

**PROSPECTUS**  
**THE MISSIONS AND CHURCH EXTENSION TRUST FUND**  
**OF THE MICHIGAN AREA OF THE UNITED METHODIST CHURCH**  
**3347 Eagle Run Dr. NE, Ste. B**  
**Grand Rapids, Michigan 49525**  
**Telephone: (888) 451-1929**

---

**\$10,000,000**  
**INVESTMENT ACCOUNTS**

---

<u>Type of Security</u> <sup>1</sup>	<u>Term</u>	<u>Offering Price</u>	<u>Minimum Initial Investment</u>
Unsecured Debt Security	Demand with 60 days' prior notice	100% of Principal Investment Amount	\$1,000.00

We—The Missions and Church Extension Trust Fund of the Michigan Area of The United Methodist Church (“**Loan Fund**”)—are offering up to \$10,000,000 in unsecured debt securities (“**Investment Accounts**”) to investors who are members of, contributors to, or participants in, The United Methodist Church, the Loan Fund, or in any program, activity or organization which constitutes a part of The United Methodist Church, the Loan Fund, or in other organizations that have a historic or programmatic relationship with The United Methodist Church or the Loan Fund (“**Eligible Investors**”). We use the money raised from the sale of these Investment Accounts primarily to support our mission, which is to finance the capital expansion and development of United Methodist churches and churches located in Michigan that share historic Wesleyan common bonds and convictions through loans and grants. See “Use of Proceeds.”

Investment Accounts are payable on demand with 60 days’ notice, and earn interest at a variable rate. The rates of interest on Investment Accounts set forth on the enclosed rate sheet are current as of the date of this Prospectus. We may adjust these interest rates up or down from time to time with 30 days’ advance notice. Please call us to obtain current interest rates. Additional terms apply. See “Description of Securities.”

We do not use underwriters or outside selling agents to sell Investment Accounts, and we will not pay any commissions for the sale of Investment Accounts. We receive all the proceeds from the sale of the debt securities, less offering expenses estimated not to exceed \$30,000, leaving net proceeds from this offering of up to \$9,970,000. Offering expenses include state filing fees, accounting fees, legal fees, printing expenses and mailing costs associated with the offering and the preparation, filing and distribution of this Prospectus. No minimum offering is required, and we will use the proceeds as received. See “Use of Proceeds.”

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

THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(a)(4) OF THE FEDERAL SECURITIES ACT OF 1933 AND SECTION 3(C)(10) OF THE FEDERAL INVESTMENT COMPANY ACT OF 1940. A REGISTRATION STATEMENT RELATING TO THESE DEBT 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 PROSPECTUS 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.

**THIS OFFERING IS SUBJECT TO THE RISK FACTORS BEGINNING ON PAGE 2.**

The date of this Prospectus is July 16, 2025.

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 SECURITIES 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 SECURITIES IS DEPENDENT UPON THE ISSUER'S FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW OUR FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE SECURITIES ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY, THE UNITED METHODIST CHURCH OR BY ANY CHURCH, CONFERENCE, INSTITUTION OR AGENCY AFFILIATED WITH THE UNITED METHODIST CHURCH.

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 PROSPECTUS, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN MADE BY US.

INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF SECURITIES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO, RISK TOLERANCE, AND PERSONAL FINANCIAL NEEDS. YOU SHOULD MAKE AN INDEPENDENT DECISION ABOUT WHETHER PURCHASING SECURITIES WILL AID YOU IN ACCOMPLISHING YOUR INVESTMENT OBJECTIVES AND WHETHER THE SECURITIES FIT WITHIN YOUR FINANCIAL RISK TOLERANCE.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY STATE IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALES MADE UNDER THIS PROSPECTUS SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN OUR AFFAIRS SINCE THE DATE OF THIS PROSPECTUS.

THE INFORMATION IN THIS PROSPECTUS IS NOT INTENDED TO BE LEGAL, INVESTMENT OR PROFESSIONAL TAX ADVICE. EACH INVESTOR'S UNIQUE CIRCUMSTANCES—FINANCIAL AND OTHERWISE—ARE IMPORTANT FACTORS IN DETERMINING THE CONSEQUENCES OF AN INVESTMENT. FOR INFORMATION ABOUT THE LEGAL, INVESTMENT OR TAX CONSEQUENCES OF INVESTING IN SECURITIES, YOU SHOULD CONSULT YOUR OWN ATTORNEY, ACCOUNTANT OR INVESTMENT ADVISOR.

TABLE OF CONTENTS

SUMMARY.....	1
RISK FACTORS .....	2
HISTORY AND OPERATIONS.....	5
USE OF PROCEEDS.....	6
FINANCING AND OPERATIONAL ACTIVITIES.....	6
LENDING ACTIVITIES.....	7
INVESTING ACTIVITIES.....	8
SELECTED FINANCIAL DATA .....	9
DESCRIPTION OF SECURITIES.....	9
PLAN OF DISTRIBUTION.....	10
TAX ASPECTS.....	10
LITIGATION AND OTHER MATERIAL TRANSACTIONS .....	11
MANAGEMENT .....	11
RELATED PARTY TRANSACTIONS.....	12
FINANCIAL STATEMENTS.....	12
<b>EXHIBITS</b>	
Financial Statements .....	Exhibit A

## SUMMARY

This summary contains certain basic information about us and this offering. It does not contain all the information that is important to you. BEFORE INVESTING, YOU SHOULD CAREFULLY READ THE ENTIRE PROSPECTUS, INCLUDING THE EXHIBITS.

### Purpose of Offering; Use of Proceeds

The purpose of the offering is to raise money to support our mission, which is to finance the capital expansion and development of United Methodist churches in the Michigan Conference of The United Methodist Church ("**Michigan Conference**") and churches located in Michigan that share historic Wesleyan common bonds and convictions through loans and grants, and to support and satisfy our general operations and obligations. See "Use of Proceeds" and "Lending Activities."

### Investment Account Program

The purchase price of an Investment Account is 100% of its face value. The minimum initial investment in an Investment Account is \$1,000.00. Investment Accounts are our unsecured general debt obligations. Investment Accounts pay interest at a variable interest rate, which is subject to change from time to time upon 30 days' prior written notice. At your election at the time of purchase, interest is either paid to you or credited to the principal balance of your Investment Account quarterly. If you request redemption of all or part of your Investment Account, payment will be made within 60 days of your request. The rates of interest on Investment Accounts set forth on the enclosed rate sheet are current as of the date of this Prospectus. We may adjust these interest rates up or down from time to time with 30 days' advance notice. Please call us to obtain current interest rates. Additional terms apply. See "Description of Securities."

### Summary Financial Information

A summary of select financial information as of and for the 12-month period ending December 31, 2024, is set forth below. This information is derived from and should be read in conjunction with our December 31, 2024, audited financial statements attached to this Prospectus as Exhibit A ("**Financial Statements**"). See also "Selected Financial Data."

	<u>2024</u>
Cash and cash equivalents	\$ 274,773
Investments	\$ 7,286,848
Promissory notes receivable <sup>1, 2</sup>	\$ 100,293
Mortgage notes receivable <sup>2</sup>	\$ 5,757,939
Total assets	<u>\$ 13,419,853</u>
Investment accounts payable	\$ 12,140,804
Total liabilities	<u>\$ 12,140,804</u>
Net assets without Donor Restriction	\$ 1,279,049
Total liabilities and net assets	<u>\$ 13,419,853</u>
Change in net assets	\$ 194,833
Sales of investment accounts payable	\$ 374,905
Interest added to investment accounts payable	\$ 369,115
Redemptions of investment accounts payable	\$ (1,470,315)

<sup>1</sup> All of these loans, which constitute 1.7% of our total loans outstanding, are unsecured.

<sup>2</sup> As of December 31, 2024, none of these loans were delinquent (greater than 90 days past due).

**PLEASE CAREFULLY READ THE RISK FACTORS BEGINNING ON THE NEXT PAGE.**

- Not FDIC or SIPC Insured
- Not a Bank Deposit
- No Guarantee by United Methodist Church

## RISK FACTORS

Your purchase of an Investment Account involves risks. Please carefully consider the following risk factors before deciding to purchase an Investment Account.

**Investment Accounts are our unsecured general debt obligations.** None of our assets have been or will be pledged as security for repayment of Investment Accounts. Investment Accounts will be of equal rank with all our other previously outstanding and future unsecured debt obligations and liabilities. Investors are dependent solely on our financial condition for repayment of Investment Accounts. As of December 31, 2024, we had \$12,140,804 in outstanding Investment Accounts, all of which could be redeemed by investors with 60 days' prior notice.

