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Church Growth Investment Fund

**Offering Circular for the
Church Growth Investment Fund, Inc.
May 1, 2024**

www.cgif.co

CHURCH GROWTH INVESTMENT FUND, INC.

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OFFERING CIRCULAR

\$250,000,000

May 1, 2024

Incorporated under Florida's Not-For-Profit Corporation Act, up to \$250,000,000 in Certificates in the Church Growth Investment Fund, Inc. (hereinafter called "CGIF"), "we", "our" or "us" as follows:

- **Demand Certificates:** Demand Certificates are available to Investors (as defined below) and are payable on demand. They earn a variable interest rate to be determined monthly. The minimum investment is \$1,000.
- **Loan Reserve Certificates:** Loan Reserve Certificates are available for Investors that are churches and organizations who have or had an outstanding loan with CGIF and are payable on demand. They earn a variable interest rate to be determined monthly. The minimum investment is \$1,000.
- **Time Certificates:** Time Certificates are available to Investors and have terms from 6 months to 84 months with a minimum investment of \$1,000. Interest rate varies based upon dollar amount invested and term until maturity.

For current interest rates please call 904-345-3221 or visit our website at www.cgif.co

Interest rates on all Certificates offered by us are established for each type and term according to a procedure set forth under "Description of Certificates" beginning on page 15. **We reserve the right to change the method by which interest is determined or the frequency with which interest is paid to you or added to the Certificates. See "Description of Certificates."**

THIS OFFER IS SUBJECT TO CERTAIN RISK FACTORS BEGINNING ON PAGE 6.

THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(a)(4) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "1993 SECURITIES ACT"), SECTION 517.051(9) OF THE FLORIDA STATUTES, AS AMENDED, AND SECTION 611(7) OF THE UNIFORM SECURITIES ACT OF THE U.S. VIRGIN ISLANDS. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. CGIF IS NOT REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

THE OFFER AND SALE OF THE CERTIFICATES IS LIMITED TO RESIDENTS OF FLORIDA AND THE U.S. VIRGIN ISLANDS THAT ARE: (i) PERSONS (INCLUDING ENTITIES OR ARRANGEMENTS CONTROLLED BY, OWNED BY, OR EXISTING FOR THE BENEFIT OF SUCH PERSONS) WHO, PRIOR TO RECEIPT OF THIS OFFERING CIRCULAR, ARE MEMBERS OF, CONTRIBUTORS TO, OR PARTICIPANTS IN CGIF, CHURCHES WHO ARE MEMBERS OF A SOUTHERN BAPTIST CONVENTION AND/OR A BAPTIST STATE CONVENTION AFFILIATED WITH THE SOUTHERN BAPTIST CONVENTION, OR OTHER AUTONOMOUS CHURCHES OR CHURCH MINISTRIES ADHERING TO THE BELIEFS AND RELIGIOUS PRINCIPLES OF THE BAPTIST FAITH AND MESSAGE AND THEIR PARA-CHURCH MINISTRIES, OR IN ANY RELIGIOUS ORGANIZATION THAT HAS A PROGRAMMATIC RELATIONSHIP WITH ANY OF THE FOREGOING, (ii)

INDEPENDENT CHURCHES THAT ARE MEMBERS OF THE SOUTHERN BAPTIST CONVENTION AND/OR A BAPTIST STATE CONVENTION AFFILIATED WITH THE SOUTHERN BAPTIST CONVENTION, OR OTHER AUTONOMOUS CHURCHES OR MINISTRIES ADHERING TO THE BELIEFS AND RELIGIOUS PRINCIPLES OF THE BAPTIST FAITH AND MESSAGE, AND THEIR PARA-CHURCH MINISTRIES, OR ANY RELIGIOUS ORGANIZATION THAT HAS A PROGRAMMATIC RELATIONSHIP WITH ANY OF THE FOREGOING OR CGIF, OR (iii) ANY ANCESTOR, DESCENDANT OTHER RELATIVE, BENEFICIARY OR SUCCESSOR IN INTEREST OF ANY PERSON DESCRIBED IN (i) OR (ii) ABOVE.

THESE SECURITIES 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 THESE SECURITIES, OR APPROVED, DISAPPROVED OR ENDORSED THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. SEE "RISK FACTORS" BEGINNING ON PAGE 10 OF THIS OFFERING CIRCULAR FOR A DESCRIPTION OF THE RISKS IN THIS INVESTMENT. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF CGIF 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 CERTIFICATES ARE UNSECURED. THE PAYMENT OF PRINCIPAL AND INTEREST TO THE INVESTOR IN THE CERTIFICATES IS DEPENDENT UPON CGIF'S FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO AND SHOULD REVIEW CGIF'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 SOUTHERN BAPTIST CONVENTION OR BY ANY CHURCH, ASSOCIATION, STATE CONVENTION, INSTITUTION OR AGENCY AFFILIATED WITH THE SOUTHERN BAPTIST CONVENTION.

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 CGIF.

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. THESE SECURITIES SHALL NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED, ASSIGNED OR OTHERWISE TRANSFERRED AT ANY TIME, ABSENT EITHER REGISTRATION UNDER THE 1933 SECURITIES ACT AND EVERY APPLICABLE STATE SECURITIES LAW OR OPINION OF COUNSEL THAT REGISTRATION IS NOT REQUIRED UNDER SUCH LAWS.

AN INVESTMENT IN THESE SECURITIES DOES NOT QUALIFY AS A DEDUCTIBLE CHARITABLE CONTRIBUTION UNDER THE FEDERAL INCOME TAX LAWS. THIS OFFERING IS MADE TO MEMBERS OF THE LIMITED CLASS DEFINED ABOVE.

IN MAKING AN INVESTMENT DECISION YOU MUST RELY ON YOUR OWN EXAMINATION OF CGIF AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURES, MERITS AND RISKS INVOLVED.

NOTE: Investments offered by Church Growth Investment Fund, Inc. are NOT bank deposits or obligations and are NOT insured by the Federal Deposit Insurance Corporation (FDIC), the Securities Investor Protection Corporation (SIPC) or any other federal or state agency.

This Offering Circular is dated May 1, 2024, and may be used until its expiration at the publication of the next Offering Circular, which is typically 12 months from this date.

FORWARD LOOKING STATEMENTS

Investment in the securities to be issued by CGIF involves risks. Prospective Investors are encouraged to review all materials contained in this Offering Circular and to consult their own attorney and financial and tax advisors.

This Offering Circular includes “forward-looking statements” within the meaning of federal and state securities laws. Statements about CGIF and its expected financial position, business and financing plans are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “pro forma,” “anticipates,” “intends,” “projects,” or other variations or comparable terminology, or by discussions of strategy or intentions. Although CGIF believes that the expectations reflected in its forward-looking statements are reasonable, CGIF cannot assure any Investor that CGIF’s expectations will prove to be correct. Although CGIF believes that the expectations reflected in any forward-looking statements are reasonable, CGIF cannot assure any investor that its expectations will prove to be correct. Forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known or unknown risks, uncertainties, and other factors. Accordingly, prospective Investors should not consider CGIF’s forward-looking statements as predictions of future events or circumstances. A number of factors could cause CGIF’s actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by CGIF’s forward-looking statements. These factors include but are not limited to: changes in economic conditions in general and in CGIF’s business; changes in prevailing interest rates and the availability of and terms of financing to fund CGIF’s business; changes in CGIF’s capital expenditure plans; and other factors discussed in this Offering Circular. Given these uncertainties, prospective Investors should not rely on CGIF’s forward-looking statements in making an investment decision. CGIF disclaims any obligation to update Investors on any factors that may affect the likelihood of realization of CGIF’s expectations. All written and oral forward-looking statements attributable to CGIF, including statements before or after the date of this Offering Circular, are deemed to be supplements to this Offering Circular and are incorporated herein and are expressly qualified by these cautionary statements.

Although CGIF believes that the forward-looking statements are reasonable, prospective Investors should not place undue reliance on any forward-looking statements, which speak only as of the date made. Prospective Investors should understand that factors discussed under the section entitled “Risk Factors” could affect CGIF’s future results and performance. Risks could cause results to differ materially from those expressed in the forward-looking statements.

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DEFINITIONS

The terms defined below apply to all portions of this Offering Circular except the Financial Statements and the Notes to Financial Statements, which must be read in the context of the terms separately defined therein.

Certificate – Term or demand unsecured debt obligation, issued by CGIF, offered herein. For a further description of the terms of the Certificates, see “Description of Certificates.”

CGIF – Church Growth Investment Fund, Inc., a Florida not-for-profit corporation.

Demand Certificates – See “Description of Certificates”.

Eligible Ministries – A church or other church-related ministry, adhering to the beliefs and religious principles of the Baptist Faith and Message of the Southern Baptist Convention and affiliated with the Southern Baptist Convention and/or a Baptist State Convention affiliated with the Southern Baptist Convention, along with their para-church ministries, or any religious organization that has a programmatic relationship with any of the foregoing.

Financial Statements – The audited financial statements attached to this Offering Circular.

