

# PROSPECTUS

## BRETHREN IN CHRIST FOUNDATION, INC.

431 GRANTHAM ROAD  
MECHANICSBURG, PA 17055

[www.bicfoundation.org](http://www.bicfoundation.org)

(717) 796-4788

An Indiana Religious Nonprofit Corporation

An Affiliate of the

GENERAL CONFERENCE of the BRETHREN IN CHRIST CHURCH

\$40,000,000

### UNSECURED DEBT INSTRUMENTS

Instrument <sup>(1)</sup>	Minimum Maturity Period <sup>(2)</sup>	Offering Price	Commissions and Underwriting Expense	Net Proceeds to Issuer
Term Certificates (previously known as Stewardship Investment Certificates)	Varying term lengths	100% of Principal Amount	None	\$20,000,000
Demand Certificates (previously known as Thrift Accumulation Plan Agreements)	30 days	100% of Principal Amount	None	\$15,000,000
Individual Retirement Account Notes	5 years	100% of Principal Amount	None	\$5,000,000

For current interest rates, please visit [www.bicfoundation.org](http://www.bicfoundation.org) or call the Foundation at (717) 796-4788.

The securities described in this Prospectus will be sold by the Brethren in Christ Foundation, Inc. without the payment of any commission. Net proceeds of the offering after estimated expenses of \$73,008 are anticipated to be \$39,926,992 if the full \$40,000,000 of securities would be sold. See Page 7 “Use of Proceeds.”

**THE SECURITIES DESCRIBED HEREIN ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(a)(4) OF THE FEDERAL SECURITIES ACT OF 1933. THE SECURITIES DESCRIBED HEREIN ARE ALSO EXEMPTED FROM REGISTRATION IN CERTAIN STATES BY STATE LAW, WHILE IN OTHER STATES THEY HAVE BEEN REQUIRED TO BE REGISTERED. THE FACT THAT THESE SECURITIES HAVE BEEN REGISTERED IN STATES WHERE THAT IS REQUIRED, OR THAT THEY MAY BE EXEMPT FROM REGISTRATION IN CERTAIN OTHER STATES, DOES NOT MEAN THAT THE APPLICABLE ADMINISTRATOR OF THE STATE SECURITIES LAWS NOR THE SEC HAS PASSED IN ANY WAY UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION SET FORTH HEREIN, NOR THAT SUCH ADMINISTRATOR HAS PASSED UPON THE MERITS OR QUALIFICATIONS OF OR RECOMMENDED, ENDORSED OR GIVEN APPROVAL TO, THE ISSUER, THE SECURITIES, OR THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE SET FORTH IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER CONTAINED HEREIN, AND INFORMATION OR REPRESENTATIONS NOT HEREIN CONTAINED, IF GIVEN OR MADE, MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE BRETHREN IN CHRIST FOUNDATION, INC. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION TO BUY ON BEHALF OF THE BRETHREN IN CHRIST FOUNDATION, INC. IN ANY STATE IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED BY APPLICABLE LAW OR EXEMPT FROM REGISTRATION. NEITHER DELIVERY OF THIS PROSPECTUS NOR ANY SALES MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ORGANIZATION SINCE THE DATE HEREOF.**

(1) See “DESCRIPTION OF SECURITIES”.

(2) IRA Note minimum maturity period may vary. See “DESCRIPTION OF SECURITIES”.

**THIS OFFERING IS SUBJECT TO SIGNIFICANT RISKS. SEE PAGES 4 to 7 “RISK FACTORS”.**

The date of this Prospectus is April 19, 2024.

**THIS PROSPECTUS CONTAINS ESSENTIAL INFORMATION ABOUT THE ISSUER OF THE SECURITIES BEING OFFERED HEREBY. PROSPECTIVE INVESTORS ARE ADVISED TO READ THIS PROSPECTUS CAREFULLY PRIOR TO MAKING ANY DECISION TO PURCHASE THE SECURITIES OFFERED HEREBY.**

**THE SECURITIES DESCRIBED HEREIN ARE NOT NEGOTIABLE AND ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE. THESE SECURITIES MAY NOT BE TRANSFERRED OR RESOLD EXCEPT TO PERSONS WHO WOULD HAVE BEEN ELIGIBLE TO PURCHASE THEM INITIALLY AND THEN ONLY UPON NOTICE TO AND WRITTEN APPROVAL OF THE FOUNDATION AND AS PERMITTED UNDER THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. SECURITIES HELD THROUGH THE INDIVIDUAL RETIREMENT PROGRAM ARE ONLY TRANSFERABLE UNDER THE TERMS OF THE INDIVIDUAL RETIREMENT PLAN. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.**

**THE SECURITIES DESCRIBED HEREIN WILL BE OFFERED AND SOLD ONLY TO PERSONS WHO, AT THE TIME OF RECEIVING A PURCHASE APPLICATION, ARE MEMBERS, CONSTITUENTS, CONTRIBUTORS TO OR PARTICIPANTS IN THE FOUNDATION, THE BROTHERS IN CHRIST CHURCH AND/OR ITS PROGRAMS, ACTIVITIES OR ORGANIZATIONS, OR PARENTS, SPOUSES, CHILDREN, GRANDCHILDREN OR BIC U.S. 403(b)(9) ACCOUNTS OF SUCH PERSONS, OR TO BROTHERS IN CHRIST FOUNDATION INDIVIDUAL RETIREMENT PLANS AND HEALTH SAVINGS ACCOUNTS AS DIRECTED BY THE HOLDERS THEREOF.**

**THE SECURITIES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, ANY STATE BANK INSURANCE FUND, THE SECURITIES INVESTOR PROTECTION CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE SECURITIES IS DEPENDANT UPON THE ISSUER'S FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW THE ISSUER'S FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE SECURITIES ARE NOT OBLIGATIONS OF, NOR GUARENTEED BY, THE BROTHERS IN CHRIST DENOMINATION, OR BY ANY CONGREGATION, CONFERENCE, INSTITUTION OR AGENCY AFFILIATED WITH THE BROTHERS IN CHRIST DENOMINATION.**

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

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

**CALIFORNIA RESIDENTS:** The Commissioner of Financial Protection and Innovation of the State of California does not recommend or endorse the purchase of the securities described in the Prospectus of the Brethren in Christ Foundation, Inc.

Automatic investment renewal at maturity as described in this Prospectus is not available in California. The Foundation will notify each registered owner in California approximately forty (40) days before his or her Term Certificate or Note matures, at which time the holder will have the opportunity to notify the Foundation of his or her intention to renew the investment. The Foundation does not renew Term Certificates or Notes owned by California residents until receiving a positive word from the holder of the Term Certificate or Note. Upon maturity, the money will be held as a cash balance and will not earn interest until the Foundation receives a request for reinvestment or withdrawal from the investor.

Any renewals by California residents will only be accepted by the Foundation if at the time of renewal there is a currently effective qualification in California (which may or may not be granted.)

Notwithstanding statements in this Prospectus concerning limitations on withdrawals from Demand Certificates to a limit of \$5,000 in any month or \$15,000 in any calendar quarter, in California the installment payment of withdrawals is not permitted and any withdrawal will be paid in full at the time of withdrawal. Any redemption or payment by the Foundation on any of its debt securities offered in California will be made in full at maturity, in accordance with the terms of the security. Payment will not be made with other debt instruments.

**IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THESE SECURITIES, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.**

**FLORIDA RESIDENTS:** These securities have not been registered with the State of Florida. The Foundation is registered to sell its own securities as an issuer/dealer in Florida and the securities will be offered solely through our corporate officers and employees who are registered with the Florida Office of Financial Regulation.

**IDAHO RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE IDAHO SECURITIES ACT.**

**KENTUCKY RESIDENTS:** The debt securities of the Foundation are issued pursuant to a claim of exemption from registration under Section KRS 292.400(9) of the Kentucky Revised Securities Act.

**MARYLAND RESIDENTS:** During the year ending December 31, 2023, \$30,519 worth of Term Certificates, \$29,115 of Demand Certificates, and \$10,417 of Notes were sold in Maryland. These securities were sold pursuant to a claim of exemption from registration under the Maryland Securities Act. The Division of Securities of the Office of the Attorney General of Maryland has not reviewed the information in this document nor passed in any way upon the merits of, recommended, or given approval to these securities. Any representation to the contrary is a criminal offense.

**NEW YORK RESIDENTS:** THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

The Foundation's management has examined this Prospectus and believes that it contains a fair summary of the documents referred to herein, and that this Prospectus does not omit any material fact and does not contain any misstatement of a material fact.

**OHIO RESIDENTS:** The Commissioner of Securities of the State of Ohio does not recommend or endorse the purchase of these securities. In addition, if the Foundation receives as undeliverable two (2) returned statements or other notifications or communications pertaining to a security of the Foundation held by an Ohio resident, then the Foundation will declare the security inactive, monitor it as such and, if not already elected by the holder, accumulate, rather than pay, interest on the security. The security will continue to accrue interest until it is redeemed or until it is disposed of by the Foundation pursuant to applicable Ohio unclaimed property laws.

**OREGON RESIDENTS:** The Foundation has registered an aggregate amount of \$300,000 in Term Certificates, Demand Certificates and Notes to be offered in Oregon. Automatic Term Certificate or Note renewal at maturity as described in this Prospectus is not available in Oregon. The Foundation will notify each registered owner in Oregon approximately forty (40) days before his or her Term Certificate or Note matures, at which time the holder will have the opportunity to notify the Foundation of his or her intention to renew the investment. The Foundation does not renew Term Certificates or Notes owned by Oregon residents until receiving a positive word from the holder of the Term Certificate or Note. Upon maturity, the money will be held as a cash balance and will not earn interest until the Foundation receives a request for reinvestment or withdrawal from the investor.

**PENNSYLVANIA RESIDENTS:** A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES. THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES HAS NOT PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, NOR APPROVED OR DISAPPROVED THE OFFERING, NOR PASSED UPON THE ADEQUACY OR ACCURACY OF THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE REGISTRATION STATEMENT AND THE EXHIBITS FILED THERE WITH ARE AVAILABLE FOR INSPECTION AT THE OFFICES OF THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES, 17 NORTH SECOND STREET, SUITE 1300, HARRISBURG, PENNSYLVANIA 17102-2290, (717) 787-1854 OR 1-800-722-2657 (TOLL FREE IN PENNSYLVANIA), DURING REGULAR BUSINESS HOURS (MONDAY-FRIDAY, 8:30 A.M. TO 5 P.M.) OR FROM THE FOUNDATION.

Of the \$40,000,000 in debt securities being offered hereby, \$20,000,000 of Term Certificates, \$15,000,000 of Demand Certificates, and \$5,000,000 of Notes will be offered to Pennsylvania residents.

It is the position of the Pennsylvania Department of Banking and Securities that indemnification in connection with violations of the securities laws is against public policy and void.

EVERY PURCHASER OF THE SECURITIES DESCRIBED IN THIS PROSPECTUS HAS THE RIGHT TO WITHDRAW FROM THE PURCHASE AS PROVIDED BY SECTION 207(m) OF THE PENNSYLVANIA SECURITIES ACT OF 1972.

IF YOU HAVE ACCEPTED AN OFFER TO PURCHASE THESE SECURITIES PURSUANT TO A PROSPECTUS WHICH CONTAINS A WRITTEN NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(m)(1) OF THE PENNSYLVANIA SECURITIES ACT OF 1972, YOU MAY ELECT, WITHIN TWO BUSINESS DAYS AFTER THE FIRST TIME YOU HAVE RECEIVED THIS NOTICE AND A PROSPECTUS (WHICH IS NOT MATERIALLY DIFFERENT FROM THE FINAL PROSPECTUS) TO WITHDRAW FROM YOUR PURCHASE AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONIES PAID BY YOU. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A WRITTEN NOTICE (INCLUDING A NOTICE BY FACSIMILE OR ELECTRONIC MAIL) TO THE ISSUER (OR UNDERWRITER IF ONE IS LISTED ON THE FRONT PAGE OF THE PROSPECTUS) INDICATING YOUR INTENTION TO WITHDRAW.

