

PRIVATE OFFERING CIRCULAR

June 6th, 2023

INVESTMENTS

**CHURCH BUILDING
SHORT TERM INVESTMENT FUND
PARTICIPATION CERTIFICATES
and
CHURCH BUILDING
INVESTMENT NOTES
1, 3, 5 or 7 year maturities**

\$200,000,000.00

(combined value of Securities offered)

Investment programs sponsored by:

**Church Finance Corporation,
A New Mexico non-profit corporation
2511 Wyoming Blvd. NE
Albuquerque, NM 87112-1027
(877) 841-1777
(505) 332-1777
www.churchfinancenm.org**

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

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT 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.

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

THE NOTES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, ANY STATE BANK INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE NOTES IS DEPENDENT UPON THE ISSUER'S FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW THE ISSUER'S FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE NOTES ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY THE SOUTHERN BAPTIST CONVENTION, OR BY ANY CHURCH, CONFERENCE, 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 CHURCH FINANCE CORPORATION.

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

These securities have not been registered with the Securities and Exchange Commission by reason of the exemptions provided by section 3(a)(4) of the Securities Act of 1933, as amended, and section 3 (c)(10) of the Investment Company Act of 1940, as amended, and have not been registered with any state securities regulatory agency. Neither the Securities and Exchange Commission nor any state securities agency has approved or disapproved these securities or passed upon the accuracy or adequacy of this Offering. Any representation to the contrary is a criminal offense.

The Church Finance Corporation is not registered with the Securities and Exchange Commission as an investment company under the Investment Company Act of 1940, as amended.

These securities have not been registered under the Texas Securities Act.

For Tennessee residents:

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME

INSTRUMENTS OFFERED

This Private Offering Circular (Offering) pertains to two separate securities offered by Church Finance Corporation (CFC): (1) The Church Building Short Term Investment Fund Participation Certificates (Certificates), and (2) The Church Building Investment Notes (Notes).

The Certificates and the Notes are herein referred to collectively as the Securities or individually as a Security.

This Offering Circular dated June 6, 2023 supersedes all prior Offering Circulars.

Description of the Certificates

The Church Building Short Term Investment Fund Participation Certificates (Certificates) offered hereby are general, unsecured debt obligations of Church Finance Corporation (CFC). Certificates pay interest monthly, and interest is automatically reinvested to be compounded on a monthly basis, unless otherwise directed by the investor at the time of subscription. Investors may elect to have interest paid out monthly. Certificates must maintain a \$500.00 minimum balance. Withdrawals and additions may be made at any time without charge. Interest rates are set on the first day of each month and are fixed until the first day of the succeeding month. Interest rates are based on market interest rates and the return CFC earns on its investments. *See DESCRIPTION OF THE CERTIFICATES on pages 22-24 of this Offering.*

	Price to Public	Underwriting ¹ Commissions	Total Proceeds to CFC
Minimum Purchase	\$500.00	-0-	\$500.00
Principal Increments	\$1.00	-0-	\$1.00
Total Maximum Offerings ²	\$200,000,000.00	-0-	\$200,000,000.00

1. The offer and sale of Certificates offered will be conducted by officers and employees of CFC, except in Utah where securities may be purchased only through a licensed agent or broker/dealer. No commissions will be paid on sales of Certificates to any person.
2. The total maximum offering of the Certificates and Notes combined.

Description of the Notes

The Church Building Investment Notes (Notes) offered hereby are general, unsecured debt obligations of Church Finance Corporation (CFC). Notes pay interest quarterly and principal at maturity. Notes may be issued with maturities of one (1), three (3), five (5), and seven (7) years. Interest may be paid quarterly to the investor or compounded at the option of the investor. The rate of interest offered shall be determined from time to time by CFC; however, such rate shall be fixed to maturity at purchase. See *DESCRIPTION OF NOTES on pages 25-27 of this Offering.*³

	Price to Public	Underwriting ⁴ Commissions	Total Proceeds to CFC
Minimum Purchase	\$1,000.00	-0-	\$1,000.00
Principal Increments	\$1.00	-0-	\$1.00
Total Maximum Offerings ⁵	\$200,000,000.00	-0-	\$200,000,000.00

- Notes may be renewed automatically at the interest rates offered on their maturity dates. Notice of maturity and a current copy of the Offering Circular will be mailed to the Note holder 30 days prior to maturity. Notes will automatically be renewed at maturity unless the Note holder notifies CFC at least 10 days prior to maturity that he/she elects to redeem the Note. If the Note holder does not give 10 days written notice of redemption, Notes will be deemed to be reinvested for their same term and on the same conditions as originally issued at the then applicable rate unless otherwise notified by the Note holder.
- The offer and sale of Notes offered will be conducted by officers and employees of CFC, except in Utah where securities may be purchased only through a licensed agent or broker dealer. No commissions will be paid on sales of Notes to any person.
- The total maximum offering of the Certificates and Notes combined.

OFFERING EXPENSES

It is estimated that the initial expenses for the Offering, including legal fees, accountants' fees, and printing and mailing costs will be \$5,000.00. There will be additional Offering expenses of the same type incurred from time to time. Expenses related to this Offering will be absorbed by revenue generated from loans made by CFC and not from proceeds of the offering.

The Securities are offered by CFC, a New Mexico non-profit corporation, which assists Christian churches and other ministries affiliated with the Southern Baptist Convention (SBC) in financing capital improvement projects and/or purchasing property. CFC currently has church loans outstanding in the following states: New Mexico, Arizona, Colorado, Florida, Idaho, Indiana, Louisiana, Massachusetts, Montana, New Jersey, Nevada, South Carolina, Texas, Utah, Virginia and Wyoming.

CFC may, from time to time, lend money to non SBC churches and/or ministries as authorized by its Board of Directors. CFC is dependent to a great extent upon the support of investors for its continued ability to assist churches financially, many of which cannot finance their capital improvement projects and capital acquisitions from commercial loan sources at affordable or prevailing rates of interest. It is expected that investors will be motivated, in part, in purchasing the Securities offered by the Offering by a desire to assist in the financing efforts of CFC. This support is increasingly more important and the motivation correspondingly more directly related to a desire to assist these churches and affiliated ministries as market interest rates increase for real estate financing.

This Offering is being made by CFC without the assistance of any brokers or dealers, except in Utah where it is required by state law. No commissions or fees will be paid by CFC to any broker or dealer, even in states that require a broker or dealer to handle the sales of Securities. Brokers in such states have agreed to waive any commission or other remuneration that would otherwise be payable. CFC will, therefore, receive all proceeds from the sale of the Securities and will bear all of the related expenses.

A purchase of the Securities involves significant risks. Accordingly, prospective investors should read carefully the entire Offering and any applicable Statement of Additional Information (SAI) provided with this Circular and refer to the Risk Factors section. The SAI is used to provide additional information subsequent to the printing of this Offering (subsequent financial audit, change in Board of Directors, change in policies and any other material information relevant to the Offering).

The Securities offered by this Offering are intended to be sold to those persons who, at or prior to the time of receiving this Offering, are members of, supporters of, or participants in, the Southern Baptist Convention or its related churches or ministries, or contribute to its local, associational, state and denominational ministries. The Offering, however, is not limited to persons affiliated with the Southern Baptist Convention and may be sold to persons affiliated with other Christian denominations. Churches, denominational associations, agencies and conventions may also purchase Securities. Such persons and organizations may be interested in an investment providing reasonable, but not necessarily the highest interest rate, so that loans, in turn, may be made for Christian church and Christian ministry capital improvement projects at reasonable interest rates.

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

No person has been authorized to make any representation, or furnish any information, with respect to the Securities, other than the representations and information set forth in this Offering and any applicable SAI.

UTAH RESIDENTS

While this Offering is exempt from registration in Utah, the Utah state statutes regarding the sale of securities require that an investor purchase Securities only through a licensed agent or broker/dealer. Please contact our office for the name of the licensed agent in Utah.

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WHO MAY INVEST

Sales of the Securities are restricted to those persons who meet the requirements and make the representations set forth below and in the Subscription Agreement Form and who provide in full and complete detail the information required by that form. CFC reserves the right to declare any prospective investor ineligible to purchase Securities based on such information, or on any other information which may become known or available to CFC, concerning the suitability of the prospective investor.

CFC has adopted a general investor suitability standard which requires that each subscriber for Securities represent in writing:

- (a) The subscriber is acquiring the Securities for investment and not with the view of resale or distribution;
- (b) The subscriber can bear the economic risk of losing the entire investment;
- (c) The subscriber's overall commitment to investments which are not readily marketable is not disproportionate to the subscriber's net worth and the investment in the Securities will not cause such overall commitment to become excessive;
- (d) The subscriber has adequate means of providing for the subscriber's current needs and personal contingencies and has no need of liquidity in the investment in Securities;
- (e) The subscriber is aware of the absence of a market for the Securities and that it is highly unlikely that a market for the Securities will ever develop;
- (f) The subscriber has such knowledge and experience in financial and business matters that the subscriber is capable of evaluating the merits and risks of an investment in the Securities; and
- (g) That the subscriber is at least 21 years of age.

If an investor is an Accredited Investor, as defined in the Subscription Agreement Form, such investor will be asked to make that representation, but such status is not a prerequisite to purchasing Securities.

CFC intends to offer its Securities in a number of states throughout the United States where such offerings are exempt from the registration requirements of applicable state law. Currently, these states are: Alabama, Colorado, Georgia, Hawaii, Idaho, Kentucky, Louisiana, Mississippi, Montana, Nevada, New Mexico, North Carolina, Oklahoma, Tennessee, Texas, Utah, and Wyoming. CFC may offer Securities in other states at its discretion.

SUMMARY INFORMATION

The following information represents a summary of information contained within this Offering and is qualified in its entirety by the detailed information herein. This Summary is only a brief statement and a full review of this Offering should be made by potential investors.