Investors – Residents of Florida and the U.S. Virgin Islands that are (i) persons (including entities or arrangements controlled by, owned by, or existing for the benefit of such persons) who, prior to receipt of this offering circular, are members of, contributors to, or participants in CGIF, churches that are members of a Southern Baptist Convention and/or a Baptist State Convention affiliated with the Southern Baptist Convention, or other autonomous churches or church ministries adhering to the beliefs and religious principles of the Baptist Faith and Message and their para-church ministries, or in any religious organization that has a programmatic relationship with any of the foregoing, (ii) independent church that is a member of the Southern Baptist Convention and/or a Baptist State Convention affiliated with the Southern Baptist Convention, or other autonomous churches or ministries adhering to the beliefs and religious principles of the Baptist Faith and Message, and their para-church ministries, or any religious organization that has a programmatic relationship with any of the foregoing or CGIF, or (iii) any ancestor, descendant other relative, beneficiary or successor in interest of any person described in (i) or (ii) above.

Loan – A fixed or adjustable interest rate loan originated by CGIF to an Eligible Ministry for Ministry Activities. See “Operating and Investment Policies”.

Loan Reserve Certificates – Demand Certificates used to hold required payment reserves and/or required equity in a construction project for Eligible Ministries who have secured a Loan with CGIF. See “Description of Certificates.”

Ministry Activities – The acquisition of land and building, the construction of facilities (including church facilities, schools and any other facilities operated by Eligible Ministries), renovation or expansion of existing facilities, disaster recovery and rehabilitation of facilities, the provision of financing for short term cash flow needs and refinancing or consolidation of existing debt incurred for any of the proceeding purposes for qualifying Eligible Ministries.

Offering Circular – This disclosure document prepared by CGIF.

Time Certificates – See “Description of Certificates.”

U.S. GAAP – Generally Accepted Accounting Principles in the United States as defined by the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB), Accounting Research Bulletins (ARB) and American Institute of Certified Public Accountants (AICPA).

RISK FACTORS

An investment in the Certificates involves certain risks and special considerations, including the following:

1. **Not FDIC or SIPC Insured.** Certificates are not FDIC insured or SIPC insured or guaranteed by any governmental agency; are not certificates of deposit, deposit accounts or any other type of bank instrument with a bank, savings and loan association, credit union or other financial institution regulated by federal or state authorities; and are subject to investment risks, including possible loss of the entire principal amount invested. The Certificates are nonetheless subject to all of the inherent risks of investing in debt securities, including but not limited to financial and operational risks.
2. **No Collateral for Certificates.** The Certificates are not secured by collateral and are dependent solely upon the financial condition and operations of CGIF for repayment of principal and interest. Certificate holders will have no right, either individually or as a group, to foreclose on mortgages given by defaulting borrowers. CGIF reserves the right to grant an extension of time for the repayment of any Loan at the sole discretion of its Board of Directors.
3. **No Trust Indenture.** The Certificates are not issued pursuant to any trust indenture and no indenture trustee or other agent has been appointed to represent the interest of Certificate holders.
4. **Illiquid Investments.** Since at any given time a substantial portion of CGIF's assets will be invested in long term loans to churches which are not liquid, and since its only sources of funds are investments in the Certificates, payments of principal and interest on the loans, and income on the investment of its capital and reserves, CGIF might be unable to repay all the Certificate holders seeking repayment if a substantial number of them seek repayment within a short period of one another. There is no provision for a sinking fund requiring periodic deposits for application to redemption of Certificates or payment of interest as it becomes due. CGIF relies on its required liquidity to meet these obligations.
5. **Not Transferable.** No public market exists for the Certificates, and none is expected to develop. Once issued, Certificates are not transferable.
6. **Demand Certificates.** Demand Certificates and Loan Reserve Certificates have no maturity date and are not transferable but may be redeemed from time to time by Certificate holders. Redemptions by each holder are limited to once per calendar month. CGIF may charge a fee for additional redemptions.
7. **Reinvestment of Interest; No Tax Distributions.** Interest on the Certificates will be automatically reinvested in the Certificate holder's accounts. Thus, Certificate holders will receive no periodic distributions on the Certificates for payment of federal income taxes.
8. **Individual Retirement Accounts.** Due to the fixed term of our Time Certificates and the automatic reinvestment of interest, there is no guarantee of minimum distributions that may be required by an IRA or other retirement account, and IRA or other retirement account Investors should take this into consideration when making their investment decision. Investors who invest through their IRA should consider whether the investment is in accordance with the documents and instruments governing the IRA; whether there is sufficient liquidity in the IRA should the IRA's beneficiary need to take a mandatory distribution; and whether the investment could constitute a non-exempted prohibited transaction under applicable law. Consultation with a competent financial and tax adviser is recommended. See "TaxMatters."
9. **Investment Risks.** CGIF's liquid assets invested in readily marketable securities are subject to various market risks that may result in losses if market values of investments decline.
10. **Variable Interest Rate.** The interest rate on Demand Certificates and Loan Reserve Certificates is variable. The interest rate is subject to be adjusted monthly by CGIF and is not tied to any standard market rate.
11. **Concentration of Borrowers and Investors.** All of CGIF's Loans are to borrowers in Florida, and the majority of all its outstanding Certificates are held by Investors located in Florida. Adverse economic conditions in Florida could reduce the amount of charitable contributions borrowers receive from their members. This, in turn, could adversely affect the ability of these borrowers to repay their Loans. Similarly, adverse economic conditions could increase redemptions, which would negatively impact CGIF's liquidity and ability to repay Certificates. In addition, a decline in real estate values in Florida could adversely affect the value of the properties serving as collateral on CGIF's Loans.

- 12. The outbreak of the novel and omicron strains of the coronavirus, SARS-CoV-2, which causes COVID-19, could adversely impact our business.** The ongoing coronavirus situation and the related warnings, advice, guidance, and mandates of government authorities and infectious disease experts, including restrictions on travel and in-person meetings and preferential or protective government actions could interrupt our key activities, limit our employee resources, increase our use of digital technologies and the risks associated with them, and have material adverse impact on our operations (including operations provided by third-party vendors), financial condition (including cash flow, liquidity, loan repayments, collateral values, loan defaults, credit loss reserves, and investment performance), compliance with loan covenants, and financial results. The coronavirus situation has resulted in significant financial market volatility and uncertainty, and we are exposed to the risks of an economic recession or other severe economic disruption in the U.S., or a particular region, may also result in decreased contributions to our borrowers, with whom we have a relationship that may differ from commercial lenders and could adversely affect their ability to fulfill their obligations to us and the value of our collateral. We have allowed certain borrowers to make interest-only payments and may again make loan modifications, including deferring payments, to accommodate our borrowers, and these accommodations could negatively impact our operations.

Due to the speed with which the coronavirus situation has developed and the unknown duration and severity of the event, the extent to which the event may impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, and further actions to contain the outbreak or treat its impact, such as travel restrictions, social distancing and quarantines or lock-downs, business closures or business disruptions, the effectiveness of actions taken to contain and treat the disease, and the overall impact on the economy as well as on our borrowers and investors.

- 13. Dependence of Borrowers on Contributions and Operating Revenue.** Eligible Ministries that are granted Loans by CGIF generally are primarily dependent upon contributions from their respective memberships to meet the repayment of principal and interest on the Loans. Because of population shifts, changing economic conditions or other unpredictable factors, these Eligible Ministries may not receive sufficient funds to meet their obligations to CGIF.
- 14. Limited Remedies of CGIF.** CGIF's remedies against a defaulting borrower may be limited by the terms of the mortgage agreement relating to the mortgaged property. CGIF does not anticipate, as a general rule, obtaining a personal guarantee on its Loans.
- 15. Limited Market Values of Property Securing CGIF Loans.** CGIF has not adopted a formal policy limiting the ratio amounts to the value of the property securing the Loans but will generally limit the amount to 75% of the cost of constructing or remodeling a building (80% for a new congregation constructing its first unit). Because the market for denominational buildings is limited, their market value may be substantially less than the cost of constructing or remodeling them.
- 16. Not Comparable to Commercial Lender.** Due to CGIF's relationship with its borrowers, it may accommodate partial, deferred, or late payments from borrowers, and may restructure or refinance Loans in situations where a typical commercial lender would not. CGIF may make Loans to borrowers that are not able to secure financing from commercial lenders.
- 17. Loyalty of Directors.** Although directors of CGIF have a duty to protect the interests of the Certificate holders, they may be influenced to some extent by loyalty to the Florida Baptist Convention and/or the Southern Baptist Convention in deciding whether to approve Loan applications or to foreclose mortgages given by defaulting borrowers.
- 18. Liability for Claims Against Related Organizations.** As a separate corporation, CGIF is generally not liable for claims against the Florida Baptist State Convention, the Florida Baptist Foundation, Florida Baptist Financial Services, Inc. or any other Southern Baptist Convention or any other church, association, state convention, institution or agency affiliated with the Southern Baptist Convention. It is possible, however, that in the event of claims against any of the foregoing, and particularly against the Florida Baptist Foundation and Florida Baptist Financial Services, Inc., the claimants might contend that CGIF is also liable. See "History of CGIF and the Offering" and "Summary of Relationships."