**TEXAS RESIDENTS:** THESE SECURITIES HAVE NOT BEEN REGISTERED IN THE STATE OF TEXAS.

**WISCONSIN RESIDENTS:** NEITHER DEMAND CERTIFICATES NOR INDIVIDUAL RETIREMENT ACCOUNT NOTES ARE AUTHORIZED FOR SALE IN WISCONSIN.

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## SUMMARY INFORMATION

The following is a brief summary of certain information contained elsewhere in this Prospectus. This summary is not intended to be complete and is qualified in its entirety by reference to more detailed information contained elsewhere in this Prospectus, including the Appendix hereto. ALL PROSPECTIVE INVESTORS ARE URGED TO REVIEW THIS PROSPECTUS CAREFULLY.

### The Foundation

Brethren in Christ Foundation, Inc. (the “Foundation”) was incorporated in Indiana on September 29, 1972, as a corporation not-for-profit under the name “The Jacob Engle Foundation, Inc.” The Foundation provides financial services to various Brethren in Christ denominational entities, including the maintenance of a fund (the “Brotherhood Loan Fund”) to provide financing for the acquisition, construction and remodeling of Brethren in Christ churches, parsonages and other church-related projects, as well as to provide a source of funds for ministers and current and certain former missionaries for residential loans. The Foundation also provides certain financial services to support the work of the Brethren in Christ Church including administration of certain deferred giving programs and consultation thereon for the Brethren in Christ denomination and related church entities. The Foundation’s affairs consist of two funds, the Brotherhood Loan Fund and the Trust Fund. Most of the financial activities and positions described in this Prospectus relate to the Brotherhood Loan Fund. The Financial Statements included as Appendix A to the Prospectus include the financial activities and positions of both the Brotherhood Loan Fund and the Trust Fund, and clearly separate the financial reporting of each fund. The principal office of the Foundation is located at 431 Grantham Road, Mechanicsburg, Pennsylvania, 17055. The mailing address is 431 Grantham Road, Mechanicsburg, Pennsylvania 17055. The telephone number is (717) 796-4788. The web address is [www.bicfoundation.org](http://www.bicfoundation.org). See “BRETHREN IN CHRIST FOUNDATION, INC.”

### Description of Securities

The securities offered hereby are in the aggregate principal amount of \$40,000,000, and the purchase price of these securities is 100% of the face value. The securities are unsecured obligations of the Foundation and will mature as follows:

Description	Aggregate Principal Amount	Maturity
Term Certificates <i>(previously known as Stewardship Investment Certificates)</i>	\$20,000,000	Varying term lengths
Demand Certificates <i>(previously known as Thrift Accumulation Plan Agreements)</i>	\$15,000,000	Demand plus 30 days
Individual Retirement Account Notes	\$5,000,000	Minimum: the lesser of 5 years or holder’s 59-1/2 birthday

The Foundation now refers to its Stewardship Investment Certificates as “Term Certificates” and its Thrift Accumulation Plan Agreements as “Demand Certificates.” Term Certificates are offered with various fixed maturities established from time to time by the Foundation. The initial rate of interest on all of the Foundation’s securities will depend on effective interest rates at the time of purchase. The various fixed terms currently available for Term Certificates and interest rates for all of the Foundation’s securities are available at [www.bicfoundation.org](http://www.bicfoundation.org) or by calling the Foundation at (717) 796-4788.

The Foundation reserves the right to terminate any or all Term Certificate, Demand Certificate or Note obligations by refunding the principal sum at any time plus unpaid interest to the date of termination. See “RISK FACTORS” and “DESCRIPTION OF SECURITIES.” In the discretion of the Foundation, any of the securities may be issued in book entry form. See “DESCRIPTION OF SECURITIES.”

### **Use of Proceeds**

Term Certificates	\$ 20,000,000
Demand Certificates	15,000,000
Notes	<u>5,000,000</u>
	\$ 40,000,000
Estimated Expenses	<u>-73,008</u>
Net Proceeds	\$ 39,926,992

The expenses of this offering, including printing, mailing, attorney’s fees, auditor’s fees and securities registration fees are estimated to be approximately \$73,008 aggregate. The Foundation will use the proceeds from the sale of the Term Certificates, Demand Certificates and Notes to carry on the activities of the Brotherhood Loan Fund. The Foundation may also use additional funds to make discretionary contributions to the General Conference of the Brethren in Christ Church in accordance with policies adopted by the Board of Directors. No underwriting discounts or commissions will be paid in connection with this offering. See “USE OF PROCEEDS,” “BROTHERHOOD LOAN FUND LENDING ACTIVITIES” and “DESCRIPTION OF SECURITIES – Method of Sale.”

### **Management**

The principal non-employee executive officers of the Foundation appointed from the Board of Directors are as follows: William G. Strausbaugh, President (Chair); Jeremy Spear, Vice President (Vice Chair); and Karl Brummer, Secretary/Treasurer. In addition, the following officers are non-director employees appointed by the Board of Directors with primary responsibility for the Brotherhood Loan Fund debt securities: James R. Reynolds, Executive Director and David Fish, Controller. For additional information on the experience of management, see “MANAGEMENT – Board of Directors” and “– Officers.”

### **Financial Information**

For selected financial information of the Brotherhood Loan Fund and a five-year summary of financial statements of the Foundation, please see pages 10 and 11, respectively, of this Prospectus. Audited financial statements of the Foundation, including the notes thereto, are included as Appendix A to this Prospectus.

## RISK FACTORS

The securities offered hereby involve risks to investors. The following factors should be considered by prospective investors before making a commitment to purchase any of these securities:

1. **The securities are unsecured obligations of the Foundation.** Principal and interest repayment on these securities is dependent upon the financial condition of the Foundation. No Foundation assets have been or will be pledged as security for repayment of principal. Although the Foundation does not expect to do so, it could issue secured obligations, which would be senior in right of payment to the securities offered by this Prospectus. The amount of any senior secured obligations will in no case exceed 10% of the tangible assets of the Brotherhood Loan Fund. See “DESCRIPTION OF SECURITIES.”
2. **There is no sinking fund to protect investors.** No sinking fund or insurance or trust indenture will be established by the Foundation to provide for repayment of the principal amount of these securities. The absence of a sinking fund and trust indenture may adversely affect the Foundation’s ability to repay these securities.
3. **The securities are not insured.** The Term Certificates, Demand Certificates and Notes are the unsecured obligations of the Foundation and are not savings or deposit obligations of a bank. The securities are not savings or deposit or other obligations of a bank and are not insured by the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC), any state insurance fund or any other governmental agency.
4. **Variable interest rates on securities are subject to change.** The Term Certificates, Demand Certificates and Notes may be variable interest rate obligations and, if so, are subject to change at the beginning of a calendar month at the discretion of the Board of Directors. A 30-day notice to all investors is required before variable rates can be decreased. See “DESCRIPTION OF SECURITIES.”
5. **The financial condition of the Foundation is the only protection for investors.** There is no guarantee that the Foundation will not experience declines in net assets. Both the Loan Fund and the Trust Fund have experienced decreases in net assets in some prior years due to declines in market value of investments. Further, charitable activities of the Trust Fund subject it to increased volatility in changes in net assets over annual periods. See “FIVE-YEAR SUMMARY OF FINANCIAL STATEMENTS” and “USE OF PROCEEDS.”
6. **The value of the Foundation’s investments can decrease.** The Foundation may invest certain of its available funds that are not used for loans in investments that are subject to fluctuation in market values. See the immediately preceding Risk Factor #5. There is no guarantee that the Foundation will not experience declines in net assets. See “FIVE-YEAR SUMMARY OF FINANCIAL STATEMENTS” and “USE OF PROCEEDS.”
7. **A high percentage of the outstanding debt securities either are demand obligations or mature in 2024.** As of December 31, 2023, \$17,215,632 of the \$45,973,549 outstanding debt obligations were either payable on demand (\$10,799,094) or scheduled to mature in 2024 (\$6,416,538). See “DESCRIPTION OF SECURITIES – Outstanding Debt Obligations.” The financial position of the Foundation could be impaired if a high percentage of these securities were redeemed.
8. **Reserves (liquid assets) maintained by the Foundation may not be adequate to fund withdrawals.** The Foundation is dependent upon principal and interest payments on its outstanding loans, cash receipts from the sale of securities and income on cash deposits and investments to maintain reserves and liquidity. No assurance can be given that future withdrawals will not exceed reserves. Moreover, the actual amount of reserves may vary based on loan activity. See “USE OF PROCEEDS” and “BROTHERHOOD LOAN FUND LENDING ACTIVITIES.”



9. **There are limitations on withdrawals and penalties for early withdrawal.** Investors have no right to withdraw invested funds prior to maturity of the Term Certificates or Notes purchased, except that, in the case of Term Certificates and Notes, after a holder reaches the age of 59-1/2, withdrawals are permitted for income purposes without penalty in accordance with the terms of the Individual Retirement Program. Interest penalties and other restrictions may apply to early withdrawals of Term Certificates and Notes. Subject to any applicable restrictions in the state where sold, Term Certificates and Notes will automatically renew for a like term on the maturity date if a request for withdrawal is not received from the investor prior to the maturity date. The Foundation will send a notice of maturity and a copy of the current Prospectus at least forty (40) days prior to maturity. Withdrawals from Demand Certificates require a 30-day advance written notice and are limited to \$5,000 in a calendar month or \$15,000 in a calendar quarter (although these restrictions may be waived by the Foundation in its discretion.) See “DESCRIPTION OF SECURITIES.”
10. **These securities are subject to redemption.** The Foundation reserves the absolute right to terminate any or all Term Certificates, Demand Certificates or Notes at any time without prior notice by refunding the principal sum at any time plus unpaid interest to the date of termination. See “DESCRIPTION OF SECURITIES – General.”
11. **There is no market for these securities and transfers are restricted.** The Term Certificates, Demand Certificates and Notes offered hereby are not negotiable, and are transferable only to certain eligible persons upon notice to the Foundation. There is no market for the Term Certificates, Demand Certificates or Notes and it is not anticipated that a market will develop. Investors should, therefore, view the purchase of a Term Certificate, Demand Certificate or Note as an investment for the full term thereof. See “DESCRIPTION OF SECURITIES.”
12. **A default on loans made by the Brotherhood Loan Fund could impair the Foundation’s ability to meet its obligations.** Although loans will generally be secured by a mortgage or deed of trust in favor of the Foundation, there is no assurance that in the event of default the foreclosure sale value, after expenses, will be adequate to fully repay any defaulted loan. If a default and foreclosure occur, there may be substantial periods of time during which the Foundation will receive no payments on the mortgaged property. Moreover, the market for re-sale of church properties may be limited depending on location and the specifics of the property.
13. **Organizations that borrow from the Foundation are dependent on contributions.** The Foundation makes loans to religious institutions of the Brethren in Christ Church and its affiliated organizations, as well as to ministers. In general, the ability of the institutions to repay principal and interest on such loans when due will depend upon contributions they receive from their members. Both the number of members of the Church and the amount of contributions may fluctuate. Contributions may fluctuate for any number of reasons, including, without limitation, the health of the economy, the employment circumstances affecting contributors, and developments internal to the church organization borrowing from the Foundation. Further, in view of the relationship of the Foundation with its borrowers, the Foundation may be willing in certain circumstances to accommodate late payments. A decline in contributions to any of these religious institutions or their affiliated organizations may adversely affect the ability of the Foundation to repay the securities. See “BRETHREN IN CHRIST FOUNDATION, INC.”
14. **The loan policies of the Foundation are less stringent than commercial lenders.** Because of the relationship between the Foundation and its borrowers (affiliated congregations and its related religious organizations), loan policies, including loan underwriting and enforcement of loan terms in the event of delinquency, are less stringent than loan policies of commercial lenders.
15. **There is potential environmental liability associated with the loans the Foundation makes.** The Foundation does not typically conduct an environmental audit before approving a loan. If environmental pollution or other contamination is found on or near property securing a loan, the Foundation’s security for the loan could be impaired. 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 the Foundation.

