

# OFFERING CIRCULAR

April 19, 2024

CHURCH EXTENSION PLAN  
4070 27th Court SE, Suite 210  
Salem, Oregon 97302-1163  
P.O. Box 12629  
Salem, Oregon 97309-0629  
(503) 399-0552 or (800) 821-1112

\$250,000,000

## VISION UNSECURED PROMISSORY NOTES

Six-months (6) to five-year (5) maturity  
Interest rate: determined at time of issuance; currently ranging from 1.5% to 4.75%  
Interest payments: monthly, quarterly, semi-annually, or annually; Investor's option  
Interest may be retained or compounded

Church Extension Plan ("CEP") is hereby offering a total of \$250,000,000 of its investment obligations known as Vision Unsecured Promissory Notes ("Note" or "Notes"), which are available exclusively to members of, contributors to (including investors), or participants in the Assemblies of God, CEP, or any program, activity or organization which constitutes a part of the Assemblies of God, CEP, or other religious organizations that have a programmatic relationship with the Assemblies of God or CEP.

	Price to Investors	Underwriting, Discounts & Commissions	Proceeds to CEP
Per Note	100%	None	100%
Total	\$250,000,000	None	\$250,000,000

CEP has taken or is taking all steps necessary and required under applicable state securities laws to ensure compliance with the registration or exemption provisions in all states in which it intends to offer or sell its Notes.

CEP does not use underwriters or outside selling agents to sell its Notes and CEP does not pay commissions or other remuneration based directly or indirectly on the sale of its Notes. After paying the offering expenses, which are expected to be less than one-tenth of one percent (0.1%) of the total offering amount, CEP will receive 100% of the proceeds from the sale of its Notes.

This Offering Circular is dated April 19, 2024

THIS OFFERING IS SUBJECT TO CERTAIN RISKS.

(SEE RISK FACTORS BEGINNING AT PAGE 15)

THESE SECURITIES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK. THESE SECURITIES ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, ANY STATE BANK INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY, AND ARE SUBJECT TO INVESTMENT RISK, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, NOR HAS THE FEDERAL DEPOSIT INSURANCE CORPORATION PASSED ON THE ACCURACY OF THE DISCLOSURES MADE HEREIN. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THESE SECURITIES ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY THE ASSEMBLIES OF GOD, OR BY ANY CHURCH, CONFERENCE, INSTITUTION OR AGENCY AFFILIATED WITH THE ASSEMBLIES OF GOD.

FOR RESIDENTS OF ALL STATES

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

THESE SECURITIES ARE NOT REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES ARE ISSUED UNDER A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(A)(4) OF THE SECURITIES ACT OF 1933, AS AMENDED. THESE SECURITIES ARE ALSO EXEMPT FROM REGISTRATION OR ARE REGISTERED IN THE STATES WHERE THEY ARE QUALIFIED FOR SALE AND WILL BE OFFERED. NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES WILL NOT BE OFFERED IN ANY STATE WHERE RESTRICTIONS OR REQUIRED REGISTRATION IS NOT COMPLETE.

IN MAKING AN INVESTMENT DECISION, THE INVESTOR MUST RELY ON HIS/HER OWN EXAMINATION OF THE ISSUER AND THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR, INCLUDING THE TERMS OF THE OFFERING AND THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR DIVISION OR OTHER REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE INVESTOR SHOULD BE AWARE THAT HE/SHE MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NO OTHER PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE BY THE ISSUER. THERE IS PRESENTLY NO MARKET FOR THESE SECURITIES AND THERE IS NO ASSURANCE THAT A MARKET WILL DEVELOP IN THE FUTURE.

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 HIS/HER OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.

#### ALASKA RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED, AND IS EXEMPT FROM REGISTRATION UNDER THE ALASKA SECURITIES ACT, SECTION 45.56.110(7).

#### ARKANSAS RESIDENTS

THESE SECURITIES ARE OFFERED PURSUANT TO A TRANSACTION EXEMPTION UNDER SECTION 23-42-504(a)(9) OF THE ARKANSAS SECURITIES ACT. THE ISSUER HAS FILED AN EXEMPTION FILING PURSUANT TO RULE 504.01(a)(9) OF THE ARKANSAS SECURITIES COMMISSIONER AND ALL SECURITIES TO BE ISSUED TO ARKANSAS RESIDENTS WILL BEAR RESTRICTIVE LEGEND AS REQUIRED BY RULE 504.01(a)(9), AS FOLLOWS:

**RESTRICTION ON TRANSFER:** The security represented by this certificate has been executed pursuant to an exemption from registration under the Securities Act of 1933 and the Arkansas Securities Act in reliance upon the representation of the holder hereof that the same is acquired for investment purposes. This note may accordingly not be resold or otherwise transferred or conveyed in the absence of registration of the same pursuant to the applicable securities laws or unless an opinion of counsel satisfactory to the issuer is first obtained that such is not then necessary. Any transfer contrary hereto is void.

The investment may not exceed ten percent (10%) of any unaccredited purchaser's net worth (net worth excludes home, furnishings and automobiles).

#### CALIFORNIA RESIDENTS

Investors must have either (i) a minimum net worth of at least \$70,000 and had a minimum gross income of \$70,000 during the last tax year and will have (based on a good faith estimate) a minimum gross income of \$70,000 during the current tax year, or in the alternative (ii) a

minimum net worth of \$250,000. In either case the investment shall not exceed 10 percent of the net worth of the investor. A “small investor” who, including this offering, has not purchased more than \$2,500 worth of this issuer’s securities in the past twelve (12) months may also purchase the securities in this offering (up to a maximum of \$2,500). Net worth shall be determined exclusive of homes, home furnishings and automobiles.

Automatic renewal upon maturity of a Note, as provided in this Offering Circular, is not available to investors who are California residents. All California investors will receive a maturity notice and a current Offering Circular within 30 days of each maturity date, and California investors will have the opportunity to notify CEP if they intend to renew their investments. If renewal is not requested, investor’s funds will be promptly returned. Renewals can be made only if CEP is qualified to make sales in the state of California.

**RESTRICTION ON TRANSFER - IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFORE, WITHOUT THE PRIOR WRITTEN CONSENT OF THE CALIFORNIA COMMISSIONER OF BUSINESS OVERSIGHT OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER’S RULES.**

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THIS OFFERING OF SECURITIES IS AUTHORIZED BY PERMIT GRANTED BY THE COMMISSIONER OF BUSINESS OVERSIGHT OF THE STATE OF CALIFORNIA. THE COMMISSIONER OF BUSINESS OVERSIGHT DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF THE SECURITIES NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR.**

#### COLORADO RESIDENTS

**THIS OFFERING OF SECURITIES IS NOT REGISTERED AND IS EXEMPT FROM REGISTRATION UNDER SECTION 11-51-307(1)(g) AND RULE 51-3.15 OF THE COLORADO REVISED STATUTES FOR SECURITIES EXEMPTION.**

#### CONNECTICUT RESIDENTS

**THIS OFFERING OF SECURITIES IS NOT REGISTERED AND IS EXEMPT FROM REGISTRATION UNDER THE CONNECTICUT UNIFORM SECURITIES ACT (CUSA), SECTION 36b-21(a)(9).**

#### DELAWARE RESIDENTS

**THIS OFFERING OF SECURITIES IS NOT REGISTERED, AND IS EXEMPT FROM REGISTRATION UNDER THE DELAWARE SECURITIES ACT, SECTION 73-207(a)(9).**

#### DISTRICT OF COLUMBIA RESIDENTS

**THESE SECURITIES ARE OFFERED FOR SALE IN THE DISTRICT OF COLUMBIA PURSUANT TO SECTION 401(8) OF THE SECURITIES ACT OF 2000 [SECTION 31-5604.01(8) OF THE DISTRICT OF COLUMBIA OFFICIAL CODE]. AN EXEMPTION FROM THE REGISTRATION REQUIREMENT DOES NOT CONSTITUTE A FINDING BY**

THE DISTRICT OF COLUMBIA DEPARTMENT OF INSURANCE AND SECURITIES THAT THIS OFFERING CIRCULAR IS TRUE, COMPLETE, AND NOT MISLEADING. THE DEPARTMENT OF INSURANCE AND SECURITIES HAS NOT PASSED IN ANY WAY ON THE MERITS OF, RECOMMENDED, OR GIVEN APPROVAL TO THESE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

#### FLORIDA RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED AND IS EXEMPT FROM REGISTRATION UNDER THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT, SECTION 517.051(9).

#### GEORGIA RESIDENTS

THESE SECURITIES ARE EXEMPT FROM REGISTRATION UNDER THE GEORGIA UNIFORM SECURITIES ACT OF 2008, SECTION 10-5-10(7)(a) OF THE OFFICIAL CODE OF GEORGIA ANNOTATED. THE ISSUER HAS FILED A NOTICE OF THIS OFFERING WITH THE OFFICE OF THE GEORGIA SECRETARY OF STATE, COMMISSIONER OF SECURITIES PURSUANT TO RULE 590-4-2-.07 OF THE RULES AND REGULATIONS OF THE COMMISSIONER. THE COMMISSIONER HAS NOT PASSED ON THE MERITS OF, RECOMMENDED, OR GIVEN APPROVAL OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

#### HAWAII RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED AND IS EXEMPT FROM REGISTRATION UNDER THE UNIFORM SECURITIES ACT OF HAWAII, SECTION 485A-201(7).

#### IDAHO RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED AND IS EXEMPT FROM REGISTRATION UNDER THE IDAHO UNIFORM SECURITIES ACT (2004), SECTION 30-14-201(7). THE FACT THAT A SECURITY IS EXEMPT FROM REGISTRATION DOES NOT CONSTITUTE AN APPROVAL OR EVALUATION OF THE MERITS OF THE SECURITY BY THE IDAHO DEPARTMENT OF FINANCE. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

#### ILLINOIS RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED AND IS EXEMPT FROM REGISTRATION UNDER THE ILLINOIS SECURITIES LAW OF 1953, 815 ILCS 5/3 H.

#### INDIANA RESIDENTS

THESE SECURITIES ARE OFFERED PURSUANT TO A TRANSACTION EXEMPTION UNDER SECTION 23-19-2-2(14) OF THE INDIANA UNIFORM SECURITIES ACT AND SECTION 710 OF THE INDIANA ADMINISTRATIVE CODE 4-2-1. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE INDIANA SECURITIES DIVISION. THE INDIANA SECURITIES DIVISION HAS NOT IN ANY WAY PASSED UPON THE MERITS OR QUALIFICATIONS OF OR RECOMMENDED OR GIVEN APPROVAL TO, THE SECURITIES HEREBY OFFERED.

OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IOWA RESIDENTS

THESE SECURITIES ARE EXEMPT FROM REGISTRATION UNDER THE IOWA UNIFORM SECURITIES ACT, SECTION 502.201(7). THE ISSUER HAS FILED A NOTICE OF THIS OFFERING AND APPLICATION FOR EXEMPTION WITH IOWA INSURANCE DIVISION PURSUANT TO IOWA ADMINISTRATIVE CODE 191-50.87(502). THE IOWA INSURANCE DIVISION HAS NOT PASSED ON THE MERITS OF, RECOMMENDED, OR GIVEN APPROVAL OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

KANSAS RESIDENTS

THESE SECURITIES ARE OFFERED PURSUANT TO A TRANSACTION EXEMPTION UNDER SECTION 17-12a-202(14) OF THE KANSAS UNIFORM SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE KANSAS SECURITIES COMMISSIONER. THE SECURITIES COMMISSIONER DOES NOT RECOMMEND NOR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

LOUISIANA RESIDENTS

THESE SECURITIES HAVE BEEN REGISTERED WITH THE SECURITIES COMMISSIONER OF THE STATE OF LOUISIANA. THE SECURITIES COMMISSIONER, BY ACCEPTING REGISTRATION, DOES NOT IN ANY WAY ENDORSE OR RECOMMEND THE PURCHASE OF ANY OF THESE SECURITIES.

MAINE RESIDENTS

THIS OFFERING OF SECURITIES IS EXEMPT FROM REGISTRATION UNDER THE MAINE UNIFORM SECURITIES ACT, SECTION 16201.7.

MARYLAND RESIDENTS

These securities are offered for sale in Maryland pursuant to a regulatory exemption from registration, Section 11-601(9) of the Maryland Securities Act. The Division of Securities of the Office of the Attorney General of Maryland has not reviewed the information nor passed in any way upon the merits of, recommended, or given approval to the securities. Any representation to the contrary is a criminal offense.

MASSACHUSETTS RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED AND IS EXEMPT FROM REGISTRATION UNDER THE UNIFORM SECURITIES ACT OF MASSACHUSETTS, SECTION 402(a)(9).

### MICHIGAN RESIDENTS

THIS OFFERING OF SECURITIES IS BEING CONDUCTED IN MICHIGAN AS AN EXEMPT OFFERING ACKNOWLEDGED BY AN EXEMPTION ORDER UNDER SECTION 201(g) OF THE MICHIGAN UNIFORM SECURITIES ACT, MCL 451.2201(g). THE DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF THE SECURITIES NOR HAS THE DEPARTMENT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

### MINNESOTA RESIDENTS

THESE SECURITIES ARE EXEMPT FROM REGISTRATION UNDER THE MINNESOTA SECURITIES ACT, SECTION 80A.45(7). THE ISSUER HAS FILED A NOTICE OF THIS OFFERING WITH THE STATE OF MINNESOTA, DEPARTMENT OF COMMERCE PURSUANT TO SECTION 80A.45(7) OF THE MINNESOTA SECURITIES ACT. THE DEPARTMENT OF COMMERCE HAS NOT PASSED ON THE MERITS OF, RECOMMENDED, OR GIVEN APPROVAL TO THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

### MISSISSIPPI RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED, AND IS EXEMPT FROM REGISTRATION UNDER THE MISSISSIPPI SECURITIES ACT, SECTION 75-71-201(7).

### MISSOURI RESIDENTS

THESE SECURITIES ARE EXEMPT FROM REGISTRATION UNDER SECTION 409.2-201(7) OF THE MISSOURI REVISED STATUTES (MO REV STAT). THE ISSUER HAS FILED A NOTICE OF THIS OFFERING WITH THE OFFICE OF THE MISSOURI SECRETARY OF STATE, SECURITIES DIVISION PURSUANT TO MO REV STAT SECTION 409.2-207(B) AND MISSOURI CODE OF STATE REGULATIONS SECTION 30-54.070. THE SECURITIES DIVISION HAS NOT PASSED ON THE MERITS OF, RECOMMENDED, OR GIVEN APPROVAL OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

### MONTANA RESIDENTS

THESE SECURITIES ARE EXEMPT FROM REGISTRATION UNDER THE MONTANA SECURITIES ACT. THE ISSUER HAS FILED A NOTICE OF THIS OFFERING WITH THE STATE OF MONTANA, COMMISSIONER OF SECURITIES AND INSURANCE PURSUANT TO THE MONTANA CODE ANNOTATED SECTION 30-10-104(1) AND/OR (8). THE STATE OF MONTANA COMMISSIONER OF SECURITIES AND INSURANCE HAS NOT PASSED ON THE MERITS OF, RECOMMENDED, OR GIVEN APPROVAL TO THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

### NEVADA RESIDENTS

THESE SECURITIES ARE EXEMPT FROM REGISTRATION UNDER THE NEVADA REVISED STATUTES, SECTION 90.520.2(j). THE ISSUER HAS FILED A NOTICE OF THIS OFFERING WITH THE NEVADA SECURITIES DIVISION ADMINISTRATOR

PURSUANT TO NEVADA ADMINISTRATIVE CODE SECTION 90.495. THE ADMINISTRATOR HAS NOT PASSED ON THE MERITS OF, RECOMMENDED, OR GIVEN APPROVAL OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

#### NEBRASKA RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED, AND IS EXEMPT FROM REGISTRATION UNDER THE NEBRASKA SECURITIES ACT, SECTION 8-1110(8).

#### NEW HAMPSHIRE RESIDENTS

THESE SECURITIES ARE EXEMPT FROM REGISTRATION UNDER THE NEW HAMPSHIRE UNIFORM SECURITIES ACT, SECTION 421-B:2-201(7). THE ISSUER HAS FILED A NOTICE OF THIS OFFERING WITH THE STATE OF NEW HAMPSHIRE, BUREAU OF SECURITIES PURSUANT TO SECTION 421-B:2-201(7) OF THE NEW HAMPSHIRE UNIFORM SECURITIES ACT. THE BUREAU OF SECURITIES HAS NOT PASSED ON THE MERITS OF, RECOMMENDED, OR GIVEN APPROVAL TO THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

#### NEW JERSEY RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED AND IS EXEMPT FROM REGISTRATION UNDER THE NEW JERSEY UNIFORM SECURITIES LAW, SECTION 49:3-50(a)(9).

#### NEW MEXICO RESIDENTS

THIS OFFERING OF SECURITIES IS EXEMPT FROM REGISTRATION UNDER THE NEW MEXICO UNIFORM SECURITIES ACT, SECTION 58-13C-201.G.