- 19. Repayment of Certificates is Not Guaranteed by Other Organizations.** The Certificates are not guaranteed by the Florida Baptist Foundation. Florida Baptist Financial Services, Inc., the Florida Baptist State Convention, or any other organization. Certificate holders must rely solely upon CGIF to pay the interest and principal on Certificates.
- 20. Possible Weak Loan Demand.** If the demand for mortgage loans is weak, the income derived from alternative investments may not be sufficient to cover interest payments to Certificate holders.
- 21. Right to Change Policies.** CGIF reserves the right to change its policies and procedures generally, including loan, investment, and other policies described in this Offering Circular.
- 22. Certain Tax Considerations.** No investment in the Certificates is eligible to be treated as a deductible charitable contribution for Federal income tax purposes. Any investor should be able to bear the full risk of such investment in any Certificates, including any associated tax consequences. See "Tax Matters."
- 23. Federal and State Law.** Future changes in federal or state laws may adversely affect CGIF's ability to continue to sell Certificates.

THE OFFERING

We may issue up to Two Hundred Fifty Million Dollars (\$250,000,000) of our Certificates during the offering period covered by this Offering Circular. This amount may be issued in any one or more of the types of Certificates and may only be issued at their face value and only in the State of Florida and the U.S. Virgin Islands. The Certificates will be offered only by this Offering Circular.

This Offering Circular is intended to be used by investors from May 1, 2024, through April 30, 2025. If the entire amount of the offering is not needed for the purposes intended, the offering may be withdrawn, and the acceptance of subscriptions suspended.

Certificates will continually be offered, and investments will be credited to Certificate balances upon collection of funds. No officer, director, or member of CGIF will receive any fee or pecuniary profit from CGIF's operations, except for reasonable compensation for services actually rendered in performing his/her regular duties, and no fees of any kind will be paid to any underwriter, outside broker or independent salesman. No commissions or discounts will be paid or provided by CGIF in connection with the sale of Certificates.

It is the policy of CGIF to reject any application to purchase the Certificates the acceptance of which would cause the aggregate amount of outstanding Certificates to exceed twenty (20) times CGIF's capital, as measured on the date of such application to purchase.

USE OF PROCEEDS

CGIF intends to use the proceeds from this offering primarily to grant first and second mortgage loans as well as unsecured Loans to Eligible Ministries in accordance with its policies and procedures. See "Operating and Investment Policies." Unsecured Loans are only granted to highly qualified borrowers. The proceeds that at any given time, are not invested in such Loans, will be invested in marketable securities and cash equivalents. See "Operating and Investment Policies."

OFFERING EXPENSES

The expenses of this offering, which we expect to be less than 0.25% of the total offering amount, are paid from our operating funds. This offering is not underwritten, and no commissions are paid for the sale of the Certificates. As a result, CGIF receives 100% of the proceeds from this offering. CGIF offers and sells the Certificates only through the officers and employees of Florida Baptist Financial Services who are exempt pursuant to an applicable issuer exemption Section

517.021(8)(f) on behalf of CGIF, and there are no outside selling agents involved in this offering.

HISTORY OF CGIF AND THE OFFERING

Because Florida Baptists believed that population growth will far exceed the ability of the local State Baptist Conventions and their churches and agencies to fund new mission efforts through the traditional donation mechanisms, the Florida Baptist Foundation committed itself to find the most efficient means to generate additional resources for critical needs. The Florida Baptist Foundation concluded that the wealth which Baptists hold as savings represents the greatest untapped source of funding for mission work and that pooling these resources could best be done by a new corporation whose mission would be to borrow the funds from Baptists and make loans to churches and other entities affiliated with their local State Baptist Convention and the Southern Baptist Convention. CGIF was formed to accomplish this mission.

The Florida Baptist Foundation organized CGIF on April 4, 1991, under the Florida Not-For-Profit Corporation Act. CGIF was initially incorporated as Florida Baptist Investment Services, Inc., and changed its name to Church Growth Investment Fund, Inc. on June 17, 1996.

The primary purpose of CGIF is to procure funds by issuing the Certificates in order to make Loans to Eligible Ministries engaged in Ministry Activities.

CGIF's physical address is 8383 Baymeadows Way, Jacksonville, Florida 32256, and its mailing address is P.O. Box 23069, Jacksonville, FL 32241-3069. The sole member of CGIF is Florida Baptist Financial Services, Inc., a Florida not-for-profit corporation organized by the Florida Baptist Foundation for the purpose of providing financial assistance to ministries affiliated with their local State Baptist Convention and the Southern Baptist Convention. CGIF is solely responsible for repayment to holders of Certificates. Should CGIF be unable to meet its obligations to holders of Certificates, the holders will have no recourse against the Florida Baptist Foundation, or any other entity or organization affiliated with the Florida Baptist Convention or the Southern Baptist Convention.

FINANCING AND OPERATIONAL ACTIVITIES

Our means of generating funds for making Loans for Ministry Activities is through the sale of Certificates, earnings from investments, and principal and interest payments on Loans.

Outstanding Certificates Payable

As of December 31, 2023, we had 1,882 Certificates outstanding totaling \$164,405,529. The amount of Time Certificates payable held by us on December 31, 2023, mature as follows:

<u>Year Ending December 31,</u>	
2024	\$70,615,876
2025	\$21,482,631
2026	\$10,377,580
2027	\$7,329,535
2028	\$2,116,066
Thereafter	\$6,297,275
Total	\$118,218,963

Outstanding Loans Receivable

As of December 31, 2023, we had 155 Loans with aggregate outstanding balances totaling \$131,274,072. The loans outstanding on December 31, 2023, are as follows:

<u>Loan Balance</u>	<u>Number of Loans</u>	<u>Principal of Loan Portfolio</u>	<u>Percentage of Loan Portfolio</u>
Less than \$250,000	41	\$4,918,297	3%
\$250,000 - \$499,999	42	\$15,375,115	12%
\$500,000 - \$999,999	28	\$19,554,156	15%
\$1,000,000 - \$1,999,999	28	\$39,455,136	30%
\$2,000,000 – or more	16	\$51,971,368	40%

As of December 31, 2023, all Loans were secured by the borrower's property, and there were no outstanding loan commitments that would not be secured by the borrower's property or Certificates pledged by borrower.

LENDING ACTIVITIES

CGIF will make Loans only to Eligible Ministries for the acquisition of land and buildings, the construction of facilities (including church facilities, schools and any other facilities operated by Eligible Ministries), renovation or expansion of existing facilities, and refinancing or consolidation of existing debt incurred for any of the preceding purposes. We may also credit Loans for short-term capital or operational needs that may arise from time to time. The major steps in the processing of Loan applications, which are to be considered by CGIF, are as follows:

STEP 1- The Eligible Ministry submits a Loan application on a standard form provided by CGIF. The completed application contains, as applicable:

- (a) Relevant statistical and financial information about the Eligible Ministry and the proposed Ministry Activity to be financed.
- (b) Certification by the Eligible Ministry's secretary showing that the congregation has properly authorized the proposed borrowing.

STEP 2 - Staff members of Florida Baptist Foundation evaluate the application on behalf of CGIF. If the Loan is judged to be sound, it is then decisioned according to CGIF Loan Policy.

Our credit policies have been established and may be changed only by our Board of Directors and are subject to change. As of the date of this Offering Circular, our credit policies are as described below. Loan applicants seeking credit approval will generally submit a loan application along with supporting financial and or project related documentation. As part of our loan underwriting and assessments, we generally evaluate the following:

- **Christ** – He's who it's all about.
The church is making disciples of Jesus Christ as evidenced in their beliefs, statistics, and mission endeavors.
- **Community** – Doing the mission with others.
The church is active among their neighbors, generous in giving to the Cooperative Program, and active in doing life with their local association/network of churches and others for greater Kingdom impact.
- **Cash Flow** – Capacity to service debt in relationship to other needs of the mission.
This is measured by ratios stated in CGIF's Corporate Policy.
- **Collateral** – The value of all the property & facilities in relationship to the loan amount.
This is measured by CGIF's Corporate Policy.
- **Capital** – Cash needed to get in and maintain the facility.
Funds that are needed for the down payment, closing cost, reserves, and property enhancement are verifiable, and the church has the financial capacity to maintain the collateral going forward.
- **Context** – Right people, right place, right time, and right location.
This is measured by quality, tenure and capacity of leadership, church health and the church's fit with the surrounding community.

Furthermore, we typically assess other qualitative and quantitative factors surrounding each applicant's request. We may, on an exception basis, waive one or more submission requirements if we determine that doing so will not materially increase the risk associate with the particular Loan.

Loans that fall within our approved credit guidelines with amounts $\leq \$500,000.00$ may be decisioned by the Executive Staff and then reported to the Board of Directors at the next called meeting. Loans with amounts $> \$500,000.00$ or that fall outside our approved credit guidelines must be decisioned by CGIF's Board of Directors. Loans are generally written for terms up to thirty (30) years with monthly payments based on an amortization period of up to thirty (30) years. Loans for construction and renovation generally have terms of up to three (3) years with interest only payments followed by a conversion to a permanent term of up to thirty (30) years with monthly payments based on an amortization period of up to thirty (30) years. Interest on most of the mortgage Loans will be adjustable.

In addition to a thorough financial review, we will generally perform assessments of any real property to be pledged as security for a Loan including but not limited to title reviews, property insurance, environmental screenings, and flood reports. In cases where construction may be involved, we may require a builder's risk policy and duly executed lien waivers. We may also require a third-party property valuation and survey of any real property.