16. **State regulations of sales of securities are subject to change.** Changes in state laws, rules or regulations, or the applications thereof, regarding the sale of debt obligations of religious, charitable or other nonprofit organizations may make it more costly and difficult or impossible for the Foundation to offer and sell its debt obligations in some states in the future. Such changes could affect the financial stability of the Brotherhood Loan Fund and the Foundation.
17. **Interest on certain securities is taxable income.** Interest paid or payable on the Term Certificates and Demand Certificates will normally be taxable as ordinary income to the holder regardless of whether interest is paid or retained and compounded. Interest paid or payable on the Demand Certificates, Term Certificates and Notes purchased by Individual Retirement Plans or the Demand Accounts and Certificates purchased by Health Savings Accounts will be excluded from income until withdrawn, to the extent the Individual Retirement Plans and Health Savings Accounts qualify for such treatment under the Internal Revenue Code and Regulations. If interest paid is at a "below-market" rate, under certain circumstances the Internal Revenue Service may impute income up to the market interest rate level. See "DESCRIPTION OF SECURITIES – Tax Considerations."
18. **Net assets without donor restrictions of the Foundation are available to satisfy other obligations of the Foundation.** Although proceeds from the sale of Term Certificates, Demand Certificates and Notes will be allocated to the Brotherhood Loan Fund, these funds would also be available to meet any other obligations of the Foundation including as a result of successful claims by trust fund beneficiaries or others as a result of the Foundation's Trust Fund activities.
19. **Funds held in trust are not available to satisfy Brotherhood Loan Fund obligations.** Funds held by the Foundation as trustee or in another fiduciary capacity would not be available to satisfy general obligations of the Foundation, including Term Certificates, Demand Certificates and Notes. However, the net assets without donor restrictions held in the Foundation's Trust Fund would be available to satisfy Brotherhood Loan Fund obligations. See the Financial Statements included as Appendix A.
20. **The assets of the Foundation could be used to satisfy potential claims made against the denomination.** The Foundation is a separate legal entity, distinct from the other units of the denomination and is, therefore, not generally liable for claims against the denomination or its member congregations. Nevertheless, it is always possible that claims may be made against the Foundation in relation to matters associated with the denomination or other congregations or related units or entities.
21. **Purchase of securities does not entitle an investor to claim a charitable deduction.** A purchase of a Term Certificate, Demand Certificate or Note is not a charitable contribution to the Foundation and investors may not claim a charitable deduction for federal income tax purposes as a result of purchasing the securities. See "DESCRIPTION OF SECURITIES – Tax Considerations."
22. **The Brethren in Christ Church is not responsible for the obligations of the Foundation.** Neither the General Conference of the Brethren in Christ Church nor any congregation or other unit of the denomination is responsible for or guarantees the debts and liabilities of the Foundation, including the debt securities offered by this Prospectus.
23. **Officers and directors of the Foundation are not professionally trained investment managers.** The Foundation is managed by officers and directors who are not trained professionally in financial management. See "MANAGEMENT."
24. **There are risks related to competition from other potential lenders to the congregations and church-related entities the Foundation serves.** Competitors include banks, church extension funds and other lenders which from time to time may be active in the specific loan market where a borrower or potential borrower is located. The Foundation uses revenues from loans to make payments to investors in its debt securities. Competition could have the adverse effect of reducing the Foundation's

revenue by reducing loans outstanding or putting pressure on the Foundation to lower rates on loans in order to make its loans more attractive to borrowers.

25. **Decrease in Term Certificate, Demand Certificate and Note Renewals.** The Foundation’s business plan anticipates a significant number of its securities will be renewed at maturity. If there is a significant decrease in the renewal rate of maturing securities, resulting in a significant increase in redemptions, the Foundation’s resulting financial condition could adversely affect its ability to repay its securities.
26. **Cybersecurity Risks, Dependence Upon Technology and Related Services.** The Foundation’s operations, including, without limitation, data storage, electronic records, and online account access for investors (including website and mobile application functionalities), are dependent upon technology and related services, which are provided by third party vendors. The Foundation’s electronic records include confidential investor information and proprietary information of the Foundation. Cyber threats are rapidly evolving, and the Foundation may not be able to anticipate or prevent all such threats. While the Foundation and its vendors take measures to protect against these risks, the Foundation’s computer systems and network infrastructure are not immune to cyber-attacks, including denial of service attacks, hacking, terrorist activities, identity theft and other fraudulent, illegal, or improper activity perpetrated by third parties. No cybersecurity measures will be 100% effective, and there may be other risks that have not been identified or that may emerge in the future. If the Foundation were to experience large scale data inaccuracy, inability to access data for an extended time period, permanent loss of data, data breach, failure of our vendors to perform as contracted, other significant issues regarding data or other cyber compromises or failures, there could be a material adverse effect on the Foundation, its operations and its ability to repay its obligations under its securities as and when due. Even though the Foundation maintains cyber security insurance coverage, there is no assurance that this amount would be sufficient to remedy harm caused by corruption or compromise of the Foundation’s electronic systems and personally identifiable information maintained on those systems.

## FORWARD-LOOKING STATEMENTS

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

## USE OF PROCEEDS

Term Certificates	\$20,000,000
Demand Certificates	15,000,000
Notes	<u>5,000,000</u>
	\$40,000,000
Estimated Expenses	<u>-73,008</u>
Net Proceeds	\$39,926,992

The expenses of this offering, including printing, mailing, legal fees, audit fees, filing fees and other related expenses, are estimated to be approximately \$73,008 in the aggregate. No underwriters are participating in the distribution of the debt securities offered hereby and no underwriting discounts or commissions will be paid in connection with this offering. Sales of the debt securities will be effected solely by the Foundation’s Executive Director, Account Officer, Controller and Loan Officer & Director of Operations. See “DESCRIPTION OF SECURITIES – Method of Sale”.

The Foundation will use the proceeds from the sale of Term Certificates, Demand Certificates and Notes to carry on the activities of the Brotherhood Loan Fund. The Brotherhood Loan Fund primarily serves as a source of funds from which loans may be made to Brethren in Christ Church organizations or affiliated organizations for the purpose of acquiring, constructing or remodeling denominational churches, parsonages or other church-related projects, as well as providing a source of loan funds for ministers and current and certain former missionaries for the purchase of residences. The Foundation's sale of its debt securities is primarily related to the need for loan funds and funds to maintain liquidity. See "BROTHERHOOD LOAN FUND LENDING ACTIVITIES" and "DESCRIPTION OF SECURITIES – Liquidity Reserves."

The Foundation may also use additional funds to make discretionary contributions to the General Conference of the Brethren in Christ Church. Unless designated otherwise by the Foundation, discretionary contributions may be used by the General Conference for any purpose, including operating expenses. The Board of Directors of the Foundation has adopted policies to (a) designate, on an annual basis, the Trust Fund's net operating excess, if any, for the benefit of the General Conference; provided that, as of the time of such designation, net assets without donor restriction of the Trust Fund are no less than an amount equal to the five (5) years historical average of the Trust Fund's annual operating expenses and (b) continue its policy not to make discretionary contributions from the Brotherhood Loan Fund if the ratio of outstanding obligations with respect to debt securities offered by this Prospectus to net assets of the Brotherhood Loan Fund is greater than 8 to 1. The Board of Directors further clarified that all contributions from the Foundation are purely discretionary and are subject to annual review. As of December 31, 2023, the net assets of the Trust did not equal the average 5 year operating expense threshold set forth in policy. Therefore, pursuant to the policies adopted in 2019, the Foundation did not make a discretionary contribution from the Trust Fund. In 2023, the Brotherhood Loan Fund made a discretionary contribution of \$304,130 from the Brotherhood Loan Fund to the General Conference and made no other discretionary contributions to the General Conference during the calendar year ending December 31, 2023. This contribution equated to approximately 77% of the Change in net assets without donor restrictions of the Brotherhood Loan Fund prior to such contribution for the year ended December 31, 2023. Prior to the Brotherhood Loan Fund's discretionary contribution for 2023, the change in net assets of the Foundation for the year ended December 31, 2023 was approximately \$397,021.

Proceeds from the sale of the debt securities and other income of the Brotherhood Loan Fund are accumulated in bank accounts and other investments until needed for loans, payments with respect to the debt securities, including potential withdrawals, or other expenses of the Brotherhood Loan Fund.

It is the current policy of the Foundation that the Brotherhood Loan Fund maintain reserves in the form of cash, certificates of deposit, money market funds, and/or marketable securities or mutual funds at least equal to the sum of the following: Term Certificates – 10% of the outstanding principal balance, Demand Certificates – 25% of the outstanding principal balance and Notes – 5% of the outstanding principal balance. As of December 31, 2023, the Brotherhood Loan Fund had approximately \$15.8 million in cash and cash equivalents and approximately \$38.9 million in loans outstanding. Reserves enjoy no special protection from the claims of the Foundation's general creditors, however, and are established principally for the purpose of providing liquidity. As of December 31, 2023, the Foundation had a \$3.0 million unsecured line of credit with First Commonwealth Bank, Indiana, PA to provide additional liquidity if needed. As of December 31, 2023, the line of credit had no amount outstanding. During 2023, the Foundation did not make any draws on the line of credit.

The Foundation does not presently require, nor does it anticipate that it will require, any proceeds of this offering to meet interest payments on its outstanding debt obligations as of December 31, 2023; however, no assurance can be given that some portion of the proceeds from future sales will not at some time in the future be required to meet such interest payments. Reserves established with a portion of the proceeds from this offering will be utilized to meet principal payments on maturing debt obligations.

## INVESTMENT ACTIVITIES

The Foundation may invest its assets without donor restrictions in certificates of deposits, corporate bonds, U.S. government and federal agency securities, mutual funds (both stock and fixed income), common stocks and other investments that are deemed suitable. The Board of Directors of the Foundation has ultimate responsibility for investment policy. For information on the background of the Board of Directors, see “MANAGEMENT.”

Additionally, the Board of Directors of the Foundation may establish an investment advisory committee to provide investment input and guidance to the Board of Directors and the Executive Director, all in accordance with the Foundation’s Bylaws. Financial experience (e.g., experience in accounting, insurance, financial planning, investment or similar areas) may not be mandatory for service on the investment advisory committee. The Board of Directors has not established an investment advisory committee at this time. Currently, principal persons responsible for investment decisions of the Foundation are its Executive Director and Trust Officer. Neither of these individuals has any professional experience managing investments other than through their work for the Foundation. For additional information on these individuals and the other officers of the Foundation, see “MANAGEMENT.”

Separate investment policies are established by the Foundation for funds held in trust in the Trust Fund and Brotherhood Loan Fund assets available for investment. The Foundation seeks to avoid investments in industries and entities whose core objectives, products, services or business practices are inconsistent with the mission of the Foundation and its heritage as a ministry of the Brethren in Christ Church. When it is possible to reasonably screen such industries and entities from inclusion in the Foundation’s investment portfolios, the Foundation excludes such investments.

Trust funds are invested in accordance with the terms of the applicable trust instruments and investment policies established by the Foundation for different types of trust funds (e.g., charitable life income funds, charitable donor-advised funds and common trust fund investment accounts for affiliated congregations and church organizations).