General

CFC is a legally autonomous New Mexico non-profit corporation founded in 1960. Its designated purpose was to lend money, at reasonable rates, to churches and missions for expansion, land acquisition, or construction, and to serve believers as they provide for Baptist and other Christian work. In 1999, CFC built upon the existing fund by creating, offering, and selling securities in a loan extension fund called the Church Building Short Term Investment Participation Certificates (Certificates). The Certificates are in effect part of the Fund and the Certificates are offered by, and organized solely for, the benefit of CFC to raise funds to provide financing for Southern Baptist Churches and other Christian ministries. CFC works closely with the New Mexico Baptist Foundation (NMBF). The NMBF was incorporated in 1947 under the direction of the Baptist Convention of New Mexico (BCNM) for the purpose of raising and managing endowment funds to further Southern Baptist causes. BCNM serves as the official state association of the Southern Baptist Convention (SBC). The SBC was organized as a denomination in 1845. It has over 47,000 affiliated churches in the United States and a combined membership of more than 13 million persons.
(See "HISTORY AND OPERATIONS")

Offering

First Type of Securities Offered

Church Building Short Term Investment Fund
Participation Certificates

Minimum Purchase

\$500.00

Interest Rates

Variable rate, fixed monthly, as determined by CFC on the first day of each month; Interest compounded

Maturities

No Maturity

Second Type of Securities Offered

Church Building Investment Notes

Minimum Purchase

\$1,000.00

Interest Rates

As determined by CFC prior to purchase; however, once purchased the rate remains fixed to maturity of each Note. Interest disbursed or compounded at the option of the investor; Principal paid at maturity.

Maturities

1, 3, 5, or 7 years

Purpose of the Offering

The purpose of CFC is primarily to act for the benefit of, and to assist in the financing of capital improvements and acquisitions for Christian churches, parsonages of such churches, and other related ministries. The need for CFC to create the Fund arose from the difficulties encountered by churches in financing capital expansion plans. Construction and long term bank financing can be expensive, inflexible and difficult for some churches to obtain. Furthermore, legal restrictions placed upon offerings of church notes and the cost of complying with such restrictions make it highly desirable to centralize the fundraising effort so that high legal and financial costs can be reduced. It also provides a mechanism whereby believers can participate in the growth of Southern Baptist churches and other Christian ministries through their financial investment. It is expected that the Securities offered by this Offering will be purchased primarily by persons or entities in the SBC denomination, or those who support the SBC denomination or other Christian denominations, who are interested in an investment providing reasonable, but not necessarily the highest, interest rates in order that loans can be made for church capital improvement projects, expansion or property acquisitions.

Financial Information

The total amount of investments offered for sale as of the date of this Offering is a maximum of \$200,000,000.00. This \$200,000,000.00 does not include any direct loan participation certificates which CFC may also issue from time to time, as such certificates are loan participation interests only and not general obligations of CFC. Notwithstanding anything to the contrary herein, in no event shall CFC issue Securities pursuant to this Offering that together with any other offerings of different securities by CFC would exceed \$200,000,000.00. As of December 31, 2022, CFC has \$23,346,703 of Certificates outstanding and \$50,554,144 of Notes outstanding, for total outstanding securities of \$73,900,847.

The following financial summary should be read in conjunction with the audited financial statements and accompanying Notes of the period ending December 31, 2022, which are included as part of this Offering Circular (starting as page 29).

Summary of Statements of Assets, Liabilities and Fund Balances

As of December 31, 2022

Total Assets	\$88,136,013
Total Liabilities	\$80,432,620
Ordinary Revenues	\$3,133,815
Total Expenses	\$2,987,060

Geographic Scope of Offering

CFC intends to offer its Securities in a number of states throughout the United States where such offerings are legally permitted. Currently, these states are: Alabama, Colorado, Georgia, Hawaii, Idaho, Kentucky, Louisiana, Massachusetts, Mississippi, Montana, Nevada, New Mexico, North Carolina, Oklahoma, Tennessee, Texas, Utah, and Wyoming.

Certificates Outstanding

The total amount of Certificates outstanding as of December 31, 2022 is \$23,346,703. The following table shows the types of ownership and number of investors holding Certificates as of that date:

<u>Type of Ownership</u>	<u>#</u>	<u>Balance</u>
Business	41	\$3,147,022
Individual	274	\$8,310,477
Church	85	\$9,627,463
Trust	32	\$2,261,241
TOTAL CERTIFICATES:	432	\$23,346,703

Notes Outstanding

The first Notes were sold on March 1, 2004, in New Mexico. As of December 31, 2022 the following Notes are outstanding:

1 Year Church Building Investment Notes	\$13,615,373
3 Year Church Building Investment Notes	\$ 9,327,471
5 Year Church Building Investment Notes	\$ 5,175,371
7 Year Church Building Investment Notes	\$22,435,929
TOTAL CBIN NOTES	\$50,554,144

Interest Rates and Other Terms and Conditions of the Certificates

The minimum investment for purchasing a Certificate is \$500.00 and is set forth in the Subscription Agreement Form which appears at the end of this Offering. The Certificates have no specific maturity date. The interest rates on the Certificates are set each month. Interest rates are set on the first day of each month and fixed at that rate until the first day of the succeeding month. Further information concerning the Certificates, including the manner of determining the interest rates, can be obtained from the cover page and from the section of this Offering entitled "DESCRIPTION OF CERTIFICATES."

Interest Rates and Other Terms and Conditions of the Notes

The minimum investment for purchasing a Note is \$1,000.00 and is set forth in the Subscription Agreement Form which appears at the end of this Offering. The Notes have various maturity dates ranging from 1 to 7 years. The interest rates on the Notes are established by CFC and vary according to the term of each Note. The rates are based on several indices such as indices for United States Treasury Notes, CFC operating costs, the income earned on the outstanding loans funded by CFC and market conditions. The interest rate on the Notes will remain fixed for the entire term of the Note, once it is issued. Further information concerning the Notes, including the manner of determining the interest rates, can be obtained from the cover page and from the section of this Offering entitled *DESCRIPTION OF NOTES*.

USE OF PROCEEDS

Proceeds received from the sale of the Securities will be used by CFC solely for the benefit of Christian churches and related ministries. The proceeds will be used to make loans to finance construction, capital improvements, expansion and acquisitions. The loan committee of the CFC Board will determine the projects and amounts for which the funds received from the sale of Securities will be used. Until the proceeds are actually disbursed as loans to churches and/or related ministries, the funds will be invested in short term United States Treasury Notes, or deposited in short term money market accounts, short term certificates of deposit, CFC's cash account, or other such investments as deemed prudent by CFC's Board of Directors and management. The Loan Committee of the CFC Board may designate a specific project, or projects, to be financed by the proceeds; however, none of the Securities are directly tied to, intended for, or secured by, a particular project. The Securities are general obligations of CFC.

No underwriters are participating in this Offering and no underwriting discounts or commissions will be paid by CFC in connection with the sale of the Securities. All expenses of this Offering, including printing and mailing costs, legal fees and accountants' fees will be paid by CFC from revenues received from loans made by CFC.

RISK FACTORS

An investment in the Securities offered by CFC should be considered speculative and involves a high degree of risk due to several factors described below. Accordingly, prospective investors should carefully take into account the following risks before making a decision to invest:

Unsecured Securities

The Securities are unsecured general obligations of CFC. Investors will be dependent solely upon the financial condition of CFC for principal and interest payments on the Securities.

No Sinking Fund or Trust Indenture

No sinking fund or trust indenture has been, or will be, established to provide for repayment of the Securities. However, by policy of the Board of Directors, CFC will maintain the equivalent of 8% of the outstanding balances of the general obligation securities offered by CFC in liquid reserves to be available at all times to meet liquidity requirements of Securities on demand. It is a possibility that more than 8% of the general obligation securities offered by CFC may be presented for redemption at any one time, therefore increasing the risk that CFC will not have the liquidity available from which to repay the Security when presented for payment by the investor in accordance with its terms or as otherwise provided herein. The CFC Board of Directors retains the discretion to change this policy at any time.

Priority

The Securities will be issued on parity with all other Securities and other securities previously issued by CFC or expected to be issued in the future. Although CFC could borrow funds from a bank or other sources on a secured basis, it has not done so. If it were to borrow in this manner, payment of principal and interest on the Securities and any other outstanding CFC securities may be subordinate to repayment of those secured loans.

Call by CFC of Certificates or Notes

CFC may redeem a Certificate at any time at its sole discretion. There will be no prepayment premium. Investors will be given a 30 day written notice of CFC's intention to redeem a Certificate. To date, no Certificates have been called by CFC.

CFC may call a Note at any time at its sole discretion. There will be no prepayment premium if a Note is called within two years of its maturity date. If a Note is called prior to two years before its maturity date, CFC will pay a prepayment premium of 1/4% of principal for each year (or fraction thereof) in excess of two years remaining before the maturity date. To date, no Notes have been called by CFC.

Financial Condition of CFC; Reliance on Church Borrowers

Loans by CFC have been, and will be made, to member churches of the Southern Baptist Convention and other Christian denominations. The ability of the borrowing church to repay the loans will typically depend upon the contributions received from its members. Both the number of members and the amount of contributions to a borrowing church can fluctuate. There is no assurance that a borrower will receive enough contributions to repay its loan. CFC may require other churches, associations or organizations affiliated with the borrowing church to guarantee a loan. Even in such cases, there is no assurance that the guarantors could or would repay a church's loan. If a sufficient number of borrowing churches do not pay the interest and/or principal on their loans, CFC may not be able to meet its obligations under the Securities. Although the church loans are secured by a mortgage or deed of trust, there can be no assurance that the proceeds of a foreclosure sale of the church property would be sufficient to repay a defaulted loan in full. This is particularly true in view of the fact that many church buildings are single purpose buildings and may be more difficult to sell. Concurrent defaults by a significant number of borrowers could affect CFC's liquidity and result in insufficient cash resources to meet its obligations under the Securities.

Loan Policies

CFC loans are made to borrowers pursuant to loan policies that may not necessarily be the same as those utilized by commercial lenders.

Uninsured or Inadequately Insured Risks

CFC requires each borrower to obtain a mortgagee policy of title insurance at least equal to the loan amount. The borrower is also required to maintain builder's risk and general liability insurance at least equal to the loan amount to protect the church from loss through a variety of disasters. There can be no assurance, despite these requirements, that the insurance will exist at the time of a claim or that it will be an amount sufficient to cover losses or possible losses. If insurance is inadequate or non-existent, a borrower might default on its loan from CFC and this could affect CFC's ability to repay the Securities.