**Investment Accounts are not SIPC or FDIC insured, and there is no United Methodist Church guarantee.** We are not a bank. Investment Accounts are not bank instruments, and they are not protected by SIPC or FDIC insurance. Further, Investment Accounts are not guaranteed by The United Methodist Church or any other organization.

**There is no sinking fund, escrow, or trust indenture.** No sinking fund, escrow, or trust indenture will be established in connection with Investment Accounts, and the absence of these investor protections may adversely affect our ability to repay Investment Accounts. We have not set aside funds for the repayment of Investment Accounts. See "Description of Securities."

**Redemption requests could exceed available funds.** At December 31, 2024, we had \$7,561,621 in cash and cash equivalents and investments, and \$12,140,804 of outstanding Investment Accounts. As a result, our liquid assets constituted approximately 62% of outstanding Investment Accounts as of that date. For the 12-month period ended December 31, 2024, we had redemptions of Investment Accounts of \$1,470,315 and sales of Investment Accounts of \$374,905. See "Financing and Operational Activities."

**The rate of interest paid on Investment Accounts is variable.** The rate of interest to be paid on Investment Accounts is subject to change from time to time in our discretion upon 30 days' prior written notice, and may not be proportionate to the risk associated with the investment. See "Description of Securities."

**Investment Accounts may be subordinated to senior secured indebtedness.** From time to time, we may pledge assets to secure loans we obtain from banks or other lenders. Secured lenders that we may have in the future will have the right to be paid before you from our assets that are pledged to them. It is our policy, however, to limit the amount of senior secured indebtedness to no more than 10% of our tangible assets on the date of the pledge. See also "Financing and Operational Activities."

**We may be subject to negative interest spread.** There may be periods of time when we are unable to obtain an average return on our investments and loans that is greater than our average interest payment obligations on Investment Accounts. In addition, our loans receivable have terms to maturity while Investment Accounts are payable within 60 days of demand. We also may offer loans with an interest rate as low as 0%. As a result, the average interest rate we pay on Investment Accounts could increase more quickly than the average interest rate we receive on loans. This could result in an adverse impact on our financial operations, and correspondingly on our ability to repay Investment Accounts. See "Financing and Operational Activities."

**There are limitations on your ability to redeem Investment Accounts.** We reserve the right to require written notice at least 60 days prior to the redemption of Investment Accounts. See "Description of Securities."

**There are specialty lending risks, and our loans may be unsecured or secured by insufficient collateral.** While our mortgage loans are typically secured by real property, this may not always be the case and we do offer unsecured loans. Even when loans are secured by mortgages, there is no assurance that the foreclosure value of the mortgaged property will be adequate to fully cover the indebtedness, especially in light of the limited market for buildings constructed for church use. In addition, the value of property securing our loans could be less than we believe and could be less than the amount of the loan. We do not always require current appraisals. If a default occurs, there may be substantial periods during which we would not receive payments of interest on the outstanding loan. This could adversely affect our ability to pay interest on Investment Accounts and/or to honor redemption requests. See "Lending Activities."

**Our investments may decrease in value.** We invest available funds that are not used for loans in investments that are subject to fluctuation in market value. A decrease in market value of these investments would reduce the assets available to repay investors. In addition, our deposits and investments may exceed FDIC and SIPC account limits and may not, therefore, be protected by those insurance programs. See "Investing Activities."

**Construction loans are subject to additional risks.** Generally, our borrowers use our loans to construct new facilities or to improve existing facilities. If any of the following risks, among others, related to construction occur, they could hinder a borrower's ability to repay its loan by increasing construction costs or delaying or preventing completion of the project: (a) the contractor may not post a completion bond; (b) completion may be delayed due to, among other things, shortages of materials, strikes, acts of nature, delays in obtaining necessary building permits or architectural certificates, environmental regulations or fuel or energy

shortages; (c) we may send out some construction payments without first obtaining architectural certification or lien waivers, relying instead on the borrower's representations; or (d) the borrower and its contractor may not sign a fixed-price construction contract. See "Lending Activities."

**There is the potential for environmental liability.** We do not typically conduct an environmental review of collateral before approving a loan. If environmental pollution or other contamination is found on or near property securing a loan, we could, in some cases, face environmental liability or our security for the loan could be impaired.

**Our borrowers have limited resources with which to repay our loans.** Because our borrowers are churches and church-related entities within The United Methodist Church or that share historic Wesleyan common bonds and convictions, we may at times accommodate late payments. Further, the ability of a church or church-related entity to repay principal and interest on a loan when due depends upon charitable contributions received from its members and others. Both the number of members of a church and the amount of voluntary contributions it receives may fluctuate. Generally, churches within The United Methodist Church are small and have very few financial resources. A decline in contributions to a church or church-related entity may adversely affect the ability of the borrower to repay us, which would adversely impact our ability to repay Investment Accounts.

**We cannot be compared to a commercial lender.** We cannot be compared to a commercial lender. We may make loans to borrowers that are often unable to secure financing from commercial sources. For instance, we occasionally make loans to new or start-up churches. Because of their small size and youth, these churches may not meet commercial lending standards. In view of our relationship with our borrowers, our loan policies and loan underwriting requirements may be less stringent than a commercial lender. In addition, because of our relationship with our borrowers we may accommodate partial, deferred or late payments in certain circumstances. See "Lending Activities."

**We are not professionally managed.** We are managed by the members of our Board who are not trained professionally in fund management. See "Management."

**Interest paid on Investment Accounts is taxable.** Interest paid or payable on Investment Accounts will normally be taxable as ordinary income to the owner regardless of whether interest is paid or allowed to accumulate, unless the owner is a tax-exempt organization. You cannot claim a charitable tax deduction for the purchase of an Investment Account. See "Tax Aspects."

**Investment Accounts may not be sold or transferred.** There is no public market for Investment Accounts and no expectation that one will develop. Investment Accounts may not be transferred or assigned without our consent. See "Description of Securities."

**Both our Investment Accounts and loans are geographically concentrated.** As of December 31, 2024, all of our loans were to borrowers in Michigan, and almost all of our outstanding Investment Accounts were owned by investors located in Michigan. Adverse economic conditions in Michigan could reduce the amount of charitable contributions borrowers receive from their members. This, in turn, could adversely affect the ability of these borrowers to repay their loans. Similarly, adverse economic conditions could increase redemptions, which would negatively impact our liquidity and our ability to repay Investment Accounts. In addition, a decline in real estate values in Michigan could adversely affect the value of the properties serving as collateral on our loans.

**There is the potential for changes in state and federal securities laws.** If state and/or federal securities laws are changed to impose significant new or additional requirements on us, our ability to sell Investment Accounts could be limited or eliminated, your ability to buy Investment Accounts or make additional investments in them could be limited or eliminated, and, consequently, our ability to repay Investment Accounts could be adversely affected. Further, while we strive to comply with all applicable laws, if we find that we have not done so in all cases, it is possible that we may be subject to future regulatory actions, which could include fines, orders or the institution of repurchase offers.

**We retain the right to change our policies.** At various points in this Prospectus, we describe our policies, such as our loan policies and our investment policies. These descriptions are intended to help you understand our current operations. We reserve the right to change our policies and procedures generally, including our loan and investment policies.

**Purchasing an Investment Account will not give you any rights to participate in our management.** We are controlled by our Board. Your purchase of an Investment Account will not give you voting rights or other rights to participate in our management.

**We may sell additional securities in other offerings.** We expect to sell additional securities in other offerings. The total amount of \$10,000,000 to be sold in this offering is not a limitation on the amount of securities we may sell in other offerings we may conduct at any time. We have sold securities in other offerings in prior years and anticipate that we will continue to sell additional securities as part of this continuous offering process.

**We reserve the right to redeem Investment Accounts upon 60 days' prior written notice.** See "Description of Securities – Redemption and Transfer."

**You may not be able to invest additional amounts in your Investment Account.** While we intend to maintain all required securities registrations and exemptions, we are not now registered or exempt in all states and Investment Accounts may not continue to be

registered or exempt in the states where we currently sell them. Accordingly, you may not be able to invest additional amounts in your Investment Account if you live in a state where Investment Accounts are not registered or exempt at the time of the attempted investment. See "Description of Securities – Redemption and Transfer."