#### NEW YORK RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED AND IS EXEMPT FROM REGISTRATION UNDER THE GENERAL BUSINESS LAW OF NEW YORK (GBL), SECTION 359-f(2)(c). THE ISSUER HAS FILED A NOTICE OF THIS OFFERING WITH THE ATTORNEY GENERAL FOR THE STATE OF NEW YORK PURSUANT TO GBL SECTION 353-e(1)(a). THE ATTORNEY GENERAL FOR THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

#### NORTH CAROLINA RESIDENTS

THESE SECURITIES ARE EXEMPT FROM REGISTRATION UNDER THE NORTH CAROLINA SECURITIES ACT. THE ISSUER HAS FILED A NOTICE OF THIS OFFERING WITH THE NORTH CAROLINA SECRETARY OF STATE SECURITIES DIVISION PURSUANT TO NORTH CAROLINA GENERAL STATUTES SECTION 78A-16(9) AND NORTH CAROLINA ADMINISTRATIVE CODE SECTION 06A.1209. THE NORTH CAROLINA SECURITIES DIVISION EXPRESSES NO VIEW WITH RESPECT TO THE MERITS OF THE INVESTMENT IN THIS OFFERING NOR THE ADEQUACY OF DISCLOSURE CONCERNING THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.



### OKLAHOMA RESIDENTS

THESE SECURITIES ARE OFFERED PURSUANT TO A TRANSACTION EXEMPTION UNDER SECTION 1-202(14) OF THE OKLAHOMA UNIFORM SECURITIES ACT OF 2004. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE OKLAHOMA SECURITIES COMMISSION. THE SECURITIES COMMISSION DOES NOT RECOMMEND NOR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

### OREGON RESIDENTS

Automatic renewal upon maturity of a Note, as provided in this prospectus (see “Automatic Renewal at Maturity Unless Otherwise Elected” under RISK FACTORS), is available to Oregon residents only under limited circumstances. Notes may be automatically renewed for the same term as the original Note or for a term of six (6) months, whichever is shorter. The interest rate on any Note renewed in this manner will be the rate in effect at the time of renewal, which may be higher or lower than the previous Note’s rate.

### RHODE ISLAND RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED AND IS EXEMPT FROM REGISTRATION UNDER THE RHODE ISLAND UNIFORM SECURITIES ACT, SECTION 7-11-401(10).

### SOUTH CAROLINA RESIDENTS

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF TRANSACTION EXEMPTION UNDER SECTION 35-1-202(14) OF THE SOUTH CAROLINA UNIFORM SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE SOUTH CAROLINA ATTORNEY GENERAL, SECURITIES DIVISION. THE SECURITIES DIVISION DOES NOT RECOMMEND NOR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

### SOUTH DAKOTA RESIDENTS

THESE SECURITIES ARE OFFERED PURSUANT TO A TRANSACTION EXEMPTION UNDER SECTION 47-31B-202 OF THE SOUTH DAKOTA UNIFORM SECURITIES ACT OF 2002. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE SOUTH DAKOTA DIVISION OF INSURANCE - SECURITIES REGULATION. THE SOUTH DAKOTA DIVISION OF INSURANCE - SECURITIES REGULATION DOES NOT RECOMMEND NOR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

### TENNESSEE RESIDENTS

THESE SECURITIES ARE OFFERED PURSUANT TO A TRANSACTION EXEMPTION UNDER SECTION 48-1-103(b)(4) OF THE TENNESSEE SECURITIES ACT OF 1980. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE TENNESSEE SECURITIES DIVISION. THE SECURITIES DIVISION DOES NOT RECOMMEND NOR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

### TEXAS RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED AND IS EXEMPT FROM REGISTRATION UNDER THE TEXAS SECURITIES ACT (2019), SECTION 6.J.

### UTAH RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED AND IS EXEMPT FROM REGISTRATION UNDER THE UTAH UNIFORM SECURITIES ACT, SECTION 61-1-14(1)(f)(i).

### VERMONT RESIDENTS

THESE SECURITIES ARE OFFERED PURSUANT TO A TRANSACTION EXEMPTION UNDER SECTION 5202(14) OF THE VERMONT UNIFORM SECURITIES ACT, 9 VSA CHAPTER 150 (SECURITIES ACT). A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE VERMONT SECURITIES DIVISION. THE SECURITIES DIVISION DOES NOT RECOMMEND NOR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

### VIRGINIA RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED AND IS EXEMPT FROM REGISTRATION UNDER SECTION 13.1-514.1.B OF THE VIRGINIA SECURITIES ACT.

### WASHINGTON RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED AND IS EXEMPT FROM REGISTRATION UNDER SECTION 21.20.310(11) OF THE SECURITIES ACT OF WASHINGTON AND RULE 460-52A-060 OF THE WASHINGTON ADMINISTRATIVE CODE (WAC). (i) ANY PROSPECTIVE PURCHASER IS ENTITLED TO REVIEW FINANCIAL STATEMENTS OF THE ISSUER WHICH SHALL BE FURNISHED UPON REQUEST; (ii) RECEIPT OF NOTICE OF EXEMPTION BY THE WASHINGTON ADMINISTRATOR OF SECURITIES DOES NOT SIGNIFY THAT THE ADMINISTRATOR HAS APPROVED OR RECOMMENDED THESE SECURITIES, NOR HAS THE ADMINISTRATOR PASSED UPON THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE; AND (iii) THE RETURN OF THE FUNDS OF

THE PURCHASER IS DEPENDENT UPON THE FINANCIAL CONDITION OF THE ORGANIZATION.

WEST VIRGINIA RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED AND IS EXEMPT FROM REGISTRATION UNDER THE UNIFORM SECURITIES ACT OF WEST VIRGINIA, SECTION 32-4-402(a)(9).

WISCONSIN RESIDENTS

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

WYOMING RESIDENTS

THIS OFFERING OF SECURITIES IS NOT REGISTERED, AND IS EXEMPT FROM REGISTRATION UNDER THE WYOMING SECURITIES ACT, SECTION 17-4-201(a)(vii).

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## INFORMATION IN THIS OFFERING CIRCULAR

This Offering Circular contains essential information about CEP and the securities being offered hereby. Prospective purchasers are advised to read this Offering Circular carefully prior to making any decisions to purchase these securities.

Except where otherwise indicated, this Offering Circular speaks as of its date. Neither the delivery of this Offering Circular nor any investment in the Vision Unsecured Promissory Notes offering as described in this Offering Circular shall create an implication that the affairs of CEP have continued without change since such date.

Prospective purchasers are not to construe the contents of this Offering Circular as legal or tax advice. Each purchaser should consult his or her own counsel, accountant and other advisors as to legal, tax and related matters concerning the investment described in this Offering Circular and its suitability for him or her.

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## RIGHT OF WITHDRAWAL

Any person who accepts an offer to purchase a Vision Unsecured Promissory Note shall have the right within three (3) business days after the first time this Offering Circular is received to withdraw from the purchase agreement and receive a full refund of all monies paid, without interest. Such withdrawal shall be without the purchaser incurring any further liability to any person. To accomplish this withdrawal, a purchaser need only send a written request, which must be postmarked on or prior to the third business day, to CEP at the address listed on the first page of this Offering Circular, indicating intent to withdraw. If a purchaser chooses to withdraw by letter, it is prudent to send it by certified mail, return receipt requested, to ensure that the letter is received and to evidence the time of mailing.

## SUMMARY OF OFFERING

This summary is being provided for the convenience of potential investors. It must be read in conjunction with the more complete statements made in this Offering Circular, including the audited financial statements included at the end of this Offering Circular.

1. Church Extension Plan: CEP is an Oregon non-profit corporation, organized and operated by member districts of the Assemblies of God, for the purpose of assisting Assemblies of God churches and organizations in the United States and Puerto Rico with church expansion activities.
2. Limited Class of Investors: The class of potential investors for the investments described in this Offering Circular is limited to persons who were, prior to the receipt of this Offering Circular, members of, contributors to (including investors), participants in the Assemblies of God, CEP, or any program, activity, or organization which is affiliated with the Assemblies of God or CEP, or other religious organizations that affiliate with or have a programmatic relationship with the Assemblies of God or CEP.
3. Risk Factors: You are urged to carefully read the Risk Factors, which appear in the next section of this Offering Circular, in order to better understand certain important factors relating to CEP, its use of the proceeds of investments, and the nature of the investment obligations themselves. The risks described in the Risk Factors section below are not the only risks that CEP may face. Additional risks and uncertainties not currently known, or that are currently expected to be immaterial, may also materially and adversely affect CEP's financial condition. Past financial performance may not be a reliable indicator of future performance. (See RISK FACTORS).
4. Financial Status: As of December 31, 2023, the end of the most recent accounting year preceding the date of this Offering Circular, for which audited financial statements are available, CEP's financial status was as follows:

Assets	
Cash	\$ 11,697,832
Investments	45,334,609
Total Cash & Investments	57,032,441
Mortgages Receivable, net	527,352,564
Other Assets	21,604,487
Total Assets	<u>\$ 605,989,492</u>
Liabilities	
Unsecured Notes Payable	\$ 566,326,327
Unsecured Certificates Payable	23,620,849
Other Liabilities	2,555,225
Total Liabilities	<u>592,502,401</u>
Net Assets	
Without Donor Restrictions	13,158,865
With Donor Restrictions	328,226
Total Net Assets	<u>13,487,091</u>
Total Liabilities & Net Assets	<u>\$ 605,989,492</u>

5. Financial Statements: CEP's most recent audited financial statements are available within 120 days of its most recent year-end and are found beginning at page 43 of this Offering Circular.

6. Use of Proceeds: The proceeds from the sale of the Notes will be added to CEP's general fund, which is used primarily to make loans to Assemblies of God churches and organizations and to pay CEP's operational expenses, including the (i) expenses of this offering, (ii) interest and principal on the Notes, and (iii) other debt obligations. To the extent the proceeds are not immediately needed for these purposes, CEP will also use the proceeds to make investments. Any investment will only be in (1) FDIC insured certificates of deposit; (2) fixed income securities rated "A" or better, as rated by major rating companies; and (3) US Government securities or US Government Agency securities. Not more than 25% of such funds shall be invested in any single institution other than the US Government and its Agencies, and not more than 50% of such invested funds shall be invested in any type of investment other than US Government and Agency securities.

7. Annuity Reserve Fund: CEP also offers charitable gift annuities. The investment policy for its annuity reserve funds differ from that of its policy for borrowed funds. A charitable gift annuity provides for the payment of a fixed income stream to the income beneficiary for life, and upon death, the remaining balance is to be paid to the remainder beneficiary. The combined goals of the high-income stream to the income beneficiary and the preservation of corpus for the remainder beneficiary suggest a high equity exposure. CEP has elected a conservative approach designed to provide greater stability to the annuity reserve, and still have a significant equity exposure. CEP has elected a total return approach designed to balance the income requirement

and long-term growth of corpus, the goal being to achieve a unified return in the range of 5.5% to 7.5%.

8. Return to Investor: Investments are available in the marketplace that may offer a higher rate of return and may involve less risk than the Notes offered pursuant to this Offering Circular.

### RISK FACTORS

The purchase of unsecured Notes involves certain risk factors, including but not limited to the following:

1. Notes are Unsecured: Notes are unsecured general obligations of CEP, and repayment of principal and interest will be dependent solely upon the financial condition and operations of CEP.

2. No Sinking Fund or Trust Indenture: No sinking fund or trust indenture has been or will be established to insure or secure the repayment of Notes. Accordingly, CEP does not set aside specifically for payment of principal and interest on the Notes and offering proceeds are not segregated from other assets of CEP. CEP's ability to pay principal and interest on the Notes will therefore be solely dependent on CEP's financial condition and liquidity at the time the Notes must be paid.

3. Absence of Insurance and Guarantees: CEP is not a bank or similar institution and thus its operations are not regulated by any governmental agency. The Notes are not insured or guaranteed by any governmental agency, such as the FDIC, or any public or private entity as are accounts offered by banks or similar institutions. Accordingly, an investment in the Notes has more risk associated with it because repayment of principal and interest is ultimately dependent upon the financial condition of CEP. Investors should assume Notes will be held to maturity.

4. Return on Investment: Investments are available in the marketplace that may (1) offer a higher rate of return, and/or (2) be secured, and/or (3) be insured.

**5. NASAA Statement of Policy Guideline – Net Assets: The North America Securities Administrators Association, Inc. (NASAA) sets various benchmarks for church extension funds, including net assets. The NASAA Statement of Policy is that at the end of its most recent fiscal year, an Issuer's net assets be positive and equal to five percent (5%) or more of total assets. CEP's net assets as a percentage of total assets (capitalization) were 2.23%, 2.15%, and 2.10% as of December 31, 2023, 2022, and 2021, respectively. CEP does not currently meet the NASAA net asset benchmark, which could negatively impact CEP's financial condition, including its ability to repay the Notes at maturity. (See Analysis of Selected Financial Data and AUDITED FINANCIAL STATEMENTS, footnote 21.)**

6. Loan Delinquencies: The percentage of loans receivable 90 days or more past due was 4.1%, 5.4%, and 6.6% as of December 31, 2023, 2022, and 2021, respectively. As of February 29, 2024, the percentage of loans 90 days or more past due was 3.2%. These percentages include nonaccrual loans. CEP's ability to satisfactorily collect repayment of delinquent loans could negatively impact CEP's financial condition, including its ability to repay the Notes at maturity. (See AUDITED FINANCIAL STATEMENTS, footnotes 4 and 21 and LENDING ACTIVITIES).

7. Proceeds Added To CEP's General Fund: Proceeds received from the sale of the Notes will be added to CEP's general fund. The general fund is used for operating expenses and to carry out CEP's primary purpose, which is to provide financing to Assemblies of God churches and organizations. Accordingly, CEP's ability to make payments of principal and interest on the Notes at maturity will depend on the general fund balance and CEP's financial condition at the time the Notes must be paid (See RISK FACTORS 5, 6, 8, 9 and VISION UNSECURED PROMISSORY NOTES).

8. Workout Arrangements: CEP may enter into workout arrangements, which modify the interest and/or principal payment obligations of any borrowing church whose loan is in default or imminent default with respect to payments of principal or interest. Such work out arrangements may decrease the likelihood of a default. Workout arrangements include evaluation of debtor's current financials, assessing the reason for delinquency, developing a workout plan, and maintaining ongoing communication to ensure workout requirements are met. (See AUDITED FINANCIAL STATEMENTS, footnotes 4 and 21 and LENDING ACTIVITIES).

9. Allowance for Credit Losses May Be Insufficient: CEP maintains an allowance for credit losses, which management reasonably determines based upon its periodic review of loans and consideration of various factors affecting anticipated collectability. The process for determining the allowance for credit losses is based on historical experience, current conditions, and reasonable and supportable forecasts, including estimates for prepayments. As of December 31, 2023, CEP's allowance for credit losses as a percentage of total mortgage receivable was approximately 1.23% (1.48% and 1.67% in 2022 and 2021, respectively). If the credit loss allowance turns out to be insufficient to cover losses actually realized in the future, then CEP's financial condition would be adversely affected, including its ability to make payments of principal and interest on the Notes at maturity. (See AUDITED FINANCIAL STATEMENTS, footnotes 4 and 21).

10. Ranking and Priority: The securities presently offered and sold by CEP are of the same rank and priority as its other debt securities and debt obligations, except for existing and anticipated future senior secured indebtedness, which shall not exceed ten percent (10%) of the tangible assets (total assets less intangible assets as defined by accounting principles generally accepted in the United States (GAAP)).

11. No Established Market: There is no established market for the trading of the Notes, and there is no likelihood that such a market may develop in the future. The Notes are non-transferable without CEP's prior written approval, except by gift or upon the death of the Note holder. Investors should assume that the Notes will be held to maturity.

12. Payments of Principal and Interest: Any negative changes or trends in the financial condition of CEP and its operations may adversely affect its ability to make payments of principal and interest on the Notes at maturity. (See RISK FACTORS 5, 6, 8, 9 and VISION UNSECURED PROMISSORY NOTES).

13. Liquid Assets Subject to Risks: CEP's liquid assets that are invested in readily marketable securities are subject to losses if the market value of such investments decline. In order to meet anticipated cash needs, it is CEP's practice to maintain liquid funds consistent with the North American Securities Administration Association, Inc. (NASAA) statement of policy regarding



church extension funds. The NASAA statement of policy is that at the end of its most recent fiscal year, the Issuer's cash, cash equivalents, readily marketable securities, and available lines of credit (not exceeding 2% of the principal balance of its total investment obligations) have a value of at least eight percent (8%) of the principal balance of its total investment obligations. CEP's cash, cash equivalents, readily marketable securities, and available lines of credit (not exceeding the above-described 2%) as a percentage of its total investment obligations was 11.7%, 8.7%, and 12.6% as of December 31, 2023, 2022, and 2021, respectively.

14. Tax Consequences: Interest earned on the Notes is subject to reporting for income tax purposes. No contribution deduction is allowed by reason of the purchase of any security described in this Offering Circular. A professional tax advisor should be consulted regarding all tax matters.

15. Loan Repayment: CEP's loans are made to Assemblies of God churches and organizations whose ability to repay the loans depends primarily upon contributions that they receive from their members and friends. There are no assurances that individual church membership, attendance, or per capita contributions by members or friends of churches will increase or remain stable. Contributions may decline for a variety of reasons, including but not limited to the general impact of a softening economy, increased job losses or other economic difficulties encountered by church members, and/or a decline in the business prospects of donors. A decrease in contributions to CEP's borrowers could adversely affect CEP's financial condition and its ability to make payments of principal and interest on the Notes at maturity. (See RISK FACTORS 5, 6, 8, 9 and VISION UNSECURED PROMISSORY NOTES).

16. Loan Policies: Loans made by CEP are to Assemblies of God churches and organizations. Because of the relationship between CEP and its borrowers, loan policies, including loan underwriting and enforcement of loan terms in the event of delinquency, are less stringent than those of commercial lenders, and CEP may accommodate partial, deferred, or late payments from some borrowers or forebear foreclosure upon real estate securing the loans. (See CHURCH LOANS).