At January 1, 2023 and at January 1, 2024, the investment policy for Brotherhood Loan Fund assets available for investment specified targets of 0% equities and 100% fixed income investments, with acceptable ranges between 0% and 5% for equities and 95% and 100% for fixed income investments. Management of the Foundation has discretion based on its judgment of current financial conditions to vary asset allocation within the acceptable ranges specified by the Brotherhood Loan Fund investment policy in effect at any time. **Subject to approval by the Foundation’s Board of Directors, the Foundation’s investment policies, including types of investments, targets and acceptable ranges, are subject to change at any time without notice.**

Investment composition consisted of the following as of December 31, 2023, 2022 and 2021:

	2023		2022		2021	
Interest Bearing						
Checking	\$ 2,258,786	14.3%	\$ 4,597,344	23.5%	\$19,343,967	100.0%
Certificates of Deposit	13,500,000	85.7%	15,000,000	76.5%	0	0%
	\$15,758,786	100.0%	\$19,597,344	100.0%	\$19,343,967	100.0%

For the Brotherhood Loan Fund, the aggregate realized and unrealized gains and losses for the years ended December 31, 2023, 2022 and 2021 were \$0.

## CAPITALIZATION OF THE BROTHERHOOD LOAN FUND

	December 31, 2023 Actual	December 31, 2023 Pro Forma
Short and long term debt securities:		
Debt securities	\$45,973,549	\$45,973,549
Anticipated sales of new debt securities	0	6,350,000*
Net short and long term debt securities	45,973,549	52,323,549
Net Assets:		
Net assets without donor restriction	9,195,835	9,195,835
Net assets with donor restriction	439,983	439,983
Total net assets	9,635,818	9,635,818
Total capitalization	\$55,609,367	\$61,959,367**

\*Based on an average of the last 5 years of historical experience, of the total \$40,000,000 of debt securities offered nationwide, approximately \$33,650,000 will be deemed sold by virtue of renewals including both renewals of matured securities and transfers from one type of security to another or will remain unsold. Based on this historical average, approximately \$6,350,000 of the total offered will be sold as new sales of debt securities providing new cash. See “DESCRIPTION OF SECURITIES – Sales in 2023 and 2022” for information on actual new sales.

\*\*Represents the sum of net short- and long-term debt securities (including anticipated sales of new debt securities) and total net assets.

The above table assumes the anticipated new sales from the offering occurred at one time as of December 31, 2023, and does not take into account the anticipated redemption of maturing obligations (Notes and Certificates) during the 12 month period, which are anticipated to be approximately \$6,416,538. In addition to Notes and Term Certificates, the Brotherhood Loan Fund had outstanding demand obligations (Demand Certificates) totaling \$10,799,094 at December 31, 2023.

**SELECTED FINANCIAL INFORMATION  
OF THE BROTHERHOOD LOAN FUND**

The following historical information with respect to the Brotherhood Loan Fund is reported in or derived from the Foundation's audited financial statements for the years indicated and should be read in conjunction with information set forth elsewhere in this Prospectus, including the financial statements included as Appendix A to this Prospectus.

Year Ended December 31,

<b>Brotherhood Loan Fund</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Cash, Cash Equivalents and Readily Marketable Securities (combined)	\$15,758,786	\$19,597,344	\$19,343,967	\$16,689,949	\$14,731,097
Total Loans Receivable, net	\$38,932,244	\$38,026,834	\$38,440,653	\$39,337,403	\$39,608,634
Loan Delinquencies (delinquent 90 days or more) as Percentage of Loans Receivable	0.0%	0.0%	0.0%	0.0%	0.0%
Amount and Percent of Unsecured Loans Receivable	\$0 0%	\$0 0%	\$0 0%	\$0 0%	\$0 0%
Total Assets	\$55,673,620	\$58,720,059	\$58,775,170	\$57,042,950	\$55,256,899
Total Securities Payable	45,973,549	\$49,115,462	\$49,208,325	\$47,700,796	\$46,188,532
Amount of Securities Redeemed During the Fiscal Year	\$8,136,674	\$7,276,712	\$5,975,636	\$5,439,752	\$4,961,725
Other Long-Term Debt	\$0	\$0	\$0	\$0	\$0
Net Assets	\$9,635,818	\$9,542,927	\$9,495,868	\$9,281,663	\$9,017,499
Change in Net Assets	\$92,891	\$47,059	\$214,205	\$264,164	\$286,349

## FIVE-YEAR SUMMARY OF FINANCIAL STATEMENTS OF THE FOUNDATION

A summary of the financial statements concerning the revenues and gains, expenses and losses, and other net increase (decrease) in net assets of the Foundation, including both the Brotherhood Loan Fund and the Trust Fund, for the years 2019 through 2023 is set forth below:

	Total Revenues and Gains	Total Expenses and Losses	Other Changes in Net Assets	Total Change in Net Assets	Total Net Assets at Year End	Net Assets Less Designated, Donor Advised Assets
<b>Brotherhood Loan Fund:</b>						
2023	\$2,701,634	\$2,649,429	\$40,686	\$92,891	\$9,635,818	\$9,635,818
2022	\$1,835,268	\$1,829,878	\$41,669	\$47,059	\$9,542,927	\$9,542,927
2021	\$1,786,393	\$1,606,274	\$34,086	\$214,205	\$9,495,868	\$9,495,868
2020	\$2,099,760	\$1,870,081	\$34,485	\$264,164	\$9,281,663	\$9,281,663
2019	\$2,097,064	\$1,845,780	\$35,065	\$286,349	\$9,017,499	\$9,017,499
<b>Trust Fund:</b>						
2023	\$1,486,159	\$1,617,178	(\$168,731)	(\$299,750)	\$3,326,989	\$1,686,745
2022	\$374,713	\$580,771	(\$55,503)	(\$261,561)	\$3,626,739	\$1,817,764
2021	\$413,940	\$367,902	(\$225,365)	(\$179,327)	\$3,888,300	\$2,023,822
2020	\$404,724	\$346,664	\$352,958	\$411,018	\$4,067,627	\$1,977,784
2019	\$380,525	\$528,366	(\$82,901)	(\$230,742)	\$3,656,609	\$1,919,724
<b>Combined:</b>						
2023	\$4,187,793	\$4,266,607	(\$128,045)	(\$206,859)	\$12,962,807	\$11,322,563
2022	\$2,209,981	\$2,410,649	(\$13,834)	(\$214,502)	\$13,169,666	\$11,360,691
2021	\$2,200,333	\$1,974,176	(\$191,279)	\$34,878	\$13,384,168	\$11,519,690
2020	\$2,504,484	\$2,216,745	\$387,443	\$675,182	\$13,349,290	\$11,259,447
2019	\$2,477,589	\$2,374,146	(\$47,836)	\$55,607	\$12,674,108	\$10,937,223

Part of the mission of the Foundation is to facilitate charitable giving to the Brethren in Christ Church and other approved charities by operating a planned giving program. One component of this program is a donor-advised charitable giving option whereby a donor makes a charitable contribution to the Foundation with the understanding that the Foundation will over time distribute the funds to charities (which may include the Foundation), taking into consideration the donor's preferences. Charitable contributions to the Foundation and related charitable contributions to other charities in connection with the Trust Fund's donor-advised charitable giving program (classified as other changes in net assets) vary widely from year to year. As a result, the Foundation believes that changes in the net assets of the Brotherhood Loan Fund, rather than changes in the net assets of the Trust Fund or the two funds combined, is the more significant financial measure upon which investors should focus. The far right column in the table above sets forth the amount of net assets less those assets designated for the donor advised charitable giving program at the end of the indicated years. See "Net Asset Classifications" in Note 1 to the Financial Statements included as Appendix A.



BRETHREN IN CHRIST FOUNDATION, INC.  
\$40,000,000 UNSECURED DEBT INSTRUMENTS

BROTHERHOOD LOAN FUND

\$20,000,000  
TERM CERTIFICATES

\$15,000,000  
DEMAND CERTIFICATES

\$5,000,000  
INDIVIDUAL RETIREMENT ACCOUNT NOTES

**BRETHREN IN CHRIST FOUNDATION, INC.**

**The Foundation**

The Brethren in Christ Foundation, Inc. (“Foundation”) was incorporated September 29, 1972, under the name “The Jacob Engle Foundation, Inc.,” as a corporation not for profit under the laws of the State of Indiana, sponsored by the Brethren in Christ Church. The Foundation’s name was changed to “Brethren in Christ Foundation, Inc.” on January 18, 2000. One of its principal functions is to generate funds to be made available to finance the acquisition, construction and remodeling of Brethren in Christ churches, parsonages and other church-related projects, as well as funds for ministers to purchase residences. The Foundation administers the Brotherhood Loan Fund for this purpose. The Foundation also provides certain financial services, including administration of certain deferred giving programs and consultation thereon, for the Brethren in Christ denomination and related church entities. For this purpose, the Trust Fund was established.

The Foundation is not a successor to any other entity but it is affiliated with the General Conference of the Brethren in Christ. Membership in the Foundation consists of those individuals who are members of the General Conference Board of the Brethren in Christ, as well as those persons who are directors of the Foundation. The annual meeting of the Foundation membership is held within six months of the end of the fiscal year. Only the membership of the Foundation is entitled to attend the annual meeting. The General Conference of the Brethren in Christ is a Pennsylvania religious non-profit corporation and is the governing body for the Brethren in Christ religious denomination. The General Conference Board is the chief administrative board of the General Conference.

Management of the Foundation is handled by its Board of Directors, which is selected by the Foundation’s members. The General Treasurer and the National Director of the Brethren in Christ Church are included as ex officio members of the Board.

The Foundation’s affairs consist of two funds, the Brotherhood Loan Fund and the Trust Fund. Most of the financial activities and positions described in this Prospectus relate to the Brotherhood Loan Fund. The audited financial statements included as Appendix A to this Prospectus include the financial activities and positions of both the Brotherhood Loan Fund and the Trust Fund, and clearly separate the financial reporting of each fund.

The Term Certificates, previously known as Stewardship Investment Certificates (“Term Certificates”), the Demand Certificates, previously known as Thrift Accumulation Plan Agreements (“Demand Certificates”) and the Individual Retirement Account Notes (“Notes”) offered hereby are unsecured obligations of the Foundation. Proceeds from the sale of these debt securities will be placed into the Brotherhood Loan Fund. The Brotherhood Loan Fund intends to make loans to Brethren in Christ Church congregations or affiliated organizations desiring their use for the purpose of acquiring, constructing or remodeling denominational churches, parsonages, or other church-related projects, as well as providing a source of loan funds for ministers to purchase residences. The Term Certificates, Demand Certificates and Notes offered and sold by the Foundation are unsecured general obligation financing and are not secured by any of the loans to any of the borrowers from the Foundation.

The Term Certificates, Demand Certificates and Notes will be offered by the Foundation solely through its Executive Director, Controller, Account Officer and Director of Operations. No commission or other remuneration will be paid to any officer or salesman in connection with any sale.

The Foundation is presently exempt from federal income tax pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, as amended (the “Code”), and has been determined not to be a “private foundation” under Section 509 of the Code. It is organized and operated exclusively for religious purposes, and no part of its net earnings may inure to the benefit of any private person. As a nonprofit corporation, the Foundation has no shareholders. Its membership consists of those individuals who are members of the Brethren in Christ General Conference Board and those persons elected as directors of the Foundation. As of December 31, 2023, the Foundation had seven full-time employees.

The debts and liabilities incurred by the Foundation are independent of the financial structure of the General Conference of the Brethren in Christ or any other units of the denomination; thus, such entities will have no legal obligations with respect to these securities.

The purchase of the Foundation’s Term Certificates, Demand Certificates or Notes does not entitle a purchaser to an equity interest in the Foundation or the right to vote on corporate matters brought before the members.

The principal office of the Foundation is located at 431 Grantham Road, Mechanicsburg, Pennsylvania 17055. The mailing address is 431 Grantham Road, Mechanicsburg, Pennsylvania 17055. The telephone number is (717) 796-4788. The web address is [www.bicfoundation.org](http://www.bicfoundation.org).