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

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

**We make both secured and unsecured loans.** As of December 31, 2024, we had \$100,293 of outstanding unsecured loans.

**Investment Account rates may not be competitive.** Interest rates available on various commercial and money market instruments may be higher than the interest rates we offer on Investment Accounts from time to time. Although many of our investors view their investment in Investment Accounts as a form of stewardship for the benefit of The United Methodist Church, if commercial interest rates become significantly higher than those we pay, withdrawal of funds could occur at a higher rate than our historical experience and we may be unable to promptly redeem some or all Investment Accounts.

**We may participate some of our loans.** Typically, the participation agreement entered into as part of participating a loan provides that upon foreclosure, we and the participating lender will recover against the collateral on a pro rata basis. As of December 31, 2024, we did not hold any participated loans.

**Our tax-exempt status may not continue.** We are currently exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code through inclusion in The United Methodist Church's group exemption ruling issued by the Internal Revenue Service. However, we retain the option to apply for exemption from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code and voluntarily leave the group exemption ruling. Regardless of whether we are exempt from federal taxation through inclusion in the group exemption ruling or pursuant to a separate determination of tax-exempt status, we are subject to federal income tax on any unrelated business taxable income. We and The United Methodist Church are subject to a number of requirements affecting our operations in order to receive and maintain tax-exempt status. If we, or The United Methodist Church while we are included in its group exemption ruling, at any time fail to qualify for tax exemption under Section 501(c)(3) of the Internal Revenue Code, that failure could affect the funds available for payment to investors by limiting our ability to continue selling Investment Accounts under otherwise applicable securities law exemptions and by subjecting us to federal or state income taxation. There can be no assurance that our tax exemption will continue if there is a change in the law or a change in the facts and circumstances.

**You will have no right to early redemption.** We are under no obligation to redeem Investment Accounts earlier than 60 days after your demand for redemption. Accordingly, you may be unable to access the funds you invest in an Investment Account for that period of time. See "Description of Securities – Redemption and Transfer."

**Some of our loans may be non-recourse.** Accordingly, the borrower is not obligated to repay the loan beyond whatever proceeds can be received from the sale of the collateral pledged to secure it. Consequently, if the value of the collateral falls below the outstanding loan balance, we could experience a loss on the loan. This would negatively impact our ability to repay Investment Accounts.

**We do not have an allowance for loan losses.** Our management periodically evaluates the need for a loan loss allowance based on the risks inherent in our loan portfolio, the estimated value of the collateral and guarantees that secure those loans, if any, and the strength of the borrower.

**Purpose Tied to Foundation, Michigan Conference and Denomination.** While we are a separate corporation, we are closely affiliated with other agencies, assemblies and institutions in The United Methodist Church and exist primarily to assist the Michigan Conference by making loans and grants to United Methodist churches, agencies and affiliates and to churches in Michigan that share historic Wesleyan common bonds and convictions. We are organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the Michigan Conference, who would also receive or direct our assets in the event

of our dissolution. See “History and Operations,” “Use of Proceeds,” and “Management.” We are also directly controlled by The United Methodist Foundation of Michigan (“**Foundation**”), and indirectly by the Michigan Conference. Because our purposes are so closely related to the mission and ministry of The United Methodist Church in general and these agencies in particular, and because we are controlled by the Foundation directly and the Michigan Conference indirectly, our actions may not be entirely independent, and may be influenced by those organizations.

**Liability for Debts of the Foundation, Michigan Conference and Denomination.** As a separate corporation, we are generally not liable for claims against any of The United Methodist Church’s other agencies, assemblies or institutions. It is possible, however, that in the event of claims against any of The United Methodist Churches or other agencies, assemblies or institutions, and particularly against the Foundation and Michigan Conference, the claimants might contend that we also are liable. See “History and Operations,” “Management,” and “Related Party Transactions.”

**We utilize digital technologies in our operations.** We utilize digital and cloud-based technologies and services in our operations, many of which are provided by third party vendors. We rely upon these vendors and these technologies and services for maintaining, processing, delivering, transmitting, and storing proprietary data and other records related to our business. This data includes confidential investor and borrower information and proprietary information. Unauthorized disclosure of this information could lead to loss of faith in our ability to protect confidential information and therefore harm our ability to retain investors and borrowers. Digital technology has inherent risks, including, without limit, intentional or unintentional unauthorized access to data, data theft, temporary or permanent loss of data, and hardware and software failure. While we and our vendors have taken steps to protect against these risks, it is possible that these measures will not be 100% effective, may be insufficient or circumvented, or may become obsolete, and that there may be other risks, that have not been identified because they are different or unknown, that may emerge or evolve in the future. If we were to experience a large scale data inaccuracy, inability to access data for an extended time period, permanent loss of data, data breach, failure of our vendors to perform as contracted, or other significant issues regarding data, it could adversely affect all aspects of our operations. Our insurance coverage may not be adequate to cover all the costs related to cyber incidents or disruptions resulting from such events.

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

## HISTORY AND OPERATIONS

We were incorporated in the State of Michigan on October 1, 1969, as a non-profit corporation. We are affiliated with The United Methodist Church. The United Methodist Church is a Protestant denomination that was organized in 1968 through the union of the Methodist Church and the Evangelical United Brethren Church, and is composed of and is composed of tens of thousands of churches throughout the world. The Michigan Conference is the governing body with respect to those local United Methodist churches in the State of Michigan. Effective March 7, 2019, the Loan Fund was restructured as a subsidiary of the Foundation. The principal place of business is 3347 Eagle Run Dr. NE, Ste. B, Grand Rapids, MI 49525, in shared office space with the Foundation.

Originally, we were created to finance the capital expansion and development of United Methodist churches within the State of Michigan. We are administered by our Board. We raise capital by selling Investment Accounts to members of, contributors to, or participants in, The United Methodist Church, churches located in Michigan that share historic Wesleyan common bonds and convictions, the Loan Fund, or in other organizations that have a historic or programmatic relationship with The United Methodist Church or the Loan Fund. Investment Accounts are our unsecured general debt obligations and are not secured by our loans receivable or by any other assets. Through the use of this Prospectus, we are offering up to \$10,000,000 of Investment Accounts for sale to Eligible Investors.

We primarily provide financing for United Methodist churches and churches in Michigan that share historic Wesleyan common bonds and convictions through mortgage loans and unsecured loans. This method of financing church construction, renovation and repair, as well as the purchase of real property or related furnishings and equipment, uses the consolidated resources of church-related investors to provide financing for a wide range of church-related projects within the State of Michigan. See “Lending Activities.”

We were organized and are operated exclusively for religious, educational, charitable and benevolent purposes. We are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (“**Internal Revenue Code**”), and no portion of our earnings inure to the benefit of any person, private shareholder or individual.

Our Board is responsible for the management of our affairs. The Board has appointed the individuals serving as our officers to handle our operations. See "Management."

## **USE OF PROCEEDS**

The proceeds from the sale of Investment Accounts will be used primarily to support our mission, which is to finance the capital expansion and development of United Methodist churches and churches in Michigan that share historic Wesleyan common bonds and convictions by making loans and grants, as well as to support and satisfy our general operations and obligations, including the expenses of this offering. See also "History and Operations" and "Financing and Operational Activities."

In the normal course of our operations, we make loan commitments for specific projects based upon the availability of funds and in accordance with our loan policies. We may use the proceeds of this offering to fund all or a portion of our loan commitments, and we may have made loan commitments in contemplation of this offering.

We may also use a portion of the proceeds of this offering or additional offerings of securities to meet interest and principal payments on the Investment Accounts. This could be necessary if, for instance, revenues from our loans receivable are less than we anticipate, if repayment demands on Investment Accounts exceed our historical experience, or if other available funds are insufficient to satisfy these obligations. There can be no assurance that this offering or additional offerings will be successful.

We do not use underwriters or outside selling agents to sell Investment Accounts, and we will not pay any commissions for the sale of Investment Accounts. We will conduct the offering of Investment Accounts solely through our directors, officers and employees who are authorized to engage in such activities in the applicable jurisdiction. We receive all the proceeds from the sale of Investment Accounts, less offering expenses estimated not to exceed \$30,000, leaving net proceeds from this offering of up to \$9,970,000. Offering expenses include state filing fees, accounting fees, legal fees, printing expenses and mailing costs associated with the offering and the preparation, filing and distribution of this Prospectus. No minimum offering is required, and we will use the proceeds as needed.