17. Changes in Federal or State Laws: There is no guarantee that one or more federal or state laws may not be changed in a way that may affect CEP's ability to continue to sell Notes or other offerings. Any such unforeseen change could have a substantial adverse effect on CEP's cash flow, which may in turn affect CEP's ability to meet its commitments to pay principal and interest on its obligations, including the securities issued pursuant to this Offering Circular.

18. Second Mortgages: In some cases, loans are secured by a second, rather than a first, mortgage or trust deed. As of December 31, 2023, 2022, and 2021, there were no loans secured by second mortgages or second deeds of trust.

19. Unsecured Loans: In some cases, CEP may make loans that are unsecured. Unsecured loans generally involve a higher degree of risk of loss than do secured loans because, without collateral, repayment is wholly dependent upon the success of the borrower. CEP may be limited in its ability to collect on defaulted unsecured loans as a result of the lack of collateral, which could adversely affect CEP's financial condition, including its ability to repay the Notes. CEP had no unsecured loans at December 31, 2023, \$542,031 at December 31, 2022, and \$2,202,213 at December 31, 2021. In each case, these amounts represent less than one percent (1%) of all mortgages receivable (See AUDITED FINANCIAL STATEMENTS, footnote 3).

20. Church Property Locations: A high percentage of loans are made to churches in the State of California (approximately 23% of all loans representing approximately 21% of the dollar amount of all loans). Some counties in California, as well as other states, have experienced seismic activity in the past. In addition, CEP has a number of loans to churches in the State of Florida (approximately 10% of all loans representing approximately 8% of the dollar amount of all loans) and other parts of the southeastern United States, which is subject to hurricane and flooding perils. Most churches do not carry casualty insurance on church buildings covering earthquake, flooding, or hurricane perils because of limited availability, high premium cost, and the large percentage of self-insurance required under those policies that are available. CEP has not experienced any credit losses due to these perils. Any substantial uninsured loss due to these perils or other natural disasters may adversely affect CEP's financial condition.

21. No Early Repayment: Funds received from the sale of Notes are used to make loans to Assemblies of God churches, or for CEP's operational purposes, and therefore are not available for early repayment. Purchasers should assume that the Notes will be held to maturity.

22. Automatic Renewal at Maturity Unless Otherwise Elected: If the investor does not notify CEP in writing on or before the maturity of the election not to extend or renew the Note, the Note will be renewed and extended for the same period of time as the preceding term. CEP's most recent Offering Circular and current rate chart are made available to the investor annually and in advance of renewal. Interest rates offered vary according to market conditions and the length of time of the investment. The renewal interest rate may be less than that of the original investment. Current rates are available at [www.cepnet.com](http://www.cepnet.com). Automatic renewal is limited or does not apply in certain states. (See state specific disclosures, beginning at page 3).

23. Limited Use Buildings: Funds raised from the issuance of Notes are used to construct, purchase, or renovate church buildings which by their nature have a single or otherwise limited use. The same is true for buildings which secure loans made in prior periods. Therefore, the value of these buildings, which value usually represents replacement cost or value to a church, may be substantially higher for a church than for other users. If CEP has to foreclose on a church property, the proceeds from the sale of the collateral may be insufficient to cover the debt to CEP. In any such case, CEP's financial condition would be weakened.

24. No Right to Vote: CEP is managed by a board of directors, and investors have no right to vote or participate in CEP's management.

25. Uninsured Cash: CEP maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. To the extent any such account or accounts exceed insured limits, the excess would not be covered by insurance and, therefore, would not be recoverable in the event of a bank failure.

26. Other Debts and Obligations of CEP: In addition to the obligation to pay principal and interest on the Notes at maturity, CEP also has an outstanding obligation to pay its Partners Plus Church Certificates (See AUDITED FINANCIAL STATEMENTS, footnote 11). Partners Plus Church Certificates ("Certificates") are different and unrelated to the securities described in this Offering Circular. CEP discontinued its Certificates security offering on January 1, 2021. (See AUDITED FINANCIAL STATEMENTS, footnote 1). The obligations arising from the securities described in this Offering Circular (See AUDITED FINANCIAL STATEMENTS, footnote 10), and the outstanding obligations to pay Certificates issued prior to January 1, 2021

(See AUDITED FINANCIAL STATEMENTS, footnote 11), are each unsecured and are of the same rank and priority. In addition, CEP also has the obligation to pay ongoing expenses relating to its ownership of Other Real Estate Owned (OREO), which is property acquired by CEP through foreclosure or in a deed-in-lieu of foreclosure (See AUDITED FINANCIAL STATEMENTS, footnote 7). CEP also has the obligation to pay its short-term line of credit. No amounts were drawn on the line of credit as of December 31, 2023, 2022, and 2021. (See AUDITED FINANCIAL STATEMENTS, footnote 9).

28. Environmental Risks: There is potential environmental liability associated with the loans CEP makes. CEP does not typically require an environmental assessment of the church property as a condition to making a loan. CEP's security for the loan could be impaired if the church property turns out to have environmental pollution or other contamination problems. In addition, changes in environmental regulations could require the borrower to incur substantial unexpected expenses to comply with such regulations, and this could impair both the value of the collateral and the borrower's ability to repay CEP. In any such case, CEP's financial condition could be weakened.

29. Construction Loan Risks: Borrowers may use loan proceeds to construct new facilities or to improve existing facilities, thereby being subject to risks associated with construction. If any of the following risks or other risks related to construction and improvement occur, it could have a material adverse effect on a borrower's ability to repay its loan by increasing construction costs or delaying or preventing completion of a project:

- a. The borrower and its contractor may not sign a fixed-price construction contract.
- b. The contractor may fail to pay subcontractors resulting in construction liens being filed.
- c. 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.
- d. The contractor may not post a completion bond.

30. Risks Related to an Inability to Maintain Historical Rates of Renewal: For the past three (3) fiscal years, the blended average of total Notes that have renewed at maturity is above 80%. CEP cannot assure investors that the historical renewal rate of Notes at maturity will continue. A significant reduction in the renewal of Notes by investors at maturity could adversely impact CEP's ability to repay Notes.

This Offering Circular may contain forward-looking statements about future events or occurrences. These forward-looking statements are identifiable by words or phrases indicating that particular events "may" or "will" occur or that CEP "expects," "anticipates," "projects," or "intends" or other words of similar import 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 Offering Circular that could cause actual results to differ materially from the stated expectations. CEP undertakes no obligation to update or revise any forward-looking statements to reflect developments or information obtained after the date of this Offering Circular.

## HISTORY & OPERATIONS

CEP is located at 4070 27th Court SE, Suite 210, Salem, Oregon 97302-1359, telephone (503) 399-0552 or toll free at (800) 821-1112. CEP began as a ministry of the Assemblies of God Oregon District in 1950. It was incorporated as a non-profit corporation in the state of Oregon on February 11, 1952. CEP is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986 as amended (“Code”), is not a “private foundation” under Section 509 of the Code and is organized and operated exclusively for religious and charitable purposes. No part of CEP’s net earnings benefits any person, private shareholder, or individual.

CEP was founded for the purpose of assisting Assemblies of God churches to extend and expand their ministry and outreach by assisting them in the financing of capital improvements and expansion of building facilities and other fixed assets.

CEP’s members consist of 59 of the 67 District Councils of the Assemblies of God. Each member District is a separate non-profit organization which oversees the various individual Assemblies of God ministers in its District. The Assemblies of God Fellowship consists of individual, independent churches voluntarily associating together as members of District Councils. In most cases, District boundaries correspond to state boundaries. The various District Councils are members of the General Council of the Assemblies of God located in Springfield, Missouri. The Assemblies of God has more than three million members and adherents in the United States. Other information regarding CEP is as follows:

1. Property and Equipment: CEP is located at 4070 27th Court SE, Suite 210, Salem, Oregon, 97302, in its own two-story building consisting of approximately 20,000 square feet on each level, with adjacent parking. CEP occupies the upper level, and the lower level is leased to other third parties. The land, building, and improvements are carried on the books at cost of \$6,431,856 less accumulated depreciation of \$2,510,965, as of December 31, 2023. Other property and equipment includes office equipment, furniture, and software. CEP also has other real estate owned representing church properties acquired by CEP as satisfaction, or partial satisfaction, of delinquent loans. (See AUDITED FINANCIAL STATEMENTS: footnote 1 “Summary of Significant Accounting Policies,” footnote 5 “Property and Equipment,” footnote 6 “Other Rental Property,” and footnote 7 “Other Real Estate Owned.”)
2. Employees: CEP has 38 employees, which consist of the following: president, chief financial officer, senior vice presidents and other officers, a controller, managers, and office staff.
3. Board Meetings: CEP is managed by its board of directors which consists of representatives of qualifying Districts of the Assemblies of God. The full Board meets twice a year, usually in June and November. The Executive Committee of the Board meets quarterly. Investors do not obtain any right to vote, or participate in any way, in CEP’s management, attend any meetings, or obtain any reports.
4. Financial Statements: CEP’s most recent audited financial statements are available to investors within 120 days of its most recent year-end either upon request or at [www.cepnet.com](http://www.cepnet.com).
5. Earnings: CEP generates earnings primarily through interest income from church loans. (See AUDITED FINANCIAL STATEMENTS).

## USE OF PROCEEDS

Proceeds from the sale of the Notes will be added to CEP's general fund. CEP's general fund is used primarily to make loans to Assemblies of God churches and organizations and to pay CEP's operating expenses, including the expenses of this offering, and to pay interest and principal on the Notes and other debt obligations of CEP.

CEP may make investments with proceeds from the sale of the Notes to the extent such proceeds are not immediately needed for these purposes. Any investment will only be in (1) FDIC insured certificates of deposit; (2) fixed income securities rated "A" or better, as rated by major rating companies; and (3) US Government securities or US Government Agency securities. Not more than 25% of such funds shall be invested in any single institution other than the US Government and its Agencies, and not more than 50% of such invested funds shall be invested in any type of investment other than US Government and Agency securities.

Expense of this offering:

The total anticipated expenses related to the development of this offering are \$215,000:

- Legal fees \$10,000
- Audit and accounting fees \$147,000
- State securities registration fees \$18,000
- Advertising \$40,000

Estimated expenses for this offering amount to less than one-tenth of one percent (0.1%) of the total offering amount.

## FINANCING & OPERATIONAL ACTIVITIES

Vision Unsecured Promissory Notes, as described in this Offering Circular, is CEP's only securities offering. CEP discontinued its other securities offering, Partners Plus Church Certificates ("Certificates"), effective January 1, 2021.

1. Outstanding Securities and Other Debt: A description and summary of CEP's debt obligations, including its payables for both Notes (covered by this Offering Circular) and for Certificates (different and unrelated to the securities described in this Offering Circular and discontinued by CEP on January 1, 2021), and its other debt obligations as of the end of its most recent fiscal year, is as follows:

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SECURED

Line of Credit Secured by Mortgages \$ -

UNSECURED

Vision Notes: Six-month to five-year maturities 566,326,327

Certificates:

CEP discontinued its securities offering for Certificates on January 1, 2021.

Certificate liability represents CEP's estimate of the current value of CEP's obligation with regard to Certificates payable at maturity for all Certificates purchased prior to January 1, 2021. The difference between the total amount of the liability at maturity and the total amount of the liability as shown on the balance sheet is called Certificate Discount, which is amortized to expense over the life of the Certificate. As reflected in Note 11 to the audited financial statements, the net Certificate liability was reduced in 2023 by 6.1% to \$23,620,849 and reflects a Certificate Discount of \$6,870,851

23,620,849

Other: Accounts, interest and other 1,828,191

Total Unsecured 591,775,367

Total Outstanding Securities & Other Debt \$ 591,775,367

2. Cash Receipts from Sale of Securities and Amount of Redemptions: A description of the amount of sales receipts and the debt obligation relating to the amount of redemptions for both Notes (covered by this Offering Circular) and for Certificates (different and unrelated to the securities described in this Offering Circular and discontinued by CEP on January 1, 2021) at the end of its most recent fiscal year on a cash flow basis, is as follows:

Vision Notes

Cash received from issuance of Vision Notes \$ 97,272,962

Cash disbursements for redemptions (76,025,702)

Receipts over (under) disbursements, Vision Notes \$ 21,247,260

Certificates

Cash received from Certificates \$ -

Cash disbursements for redemptions (2,529,406)

Receipts over (under) disbursements, Certificates \$ (2,529,406)

3. Loans Receivable Information: A description and summary of the nature and amount of CEP's outstanding loans receivable, less allowance for credit losses, at the end of its most recent fiscal year is as follows:

Loans Receivable

Church Loans, Secured: Loans secured by mortgages \$ 533,914,744

Church Loans, Unsecured: -

Allowance for credit losses (6,562,180)

Net Loans Receivable \$ 527,352,564

4. Invested Funds: A description and summary of the nature and amount of any invested funds which CEP maintains, pending utilization for its loan activities or maintaining a reasonable liquidity, and a description of the policies of CEP with respect to the maintenance of such invested funds, at the end of its most recent fiscal year, is as follows:

<u>Certificates of Deposit</u> :	Certificates of Deposit at various banks. Amounts are fully FDIC insured.	\$	-
<u>Debt Securities</u> :	State Bonds and Corporate Bonds of "A" grade or better US Government Securities or US Government Agency Securities	\$	- \$ 41,116,961
<u>Equity Securities</u> :	Mutual funds	\$	4,217,648

5. Non-Related Revenues: CEP's direct and indirect non-related revenues and expenses are not a significant percentage of CEP's operating revenues or expenses.

6. Other Financial Information: CEP's ability to pay principal and interest on the Notes at maturity and its other outstanding debt obligations is largely dependent upon its ability to collect on the loans made to churches, which alone may not be sufficient to meet its obligation to pay principal and interest on the Notes at maturity and to pay its other outstanding debt obligations.

CEP does not maintain a sinking fund account for payment of principal and interest on the Notes at maturity. Accordingly, CEP does not set aside specifically for payment of the Notes and offering proceeds are not segregated from other assets of CEP. CEP's ability to pay principal and interest on the Notes will therefore be solely dependent on CEP's financial condition and liquidity at the time the Note must be paid.

#### STATEMENT OF ACTIVITIES

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	\$ 1,111,086	\$ 449,200	\$ 556,232
Interest Income	\$ 27,427,303	\$ 25,948,406	\$ 25,053,762
Increase (Decrease) in Interest Income	5.70%	3.57%	(2.31%)
Weighted Average of Loan Interest	5.51%	5.23%	5.47%
Interest Expense	\$ 20,397,573	\$ 17,158,091	\$ 17,553,892
Increase (Decrease) in Interest Expense	18.88%	(2.25%)	(1.80%)
Weighted Average of Note Interest	3.86%	3.10%	2.97%
Interest Spread Rate	1.65%	2.13%	2.50%
Operating Expenses	\$ 8,842,082	\$ 9,040,067	\$ 8,297,147
Percentage of Interest Income	32.24%	34.84%	33.12%
Increase in Net Assets With Donor Restrictions	\$ -	\$ 1,861	\$ 17,516

#### LENDING ACTIVITIES

Lending activities of CEP are described as follows:

1. The Nature and Types of Loans Receivable: Loans are made only to Assemblies of God churches and organizations. Loans are repayable generally over a 20- to 30-year period and are usually secured by a mortgage or a trust deed on the church's property. (See CHURCH LOANS).

2. Loan Policies: Because of the relationship between CEP and its borrowing churches, the loan policies are sometimes less stringent than those of commercial lenders, and CEP may accommodate partial, deferred or late payments from some borrowers or forebear foreclosure upon real estate securing the loans. (See CHURCH LOANS).

3. Loans Outstanding: As of December 31, 2023, CEP had 757 loans outstanding with balances receivable aggregating \$533,914,744 as follows:

<u>Principal Loan Balance</u>	<u>Number of Loans</u>	<u>Principal Outstanding</u>	<u>Percent of Mortgages Receivable</u>
\$0 - \$500,000	523	\$ 105,625,948	19.8%
\$500,001 - \$1,000,000	104	72,790,803	13.6%
\$1,000,001 - \$2,000,000	67	93,052,547	17.4%
\$2,000,001 - \$5,000,000	48	140,633,219	26.3%
\$5,000,001 - \$10,000,000	11	74,565,981	14.0%
\$10,000,001 +	4	47,246,246	8.8%
	<u>757</u>	<u>\$ 533,914,744</u>	<u>100%</u>

The average interest rate as of December 31, 2023, was 5.51%. During 2023, interest earned on these mortgages was \$27,427,303, and the amount of principal returned was \$29,658,506.

The following table reflects approximate loan principal maturities due on CEP's loan portfolio during the periods indicated based on December 31, 2023, data:

<u>Year Ending December 31</u>	<u>Principal Outstanding</u>
2024	\$ 13,761,008
2025	15,987,229
2026	15,101,285
2027	15,647,667
2028	16,070,654
2029 and thereafter	457,346,901
	<u>\$ 533,914,744</u>

CEP has historically refinanced a substantial portion of its loans and has received substantial principal prepayments on a number of non-matured loans each year. Accordingly, the amount shown as maturing above may vary from the principal repayments it actually receives.

Subsequent to December 31, 2023, until February 29, 2024, the aggregate unpaid balance of loans increased from \$533,914,744 to \$536,655,265.