Possible Insufficient Liquid Reserves

CFC attempts to maintain sufficient liquidity (cash and cash equivalent assets) to meet its anticipated needs for payments of interest on Securities, redemption of Certificates as they are presented on demand, withdrawals from the Certificates, redemptions of Notes as they mature, and funding of loans to churches. CFC also attempts to keep excess cash, if any, invested in financial institutions' certificates of deposit and/or money market accounts as approved by the CFC Board of Directors. CFC may invest in U.S. government or agency instruments, high quality rated corporate bonds, short-term bank certificates of deposit, uninsured money market funds, or other investments specifically approved in advance by CFC's Board of Directors. This optimizes the use of funds while maintaining fiduciary responsibility. Although CFC has historically had sufficient cash and cash equivalent resources to pay all of its obligations as needed, it is possible that CFC's obligations, including payment of withdrawals from Certificates, which cannot be scheduled or predicted with accuracy, or payments of Notes as they mature, could be greater than the amount of cash immediately available. From time to time, CFC will also offer to investors the opportunity to purchase Direct Church Loan Participations in a specific church loan in order to raise additional cash as needed. This policy is in addition to the liquidity policy to keep the equivalent of at least 8% of its outstanding general obligation securities balances in cash or cash equivalent accounts.

Change in Interest Rates

Interest rates may vary. CFC makes no guarantee as to whether the interest earned on the Securities will be higher or lower in the future. If at some point in the future CFC obtains a bank loan or other note or evidence of indebtedness, CFC will be required to apply a larger portion of its revenues to the payment of interest on those obligations. This could adversely affect CFC's financial condition and ability to pay principal and interest on the Securities. Even if the interest rates rise in the market and other issuers offer notes with higher rates of return than the Securities, the Fund will not be obligated to raise its interest rates beyond the rate-setting policies outlined in this Offering.

Uninsured Investment

An investment in CFC through the purchase of a Security is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although CFC seeks to preserve the value of the investor's investment, it is possible to lose money by investing in CFC.

Past Performance Is No Guarantee

CFC's past performance does not necessarily indicate how it will perform in the future. CFC has not defaulted on any prior Security or other security issued to any investor.

Management Risk

CFC may be subject to management risk because it is invested in an actively managed portfolio. CFC will apply its investment techniques and risk analyses in making investment and loan decisions for CFC, but there is no guarantee that its techniques will produce the intended result.

Foreign Investment Risk

CFC's investments in U.S. dollar-denominated obligations (or credit and liquidity enhancements) of foreign branches of U.S. banks, U.S. branches of foreign banks, and commercial paper of foreign companies may be subject to foreign risk. Foreign securities issuers are usually not subject to the same degree of regulation as U.S. issuers. Reporting, accounting, and auditing standards of foreign countries differ, in some cases, significantly from U.S. standards. Foreign risk includes nationalization, expropriation, or confiscatory taxation, political changes or diplomatic developments that could adversely affect CFC's investments. An investor should not make an investment until he/she has received and reviewed this Offering and the most current Statement of Additional Information (SAI), as applicable.

HISTORY & OPERATIONS

Southern Baptist Convention

The Southern Baptist Convention (SBC) was founded in 1845 in Augusta, Georgia. Since its inception, the SBC has grown to over 13 million members worshipping in more than 47,000 churches throughout the United States. There are approximately 2,500 North American SBC missionaries and more than 3,500 international SBC missionaries working with over 12,000 people groups globally. Churches are affiliated on a local level through associations/networks and on the state level through conventions/fellowships. Currently there are over 1,100 local associations and 41 state conventions. The term “Southern Baptist Convention” refers to both the denomination and its annual meeting. The SBC is an alliance of churches working in friendly cooperation under the heading “Southern Baptist”. Southern Baptist churches hold firmly to the principle of church autonomy and self-rule. Therefore, the SBC has no authority in matters such as ordaining ministers, assigning staff to churches, levying contributions to denominational causes, dictating literature and calendars, or assigning persons to churches according to their place of residence. These are local church decisions. Members are free to associate with any church of their choosing. Technically, the SBC exists for only two days a year, at the annual meeting. SBC authority resides with the messengers elected by churches and participating in the two-day meeting. The rest of the year, denominational entities carry out the instructions of the messengers.

On a national level, the SBC funds its ministries through affiliated churches giving to the Cooperative Program. The Cooperative Program funds the North American Mission Board, International Mission Board, State Convention Ministries, Theological Education Ministries, Ethics and Religious Liberty Commission and Facilitating Ministries of the national Southern Baptist Convention.

Church Finance Corporation

In 1960, the Baptist Convention of New Mexico placed a revolving church loan fund of \$44,000.00 with the New Mexico Baptist Foundation for the purpose of making loans to churches and missions to help with their building needs. The NMBF, in turn, created the New Mexico Baptist Church Loan Corporation to facilitate the management, disbursement and allocation of those funds. The New Mexico Baptist Church Loan Corporation used the d/b/a “Church Finance Corporation” when making loans to churches in states other than New Mexico. In 2002, the name was officially changed to Church Finance Corporation. The corporation grew from \$44,000.00 in equity in 1960 to \$88,136,013 at December 31, 2022. Historically, CFC made permanent loans at fixed interest rates for up to 15 years.

CFC is authorized to raise funds for its activities from contributions and the issuance of securities. CFC is exempt from federal income taxation pursuant to section 501(c) (3) of the Internal Revenue Code. As a result, under section 170(c) (2) (B) of the Code, donations to CFC are deductible for federal income tax purposes.

Church Building Short Term Investment Fund Participation Certificates

The CFC revolving church permanent loan fund was designed to finance long-term fixed rate loans. Churches expressed a need for resources to fund short-term or construction loans. In order to address this need, in 1999 CFC introduced the Church Building Money Market Fund, which was the predecessor to the Church Building Short Term Investment Fund. Its purpose was to create an opportunity for Baptist individuals and/or other interested entities to provide the financial resources needed to meet the growing demand for church construction and short-term lending. Through its issuance of Certificates, the Fund has grown to \$23,346,703 as of December 31, 2022. The Fund is sponsored by CFC as a resource for loans to churches and related ministries. By policy, monies in the Fund can be loaned out in short term or long term loans. For liquidity purposes, the equivalent of 8% of the outstanding general obligation securities offered by CFC (Certificate balance and Note balance) must be maintained in cash or cash equivalent accounts. Those reserves are provided from all CFC resources.

Interest Rate History

The following table shows the average monthly rates for the last six years for Certificates in the Fund:

Year	Average Interest Rate
2017	1.8%
2018	1.9%
2019	1.9%
2020	1.3%
2021	1.4%
2022	1.5%

Detailed information of each month's interest rate since the inception of the Fund is available at the CFC office.

Church Building Investment Notes

Many investors expressed an interest in helping to fund permanent church loans but were reluctant or unable to invest funds for more than seven years. They also wanted opportunities to earn a higher yield than that offered on short term investments. The Notes offered for sale by this Offering have been created to meet this need by providing variable term investments with fixed rates.

MANAGEMENT OF THE CHURCH FINANCE CORPORATION

CFC is overseen by its Board of Directors composed of a minimum of 5 directors. CFC, a New Mexico non-profit corporation, is a church lending agency affiliated with the New Mexico Baptist Foundation. CFC has served churches since 1960. Prior to that time, this service was provided by BCNM/NMBF personnel beginning in 1947.

CFC utilizes personnel services from the NMBF, which employs a staff of nine. The day to day operation of CFC is under the direction of Rick Breeden as President for CFC where he has served since 2007. Jeff Watson has served as Vice President of Lending for CFC since 2020. Barb Mulvey serves as Chief Financial Officer for CFC since 2018. Betty Babicz has served as Treasurer for CFC since 2014. The CFC board meets quarterly. Committees of the board meet in conjunction with the board meetings but meet as needed in between the board meetings. The board is comprised of professionals from various backgrounds. New directors are elected by the current board. Professional expertise, geographic residence, gender, and diversity of background are factors for consideration in choosing new directors so as to provide a balance in all areas to the board governance.

Directors and Officers

Board officers include Chairman, Vice Chairman and Secretary. Directors serve three-year staggered terms. As of December 31, 2022 the members of the board were:

Joe Coey is retired and was the former President of Union Savings Bank. He has served as president and CEO of the New Mexico Educators Federal Credit Union and has been an investment portfolio manager. He is a member of First Baptist Church, Rio Rancho, NM.

Judith Edwards is retired from the Baptist Convention of New Mexico where she served as the Missions Team Leader, and has also served as a trustee of the Woman's Missionary Union Foundation for the SBC. She is a published author for LifeWay and WMU. She obtained her doctorate in education from Century University and is a member of First Baptist Church West Albuquerque.

Robert Ewing was an engineering manager at Sandia National Labs before retirement. He has been an engineering consultant for five different companies and is active at Hoffmantown Baptist Church in Albuquerque where he serves on the finance committee, and is a member of the church council. He is on the boards of Noonday Ministries and Eagles Wings Youth Ranch, and has participated in mission construction activities in South America, Peru, Montana, Utah and Texas.

James Francis is a certified public accountant with Whitley Penn in Hobbs, NM. He is accredited in business valuations and a petroleum accountant, and is certified in financial forensics. He is a member of First Baptist Church, Hobbs, NM where he serves as a deacon and leads an adult bible study group.

Richard Gomez is currently a trustee and Business Administrator of First Spanish/Fruit Avenue Baptist Church, Albuquerque, NM. He has completed two terms as President of the NM Spanish Baptist Convention, and currently serves as the Administrative Coordinator. Mr. Gomez is a pharmacist and has retired from the University of New Mexico having served as Director of Pharmacy Services and Coordinator of Investigational Drug Studies.

Kirk Hudson is a chartered financial analyst who works with Allworth Financial as a Partner Advisor, and has 25 years of financial industry experience. He has a Series 65 license, and is certified as an investment advisor representative.

Eddie McCall was a teacher at Albuquerque Public Schools for thirty two years before dedicating himself to full-time ministry. He has pastored New Covenant Worship Center, Rio Rancho, NM since 1996. He is married to Sharon and has three adult children and five grandchildren.

Lewis Williams is a retired pharmaceutical representative and lives in Albuquerque, NM. He is a member of Del Norte Baptist Church, Albuquerque, where he teaches Sunday School and has served on numerous committees.

Committees of the Board

The CFC board has four committees – Executive Committee, Church Loan Committee, Interest Rate Committee, and Audit Committee.