At least ninety percent (90%) of our Loans will be secured by real or personal property. Our credit guidelines generally require Loans to be secured by a first or second mortgage behind a CGIF first mortgage or deed of trust on real property.

The aggregate principal amount of Loans outstanding at any time may be limited by CGIF's policy of maintaining a reserve of cash equivalents equal to at least 10% of the aggregate amount of the Certificates then outstanding, thereby reducing the assets that can be loaned.

If any payments of principal or interest are past due more than ninety (90) days, we will deem such Loan to be delinquent.

Material Loans and Loan Delinquencies

We had net outstanding Loans aggregating \$130,249,230, \$118,656,955, \$114,494,734, \$120,073,035 as of December 31, 2023, 2022, 2021, and 2020, respectively. Of these amounts, 100% were to churches as of December 31, 2023, 2022, 2021, and 2020. There were no Loans ninety (90) days or more past due as of December 31, 2023, 2022, 2021, or 2020. As of December 31, 2023, the aggregate principal balance of loans considered non-accrual was \$0 and \$6,166,623 loans were considered collateral dependent and individually evaluated for ACL. As of December 31, 2022, one of our Loans with a principal balance of \$3,497,997 was considered non-accrual and no loans were considered impaired. As of December 31, 2021, two of our Loans with an aggregate principal balance of \$5,149,141 were considered non-accrual and no loans were considered impaired. As of December 31, 2020, two of our Loans with an aggregate principal balance of \$5,842,732 were considered non-accrual and no loans were considered impaired.

Due to the nature of the relationship with our borrowers, it is our policy to work with our borrowers in their efforts to meet Loan obligations. However, no assurance can be given that we will be willing to refinance, restructure or work out delinquent Loans in the future.

Credit Loss Reserves

Our allowances for credit losses are maintained at a level considered by management to be adequate to provide for potential losses. As of December 31, 2023, the aggregate allowance for credit losses was \$1,024,841.

Participations

We may sell participation interest in our Loans to third parties from time to time, including a pro-rata interest in the collateral securing the loan. When we do so, we continue to service the Loan and remit a portion of each Loan payment we receive from the borrowers to the buyers of the participation interest. The participations are non-recourse, which means that we will

have no obligation to repurchase the portion of the Loan we sold, and that the purchaser will assume all risk of loss on that portion of the Loan. Accordingly, the portions of the Loans we sell are not included in our outstanding loans receivable figures. It is our policy not to securitize any portion of our Loan portfolio.

We may also purchase participation interest in individual Loans from third party lenders of Eligible Ministries. Under these loan participation agreements, the third-party lenders maintain all records, collect all payments and remit monthly the appropriate pro rata share of both interest and principal collected on the Loans. These agreements typically provide that we will share ratably with the third-party lenders in the event of any extraordinary expenses required to preserve the collateral or enforce the lender's rights with respect to the Loan. Similarly, we share ratably in the costs and proceeds in the event of any foreclosure, sale of collateral or other collection action. Our right to take any enforcement action with respect to the borrower or collateral of any of these Loans is subject to the cooperation of the third-party lender who originated the loan. These purchased participation interests are included in the Loans receivable in the Financial Statements.

We neither sold nor held participation interest in any loans for the year ending December 31, 2023. We sold participation interest in one loan in the amount of \$1,100,000.00 for the year ending December 31, 2022. We neither sold nor held participation interest in any loans for the years ending December 31, 2021, or December 31, 2020.

INVESTING ACTIVITIES

We maintain a portion of our assets in an investment portfolio pending utilization for Loan activities or for maintaining reasonable liquidity. Our current investment policy requires a minimum of 10% of our principal balance of all outstanding Certificates be maintained in marketable securities. Marketable securities may include cash, checking account balances, money market funds, church extension funds, bonds, and stocks. All marketable securities are subject to the investment policy statement.

All remaining liquidity may be invested according to the investment policy & endowment spending policy under the direction of the Board of Directors.

The Board of Directors oversees the Investment Policy & Endowment Spending Policy and reviews the investment transactions on a semi-annual basis. The Chief Executive Officer and Director of Church Finance have the responsibility of implementing the policy. See "Management". We currently utilize the services of Florida Baptist Foundation to assist in the investment of our assets. See "Summary of Relationships".

Below is a summary of our cash and investments as of December 31, 2023:

Type of Investment	12/31/2023	% of Total
Assets administered by the Foundation		
Kingdom fund	\$7,229,084	9.55%
Harvest fund	\$5,316,236	7.02%
Storehouse fund	\$6,713,282	8.87%
Other funds held by the Foundation invested as follows:		
Louisiana Short-term fund	\$5,277,956	6.97%
Church Extension Funds	\$17,606,468	23.25%
Cash and Cash Equivalents	\$33,571,608	44.34%

During the fiscal year ended December 31, 2023, we had aggregate net gain on our investments of \$1,967,704.

SELECTED FINANCIAL DATA

Below is a summary in tabular form of certain selected financial data with respect to our operations for our four (4) most recent fiscal years. This data has been compiled by management from our Financial Statements, and it should be read in conjunction with our most recent Financial Statements (including Notes thereto).

<u>Description of Selected Financial Data</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Cash and temporary cash investments_____	\$33,571,608	\$54,449,999	\$53,466,063	\$9,987,724
Investments_____	\$42,143,027	\$36,780,006	\$24,622,741	\$16,028,184
Other Assets_____	\$160,000	\$663,154	—	—
Receivables:				
Accrued interest_____	\$562,648	\$433,690	\$444,950	\$565,574
Loans, net_____	\$130,249,231	\$118,656,955	\$114,494,734	\$120,073,035
Total Assets_____	\$206,686,514	\$210,983,804	\$193,028,488	\$146,654,517
Certificate of investment redemptions	\$164,405,530	\$171,586,904	\$156,537,135	\$112,982,617
Accounts payable and accrued expenses..	\$83,419	\$1,246,906	\$55	\$0
Total net assets_____	\$42,197,565	\$38,149,994	\$36,491,298	\$33,671,900
%Net assets to total assets_____	20.4%	18.1%	18.9%	22.9%
Amount of delinquent loans_____	0	0	0	0
% Of delinquent loans to total loans_____	\$0	\$0	\$0	\$0
Amount of non-accrual loans_____	\$0	\$3,497,997	\$5,149,141	\$5,842,732
% Of non-accrual loans to total loans_____	0.00%	2.95%	4.49%	4.87%

For the Year Ended December 31,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Change in net assets	\$4,306,385*	\$1,658,696	\$2,819,398	\$3,355,098

*Note: This excludes the cumulative adjustment for ASC 326 implementation in 2023.

Management's Financial Summary

CGIF's Board of Directors reviews the overall financials monthly. CGIF's operating philosophy is to maintain a position of liquidity sufficient to provide for operation cash requirements, a capital position sufficient to support CGIF's financial position and operations, and a margin of assets over liabilities. A significant shift in interest rates or Loan demand may adversely affect actual performance. CGIF's Board of Directors may modify existing procedures or implement new procedures to enable CGIF to operate under changing economic conditions. Some of the key areas regularly reviewed are the following:

Source of Funds for Payment of Certificates – Under CGIF's method of accounting, interest payments on Certificates will be made from CGIF's operating income and net assets without donor restrictions, and principal payments on Certificates will be made from CGIF's assets.

Capital Adequacy – CGIF's net assets are anticipated to support CGIF's ability to maintain CGIF's operations. As of December 31, 2023, CGIF's net assets as a percentage of our total assets were 20.4% determined as follows:

	<u>12/31/2023</u>
Net Assets.....	\$42,197,564
Total Assets.....	\$206,686,514
Total Assets Percentage of Total Assets_____	20.4%

CGIF strives to maintain a strong capital position to support CGIF's operations and growth.

Liquidity – It is CGIF's policy to maintain at all times an aggregate operating and reserve liquidity, comprised of cash, cash equivalents, readily marketable securities and immediately available funds, equal to at least 10% of our principal balance of all outstanding Certificates to provide for CGIF's cash requirements as well as reserve liquidity. As of December 31, 2023, CGIF had available funds equal to 46.1% of the total outstanding Certificates as follows:

	<u>12/31/2023</u>
Cash and temporary cash investments_	\$33,571,608
Readily marketable securities.....	\$42,143,027
Total Available Funds.....	\$75,714,635
Investment Certificates Payable.....	\$164,405,530
Available Funds Percentage of Certificates of investment _	46.1%

Loan Delinquencies – As of fiscal year ending December 31, 2023, none of CGIF Loans were ninety (90) days or more past due.

Senior Secured Indebtedness – As of December 31, 2023, CGIF had no outstanding indebtedness balances. To the extent that CGIF has any senior secured indebtedness, repayment of that indebtedness CGIF will have priority in CGIF's assets over all other unsecured creditors, including its investors.

Interest Rate Management – CGIF's method of determining interest rates on Certificates and Loans is based on an effort to reduce the risks pertaining to the differential between borrowing and lending rates. Prior to closing a Loan, CGIF limits the length of time to which CGIF is committed to an initial Loan interest rate. CGIF charges a prepayment penalty on loans that are paid off within the initial sixty (60) months of its term. CGIF charges a penalty for early redemption of Time Certificates unless it waives the penalty in its sole discretion. See "Redemption of Certificates". CGIF has implemented these procedures to allow CGIF to operate under fluctuating economic conditions.