4. Loan Delinquencies: The nature and extent of any material loans three (3) months or more delinquent as of the end of each of the last three (3) fiscal years, including those on non-accrual status, were as follows:



	2023	2022	2021
Number of Loans	21	33	36
Loans three months delinquent	3	4	1
Four months delinquent	0	1	1
Five months delinquent	0	1	1
Six months delinquent	1	1	0
Seven + months delinquent including non-accrual	17	26	33
Total monthly interest payments delinquent:			
Dollar amount	\$ 93,811	\$ 318,407	\$ 244,091
Percentage of total loans receivable	0.02%	0.06%	0.05%
Total delinquent and non-accrual loans:	\$ 21,686,500	\$ 28,422,458	\$ 32,081,803

Subsequent to December 31, 2023, until February 29, 2024, there has been three (3) loans added to the list of those three (3) months or more delinquent. The amount of the three (3) loans added was \$1,125,887. Subsequent to December 31, 2023, until February 29, 2024, there have been three (3) loans removed from the list of those three (3) months or more delinquent. The total of those three (3) loans removed was \$5,782,426.

Total delinquent and non-accrual loans were \$21,686,500 or 4.1% of total loans receivable as of December 31, 2023, \$28,422,458 or 5.4% as of December 31, 2022, and \$32,081,803 or 6.6% as of December 31, 2021. As of February 29, 2024, the percentage was 3.2%.

#### 5. Credit Losses:

There were four material credit losses, those of \$250,000 or more, incurred by CEP during the prior three (3) fiscal years of 2023, 2022, and 2021. The following is a summary of CEP's allowance for credit losses and charges to the allowance for credit losses during each of the last three (3) years.

	2023	2022	2021
Allowance for credit losses			
Beginning of year	\$ 7,748,817	\$ 8,028,705	\$ 13,519,759
Add uncollectible receivables expense	45,295	803,000	367,000
Less credit losses/write-offs/adjustments	(1,231,932)	(1,082,888)	(5,858,054)
End of year	<u>\$ 6,562,180</u>	<u>\$ 7,748,817</u>	<u>\$ 8,028,705</u>
Allowance as a percentage of receivables	1.23%	1.48%	1.66%

### INVESTING ACTIVITIES

The proceeds from the sale of Notes are deposited to CEP's general fund and may be invested. Such investments consist of Corporate Bonds, Government Securities, and Certificate of Deposits (See AUDITED FINANCIAL STATEMENTS, footnote 8).

The Finance Strategy Team, consisting of the president, chief financial officer, and controller, oversees investment activities pursuant to the investment policy established by the board of directors.

The investment policy requires investments to be a quality rating of bonds and notes of "A" or better, as rated by major rating companies. The portfolio consists only of traditional principal and interest obligations, bonds, and notes.

The investment policy also requires diversification as follows:

1. No more than 25% of investment funds may be in any single institution other than the US Government and its Agencies.
2. No more than 50% of investment funds may be in any type of investment other than US Government and Agency securities.
3. CEP is required to hold funds in a separate account to act as a reserve for its gift annuities. These funds have a separate investment policy adopted by the board of directors. That investment policy allows for a wide range of investments. The total cash and investments held in the separate accounts were \$685,182, \$650,883, and \$735,946 as of December 31, 2023, 2022, and 2021, respectively.

The outstanding investments for the last three (3) years were as follows:

Investment Type	2023		2022		2021	
Certificates of Deposit	\$ -	0%	\$ -	0%	\$ 11,904,639	32%
US Government Securities	41,116,961	91%	12,195,000	99%	14,783,729	39%
State and Corporate Bonds	-	0%	-	0%	2,477,978	7%
Mutual Funds	4,217,648	9%	174,000	1%	8,592,691	23%
Total	\$ 45,334,609	100%	\$ 12,369,000	100%	\$ 37,759,037	100%
Investment Gains (Losses)	\$ 1,720,843		\$ (430,800)		\$ (116,706)	

#### SELECTED FINANCIAL DATA

The table below presents certain selected financial data with respect to CEP and its operations for the most recent five (5) years compiled from CEP's audited financial statements. The below selected financial data should be read in conjunction with CEP's current audited financial statements, including the accompanying footnotes, which begin on page 43.

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	2023	2022	2021	2020	2019
Cash and liquid reserves	\$ 57,032,441	\$ 37,266,346	\$ 58,116,461	\$ 64,606,669	\$ 38,399,952
Mortgages receivable					
Secured	\$ 533,914,744	\$ 522,568,013	\$ 480,326,628	\$ 473,714,616	\$ 488,456,510
Unsecured	-	542,031	2,202,213	941,248	1,004,190
% of Mortgages receivable not secured	0.00%	0.10%	0.46%	0.20%	0.21%
Allowance for credit losses	\$ 6,562,180	\$ 7,748,817	\$ 8,028,705	\$ 13,519,759	\$ 12,929,162
% - Allowance to mortgages	1.23%	1.48%	1.66%	2.85%	2.64%
Total Assets at December 31	\$ 605,989,492	\$ 575,309,463	\$ 567,376,905	\$ 556,726,179	\$ 548,164,658
Outstanding debt:					
Certificates - unsecured	\$ 23,620,849	\$ 25,148,916	\$ 28,441,912	\$ 31,606,333	\$ 36,931,242
Notes - unsecured	566,326,327	531,452,630	519,390,050	510,729,842	498,617,224
Net Assets, without donor restrictions	\$ 13,158,865	\$ 12,047,779	\$ 11,598,579	\$ 11,042,347	\$ 10,408,682
Net Assets, with donor restrictions	328,226	328,226	326,365	308,849	258,580
Increase (decrease) in net total assets	1,111,086	451,061	573,748	683,934	869,023
Financial ratios					
Cash and liquid reserves to total debt	9.67%	6.70%	10.61%	11.91%	7.17%
Debt as a percentage of total assets	97.35%	96.75%	96.56%	97.42%	97.70%
Net assets as a percentage of total assets	2.23%	2.15%	2.10%	2.04%	1.95%
Coverage ratio	1.86%	1.90%	2.36%	2.60%	1.84%

## ANALYSIS OF SELECTED FINANCIAL DATA

1. **Liquid Assets:** CEP maintains liquid reserves in order to meet future anticipated cash requirements including the funding of new loans, the repayment of Notes, other debt obligations, and operating expenses. In addition to CEP's cash reserves and liquid assets, CEP maintains a \$12 million line of credit with Umpqua Bank. No amounts were drawn on the line as of December 31, 2023, 2022, and 2021. The North American Securities Administrators Association, Inc. (NASAA) statement of policy guideline provides for available lines of credit, not exceeding 2% of investment obligations, in determining liquidity status. CEP's cash reserves, liquid assets and available line of credit as a percentage of its total investment obligations was 11.7%, 8.7%, and 12.6%, as of December 31, 2023, 2022, and 2021, respectively. These percentages include 2.0% from its available line of credit at December 31, 2023, 2022, and 2021, respectively.

2. **Mortgage Growth:** CEP's net mortgage loan balance as of December 31, 2023, was \$527,352,564, which is a 2.33% increase from December 31, 2022. At December 31, 2022, the net mortgage balance was \$515,361,227, which is an increase of 8.61% from December 31, 2021. CEP's net mortgage balance has increased by \$43,367,305 over the last five (5) years.

3. **Sources of Funds:** CEP's primary sources of funds are from the sale of the Notes. CEP's outstanding debt has increased by 5.99% in 2023 and increased by 1.60% in 2022. CEP's outstanding debt has increased by \$44,165,263 over the last five (5) years.

4. **Net Assets – NASAA Statement of Policy Benchmark:** The North American Securities Administrators Association, Inc. (NASAA) statement of policy net asset benchmark for church extension funds is that an Issuer's net assets be positive and equal to five (5%) or more of total

assets. CEP does not meet the NASAA net asset benchmark. As of December 31, 2023, net assets as a percentage of total assets (capitalization) were 2.23%. This represents an increase from the December 31, 2022 capitalization rate of 2.15%. The capitalization rate as of December 31, 2021, was 2.10%. In 2021, CEP implemented an effort to increase its capitalization and ultimately reach the NASAA net asset benchmark of five percent (5.0%). As a result, there have been positive-trending aspects to CEP's operations, including the following:

a. Increased mortgage loan receivables. (See above paragraph 2 Mortgage Growth and LENDING ACTIVITIES).

b. Decrease in loan delinquencies, including the reduction of nonaccrual loans. CEP's loans receivable 90 days or more past due (including nonaccrual loans) were \$21,686,500 or 4.1% of CEP's loan portfolio at December 31, 2023. This is a significant decrease from \$32,081,803 or 6.7% of CEP's loan portfolio at December 31, 2021. Included in these amounts were nonaccrual loans of \$14,223,616 at December 31, 2023, compared to \$29,066,356 at December 31, 2021. (See AUDITED FINANCIAL STATEMENTS, footnote 4 and LENDING ACTIVITIES).

c. The sale of Other Real Estate Owned (OREO) properties. At December 31, 2023, CEP had seven (7) OREO properties with a book value of \$9,190,768. This was reduced from nine (9) properties with a book value of \$15,472,557 at December 31, 2021. (See AUDITED FINANCIAL STATEMENTS, footnote 7).

5. Cash Flow Performance – NASAA Statement of Policy Benchmark: The North America Securities Administrators Association, Inc. (NASAA) statement of policy cash flow performance benchmark for church extension funds is that for each of an Issuer's three (3) most recent fiscal years the coverage ratio of available cash as compared to the Note redemptions be at least one to one (1:1). CEP meets the NASAA cash flow performance benchmark. As of December 31, 2023, 2022, and 2021, CEP's coverage ratio was 1.86%, 1.90% and 2.36% respectively.

### VISION UNSECURED PROMISSORY NOTES

CEP raises funds through the sale of Vision Unsecured Promissory Notes to accomplish its primary purpose of providing loans to Assemblies of God churches and organizations.

1. Vision Unsecured Promissory Notes: Only US currency is acceptable consideration for the purchase of Notes.

2. Transferability/No Established Market: Notes have no established market for trading and no such market is anticipated to develop in the future. They are non-transferable without CEP's prior written approval, except by gift or upon the death of the registered holder.

3. Senior Secured Indebtedness: Notes are of the same rank and priority as CEP's other debt securities. The NASAA statement of policy guideline provides that senior secured indebtedness shall not exceed 10% of the tangible assets. CEP had no senior secured indebtedness as of December 31, 2023, 2022, or 2021.

4. Limit on Securitization: CEP may securitize up to 10% of its loan portfolio, if all the following are met:

- a. The loans are securitized and sold on a non-recourse basis predominantly to entities not affiliated with CEP.
- b. The proceeds from the sale of the securitized loans will be used to make additional loans to churches and ministries within the Assemblies of God.
- c. The securitization will not hinder the ability of CEP to repay the principal and interest on the Notes when due.

As of December 31, 2023, CEP had no securitized loans.

5. Terms of Notes: Notes are issued for six (6) month to five (5) year maturities. The purchaser may specify frequency of interest payments, or interest may be added monthly to the principal of the Note. The minimum investment is \$250. An alternative minimum investment is \$100, provided a recurring monthly addition is set up at the time the Note is established. The minimum monthly addition must be at least \$10 via electronic funds transfer. The monthly additions cannot be terminated until the Note balance reaches the standard minimum balance of \$250. At CEP's discretion, additions may be allowed for certain Notes.

Notes may be renewed at maturity. Each investor will be provided written notification of the maturity and proposed renewal at least 30 days prior to maturity. CEP's current Offering Circular and rate chart are available to each investor upon inquiry and annually in May to current investors. If the investor does not notify CEP in writing, on or before the maturity, of the election not to renew the Note, the Note will be renewed for the same period of time as the preceding term. Interest rates offered vary according to market conditions, the amount invested, the length of time of the investment, whether the rate is variable or fixed, and the amount of penalty for early withdrawal. Certain Notes allow for the ability to access funds, penalty free, with a 30-day advance written notice. These Notes typically carry a lower interest rate than Notes subject to an early withdrawal penalty. Investors should assume that the Notes will be held to maturity. Interest rates as of March 1, 2024, range from 1.5% to 4.75%. For information on the latest rates available, please call CEP at the telephone number shown on the first page of this Offering Circular or go to [www.cepnet.com](http://www.cepnet.com). For new Notes, CEP reserves the right to change the rate of interest offered, and/or the terms and conditions of Notes, from time to time.

6. Notice of Maturity: CEP shall notify each investor 30 days in advance of the maturity date of each Note.

7. General Fund: The proceeds from the sale of the Notes are deposited to CEP's general fund, which is used primarily to make loans to Assemblies of God churches and organizations and to pay CEP's operational expenses, including the (i) expenses of this offering, (ii) interest and principal on the Notes, and (iii) other debt obligations. To the extent the proceeds are not immediately needed for these purposes, CEP will also use the proceeds to make investments.

8. Potential Forfeiture: If one or more substantial church loans or a number of smaller church loans became delinquent and it became necessary to foreclose on the related properties, or if such loan(s) were not secured, the proceeds, if any, may be insufficient to pay all of the debt owed by CEP. Secured creditors, including those that have mortgages, deeds of trust, or other pledges of security, would have priority over the unsecured general obligations of CEP, which includes the Notes described in this Offering Circular.

9. No Early Repayment: The Notes are not designed for early repayment. Early repayment, if allowed, may incur a penalty of up to six (6) months interest. Investors should count on holding the Notes until maturity.

10. IRA Custodial Fee: CEP is its own IRA Custodian. A \$10 annual custodial fee is automatically deducted from the principal balance of each IRA.

11. Callability by CEP: CEP may call and prepay any Note at any time. In such event, CEP shall pay the entire balance owing, including accrued interest to the date of payment.

12. CEP's Ability to Repay: CEP's ability to repay the Notes at maturity is dependent upon the financial success of the individual churches to which CEP makes loans, which alone may not be sufficient to pay principal and interest on the Notes at maturity.

### CHURCH LOANS

1. Payments, Interest Rates, and Security: Church loans are repayable to CEP in monthly installments of principal and interest, generally over a 20- to 30-year period. Loans are offered at variable interest rates and are reviewed generally every three (3) years and may be adjusted. Interest rates on church loans are subject to CEP's cost of money. Most church loans are secured by a mortgage or trust deed on the church property.

2. Loan Procedures: Loan applications are reviewed by CEP's Loan Committee, taking into consideration the borrower's ministry needs and the following guidelines: (1) the amount of the loan generally is not more than 70% of the estimated value of the church property being pledged as security, and (2) generally the loan payment does not exceed 30% of the churches annualized general fund income. In those instances, where the church loan is secured by a second rather than a first mortgage or trust deed, the maximum loan that a church generally may qualify for is determined by the following guideline: the total amount of the first and second mortgages or deeds of trust combined may not exceed 50% of the estimated value of the related church property. The CEP Loan Committee relies upon financial statements, annual budgets, donation records, and attendance records as submitted by the borrower. CEP may charge each borrower a fee at the time of loan origination or renewal, which is remitted in cash to CEP or may be added to the principal of the loan at the discretion of the CEP Loan Committee.

3. Loan Committee: The Loan Committee consists of loan specialists, consultants, controller, chief financial officer, and the president. After evaluation of all underwriting criteria, final determination is made by the chief financial officer and the president.

4. Allowance for Credit Losses: CEP maintains an allowance for credit losses which management considers to be adequate to cover potential losses. (See AUDITED FINANCIAL STATEMENTS, footnote 4).

5. Summary of Church Loans: Since its beginning, CEP has financed more than 2,400 churches. As of December 31, 2023, CEP had 757 outstanding church loans.

6. Unsecured Loans: CEP's unsecured loans will not exceed ten percent (10%) of its loan portfolio as provided in the NASAA statement of policy. As of December 31, 2023, CEP's unsecured loans were less than one percent (1%) of its loan portfolio.

## PLAN OF DISTRIBUTION

1. Advertising, Marketing, and Sales: CEP advertises promotional material for print in publications such as, but not limited to, Assemblies of God district publications and in direct mail. CEP's marketing and sales is directed to a limited class of investors, namely persons who are somehow connected with or have shown interest in the Assemblies of God, CEP, or in a program, activity or organization which constitutes a part of the Assemblies of God, CEP, or any other church organizations that have a programmatic relationship with the Assemblies of God or CEP.
2. No Agreements/Commissions: No underwriting or selling agreements exist, and no direct or indirect commissions or other remuneration will be paid to any individual or organization in connection with the offer and sale of the Notes. All salespersons are salaried employees of CEP.
3. General Fund: Proceeds from Notes are deposited to CEP's general fund, which is used primarily to make loans to Assemblies of God churches and organizations and to pay CEP's operational expenses, including the (i) expenses of this offering, (ii) interest and principal on the Notes, and (iii) other debt obligations. To the extent the proceeds are not immediately needed for these purposes, CEP will also use the proceeds to make investments.
4. General Unsecured Obligations: Notes are general unsecured obligations of CEP.

## TAX ASPECTS

Although CEP is a non-profit corporation exempt from income taxation, interest earned from investment in these Notes is taxable income to the investor. The purchase of the Notes cannot be taken as a contribution deduction for income tax purposes. A professional tax advisor should be consulted regarding all tax matters.

## LITIGATION & OTHER MATERIAL TRANSACTIONS

As of the date of this Offering Circular, there are no suits, actions, or other legal proceedings or claims involving Notes, nor are any such actions pending against CEP. No material legal proceedings or claims have been brought against CEP involving its securities or otherwise since the formation of CEP. There is no litigation pending against any director or executive officer of CEP in connection with their duties.