## **FINANCING AND OPERATIONAL ACTIVITIES**

For the twelve-month period ending December 31, 2024, we received interest income of \$373,321, had other income of \$300, and had unrealized and realized net investment gains of \$383,441. For this same period, we had interest expense of \$374,113 and other expenses of \$83,116 and made \$105,000 of grants, resulting in an increase in net assets of \$194,833. See Financial Statements.

As of December 31, 2024, we had 193 outstanding Investment Accounts in the aggregate principal amount of \$12,140,804. In the year ended December 31, 2024, we sold \$374,905 of Investment Accounts and redeemed \$1,470,315 of Investment Accounts. See "Lending Activities" below for a description of our outstanding loans receivable.

Our assets, which totaled \$13,419,853 as of December 31, 2024, are comprised primarily of cash and cash equivalents, investments, and loans receivable. We had an excess of assets over liabilities (or a net asset balance) of \$1,279,049 as of December 31, 2024.



## LENDING ACTIVITIES

### Outstanding Loans

During the years ended December 31, 2024, 2023, and 2022, we made \$892,997, \$2,613,361, and \$173,127, respectively, of new and refinanced loans to churches. Outstanding mortgage loans receivable were \$5,757,939, \$8,219,146, and \$8,438,096, as of December 31, 2024, 2023, and 2022, respectively, and outstanding unsecured loans receivable were \$100,293, \$187,455, and \$192,424, respectively, for these same dates. See Financial Statements.

A description of our outstanding loans as of December 31, 2024, is as follows:

<u>Mortgage Loans</u>			<u>Unsecured Loans</u>		
	Number of Loans	Principal Amount		Number of Loans	Principal Amount
\$0-\$100,000	8	\$ 563,249	\$0-\$25,000	0	\$ 33,752
\$100,001-\$250,000	6	838,033	\$25,001-\$50,000	2	66,541
\$250,001-\$500,000	5	1,957,401	\$50,001-\$75,000	0	-
\$500,001+	3	2,399,256	\$75,001+	0	
Total	22	\$ 5,757,939	Total	4	\$ 100,293

The interest rate on loans outstanding as of December 31, 2024, ranged from 0.00% to 7.00%.

Principal payments receivable on our outstanding loans as of December 31, 2024, were scheduled as follows:

<b>Principal receivable in:</b>		<b>Amount</b>
Less than 1 year	\$	877,612
1 – 5 years	\$	2,969,606
6 – 10 years	\$	723,739
More than 10 years	\$	1,287,275
<b>Total:</b>	<b>\$</b>	<b>5,858,232</b>

In addition to outstanding loans, we also make loan commitments for specific projects based upon the availability of funds and in accordance with our loan policies. The amount we commit to lend does not necessarily represent future cash requirements since some commitments may expire without being drawn upon. However, as of December 31, 2024, we did not have any material outstanding loan commitments.

### No Loan Delinquencies; No Allowance for Loan Losses

At December 31, 2024, we did not have any loans that were delinquent more than 90 days in the payment of principal or interest. Our management periodically evaluates the need for a loan loss allowance based on the risks inherent in our loan portfolio, the estimated value of the collateral and guarantees that secure those loans, if any, and the strength of the borrowers. As of December 31, 2024, we did not have an allowance for loan losses.

In response to the coronavirus situation, we allowed 7 loans to make interest-only payments for up to 9 months, though we do not consider these impaired. Prior to July 16, 2022, all of these loans returned to the original agreed upon terms or been restructured.

### Loan Policies and Procedures

Our primary activity is the making and servicing of loans to United Methodist Churches and churches in Michigan that share historic Wesleyan common bonds and convictions. We may make loans for any of the following purposes: to construct new worship facilities; to expand existing facilities; to renovate and remodel existing facilities; to replace existing facilities; to purchase building sites or grounds; or to refinance existing loans.

Before submitting a loan application to us, a borrower is encouraged to investigate the availability of financing from other sources. If other credit is not available on acceptable terms, the borrower submits a loan application to us, and one or more of our

officers screens it, reviews and analyzes the financial and demographic data submitted by the applicant, and reviews the applicant authorizations necessary under the requirements of The United Methodist Church, if applicable. Qualified applications are then submitted to our Board for approval or disapproval.

The following policies and factors are reviewed and considered by our Board when considering loan applications:

1. For new construction, whether the applicant has twenty-five percent (25%) of the cost of the proposed project available in cash, cash equivalents, prepaid expenses or other resources;
2. The size of the loan requested in comparison to our loans outstanding, available resources, and maximum loan size;
3. Whether the applicant is current in its denominational obligations;
4. The giving history of the applicant's members;
5. The ability of the applicant to repay the loan based on the applicant's budget and cash flow capabilities; and
6. The ability of the applicant to meet the terms and conditions determined by our Board and set forth in a commitment letter.

The interest rates charged on our loans, the terms of our loans, and the amortization periods for payments on our loans, are all determined by our Board. Our loans typically have a term of five years with principal and interest amortized over a period of 10 to 20 years. We generally charge interest on our loans at a fixed rate that is at least one-half percent ( $\frac{1}{2}\%$ ) above the rate of interest we are paying on Investment Accounts at the time of the loan, although we may charge interest at a rate as low as zero percent (0%). Loans are commonly renewed at maturity for an additional term, although the interest rate and other terms may change.

Commitments for loans to an applicant generally expire six months from the date of acceptance of the commitment letter by the applicant. One three-month extension may be granted by our officers. Additional extensions require Board approval.

Our loans may be non-recourse and we also permit unsecured loans for emergencies or small projects, but limited to a maximum loan amount of \$100,000 and a maximum term of seven and one-half years.

## **INVESTING ACTIVITIES**

Our Board is responsible for setting our investment policies and for investment decisions concerning our available funds. See "Management" for information about our Board members. Available funds not used for loans or other expenses may be invested in the funds offered by UMF Collective Funds of Michigan LLC and administered by the Foundation, in the funds offered by Wespeth Institutional Investments LLC, or in readily marketable securities. The primary objective of our investment policy is to provide for long term capital growth by allocating approximately 35% to 65% of investments in equities and approximately 35% to 65% in fixed income. The fixed income portfolio's primary objective is to achieve a high level of current income, with capital appreciation as a secondary objective, by investing in investment-grade debt securities. The equity portfolio seeks to achieve long-term capital appreciation through investments in stocks and other equity securities, with primary emphasis on U.S. large capitalization companies and secondary emphasis on global and international equities and on U.S. small and middle capitalization companies. Additionally, available funds may be invested in a money market institutional investment account, such as the Money Market Investment Account of the UMF Collective Funds of Michigan LLC. The entirety of the portfolio of available funds adheres to socially responsible investment restrictions that seek to limit their investments in companies that produce products or engage in activities inconsistent with the Social Principles of The United Methodist Church.

The fair value of our outstanding investments as of December 31, 2024, consisted of cash and cash equivalents of \$274,773, investments in common stocks of \$2,288,597 and investments of \$4,998,251 in one or more multiple asset funds invested in stock or other equity securities, fixed income, and an inflation protection fund.

We experienced aggregate realized and unrealized gains of \$161,638 on our investments for the 12-month period ending December 31, 2024, aggregate realized and unrealized gains of \$596,306 on our investments for the 12-month period ending December 31, 2023, and aggregate realized and unrealized losses of \$2,416,815 on our investments for the 12-month period December 31, 2022.

## SELECTED FINANCIAL DATA

The following summary financial information as of and for the twelve months then ending has been derived from, and should be read in conjunction with, our audited financial statements:

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 274,773	\$ 541,337	\$ 1,038,819	\$ 2,827,116	\$ 888,599
Loans receivable	5,858,232	8,406,601	8,630,520	9,423,221	11,128,855
Investments	7,286,848	5,003,377	5,970,287	12,211,643	7,289,525
Total assets	\$ 13,419,853	\$ 13,951,315	\$ 15,639,626	\$ 24,461,980	\$ 19,306,979
Investment Accounts payable	\$ 12,140,804	\$ 12,867,099	\$ 15,177,576	\$ 18,613,520	\$ 14,652,267
Total liabilities	\$ 12,140,804	\$ 12,867,099	\$ 15,177,576	\$ 18,613,520	\$ 14,652,267
Net assets	\$ 1,279,049	\$ 1,084,216	\$ 462,050	\$ 5,848,460	\$ 4,654,712
Change in net assets	\$ 194,833	\$ 622,166	\$ (5,386,410)	\$ 1,193,748	\$ 1,277,252
Sales of Investment Accounts payable	\$ 374,905	\$ 1,430,627	\$ 793,712	\$ 9,397,442	\$ 3,496,981
Redemptions of Investment Accounts payable	\$ 1,470,315	\$ 4,088,851	\$ 4,567,759	\$ 5,730,735	\$ 1,466,174

## DESCRIPTION OF SECURITIES

### General Terms

Investment Accounts offered by this Prospectus are in the aggregate principal amount of \$10,000,000, and the purchase price of these securities is 100% of their face value. Investment Accounts are offered for cash and we offer no financing terms. Investment Accounts are our unsecured obligations. See also "Risk Factors."