DESCRIPTION OF CERTIFICATES

Investments offered by the Church Growth Investment Fund are not bank deposits or obligations and are not insured by the Federal Deposit Insurance Corporation (FDIC), the Securities Investor Protection Corporation (SIPC) or any other federal or state agency.

The Certificates are debt obligations of CGIF. The Certificates are not transferable but may be redeemed from time to time. See "Redemption of Certificates". These Certificates fall into the following three general categories;

- A. DEMAND CERTIFICATES:** minimum opening investment of \$1,000, payable upon demand.
- B. LOAN RESERVE & BORROWER LIMITED DEMAND CERTIFICATES:** minimum opening investment of \$1,000, payable upon demand. Available only to Eligible Ministries that have secured a Loan with CGIF to hold a required payment reserve or required equity in a construction project.
- C. TIME CERTIFICATES:** \$1,000 minimum, 6 – 84-month terms. 30-day notice for withdrawal. The current penalty for early withdrawal is forfeiture of one hundred twenty (120) days of interest on the amount of principal withdrawn.

Additional investments into existing Certificates are permitted on the terms of the Certificate.

Certificates bear interest monthly. Interest on Certificates will begin to accrue upon receipt of funds by CGIF. Current interest rates are listed on the rate card accompanying this Offering Circular.

Flexible Certificates

A Flexible Certificate is either a Time Certificate or Demand Certificate issued to an Investor who invests over \$750,000 with CGIF. The interest rate to be paid on a Flexible Certificate may be higher than the then-current rates offered for other Time Certificates or Demand Certificate, as applicable, and will be specially negotiated between the Investor and CGIF. A Flexible Certificate is not a different type of Certificate rather, it is simply a designation used to describe a Time Certificate or Demand Certificate for which an initial higher fixed interest rate (for a Time Certificate) or adjustable interest rate (for a Demand Certificate) is specially negotiated with the Investor. Other than the special negotiation of the initial higher interest rate terms at the time of purchase, Flexible Certificates are not otherwise "flexible" or different in their terms from regular Time Certificates or Demand Certificates, as applicable.

Interest Rate

Interest earned on the Certificates will be credited monthly to the holders' Certificate balance. Interest earned will be automatically reinvested in the Certificate. CGIF's Board will meet periodically to reconsider the rate of interest on Demand Certificates, Time Certificates and Loan Reserve Certificates in light of the average rate of return received by CGIF on its Loan and other relevant factors. At such times, the Board may raise or lower the rate of interest on newly issued or variable rate Certificates at its sole discretion.

Periodic Statements

Holders of the Certificates will not receive physical certificates. Rather, transactions in the Certificates will be reflected in periodic statements to be provided to holders on a monthly or quarterly basis.

Redemption of Certificates

Demand Certificates and Loan Reserve Certificates do not mature and may be redeemed at any time upon written notice to CGIF, subject to our rights to require up to 30 days' prior written notice of any intended redemption. Redemptions by each holder will be limited to one per calendar month without a fee or charge. CGIF may charge a fee for additional redemptions in a single calendar month based on the administrative cost to CGIF to handle the redemption, subject to change at CGIF's sole discretion. Redemptions shall be made in the order of the receipt of notices by CGIF. Redemptions may not bring the holders' investment in the Demand Certificates or Loan Reserve Certificates below \$100.00. If this occurs, the Certificate in question that is at or below \$100.00 may be redeemed and the proceeds sent to the Certificate holder.

Redemptions for any Certificate held by an IRA must be made through the custodian and may be subject to federal and state tax. In the event of early termination (dissolution or transfer of entire retirement program prior to age 59 ½), there may be a charge by the custodian for the cost of filing the necessary papers with the Internal Revenue Service.

Time Certificates (6 – 84 months) have a specified maturity date upon issuance. Unless specifically stated otherwise, Time Certificates automatically renew for the same term as the original Certificate upon maturity unless the holder gives CGIF written notice 30 days prior to the maturity of the Certificates. Time Certificates redeemed prior to the maturity date may be subject to a penalty, unless waived by CGIF in its sole discretion, such as in the case of a redemption that is occasioned by a change in the way CGIF proposes to calculate interest rates. The penalty for early redemption at this time is the forfeiture of 120 days of interest on the amount of principal redeemed. CGIF's policies require CGIF to maintain at any given point in time a reserve of cash equivalents equal to at least 10% of the aggregate amount of the Certificates then outstanding.

CGIF reserves the right, upon six months written notice to the holder, to redeem any Certificate by payment of the principal amount of the Certificate then outstanding.

PLAN OF DISTRIBUTION

The primary means of marketing the Certificates will be through promotional brochures and Offering Circulars distributed to Eligible Ministries and individual members of Eligible Ministries. Promotional materials will also be published on CGIF's homepage on the Internet for churches (www.floridabaptist.org/cgif-churches) and individuals (www.floridabaptist.org/cgif-individuals). CGIF will also make the Offering Circular and investment application form available on our Internet website and by e-mail. In addition, promotional materials will be distributed at church conferences, meetings, retreats, and seminars. CGIF's representatives may discuss the nature and purpose of CGIF's work at church conferences, meetings, retreats, and seminars. You will be provided a copy of the Offering Circular prior to your purchase of a Certificate. No offers to purchase will be accepted prior to the time that you have executed an investment application form acknowledging that you received a current Offering Circular. All sales are made by licensed representatives of CGIF. No underwriting or selling agreements exist, and no direct or indirect remuneration will be paid to any person in connection with the offer and sale of Certificates. Certificates will be offered and sold only to eligible Investors.

TAX ASPECTS

The purchase of a Certificate does not qualify as a deductible charitable contribution under the Federal income tax laws. Interest paid on Certificates must be declared as income by each holder in the year it is paid or accrued, unless the holder is a tax-exempt organization regardless of whether it is actually paid out to you. Transferability of the Certificates is limited, and it is unlikely that there could be a sale or exchange of a Certificate. Upon a transfer, however, the seller would generally report as either a short-term or long-term gain or loss depending upon the length of time held, the gain or loss equal to the difference between the purchase price and the amount received upon sale or exchange, less accrued interest. Certificate holders will not be taxed on the return of the principal purchase price of Certificates or on previously accrued and taxed interest. Any excess will be interest income taxable in the year of maturity.

If a Certificate holder is an individual and either the holder alone or together with the holder's spouse has invested or loaned more than \$250,000 in aggregate with or to CGIF, the holder may be deemed to receive additional taxable interest under Section 7872 of the Internal Revenue Code. Investors should consult their tax advisors to be informed of the special income tax rules applicable to loans and investments, in the aggregate, greater than \$250,000.

CGIF will notify you of interest earned on Certificates by sending you the IRS Form 1099 by January 31st of each year. If you do not provide us with your correct social security number or Federal tax identification number, you will be subject to backup withholding of 28% on interest earned as required by law.

This summary is based on the Internal Revenue Code, the regulations promulgated under the Internal Revenue Code, and administrative interpretations and court decisions existing as of the date of this Offering Circular. Accordingly, this summary may not accurately reflect the tax consequences of an investment in our debt securities after the date of this Offering Circular. In addition, this summary does not address every aspect of tax law that may be significant to a Certificate holder's particular circumstances, such as purchasing Certificate through an IRA or other tax-deferred account. 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 as any kind of tax advice or for the purpose of avoiding tax penalties. Investors should consult their tax advisors to determine the particular federal, state, local or foreign income or other tax consequences particular to investment in the Certificates.

CGIF has received a ruling from the Internal Revenue Service of the United States Treasury Department that CGIF is exempt from federal income taxation of its receipts.

LITIGATION AND LEGAL MATTERS

As of the date of this Offering Circular, there is no material litigation or claim now pending or, to CGIF's knowledge, threatened against CGIF.

SUMMARY OF RELATIONSHIPS

The manner of affiliation of the principal entities involved in the offering which is the subject of this Offering Circular, and the material transactions between them relating to the operation of CGIF are summarized in the following diagram.



FLORIDA BAPTIST CONVENTION

The basic administrative body that facilitates the union and cooperation of Florida Baptists in building up the kingdom of Christ in the state and throughout the world.

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Stewardship.Simplified.
Florida Baptist Financial Services

The Directors of Florida Baptist Financial Services, Inc., are elected by the messengers to the Florida Baptist State Convention.

Chartered in 1991, this entity acts as the holding company for a group of affiliated companies. It coordinates the marketing and other activities of and provides administrative services to the affiliates.

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Stewardship.Simplified.
Church Growth Investment Fund

Directors of Church Growth Investment Fund, Inc. are chosen by the Directors of Florida Baptist Financial Services, Inc., from among their members.

Chartered in 1991, the sole purpose of this entity is to offer and manage the Fund.

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Stewardship.Simplified.
Florida Baptist Foundation

Messengers to the annual Florida Baptist State Convention elect the Trustees of the Florida Baptist Foundation. These Trustees are the same persons as the Directors of Florida Baptist Financial Services, Inc.