## **The Brethren in Christ Church**

The Brethren in Christ had its beginnings as a religious denomination in the eighteenth century in Pennsylvania. It is believed to be the first indigenous American religious denomination. The movement which created the Church was founded between 1770 and 1780, largely a synthesis of elements from the Anabaptist and the Pietist movements. Its adherents were located primarily along the Susquehanna River in Pennsylvania, and until about the time of the Civil War were therefore called the “River Brethren.” The denomination was incorporated as the Brethren in Christ in the Commonwealth of Pennsylvania in 1904.

The Brethren in Christ Church is governed by the General Conference of the Brethren in Christ (the “General Conference”), a religious nonprofit corporation incorporated in the Commonwealth of Pennsylvania in 1941 and shortly thereafter merged with the Brethren in Christ.

Governance within the Church is accomplished at three distinct levels: general, at the General Assembly level; intermediate, at the Regional Conference level; and local, at the congregational level. The ultimate authority of the Church in policy and doctrine is vested in the General Assembly, which is comprised of representatives of all segments of the Church. The basic unit of local government is the congregation that has self-governing privileges in accordance with the General Conference’s authority. To facilitate and keep uniform church policy and doctrine, the Church is divided into seven regional conferences, each of which acts as an intermediary between the General Conference and local

congregations. Each regional conference is a separate, distinct, autonomous, nonprofit corporation. Generally, the purpose of each regional conference is to develop new congregations, help find suitable pastors, certify the standing of ministers, and aid pastors and congregations in achieving their own purposes in accordance with Church policy and doctrine.

The General Assembly of the Brethren in Christ Church meets once every two years and is a body representative of the church members, through which the denomination acts to carry out its objectives. Supervisory, legislative and policy-making powers are vested in the General Assembly. Opportunity for participation and discussion at meetings of the General Assembly is accorded delegates, ordained and licensed ministers, General Conference Board, commission and committee members, regional conference secretaries, deacons and other individuals named by congregations, regional conferences, their boards and committees, or General Conference boards and committees. However, only active ministers, members of general boards, General Conference Institutions and Agencies, elected delegates, General Conference clerical staff, a deacon or governing board member of each congregation, persons retired as active ministers with 20 years of service and regional conference secretaries may vote upon matters before the General Assembly. The General Assembly generally receives reports on work of the denomination, considers issues concerning the denomination, its religious purposes and objectives, and elects officers and personnel for the succeeding biennium.

The General Conference Board (“GCB”) is composed of no fewer than ten Board Members, all at least 18 years old and members of a BIC U.S. congregation. At least half of the Board Members shall not be employed by the BIC U.S or a BIC U.S congregation. The Bishop of each Regional Conference shall recommend to the GCB a person from that Regional Conference to serve on GCB who, when appointed, shall be identified as “the board member from the (named) Regional Conference.” Such person must also be confirmed by the Regional Conference.

The Nominating Committee shall present each Regional Conference member and at least three “at-large” members for approval to the General Assembly. Each approved Board Member shall serve a four year term. Such members may not serve more than three terms consecutively. The National Director shall serve as an ex-officio, non-voting member of the GCB.

The General Assembly elects the National Director of the General Conference. Prior to August, 2013, the responsibilities of the National Director were handled by the Moderator and General Secretary.

In addition to the General Conference Board, which is considered a division of the Church, the other major administrative units of the church include standing committees; denomination representatives; the Brethren in Christ Foundation, Inc. and the group of trustees and boards of affiliated institutions. Members of each of these boards are elected by the General Assembly after presentation by the Nominating Committee, which is one of the General Conference Standing Committees.

Each of the above-mentioned major administrative units of the Church may control one or more separate entities, which itself may or may not be in corporate form, and each of which may have its own executive and administrative staff and board of directors to conduct its functions. The sole exception to this is the Brethren in Christ Foundation, Inc., which is itself an autonomous, not-for-profit corporate entity, whose members consist of the members of the General Conference Board and the Foundation’s Board of Directors.

Primary coordination between these administrative units is provided by the General Conference Board, which serves as the operating arm of the General Board and generally supervises the programs and functions of the Church, coordinating the efforts of the various administrative units of the Church and acting in an advisory capacity to the General Conference National Director.

United States church congregation attendance figures for the Brethren in Christ for the years 2019 to 2023 are as follows:

<b>Year</b>	<b>Attendance</b>	<b>% Change Over Prior Year</b>
2019	25,873	(5.33)
2020	22,500	(13.04)
2021	19,329	(14.09)
2022	21,050	8.90
2023	21,480	2.04

### **Shared Services Agreement**

In an effort to better utilize staff expertise, the General Conference Board and the Foundation entered into a Shared Services Agreement in February, 2017. This agreement formalizes the sharing of staff and other resources between the two organizations. Pursuant to the terms of the agreement, the Foundation and the General Conference will provide each other certain services, which may include, but are not limited to, personnel services, computer server access and technology management, and access to office space and related infrastructure. As consideration for services provided, each party will pay a fee based on the services actually provided to such party. The goal of the Shared Services Agreement is to standardize administrative processes for both parties.

## **BROTHERHOOD LOAN FUND LENDING ACTIVITIES**

### **Loans**

In addition to the sale of its debt securities, the Brotherhood Loan Fund generates funds for operations through interest received on outstanding loans and investments. For the years ending December 31, 2023 and December 31, 2022, the Foundation's income from interest on Brotherhood Loan Fund loans was \$2,005,806 and \$1,649,656, respectively, while its Brotherhood Loan Fund income from interest and dividends on cash and investments was \$692,438 and \$179,934 respectively.

During the years ending December 31, 2023 and December 31, 2022, the Foundation made cash disbursements for Brotherhood Loan Fund loans totaling \$5,219,852 and \$2,751,835, respectively. A description of each loan made by the Brotherhood Loan Fund with a principal balance in excess of \$500,000 including the required monthly payment of principal and interest, the maturity date and principal balance thereon at December 31, 2023 (the interest rate is variable unless otherwise noted) is as follows:

### **Loans with Balance in Excess of \$500,000 As of December 31, 2023**

<b>Loan Type</b>	<b>Monthly Payment</b>	<b>Maturity Date</b>	<b>Principal Balance</b>
Church Mortgage	\$25,305	2042	\$3,565,774
Church Mortgage	Construction	2053	2,069,000
Church Mortgage	12,427	2046	1,642,419
Affiliated Ministry	9,002	2051	1,537,560
Church Mortgage	10,955	2054	1,517,500
Church Mortgage	11,162	2051	1,500,000
Church Mortgage	8,396	2048	1,343,253
Affiliated Ministry	7,750	2049	1,253,515
Church Mortgage	8,380	2042	1,212,120
Church Mortgage	8,749	2042	1,207,019
Affiliated Ministry	7,811	2047	1,165,527
Church Mortgage	7,427	2046	1,140,292

Affiliated Ministry	7,875	2047	1,094,703
Church Mortgage	5,840	2050	1,058,566
Church Mortgage	5,436	2048	871,199
Affiliated Ministry	5,452	2047	864,948
Church Mortgage	5,532	2046	857,509
Church Mortgage	6,042	2040	816,070
Pastor Mortgage	3,434	2052	686,006
Church Mortgage	3,986	2050	666,440
Pastor Mortgage	3,506	2052	626,046
Church Mortgage	4,202	2042	592,123
Church Mortgage	2,979	2052	<u>515,117</u>
Total			<u>\$27,802,706</u>

As of December 31, 2023, the remaining 60 loans, each under \$500,000, at variable interest rates, with principal amounts payable through 2053, totaled \$11,348,204. The total principal balance due to the Foundation on Brotherhood Loan Fund loans receivable as of December 31, 2023 equals \$39,150,910.

The following is a summary of the scheduled principal repayments of the Brotherhood Loan Fund's total loans receivable at December 31, 2023:

**Scheduled Principal Repayments  
at December 31, 2023**

2024	\$1,116,479
2025	1,167,593
2026	1,229,192
2027	1,280,035
2028 and after	<u>34,357,611</u>
<b>TOTAL</b>	<u><b>\$39,150,910</b></u>

For the years ending December 31, 2023 and December 31, 2022, the Foundation received principal payments on its Brotherhood Loan Fund loans in the amounts of \$4,297,138 and \$3,182,270, respectively.

The repayment of principal and interest on the debt securities offered hereby is dependent upon the financial condition of the Foundation, which is partially dependent upon the financial conditions of the various congregations and other units of the Church to which loans are extended. To the extent the Foundation is dependent upon funds other than operating income to repay principal and interest on outstanding debt obligations, and to the extent that existing investors do not extend their investments or renew their investments in amounts as substantial as has been the Foundation's prior experience, there may be an effect on the Foundation's financial condition and it may be necessary for the Foundation to redeem certain of its investments or obtain funds from other sources, including borrowings, to meet current cash needs.

It may be noted, however, that since its organization and the inception of the Brotherhood Loan Fund in 1976, the Foundation has never missed a payment of principal or interest on any of its obligations. Further, the policy of the Foundation is that the Brotherhood Loan Fund maintains reserves at least equal to the sum of the following: Term Certificates – 10% of the outstanding principal balance, Demand Certificates – 25% of the outstanding principal balance and Notes – 5% of the outstanding principal balance. See "USE OF PROCEEDS."

## **Loan Policies**

Loans from the Brotherhood Loan Fund shall be made only to Brethren in Christ congregations or other organizations affiliated with the Brethren in Christ Church, or to ministers and current and certain former missionaries of the Brethren in Christ Church to finance the acquisition, construction and/or remodeling of Brethren in Christ churches, parsonages and other ministerial residences, and other church-related projects. Loans are to be reviewed by the Regional or General Conference for comments and required approvals. All loans to congregations must receive the approval of both the Bishop and the Conference Board of Directors of the conference within which the borrowing congregation is located, prior to submission of the loan request to the Foundation. Loans for national Brethren in Christ denomination projects (which may include in some cases loans to international churches) must receive prior approval of the General Conference Board. No loans may be made without approval of the Foundation's Board of Directors or board appointed Loan Committee, and such approval shall be given only in accordance with and after due consideration of general guidelines established by the Board of Directors from time to time and set forth in the Foundation's Brotherhood Loan Fund Policy.

Brotherhood Loan Fund loans will be made to a congregation with such funds only after investigation of an organization's giving pattern and resources has established the congregation's commitment to the program, its potential for future growth, and its overall ability to meet principal and interest payments when due. Loans generally do not exceed 80% of the appraised value of the completed project, although where a congregation has demonstrated exceptional commitment to its building program, as for example through written pledges from most of its members sufficient to cover the increased giving required, an exception may be made. Generally, loans will be secured by a mortgage or deed of trust on real property in favor of the Foundation and may require a guarantee from the Regional or General Conference. As of December 31, 2023, all of the outstanding Brotherhood Loan Fund loans were secured by real or personal property.

Mortgage loans made to ministers and missionaries for the purpose of purchasing, renovating, or refinancing a residence will generally not exceed 95% of the cost of the residence. The application from the minister or missionary is evaluated on its own merits. Regional Conferences will not be asked for guarantees on these mortgage loans.

At no time may loans to any single borrower exceed 20% of the total assets of the Brotherhood Loan Fund.

All of the Brotherhood Loan Fund loans are currently variable interest rate loans, with interest rates in the range of 4.75 % to 6.70%, for terms of up to 30 years. Fixed interest rate loans are also made at the discretion of the Foundation. Repayment of the loans is based on an amortization schedule until the amount is repaid in full with interest.

**The above Brotherhood Loan Fund loan policies are determined by the Foundation's Board of Directors and are subject to revision or waiver from time to time. Thus, no assurance may be given that the foregoing loan policies, amounts of loan funds available, interest rates offered or security required will not be changed (a) periodically or (b) with respect to a particular loan or project.**

## **Loan Processing**

The Foundation receives loan requests from local congregations, units of the Church, related organizations and ministers at its principal office in Mechanicsburg, Pennsylvania. After consultation and review of the planned project, the Foundation's staff may deliver applications, where appropriate, to prospective borrowers. After loan applications are properly filed, the Foundation's staff will review applications and documentation, and issue staff commitments for loans, where appropriate, which are subject to ratification by the Foundation's Board of Directors. In addition, with respect to real property secured loans, the Foundation requires normal lender protections, such as title insurance or an opinion of

counsel as to the validity of title, and an adequate property insurance policy. The Foundation may also require the borrower to obtain an independent appraisal as to the value of the real property securing the loan it makes. Generally, the Foundation does make personal contact through its staff with the leadership of the various congregational borrowers prior to issuing any commitment in order to discuss and accumulate pertinent information concerning the congregation and past and present membership contributions in an effort to determine the prudent amount of indebtedness for the borrower and realistically evaluate the congregation's ability to repay.