The minimum initial investment in an Investment Account is \$1,000.00. Additional investments may be made in any amount. The required minimum balance for an Investment Account is \$1,000.00. We may also impose additional limitations on investment or refuse an investment request in our sole discretion.

The interest rate on Investment Accounts is variable. The rates of interest on Investment Accounts set forth on the enclosed rate sheet are current as of the date of this Prospectus. We may adjust these interest rates up or down from time to time with 30 days' advance notice. Please call us at 1-888-451-1929 to obtain current interest rates. You may elect when purchasing an Investment Account to have interest paid to you or credited to the principal balance of your Investment Account quarterly, on the basis of a 365-day year, on the last day of March, June, September and December of each year, or the earlier date of redemption. Investment Accounts earn interest from the day of investment until the day of redemption. We reserve the right to adjust (increase or decrease) the interest rate on outstanding Investment Accounts at any time and from time to time upon 30 days' prior written notice to you. The interest rate may be set at any level in the sole discretion of our Board.

Investment Accounts are uncertificated book entry securities, and no document or instrument will be issued evidencing them. Our records of your investments and redemptions shall constitute prima facie evidence of the outstanding balance of your Investment Account.

### Redemption and Transfer

You may make a written request for repayment of all or part of your Investment Account. We reserve the right to require written notice at least 60 days prior to the redemption of an Investment Account. Although we have in the past typically waived compliance with this limitation, we reserve the right to enforce it at any time.

Investment Accounts may not be transferred without our prior written consent, except at the time of a participant's death, and then only to the persons legally entitled to the Investment Account.

We reserve the right to redeem all or part of any Investment Account upon 60 days' prior written notice to its owner. If we exercise this redemption right with respect to your Investment Account, we will pay you the entire outstanding principal amount of your Investment Account plus accrued interest to the date of redemption.

### **Application to Invest**

Investment Accounts are available only through our office. Investors must complete the applicable Application to Invest form (see attached Exhibit B) and submit it to us with a check for \$1,000.00 or more made out to Missions and Church Extension Trust Fund. Applications are also available from our office. Co-ownership is permitted, but the principal owner must be an Eligible Investor.

### **PLAN OF DISTRIBUTION**

The primary means of solicitation for the sale of Investment Accounts will be through promotional materials on our website or distributed to member congregations of The United Methodist Church and other eligible participants, and/or through direct mailings to existing investors. Only our Resident Agent is authorized to sell Investment Accounts on our behalf. We do not use underwriters or outside selling agents to sell Investment Accounts, and we will not pay any commissions for the sale of Investment Accounts. Investment Accounts will be sold only in states where they are registered or exempt from registration.

We reserve the right to reject any Application to Invest submitted and any additional investment in an existing Investment Account. No sale of an Investment Account shall be deemed made until a copy of the Application to Invest has been satisfactorily completed, signed, submitted, and accepted by us.

### **TAX ASPECTS**

By purchasing an Investment Account, you may be subject to certain income tax provisions of the Internal Revenue Code. Although we are a 501(c)(3) organization, you will not be entitled to a charitable deduction for your investment. Any interest on your Investment Account will be taxed as ordinary income in the year it accrues or is paid to you. You will not be taxed on the return of any principal amount of your Investment Account or on the payment of interest that was previously taxed.

In addition, if you (or your spouse together) have invested or loaned more than \$250,000 in the aggregate with or to organizations affiliated with The United Methodist Church, you may be deemed to receive additional taxable interest under Section 7872 of the Internal Revenue Code if the interest paid or accrued is below the applicable federal rate. In that situation, the Internal Revenue Service may impute income up to that applicable federal rate. If you believe this applies to you, then you should consult your tax advisor.

We will provide you with a Federal Income Tax Form 1099-INT or the comparable form by January 31 of each year indicating the interest earned on your Investment Account during the previous year.

This tax information is based on the Internal Revenue Code, the regulations promulgated under the Internal Revenue Code, and administrative interpretations and court decisions existing as of the date of this Prospectus. These authorities could be changed either prospectively or retroactively by future legislation, regulations, administrative interpretations, or court decisions. Accordingly, this Prospectus may not accurately reflect the tax consequences of an investment in Investment Accounts after the date of this Prospectus.

In addition, this Prospectus does not address every aspect of tax law that may be significant to your particular circumstances. For instance, it does not address special rules that may apply if you are a financial institution or tax-exempt organization, or if you are not a citizen or resident of the United States. It also does not address Investment Accounts purchased through an IRA, SEP, 403(b) plan or other retirement plan. Nor does it address any aspect of state or local tax law that may apply to you.

This discussion of federal income tax consequences was written to support the promotion or marketing of Investment Accounts and is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax penalties. Each prospective investor is advised to consult the investor's own tax counsel or advisor as to the federal state, local, or foreign income or other tax consequences of an investment in Investment Accounts.

## LITIGATION AND OTHER MATERIAL TRANSACTIONS

There are no pending or threatened material legal proceedings known to be contemplated by governmental authorities, administrative bodies or other persons, to which we are a party or to which any of our property is or may be subject.

## MANAGEMENT

### Board of Directors

We are governed by a Board of Directors that consists of the individuals serving on the Executive Committee of the Board of Directors of the Foundation. The Executive Committee is elected by the Board of Directors of the Foundation during the Annual Meeting of the Foundation. Each Director shall serve until such time as they are no longer a member of the Executive Committee of the Board of Directors of the Foundation. If a vacancy occurs in the Board of Directors, the Executive Committee of the Board of Directors of the Foundation may nominate a person to fill the unexpired portion of the term of the vacant position, subject to ratification by the Board of Directors of the Foundation.

As of the date of this Prospectus, the Executive Committee of the Board of Directors of the Foundation consisted of the following individuals:

Name, Address and Age	Principal Occupation(s) Last Five Years
David S. Bell Brighton, MI Age 60	Rev. Dr. Bell is currently the President & Executive Director of the Foundation and President of UMF Funds and has previously served as Vice President of Stewardship for the Foundation. Rev. Dr. Bell has served as Associate Development Director for a United Methodist-related children's home and as Associate Director of the East Ohio Conference Council on Ministries specializing in the areas of stewardship and missions. Immediately prior to joining the Foundation staff, he was the Director of Stewardship with the General Board of Discipleship of The United Methodist Church. He holds a bachelor's degree from The College of Wooster, a Master of Divinity degree from Drew Theological School, Post-Graduate Certificate in Executive Leadership from the Weatherhead School of Business, Case Western Reserve University, and a Doctor of Divinity degree from United Theological Seminary. Rev. Dr. Bell has primary oversight for all aspects of the Foundation's services and programs.
Susan Hitts, East Lansing, MI Age 46	Rev. Hitts is currently serving as a Pastor to Manchester UMC. Rev. Hitts received a Bachelor of Arts in Business/Finance from Michigan State University, a Master of Business Administration from Central Michigan University, and a Master of Divinity from United Theological Seminary in 2019. She currently serves as Secretary of the Board of Directors for the Foundation.
Ransom Leppink Stanton, MI Age 62	Mr. Leppink is President of Leppinks Lakeview, Inc.; a partner in Leppinks of Lakeview LLC; and a partner in Double R Enterprises. Mr. Leppink holds an Associate Degree from Montcalm Community College and a Bachelor of Science in Food Distribution/Marketing from Western Michigan University. He currently serves as Chair of the Board of Directors for the Foundation.
Mary McInnes, S. Lyon, MI Age 56	Rev. McInnes currently serves as the Pastor of South Lyon First United Methodist Church and has been an Elder since 1998. Rev. McInnes received her Bachelor of Science degree from the University of Michigan in 1992 and her Master of Divinity from United Theological Seminary in 1996. Rev. McInnes currently serves as the Chair of the Loan Fund Committee in addition to her role on the Foundation Board.
Steven J. Peters Eaton Rapids, MI Age 67	Mr. Peters is retired from PNC Bank, NA, where he had been a fiduciary advisor for 28 years and held the position of Senior Vice President and Fiduciary Market Director for the Midwest upon his retirement in 2019. Mr. Peters received a Bachelor of Arts from Michigan State University and a Juris Doctor degree from the University of Toledo College of Law in 1982. Mr. Peters currently serves as a Director of W.S. Butterfield Theatres, Inc. and of the Eaton Rapids Community Alliance and is a past Director and Board Chair for Eaton Rapids Medical Center as well as a Director and Board Secretary for the Kiwanis Spring Brook Non-Profit Housing Association. Mr. Peters currently serves as the Chair for the Investment Committee.