Incorporated in 1947, this agency seeks to strengthen all causes of the Christian faith by encouraging people to exercise biblical stewardship through tithing and estate gifts. It assists individuals and churches in generating additional resources to support local ministries, and to fund the programs and agencies of the Florida Baptist Convention and the Southern Baptist Convention.

The Florida Baptist Foundation has transferred \$100,000 to CGIF as an irrevocable contribution of capital. The Florida Baptist Convention has transferred \$903,864 in real estate and cash as an irrevocable contribution of capital.

The Florida Baptist Foundation has a Ministry Partnership Agreement with CGIF under which it provides CGIF with all administrative support. CGIF has a Loan Servicing Agreement with the Florida Baptist Foundation under which the FBF provides CGIF with the servicing its loans.

The Florida Baptist Foundation manages CGIF's cash and marketable securities.

DISSOLUTION

In the event of CGIF's dissolution, all of its assets remaining after the discharge of its valid obligations would vest in Florida Baptist Financial Services, Inc.

MANAGEMENT

The Bylaws of CGIF vest the management of CGIF in its directors, who serve three-year terms and are chosen by the Board of Directors of Florida Baptist Financial Services, Inc. At present CGIF's directors and executive officers are:

Tammy F. Benedict, *Director, Term Expires November 2027*

Former CPA and corporate leader with over 20 years' in financial analysis, budgeting, and strategic planning. Currently Church Administrator at Deermeadows Baptist Church in Jacksonville and prior Director of Children and Preschool ministries. Staff liaison to the Finance Committee and Properties Committee at Deermeadows. Past member of Personnel Committee, Building Finance Committee, Single Adult Council, and Director of Preschool Sunday School. Graduate of the University of Southern Mississippi with BSBA in Accounting and the University of North Florida with an MBA.

Charles "Charlie" M. Harper, *Vice Chairman, Term expires November 2025*

Former Community Banker of 40 years with experience as a Branch Manager, Commercial Lender, Construction Lender, Senior Lender, Chief Credit Officer, and Community Bank President. President of Solutions for Property Assessments. Former Chairman of Deacons and Chairman of the Finance Committee at Broad Street Baptist Church, Hawkinsville, GA. Graduate of Auburn University, member of the Auburn Golf Team, and graduate of The School of Banking of the South at LSU. Member of First Baptist Church Palm Coast serving on the Finance Committee and the Building for the Future Team.

James "Jim" Davis, *Director, Term Expires November 2024*

Former Finance Executive with over 30 years' experience including roles as Vice Chairman and Executive Vice President of Strategy and Business Development for Stewart Lender Services, Inc., Executive Vice President – Chief Government Affairs Officer for Homeward Residential, and oversight of all default services for HomeSide Lending. Previously served on LPS® Mortgage Advisory Board, the MBA Loan Administration Steering Committee, the Alltel/Fidelity Default User Committee, the FNMA Default Advisory Board, the FHLMC Default Advisory Group, and the HUD Servicing Practices Work Group. Member of Stetson Baptist Church.

Albert Byrd, *Director, Term expires November 2027*

Currently Pastor of Holiday Baptist Church, Jacksonville. Current Treasurer and member of the Lead Team of the Jacksonville Baptist Association. Former Board Chair of the Florida Baptist Retirement Center. Bachelor's degree from the University of Florida, Master's degrees from University of Montana and Southwestern Baptist Theological Seminary, and Doctor of Ministry degree from New Orleans Baptist Seminary.

Dr. Stephen T. Sweitzer, *Chairman, Term expires November 2024*

Associate Pastor of Pastoral Care and Administration, First Baptist Church of Live Oak. Certified Public Accountant. Former Region Manager, Case Corporation. Former Vice President of Domestic Sales, Continental Eagle Corporation. Former Decision Support Manager, Baptist Health. Past Chairman, Suwannee County Long Range Recovery Committee. Past Chairman of Personnel Committee, SBC Lakeland Baptist Association. Past Treasurer and Finance Committee Member, SBC Lakeland Baptist Association. Ordained Deacon and Ordained Minister of the Gospel.

Dr. Richard A. Wheeler, *President/Chief Executive Officer*

President and Chief Executive Officer, Florida Baptist Financial Services; Executive Director and Treasurer, Florida Baptist Foundation; Former Executive Director, Jacksonville Baptist Association. Former Leadership Development Director, Florida Baptist Convention. Former Vice President, SunTrust Bank. Former Member of Executive Committee, SBC. Former Member of Executive Board, Southern Baptist Conference of Associational Leaders. Member of Mandarin Baptist Church.

Kurt T. Lenhoff, *Corporate Secretary/Treasurer*

Director of Church Finance, Florida Baptist Foundation; Former Stewardship Catalyst, Northwest Baptist Foundation. Former Senior Pastor Northside Baptist Church. Former Senior Pastor Elgin Baptist Church. Former Assistant Vice President Community Bank. Former Vice President KeyBank. Over 30 years of combined experience in pastoral ministry, wealth management and commercial banking. Former Chairman of The Board, Northwest Baptist Foundation. Ordained Southern Baptist minister. Attends Amelia Baptist Church.

Dr. Wheeler's duties include promoting this offering, overseeing CGIF's fiscal affairs and supervising the work of staff. Dr. Wheeler serves as Executive Director/Treasurer of the Florida Baptist Foundation and the President and Chief Executive Officer of Florida Baptist Financial Services. Mr. Lenhoff's duties include managing the day-to-day operations of CGIF, evaluating loan requests, and overseeing staff. Mr. Lenhoff serves as the Director of Church Finance of Florida Baptist Foundation.

Remuneration

Members of the Board of Directors of CGIF do not receive compensation for their services to CGIF. Directors may be reimbursed for actual expenses incurred in attending the board meetings of CGIF. CGIF has no salaried employees. Both Dr. Wheeler and Mr. Lenhoff are employed by Florida Baptist Foundation, which pays their salaries and benefits. CGIF has contracted with Florida Baptist Financial Services, Inc. and the Florida Baptist Foundation for administrative services, which includes management of the fund, office space and computer services. The cost for these administrative services is not expected to exceed 2% of the outstanding principal amount of the Certificates annually. In 2023, CGIF paid Florida Baptist Foundation a management fee of \$835,300 and a loan servicing fee of \$318,520 for administration services.

ANNUAL REPORTS

CGIF's fiscal year ends on December 31. Within 120 days after the fiscal year end and upon request, Certificate holders will be provided with CGIF's most recent annual financial statement (including a statement of financial position, statement of activities, and statement of functional expenses), which will be prepared in accordance with GAAP and audited by an independent public accountant.



Church Growth Investment Fund, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2023



910 E. St. Louis Street, Suite 200 / Springfield, MO 65806

P 417.865.8701 / F 417.865.0682

forvis.com

Independent Auditor's Report

The Board of Directors
Church Growth Investment Fund, Inc.
Jacksonville, Florida

Opinion

We have audited the accompanying financial statements of Church Growth Investment Fund, Inc. ("the Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Church Growth Investment Fund, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, in 2023, Church Growth Investment Fund, Inc. adopted ASU 2016-13, *Financial Instruments Credit Losses* (Topic 326): *Measurement of Credit Losses of Financial Instruments*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Church Growth Investment Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Church Growth Investment Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

FORVIS, LLP

Springfield, Missouri
April 22, 2024

Church Growth Investment Fund, Inc.
Statement of Financial Position
December 31, 2023

Assets

Cash and cash equivalents	\$ 33,571,608
Investments	42,143,027
Church loans receivable, net	130,249,231
Church loan interest receivable	562,648
Other real estate owned	<u>160,000</u>
 Total assets	 <u><u>\$ 206,686,514</u></u>

Liabilities and Net Assets Without Donor Restrictions

Liabilities

Accounts payable and accrued expenses	83,419
Certificates of investment	<u>164,405,530</u>
 Total liabilities	 <u>164,488,949</u>

Net Assets Without Donor Restrictions

	<u>42,197,565</u>
 Total liabilities and net assets without donor restrictions	 <u><u>\$ 206,686,514</u></u>

Church Growth Investment Fund, Inc.
Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions
Revenue, Gains, and Other Support	
Loan interest income	\$ 6,898,673
Interest and dividends	1,742,460
Net gain on sale of other real estate owned	31,227
Other income	177,847
Net investment return	<u>1,967,704</u>
Total revenues, gains and other support	<u>10,817,911</u>
Expenses and Losses	
Program services	6,233,707
Support services	<u>277,819</u>
Total expenses and losses	<u>6,511,526</u>
Change in Net Assets	<u>4,306,385</u>
Net Assets, Beginning of Year, as previously reported	38,149,994
Change in Accounting Principle - ASC 326	<u>(258,814)</u>
Net Assets, Beginning of Year, As Adjusted	<u>37,891,180</u>
Net Assets, End of Year	<u><u>\$ 42,197,565</u></u>

Church Growth Investment Fund, Inc.