## SECURITY

1. Security for Unsecured Note-Holders: Notes are general unsecured obligations of CEP.
2. Security for CEP for Loans Made: Most church loans are secured by a mortgage or trust deed on the church's property. In the event of default, there is no guarantee that the value of CEP's security, if any, would be sufficient to pay the full amount owed to CEP. Other considerations regarding CEP's security for loans made to churches are as follows:
  - a. Foreclosure: Foreclosure of a mortgage or trust deed may be accomplished by judicial action; however, in most jurisdictions, foreclosure of a trust deed is generally accomplished by a non-judicial trustee's sale under provisions in the trust deed that authorizes the trustee to sell the property at a public sale. Although third parties may bid at the public sale, in most cases the lender acquires the property by bidding the amount owed. As owner, the lender

assumes the burden of ownership, including insurance, real property taxes, maintenance, repairs, and cost of sale. The net proceeds from the sale of the property may not be sufficient to cover the lender's investment in the property.

b. Rights of Redemption: In California, where a large percentage of CEP's loans have been made, as well as in Oregon and other jurisdictions, the borrower and certain foreclosed junior lien holders are given a statutory right of redemption following a judicial foreclosure sale, but not following a non-judicial foreclosure sale. This right of redemption diminishes the ability of the lender to sell the foreclosed property. The exercise of a right of redemption would defeat the title of any purchaser at a judicial foreclosure sale or of any purchaser from the lender subsequent to judicial foreclosure. Consequently, the practical effect of the redemption right is to force the lender to maintain the property and pay the expenses of ownership until the redemption period has expired. This is the primary reason that most foreclosures of trust deeds are non-judicial.

c. Anti-Deficiency Legislation and Other Limitations on Lenders: Most states have imposed statutory restrictions which limit the remedies of a beneficiary under a trust deed. Such restrictions include (a) that a beneficiary is not entitled to obtain a deficiency judgment against the borrower following a non-judicial foreclosure sale and (b) limiting the amount of the deficiency judgment a lender may obtain following a judicial foreclosure sale to the excess of the outstanding debt over the greater of (1) the sale price or (2) the fair market value of the property at the time of such sale. The purpose of these statutes is to prevent a lender from obtaining a large deficiency judgment against the former borrower as a result of low bids or no bids at the foreclosure sale. A deficiency judgment is a judgment against the former borrower equal to the difference between the amount due to the lender and the net amount realized at the foreclosure sale.

## MANAGEMENT

CEP is managed by its board of directors ("Board"). CEP's membership consists of 59 of the 67 member Districts of the Assemblies of God. Each District is entitled to have representation on the Board when its interest in CEP reaches a certain percentage, as determined by CEP's bylaws. In each such case, the Superintendent of such District is, by virtue of his office, a member of CEP's Board. Each member of the Board of Directors shall serve for a term of five years, with the exception of the President who shall serve by virtue of the office for so long as he is the President. Decisions relating to day-to-day operations are made by the President and administrative officers. Such responsibilities include the processing and approving of church loans, loan disbursements, and collections on church loans.

1. Direct/Indirect Remuneration to Officers and Directors: The administrative officers consist of the president, one (1) senior vice president, two (2) assistant secretaries, and one (1) assistant treasurer. Remuneration for 2023, which includes salaries and applicable fringe benefits such as housing allowances, health and other insurance benefits, retirement plan contributions, and bonuses, was as follows:



President:	\$295,539
Vice President:	\$157,771
Assistant Secretaries and Treasurer:	\$239,981

Board members, except for the President, are not employees of CEP and; therefore, receive no remuneration other than a \$200 per diem allowance plus expenses incurred for attending Board meetings.

Board Expenses for 2023 totaled: \$72,370

2. Material Employment Information: There are no material employment contracts, perquisites of employment, or conflicts of interest of CEP's officers, directors, or persons having authority.

3. Pending Criminal Proceedings: No director or officer, during the past ten (10) years, has been convicted of any criminal proceeding (other than perhaps traffic violations or other minor misdemeanors), is the subject of any pending criminal proceedings, or was the subject of any order, judgment, or decree of any court enjoining such individual from any activities associated with the offer or sale of securities.

### EXECUTIVE OFFICERS

Mark A. Whitney, President  
4070 27<sup>th</sup> Court SE, Suite 210, Salem, OR 97302

- Employed by CEP since 1998 and elected President in 2021. The term of office is four (4) years or until the successor to the President is elected and qualifies. Current term expires December 2025.
- Chief Financial Officer/Senior VP, CEP 2016-2021
- Senior VP of Customer Service, CEP 2010-2016
- VP of Customer Service, CEP 2002-2010
- Master of Business Administration, Phoenix University 2004
- Director of Program Coordination, CEP 2000-2002
- Janitor and maintenance staff, CEP 1998-2000
- Family grading and paving business 1995-1998
- Staff Counselor, Oak Creek Christian Center 1992-1995
- Operated Restoration Family Counseling 1991-1995
- Bachelor of Arts in Behavioral Science, Northwest College 1991

Gene Roncone, Director, Chairman of Board of Directors  
6295 Lehman Drive, Suite 202, Colorado Springs, CO 80918

- Director/Superintendent of the Rocky Mountain Ministry Network since 2019
- Chairman of the Board/Executive Officer of CEP since 2023. Elected for a three (3)-year term. May be re-elected at end of term.
- Trustee, Trinity Bible College and Graduate School, Ellendale, ND
- Parliamentarian, National Association of Parliamentarians
- East Slope Executive Presbyter for the Rocky Mountain Ministry Network 2018-2019
- Lead Pastor of Highpoint Church in Aurora, Colorado 2002-2019

- Director of Christian Education & Assistant to the Superintendent for Northern California & Nevada District Office 1997-2002
- Lead Pastor of Alamo Christian Assembly in Alamo, California 1992-1997
- Lead Pastor of Live Oak Assembly of God in Live Oak, California 1990-1992
- Christian Education Pastor at Glad Tidings Assembly of God in Omaha, Nebraska 1989-1990
- Western Seminary in Los Gatos, California (one year studying Expository Preaching) 1988-1989
- Bachelor of Arts in Biblical Studies from Bethany Bible College in Scotts Valley, California 1985-1989
- Authored several books including, *Ministerial Retirement: Bringing Clarity to Retirement Planning*, *Stewarding the Future: Church Boards and Pastoral Retirement*, *Rise Up, Isolation in Ministry*, *Explore the Call*, *Prevailing Over Impossibility*, *A Season for Legacy*, *Beginning the Journey*, *Defying Gravity*, *Shepherds of God*, and the books in the Crabtree School of Ministry series.

Abner Adorno, Director, Secretary

830 California Woods Circle, Orlando, FL 32824

- Director/Superintendent of Florida Multicultural District Council (FMD) since 2020
- Secretary/Executive Officer of CEP since 2023. Elected for a three (3)-year term. May be re-elected at end of term.
- Assistant Superintendent of Florida Multicultural District Council 2018-2020
- General Presbyter, FMD 2016-2018
- Board of Trustees, Southeastern University 2014 – present
- Founder, Living Word Academy 1999-present
- Sr. Pastor/Co-Founder, Viva Church, Orlando, FL 1994-present
- Hispanic Community Liaison, Orange County Public Schools 2004-2008
- Regional Youth Director, FMD 1988-92
- Cert, Human Behavior, 2013
- Cert. Life Coach, 2012
- Ordained, FMD, 2010
- Licensed to Preach, FMD, 1990
- Theology, Multicultural School of Ministry, 1989-94
- Associates in Leadership, Southeastern University, 1989

Phillip B. Schneider, Director, Treasurer

17280 Lakeside Drive, Carlinville, IL 62626

- Director/Superintendent of the Illinois District Council since 2012
- Treasurer/Executive Officer of CEP since 2023. Elected for a three (3)-year term. May be re-elected at end of term.
- General Presbyter, General Council of the Assemblies of God 2011
- Executive Presbyter, Southern Region 2008
- Presbyter, Metro North Section 2000
- Pastor, Cornerstone Assembly of God, Bethalto, IL 1990-2012
- Served the Illinois District since 1980

- Illinois Youth Camps 30 years
- Bachelor of Arts in Bible, Central Bible College, Springfield, MO
- Board of Regents, North Central University, Minneapolis, MN

### BOARD OF DIRECTORS

Dan Abbatiello, Director

501 Riverside Street, Portland, ME 04103

- Director/Superintendent of the Northern New England District Council since 2022
- Director of Church Development for the Northern New England District Council 2009-2022
- Assistant District Superintendent of the Northern New England District Council 2002-2022
- Lead Pastor, Windham Assembly of God, Windham, ME 1984-2009
- Assistant Pastor, Bethel Assembly of God, Portsmouth, NH 1975-1984
- Bachelor of Arts in Bible, Central Bible College, Springfield MO 1975
- MACM. AGTS 2011
- Member, College Board of Trustees, Northpoint Bible College and Seminary 2022 to present

Bret L. Allen, Director

6051 S. Watt Avenue, Sacramento, CA 95829

- Director/Superintendent of Northern California/Nevada District Council since 2016
- Senior Pastor, Bethel Church, San Jose, CA 2005-2016
- District Youth Director of Northern California/Nevada District Council 2000-2005
- Youth Pastor, Calvary Temple, Concord, CA 1993-2000
- Missionary to Mexico 1991-1993
- Youth Pastor, United Methodist Church, Concord, CA 1986-1991
- Leadership Author of three books
- Pastoral Ministry began in 1986

Manuel A. Alvarez, Director

213 Old Tappan Road, Old Tappan, NJ 07675

- Director/Superintendent of Spanish Eastern District Council since 2013
- Executive Presbyter, East Spanish Area, General Council of the Assemblies of God since 2020
- General Presbyter, General Council of the Assemblies of God since 2000
- Senior Pastor, First Spanish Assembly of God, Lancaster, PA 1994-2013
- Senior Pastor of Pentecostal Church Antioch, Brooklyn, NY 1989-1994
- Served as District Youth Director for six years
- Served as Presbyter of the Pennsylvania Section for 13 years
- Graduated from Hunter College, Bachelor of Arts in Music and Masters Degree in Counseling
- Professor at Hunter College, also taught in the Spanish Eastern School of Theology
- Secretary of the Board of Directors of Valley Forge Christian College 2003-2013

- Served on the Board of Southeast Medical Health Center, Lancaster, PA
- Principal of the Spanish Eastern Bible Institute (Lancaster, PA branch)
- Dean of the Spanish Eastern School of Theology (Lancaster, PA satellite)
- Presently serving on the Board of Northpoint College, Missions World Regional Conference, Spanish Eastern Bible College, University of Valley Forge, AG Commission on Ethnicity, Fraternidad Hispana Mundial de las Asambleas de Dios (FRAHMAD), Confraternidad de Lideres Conciliares (CONLICO) and Global University

Mark Dean, Director

1315 Portland Avenue S., Minneapolis, MN 55404

- Director/Superintendent of Minnesota District Council since 2017
- District Youth Director of Minnesota District Council 1989-2017
- Pastoral Ministry began in 1979
- Graduate of North Central University

Iván De la Torre, Director

Santa Monica, 100 Calle 6 A, Bayamón, PR 00957

- Director/Superintendent of the Puerto Rico District Council since 2016

Nicholas W. Fatato, Director

307 Sturbridge Road., Charlton, MA 01507

- Director/Superintendent of the Southern New England Ministry Network since 2019

Guy Fisher, Director

10525 Buena Vista Court, Urbandale, IA 50322

- Director/Superintendent of the Iowa Ministry Network since 2019

Richard M. Guerra, Director

17951 Cowan Street, Irvine, CA 92614

- Director/Superintendent of the SoCal Network Assemblies of God since 2010
- Executive Presbyter, Southwest Area, General Council of the Assemblies of God since 2021
- Assistant Superintendent of the SoCal Network Assemblies of God 2007-2010
- Senior Pastor of Visalia First Assembly of God, Visalia, CA for 12 years
- Senior Pastor of Trinity Life Center, Las Vegas, NV 1990-1995
- Singles Pastor for Capital Christian Center in Sacramento, CA
- Youth Ministries Director for the Southern California District in 1984
- Bachelor of Arts in Religion, Vanguard University of Southern California
- Master of Arts in Religion, Vanguard University of Southern California
- Member of Vanguard University's Board of Trustees for over 25 years

Stephen L. Harris, Director,

2601 E. Thomas Road, Suite 210, Phoenix, AZ 85016

- Director since 2004
- Superintendent of the Arizona Ministry Network since 1999
- Bachelor of Arts in Bible, Central Bible College 1970-1974
- Licensed to preach by Oklahoma District 1974

- Ordained in Rocky Mountain District 1976
- Pastoral Ministry 1976 – 1999
- General Presbyter, General Council of the Assemblies of God since 1995
- Presbyter, Rocky Mountain District 1981 – 1985
- Executive Presbyter, Arizona District 1987 - 1995
- Executive Presbyter Board, North Area Executive Presbyter 1985
- Assistant Superintendent, Arizona District Council 1995 – 1999
- Chairman of the Board, American Indian College 2012 - present
- Board Member of Southwestern Assemblies of God College, Teen Challenge Arizona, Inc.

Aaron Hlavin, Director

10370 Citation Drive, Brighton, MI 48116

- Director/Superintendent of the Michigan Ministry Network since 2021
- General Presbyter, General Council of the Assemblies of God since 2021
- Board of Regents for North Central University
- Lead Pastor, Freedom Christian Church, Sterling Heights, MI 2008-2021
- Executive Presbyter from 2015-2021
- Sectional Presbyter from 2009-2015
- Graduate of Global University
- Graduate of MCC
- Pastoral Ministry, 28 years
- Board member of AGUSM since 2023

J. Scott Holmes, Director

5908 Buncombe Road, Shreveport, LA 71129

- Director/Superintendent of the Louisiana Network Ministry since 2014
- Bachelor of Science, Geology, Centenary College
- Master of Arts, Bible Theology, Southwestern Assemblies of God University
- Doctor of Ministry, Assemblies of God Theological Seminary, 2021
- Senior Pastor, Gateway Church, Shreveport, LA 2021 to present
- Pastoral Ministry, 16 years in the Louisiana Network Ministry
- Missionary in Marshall Islands
- Missionary in Russia
- Board of Regents, Southwestern Assemblies of God University
- Board Member of Louisiana Teen Challenge
- General Presbyter, General Council of the Assemblies of God

Klayton Ko, Director

3400 Moanalua Road, Honolulu, HI 96819

- Director/Superintendent of the Hawaii Assemblies of God since 2014
- Senior Pastor of First Assembly of God Hawaii since 1994
- Completed ministerial studies for ordination through Global University in 2002
- Serves on the Board of Convoy of Hope
- Serves on the Board of Northwest University
- Chairman of the Advisory Board of Christian Academy
- Chairman of the Board of The Shelter

Clemente Maldonado, Jr., Director

2001 Midwest Road, Suite 307, Oakbrook, IL 60523

- Director/Superintendent of the Midwest District Council since 2006
- Secretary/Treasurer of the Midwest Latin American District 1996 - 2006
- Board of Regents for North Central University
- Pastor of churches in Oklahoma, Michigan, and Illinois
- Pastoral Ministry, 37 years
- Associates of Arts in Theology, Latin American Bible Institute, El Paso, TX 1978
- Studying for Master's degree in Leadership and Ministry at Assemblies of God Theological Seminary

Chad McAtee, Director

8750 Purdue Road, Indianapolis, IN 46268

- Director/Superintendent of the Indiana District since 2023
- Executive Secretary of the Indiana District 2018 - 2023
- Senior Pastor, North Manchester Assembly of God 2004 - 2018
- Youth Pastor, Greencastle First Assembly 1997 - 2004
- Youth Pastor, Crawfordsville First Assembly 1995 - 1996
- Served as Executive Presbyter, Indiana District Northeast Section for six years
- BA in Biblical Studies, Central Bible College 1995
- Serves on Board of North Central University
- Ordained in 1998

Lee McCloud, Director

5745 Inland Shores Way N., Keizer, OR 97303

- Director/Superintendent of the Oregon Ministry Network since 2023
- Assistant Superintendent of the Oregon Ministry Network 2007 - 2023
- Church Planting Director of the Oregon Ministry Network 2007 to present
- General Presbyter, General Council of the Assemblies of God 2007 – to present
- Presbyter, Oregon Ministry Network 1997 – to present
- Lead Pastor in Central Oregon 1992 - 2007
- Associate Pastor in Arizona 1980 - 1989
- Trinity Bible College, Ellendale, ND 1978 - 1980
- Berean School of the Bible 1985 - 1994
- MA in Leadership, Northwest University 2017 – 2020

- Oregon Ministry Network Camp and Conference Board 1998 - 2007

Gilbert Daniel Olivarez, Director

71510 Sherman Street, Denver, CO 80221

- Director/Superintendent of the Central District since 2016
- Assistant Superintendent of Central District 2009 - 2016
- Bachelor of Arts in Christian Education, Southwestern Assemblies of God University 1977
- Master of Arts in Leadership and Ministry, Assemblies of God Theological Seminary 2023
- Pastoral Ministry began in 1977

David Phillips, Director

2147 Overland Avenue, Suite. 100, Billings, MT 59102-6478

- Director/Superintendent of the Montana Ministry Network since 2019
- Network Assistant Superintendent 2017-2019
- Network Secretary 2012-2017
- Bachelor of Arts, Northwest University 1980