Remuneration

No member of the board of directors receives any compensation for being a director. Directors are not reimbursed for travel, meals, lodging or any other expenses related to their service on the board.

CFC'S LENDING ACTIVITIES

CFC makes loans to incorporated SBC churches, other Christian churches, or related ministries, for capital improvement, expansion, asset acquisition, remodeling and new construction. Generally, CFC makes three types of loans: (A) construction or short term lines of credit loans for one year or less; (B) bridge loans for capital campaigns for three years or less; and (C) permanent long term financing for up to 15 years. Resources available to fund the loans are generated from the sale of Securities and other investments offered by CFC and the equity of CFC.

Other General Loan Policies of the Fund

1. CFC generally will fund up to 70% of the value of the collateralized property, but in no event more than 80% LTV without specific CFC Board approval. The Loan to Value ratio may be reviewed and adjusted by the Board of Directors according to the stability of the real estate market. Further, CFC generally will not fund a project which results in a debt service requirement for the borrower which is in excess of 30% of its current year's operating budget.
2. Loans will be secured by a first mortgage or deed of trust on all property owned by the borrower. Thus, mortgages or deeds of trust will be required on church real estate. Property will be insured at replacement costs, and real estate market appraisals of collateral will be required to justify the amount of the loan in relation to collateral provided. In some instances, a certified commercial appraisal may be required.
3. If the borrower is a SBC affiliate, it must contribute to the Cooperative Program and have messengers who are seated or eligible to be seated at its state convention.
4. Loans may be due and payable in their entirety if a church secedes from its denomination. Loans will be due and payable in their entirety if a church ceases to operate as a church.
5. CFC loan applicants are required to complete a detailed application and check list which includes membership and demographic data about the church, and demographic and economic information about the community where the applicant is located, detailed financial statements for the past three years, a copy of the purchase agreement of the proposed capital acquisition or other purpose of the loan, debt service ability, boundary and environmental surveys, zoning plan and other related information. If the applicant is a SBC church, CFC requires copies of the three most recent years' Annual Church Profile Reports which are filed annually with the national Southern Baptist Convention. In some cases, recommendations or letters of support from the church's local association or state convention may be required prior to approving a loan application.
6. Construction loans will not be made from CFC unless permanent financing to pay off the construction or short-term loan has been arranged. This may be provided by the borrower prior to its making application, or CFC may provide permanent financing.
7. CFC staff will make an on-site inspection of the borrower's property and meet with the staff, building, and finance committees of the borrower prior to closing on the loan.

ADDITIONAL CHURCH GUIDELINES

1. Generally, annual debt service on total borrower indebtedness shall not exceed 30% of the borrower's average annual undesignated income for the past three years. Exceptions may be made in the event additional income sources are deemed to be adequate to service the additional level of debt. Borrowers receiving loans from CFC must agree not to increase indebtedness beyond their current debt limit without written permission from CFC. Failure to secure such written permission may result in the entire loan becoming due and payable.
2. Construction loans must convert to permanent financing upon completion of the building project (maximum of 12 months or upon receipt of Certificate of Occupancy) unless extended in writing by CFC. Prior to conversion to permanent financing, the title company will verify that no liens or construction debts are outstanding. CFC will require mechanic's lien coverage on construction loans. For loans which provide financing for completed construction projects, CFC requires affidavits from the builders and/or suppliers showing that all construction debts have been paid, or will be paid, prior to a title policy being issued.
3. Mortgagee title insurance is required on all loans funded by CFC investment resources. The loan shall be closed only after final title policy requirements and exceptions are satisfied and accepted. No funds will be advanced until all conditions of CFC's commitment letter have been met.
4. All closing transactions will be conducted through a title company approved by CFC.
5. The borrower shall pay for the recording of the Mortgage or Deed of Trust and other expenses involved in completing the closing transaction, including loan origination fees, title insurance and recording fees.
6. The borrower shall keep mortgaged properties adequately insured for fire and extended coverage (including flood insurance, if in a flood zone) for the duration of the loan, and for a sum equal to an amount necessary to protect the loan. The builder's risk and/or permanent insurance policy shall name CFC as the loss payee. Unless otherwise noted, the Certificate of Insurance shall be forwarded to CFC along with recorded loan documents at the time of closing.

Exception

Exceptions to the above stated policies and procedures must have the approval of CFC's Board of Directors.

FINANCING & OPERATIONAL ACTIVITIES

CFC Loan Portfolio

Loans outstanding as of December 31, 2022 are:

LOANS	BALANCE
Short Term/LOC's	\$ 7,370,480
Loans receivable	\$49,680,093
TOTAL	\$57,050,573

The payment of principal and interest on the Securities will be dependent upon CFC's financial condition and the funds available. The primary sources of funds available to CFC will be the proceeds from the sales of the Securities and other securities or evidences of indebtedness, if any, loans from banks and other sources, and revenue generated from outstanding loans and deposits of its funds. Interest bearing loans total \$57,050,573 as of December 31, 2022. Historically, CFC has received gifts and bequests and it is anticipated that CFC will receive additional resources in that manner. The interest rate charged to borrowing churches is based on market conditions, cost of funds, and other available data determined by CFC.

CFC manages its cash so that it will have sufficient resources available to pay scheduled interest payments, redemptions, and to make loans to churches. When CFC has excess cash, it is invested in short term U.S. Treasury Notes, or is deposited in its cash or cash equivalent accounts, short term certificates of deposit, or other accounts as approved by the Board of Directors. It is CFC's policy to avoid holding significant excess cash reserves. This is accomplished by selling fewer securities when there is less demand for loans to be made.

It is CFC's experience that loan repayments by churches provide sufficient cash to cover operating and interest costs as well as meeting its obligations. Included in this Offering is the most recent audit. This information is intended to help an investor understand CFC's financial performance and policies. The annual audit is performed by an independent CPA firm selected by CFC's Board of Directors. Currently, the independent auditor is the SJT Group LLC CPA. Because this is an ongoing offering until the full \$200,000,000.00 amount of Securities is sold, investors must review both the Offering **and** subsequent SAIs, before investing in the Securities.

Other

For more information about CFC and NMBF, the Annual Report is available upon request. NMBF and CFC have a combined Annual Report which contains additional information on NMBF's and CFC's financial picture. A free copy of the current Annual Report is available by contacting the CFC/NMBF office.

Contact Church Finance Corporation and/or the New Mexico Baptist Foundation

By mail:
PO Box 16560
Albuquerque, NM 87191-6560

By phone:
(505) 332-1777
(877) 841-1777 toll-free

By fax:
(505) 332-2777

In person:
2511 Wyoming Blvd NE
Albuquerque, NM 87112

By electronic mail:
info@churchfinancenm.org

On the internet:
www.churchfinancenm.org

DESCRIPTION OF CERTIFICATES

Certificates are offered on a variable monthly rate for the duration of the instrument. Rates are set on the first day of the month and are fixed for the entire month. Rates may be reset at the beginning of each month. Certificates are purchased by investors with cash, check, or electronic transfer. CFC may delay issuance of a Certificate until the funds to purchase have cleared CFC's bank.

Provisions Applicable to the Certificates

1. *Minimum Initial Investment.* The minimum investment to purchase a Certificate is \$500.00.
2. *Minimum Balance.* A Certificate must maintain a minimum balance of \$500.00. Accounts whose balances drop below the minimum will be redeemed, with principal and any accrued interest paid out to the investor.
3. *Interest Rates.* The interest rate is set at the beginning of each month and is fixed at that rate until the first day of the next month. The rate set is the result of the evaluation of internal financial reports and outside market conditions.
4. *Interest.* Interest is paid monthly and is automatically added to the principal balance of their Certificate to be compounded on a monthly basis. Interest is calculated up to the day that the request for redemption is received. For additions or partial withdrawals made during the month, interest is calculated daily and prorated according to the balance in the account. Interest is posted to the account at the end of each month. Interest is calculated from the date of deposit if funds have cleared CFC's bank before noon Mountain Time.
5. *Term.* There is no set term for the Certificates. They may be redeemed at any time upon presentation by the investor to CFC for payment. Interest is calculated up to the day that the request for redemption is received.
6. *Call.* The Fund may call a Certificate at any time in its sole discretion. There will be no prepayment premium.
7. *Renewal.* The Certificates have no renewal clause or maturity date.
8. *Security.* The Certificates are unsecured obligations of CFC.
9. *Redemption or Withdrawals.* Because there is no set maturity date, investors can redeem their Certificate or withdraw any of the balance in the account (withdrawals resulting in an account balance of less than the minimum required balance will be considered to be a request for redemption). Withdrawals of \$50,000 or less can be made with at least one (1) business day's prior notice, and withdrawals of more than \$50,000 can be made with at least three (3) business days' prior notice. Investors who intend to withdraw over \$300,000 are requested to give 30 days' advance notice so that CFC can convert liquid investments, if necessary, into cash for distribution. Funds can be electronically transferred to an investor's bank account or mailed by check at no cost (2-3 business days). If an investor requests funds to be sent via wire transfer (same day transaction), CFC must receive the request before noon Mountain Time, and the cost charged by the bank for the wire will be deducted from the investor's account on the day of the transaction. Withdrawals can be made, according to the above requirements, any time after funds have cleared CFC's bank upon the purchase of the Certificate. See *How to Redeem Certificates* for further requirements.

