, or other items or credits, including: electronic, telephone, oral or wire transfers, when deposited, credited, or transmitted for deposit to such account(s) and credit of this corporation.
 - b. TO CHARGE THIS ACCOUNT upon presentation of drafts, orders, instruments, or other items or debits or charges, including: electronic, telephone, oral or wire transfers, drawn upon or against this account when signed or otherwise authorized by any _____ (number required) of the individuals identified above.
 - c. The Loan Fund may charge this account when these items are signed or transferred, without making inquiries regarding these items even if they are issued or endorsed to an Authorized Signer(s), tendered in payment of an individual's obligations or for deposit to the account(s) of the Authorized Signer(s), or otherwise..
3. The Authorized Signer(s) are authorized to execute such agreements or instructions as may be required by the Loan Fund including:
 - a. Agreements necessary to authorize the electronic, oral, or wire transfers to or from this account and the terms of such transfers.
 - b. Instructions regarding where and to whom the Loan Fund should forward statements.
4. That every authorization previously granted to the Loan Fund with respect to this account is revoked and rescinded. However, the authority given is retroactive, and any acts referred to which were performed by the Authorized Signer(s) prior to the adoption of these resolutions are ratified and confirmed. Further that every authorization granted to the Loan Fund herein with respect to this account shall remain in full force and effect until the Loan Fund is provided with a new appropriately authorized resolution.
5. That the signature(s) set above the respective title(s) above are genuine and that the person(s) whose signature(s) appear on the authorization were incumbents of the office/position(s) of the Corporation on the date indicated. ☐ If checked, Corporation is authorizing persons serving from time to time in the designated capacities to serve as Authorized Signer(s) without being named in a subsequent resolution. In such case, corporation must hereafter provide a certificate of incumbency and written direction from an Authorized Signer(s) to replace or add one or more Authorized Signer(s).
6. That the above resolutions do not conflict with or contravene the governing document(s) of the Corporation nor any agreement to which it is a party.

Certificate of Corporation:

Name of Corporation _____

I hereby certify that I am the duly elected and qualified Secretary of the above named corporation and the foregoing is a complete, true, and correct copy of resolutions adopted by the Board of Directors of the above corporation at a meeting held on _____ at which a quorum was present and voted in favor of said resolutions.

Secretary Signature _____ Date _____

If the Secretary is designated to sign or act alone on this account, the certificate below must be signed by an additional director or officer.

Authorized Signature _____ Date _____

TEAR HERE

ACH Electronic Transfer Authorization Form

Complete and return to the Christian Reformed Church Loan Fund, Inc., U.S.

I (we) authorize the Christian Reformed Church Loan Fund, Inc. (Loan Fund) to initiate electronic funds transfer on my (our) account described below:

ABA Routing Number _____ Account Number _____

Financial Institution Name _____

Financial Institution Address _____

Financial Institution Address _____

Financial Institution Phone Number _____

This authority is to remain in full force and effect until the Loan Fund has received written notification from me (or either one of us) of its termination in such a time and manner as to afford the Loan Fund a reasonable opportunity to act on it.

If joint account:

Signature _____

Signature _____

Full Name _____

Full Name _____

Date _____

Date _____

Please attach a voided check to this form.

(Note: If you already are receiving interest by ACH on another Loan Fund certificate and wish to use the same bank account, it is not necessary to include a voided check.)

For Loan Fund Use: Date activated _____ Certificate Number _____

(Retain for your records)

On _____, I/we authorized:
(Date)

Christian Reformed Church Loan Fund, Inc. U.S.
1700 28th Street S.E.
Grand Rapids, MI 49508-1407
616-224-0829
800-332-0012

to initiate electronic entries to my/our checking account at

(Bank Name)

for the transfer on my Loan Fund investment(s), and agreed to the terms listed on the authorization form.

To cancel, write to the address above.

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Christian
Reformed
Church

Christian Reformed Church Loan Fund

1700 28th Street S.E.

Grand Rapids, MI 49508-1407

(616) 224-0829 • (800) 332-0012

E-mail: loanfund@crcna.org

Web site: www.crcna.org/loanfund