Terrell R. Raburn, Director

1437 E. Memorial Boulevard, Lakeland, FL 33801

- Director since 1999
- Superintendent of the Peninsular Florida District Council since 1996
- BA in Sociology with Minor in Political Science, University of Alabama, Birmingham, AL
- MAML, Southeastern University, Lakeland, FL
- DMIN, Southeastern University, Lakeland, FL
- Chairman of the Board, Southeastern University, Lakeland, FL
- Ordained Minister 1974
- District Youth Director 1981 – 1985
- National Youth Director 1985 – 1990
- National Church Director 1990 – 1996

William Rodriguez, Director

614 S. Fifth Avenue, La Puente, CA 91746

- Director/Superintendent of the Southern Pacific District since 2022
- Assistant Superintendent of the Southern Pacific District 2016-2022
- Executive Presbyter of the Southern Pacific District 2014- 2016
- Los Angeles Sectional Presbyter in 2014
- Under 40 years Executive Presbyter for the Southern Pacific District 2010-2014
- Lead Pastor of Esmirna Pentecostal Church, Los Angeles 1997-2022
- Ministerial Degree in Biblical Studies, Latin American Bible College 1996
- Master of Divinity, Fuller Theological Seminary 2011
- Current Ph.D. student in Organizational Leadership at Liberty University 2020 to present

Raul A. Sanchez, Jr., DMin, Director  
6051 S. Watt Avenue, Sacramento, CA 95829

- Director/Superintendent of the Central Pacific Ministry Network since 2022
- Secretary of the Central Pacific Ministry Network 2020-2022
- Assistant Superintendent of the Central Pacific Ministry Network 2010-2020
- General Presbyter of the Central Pacific Ministry Network 2008-2010
- Sectional Presbyter (San Jose 2000-2003 and East Bay 2003-2006)
- Bachelor in Pastoral Ministries, Southern California College 1993
- MTS, Vanguard University, 2006
- Master of Divinity, American Baptist Seminary of the West, 2013
- Doctor of Ministry in Pastoral Care and Counseling, AGTS, 2015

Roy W. Welch III, Director  
1048 W. Int'l Airport Road, Suite 101, Anchorage, AK 99518

- Director/Superintendent of the Alaska Ministry Network since 2008
- Assistant Superintendent of the Alaska District Council 2000 - 2008
- Pastoral ministry 1986 – 2008
- Bachelor of Arts in Bible, Central Bible College 1986
- General Presbyter, General Council of the Assemblies of God 2000 - Present
- Northwest University Board of Directors 2000 - Present
- Southeast Alaska Region Presbyter 1998 - 2000
- Western Alaska Region Presbyter 1996 - 1997
- World Missions Director 2000 – 2008
- U.S. Missions Director 2008 – Present

Joel Wendland, Director  
711 Lone Star Road, Nampa, ID 83651

- Director/Superintendent of Southern Idaho Ministry Network since 2021
- Bachelor of Arts in Biblical Studies/Ministerial, Trinity Bible College, Ellendale, ND 1992
- Pastoral Ministry: Church Planting North Sioux City, SD 1992-2005
- Pastoral Ministry: River of Life Payette, ID 2005-2021
- Regional Presbyter, Southern Idaho Ministry Network (3 years)
- Served as Network Secretary, Southern Idaho Ministry Network (1 year)

Dr. Darryl E. Wootton, Director  
8701 North Kelley, Oklahoma City, OK 73131

- Director/Superintendent of the Oklahoma Assemblies of God since 2021
- Lead Pastor of SpiritCHURCH for 17 years
- Doctorate of Ministry from AGTS
- Masters Degree in Theology from ORU
- Bachelor's Degree in Bible from CBC
- Associate's Degree in Music from CBC
- General Presbyter, General Council of the Assemblies of God
- Board of Regents, Southwestern Assembly of God University, Waxahachie, TX



- Board of Regents, American Indian College, Phoenix, AZ
- Board of Trustees, Evangel University, Springfield, MO
- Chair of the Board of Advisors for AGTS
- Board for Agape Mission
- OKAG Corporate Secretary and Executive Presbyter 2014 – 2021
- OKAG Sectional Presbyter 2009-2014
- OKAG Christian Education Representative 2003-2009
- OKAG Youth Ministry Representative 1998 - 2003

### INVESTMENTS BY OFFICERS & DIRECTORS

As of December 31, 2023, Officers and Directors of CEP had investments with CEP totaling \$3,234,271. In addition, member and non-member districts of the Assemblies of God had investments as of December 31, 2023, totaling \$54,296,455.

### FINANCIAL STATEMENTS

CEP's most recent audited financial statements are available to investors within 120 days of its most recent fiscal year-end and are found beginning at page 43 of this Offering Circular. The audited financial statements are available upon request, or at [www.cepnet.com](http://www.cepnet.com).

### AUDITORS

The financial statements included in this Offering Circular have been audited by Aldrich CPAs & Advisors LLP whose report is found beginning on page 43.

### UNDERWRITING

There is no underwriter involved in the issuance of CEP's securities. CEP's securities are offered solely to a limited class of potential investors: members of, contributors to (including investors), participants in the Assemblies of God, including any program, activity, or organization which constitutes a part of the Assemblies of God, or CEP or other religious organizations that have a programmatic relationship with the Assemblies of God or CEP.

### LEGAL MATTERS

Certain legal matters in connection with the securities offered hereby will be passed upon for CEP by B. Rupert Koblegarde, Attorney at Law. Mr. Koblegarde has issued a legal opinion which states, among other things, that the securities issued pursuant to the terms of this Offering Circular, when properly endorsed by officials of CEP, will constitute legal and valid obligations of CEP, all according to the terms and conditions of these securities.

### ADMINISTRATIVE MATTERS

1. Additional Information: This Offering Circular does not contain all the information set forth in the registration or notice statements filed by CEP with the various State Securities Divisions. That additional information may be inspected without charge by any person during normal working hours at the Offices of the various State Securities Divisions.

2. Exempt from Federal Registration: The offer and sale of these securities have not been registered with the Securities and Exchange Commission in reliance on the exemption from registration contained in Section 3(a)(4) of the Securities Act of 1933, as amended.

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# Church Extension Plan

**FINANCIAL STATEMENTS**

Years Ended December 31, 2023, 2022, and 2021



Church Extension Plan

PARTNERS *in* MINISTRY®

## **CHURCH EXTENSION PLAN**

### **Financial Statements**

Years Ended December 31, 2023, 2022, and 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Church Extension Plan  
Salem, Oregon

### Opinion

We have audited the accompanying financial statements of Church Extension Plan (the Ministry, a nonprofit organization), which comprises the statements of financial position as of December 31, 2023, 2022, and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Church Extension Plan as of December 31, 2023, 2022, and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### NASAA Statement of Policy Guidelines

As discussed in Note 21 to the financial statements, at December 31, 2023, 2022, and 2021, the Ministry did not meet one of the guidelines established by the North American Securities Administrators Association, Inc. (NASAA). The Ministry does not anticipate significant changes to its ability to sell or renew notes in the applicable states.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Church Extension Plan'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.

## INDEPENDENT AUDITOR'S REPORT, CONTINUED

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 Church Extension Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Church Extension Plan'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.

*Aldrich CPAs + Advisors LLP*

Salem, Oregon  
April 1, 2024

## Statements of Financial Position

December 31, 2023, 2022, and 2021

	2023	2022	2021
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 11,697,832	\$ 24,897,346	\$ 20,357,424
Investments	45,334,609	12,369,000	37,759,037
Investments in split-interest agreements	1,014,385	962,516	1,118,479
Investments held for others	-	3,923,959	5,296,360
Receivables:			
Mortgages receivable	533,914,744	522,568,013	480,326,629
Church loans unsecured	-	542,031	2,202,213
Interest receivable	3,045,542	3,258,067	3,415,891
Allowance for credit losses	(6,562,180)	(7,748,817)	(8,028,706)
Total receivables, net	<u>530,398,106</u>	<u>518,619,294</u>	<u>477,916,027</u>
Other assets	175,018	82,069	389,450
Property and equipment, net	4,264,172	4,427,848	4,378,649
Other rental property, net	3,914,602	4,341,619	4,688,922
Other real estate owned (OREO), net	<u>9,190,768</u>	<u>5,685,812</u>	<u>15,472,557</u>
 Total assets	 <u>\$ 605,989,492</u>	 <u>\$ 575,309,463</u>	 <u>\$ 567,376,905</u>
<b><u>Liabilities</u></b>			
Accounts, interest, and other payables	\$ 1,828,191	\$ 1,789,560	\$ 1,681,625
Notes payable, unsecured	566,326,327	531,452,630	519,390,050
Certificates payable, unsecured	23,620,849	25,148,916	28,441,912
Split-interest agreements	727,034	618,393	642,014
Funds held for others	-	3,923,959	5,296,360
Total liabilities	<u>592,502,401</u>	<u>562,933,458</u>	<u>555,451,961</u>
<b><u>Net Assets</u></b>			
Assets without donor restrictions	13,158,865	12,047,779	11,598,579
Assets with donor restrictions	<u>328,226</u>	<u>328,226</u>	<u>326,365</u>
Total net assets	<u>13,487,091</u>	<u>12,376,005</u>	<u>11,924,944</u>
	 <u>\$ 605,989,492</u>	 <u>\$ 575,309,463</u>	 <u>\$ 567,376,905</u>

The accompanying notes are an integral part of the financial statements.

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## Statements of Activities

For the Years Ended December 31, 2023, 2022, and 2021

	2023	
	Amount	%
Changes in Assets without Donor Restrictions:		
Interest Income:		
Interest revenue, loans	\$ 27,427,303	100.00%
Less interest expense	20,397,573	74.37%
Net interest income	7,029,730	25.63%
Credit Loss Expense	45,295	0.17%
Interest income after credit loss expense	6,984,435	25.46%
Other Operating Income:		
Investment income (loss)	1,720,843	6.27%
Contributions	39,366	0.14%
Other revenue	1,208,524	4.41%
Total other operating income	2,968,733	10.82%
Operating Expenses:		
Salaries	3,465,739	12.64%
Payroll taxes and personnel expenses	1,393,444	5.08%
Occupancy expense and supplies	885,833	3.23%
Professional fees	933,117	3.40%
Travel, lodging, and related expenses	279,814	1.02%
Advertising and promotion	391,367	1.43%
OREO expenses	1,217,096	4.44%
Directors' expenses	72,370	0.26%
Insurance, licenses, taxes, and other	203,302	0.74%
Total operating expenses	8,842,082	32.24%
Increase in assets without donor restrictions	1,111,086	4.04%
Changes in Assets with Donor Restrictions		
Contributions	-	
Increase in assets with donor restrictions	-	
Increase in net assets	1,111,086	
Net assets, beginning	12,376,005	
Net assets, ending	\$ 13,487,091	

4 The accompanying notes are an integral part of the financial statements.



**Statements of Activities** *(continued...)*

For the Years Ended December 31, 2023, 2022, and 2021

2022		2021	
Amount	%	Amount	%
\$ 25,948,406	100.00%	\$ 25,053,762	100.00%
17,158,091	66.12%	17,553,892	70.06%
8,790,315	33.88%	7,499,870	29.94%
803,000	3.09%	367,000	1.46%
7,987,315	30.79%	7,132,870	28.48%
(430,800)	-1.66%	(116,706)	-0.47%
102,435	0.39%	53,173	0.21%
1,830,317	7.05%	1,784,042	7.12%
1,501,952	5.78%	1,720,509	6.86%
3,345,413	12.89%	3,118,883	12.45%
1,213,491	4.68%	1,332,319	5.32%
996,840	3.84%	972,992	3.88%
931,939	3.59%	1,004,202	4.01%
498,269	1.92%	342,553	1.37%
306,502	1.18%	437,276	1.75%
1,393,045	5.37%	738,470	2.95%
90,244	0.35%	96,320	0.38%
264,324	1.02%	254,132	1.01%
9,040,067	34.84%	8,297,147	33.12%
449,200	1.73%	556,232	2.22%
1,861		17,516	
1,861		17,516	
451,061		573,748	
11,924,944		11,351,196	
\$ 12,376,005		\$ 11,924,944	

The accompanying notes are an integral part of the financial statements.

## Statements of Cash Flows

For the Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
Cash flows from operating activities:			
Increase in net assets	\$ 1,111,085	\$ 451,061	\$ 573,748
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation	382,806	547,391	665,762
Credit loss expense	45,295	803,000	367,000
Certificate amortization	1,564,404	1,759,150	2,056,912
Gain on redemption of certificates	(322,315)	(506,227)	(46,982)
Compounded interest	13,626,438	10,567,450	10,536,690
Net realized and unrealized (gain) loss on investments	(1,335,372)	859,517	677,934
Contribution from split-interest agreements	(8,904)	(164,659)	-
Change in value of split-interest agreements	129,511	173,605	(21,734)
(Gain) loss on disposal of property and equipment	(4,029)	42,132	29,940
Loss on sale of other rental property	-	-	6,298
Adjustments to OREOs	592,147	200,774	180,000
Gain on sale of OREO	-	-	(303,694)
Paycheck Protection Program loan forgiveness	-	-	(593,500)
Changes in operating assets and liabilities:			
Receivables	(661,516)	(1,100,047)	(84,052)
Other assets	(92,951)	307,382	(19,611)
Payables	(193,120)	(247,563)	(276,964)
Total adjustments	<u>13,722,394</u>	<u>13,241,905</u>	<u>13,173,999</u>
Net cash provided by operating activities	<u>14,833,479</u>	<u>13,692,966</u>	<u>13,747,747</u>
Cash flows from investing activities:			
Purchase of property and equipment	(78,184)	(265,380)	(133,894)
Improvements to other rental property	-	(21,568)	(5,500)
Cash received from sale of other rental property	329,000	323,225	13,202
Improvements to OREOs	-	(436,564)	(482,557)
Cash received from sale of OREOs	-	1,951,837	-
Mortgage fundings	(44,966,097)	(70,714,764)	(53,675,577)
Principal collected on mortgages	29,658,506	38,108,544	41,692,688
Purchase of investments	(238,301,717)	(60,161,410)	(24,911,756)
Proceeds from sale of investments	206,607,645	84,815,326	36,458,404
Principal collected on certificates receivable	-	-	780
Net cash used by investing activities	<u>(46,750,847)</u>	<u>(6,400,754)</u>	<u>(1,044,210)</u>

6 The accompanying notes are an integral part of the financial statements.

**Statements of Cash Flows** *(continued...)*

For the Years Ended December 31, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash flows from financing activities:			
Proceeds from borrowings	\$ 97,272,962	\$ 66,941,580	\$ 53,004,267
Principal payments on borrowings	(76,025,702)	(65,446,451)	(54,883,927)
Payments on certificates payable	<u>(2,529,406)</u>	<u>(4,247,419)</u>	<u>(5,016,851)</u>
Net cash provided (used) by financing activities	<u>18,717,854</u>	<u>(2,752,290)</u>	<u>(6,896,511)</u>
Net increase (decrease) in cash	(13,199,514)	4,539,922	5,807,026
Cash and cash equivalents, beginning	<u>24,897,346</u>	<u>20,357,424</u>	<u>14,550,398</u>
Cash and cash equivalents, ending	<u>\$ 11,697,832</u>	<u>\$ 24,897,346</u>	<u>\$ 20,357,424</u>
Cash paid during year for interest	<u>\$ 5,206,731</u>	<u>\$ 4,831,491</u>	<u>\$ 4,885,529</u>

The accompanying notes are an integral part of the financial statements.

## Notes to Financial Statements

December 31, 2023, 2022, and 2021

**(I) *Summary of Significant Accounting Policies***

*Organization and Nature of Activities*

Church Extension Plan (the Ministry) was founded in 1950 and incorporated in 1952 as a nonprofit corporation in the state of Oregon. The Ministry's primary purpose is to provide financial and administrative services to churches, districts, members, and friends of the Assemblies of God across the United States of America and Puerto Rico.

The Ministry's primary source of revenue is interest income generated from its mortgage lending program. The mortgage lending program is available to Assemblies of God districts, churches, and related organizations throughout the United States of America. Funding for the mortgage lending program comes from the sale of promissory notes (see Note 10), and prior to 2021 from 20-year church certificates as well (see Note 11).

Church Extension Plan has successfully assisted more than 3,000 Assemblies of God ministries.

*Cash and Cash Equivalents*

The Ministry considers all short-term, highly liquid investments to be cash equivalents, including money market accounts and short-term certificates of deposit with original maturities of one year or less. Short-term certificates of deposit are recorded at cost.

*Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits*

The Ministry maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. In 2021, the Ministry implemented an insured cash sweep program to reduce the possibility of this occurring. As a result, at December 31, 2023, 2022, and 2021 all cash in bank deposit accounts was federally insured.

*Certificate Program*

The Ministry discontinued the Partners Plus Church Certificate securities offering effective January 1, 2021. The Ministry will continue to meet its ongoing obligation with regard to certificates payable at maturity for all certificates purchased prior to January 1, 2021 (see Note 11).

Certificates mature in 20 years at 150% of the original purchase price. At the time of sale, the maturity value is discounted to an estimated present value which is recorded as a liability.

The difference between (a) the present value of the certificate payable and (b) the maturity value of the certificate payable is called the certificate discount. It is amortized to expense using the effective interest method over the life of the certificate, 20 years.

*Mortgages Receivable*

Mortgages are stated at the amount of unpaid principal. Interest is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Accrual of interest is discontinued on a loan when management believes the borrower's financial condition is such that collection of interest is doubtful. Management makes this decision after considering economics, business conditions and collection efforts. Recognition of interest income is resumed when the loan holder demonstrates it can make regular payments.