10. *Transfers.* An investor may transfer a Certificate only with CFC's consent to the following persons or entities: (1) transfers to persons or entities that would be eligible to purchase or hold the Certificates originally; (2) transfers by gift, order of a court of competent jurisdiction, as security for a loan, or upon death to heirs and beneficiaries; (3) donation to CFC; or (4) transfers to a corporation or subsidiary wholly owned by the Certificate holder or to a trust, limited liability company or partnership created by the Certificate holder.
11. *Default.* An event of default shall occur if CFC fails to make any payment required by the Certificate when presented for redemption or partial withdrawal in accordance with the policy outlined in #9, and such default continues for more than sixty days after CFC has received written notice of such failure from the Certificate holder. Upon the occurrence of an event of default, and provided such default continues for at least another thirty days, in addition to his or her other legal remedies, the Certificate holder shall be entitled to receive, upon request to CFC, a list of the names and addresses of the Certificate holders.
12. *Ranking and Priority.* If CFC were to borrow funds on a secured basis from a bank or sources other than through the sale of Certificates or other CFC securities, payment of principal and interest on the Certificates may be subordinate to repayment of those secured loans. CFC does not have, nor has it ever had, any such borrowings outstanding.
13. *Statements.* A quarterly statement of account will be mailed for each calendar quarter showing all additions and withdrawals made during the quarter and the amount of interest earned during the quarter. The percentage yield on the Certificate for the past month will also be stated. CFC's statement will be the formal record of account activity and will be binding upon the parties if CFC is not notified by the Certificate holder within 30 days after the date of the statement. The investor may access the account online through CFC's website, www.churchfinancenm.org. CFC reserves the right to make changes to any account statement if clerical or administrative errors are discovered, and a complete explanation of changes will be provided to the Certificate holder.
14. *Automatic Payments from/to Certificate Account.* Churches which have purchased a Certificate and that have loans with CFC can have their loan payments automatically paid from the Certificate account each month provided there are sufficient funds. Investors can also arrange for automatic additions to their Certificate account from another financial institution or investment account. Forms are available from CFC.

How to Purchase Certificates

- ***Initial Investment***

An investor may purchase a Certificate directly from CFC by completing the Subscription Agreement Form and mailing it, or delivering it, along with the funds to purchase the Certificate to CFC. A Subscription Agreement Form is included in this Offering. Additional Subscription Agreement Forms may be obtained from CFC. An investor must acknowledge receipt of this Offering Circular prior to signing the Subscription Agreement Form.

- ***Subsequent Investments***

- **By Check:**

An investor may add to the balance of his or her Certificate by mailing or delivering a written letter of instruction along with additional funds in the form of a check or negotiable draft made payable to CFC. The Certificate account number should be indicated on the check or draft or on the accompanying letter of instruction. The letter must be signed by an authorized signer on the Certificate account.

- **By Electronic Fund Transfer:**

The account holder can set up the electronic funds transfer capability by completing the Electronic Fund Transfer Form included in this Offering. Additional forms are available through CFC.

How to Redeem Certificates

Investors may redeem their Certificates by submitting a written request by mail, fax, or in person, with an authorized signature to CFC. Telephone requests for withdrawals will be limited to electronic transfers from Certificate holder's CFC account to another bank account owned by the Certificate holder. Written authorization and instruction for such transfers must be in our file prior to said request.

For individual accounts, authorized signatures will be deemed to be those appearing on the account application form. For corporations (Churches/Associations/Institutions), the Subscription Agreement Form must be accompanied by a current Corporate Resolution that authorizes the signatures on the application. In addition, it is the responsibility of the corporate Certificate holder to provide updated Corporate Resolutions when either the number of authorized signers or the names of authorized signers changes.

Fees

The investor may be subject to a fee if an investor purchases a Certificate through a third-party (IRA custodian, etc.). These financial intermediaries may also impose requirements with respect to the purchase, sale, or exchange of Certificates that are different from, or in addition to, those imposed by CFC. The investor may be limited to holding Certificates in a self-directed IRA Account. For information regarding companies who offer self-directed IRA services which allow investment in CFC, please contact CFC.

DESCRIPTION OF NOTES

Investment Notes are offered on a fixed rate basis for the entire duration of the instrument. Notes are purchased by investors with cash or check. CFC may delay issuance of Notes until the funds to purchase have cleared CFC's bank.

Provisions Applicable to the Investment Notes

1. *Minimum Initial Investment.* The minimum investment to purchase a Note is \$1,000.00.
2. *Interest Rates.* The interest rate is fixed for the duration of the investment. CFC uses several factors in determining the interest rates paid to investors on the Notes, including local and national interest rates, Federal Reserve data, market conditions, and CFC's own financial reports indicating current costs and income. The interest rate is set by CFC for the term of the Notes based on an evaluation of the indices and market conditions.
3. *Interest.* Interest is paid on a calendar quarter and may be compounded (added to the principal balance of the Note) or paid to the investor at the option of the investor. At the time of subscription, investors designate the form in which they elect to have interest paid. (See the Subscription Agreement Form for available options). Interest is calculated from the date of inception if funds are received by CFC's bank before noon Mountain Time.
4. *Term.* The minimum term is 1 year. Notes are offered in 1, 3, 5, and 7 year terms.
5. *Call.* CFC may call a Note at any time in its sole discretion. There will be no prepayment premium if any Note is called within two years of its maturity date. If a Note is called prior to two years before its maturity date, CFC will pay a prepayment premium of 1/4 of 1% of principal for each year (or fraction thereof) in excess of two years remaining before the Note's maturity date. In no event will the maximum prepayment premium exceed 1% of principal.
6. *Renewal.* The Notes will not be redeemed at maturity unless the Note holder notifies CFC in writing 10 days prior to maturity on a form provided by CFC that the Note holder elects to redeem the Note. If the Note holder does not elect to have the Notes redeemed, the Notes will be deemed to be renewed for the same term and on the same conditions they were originally issued at the interest rate applicable on maturity date. Notice of maturity, along with a current Offering, will be provided to the Note holder within 30 days of maturity.
7. *Security.* The Notes are unsecured obligations of CFC.

8. *Early Redemption.* Generally, there is no provision for redemption of Notes by the Note holder before the maturity date. It is the policy of CFC to consider requests for early redemption based upon a representation of personal or financial emergency need, provided funds are available for such redemption. There can be no assurance, however, that CFC will continue such policy in the future and CFC is not legally obligated to redeem any Notes prior to maturity. If CFC grants a request for early redemption, an early redemption fee will be charged according to the following table, unless the redemption results from a pay on death account, in which event there is no redemption fee.

Years Left to Maturity	Redemption Fee
One Year	1 month of interest
Three Years	3 months of interest
Five Years	5 months of interest
Seven Years	7 months of interest

Partial withdrawals will be considered as a request to redeem the Note and will be treated under the same terms and conditions as stated above. Remaining balances can be opened in a new Note or other investment account at the time of the redemption with the prevailing interest rate offered at that time.

9. *Transfers.* An investor may transfer a Note only with CFC's consent to the following persons or entities: (1) transfers to persons or entities that would be eligible to purchase or hold CFC's Notes originally; (2) transfers by gift, order of a court of competent jurisdiction, as security for a loan, or upon death to heirs and beneficiaries; (3) donation to CFC; (4) transfers to a corporation or subsidiary wholly owned by the Note holder or to a trust, limited liability company or partnership created by the Note holder.
10. *Default.* An event of default shall occur if CFC fails to make any payment required by the Note when due and such default continues for more than sixty days after CFC has received written notice of such failure from the Note holder. Upon the occurrence of an event of default, and provided such default continues for at least another thirty days, in addition to his or her other legal remedies, the Note holder shall be entitled to receive, upon request to CFC, a list of the names and addresses of the Note holders.
11. *Ranking and Priority.* If CFC were to borrow funds on a secured basis from a bank or sources other than through the sale of Notes, payment of principal and interest on the Notes may be subordinate to repayment of those secured loans. CFC does not have, nor has it ever had, any such borrowings outstanding.
12. *Statements.* A statement of account will be mailed for each calendar quarter showing all interest earned during the quarter. The percentage yield on the Note will also be stated. CFC's statement will be the formal record of account activity and will be binding upon the parties if CFC is not notified by the Note holder within 30 days after the date of the statement. The investor may access the account online through CFC's website, www.churchfinancenm.org. CFC reserves the right to make changes to any account statement if clerical or administrative errors are discovered, and a complete explanation of changes will be provided to the Note holder.
13. *Automatic Payments to Certificate Account.* Note holders may opt to have their interest payments automatically added to their Certificate account. Investors can also arrange to purchase Notes with funds in their Certificate account by designating such instructions on the Subscription Agreement Form.

How to Purchase Notes

An investor may purchase Notes directly from CFC by completing the Subscription Agreement Form and mailing it or delivering it, along with the funds to purchase the Note, to CFC. A Subscription Agreement Form is included in this Offering Circular. Additional Subscription Agreement Forms may be obtained from CFC. An investor must acknowledge receipt of this Offering Circular prior to signing the Subscription Agreement Form.

How to Redeem Notes upon Maturity

Investors may redeem their Notes by signing the redemption form provided by CFC at least 10 days prior to the maturity date (See “Renewal” above). The principal balance and any unpaid accrued interest on the Note will be paid to the investor in the manner designated on the Subscription Agreement Form. For individual accounts, authorized signatures will be deemed to be those appearing on the Subscription Agreement Form. For corporations (Churches/Associations/ Institutions), the Subscription Agreement Form must be accompanied by a current Corporate Resolution that authorizes the signatures on the application. In addition, it is the responsibility of the corporate Note holder to provide updated Corporate Resolutions when either the number of authorized signers or the names of authorized signers changes.

Fees

The investor may be subject to a fee if an investor purchases a Note through a third party (financial broker/ agent of IRA, etc.). Any such fee will not be paid by CFC. These financial intermediaries may also impose requirements with respect to the purchase, sale, or exchange of Notes that are different from, or in addition to, those imposed by CFC. The investor may be limited to holding Notes in a self-directed IRA Account. For information regarding companies who offer self-directed IRA services which allow investment in CFC, please contact CFC.

TAX ASPECTS

The following discussion is for general information and should not be relied upon as tax advice. Each investor should consult with a tax advisor regarding specific tax considerations. Investors generally will recognize neither a gain nor loss for federal income tax purposes, nor will they receive a charitable deduction upon the purchase of the Securities. The interest paid or payable on the Securities normally will be taxable as ordinary income to the Securities holder in the year it is accrued or paid. All taxes are the responsibility of the Securities holder. CFC will furnish 1099-INT forms as required by federal law by January 31st following each tax year.

LITIGATION

As of the date of this Offering, there were no suits, actions or other legal or administrative proceedings or claims pending against CFC. To date, there have never been any material legal proceedings or claims against CFC.