Statement of Functional Expenses

Year Ended December 31, 2023

Natural Classification	December 31, 2023 Functional Classification		
	PROGRAM Lending and Investments	Management and General	Total
Interest paid to certificate holders	\$ 5,236,166	\$ -	\$ 5,236,166
Provision for credit losses	10,781	-	10,781
Management fees	668,240	167,060	835,300
Loan servicing	318,520	-	318,520
Other	-	15,000	15,000
Professional Fees	-	53,884	53,884
Maintenance expense	-	30,864	30,864
Bank fees	-	6,730	6,730
Property taxes	-	3,807	3,807
Marketing and postage	-	474	474
Total expenses	<u>\$ 6,233,707</u>	<u>\$ 277,819</u>	<u>\$ 6,511,526</u>

Church Growth Investment Fund, Inc.
Statement of Cash Flows
Year Ended December 31, 2023

Cash Flows From Operating Activities

Loan interest income received	\$ 6,769,715
Interest and dividends received	1,742,460
Other income received	177,848
Interest paid on investments in certificates	(5,236,166)
Cash paid for operating activities and costs	(1,264,983)
Cash paid to related parties	(1,246,492)
Net cash provided by operating activities	<u>942,382</u>

Cash Flows From Investing Activities

Purchases of investments	(9,000,000)
Proceeds from sale of investments	3,008,114
Proceeds from sale of other real estate owned	3,130,950
Loans made to churches	(19,954,910)
Principal payments received on church loans	8,176,447
Net cash used in investing activities	<u>(14,639,399)</u>

Cash Flows From Financing Activities

Proceeds from sale of certificates of investment	29,690,967
Redemption of certificates of investment	(36,872,341)
Net cash used in financing activities	<u>(7,181,374)</u>

Decrease in Cash and Cash Equivalents

(20,878,391)

Cash and Cash Equivalents, Beginning of Year

54,449,999

Cash and Cash Equivalents, End of Year

\$ 33,571,608

Non-Cash Activities

Interest reinvested by certificate holders	\$ 4,956,754
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Church Growth Investment Fund, Inc.

Notes to Financial Statements

December 31, 2023

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Church Growth Investment Fund, Inc. (“the Organization”) is a Florida not-for-profit corporation established in 1991. The purpose of the Organization is to procure funds to assist churches and other organizations affiliated with the Florida Baptist Convention and the Southern Baptist Convention through loans for the construction and major improvement of churches, parsonages, church schools, and other facilities by issuing certificates of investment in the Church Growth Investment Fund. The Organization’s sole member is Florida Baptist Financial Services, Inc., a Florida not-for profit corporation with no financial activities and no employees. The Organization cooperates in ministry with the Florida Baptist Foundation (“the Foundation”), a Florida not-for-profit corporation whose board is appointed by the Florida Baptist Convention.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2023, cash equivalents consisted primarily of money market accounts with brokers.

At December 31, 2023, the Organization’s cash accounts exceeded federally insured limits by approximately \$30,130,000.

Investments

Investments in loan fund certificates and the short-term fund are recorded at cost, which approximates the fair value. The assets administered by the Foundation through Kingdom Fund, Harvest Fund and Storehouse Fund are recorded at net asset value (NAV).

Net Investment Return

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Church Growth Investment Fund, Inc.

Notes to Financial Statements

December 31, 2023

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Church Loans Receivable

Church loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are reported at their outstanding principal balances adjusted for any charge-offs and the allowance for credit losses. Generally, these loans are collateralized by church real estate.

Interest income is accrued based on the unpaid principal balance. Loan origination fees are taken to income at the time of origination as the amount recorded approximates the cost to originate the loan.

The accrual of interest on loans is generally discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all of the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Accrued interest receivable related to loans is excluded from the estimate of credit losses.

Allowance for Credit Losses - Loans

The allowance for credit losses is established as losses are expected to occur through a provision for credit losses charged to income. Credit losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for credit losses is evaluated on a regular basis by management.

Groups of loans with similar risk characteristics are collectively evaluated. Loans that do not share risk characteristics are evaluated on an individual basis. Loans with similar risk characteristics are grouped into homogenous segments, or pools, for analysis.

A weighted average remaining maturity (WARM) model was utilized for the loan pool segment and the results are aggregated at the pool level. The WARM model uses historical losses, as adjusted for reasonable and supportable forecasts, and applies those adjusted loss rates to the effective term of the loan portfolio.

The Organization has identified one segment: Church Loans. These loans are to Southern Baptist churches in the state of Florida, which carry similar risk characteristics, as the repayment of these loans are primarily based on contributions to the churches.

Church Growth Investment Fund, Inc.

Notes to Financial Statements

December 31, 2023

In determining the proper level of the allowance for credit loss, the Organization determined that the historical loss experience provided the best basis for the assessment of expected credit losses. Therefore, the Organization used historical credit loss experience by loan segment over an economic cycle. For the segment models of collectively evaluated loans, the Organization incorporated two macroeconomic factors to adjust the historical credit loss experience.

The Organization qualitatively adjusts model results for risk factors that are not considered within the modeling processes but are nonetheless relevant in assessing the expected credit losses within the loan pools. These qualitative factors and other qualitative adjustments may increase or decrease the estimate of expected credit losses by a calculated percentage or amount based upon the estimated level of risk. The various risks that may be considered in making qualitative adjustments include, among other things, the impact of:

- (i) Changes in lending policies and procedures, including changes in underwriting standards and practices for collections, write-offs, and recoveries
- (ii) Actual and expected changes in international, national, regional, and local economic and business conditions and developments that affect the collectability of the loan pools
- (iii) Changes in the nature and volume of the loan pools and in the terms of the underlying loans
- (iv) Changes in the experience, ability, and depth of our lending management and staff
- (v) Changes in volume and severity of past due financial assets, the volume of non-accrual assets, and the volume and severity of adversely classified or graded assets
- (vi) Changes in the quality of our credit review function
- (vii) Changes in the value of the underlying collateral for loans that are non-collateral dependent
- (viii) Other factors such as the regulatory, legal, and technological environments; competition; and events such as natural disasters or health pandemics

For those loans that are individually evaluated, an allowance is established when the discounted collateral value of the loan is lower than the carrying value of that loan. When management determines that foreclosure is probable or when the borrower is experiencing financial difficulty or at the reporting date or repayment is expected to be provided substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Allowance for Credit Losses – Off-Balance-Sheet Credit Exposures

The allowance for credit losses on off-balance-sheet credit exposures is a liability account, representing expected credit losses over the contractual period for which the Organization is exposed to credit risk resulting from a contractual obligation to extend credit. No allowance is recognized if the Organization has the unconditional right to cancel the obligation.

Church Growth Investment Fund, Inc.

Notes to Financial Statements

December 31, 2023

The allowance is reported as a component of accounts payable and accrued expenses in the balance sheet. Adjustments to the allowance are reported in the statement of activities as a component of credit loss expense. The activity in the allowance for credit losses on off-balance-sheet credit exposures is described more fully in *Note 3*.

Other Real Estate Owned

Assets acquired through, or in lieu, of loan foreclosure are held for sale. These assets are carried at the lower of fair value at acquisition date or current estimated fair value, less estimated cost to sell when the real estate is acquired. Estimated fair value of other real estate owned and held for sale is based on appraised or tax assessed valuations. Revenues and expenses from operations of other real estate owned and changes in any valuation allowance related to other real estate owned are included in the change in net assets.

Certificates of Investment

The Organization issues three types of unsecured certificates of investment. The certificates are issued as either demand certificates payable upon demand with written notice, loan reserve certificates payable with written notice and time certificates with fixed maturities. The time certificates are redeemable upon written notice prior to maturity, but are subject to a forfeiture penalty of 120 days interest.

The certificates bear interest monthly which is automatically reinvested to certificate holders' accounts unless the holder has chosen a monthly distribution of interest. The Organization reserves the right to redeem any Certificate upon six months written notice to the holder.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Functional Allocation of Expenses

The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated between the program and supporting services based on employee time and other methods.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as provided by a group letter ruling issued to the Organization from the Internal Revenue Service and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

Church Growth Investment Fund, Inc.

Notes to Financial Statements

December 31, 2023

Adoption of New Accounting Standards

On January 1, 2023, the Organization adopted ASU 2016-13: *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The Organization adopted ASC 326 using a modified retrospective method for all financial instruments measured at amortized cost and off-balance-sheet credit exposures. The Organization recorded a net decrease to net assets of \$258,815 as of January 1, 2023 for the cumulative effect of adopting ASC 326.

The following table describes the impact of ASC 326 on the adoption date:

	As Reported under ASC 326	Pre-ASC 326 Adoption	Impact of ASC 326 Adoption
Assets			
Allowance for credit losses (reported in church loans receivable, net)	\$ (1,015,417)	\$ (838,654)	\$ (176,763)
Liabilities			
Allowance for credit loss on unfunded commitments (reported in accounts payable and accrued expenses)	\$ 82,051	\$ -	\$ 82,051
Net Assets Without Donor Restrictions	\$ 37,891,180	\$ 38,149,994	\$ (258,814)

Note 2: Investments

Investments consisted of the following at December 31, 2023:

Assets administered by the Foundation:

Kingdom Fund	\$ 7,229,084
Harvest Fund	5,316,236
Storehouse Fund	6,713,282

Other funds held by the Foundation invested as follows:

Short-term fund	5,277,956
Loan fund certificates	17,606,469
Total investments	<u>\$ 42,143,027</u>

Alternative Investments

Investments in certain entities measured at fair value using the net asset value per share as a practical expedient consist of the following:

Church Growth Investment Fund, Inc.