Name, Address and Age	Principal Occupation(s) Last Five Years
Ed Ross Kalamazoo, Michigan Age 79	Rev. Ross is a retired Elder in the United Methodist Church. Rev. Ross obtained his Master of Divinity from Methodist Theological School in Ohio in 1978 and his Bachelor of Arts in Secondary Education from Western Michigan University. Rev. Ross served multiple churches in Michigan since 1975. He is the past President of the Board for Love in the Name of Christ in Jackson, Michigan. Rev. Ross currently serves as the Vice Chair of the Board of Directors for the Foundation.

## Officers

The officers of the Loan Fund currently consist of the following:

David S. Bell, President  
Karen Thompson, Vice President  
Marian Coles, Secretary  
Ann Buck, Treasurer

## Remuneration

No member of our Board receives compensation from us for their services, though we do reimburse them for actual expenses incurred on our behalf and for attending Board meetings. However, several Board members and our staff are paid for their services by The United Methodist Church or its agencies.

## RELATED PARTY TRANSACTIONS

Although we are a separate not-for-profit corporation, we function as a part of The United Methodist Church under the direct control of the Executive Committee of the Foundation, the indirect control of the Michigan Conference, and the ultimate ecclesiastical supervision of The United Methodist Church. We have a close working relationship with these bodies through our management structure and based on our primary purpose of assisting United Methodist churches, agencies and affiliates in the Michigan Conference through the making of loans and grants. As a result, our mission and purpose are unavoidably intertwined with, and we have numerous relationships with, these parties. Those relationships include the sharing of certain employees, office space and expenses; the service of some of our officers and board members on other boards and committees, including investment advisory committees; our investments in the UMC Collective Funds of Michigan, LLC and Pooled Trust Fund, and the Foundation's management of those assets; the potential for the related agencies and affiliates, or their employees, officers and directors, or their family members, to invest in our Investment Accounts; the making of loans and grants to churches and agencies, including refinancing loans made by the Foundation; the service of our Board members or officers on boards of their local churches or other agencies to whom we make loans or grants or to whom we sell Investment Accounts; the potential for the distribution of our assets to the Foundation, Michigan Conference or other United Methodist Church bodies upon our dissolution; the performance of services for us by our affiliates' officers and board members; the provision of various services to us by the Foundation, such as development and promotional services, computer support, accounting and other financial services, and combined purchasing of supplies, printing and similar services. All such loans and Investment Accounts are provided on the same terms as those available to other borrowers and investors generally, and/or are performed on an arms-length basis in the ordinary course of business, with compensation paid at or below market rates. During 2022, we made a distribution grant to the Foundation of \$3,000,000, in addition to the annual operating grant we make to the Foundation for administrative services it provides. See Financial Statements and "Risk Factors," "History and Operations," "Investing Activities," and "Management."

## FINANCIAL STATEMENTS

This Prospectus includes our audited financial statements as of and for the years ended December 31, 2024, 2023, and 2022, which were audited by Seber Tans, PLC, 555 W. Crosstown Parkway, Ste. 304, Kalamazoo, Michigan 49008, independent auditors, as stated in their report. Audited financial statements will also be made available to investors upon written request.

## **Exhibit A**

### **Financial Statements**





**THE MISSION AND CHURCH EXTENSION TRUST FUND  
OF THE MICHIGAN AREA OF THE UNITED METHODIST CHURCH**

**FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2024, 2023, and 2022**

## TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5-12

# SEBER TANS, PLC

## CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Mission and Church Extension Trust Fund  
Grand Rapids, Michigan

#### Opinion

We have audited the accompanying financial statements of The Mission and Church Extension Trust Fund (a nonprofit organization) (the "Trust"), which comprise the statements of financial position as of December 31, 2024, 2023, and 2022, and the related statements of activities and changes in net assets 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 Mission and Church Extension Trust Fund as of December 31, 2024, 2023, and 2022, 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 audit 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 Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Trust'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 Trust'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.

*Seber Tans, PLC*

Seber Tans, PLC  
Kalamazoo, Michigan  
March 28, 2025



**The Mission and Church Extension Trust Fund**  
**Statements of Financial Position**  
**December 31, 2024, 2023 and 2022**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ 274,773	\$ 541,337	\$ 1,038,819
Promissory notes receivable	44,940	60,090	54,993
Mortgage notes receivable	832,672	966,350	2,203,487
Investments	7,286,848	5,003,377	5,970,287
Total Current Assets	<u>8,439,233</u>	<u>6,571,154</u>	<u>9,267,586</u>
Other Assets			
Promissory notes receivable, less current portion	55,353	127,365	137,431
Mortgage notes receivable, less current portion	4,925,267	7,252,796	6,234,609
Total Other Assets	<u>4,980,620</u>	<u>7,380,161</u>	<u>6,372,040</u>
<b>Total Assets</b>	<b><u>\$ 13,419,853</u></b>	<b><u>\$ 13,951,315</u></b>	<b><u>\$ 15,639,626</u></b>
<b>Liabilities and Net Assets</b>			
Current Liabilities			
Investment accounts payable	<u>\$ 12,140,804</u>	<u>\$ 12,867,099</u>	<u>\$ 15,177,576</u>
Net Assets Without Donor Restrictions			
Undesignated	914,825	698,203	6,723
Designated liquidity reserve	364,224	386,013	455,327
Total Net Assets	<u>1,279,049</u>	<u>1,084,216</u>	<u>462,050</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 13,419,853</u></b>	<b><u>\$ 13,951,315</u></b>	<b><u>\$ 15,639,626</u></b>

See Accompanying Notes to Financial Statements.

**The Mission and Church Extension Trust Fund**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended December 31, 2024, 2023 and 2022**

	2024	2023	2022
<b>Revenue</b>			
Mortgage note interest income	\$ 364,675	\$ 392,532	\$ 358,062
Promissory note interest income	6,979	6,490	6,357
Other interest income	1,667	391	1,077
Other income	300	600	500
Total Revenue	<u>373,621</u>	<u>400,013</u>	<u>365,996</u>
<b>Expenses</b>			
Program Expenses			
Investment interest expenses	374,113	342,268	338,103
Program grant	105,000	126,000	126,000
Distribution grant	-	-	3,000,000
Total Program Expenses	<u>479,113</u>	<u>468,268</u>	<u>3,464,103</u>
Supporting Services Expenses			
Supporting grant	35,000	42,000	42,000
Legal fees	16,707	21,480	13,030
Accounting services	21,913	17,103	23,653
Audit fee	8,750	11,200	8,200
Postage	746	825	-
Total Supporting Services Expenses	<u>83,116</u>	<u>92,608</u>	<u>86,883</u>
<b>Net Operating Loss</b>	<u>(188,608)</u>	<u>(160,863)</u>	<u>(3,184,990)</u>
Investment Income (Loss)			
Investment income	221,803	186,723	215,395
Net realized and unrealized gains (losses) on investments	161,638	596,306	(2,416,815)
Total Investment Income (Loss)	<u>383,441</u>	<u>783,029</u>	<u>(2,201,420)</u>
<b>Total Change in Net Assets</b>	<b>194,833</b>	<b>622,166</b>	<b>(5,386,410)</b>
Net Assets at Beginning of Year	<u>1,084,216</u>	<u>462,050</u>	<u>5,848,460</u>
<b>Net Assets at End of Year</b>	<b><u>\$ 1,279,049</u></b>	<b><u>\$ 1,084,216</u></b>	<b><u>\$ 462,050</u></b>

See Accompanying Notes to Financial Statements.