PLAN OF DISTRIBUTION

These Securities are offered for sale, and are intended to be sold, to persons or entities who are, or have been members, supporters, or participants in the Southern Baptist Convention, or contribute to its local, state, or national associations or denominational ministries. The availability of Securities is made known in the Southern Baptist state newspapers, Southern Baptist local association newsletters, and other Southern Baptist church communications and publications. The offer to sell the Securities is made only through this Offering. Sales are effected only by CFC employees who are involved in the administrative and lending functions. None of these persons represent any other issuer in connection with the offer or sale of securities. In Utah, where the state law requires the Securities to be offered for sale through a licensed broker/agent, the agent will be involved in facilitating the dissemination of the Offering information to the potential investor and forwarding the potential investor's Subscription Agreement Form to CFC for processing. No fee will be paid to the broker/agent for this service.

Sales of Securities will be made to purchasers in several states in the United States where the offer and sale can be made legally under applicable state laws.

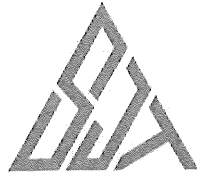
No underwriting or selling agreements exist, or are anticipated, and no direct or indirect commissions or other remuneration will be paid to any individuals or organizations in connection with the offer and sale of the Securities.

INVESTOR REPORTS

CFC will make available to all persons who purchase Securities a digital copy of the updated Offering Circular, which includes the most recent audited financial statements and current list of the Board of Directors.

LEGAL MATTERS

Legal matters in connection with the preparation of this Offering have been passed upon by Orlando Lucero, Esq., 9330 Del Arroyo Ave., NE, Albuquerque, New Mexico 87122.



SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS

Church Finance Corporation

Financial Statements
and
Independent Auditors' Report

December 31, 2022 and 2021

Church Finance Corporation

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Independent Auditors' Report

To the Board of Directors of the
Church Finance Corporation

Opinion

We have audited the accompanying financial statements of the Church Finance Corporation (the "Corporation") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements




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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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 (505) 312-8702  info@sjtgroupcpa.com  www.sjtgroupcpa.com

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 the Corporation'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of selected financial data on page 16 and the schedule of church building investment notes issued and redeemed on page 17 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with

auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

SJT Group LLC

Albuquerque, New Mexico
May 12, 2023

Financial Statements

Church Finance Corporation
Statements of Financial Position
December 31,

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 22,985,832	\$ 24,762,057
Church building short-term fund loans receivable	7,370,480	2,453,537
Loans receivable - current, net	1,108,674	1,050,344
Total current assets	31,464,986	28,265,938
Noncurrent assets		
Cash - restricted	972,639	76,350
Investments- restricted	4,939,360	5,709,335
Investments- unrestricted	2,187,609	2,208,041
Loans receivable - noncurrent	48,571,419	50,991,538
Total noncurrent assets	56,671,027	58,985,264
Total assets	\$ 88,136,013	\$ 87,251,202
Liabilities and Net Assets		
Current liabilities		
Church building short-term investment fund certificates	\$ 23,346,703	\$ 24,483,349
Church building investment notes payable - current	20,859,907	17,331,107
Loan participation investments - current	583,733	364,732
Total current liabilities	44,790,343	42,179,188
Noncurrent liabilities		
Church building investment notes payable - noncurrent	29,694,237	30,506,607
Loan participation investments - noncurrent	5,948,040	7,008,769
Total noncurrent liabilities	35,642,277	37,515,376
Total liabilities	80,432,620	79,694,564
Net assets		
Without donor restrictions	7,703,393	7,556,638
Total liabilities and net assets	\$ 88,136,013	\$ 87,251,202

The accompanying notes are an integral part of these financial statements

Church Finance Corporation
Statements of Activities
For the Years Ended December 31,

	<u>2022</u>	<u>2021</u>
Revenues		
Interest income on adjustable rate loans	\$ 2,442,177	\$ 2,527,089
Investment (loss) income	(498,539)	434,157
Interest income on construction loans	551,625	266,705
Interest income on fixed rate loans	239,693	233,309
Loan fee income	394,974	214,339
Contributions	3,885	3,871
Total revenues	<u>3,133,815</u>	<u>3,679,470</u>
Expenses		
Program lending activities		
Interest expense	2,482,773	2,421,101
Foundation administrative service fee	262,440	194,400
Loan servicing fee	106,144	109,035
Professional service fees and other	64,389	24,704
Licenses and fees	548	558
Total lending activities	<u>2,916,294</u>	<u>2,749,798</u>
Management and general		
Foundation administrative service fee	61,560	45,600
Professional service fees	9,078	4,897
Licenses and fees	128	131
Bad debt expense	-	75,000
Total management and general	<u>70,766</u>	<u>125,628</u>
Total expenses	<u>2,987,060</u>	<u>2,875,426</u>
Change in net assets	146,755	804,044
Net assets without donor restrictions, beginning of year	<u>7,556,638</u>	<u>6,752,594</u>
Net assets without donor restrictions, end of year	<u><u>\$ 7,703,393</u></u>	<u><u>\$ 7,556,638</u></u>

The accompanying notes are an integral part of these financial statements

Church Finance Corporation
Statements of Cash Flows
For the Years Ended December 31,

	2022	2021
Cash flows from operating activities		
Cash received from interest on loans	\$ 3,233,495	\$ 3,027,103
Cash received from investment dividends and interest	271,436	197,743
Cash received from contributions	3,885	3,871
Cash received from loan fees	394,974	214,339
Interest paid	(2,482,773)	(2,421,101)
Cash paid for administration	(504,287)	(379,325)
Net cash provided by operating activities	916,730	642,630
Cash flows from investing activities		
Purchases of investments	(639,037)	(2,565,360)
Proceeds from sales of investments	659,469	11,602,763
Cash received from loan repayments	10,478,927	5,225,794
Cash disbursed for loans issued	(13,034,081)	(15,213,022)
Net cash used by investing activities	(2,534,722)	(949,825)
Cash flows from financing activities		
Proceeds received from notes payable	15,801,959	24,210,213
Principal payments on notes payable	(15,063,903)	(15,140,534)
Net cash provided by financing activities	738,056	9,069,679
Net (decrease) increase in cash, cash equivalents, and restricted cash	(879,936)	8,762,484
Cash, cash equivalents, and restricted cash, beginning of year	24,838,407	16,075,923
Cash, cash equivalents, and restricted cash, end of year	\$ 23,958,471	\$ 24,838,407

Supplemental Disclosure of Noncash Activity

Management recognized \$75,000 of bad debt expense during the year ended December 31, 2021. No bad debt was recognized for the year ended December 31, 2022.

Church Finance Corporation

Notes to Financial Statements

December 31, 2022 and 2021

1) Organization

The Church Finance Corporation (the “Corporation”) is a New Mexico nonprofit corporation founded in 1960. The Corporation was formed to assist Southern Baptist and other evangelical Christian churches and related ministries in obtaining or providing financing for the purpose of purchasing property and erecting or improving buildings. The Corporation’s major revenue sources are interest income from loans receivable and loan processing fees.

2) Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), which require the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Corporation's management and the board of directors.
- *Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Corporation considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Church Finance Corporation

Notes to Financial Statements

December 31, 2022 and 2021

2) Summary of Significant Accounting Policies — continued

Restricted Cash

No sinking fund or trust indenture has been or will be established to provide for repayment of Church Building Short Term Investment Fund Certificates (CBSTIF). However, by policy of the Board of Directors, the Corporation will maintain the equivalent of 8% of the outstanding balances of CBSTIF and Church Building Investment Notes (CBIN), in liquid reserves to be available at all times to meet liquidity requirements of CBSTIF on demand. This reserve amount is recorded as restricted cash and investments on the accompanying statements of financial position.

Loans Receivable

Loans receivable are carried at unpaid principal balances. The Corporation classifies loans receivable as current if maturity is one year or less. Interest income on loans receivable is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written-off through a charge to the valuation allowance and a credit to loans receivable. Management has established a loan loss reserve of \$75,000 for those amounts deemed uncollectible at December 31, 2022 and December 31, 2021. The loan loss reserve represents a significant estimate, and it is reasonably possible this estimate could change in the near term.

Income Taxes

The Corporation is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Corporation has adopted FASB ASC 740-10, *Income Taxes*, relating to accounting for uncertain tax positions. The Corporation has not recognized any changes to its financial statements for uncertain tax positions resulting from this adoption. The Corporation's income tax filings for the years ended December 31, 2019, and thereafter are subject to audit by various taxing authorities.

Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 financial statement date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Church Finance Corporation
Notes to Financial Statements
December 31, 2022 and 2021

2) Summary of Significant Accounting Policies — continued

Legal Matters

The Corporation, in the normal course of business, is subject to claims and litigation. Management believes that there are no outstanding claims or assessments which would be subject to a material unfavorable outcome that would not be covered by insurance.

Financial Instruments

For financial statement purposes, cash and cash equivalents, restricted cash, restricted and unrestricted investments, loans receivable, CBSTIF certificates and notes payable are considered financial instruments. The Corporation estimated that the fair value of all financial instruments at December 31, 2022 and 2021, did not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

Revenue Recognition

The Corporation's financial statements are presented in accordance with FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. Under ASU 2014-09 the Corporation is required to recognize revenue for the transfer of goods or services to customers in an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for those goods or services.

Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements are issued. The Corporation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing the financial statements.

Subsequent events through May 12, 2023, the date which the financial statements were available to be issued, were evaluated for recognition and disclosure in the financial statements.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Significant expenses that are allocated include the Foundation administrative service fee which was allocated based on time and effort.

Church Finance Corporation

Notes to Financial Statements

December 31, 2022 and 2021

2) Summary of Significant Accounting Policies — continued

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Significant expenses that are allocated include the Foundation administrative service fee which was allocated based on time and effort.

3) Loans Receivable

Corporation permanent loans to churches consisted of the following at December 31:

Year	Number of Loans	Balance
2022	72	\$ 49,680,093
2021	73	\$ 52,041,882

Individual church loan receivable balances ranged from approximately \$8 to \$5.2 million and \$7,300 to \$7.1 million at December 31, 2022 and 2021, respectively. Interest rates ranged from 5.00% to 9.25% and 4.25% to 7.75% at December 31, 2022 and 2021, respectively.

Corporation CBSTIF loans to churches consisted of the following at December 31:

Year	Number of Loans	Balance
2022	8	\$ 7,370,480
2021	3	\$ 2,453,537

These loans are provided to meet the growing demand for short-term church building construction. Individual church loan balances ranged from approximately \$500 to \$6 million and \$139,000 to \$2.1 million at December 31, 2022 and 2021, respectively. Interest rates ranged from 5.50% to 10.00% and 5.75% to 6.00% for the years ending December 31, 2022 and 2021, respectively.