### Loan Delinquencies

As of December 31, 2023 and December 31, 2022, there were no Brotherhood Loan Fund loans more than 90 days delinquent in principal or interest payments. Due to the nature of the relationship with its borrowers, the Foundation may be willing to consider accommodations with borrowers whose payments fall behind, or to consider refinancing their outstanding obligations. It is the purpose of the Brotherhood Loan Fund to aid its borrowers in every instance to meet their obligations without foreclosure. The Foundation may also work with other units of the Church, which, although not obligated to do so, may be willing to aid a financially disabled congregation to repay its indebtedness. No assurance can be given, however, that the Foundation will be able or willing to refinance or accommodate all borrowers who may in the future become delinquent.

### Allowance for Credit Losses

The Foundation maintains an allowance for credit losses on outstanding loans. The amount is dependent on the portion guaranteed by a participating Regional or General Conference. At December 31, 2023, the guaranteed portion of Brotherhood Loan Fund loans partially or wholly guaranteed by the Conferences totaled \$6,532,670. Additionally, any portion of the principal balance of the nonaccrual loans deemed to be uncollectable is reserved. As of December 31, 2023, there were no nonaccrual loans outstanding within the Brotherhood Loan Fund.

Total Brotherhood Loan Fund loans receivable at December 31, 2023	\$39,150,910
Allowance for credit losses	<u>(218,666)</u>
Total Brotherhood Loan Fund loans receivable – net at December 31, 2023	<u>\$38,932,244</u>

See Note 5 to the Audited Financial Statements included as Appendix A to this Prospectus for additional information on allowance for credit losses.

## DESCRIPTION OF SECURITIES

### General

The securities offered hereby are in the aggregate principal amount of \$40,000,000, and the purchase price of these securities is 100% of the face value. The securities are offered for cash and the Foundation offers no financing terms. The securities are unsecured obligations of the Foundation and will mature as follows:

Description	Amount	Maturity
Term Certificates <i>(previously known as Stewardship Investment Certificates)</i>	\$20,000,000	Varying term lengths
Demand Certificates <i>(previously known as Thrift Accumulation Plan Agreements)</i>	\$15,000,000	Demand plus 30 days
Individual Retirement Account Notes	\$5,000,000	Minimum: the lesser of 5 years or holder's 59-1/2 birthday

The initial interest rate on Term Certificates, Demand Certificates and Notes offered will depend upon prevailing interest rates at the time of sale and, in the case of Term Certificates, the various fixed terms available for issuance will depend on those offered by the Foundation at the time of sale. **Current interest rates for all of the Foundation's securities and Term Certificate fixed terms are available on the Foundation's website at [www.bicfoundation.org](http://www.bicfoundation.org) or by calling the Foundation at (717) 796-4788.** The interest rates of the debt securities offered by the Foundation may be variable, fixed or a combination of both. The Foundation reserves the right to adjust (increase or decrease) all variable interest rates on any or all Term Certificates, Demand Certificates, or Notes at the beginning of any month to meet market conditions. Variable interest rates may be set at any level above zero in the sole discretion of the Board of Directors based on its judgment of market conditions at a particular time. Investors in Term Certificates and Demand Certificates may agree with the Foundation to accept a lower interest rate. See "Term Certificates – Ministry" and "Demand Certificates – Ministry." All decreases in variable interest rates are effective only if a participant is sent written notice of the decrease no less than thirty (30) days prior to the effective date. In the case of Term Certificates and Notes, an investor shall be entitled to withdraw from an investment and receive the full return of principal and all accrued but unpaid interest, without an early redemption penalty, if the investor, within thirty (30) days of receipt of the notice of a decrease in interest rates, makes a written withdrawal request to the Foundation. Increases or decreases may not be made retroactively effective. In no event may the interest rate exceed the amount permitted by law. The interest on the Term Certificates, Demand Certificates and Notes will be compounded monthly, based on a 365-day year. In the case of Notes, interest will be added to the principal amount of the security. In the case of Term Certificates and Demand Certificates, interest will be added to the principal amount of the security unless the investor requests, either upon application for the Term Certificate or Demand Certificate or in any subsequent written notice received by the Foundation, that the interest be paid monthly to the investor. The option for monthly interest paid to the investor is not available for Term Certificates and Demand Certificates held in the Foundation's IRA and HSA Programs.

In 1989, the Foundation began offering Term Certificates at reduced interest rates or at zero interest to allow investors to further benefit the church. See "Tax Considerations."

The Foundation may from time to time offer additional evidences of indebtedness without notifying or obtaining the consent of the holders of Term Certificates, Demand Certificates or Notes offered hereby. The Foundation does not contemplate that any subsequent offering of its evidences of indebtedness will be secured obligations of the Foundation and hence senior to the securities offered hereby. No assurance can be given, however, that the Foundation will not at some future date issue obligations which will have a higher claim to the assets of the Foundation than the Term Certificates, Demand Certificates and Notes. The amount of any senior secured obligations will in no case exceed 10% of the tangible assets of the Brotherhood Loan Fund.

The Term Certificates, Demand Certificates and Notes will be unsubordinated debts of the Foundation, with the result that in the event of liquidation or any distribution of assets upon bankruptcy, reorganization or similar proceedings, all unsubordinated debt obligations of the Foundation issued to investors, including the Term Certificates, Demand Certificates, and Notes, will have an equivalent claim to the Foundation's assets. As of December 31, 2023, the Foundation has no mortgage loans or mortgage notes payable or other secured indebtedness which have a superior claim to the Foundation's assets over the Certificates, Demand Accounts and Notes. With respect to any Term Certificate, Demand Certificate or Note, failure of the Foundation to pay principal and interest when due as requested will be an event of default by the Foundation, but only as to that Term Certificate, Demand Certificate or Note.

The Foundation reserves the right to terminate any or all Term Certificate, Demand Certificate or Note obligations at any time without prior notice by refunding the principal sum at any time plus unpaid interest to the date of termination. Although there is no provision in the instruments issued hereunder for redemption of debt obligations before the maturity date at the request of the holder, it has been the practice of the Foundation to honor requests for early redemption upon representation of need, and to pay accrued interest in full to the date of such redemption. There can be no assurance that the Foundation will continue



such practice in the future. In cases of early redemption where hardship cannot be represented, the Foundation would apply the early withdrawal penalty. See “Term Certificates” and “Individual Retirement Account Notes.”

The purchase of the Foundation’s Term Certificates, Demand Certificates or Notes does not entitle a purchaser to an equity interest in the Foundation or the right to vote on corporate matters brought before the members.

In the discretion of the Foundation, any of the Term Certificates, Demand Certificates or Notes may be issued in book entry form. If the securities are issued in book entry form, the Foundation will send the investor written confirmation of issuance but a physical Term Certificate, Demand Certificate or Note will not be issued.

The Foundation currently makes payments to investors (principal and interest) by direct deposit to an account at a financial institution designated by the investor. However, the Foundation reserves the right to make payment by check in its discretion or upon agreement with the investor.

The Foundation may permit online account opening via its website or mobile application allowing an investor to access their account information and, as permitted, make additional investments to, or withdrawals from, the investor’s securities via the Foundation’s website and/or mobile application. The Foundation’s current online account functions are, and the functions the Foundation may offer in the future will be, provided by third-party information technology firm(s). If you elect to use our website and related online services, electronic delivery services, or similar mobile services now offered or offered in the future, the Foundation can provide no assurances and makes no warranties as to their availability or security, and your use thereof is subject to the terms, conditions, and limitations set forth in applicable usage agreements.

The Foundation may suspend or delay withdrawals from, or redemptions of, its securities in the event that any such security or the holder thereof is subject to an ongoing investigation by the Foundation, any governmental authority or any financial institution regarding identity theft, fraud or similar cyber-crime or there is a dispute relating to the legal ownership of any such security. Under such circumstances the Foundation may require (i) additional information to verify an investor’s identity and disclose the same to government agencies as may be required by law; (ii) intervention by judicial or other binding legal authority to determine and/or rule on the proper legal ownership of such security or the finality of any investigation relating to the legal owner of such security; (iii) or mutual agreement of all interested parties as to the agreed upon ownership rights of such security. Holders of the Foundation’s securities acknowledge and agree that the Foundation shall not be held liable regarding the suspension or delay of withdrawals under its securities pending any determinations of or investigations regarding ownership or other legal rights as set forth above.

Account statements will be mailed to investors quarterly. Additionally, the Foundation provides investors access to their account statements online at [www.bicfoundation.org](http://www.bicfoundation.org).

### **Term Certificates** (previously Stewardship Investment Certificates)

The minimum purchase amount for a Term Certificate is \$25. Term Certificates may be issued with various fixed terms established from time to time by the Foundation and interest rates on the Certificates may be variable, fixed or a combination of both. **For current interest rates and fixed terms for the Foundation’s Term Certificates, please visit the Foundation’s website at [www.bicfoundation.org](http://www.bicfoundation.org) or call the Foundation at (717) 796-4788.**

The Foundation may adjust (increase or decrease) the interest rates on variable rate Term Certificates from time to time as explained above (see “General”) to meet market conditions. The initial interest rate on Term Certificates will depend upon prevailing interest rates at the time of sale. Interest on Term Certificates may be payable on the first business day of each month at the written election of the investor or may also be left to accumulate, in which case it will be credited to the holder’s account on the last day of each month. Interest credited and left to accumulate will compound monthly at the current rate of interest on the Term Certificate’s face amount. Whether interest is paid or accumulated, it must generally

be reported as income for tax purposes in the year in which it is earned. However, if the Term Certificate is purchased by an Individual Retirement Program holder (see Individual Retirement Program below), interest will be accumulated, and generally will not be taxed prior to distribution. See “Tax Considerations.” Statements will be mailed quarterly and the account earns interest from the date of receipt to the date of withdrawal.

The Foundation may establish, from time to time, Term Certificates with varying maturities or with higher rates of fixed or variable interest that would apply to Term Certificates with higher initial investment amounts or as an incentive to new investors or new invested money. Such Term Certificates also may include higher penalties for early redemption, which shall not exceed an amount equal to 182 days interest at the then current interest rate earned on the Term Certificate at the time of the redemption.

Any balance may be withdrawn at the Term Certificate’s termination date upon written notice to the Foundation prior to the termination date. If such notice is not received prior to the Term Certificate’s termination date, the Term Certificate will be automatically renewed on the termination date for a like term, subject to any applicable restrictions in the state where sold. The Foundation may make an exception to this rule. Notice of impending termination and automatic renewal along with a current Prospectus will be provided to Certificate holders at least forty (40) days prior to maturity.

During one’s lifetime, provision may be made for a gift to the Foundation, said sum to be transferred and the gift to become effective at the time of the account holder’s death; however, such choice may be withdrawn prior to death.

Except for Youth Saving Certificates (see “Term Certificates – Youth” below), Term Certificates shall not be permitted additions to principal.