## Notes to Financial Statements *(continued...)*

December 31, 2023, 2022, and 2021

### **(1) Summary of Significant Accounting Policies *(continued)***

#### Allowance for Credit Losses – Mortgages Receivable

The allowance for credit losses is established through a charge to the credit loss expense. Mortgages are charged against the allowance for credit losses when management believes the collectability of the principal is unlikely. Past due status is determined by the number of payments that are in arrears. Mortgages with three or more payments in arrears are considered delinquent. In accordance with the Ministry's plan and mission, the Ministry diligently works with its mortgage holders to find solutions for those who are having difficulty meeting their payment agreement.

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

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

The Weighted-Average-Remaining-Maturity (WARM) model is used for each loan pool, and the results are aggregated at the pool level. Using the WARM model, historical losses, as adjusted for reasonable and supportable forecast expectations, are applied to the effective term of the loan portfolio. The Ministry determined the most reasonable and efficient way to pool loans by similar risk characteristics is to do so by credit quality, which include the following segments: Pass, Special Mention (or Watch), and Substandard.

In determining the proper level of the allowance for credit losses, the Ministry determined that the historical loss experience provides the best basis for the assessment of expected credit losses. The Ministry therefore used historical credit loss experience by each loan segment over an economic cycle.

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

- Changes in lending policy and procedures, including changes in underwriting standards and collections, charge-offs and recovery practices
- Actual and expected changes in national, regional, and local economic conditions that affect the collectibility of the loan pools
- Changes in the nature and volume of the loan pools and in the terms of the underlying loans
- Changes in the experience, ability, and depth of our lending management and staff
- Changes in the quality of our loan review function
- The existence, growth, and effect of any concentrations of credit
- Other factors such as the regulatory, legal and technological environments; competition; and events such as natural disasters or health pandemics

## Notes to Financial Statements *(continued...)*

December 31, 2023, 2022, and 2021

### **(1) Summary of Significant Accounting Policies *(continued)***

#### Allowance for Credit Losses – Mortgages Receivable *(continued)*

A loan is individually evaluated for allowance for credit losses when it is past due 6 months or more with insufficient collateral, loans with a workout agreement in place, and all loans in Puerto Rico. These loans will be allowed for on a collateral short-fall basis. The Ministry believes individually evaluated loans are largely collateral dependent, meaning repayment is expected to be provided substantially through the operation or sale of the collateral.

The Ministry makes loans to churches in certain areas that have experienced seismic activity, hurricanes, floods and other natural disasters in the past. Most churches do not carry casualty insurance on church buildings covering these perils because of limited availability, high premium cost and the large percentage of self-insurance required under those available policies.

Interest receivable balances are written off as a reduction of interest income when management determines no further payments will be received and collateral is insufficient for recovery. Management has evaluated the historical amounts recorded as a reduction of interest income and the current balance of interest receivable and determined no allowance for credit losses for interest receivable is required.

The allowance for credit losses on off-balance-sheet credit exposures is a liability account, representing expected credit losses over the contractual period for which the Ministry is exposed to credit risk resulting from a contractual obligation to extend credit. No allowance is recognized if the Ministry has the unconditional right to cancel the obligation. The allowance is reported as a component of allowance for credit losses in the Statement of Financial Position. Adjustments to the allowance are reported in the Statement of Activities as a component of credit loss expense.

#### Adoption of New Financial Accounting Standard

Effective January 1, 2023, the Ministry adopted Accounting Standards Update (ASU) No. 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". This update requires the use of a forward-looking expected credit loss model for instruments within its scope, including mortgages receivable, and replaces the previous incurred loss impairment model. The expected credit loss model requires management to estimate current expected credit losses over the lifetime of the assets by considering all reasonable and supportable information, including historical experience, current conditions, and reasonable and supportable forecasts affecting collectability.

The Ministry has analyzed the provisions contained in Topic 326 and determined that there is no impact on net assets as of January 1, 2023, due to the adoption of the new policy.

#### Split-Interest Agreements

The Ministry holds assets under split-interest agreements consisting of charitable gift annuities and charitable remainder unitrusts for which the Ministry serves as the trustee. These agreements provide for the payment of lifetime distributions to the donors or their designated beneficiaries. Distributions to beneficiaries may be for a specific dollar amount or for a specified percentage of the fair market value as determined annually. Assets held under these agreements are recorded at fair value.

## Notes to Financial Statements *(continued...)*

December 31, 2023, 2022, and 2021

### **(1) Summary of Significant Accounting Policies *(continued)***

#### *Split-Interest Agreements (continued)*

The present value of estimated future payments to beneficiaries is reported as a liability calculated using rates of return established at the time of the agreements. Rates range from 4.2% to 10.3%. At the death of the lifetime beneficiaries, the agreements provide for the distribution of assets to designated charitable organizations. Certain agreements contain provisions to distribute assets to charitable organizations other than the Ministry. The portion attributable to others is reflected as a component of split-interest agreements. Changes in the fair value of the investments are combined with the other changes in the estimated liability and are recorded in the Statements of Activities.

#### *Funds Held for Others*

Funds received for the benefit of others outside of the Ministry are recorded in investments held for others in the Statements of Financial Position with a corresponding liability for the same amount.

#### *Other Assets*

Other assets consist of miscellaneous receivables and prepaid items including insurance, property taxes, and software maintenance agreements.

#### *Property and Equipment and Depreciation*

Property and equipment are stated at historical cost. Maintenance and repairs are charged to expense as incurred; major improvements are capitalized. Upon retirement or sale of assets, the cost and accumulated depreciation of the assets disposed are removed from the accounts and resulting gains or losses are recognized as other income. Depreciation is computed using the straight-line method based on their estimated useful life. It is the Ministry's policy to capitalize property and equipment over \$2,500. Lesser amounts are expensed.

#### *Other Rental Property*

The Ministry has acquired other rental property either through donation of the property on a noncash basis or by being purchased by the Ministry through donated dollars. The Ministry leases these properties to churches or other ministries on a month-to-month basis. The properties are recorded at historical cost or fair market value at the date of donation. Depreciation expense is charged to operations as incurred, and lease income is recorded as other revenue in the Statements of Activities.

#### *Other Real Estate Owned and Allowance for Loss*

Other real estate owned (OREO) consists of land and church facilities acquired by the Ministry in satisfaction or partial satisfaction of mortgages receivable. OREOs are recorded at the lower of the carrying value of the mortgage or the fair market value minus estimated costs to sell. Costs of holding foreclosed property are charged to expense in the current period; however, significant property improvements are capitalized to the extent the carrying value does not exceed the estimated fair market value of the property.

The allowance for losses is an amount management believes will be adequate to absorb possible losses on existing OREOs based on evaluations of the realizable value of the property. Management analyzes the adequacy of the allowance on an individual basis for each property. The allowance for losses is established through a charge to OREO expense and reported on the Statements of Activities.

## Notes to Financial Statements (continued...)

December 31, 2023, 2022, and 2021

### (1) *Summary of Significant Accounting Policies (continued)*

#### Other Real Estate Owned and Allowance for Loss (continued)

The Ministry records a gain or loss from the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. If the Ministry finances the sale of OREO to the buyer, the Ministry assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the OREO asset is derecognized and the gain or loss on the sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Ministry adjusts the transaction price and related gain (loss) on sale if a significant financing component is present.

#### Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Ministry has the ability to access.

Level 2 inputs to the valuation methodology include:

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

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Listed below are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023, 2022, and 2021.

*Certificates of Deposit:* Valued at fair value based on the quoted prices in the active market on which the certificates are sold.

*US Government Securities:* Valued at the closing price reported on the active market on which the securities are sold.

*Corporate and State Bonds:* Valued at fair value based on the quoted prices of similar securities in the active market on which the individual securities are sold.



## Notes to Financial Statements *(continued...)*

December 31, 2023, 2022, and 2021

### **(1) Summary of Significant Accounting Policies *(continued)***

#### Fair Value Measurements *(continued)*

*Mutual Funds:* Valued at the closing price reported on the active market on which the securities are sold.

*Receivables from Remainder Unitrusts:* Valued at the net present value of the Ministry's interest in the underlying assets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Ministry believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

#### Functional Allocation of Expenses

Functional expenses (see Note 13) present the natural classification detail of expenses by function. Certain costs have been allocated between the program and supporting services on usage and other methods.

#### Income Taxes and Uncertain Tax Position

The Ministry is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Exemptions from the State of Oregon corporation excise tax are provided by Oregon Revised Statutes 317.080. The Ministry's exemption from income taxes is based on continuing with its exempt purpose, and, if it failed to continue to comply with its exempt purpose, it could be subject to income taxes. The Ministry's management believes its current operations are in compliance with its exempt purpose and has received no notices or indications to indicate otherwise.

The Ministry follows accounting standards related to the recognition of uncertain tax positions. These standards provide detailed guidance for financial statement recognition, measurement and disclosure of uncertain tax positions taken or expected to be taken on the income tax returns. They require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained under examination. Management has determined that the Ministry does not have any uncertain tax positions as of December 31, 2023, 2022, and 2021.

#### Basis of Presentation

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

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Ministry. These net assets may be used at the discretion of the Ministry's management and the Board of Directors.

## Notes to Financial Statements *(continued...)*

December 31, 2023, 2022, and 2021

### **(1) Summary of Significant Accounting Policies *(continued)***

#### Basis of Presentation *(continued)*

*Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Ministry or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Ministry's assets with temporary restrictions are to be used for the future acquisition or improvements to church properties. The Ministry had no net asset funds held in perpetuity as of December 31, 2023, 2022, or 2021.

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

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Ministry's 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.

#### Subsequent Events

The Ministry has evaluated subsequent events through April 1, 2024, which is the date the financial statements were available to be issued.

### **(2) Cash and Cash Equivalents**

The Ministry's cash and cash equivalents consist of checking and savings accounts in banks, highly liquid investments with original maturities of three months or less, money market funds, and certificates of deposit with original maturities of twelve months or less.

### **(3) Church Loans Unsecured**

The Ministry had no unsecured church loans at December 31, 2023, \$542,031 at December 31, 2022, and \$2,202,213 at December 31, 2021. The terms of the notes provide for varying repayment terms and interest rates.

In accordance with the Ministry's internal credit rating system (see Note 4), the classification of these loans at December 31, 2023 was Pass.

Notes to Financial Statements (continued...)

December 31, 2023, 2022, and 2021

(3) **Church Loans Unsecured (continued)**

The following table summarizes the aging of the Ministry's unsecured church loans as of December 31:

	2023	2022	2021
0-90 Days	\$ -	\$ 542,031	\$ 2,202,213
Greater than 90 days and still accruing	-	-	-
Nonaccrual	-	-	-
	<u>\$ -</u>	<u>\$ 542,031</u>	<u>\$ 2,202,213</u>

During 2023, 2022, and 2021, the Ministry recognized \$722, \$41,563, and \$90,242, respectively, as interest income from these unsecured loans.

(4) **Mortgages Receivable**

The Ministry administers the funding and collection of mortgages receivable primarily for the purpose of providing financing for the purchase, construction and renovation of physical facilities, and the acquisition of sites upon which new worship and education facilities can be constructed. The funding for the mortgages is obtained largely through the sale of promissory notes (see Note 10) which are unsecured debt obligations of the Ministry.

Most church loans are secured by first mortgages or trust deeds on real property and are receivable over 20 to 40 years. Based on current lending rates, the fair value of these mortgage notes approximates their carrying amount.

The mortgages receivable represented 754 loans at December 31, 2023 (740 and 731 loans at December 31, 2022 and 2021, respectively). The average interest rates for mortgages receivable were 5.51% in 2023, 5.23% in 2022, and 5.47% in 2021.

Future maturities of mortgages receivable for each of the next five years are as follows:

2024	\$ 13,761,008
2025	15,987,229
2026	15,101,285
2027	15,647,667
2028	16,070,654
2029 and thereafter	<u>457,346,901</u>
	<u>\$ 533,914,744</u>

Notes to Financial Statements (continued...)

December 31, 2023, 2022, and 2021

(4) **Mortgages Receivable (continued)**

*Credit Quality Information:* The credit quality of the loan portfolio is monitored using an internal rating system that reflects management’s risk assessment based on an analysis of the borrower’s financial condition, the condition of the church, cash flows, and the delinquency status of the loan. The internal system assigns one of the following four risk gradings: Pass, Special Mention (or Watch), Substandard, and Impaired. A description of the risk grading categories is listed below:

**Pass**

Assigned to loans which reflect acceptable risk.

**Special Mention (or Watch)**

Assigned to loans where the borrower exhibits trends that, if left uncorrected, may threaten their capacity to perform.

**Substandard**

Assigned to loans where the borrower exhibits weaknesses that raises questions to the full collectability of the loan, or the ultimate collectability of the loan is dependent upon the underlying collateral.

**Impaired**

Assigned to loans which have been placed on nonaccrual status, are in the process of foreclosure, and where it has been determined that the Ministry will not be able to recover all amounts due. No interest is recognized on loans categorized under this risk grading, and, accordingly, any cash payments received on these loans would be a reduction of principal.

Management’s classification of the loan portfolio in accordance with the Ministry’s internal credit rating system is as follows at December 31:

	2023	2022	2021
Pass	\$ 508,445,410	\$ 469,053,629	\$ 404,445,450
Special Mention (or Watch)	7,197,387	25,140,148	57,888,946
Substandard	8,139,991	13,877,178	10,748,836
Impaired	10,131,956	14,497,058	7,243,396
	<u>\$ 533,914,744</u>	<u>\$ 522,568,013</u>	<u>\$ 480,326,628</u>

No interest income was recognized on loans graded as impaired during the years ended December 31, 2023, 2022, and 2021.

Notes to Financial Statements *(continued...)*

December 31, 2023, 2022, and 2021

**(4) Mortgages Receivable (continued)**

The following table summarizes the aging of the Ministry's mortgages receivable as of December 31:

	2023	2022	2021
0-90 Days	\$ 512,228,244	\$ 494,145,555	\$ 448,244,825
91-120 Days	5,828,260	2,565,789	1,507,074
Greater than 120 and still accruing	1,634,624	2,966,375	1,508,373
Nonaccrual	14,223,616	22,890,294	29,066,356
	<u>\$ 533,914,744</u>	<u>\$ 522,568,013</u>	<u>\$ 480,326,628</u>

The allowance for loan losses includes specific reserves related to individual exposures, as well as a general reserve for other receivables based on historical loss experience and expectations about future losses. Activity in the loan allowance for credit losses is as follows at December 31:

	2023	2022	2021
Beginning balance	\$ 7,748,817	\$ 8,028,705	\$ 13,519,759
Additions charged to operations	45,295	803,000	367,000
Write-downs and adjustments to the allowance account	(1,231,932)	(1,082,888)	(5,858,054)
	<u>\$ 6,562,180</u>	<u>\$ 7,748,817</u>	<u>\$ 8,028,705</u>

Loan Commitments

The Ministry had unfunded loan commitments of approximately \$30.5 million, \$53.0 million, and \$30.4 million at December 31, 2023, 2022, and 2021, respectively.

Loan Modifications

The Ministry will at times make certain modifications to loans as part of its ongoing operations that it does not consider to be troubled debt restructures. These modifications may include extending the term of the loan, temporarily changing the required payment to interest only, or capitalization of interest. The net present value of the estimated future cash flows on these loans is not expected to materially differ from the loan contract. During the year that ended December 31, 2023, approximately \$0.3 million of interest was capitalized and added to mortgages receivable. In 2022 and 2021, \$0.2 million and \$0.1 million were capitalized, respectively.

## Notes to Financial Statements (continued...)

December 31, 2023, 2022, and 2021

**(4) Mortgages Receivable (continued)**Restructures

In order to assist in resolving delinquencies related to troubled debts, the Ministry may choose to restructure loans in a manner that provides a period of time with reduced payments to provide opportunity for the borrower to resolve issues causing the delinquencies. Typical restructures include establishing new terms for the loan, capitalizing delinquent interest to the loan, and temporarily placing a portion of the loan on non-accrual status. Any amounts placed on non-accrual status would incrementally start accruing interest at the pre-restructured rate from one to five years from the date of restructure, depending on the agreement. The mission of the Ministry and the relationship it maintains with its borrowers is unlike that of a traditional lender; accordingly, the Ministry may be more willing to accept partial, deferred, or late payments. In addition, the Ministry may agree to modify loan terms as part of a loan restructuring in lieu of exercising its right to foreclose.

During the years ended December 31, 2023 and 2021, the Ministry had no troubled debt restructures. In 2022 there was one mortgage receivable classified as troubled debt with an unpaid balance of \$600,000 at the time of restructuring. No losses were recorded on the restructurings, as the underlying collateral value of the mortgages exceeded the recorded investment in the mortgages or the present value of the future benefit stream did not materially differ from the loan contract.

Concentration of Delinquencies

At December 31, 2023, the Ministry had no loans in Puerto Rico on nonaccrual status. At December 31, 2022 and 2021 there were \$5,825,000, and \$5,947,000, respectively.

**(5) Property and Equipment**

Property and equipment consist of the following at December 31:

	2023	2022	2021
Land	\$ 730,770	\$ 730,770	\$ 730,770
Building and improvements	5,701,086	5,649,827	5,606,972
Equipment and furniture	824,184	837,573	821,628
Software	427,958	403,208	180,683
	<u>7,683,998</u>	<u>7,621,378</u>	<u>7,340,053</u>
Less accumulated depreciation	<u>3,419,826</u>	<u>3,193,530</u>	<u>2,961,404</u>
	<u>\$ 4,264,172</u>	<u>\$ 4,427,848</u>	<u>\$ 4,378,649</u>

Depreciation expense was \$232,865, \$273,179, and \$284,770 for the years that ended December 31, 2023, 2022, and 2021, respectively.