Church Finance Corporation
Notes to Financial Statements
December 31, 2022 and 2021

3) Loans Receivable – continued

Corporation loans representing 5% or more of total loans receivable are as follows at December 31:

	2022	2021
Loan 1	9,333,880	7,100,000
Loan 2	5,229,455	5,355,739
Loan 3	5,100,114	3,296,798
Loan 4	3,245,424	3,224,153
Loan 5	3,144,424	-
	\$ 26,053,297	\$ 18,976,690

Loans are secured by a first mortgage or deed of trust on all real estate owned by the borrower.

Future principal receipts on Corporation loans are as follows:

Year Ending December 31,	
2023	\$ 8,479,155
2024	5,760,425
2025	3,745,248
2026	5,130,473
2027	6,553,819
Thereafter	27,381,453
	\$ 57,050,573

4) **Concentration of Risk**

The Corporation maintains its cash in bank deposit accounts, which, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents. At December 31, 2022 and 2021, cash bank balances totaled \$23,745,867 and \$24,899,691, all of which was uninsured and uncollateralized except for \$250,000 insured by the Federal Deposit Insurance Corporation.

The Corporation has five loans receivable that represent 46% of total loans receivable at December 31, 2022. The Corporation has four loans receivable that represent 35% of total loans receivable at December 31, 2021.

Church Finance Corporation

Notes to Financial Statements

December 31, 2022 and 2021

5) Affiliated Organization

The Corporation is affiliated with the New Mexico Baptist Foundation (the "Foundation"). An economic interest exists with the Foundation; however, the Corporation does not have financial control of the Foundation. The Foundation provides administrative services to the Corporation for an annual fee. For the year ended December 31, 2022 and 2021, the administrative fee paid to the Foundation was \$324,000 and \$240,000, respectively. In addition, the Foundation participates in Corporation loans. At December 31, 2022 and 2021, the Foundation participated in Corporation loans and invested in Corporation church building investment notes and church building short-term investment funds with a fair value of approximately \$8.7 million and \$9.4 million, respectively.

6) Notes Payable

The Corporation owes building investment notes payable and participation loans to various individuals and organizations. Interest rates on these notes payable and loans ranged from 2.0% to 4.1% at December 31, 2022 and 2.0% to 4.2% at December 31, 2021.

Future principal payments on the notes payable and participation loans are as follows for each of the years ending:

December 31,	
2023	\$ 21,443,640
2024	7,923,077
2025	5,305,802
2026	6,076,286
2027	5,934,729
Thereafter	<u>10,402,383</u>
	<u>\$ 57,085,917</u>

The Corporation also has outstanding CBSTIF certificates. Interest rates on CBSTIF accounts were 1.3% to 1.5% during the year ended December 31, 2022. Interest rates on CBSTIF accounts were 1.3% to 1.4% during the year ended December 2021. There are no maturity dates for CBSTIF certificates as amounts are due to investors upon demand.

Church Finance Corporation

Notes to Financial Statements

December 31, 2022 and 2021

7) Investments

Restricted

Restricted investments are stated at fair value and consist of investments in the New Mexico Baptist Foundation Church Finance Pool and Fixed Income Pool. Fair value of these investments was approximately \$4.9 million and \$5.7 million at December 31, 2022 and 2021, respectively.

Unrestricted

Unrestricted investments consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Baptist Foundation of California Loan Participations	\$ 2,187,609	\$ 1,548,574
Northwest Baptist Foundation Loan Participations	-	659,467
Total unrestricted investments	<u>\$ 2,187,609</u>	<u>\$ 2,208,041</u>

Investment income from cash, cash equivalents, and investments consists of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 271,437	\$ 197,743
Unrealized gain (loss)	<u>(769,976)</u>	<u>236,414</u>
	<u>\$ (498,539)</u>	<u>\$ 434,157</u>

Investment management fees were approximately \$200 and \$400 for the year ended December 31, 2022 and 2021, respectively.

8) Availability of Financial Assets and Liquidity

The Corporation's financial assets available within one year of the statement of financial position date for general expenditures was as follows at December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 22,985,832	\$ 24,762,057
Church building short-term fund loans receivable	7,370,480	2,453,537
Loans receivable - current	1,108,674	1,050,344
Investments - unrestricted	<u>2,187,609</u>	<u>2,208,041</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 33,652,595</u>	<u>\$ 30,473,979</u>

Church Finance Corporation
Notes to Financial Statements
December 31, 2022 and 2021

8) Availability of Financial Assets and Liquidity – continued

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The current portion of loans receivable are subject to implied time restrictions but are expected to be collected within one year.

As part of the Corporation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Corporation invests cash in excess of daily requirements in short-term investments.

9) **Fair Value Measurements**

The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs – unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 inputs – include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 inputs – unobservable inputs which reflect the organization’s own assumptions about the assumptions market participants would use in pricing the asset or liability.

Fair values of assets measured on a recurring basis at December 31, 2022, are as follows:

	Fair Value	Level 1	Level 2	Level 3
New Mexico Baptist Foundation Church				
Finance and Fixed Income Pool	\$ 4,939,360	\$ -	\$ 4,939,360	\$ -
Baptist Foundation of California Loan Participations	<u>2,187,609</u>	<u>-</u>	<u>2,187,609</u>	<u>-</u>
Total investments	<u><u>\$ 7,126,969</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,126,969</u></u>	<u><u>\$ -</u></u>

Church Finance Corporation
Notes to Financial Statements
December 31, 2022 and 2021

9) Fair Value Measurements – continued

Fair values of assets measured on a recurring basis at December 31, 2021, are as follows:

	Fair Value	Level 1	Level 2	Level 3
New Mexico Baptist Foundation Church				
Finance and Fixed Income Pool	\$ 5,709,335	\$ -	\$ 5,709,335	\$ -
Northwest Baptist Foundation Loan Participations	659,467	-	659,467	-
Baptist Foundation of California Loan Participations	1,548,574	-	1,548,574	-
Total investments	<u>\$ 7,917,376</u>	<u>\$ -</u>	<u>\$ 7,917,376</u>	<u>\$ -</u>

Supplementary Information

Church Finance Corporation
Schedule of Selected Financial Data
As of and For the Years Ended December 31,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash, cash equivalents, restricted cash, investments and restricted investments	\$ 31,085,440	\$ 32,755,783	\$ 32,794,288	\$ 19,905,842	\$ 4,226,909
Loans receivable	57,125,573	54,570,419	44,583,191	45,289,545	56,439,884
Allowance for loan losses	(75,000)	(75,000)	-	-	-
Total assets	<u>\$ 88,136,013</u>	<u>\$ 87,251,202</u>	<u>\$ 77,377,479</u>	<u>\$ 65,195,387</u>	<u>\$ 60,666,793</u>
Amount of unsecured loans receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Percent of unsecured loans receivable	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Loan delinquencies as a percent of loans receivable	<u>1.89%</u>	<u>1.97%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
CBIN's payable due at maturity	\$ 50,554,144	\$ 47,837,714	\$ 46,979,873	\$ 37,226,639	\$ 35,008,444
Other liabilities	29,878,476	31,856,850	23,645,012	21,711,759	20,287,636
Total liabilities	<u>\$ 80,432,620</u>	<u>\$ 79,694,564</u>	<u>\$ 70,624,885</u>	<u>\$ 58,938,398</u>	<u>\$ 55,296,080</u>
Amount of notes redeemed during the fiscal year	<u>\$ 3,598,885</u>	<u>\$ 6,340,939</u>	<u>\$ 3,659,605</u>	<u>\$ 3,290,378</u>	<u>\$ 3,193,092</u>
Change in net assets	<u>\$ 146,755</u>	<u>\$ 804,044</u>	<u>\$ 495,605</u>	<u>\$ 886,276</u>	<u>\$ 947,370</u>
Net assets, end of year	<u>\$ 7,703,393</u>	<u>\$ 7,556,638</u>	<u>\$ 6,752,594</u>	<u>\$ 6,256,989</u>	<u>\$ 5,370,713</u>

Church Finance Corporation
Schedule of Church Building Investment
Notes Issued and Redeemed
For the Years Ended December 31,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
CBIN's Issued - One Year	\$ 3,576,026	\$ 2,171,844	\$ 7,129,740	\$ 452,093	\$ 326,205
CBIN's Issued - Three Year	305,678	1,352,441	2,872,413	711,634	713,733
CBIN's Issued - Five Year	526,411	603,522	163,921	730,869	664,278
CBIN's Issued - Seven Year	<u>1,907,200</u>	<u>3,070,973</u>	<u>3,246,765</u>	<u>3,613,977</u>	<u>1,840,520</u>
Total CBIN's Issued	<u>\$ 6,315,315</u>	<u>\$ 7,198,780</u>	<u>\$ 13,412,839</u>	<u>\$ 5,508,573</u>	<u>\$ 3,544,736</u>

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
CBIN's Redeemed - One Year	\$ 348,565	\$ 4,174,928	\$ 649,471	\$ 1,238,731	\$ 1,440,086
CBIN's Redeemed - Three Year	1,366,665	239,348	1,242,258	713,349	551,346
CBIN's Redeemed - Five Year	410,450	319,205	316,655	277,741	339,086
CBIN's Redeemed - Seven Year	<u>1,473,205</u>	<u>1,607,458</u>	<u>1,451,221</u>	<u>1,060,557</u>	<u>862,574</u>
Total CBIN's Redeemed	<u>\$ 3,598,885</u>	<u>\$ 6,340,939</u>	<u>\$ 3,659,605</u>	<u>\$ 3,290,378</u>	<u>\$ 3,193,092</u>

SUBSCRIPTION AGREEMENT FORM

Submit completed form to:
Church Finance Corporation
P.O. Box 16560
Albuquerque, NM 87191-6560

Church Building Short Term Investment Fund Participation Certificate (minimum investment \$500.00)

I/we wish to invest \$ _____ in the Certificates by the following:

_____ By ACH Electronic Transfer _____ By Check Other _____

*Fill out ACH Electronic Transfer
Authorization (ETA) Form*

*Make checks payable to:
Church Finance Corporation*

Church Building Investment Note (minimum investment \$1,000.00)

Fixed Interest Rate Notes – Notes with a fixed interest rate for the term of the Note.