The Foundation may authorize early redemption upon request of the investor, but the penalty for such early withdrawal shall not exceed an amount equal to 90 days interest at the then current interest rate earned on the Term Certificate at the time of the redemption, or with respect to Youth Saving Certificates or other Term Certificates that may be established with higher rates of fixed or variable interest and higher initial investment amounts or as an incentive to new investors or new invested money, the penalty for such early withdrawal shall not exceed an amount equal to 182 days interest at the then current interest rate earned on the Term Certificate at the time of the redemption. Waivers of or reductions from the maximum penalty amount will be considered under certain limited circumstances, including, but not limited to, cases involving hardship caused by unforeseen expenses, medical expenses, elder care and other situations determined in the sole and absolute discretion of the management of the Foundation. Any waiver or reduction from the maximum penalty amount must be approved by the Executive Director of the Foundation. However, interest accumulated may be withdrawn at any time without penalty.

Term Certificates are eligible for placement in an Individual Retirement Account or BIC U.S. 403(b)(9) Account (see “Method of Sale”). After the account holder reaches the age of 59-1/2, the Certificate will continue on the same terms. However, in the event of death, disability, attainment of a required distribution age or withdrawals for income purposes after attaining the age of 59-1/2, funds may be withdrawn without penalty. Other withdrawals (e.g., change of custodian) are subject to the normal rules concerning early withdrawal.

### *Term Certificates – Youth Saving*

In order to benefit the Foundation’s younger investors, the Foundation may offer Term Certificates – Youth (“Youth Saving Certificates”) with higher rates of fixed or variable interest for purchase only by a custodian for a minor under the Uniform Transfers to Minors Act. The maturity for each Youth Saving Certificate will be the minor’s twenty-first (21<sup>st</sup>) birthday. Additions to principal may be made to outstanding Youth Saving Certificates but will only be permitted if the custodian is eligible to invest in the Foundation’s securities at the time of the addition. The Foundation may decline additions to principal at any time in its sole discretion.

Youth Saving Certificates may include higher penalties for early redemption, which shall not exceed an amount equal to 182 days interest at the then current interest rate earned on the Youth Saving Certificate at the time of the redemption; provided, however, that after the minor attains the age of 18 funds may be withdrawn by the custodian without penalty, but otherwise subject all applicable requirements of the Uniform Transfers to Minors Act.

The principal balance may be withdrawn at the Youth Saving Certificate's maturity date upon written notice to the Foundation prior to the maturity date. Automatic investment renewal at maturity of Term Certificates as described above will not apply to Youth Saving Certificates, except that the Youth Saving Certificate will automatically renew into a Term Certificate with the shortest term available at time of maturity.

All other terms of the Youth Saving Certificates are the same as the Term Certificates.

#### *Term Certificates – Ministry*

Some investors have indicated that they would like to receive an interest rate on their investment lower than those indicated above, in order to further benefit their church, institution, or ministry of the denomination. Term Certificates – Ministry ("Ministry Certificates") provide this opportunity. The Ministry Certificates are designed to support church ministries and may be either designated or undesignated. If they are designated, then the difference between the reduced interest received and the interest rate that would otherwise be paid will benefit the church, institution or ministry suggested by the investor, subject to approval by the Foundation's Board of Directors. If it is undesignated, the difference will help the Foundation to continue to offer favorable rates to church ministries as designated by the Foundation's Board of Directors. If an investor purchasing a Ministry Certificate wishes later to increase the rate to (a) the then applicable variable interest rate, in the case of a variable rate Ministry Certificate, or (b) the original fixed rate, in the case of a fixed rate Ministry Certificate, he/she may do so by notifying the Foundation in writing thirty (30) days prior to the first day of the month in which the increased interest rate is to be effective. For variable rate Ministry Certificates, if the then applicable variable interest rate on Term Certificates is reduced below the reduced rate chosen by an investor for a Ministry Certificate, the applicable variable interest rate will apply so long as the chosen reduced rate is higher. All other terms of the Ministry Certificates are the same as the Term Certificates. See "Tax Considerations."

#### **Demand Certificates** (previously Thrift Accumulation Plan Agreements)

The minimum account balance for Demand Certificates is \$5.00. Demand Certificates are not transferable except at the time of an account holder's death, and then only to the designated beneficiary; however, withdrawals from Demand Certificates may be made at any time upon 30 days' written notice as explained below. Additions to principal may be made at any time in any amount of \$5.00 or more. Interest on Demand Certificates will be generated at the then applicable interest rate. The interest rate on Demand Certificates is variable and the Foundation may adjust interest as explained above (see "General"). Interest will be accumulated in the purchaser's account and posted thereto on the last day of each month and compounded thereafter. Statements will be mailed quarterly. Even though interest is accumulated, it must generally be reported as income for tax purposes in the year in which it is earned. However, if the Demand Certificate is purchased by an Individual Retirement Program holder (see "Individual Retirement Program" below) or BIC U.S. 403(b)(9) Account, interest will be accumulated, and generally will not be taxed prior to distribution. See "Tax Considerations." During one's lifetime, provision may be made for a gift over to the Foundation, said sum to be transferred and the gift to become effective at the time of the account holder's death; however, such choice may be withdrawn prior to death.

In addition to the above, the Foundation may offer a special increased variable interest rate on the Demand Certificates to investors who maintain a minimum balance of \$2,000 and to investors age 65 and over and to Brethren in Christ congregations and their institutions. For the individual investor age 65 and over, the investor's age is the only determining factor for eligibility for this special interest rate. Additionally, the minimum balance requirement does not apply to Brethren in Christ congregations and their institutions. Interest will be credited to the holder's account on the last day of each month and

compounded thereafter. These Demand Certificate holders may elect to receive a check or electronic transfer for their interest earned monthly. All other terms of the special interest rate Demand Certificates, except for the higher interest rate, are the same as for other Demand Certificates.

Any amount of any Demand Certificate may be withdrawn upon 30 days' advance written notice, up to \$5,000 in a calendar month or \$15,000 in any calendar quarter, although these requirements may be waived by the Foundation.

#### *Demand Certificates – Ministry*

Demand Certificate holders (both regular and special rates) have the opportunity to select 0% interest on their investments in order to benefit their church, institution, or a ministry of the denomination ("Ministry Demand Certificates"). Ministry Demand Certificates may be either designated or undesignated. If they are designated, the interest that would otherwise be paid to the account holder will benefit the suggested ministry, subject to approval by the Foundation's Board of Directors. If it is undesignated, the interest will help the Foundation to continue offering favorable rates to churches and church agencies. If an investor purchasing a Ministry Demand Certificate wishes later to increase the rate to the then applicable interest rate, he/she may do so by notifying the Foundation in writing thirty (30) days prior to the first day of the month in which the increased interest rate is to be effective. See "Tax Considerations."

#### **Individual Retirement Account Notes**

Notes are available for purchase only by Individual Retirement Account ("IRA") holders (see "Individual Retirement Program").

The minimum purchase amount for a Note is \$25 or the balance of an individual's IRA, whichever is less, and the minimum Note term is the lesser of five years or the time until the holder's 59-1/2 birthday, with any early withdrawals other than upon death or disability, required distributions upon attaining a required distribution age or for income purposes after age 59-1/2, subject to penalties as set forth below. IRAs are not transferable except at the time of a holder's death, and then only to the beneficiary designated by the holder. The interest rate on IRA Notes is variable. See "General" above.

The interest rate may be increased or decreased at the beginning of any calendar month in the discretion of the Foundation's Board of Directors based on its judgment concerning market conditions at a particular time. There is no minimum interest rate. The initial interest rate on IRA Notes will depend upon prevailing interest rates at time of sale. A different rate may be established for investments for periods exceeding 10 years. Interest on Notes will be credited to the IRA monthly and compounded on a monthly basis thereafter. Interest will be at the current rate of interest being paid, which must be greater or equal to the amount of interest paid by the Foundation on any other security of the Foundation having a variable interest rate offered in the normal course of business. Interest paid to the IRA is not taxable until withdrawn from the IRA. See "Tax Considerations." Statements will be mailed quarterly, and the IRA deposits earn interest from the date of receipt to the date of withdrawal.

All or a portion of the balance may be withdrawn at the end of the Note's minimum maturity period, upon written notice to the Foundation prior to the expiration of such minimum maturity period. If such notice is not received prior to the expiration of the Note's minimum maturity period, or if only a portion of the balance is withdrawn, the Note shall automatically renew for a like term, subject to any restrictions in the state where sold, on the same terms until withdrawn as permitted hereunder. The Foundation may make an exception to this rule. Notice of expiration of each 5 or 10 year maturity date and automatic continuation of the Note, along with a current Prospectus, will be provided to the IRA holder at least forty (40) days prior to expiration of the maturity period.

After the IRA holder reaches the age of 59-1/2, the Note will continue on the same terms. However, in the event of death, disability, attainment of a required distribution age or withdrawals for income purposes after attaining the age of 59-1/2, funds may be withdrawn without penalty. Other withdrawals

(e.g., change of custodian) are subject to the normal rules concerning early withdrawal which are described in the next paragraph.

The Foundation may authorize early redemption of a Note upon the request of the IRA holder. The amount redeemed may be subject to an early withdrawal penalty, which shall not exceed an amount equal to 90 days interest at the current rate being earned at the time of withdrawal. Waivers of or reductions from the maximum penalty amount will be considered under certain limited circumstances, including, but not limited to, cases involving hardship caused by unforeseen expenses, medical expenses, elder care and other situations determined in the sole and absolute discretion of the management of the Foundation. Any waiver or reduction from the maximum penalty amount must be approved by the Executive Director of the Foundation. Such early withdrawal shall be subject to current availability of reserve funds.

## **Tax Considerations**

Purchasers of Term Certificates, Demand Certificates and Notes will not receive a charitable deduction for federal income tax purposes upon the purchase of a Term Certificate, Demand Certificate or Note. Unless purchased through an Individual Retirement Program Account, Health Savings Account or BIC U.S. 403(b)(9) Account, the interest paid or payable on these securities will be taxable as ordinary income to the holder. **If interest is accrued over the life of the security and is paid at the maturity date, the holder generally must report such interest as income on his or her federal income tax returns and state income tax returns, if applicable, ratably over the life of the security as it accrues.** Upon sale or exchange of a Term Certificate or Demand Certificate, the seller would generally report either short term or long-term gain or loss, dependent upon the length of time held, the gain or loss being equal to the difference between his purchase price and the amount he or she receives upon sale or exchange, less previously accrued interest. (However, transferability of the Notes is very limited. See “Method of Sale.”) Purchasers who hold Term Certificates or Demand Certificates until their maturity will not be taxed on the return of the principal purchase price or on the payment of previously accrued and taxed interest. Any excess will generally be interest income.

The Term Certificates, Demand Certificates and Notes which bear interest at “below-market” rates may fall within the imputed interest provisions of Section 7872 of the Code, which, in some cases, impose tax liability on purchasers for the difference between market rates and the interest actually paid. The Internal Revenue Service has issued temporary and proposed regulations interpreting these provisions. The temporary regulations state that certain loans carrying “below market” rates of interest will be exempted from the imputed interest provisions of the Code. The exemptions include a gift loan to a charitable organization (described in Code section 170(c)) if, at no time during the taxable year, the aggregate outstanding amount of loans by the lender to that organization exceeds \$250,000.

Individual Retirement Plan and Health Savings Account holders directing the investment of assets of the Plan in Term Certificates, Demand Certificates, or Notes will generally not be taxed on the interest earned during the period the interest is held by the Plan. The holder will be taxed at the time of withdrawal. See “Individual Retirement Program” and “Health Savings Account Program.”

Under the backup withholding rules, a holder of Term Certificates, Demand Certificates and Notes may be subject to backup withholding at a rate of 24% with respect to reportable payments (including interest, dividends, original issue discount and proceeds of certain sales), unless such a holder (a) is a corporation, exempt from tax under Section 501(a) of the Internal Revenue Code, an IRA or comes within certain other exempt categories and, when required, demonstrates this fact, or (b) provides a certified taxpayer identification number, certifies that the holder is not subject to backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. A holder of a Term Certificate, Demand Certificate or Note who does not provide the Foundation with his or her correct taxpayer identification number may be subject to penalties imposed by the Internal Revenue Service. Backup withholding is not an additional tax. Any amounts so withheld may be credited against the federal income tax liability of the person subject to such withholding.