Lease income related to property and equipment was \$273,214 in 2023, \$225,174 in 2022, and \$277,949 in 2021.

Notes to Financial Statements *(continued...)*

December 31, 2023, 2022, and 2021

**(6) Other Rental Property**

Other rental property consists of the following at December 31:

	2023	2022	2021
Land	\$ 780,000	\$ 890,000	\$ 946,000
Building and improvements	<u>4,249,229</u>	<u>4,493,392</u>	<u>4,755,195</u>
	5,029,229	5,383,392	5,701,195
Less accumulated depreciation	<u>1,114,627</u>	<u>1,041,773</u>	<u>1,012,273</u>
	<u>\$ 3,914,602</u>	<u>\$ 4,341,619</u>	<u>\$ 4,688,922</u>

Depreciation expense was \$102,045, \$107,755, and \$112,384 for the years that ended December 31, 2023, 2022, and 2021, respectively.

Lease income related to other rental property was \$45,701 in 2023, \$41,893 in 2022, and \$45,701 in 2021.

**(7) Other Real Estate Owned (OREO)**

As described in Note 1, the Ministry owns several parcels of property acquired through foreclosure or in a deed in lieu of foreclosure. The Ministry either attempts to sell the OREO or temporarily leases the property back to the churches with the intention that these churches will be able to repurchase the real estate in the future. The following schedule shows the breakdown between leasing and selling activities at December 31:

	2023	2022	2021
Actively selling	\$ 8,475,000	\$ 4,330,000	\$ 7,937,716
Leasing back to churches	<u>2,388,744</u>	<u>2,388,744</u>	<u>10,575,731</u>
	10,863,744	6,718,744	18,513,447
Less accumulated depreciation	275,122	227,226	1,261,685
Less allowance for loss	<u>1,397,854</u>	<u>805,706</u>	<u>1,779,205</u>
	<u>\$ 9,190,768</u>	<u>\$ 5,685,812</u>	<u>\$ 15,472,557</u>

OREO expense was \$624,949, \$1,213,045, and \$558,470 for the years that ended December 31, 2023, 2022, and 2021, respectively. These expenses consist of the holding costs of the OREOs including property tax, insurance, utilities, repairs, maintenance, and depreciation. In 2023, 2022, and 2021, losses of \$592,147, \$180,000, and \$180,000, respectively, were recorded to reduce the value of OREOs to their estimated market values or known market value upon sale. These write-downs are included in OREO expenses on the Statement of Activities for the years that ended December 31, 2023, 2022, and 2021.

## Notes to Financial Statements (continued...)

December 31, 2023, 2022, and 2021

**(8) Investments**

The following tables set forth, by level, within the fair value hierarchy, the Ministry's investments at fair value:

Investments

	Assets at Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ -	\$ -	\$ -
US Government Securities	41,116,961	-	-	41,116,961
Corporate and State Bonds	-	-	-	-
Mutual Funds	4,217,648	-	-	4,217,648
	<u>\$ 45,334,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,334,609</u>

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ -	\$ -	\$ -
US Government Securities	12,195,000	-	-	12,195,000
Corporate and State Bonds	-	-	-	-
Mutual Funds	174,000	-	-	174,000
	<u>\$ 12,369,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,369,000</u>

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ 11,904,639	\$ -	\$ -	\$ 11,904,639
US Government Securities	14,783,729	-	-	14,783,729
Corporate and State Bonds	-	2,477,978	-	2,477,978
Mutual Funds	8,592,691	-	-	8,592,691
	<u>\$ 35,281,059</u>	<u>\$ 2,477,978</u>	<u>\$ -</u>	<u>\$ 37,759,037</u>



Notes to Financial Statements (continued...)

December 31, 2023, 2022, and 2021

(8) Investments (continued)

Investments in Split-Interest Agreements

Assets at Fair Value as of December 31, 2023				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 1,014,385	\$ -	\$ -	\$ 1,014,385
	<u>\$ 1,014,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,014,385</u>

Assets at Fair Value as of December 31, 2022				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 962,516	\$ -	\$ -	\$ 962,516
	<u>\$ 962,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 962,516</u>

Assets at Fair Value as of December 31, 2021				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 1,118,479	\$ -	\$ -	\$ 1,118,479
	<u>\$ 1,118,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,118,479</u>

Investments Held for Others

Assets at Fair Value as of December 31, 2023				
	Level 1	Level 2	Level 3	Total
Cash	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Assets at Fair Value as of December 31, 2022				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 3,923,959	\$ -	\$ -	\$ 3,923,959
	<u>\$ 3,923,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,923,959</u>

Assets at Fair Value as of December 31, 2021				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 5,296,360	\$ -	\$ -	\$ 5,296,360
	<u>\$ 5,296,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,296,360</u>

Notes to Financial Statements (continued...)

December 31, 2023, 2022, and 2021

(9) **Bank Line of Credit**

The Ministry has entered into a short-term line of credit agreement with Umpqua Bank in the amount of \$12,000,000. The line bears a variable interest rate at the Wall Street Journal prime rate minus 0.50%. The interest rate on the line as of December 31, 2023, was 8.00%. The line is secured by certain mortgages receivable totaling \$30.2 million. No amounts were drawn on the line as of December 31, 2023, 2022, and 2021. The line matures on June 5, 2024.

(10) **Notes Payable**

Notes payable consist of the following at December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Vision Notes</i>			
Notes payable to various churches and individuals at variable and fixed interest rates ranging from 0.75% to 5.50%, unsecured	\$ 413,708,188	\$ 376,774,928	\$ 363,004,172
<i>Individual Retirement Account</i>			
Notes payable to various individual retirement accounts, fixed and variable interest rates ranging from 1.75% to 5.50%, unsecured	107,711,566	109,856,917	109,435,041
<i>Life Rewards</i>			
403(b) Funds invested in Vision Notes, variable interest rate at 3.50%, unsecured	<u>44,906,573</u>	<u>44,820,785</u>	<u>46,950,837</u>
	<u>\$ 566,326,327</u>	<u>\$ 531,452,630</u>	<u>\$ 519,390,050</u>

The average interest rates for the notes payable were 3.86% in 2023, 3.10% in 2022, and 2.97% in 2021. Purchasers of the notes may specify frequency of interest payments, or interest may be compounded and added monthly to the principal.

Notes to Financial Statements *(continued...)*

December 31, 2023, 2022, and 2021

**(10) Notes Payable (continued)**

Maturities of notes payable for each of the next five years are as follows at December 31:

	Life Rewards 403(b)	IRA Notes	Vision Notes	Total
2024	\$ 44,906,573	\$ 37,848,766	\$ 226,316,385	\$ 309,071,724
2025	-	35,107,519	85,367,961	120,475,480
2026	-	15,235,494	47,917,746	63,153,240
2027	-	11,179,105	40,631,987	51,811,092
2028	-	8,340,682	13,474,109	21,814,791
	<u>\$ 44,906,573</u>	<u>\$ 107,711,566</u>	<u>\$ 413,708,188</u>	<u>\$ 566,326,327</u>

Life Rewards is a 403(b) plan offered to Church Extension Plan employees as well as Assemblies of God pastors and ministry staff. The Life Rewards 403(b) Vision Note is an investment option offered to plan participants and is shown as a current maturity because the 403(b) participants have the option to change their investment allocation within the plan at any time. Over 72% of all funds in the Life Rewards 403(b) plan were invested in the Life Rewards 403(b) Vision Note as of December 31, 2023.

The maturities of the IRA Notes are based on the length of the underlying note purchased with the IRA funds. At maturity and subject to certain legal restrictions and early withdrawal penalties, the investor has the option to have the proceeds from the note distributed to them or rolled to a different plan.

Upon maturity of the notes, note holders have the option to renew their notes at the current rates and terms offered by the Ministry or to take a distribution. In addition, at the Ministry's discretion, note holders may take early distributions on their notes payable subject to certain penalties. Distributions on the notes in relation to their maturities were as follows for the years ended:

	<i>(in millions)</i>		
	2023	2022	2021
Total notes matured	\$ 228.0	\$ 200.7	\$ 190.5
Distribution on matured notes	44.2	35.1	28.3
Distribution on non-matured notes	31.8	30.3	26.6

Notes to Financial Statements *(continued...)*

December 31, 2023, 2022, and 2021

**(11) Certificates Payable**

Certificates payable consist of the following at December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Unsecured future maturity value of certificate payable	\$ 30,491,700	\$ 33,745,200	\$ 39,061,950
Less certificate discount with rates ranging from 3.0% to 8.0%	<u>(6,870,851)</u>	<u>(8,596,284)</u>	<u>(10,620,038)</u>
	<u>\$ 23,620,849</u>	<u>\$ 25,148,916</u>	<u>\$ 28,441,912</u>

Amortization expense of the certificate discount for the year that ended December 31, 2023, was \$1,564,404 (\$1,759,150 and \$2,056,912, in 2022 and 2021, respectively). These amounts are included with interest expense on the Statements of Activities.

Maturities of certificates payable for each of the next five years are as follows at December 31:

2024	\$ 5,092,500
2025	3,726,000
2026	3,596,250
2027	2,300,250
2028	2,675,250
Thereafter	<u>13,101,450</u>
	<u>\$ 30,491,700</u>

As described in Note 1, the certificate program was discontinued effective January 1, 2021.

**(12) Paycheck Protection Program Loan**

On April 22, 2020, the Ministry received loan proceeds in the amount of \$593,500 under the Paycheck Protection Program (PPP). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which was enacted March 27, 2020. The loan and accrued interest are forgivable if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with payments commencing on August 7, 2021. There are no prepayment penalties, and the loan is unsecured.

On January 8, 2021, the Ministry received notice of forgiveness for loan proceeds received under the Paycheck Protection Program (PPP). As a result, the Ministry reduced the loan liability and recognized other revenue of \$593,500 in 2021.

## Notes to Financial Statements (continued...)

December 31, 2023, 2022, and 2021

**(13) Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributed to program and supporting services. The table below presents expenses by both their nature and their function.

	December 31, 2023			Total
	Program	Management and General	Supporting Services Fundraising	
Interest Expense	\$ 20,397,573	\$ -	\$ -	\$ 20,397,573
Credit Loss Expense	45,295	-	-	45,295
Operating Expenses:				
Salaries	2,298,684	1,167,055	-	3,465,739
Payroll taxes and personnel expenses	934,241	459,203	-	1,393,444
Occupancy expense and supplies	323,398	562,435	-	885,833
Professional fees	610,897	316,621	5,600	933,118
Travel, lodging, and related expenses	216,564	63,250	-	279,814
Advertising and promotion	389,754	1,613	-	391,367
OREO expenses	1,217,096	-	-	1,217,096
Director's expenses	-	72,370	-	72,370
Insurance, licenses, taxes, and other	84,056	119,245	-	203,301
Total operating expenses	<u>6,074,690</u>	<u>2,761,792</u>	<u>5,600</u>	<u>8,842,082</u>
Total expenses	<u>\$ 26,517,558</u>	<u>\$ 2,761,792</u>	<u>\$ 5,600</u>	<u>\$ 29,284,950</u>

## Notes to Financial Statements (continued...)

December 31, 2023, 2022, and 2021

**(13) Functional Allocation of Expenses (continued)**

	December 31, 2022			
	Program	Supporting Services		Total
		Management and General	Fundraising	
Interest Expense	\$ 17,158,091	\$ -	\$ -	\$ 17,158,091
Credit Loss Expense	803,000	-	-	803,000
Operating Expenses:				
Salaries	2,233,719	1,088,009	23,685	3,345,413
Payroll taxes and personnel expenses	809,958	394,953	8,580	1,213,491
Occupancy expense and supplies	369,591	623,794	3,455	996,840
Professional fees	601,273	310,797	19,869	931,939
Travel, lodging, and related expenses	363,383	122,577	12,309	498,269
Advertising and promotion	299,802	3,237	3,463	306,502
OREO expenses	1,393,045	-	-	1,393,045
Director's expenses	-	90,244	-	90,244
Insurance, licenses, taxes, and other	108,663	155,661	-	264,324
Total operating expenses	<u>6,179,434</u>	<u>2,789,272</u>	<u>71,361</u>	<u>9,040,067</u>
Total expenses	<u>\$ 24,140,525</u>	<u>\$ 2,789,272</u>	<u>\$ 71,361</u>	<u>\$ 27,001,158</u>

## Notes to Financial Statements (continued...)

December 31, 2023, 2022, and 2021

**(13) Functional Allocation of Expenses (continued)**

	December 31, 2021			
	Program	Supporting Services		Total
		Management and General	Fundraising	
Interest Expense	\$ 17,553,892	\$ -	\$ -	\$ 17,553,892
Credit Loss Expense	367,000	-	-	367,000
Operating Expenses:				
Salaries	1,777,476	1,101,489	239,918	3,118,883
Payroll taxes and personnel expenses	758,885	470,982	102,451	1,332,318
Occupancy expense and supplies	359,951	575,152	37,888	972,991
Professional fees	534,386	306,605	163,212	1,004,203
Travel, lodging, and related expenses	223,930	60,987	57,637	342,554
Advertising and promotion	431,752	1,687	3,837	437,276
OREO expenses	738,470	-	-	738,470
Director's expenses	-	96,320	-	96,320
Insurance, licenses, taxes, and other	104,096	145,703	4,333	254,132
Total operating expenses	<u>4,928,946</u>	<u>2,758,925</u>	<u>609,276</u>	<u>8,297,147</u>
Total expenses	<u>\$ 22,849,838</u>	<u>\$ 2,758,925</u>	<u>\$ 609,276</u>	<u>\$ 26,218,039</u>

Wherever possible, expenses are allocated directly to program or supporting services. However, certain categories of expenses are allocated based on estimates of time and effort or square footage. Salaries, payroll taxes and personnel expense, travel related expenses, and advertising and promotion are allocated based on estimates of time and effort. Insurance, licenses, taxes and other expenses are allocated based on square footage. Building related occupancy expenses are allocated based on square footage, while all other allocated occupancy expenses are based on time and effort.

Notes to Financial Statements (continued...)

December 31, 2023, 2022, and 2021

**(14) Liquidity and Availability**

Financial assets available for general expenditures within one year consist of the following at December 31:

	2023	2022	2021
Cash and cash equivalents	\$ 11,697,832	\$ 24,897,346	\$ 20,357,424
Investments	45,334,609	12,369,000	37,759,037
Mortgage principal due in one year	13,751,718	13,234,342	11,460,692
Interest receivable	3,045,542	3,258,067	3,415,891
	<u>\$ 73,829,701</u>	<u>\$ 53,758,755</u>	<u>\$ 72,993,044</u>

As part of the Ministry’s liquidity management, it has a policy to ensure its financial assets are available for general expenditures, liabilities, and other obligations. Cash in excess of these daily requirements is invested (see Note 8). To help manage unanticipated liquidity needs, the Ministry has a committed line of credit in the amount of \$12,000,000 which it can draw upon. The use of the line of credit is generally restricted to program related obligations (see Note 9).

**(15) Pension Plan**

The Ministry offers a tax-deferred defined contribution plan through Life Rewards for all eligible employees. The Ministry makes a contribution of the first 3% of the eligible employee’s salary. If an employee elects to defer a portion of their compensation, the Ministry may match up to an additional 3% of compensation at its discretion. The contributions to the plan were \$180,053 in 2023, \$164,233 in 2022, and \$154,675 in 2021.

**(16) Employee Medical Benefit Plan**

The Ministry maintains a self-insured medical plan covering substantially all full-time active employees and their families. The Ministry limits their losses through the use of stop-loss insurance policies. Specific individual losses are limited to \$50,000 per occurrence with a \$1,124,433 combined limit for 2023. The liability recorded for incurred but not reported claims was \$120,000 at December 31, 2023, 2022, and 2021.

**(17) Distributions to Member Districts**

Distributions are made to member districts from time to time as determined by the Board of Directors. No distributions were authorized in 2023, 2022, and 2021.



Notes to Financial Statements *(continued...)*

December 31, 2023, 2022, and 2021

**(18) Noncash Activity**

The Ministry had noncash transactions that resulted in the following changes in the financial statements for the years ended December 31:

	2023	2022	2021
Deeds in lieu of foreclosure	\$ 4,537,159	\$ -	\$ 887,916
OREOs transferred to mortgages	\$ 392,159	\$ 7,800,000	\$ 1,850,000

**(19) Related Party**

Life Rewards, a 403(b)(9) retirement income account plan (the Plan), is affiliated through common management of the Ministry. Life Rewards was created by the Ministry for the benefit of eligible Assemblies of God ministries. The Plan also covers all employees of the Ministry. Certain administrative functions are performed by officers and employees of the Ministry. No such officer or employee receives compensation from the Plan.

**(20) Litigation**

The Ministry is subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to currently pending or threatened actions is not expected to materially affect the financial position or results of operations of the Ministry.

**(21) NASAA Statement of Policy Guidelines**

The North American Securities Administrators Association, Inc. (NASAA) sets benchmarks for church extension funds (CEF). Adherence to the benchmarks varies from state to state, and can be subject to policy, administrative rule or order, or the discretion of individual state securities examiners.

As of December 31, 2023, 2022 and 2021, the Ministry met four (4) of the NASAA benchmarks. However, during this same period of time, the Ministry did not meet the NASAA benchmark for capital adequacy, which calls for CEF's net assets to be positive and equal to 5% or more of its total assets. The Ministry's net assets were positive and were 2.23% of its total assets as of December 31, 2023 (2.15% and 2.10% in 2022 and 2021, respectively).