I/we wish to invest \$ _____ in the following:

_____ By ACH Electronic Transfer _____ By Check Other _____

_____ Transfer from CBSTIF (Account Number) _____

*Fill out ACH Electronic Transfer
Authorization (ETA) Form*

*Make checks payable to:
Church Finance Corporation*

Investment Note Options:

Term of Note: _____ 1 Year _____ 3 Years _____ 5 Years _____ 7 Years

Ownership (Tax ID and Corporate Resolution required for corporations/organizations, and 501(c)3 must be attached for all non-profits).

Name *(Please Print)*

Social Security Number/ Tax ID #

Name *(Please Print)*

Social Security Number

Address

City State Zip () _____
Daytime Phone Number

Cell/Other Number _____ E-mail _____

_____ U.S. Citizen _____ Resident Alien _____ Non-Resident Alien _____ Non U.S., (Specify Country Below)

Type of ownership:

Individual Trust*
 Multiple Owners Corporate/Church
 Joint Tenants With Rights of Survivorship
 Tenants In Common IRA
 Tenants by the Entirety
 Community Property Other

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

Beneficiaries (optional)

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

As directed by my/our will. Pay upon my death to the following person(s)/trust/ institution
(May require probate). (You can attach additional pages if necessary).

Name (Individual or Organization) Social Security # or Tax ID #

Address

City State Zip Code () Telephone Number

Dealer/agent Authorization (to be completed by Securities Dealer, if any)

Dealer/Agent Firm Branch Number and Address

Representative Name and Number

Certificate Holders' Options**Automatic Investment Plan (AIP)**

Withdraw from my Bank Account via Electronic Fund Transfer - Your bank must be a member of the National Automated Clearing House Association (NACHA) in order for you to request this option. I authorize the Church Finance Corporation to draw on my bank account for investment into my Participation Certificate account as indicated below. Complete ETA Form for the bank account you wish to use. Please note, there may be up to a fifteen day hold on funds added before funds can be withdrawn.

Certificate # Beginning Date Amount Frequency (Monthly, Quarterly, Annually)

Note Holders Options

A. Interest Payment (made within 15 days of each calendar quarter)

____ By ACH Electronic Transfer ____ By Check

*Fill out ACH Electronic Transfer
Authorization (ETA) Form*

____ Compound Interest (Interest added to principal) ____ Deposit into CBSTIF Account

____ Other _____ # _____

B. The investor hereby authorizes CFC to honor telephone or written instructions from any authorized person for the purchase or redemption of Notes provided that the proceeds are transmitted only to or from the bank account designated on the ETA form. The records of the foregoing parties of such instructions will be binding on all parties and no such party will be liable for any loss, expense, or cost arising out of such transactions. Complete the ETA form to indicate the bank account you wish to use.

Telephone, Fax and Email Redemption Service:

The investor hereby authorizes CFC to honor telephone instructions from any person designated below for the redemption of shares in the investor's account provided that the proceeds are transmitted only to the bank account designated on the ETA form. The records of the foregoing parties of such instructions will be binding on all parties and no such party will be liable for any loss, expense, or cost arising out of such transactions. Complete the ETA form to indicate the bank account you wish to use.

Personnel authorized to initiate telephone, fax or e-mail transactions:

Authorization		Telephone	Fax	E-mail
Name (Please Print)	Title			
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Please indicate any special instructions (password or security question) regarding acceptance of faxes and emails, including any dollar limitations or transaction type limitations:

Investor Suitability

____ I have read the general investor suitability standard found in the section on “Who May Invest” on page 1 of the Offering. I understand and agree that I am acquiring the Securities for investment and not with the view to resale or distribution; I can bear the economic risk of losing my entire investment; my overall commitment to investments that are not readily marketable is not disproportionate to my net worth and my investment in the Securities will not cause such overall commitment to become excessive; I have adequate means of providing for my current needs and personal contingencies and have no need for liquidity in my investment in the Securities; I have such knowledge and experience in financial and business matters that I am capable of evaluating the merits and risks of an investment in the Securities and I am over the age of 21.

I further hereby represent and warrant to Church Finance Corporation, as follows:

____ I am an accredited investor, as defined on page 4 of this Subscription Agreement Form.

____ I have a gross annual income of at least \$35,000 and a net worth (exclusive of my personal residence and furnishings) of at least \$50,000.

____ I have a net worth of at least \$100,000 (exclusive of my personal residence and furnishings)

Definition of Accredited Investor

The term *accredited investor* is defined as follows under the Securities Act of 1933 (“Act”)(17 C.F.R. §230.501):

- a. Any savings and loan association or other institution specified in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of Table I of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is a savings and loan association, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- b. Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;
- c. Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- d. Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;
- e. Any natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of his purchase exceeds \$1,000,000, excluding the value of the primary residence of such natural person;

Definition of Accredited Investor (continued)

- f. Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
- g. Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2) (ii); and
- h. Any entity in which all of the equity owners are accredited investors.

Authorized Signers

By the execution of this Subscription Agreement Form, each of the undersigned: (i) affirms that he/she has read the Offering; (ii) represents and warrants that he/she is duly authorized to purchase Securities; (iii) authorizes CFC to accept and execute deposit and withdrawal instructions for the investment account established on his/her behalf and (iv) authorizes CFC to act as representative, agent, nominee and, where appropriate, messenger to establish on his/her behalf accounts and effect deposits and withdrawals at depository institutions; (v) certifies under penalty of perjury that the tax payer identification number given on this Subscription Agreement Form is correct for his/her account and that he/she has not been notified that this account is subject to backup federal income tax withholding; (vi) represents and warrants that he/she has full right, power and authority (and, if a natural person, is of legal age in his/her state of residence) to give the foregoing affirmations, certifications and authorizations, and to make the investment applied for pursuant to this Subscription Agreement Form, and if signing on behalf of the beneficial owner, represents and warrants that he/she is duly authorized to sign this Subscription Agreement Form and to purchase and redeem Securities on behalf of the beneficial owner.

Authorized Signature(s) - for joint accounts, all owners, or their legal representatives, must sign this form.

1.	_____	_____
	Printed Name	Signature
2.	_____	_____
	Printed Name	Signature
3.	_____	_____
	Printed Name	Signature

Date _____

Church/Corporation must submit a Church/Corporate Resolution with the Subscription Agreement Form indicating persons authorized to sign on the account. An updated resolution must be sent to CFC annually or whenever any changes are made to the account or authorized signers.

_____ All checks to purchase Securities will require only one signature unless this is checked.

If checked, indicate the number of signatures required: _____

The payment of funds is authorized by the signature(s) appearing above. Each signatory guarantees the genuineness of the other signatures.

See acknowledgement for entities on next page

ACKNOWLEDGEMENT (FOR CORPORATE ENTITIES ONLY)

STATE OF _____

COUNTY OF _____

This Subscription Agreement was acknowledged before me this _____, 20____, by

_____, as _____, of _____, a

_____, on behalf of said entity.

Notary Public

My Commission Expires:

ACH ELECTRONIC TRANSFER AUTHORIZATION FORM

I (We) authorize the Church Finance Corporation (CFC) to initiate electronic transfer (debit/credit) on my (our) Church Building Short Term Investment Fund account described below:

Bank Information:

Please attach a voided check to verify your written instructions

____ Checking Account

____ Savings Account

Bank Account Number: _____

Bank ABA Routing Number: _____

Bank Name: _____

Bank Address: _____

Bank Phone Number: _____

Exact Name on the Account: _____

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

If joint account:

Signature _____

Signature _____

Print Name _____

Print Name _____

Date _____

Date _____

Corporate Resolution/Signature Card

Customer Name: _____

Customer Address: _____

Customer Phone: _____

Customer Tax ID: _____

Authorized Signers

Signature _____

Signature _____

Print Name _____

Print Name _____

Title _____

Title _____

Signature _____

Signature _____

Print Name _____

Print Name _____

Title _____

Title _____

Resolve:

1. That the Church Finance Corporation (CFC), as manager of the CBSTIF, is designated as depository of this corporation subject to the CFC's terms and conditions governing this account, as they may be amended from time to time.
2. That the CFC is authorized:
 - a. TO ACCEPT FOR DEPOSIT and/or collection any cash, checks, drafts, instruments, or other items or credits including: electronic, telephone, oral or wire transfers credited or transmitted for deposit to such account(s) and credit of this corporation.
 - b. TO CHARGE THIS ACCOUNT upon presentation of drafts, orders, instruments, or other items or debits or charges, including: electronic, telephone, oral or wire transfers drawn upon or against this account when signed or otherwise authorized by any _____ (number required) of the individuals, identified above.
 - c. The CFC may charge this account when these items are signed or transferred, without making inquiries regarding these items even if they are issued or endorsed to an Authorized Signer(s), tendered in payment of an individual's obligations or for deposit to the account(s) of the Authorized Signer(s), or otherwise.

3. The Authorized Signer(s) are authorized to execute such agreements or instructions as may be required by the CFC including:
 - a. Agreements necessary to authorize the electronic, oral, or wire transfers to or from this account and the terms of such transfers.
 - b. Instructions regarding where and to whom the CFC should forward statements.
4. That every authorization previously granted to the CFC with respect to this account is revoked and rescinded. However, the authority given is retroactive, and any acts referred to which were performed by the Authorized Signer(s) prior to the adoption of these resolutions are ratified and confirmed. Further that every authorization granted to the CFC herein with respect to this account shall remain in full force and effect until the CFC is provided with a new appropriately authorized resolution.
5. That the signature(s) set above the respective title(s) above are genuine and that the person(s) whose signature(s) appear on the authorization were incumbents of the office/position(s) of the Corporation on the date indicated. **_____ If checked, Corporation is authorizing persons serving from time to time in the designated capacities to serve as Authorized Signer(s) without being named in subsequent resolution.** In such case, Corporation must hereafter provide an annual letter stating Authorized Signer(s) and written direction from an Authorized Signer(s) to replace or add one or more Authorized Signer(s). This can be done using the "Change and/or Addition Form" available from CFC.
6. That the above resolutions do not conflict or contravene the governing document(s) of the Corporation nor any agreement to which it is a party.

Certificate of Corporation:

Name of Corporation: _____

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

Secretary Signature: _____ Date _____

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

Authorized Signature: _____ Date _____