

Financial Highlights

STATEMENTS OF FINANCIAL POSITION

June 30	2020	2019
Cash and cash equivalents	\$6,346,923	\$5,407,381
Accrued Interest receivable	\$85,158	\$71,734
Loans receivable - net of allowance for loan losses of \$400,073 in 2020 and 2019 (note 4)	\$15,808,120	\$15,872,028
Equipment, net	6,635	11,611
Total Assets	<u>\$22,246,836</u>	<u>\$21,362,754</u>
Liabilities		
Certificates payable	\$16,520,461	\$15,232,018
Accrued interest payable	\$49,095	\$38,380
Total Liabilities	<u>\$16,569,556</u>	<u>\$15,270,398</u>
Net Assets		
Without donor restrictions:		
Unrestricted	\$5,343,116	\$5,758,192
Designated by Board	334,164	334,164
Total Net Assets	<u>5,677,280</u>	<u>6,092,356</u>
Total Liabilities and Net Assets	<u>\$22,246,836</u>	<u>\$21,362,754</u>

STATEMENTS OF ACTIVITIES

Years ended June 30,	2020	2019
Revenues:		
Interest income, net	\$827,461	\$854,344
Other income	\$3,293	\$1,450
Total Revenues	<u>\$830,754</u>	<u>\$855,794</u>
Expenses:		
Program services:		
Interest on certificates payable	\$385,135	\$305,709
Support services:		
Management and general	845,823	\$296,937
Fundraising	14,872	25,213
Total supporting services	<u>860,695</u>	<u>322,150</u>
Change in Net Assets	(415,076)	227,935
Net Assets, beginning of year	<u>\$6,092,356</u>	<u>\$5,864,421</u>
Net Assets, End of Year	<u>\$5,677,280</u>	<u>\$6,092,356</u>



Christian
Reformed
Church

Christian Reformed Church Loan Fund

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Christian Reformed Church

Loan Fund

Annual Report

2020

Bethany CRC in Gallup, NM



About the Loan Fund

The Loan Fund was established by Synod in 1983 to increase the denomination's potential for assistance to churches beyond what was already being provided by the Church Help Fund and CRC Home Missions. In 1983, the Church Help Fund was dissolved, and its assets of approximately \$2.5 million in cash and loans receivable were transferred to the Loan Fund. Since that beginning, the Loan Fund's assets have grown to over \$20 million and the Loan Fund has made more than two hundred loans totaling more than \$70 million to Christian Reformed churches across the United States.

As now established, the Christian Reformed Church Loan Fund, Inc., U.S. is a legally autonomous Michigan non-profit corporation affiliated with the Christian Reformed Church in North America (CRCNA). It operates solely for the benefit of the CRCNA and its member churches and boards. The Loan Fund is managed by a six-member board of directors elected by Synod to serve three-year terms.

The Loan Fund offers loans to Christian Reformed Churches in the United States for the acquisition or construction of church facilities, parsonages, and land. Loans are also made for improvements and repairs to church property. These loans are usually made with rates and fees that are generally more favorable than those offered by traditional lenders such as banks and credit unions. The primary source of funds for lending activities is funds invested in the Loan Fund by members, churches, and classes of the CRCNA as well as organizations related to the Christian Reformed Church. The Loan Fund also obtains funds from revenues generated by its lending activities and interest received on deposits of its funds. The Loan Fund is unique in that it does not solicit gifts nor does it receive ministry shares to support any of its activities.

The ministry of the Loan Fund is made possible by the dedication and support of hundreds of members of the Christian Reformed Church throughout the

United States who wish to make their investments further the work of the kingdom while earning reasonable returns. Through the ministry of the Loan Fund, members and organizations in the Christian Reformed Church have an opportunity to pool their resources and use their investments to help churches expand their ministries and reach out to their communities with the good news of the gospel.

Operations

The Loan Fund saw steady church borrowing during fiscal year 2020. The Loan Fund closed new loans totaling \$2.1 million, compared to \$2.1 million in fiscal 2019. Total Loan Fund assets stood at \$22.2 million, compared to \$21.3 million in 2019. Certificates payable increased slightly to \$16.5 million during the year.

During the year ended June 2020, the Fund contributed \$500,000 to the COVID-19 Church Engagement Fund which is being administrated by CRCNA. The COVID-19 Church Engagement Fund was established to help churches in need so they are able to continue their programs for their congregations during the COVID-19 pandemic. This is shown as grant expense under management and general in the statement of functional expense.

Loans

The Loan Fund makes mortgage loans in amounts up to \$1,500,000 to Christian Reformed Churches for the purchase of facilities or land, the construction or remodeling of a facility, and, when funds are available, the refinancing of existing debt. Unsecured loans in amounts up to \$50,000 are available for smaller projects such as repairs or minor remodeling. Any organized Christian Reformed Church in the United States that meets the Loan Fund's underwriting criteria is eligible for these loans. The Loan Fund generally offers only variable rate loans.

During fiscal 2020, new loans were closed for churches in New Mexico, Texas, California, Florida, Michigan.

Investments

The Loan Fund offers Investment Certificates with terms ranging from one to five years. Investors have the option of receiving interest quarterly, monthly (for certificates of \$50,000 or more), or allowing the interest to compound. Those who wish to receive their interest monthly or quarterly can either receive a check or have their interest automatically deposited to their local bank account.

The Loan Fund also offers two additional certificate options. The Flex Investment Certificate permits investments and redemptions at any time, and the interest rate paid increases on a tiered basis as the balance in the certificate increases.

Because the Loan Fund is committed to assisting churches in meeting their facilities needs, the Loan Fund also offers a certificate designed exclusively for the building funds of Christian Reformed Churches. The Flex Building Fund Certificate allows unlimited investments, up to two no-fee redemptions each month, and pays the same rate as our one-year investment certificate.

The rates paid on investments are determined primarily by two factors. First, the Loan Fund attempts to pay rates comparable to similar investments in the marketplace. Therefore, rates paid by the Loan Fund will generally move up or down along with market rates. The level of demand for loans from churches will also influence the rates paid by the Loan Fund. If the demand for loans is high and funds are needed to meet that demand, rates may be increased in order to attract the needed investments. Conversely, if demand is low and sufficient funds are available to meet loan demand, rates may be reduced. Since the rate the Loan Fund pays on investments directly affects the rate paid by churches for loans, we attempt to maintain reasonable rates on investments so that, in turn, churches are able obtain competitive rates on loans.

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