Notes to Financial Statements

December 31, 2023

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Kingdom Fund (A)	\$ 7,229,084	\$ -	Monthly	30-day written notice
Harvest Fund (B)	5,316,236	-	Monthly	30-day written notice
Storehouse Fund (C)	6,713,282	-	Monthly	30-day written notice

- (A) The Kingdom fund is designed as a long-term strategy for investors that require annual spending and real growth. The Kingdom fund is primarily investment in cash equivalents, global equities, fixed income, real assets, government securities, pooled investment funds, and other nonpublicly traded investments.
- (B) The Harvest fund is designed for investors focused on the production of income with a small emphasis on growth. The Harvest fund is primarily invested in bonds, stocks, cash equivalents, high quality income-producing investments, government securities, and loans to churches.
- (C) The Storehouse fund is designed for investors focused on short-term income needs and a low tolerance for risk. The Storehouse fund is primarily invested in short duration bonds, real assets, and other high quality fixed instruments.

Note 3: Church Loans Receivable and Allowance for Credit Losses

Loans stratified by principal amount due at December 31, 2023, include:

	Number of Loans	Principal Outstanding	Percent of Loan Portfolio
Church loans			
Less than \$250,000	41	\$ 4,918,297	3%
\$250,000 - \$499,999	42	15,375,115	12%
\$500,000 - \$999,999	28	19,554,156	15%
\$1,000,000 - \$1,999,999	28	39,455,136	30%
\$2,000,000 and over	16	51,971,368	40%
Gross loans	155	131,274,072	100%
Allowance for credit losses		(1,024,841)	
Net loans		\$ 130,249,231	

Church Growth Investment Fund, Inc.

Notes to Financial Statements

December 31, 2023

As part of the ongoing monitoring of the credit quality of the Organization's loan portfolio, management tracks loans by an internal rating system. The following are the internally assigned ratings:

- Pass – Zero to one guideline violation, no delinquency, no special concerns.
- Special Watch – Two or more guideline violations, delinquency status 91-150 days, possible special concerns.
- Substandard – Two or more guideline violations, delinquency status 151-180 days, possible special concerns.
- Troubled / Impaired – Two or more guideline violations, delinquency status greater than 181 days, possible special concerns.

Loan rated special watch or worse are individually evaluated in the allowance for credit losses calculation.

The following table provides details of the Organization's loan portfolio by internally assigned grade:

	Church Loans
Pass	\$ 125,107,449
Special Watch	6,166,623
Substandard	-
Troubled / Impaired	-
Total	<u><u>\$ 131,274,072</u></u>

As of December 31, 2023, all loans were performing, no outstanding loans were considered to be delinquent, and no loans were more than 30 days past due.

As of December 31, 2023, there were no loans on non-accrual status.

The following table presents the balance in the allowance for credit losses based on portfolio segment as of December 31, 2023:

Allowance for Credit Losses	Church Loans
Beginning balance prior to adoption of ASC 326	\$ 838,654
Impact of adoption of ASC 326	176,763
Balance, beginning	<u>1,015,417</u>
Loans charged off	-
Recoveries	-
Provision charged to expense	<u>9,424</u>
Ending Balance	<u><u>\$ 1,024,841</u></u>

Church Growth Investment Fund, Inc.
Notes to Financial Statements
December 31, 2023

The amortized cost basis of collateral-dependent church loans secured by real estate as of December 31, 2023 was \$6,166,623.

During 2023, no new loan modifications occurred to borrowers experiencing financial difficulties.

The following table presents the activity in the allowance for off-balance-sheet credit exposures by segment for the year ended December 31, 2023 which is included in accounts payable and accrued expenses on the statement of financial position.

Allowance for Off-Balance-Sheet Credit Exposures	Church Loans
Beginning balance prior to adoption of ASC 326	\$ -
Impact of adoption of ASC 326	82,051
Balance, beginning	82,051
Loans charged off	-
Recoveries	-
Provision charged to expense	1,357
Ending Balance	\$ 83,408

Note 4: Certificates of Investment

Unsecured certificates of investment consisted of the following:

Demand certificates	\$ 44,691,014
Loan reserve certificates	1,495,553
Time certificates	118,218,963
Total certificates	<u>\$ 164,405,530</u>

At December 31, 2023, the scheduled maturities of time certificates are as follows:

2024	\$ 70,615,876
2025	21,482,631
2026	10,377,580
2027	7,329,535
2028	2,116,066
Thereafter	6,297,275
Total	<u>\$ 118,218,963</u>

At December 31, 2023, investors were concentrated in one state as follows:

Church Growth Investment Fund, Inc.
Notes to Financial Statements
December 31, 2023

	Number of Certificates	Aggregate Principal Balances	Percent of Certificate Balances Outstanding
Florida	<u>1,838</u>	<u>\$ 155,168,552</u>	<u>94.4%</u>

Note 5: Related Party Transactions

During 2023, the Organization paid \$730,888 to the Foundation for administration fees related to use of staffing, and other resources, paid \$104,412 to the Foundation for generosity endeavors and paid \$318,520 for loan servicing fees. Such amounts are included within “program activities” and “supporting activities” expenses in the accompanying statements of activities to the benefited functions.

At December 31, 2023, the Foundation held \$42,143,027 of the Organization’s investments as custodian.

At December 31, 2023, the Organization held \$1,824,535 of certificates for the Foundation and Convention. Interest paid on these certificates was \$50,949 for the year ended December 31, 2023. At December 31, 2023, the Organization held \$146,044 of certificates for the board members and executive officers. Interest paid on these certificates was \$4,072 for the year ended December 31, 2023.

At December 31, 2023, the Organization held \$13,236,302 of certificates for trustee accounts managed by the Foundation. Interest paid on these certificates was \$389,041 for the year ended December 31, 2023.

Note 6: Commitments and Credit Risk

Commitments to Originate Loans

Commitments to originate loans are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee.

Since a portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each customer’s creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management’s credit evaluation of the counterparty. Collateral held varies, but typically includes real estate owned by churches.

Church Growth Investment Fund, Inc.

Notes to Financial Statements

December 31, 2023

The Organization had outstanding commitments to originate loans aggregating approximately \$2,350,000 at December 31, 2023. The Organization had outstanding commitments to fund construction loans aggregating approximately \$13,000,000 at December 31, 2023. The commitments extended over varying periods of time with the majority to be disbursed within a one-year period.

Credit Risk

The Organization's loans are made exclusively to churches. The repayment of loans by churches may affect the Organization's ability to meet its obligations. In most instances, the ability of churches to repay their loans will depend upon contributions they receive from their members. Both the number of members of a church and the amount of contributions may fluctuate.

In addition, a church facility may be a single-purpose building and the marketability of such a specific facility may be limited, potentially diminishing the value of such collateral in the event of foreclosure. Finally, because of the relationship of the Organization with its borrower, the Organization has in the past been willing under certain circumstances to accommodate late payments or to extend or modify the terms of a loan. Should borrowers not be able to repay their principal and interest as scheduled, the Organization's ability to make principal and interest payments on its certificates of investment may be impaired.

Note 7: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023:

Church Growth Investment Fund, Inc.

Notes to Financial Statements

December 31, 2023

	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments				
Kingdom Fund, measured at NAV	\$ 7,229,084	\$ -	\$ -	\$ 7,229,084
Harvest Fund, measured at NAV	5,316,236	-	-	5,316,236
Storehouse Fund, measured at NAV	6,713,282	-	-	6,713,282

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2023. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Investments in the pooled funds are reported at the net asset value received by the fund manager. This valuation is a level 2 input. Additional disclosure on these pooled fund investments measured at fair value using the net asset value is provided in Note 2.

Nonrecurring Measurements

There are no assets or liabilities measured at fair value on a nonrecurring basis.

Note 8: Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023, comprise the following:

Church Growth Investment Fund, Inc.

Notes to Financial Statements

December 31, 2023

Cash and cash equivalents	\$	33,571,608
Investments		42,143,027
Church loan interest receivable		562,648
Scheduled loan principal amounts due in the next year		<u>4,249,258</u>
Total financial assets		80,526,541
Internal designations		
Commitments to fund construction loans		<u>(13,000,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>67,526,541</u>

The Organization follows the financial standards included in the Statement of Policy Regarding Church Extension Fund Securities issued by the North American Securities Administrators Association, Inc. for liquidity status. The standards state that the Organization's cash, cash equivalents, readily available securities, and available lines of credit shall have a value of at least 8 percent of the principal balance of its total outstanding certificates, except that the value of available lines of credit for meeting this standard shall not exceed 2 percent of the principal balance of its total outstanding certificates.

The Organization owes \$46,186,567 in principal to holders of certificates with no stated maturity and \$70,615,876 in certificates that are scheduled to mature during 2024. See *Note 4* for the scheduled maturities of all certificates.

Note 9: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Estimates related to the allowance for credit losses are reflected in *Note 3*. Current vulnerabilities due to certain concentrations of credit risk are discussed in *Note 6*.

Borrower Concentrations

At December 31, 2023, there were no borrowers with an outstanding loan balance greater than 5 percent of total assets.

Investments

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statement of financial position.

Church Growth Investment Fund, Inc.

Notes to Financial Statements

December 31, 2023

Note 10: Subsequent Events

Subsequent events have been evaluated through April 22, 2024, which is the date the financial statements were available to be issued.