**The Mission and Church Extension Trust Fund**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2024, 2023 and 2022**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in net assets	\$ 194,833	\$ 622,166	\$ (5,386,410)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:			
Net market (gains) losses on investments	(161,638)	(596,306)	2,416,815
Net Cash and Cash Equivalents Provided by (Used in) Operating Activities	<u>33,195</u>	<u>25,860</u>	<u>(2,969,595)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales of investments	216,032	2,564,564	4,641,352
Purchases of new investments	(2,337,865)	(1,001,348)	(816,811)
Proceeds from mortgage notes receivable	3,354,204	2,767,911	913,965
Issuance of mortgage notes receivable	(892,997)	(2,548,961)	(73,127)
Proceeds from promissory notes receivable	87,162	69,369	51,863
Issuance of promissory notes receivable	-	(64,400)	(100,000)
Net Cash and Cash Equivalents Provided by Investing Activities	<u>426,536</u>	<u>1,787,135</u>	<u>4,617,242</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts from investment accounts payable	374,905	1,430,627	793,712
Reinvested interest on investment accounts payable	369,115	347,747	338,103
Repayments of investment accounts payable	(1,470,315)	(4,088,851)	(4,567,759)
Net Cash and Cash Equivalents Used in Financing Activities	<u>(726,295)</u>	<u>(2,310,477)</u>	<u>(3,435,944)</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(266,564)</b>	<b>(497,482)</b>	<b>(1,788,297)</b>
Cash and Cash Equivalents at Beginning of Year	<u>541,337</u>	<u>1,038,819</u>	<u>2,827,116</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 274,773</u></b>	<b><u>\$ 541,337</u></b>	<b><u>\$ 1,038,819</u></b>
<b>Supplemental Cash Flow Information:</b>			
Cash paid for investment interest expense	<u>\$ 374,113</u>	<u>\$ 342,268</u>	<u>\$ 338,103</u>

See Accompanying Notes to Financial Statements.



**The Mission and Church Extension Trust Fund**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2024, 2023, and 2022**

---

**NOTE A – Summary of Significant Accounting Policies**

Organization Purpose

The Mission and Church Extension Trust Fund (the "Trust") provides a pooling of financial resources of United Methodist churches, churches that share common bonds and convictions in the Wesleyan tradition, and church-related organizations throughout Michigan. The Trust provides a financial opportunity whereby Michigan Methodists can realize an investment in the future of the Church while at the same time being good stewards of their own financial resources. The primary purpose of the Trust is to provide a source of funds for borrowing by United Methodist churches, churches that share common bonds and convictions in the Wesleyan tradition, and church-related organizations in the state of Michigan to be used for church buildings, additions, and improvements. A secondary purpose of the Trust is to provide a prudent and safe investment opportunity for Methodist constituents, churches, and church-related organizations in the state of Michigan.

The Trust does not have any employees. A related organization, the United Methodist Foundation of Michigan (the "Foundation"), provides administrative support and services to the Trust. The Trust provides an operating grant, based on the agreed upon budget for the Trust set by the board at the beginning of the year, for administrative services provided by the Foundation.

Basis of Presentation

The financial statements of the Trust have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Trust is required to report information regarding its financial position and activities in the following two classes of net assets:

*Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a liquidity reserve.

*Net Assets with Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. For the years ended December 31, 2024, 2023, and 2022, the Trust did not have any net assets with donor restrictions.

New Accounting Pronouncements

The Financial Accounting Standards Board issued Accounting Standards Update No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, in June 2016. The standard replaced the incurred loss impairment methodology with a new methodology that reflects current expected credit losses ("CECL") on financial assets, including receivables and certain off-balance sheet commitments. The new methodology requires the measurement of all expected credit losses based on historical experience, current economic conditions, and reasonable and supportable forecasts. The standard also expands the required quantitative and qualitative disclosures for expected credit losses. On January 1, 2023, the Trust adopted the standard using a modified retrospective method. As a result of this adoption, there was no changes to beginning of year net assets.



**The Mission and Church Extension Trust Fund**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2024, 2023, and 2022**

---

**NOTE A – Summary of Significant Accounting Policies (Continued)**

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Trust considers all highly liquid investments purchased with an original maturity of three months or less, other than amounts held for investment, to be cash equivalents.

The Trust maintains accounts at financial institutions consisting of cash and cash equivalents which may at times be in excess of federally insured limits. As of December 31, 2024, cash balances held at financial institutions exceeded depository insurance limits by approximately \$32,000. The Trust has not experienced any losses in relation to uninsured cash and cash equivalents.

Mortgage and Promissory Notes Receivable

Mortgage and promissory notes receivable are reported at original issue less repaid principal. Amounts outstanding have interest rates of up to 7.00 percent depending on the terms of the note. Interest is recorded monthly when it is received, the results of which are not materially different than the accrual basis. In certain circumstances, a note recipient may be allowed to make interest-only payments for up to a 12-month period at the commencement of the loan.

Management estimates an allowance for expected credit losses based on its assessment of the current status of individual accounts, current market conditions and forecasted economic and business environments. Amounts that are deemed to be uncollectible after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to loans receivable. When a loan is determined to be impaired, it is classified as non-performing at that time. As of December 31, 2024, 2023, and 2022, management determined that the Trust did not have any non-performing loans and that an allowance for loan losses was not necessary.

Investments and Investment Allocation and Risk

The Trust has funds invested with the United Methodist Foundation Collective Investment Fund (the "Investment Fund") and through an account with Wespeth Institutional Investments. The Foundation is the administrator of the Investment Fund. The assets of the Investment Fund are held by Merrill Lynch. All investments are invested at the Trust's direction.

Investments are presented in the financial statements at fair value in accordance with accounting principles generally accepted in the United States of America. Changes in fair value are recorded as unrealized gains (losses). Realized gains (losses) are recorded upon the sale of the investments. Interest income is recognized under the accrual basis and dividend income is recognized on the ex-dividend date.

The Trust utilizes various investment instruments, which are exposed to risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in their values could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Additionally, some investments held by the Trust are invested in the securities of foreign companies, which involve special risks and considerations not typically associated with investing in securities of U.S. companies. These risks include devaluation of currencies and political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than securities of comparable U.S. companies.

**The Mission and Church Extension Trust Fund**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2024, 2023, and 2022**

---

**NOTE A – Summary of Significant Accounting Policies (Continued)**

Revenue Recognition

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions that are restricted by the donor are typically reported as net assets with donor restrictions. The Trust did not receive any contributions or promises to give during the years ended December 31, 2024, 2023, and 2022.

Contributed Services

Donated services are recognized as contributions if services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. During the years ended December 31, 2024, 2023, and 2022, no contributed services met the criteria for recognition.

Functional Allocation Expenses

The costs of program and supporting services activities have been summarized on a natural basis and allocated on a functional basis to either program expenses or supporting services in the statements of activities. The investment interest, resident agent, and account services expenses are classified as program expenses, and the remaining expenses are classified as supporting services. For the years ended December 31, 2024, 2023, and 2022, the Trust paid an operating grant to the United Methodist Foundation of Michigan for program and support services provided. This operating grant replaced certain expenditures that the Trust had previously incurred and has been allocated between programs based on estimate of time, effort and value of the services provided in for each functional classification. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Tax Exempt Status

The Trust is exempt from federal income taxes under Section 501(c)3 of the Internal Revenue Code and from state income taxes. Contributions to the Trust are deductible as charitable contributions for federal income tax purposes. In addition, the Trust has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

Use of Estimates

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



**The Mission and Church Extension Trust Fund**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2024, 2023, and 2022**

---

**NOTE B – Liquidity and Availability**

The Trust has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations are due. Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprised the following as of December 31:

	2024	2023	2022
Cash and cash equivalents	\$ 274,773	\$ 541,337	\$ 1,038,819
Investments	7,286,848	5,003,377	5,970,287
Total financial assets	7,561,621	5,544,714	7,009,106
Less:			
Board-designated liquidity reserve	364,224	386,013	455,327
Amounts available for general expenditure	\$ 7,197,397	\$ 5,158,701	\$ 6,553,779

While management realizes there could be unanticipated liquidity needs, they believe that the financial assets in the table above are sufficient to meet operating needs within a minimum of one year of the statement of financial position date.

As described in Note E, the Trust has investment accounts payable which are payable within 60 days upon request of the investor. Redemption requests on these investments could exceed available cash and other liquid assets; however, management has determined that to be unlikely. At December 31, 2024, 2023 and 2022, the Board designated 3 percent of total investment accounts payable as a liquidity reserve for potential future withdrawal. This reserve is not donor restricted and could be changed at the Board's discretion.

**NOTE C – Mortgage and Promissory Notes Receivable**

The Trust has mortgage and promissory loans extended to churches in the state of Michigan. Terms of the notes and interest rates offered are approved by the Board of Trustees and are targeted to be competitive with rates available in commercial markets for similar loans. The safety of the investment is based on economic decisions, loan policies and practices, management of the loan portfolio and low administrative expenses. All loans are secured by property.

As of December 31, 2024, 2023 and 2022, all mortgage and promissory notes were current as to scheduled principal and interest payments.

The Trust considers a receivable to be impaired when, based on current information and events, it is probable that the Trust will not be able to collect all amounts due according to the contractual terms of the loan agreement. Based on management's assessment, no allowances have been recorded as of December 31, 2024, 2023, and 2022. The Trust did not experience any credit losses related to its mortgage and promissory notes during 2024, 2023, or 2022.

**The Mission and Church Extension Trust Fund**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2024, 2023, and 2022**

**NOTE C – Mortgage and Promissory Notes Receivable (Continued)**

Mortgage notes receivable consists of the following as of December 31:

	2024		2023		2022	
	#	\$	#	\$	#	\$
Outstanding Principal						
\$ 0 - 100,000	8	\$ 563,249	5	\$ 230,298	6	\$ 408,865
\$ 100,001 - 250,000	6	838,033	13	1,907,824	12	2,282,766
\$ 250,001 - 500,000	5	1,957,401	6	2,268,292	6	2,022,244
\$ 500,001 +	3	2,399,256	4	3,812,732	4	3,724,221
Total mortgage notes receivable	22	\$ 5,757,939	28	\$ 8,219,146	28	\$ 8,438,096

Promissory notes receivable consists of the following as of December 31:

	2024		2023		2022	
	#	\$	#	\$	#	\$
Outstanding Principal						
\$ 0 - 25,000	2	\$ 33,752	0	\$ -	1	\$ 8,713
\$ 25,001 - 50,000	2	66,541	3	125,817	1	44,356
\$ 50,001 - 75,000	0	-	1	61,638	1	56,022
\$ 75,001 +	0	-	0	-	1	83,333
Total promissory notes receivable	4	\$ 100,293	4	\$ 187,455	4	\$ 192,424

At December 31, principal payments on mortgage and promissory notes are receivable over future years as follows:

Mortgage notes receivable:	2024	2023	2022
Receivable in less than one year	\$ 832,672	\$ 966,350	\$ 2,203,487
Receivable in one to five years	2,914,253	4,698,552	6,234,609
Receivable in six to ten years	723,739	1,130,455	-
Receivable over ten years	1,287,275	1,423,789	-
Total mortgage notes receivable	\$ 5,757,939	\$ 8,219,146	\$ 8,438,096

Promissory notes receivable:	2024	2023	2022
Receivable in less than one year	\$ 44,940	\$ 60,090	\$ 54,993
Receivable in one to five years	55,353	102,013	125,889
Receivable in six to ten years	-	25,352	11,542
Total promissory notes receivable	\$ 100,293	\$ 187,455	\$ 192,424



**The Mission and Church Extension Trust Fund**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2024, 2023, and 2022**

---

**NOTE D – Financial Instruments and Fair Value Measurements**

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and 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). In instances whereby inputs used to measure fair value fall into different levels of the hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Trust's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Trust has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Fair values determined by Level 3 inputs use other inputs that are not observable due to little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques which take into account the characteristic of the asset or liability.

The Trust's policy is to recognize transfers amongst the different levels of the fair value hierarchy as of the end of the reporting period. There were no transfers amongst the fair value classifications during 2024, 2023, or 2022.

The Trust has adopted Accounting Standards Update No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* for its alternative investments. ASU 2015-07 removes the requirement to categorize investments measured at Net Asset Value ("NAV") within the fair value hierarchy. Therefore, alternative investments valued using NAV as a practical expedient have been excluded from the fair value hierarchy disclosures. NAV is provided by the alternative investment fund managers, who consider all reasonably available information. Furthermore, the Trust estimates the fair value of its alternative investments in hedge funds at the measurement date using NAV reported by the fund managers without further adjustment. The Trust does not expect to sell its alternative investments at a value other than NAV and management believes the NAV is calculated in accordance with U.S. GAAP.

**The Mission and Church Extension Trust Fund**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2024, 2023, and 2022**

**NOTE D – Financial Instruments and Fair Value Measurements (Continued)**

The following table summarizes the Trust's assets measured at fair value on a recurring basis at December 31, 2024 and the valuation techniques used to determine those fair values:

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
Investments				
Common stocks, at fair value	\$ 2,288,597	\$ 2,288,597	\$ -	\$ -
Other Investments, at NAV	4,998,251	-	-	-
Total investments	<u>\$ 7,286,848</u>	<u>\$ 2,288,597</u>	<u>\$ -</u>	<u>\$ -</u>

The following table summarizes the Trust's assets measured at fair value on a recurring basis at December 31, 2023 and the valuation techniques used to determine those fair values:

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
Investments				
Common stocks, at fair value	\$ 1,787,514	\$ 1,787,514	\$ -	\$ -
Other Investments, at NAV	3,215,863	-	-	-
Total investments	<u>\$ 5,003,377</u>	<u>\$ 1,787,514</u>	<u>\$ -</u>	<u>\$ -</u>

The following table summarizes the Trust's assets measured at fair value on a recurring basis at December 31, 2022 and the valuation techniques used to determine those fair values:

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
Investments				
Common stocks, at fair value	\$ 2,657,388	\$ 2,657,388	\$ -	\$ -
Other Investments, at NAV	3,312,899	-	-	-
Total investments	<u>\$ 5,970,287</u>	<u>\$ 2,657,388</u>	<u>\$ -</u>	<u>\$ -</u>



**The Mission and Church Extension Trust Fund**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2024, 2023, and 2022**

---

**NOTE D – Financial Instruments and Fair Value Measurements (Continued)**

As described above, the Trust holds shares in an investment company where the fair value of the investment held is estimated based on net asset value (NAV) per share (or its equivalent) of the investment company as a practical expedient. The fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Net Asset Value as of December 31,			Unfunded	Redemption	Redemption
	2024	2023	2022	Commitments	Frequency	Notice Period
Investments at NAV:						
Alternative investments -						
Wespath MAF (I Series)	\$ 4,998,251	\$ 3,215,863	\$ 3,312,899	\$ -	Daily	Daily

The investments in Wespath's Multiple Asset Fund (I Series) are a composite of U.S. equity funds (target range of 32-38 percent), international equity funds (target range of 27-33 percent), fixed income funds (target range of 23-27 percent), inflation protection funds (target range of 8-12 percent), and cash (target range of less than 2 percent). The actual composite of the underlying investments may vary at any given time but will stay within the target ranges identified.

**NOTE E – Investment Accounts Payable**

The Trust offers investments at 100 percent of their face value. The purpose of the offering is to raise money to support the Trust's mission. The minimum initial investment is \$1,000. Investment accounts are unsecured general debt obligations. The investments pay interest at a variable interest rate, which is subject to change from time to time upon 30 days' prior written notice. An election is made at the time of purchase to have the interest either paid to the purchaser or reinvested and added to the principal balance of the investment quarterly. Withdrawals of all or part of the investments are payable within 60 days. During the years ended December 31, 2024, 2023, and 2022, the annual interest rates offered on all investments ranged from 2.50 percent to 3.00 percent. Redemption requests could exceed available cash and other liquid assets. At December 31, 2024, the Trust had liquid assets consisting of cash and cash equivalents of approximately \$275,000 and investments of approximately \$7,287,000. Outstanding investment accounts payable approximated \$12,141,000.

**NOTE F – Related Party Transactions**

Included in the Trust's investments and investment accounts payable are amounts held at and for the United Methodist Foundation of Michigan (the Foundation), a related nonprofit corporation. Investments held at the Foundation approximated \$2,289,000, \$1,788,000, and \$2,657,000 as of December 31, 2024, 2023, and 2022, respectively.

During the years ended December 31, 2024, 2023, and 2022, the Trust granted \$140,000, \$168,000, and \$168,000, respectively, to the Foundation to be used at the Foundation's discretion. During the year ended December 31, 2022, the Trust granted the Foundation an additional \$3,000,000 contribution.

**NOTE G – Subsequent Events**

Management has evaluated subsequent events through March 28, 2025, the date the financial statements were available to be issued.