The foregoing is only a summary of certain federal income tax considerations. Purchasers should consult with their own tax advisors regarding the actual tax consequences to them of transactions with respect to the securities offered by this Prospectus, including, without limitation, under state and local tax laws and if applicable, Code provisions and related regulations applicable to Individual Retirement Accounts, Health Savings Accounts or BIC U.S. 403(b)(9) Accounts.

### Outstanding Debt Obligations

The following is a description of the outstanding debt securities of the Foundation at December 31, 2023:

Description	Number of Certificates, Demand Accounts, Notes/holders	Interest Rate	Aggregate Principal Balance
Term Certificates (previously Stewardship Investment Certificates)	934/211	3.01%	\$482,659
		3.49%	739,450
		3.74%	1,807,105
		3.93%	991,721
		3.98%	1,428,583
		4.22%	623,054
		4.46%	23,804,741
		4.89%	<u>449,451</u>
		<u>30,326,764</u>	
Demand Certificates (previously Thrift Accumulation Plan Agreements)	447/245	2.52%	48,220
		2.76%	<u>10,750,874</u>
			<u>10,799,094</u>
Notes	252/118	4.46%	1,535,367
		4.89%	<u>3,312,324</u>
			<u>4,847,691</u>
		<u>\$45,973,549</u>	

The previous table reflects the highest rates payable on securities as of December 31, 2023. Although the Foundation pays a lower rate on Ministry Term Certificates and Ministry Demand Certificates, the account holder may elect the higher rate upon 30 days prior written notice to the Foundation.

Outstanding principal of debt securities held by individuals at December 31, 2023 totaled \$24,126,755 or 52% of total principal outstanding at December 31, 2023. Outstanding principal of debt securities held by churches and other units of the denomination totaled \$21,846,794 or 48% of total principal outstanding at December 31, 2023.

At December 31, 2023, Individual Retirement Accounts, which totaled \$6,452,493, were invested as follows: \$81,403 in Demand Certificates, \$1,523,399 in Term Certificates and \$4,847,691 in Notes.

At December 31, 2023, Health Savings Accounts, which totaled \$448,730, were invested as follows: \$338,643 in Demand Certificates and \$110,087 in Term Certificates.

During calendar years 2023 and 2022, debt obligation repayments to investors, exclusive of renewals and reinvestments, totaled \$8,136,674 and \$7,276,712, respectively.

The following is a summary of maturity dates of outstanding debt securities of the Foundation at December 31, 2023:

Description	Aggregate Principal Balance
Demand Certificates	\$10,799,094
Debt Securities maturing in 2024	6,416,538
Debt Securities maturing after 2024	<u>28,757,917</u>
	<u>\$45,973,549</u>

Maturities of Certificates and IRA Notes at December 31, 2023 were:

Description	Aggregate Principal Balance Due						Total
	2024	2025	2026	2027	2028	2029+	
<b>Term Certificates:</b>							
Six Month	\$482,659						\$482,659
One Year	739,450						736,450
Fifteen Month	500,535	940,637					1,441,172
Two Year	570,753	\$1,236,352					1,807,105
Three Year	779,505	510,784	\$138,294				1,428,583
Four Year	113,753	197,098	118,131	\$194,072			623,054
Five Year	2,853,414	5,009,583	4,553,977	7,180,487	4,207,280		23,804,741
	<u>6,040,069</u>	<u>7,894,454</u>	<u>4,810,402</u>	<u>7,374,559</u>	<u>4,207,280</u>		<u>30,326,764</u>
<b>Notes:</b>							
Five Year	167,258	108,386	257,284	821,540	180,899		1,535,367
Ten Year	209,211	172,578	386,693	816,929	336,242	\$1,390,671	3,312,324
	<u>376,469</u>	<u>280,964</u>	<u>643,977</u>	<u>1,638,469</u>	<u>517,141</u>	<u>1,390,671</u>	<u>4,847,691</u>
<b>Total</b>	<u>\$6,416,538</u>	<u>\$8,175,419</u>	<u>\$5,454,378</u>	<u>\$9,013,028</u>	<u>\$4,724,421</u>	<u>\$1,390,671</u>	<u>\$35,174,455</u>

It has been the Foundation's historical experience that only a portion of the principal balance on maturing debt obligations is actually revoked or redeemed by the investor. For the years 2023, 2022, 2021, 2020 and 2019, of the investment obligations reaching maturity, 84% 81%, 99%, 87% and 91%, respectively, were renewed or reinvested. In addition to Notes and Term Certificates (maturing obligations), the Brotherhood Loan Fund had outstanding Demand Certificates (demand obligations) totaling \$10,799,094 at December 31, 2023 and \$13,761,033 at December 31, 2022.

### Liquidity Reserves

Since its inception, the Brotherhood Loan Fund has had sufficient funds available from all sources to make all principal and interest payments required on outstanding debt obligations. The Brotherhood Loan Fund generates new funds for the repayment of debt obligations and interest expense from operating income, loan principal repayments and the receipt of funds from new debt obligations. These amounts totaled \$11,976,228 and \$12,208,727 for the years ending December 31, 2023 and December 31, 2022, respectively. Debt obligation repayments, exclusive of renewals and reinvestments, totaled \$8,136,674 and \$7,276,712, for the years ending December 31, 2023 and 2022, respectively, and interest expense on Term Certificates, Demand Certificates and Notes totaled \$1,408,651 and \$994,648, respectively. Therefore, of the new funds available to the Brotherhood Loan Fund in 2023 and 2022, approximately 80% and 68%, respectively, for those periods was applied to repayment of principal and interest on the Brotherhood Loan Fund's outstanding obligations. The Foundation also maintains reserves in the form of cash, certificates of

deposit, money market funds, and/or marketable securities or mutual funds for the repayment of debt obligations issued in connection with the Brotherhood Loan Fund. Based on the Foundation’s minimum reserve policy for the Brotherhood Loan Fund (described under “USE OF PROCEEDS”), the minimum required reserve amounts totaled \$5,974,834 and \$6,717,449, as of December 31, 2023 and December 31, 2022, respectively. The Brotherhood Loan Fund’s total cash and cash equivalents of \$15,578,786 as of December 31, 2023, was well in excess of the reserve requirements. As of December 31, 2023, the Foundation also had available a \$3 million unsecured line of credit. See the Audited Financial Statements included as Appendix A to this Prospectus.

## Sales in 2023 and 2022

The tables below present information on sales of securities in 2023 and 2022. “Transfers” represent transfers from one type of security to another while “renewals” represent reinvestment of a matured security into the same type of security.

Security	2023			
	New Sales	Transfers	Renewals	Total Sales
Demand Certificates	\$2,318,393	\$558,140		\$2,876,533
Term Certificates	2,475,956	2,339,151	6,529,611	11,344,718
IRA Notes	200,411	210,569	209,115	620,095
<b>Totals</b>	<b>\$4,994,760</b>	<b>\$3,107,860</b>	<b>\$6,738,726</b>	<b>\$14,841,346</b>

Of the total new sales in the above table during 2023, \$2,724,796 was purchased by churches and other units of the denomination and \$2,269,965 was purchased by individuals.

Security	2022			
	New Sales	Transfers	Renewals	Total Sales
Demand Certificates	\$3,913,752	\$2,913,899		\$6,827,651
Term Certificates	3,026,461	2,171,375	7,824,679	13,022,515
IRA Notes	243,636	177,587	1,281,639	1,702,862
<b>Totals</b>	<b>\$7,183,849</b>	<b>\$5,262,861</b>	<b>\$9,106,318</b>	<b>\$21,553,028</b>

Of the total new sales in the above table during 2022, \$3,809,843 was purchased by churches and other units of the denomination and \$3,374,006 was purchased by individuals.

## Method of Sale

The debt securities will be offered and sold only through the Prospectus. Information concerning the services the Foundation provides to the Brethren in Christ Church, including the Brotherhood Loan Fund, will be distributed through national and regional publications of the Church, the Foundation’s website and through Foundation brochures distributed to congregations or mailed to prior investors. In addition, information about the Foundation may be distributed at church conferences, retreats, conventions and seminars. On occasion, an officer or employee of the Foundation may also discuss the nature and purpose of the Foundation’s work at a national or regional meeting, congregational service or meeting. No underwriting or selling agreement exists, and no direct or indirect commissions or other sales-based remuneration will be paid to any individual or organization in connection with the offer and sale of the debt securities. The Foundation’s Executive Director, Controller, Account Officer and Loan Officer & Director of Operations have the responsibility for the offer and sale of the Foundation’s securities, subject to compliance with the securities laws of a particular state.

Prospective investors may obtain a Prospectus by contacting the Foundation in Mechanicsburg, Pennsylvania by mail, telephone, or electronic mail. The Foundation will then transmit a Prospectus to the prospective investor. Prospective investors may also access the Prospectus on the Foundation’s website, [www.bicfoundation.org](http://www.bicfoundation.org), for viewing and/or printing. If the investor wishes to purchase a security, the investor must complete the Purchase Application for the appropriate security and must submit the



completed application with payment to the Foundation in Mechanicsburg, Pennsylvania. Purchase Applications for all of the Foundation's securities can be found on the Foundation's website at [www.bicfoundation.org](http://www.bicfoundation.org) or by calling the Foundation at (717) 796-4788. No offers to purchase will be accepted prior to the time an investor has executed a Purchase Application acknowledging the receipt of a current copy of the Prospectus. Additionally, for new investors, the Foundation may require additional information to verify the investor's identity, including, without limitation, a background check and/or investigative consumer report. The Foundation may offer new and existing investors the capability to complete a Purchase Application and purchase the Foundation's securities online on the Foundation's website. If the Foundation accepts the offer to purchase, the investor will be notified by mail or e-mail and an executed Term Certificate, Demand Certificate, or Note, as appropriate, will be returned to the investor or delivered to the Individual Retirement Plan or Health Savings Account Custodian with a copy to the investor; subject however, to the Foundation's right, in its discretion, to issue any of the Term Certificates, Demand Certificates or Notes in book entry form. If the securities are issued in book entry form, the Foundation will send the investor written confirmation of issuance but a physical Term Certificate, Demand Certificate or Note will not be issued.

Term Certificates, Demand Certificates and Notes will be offered and sold only to persons who, at the time of receiving a Purchase Application, are members, constituents, contributors to or participants in the Foundation, the Brethren in Christ Church and/or its programs, activities or organizations, or parents, spouses, children, grandchildren or Brethren in Christ Pension Fund 403(b)(9) Retirement Income Accounts (each a "BIC U.S. 403(b)(9) Account") of such persons, or to Brethren in Christ Foundation Individual Retirement Plans or Health Savings Account, as directed by the holders thereof.

The Term Certificates and Demand Certificates offered hereby are not negotiable and are transferable only to persons who would have been eligible to purchase the Term Certificates or Demand Certificates initially, and then only upon notice to and written approval of the Foundation. Notes are not negotiable and are transferable only under the terms of the Individual Retirement Program.

### **Individual Retirement Program**

The Foundation sponsors an Individual Retirement Program (hereinafter referred to as the "Program") that allows individuals to establish individual retirement accounts under which the Foundation acts as custodian. The Program is subject to the rules and regulations for individual retirement accounts as set forth in the Internal Revenue Code and Regulations. A separate application for an individual retirement account, which includes appropriate disclosure information, must be made before such an account can be established.

Once an individual establishes an individual retirement account, the Program allows the individual to direct the investment of his or her account. Investments under the Program are limited to investments that the Foundation is authorized and capable of holding as IRA custodian. These investments are the Foundation's Term Certificates, Demand Certificates, and Notes. Demand Certificates are demand securities, while Term Certificates currently carry terms of varying length as available at the time of purchase. Both generally offer market rates. The Notes are available only under the Program, have longer terms, and generally offer higher market rates.

Individuals interested in the Program should carefully review the IRA disclosure statement and other materials describing the Program, provided by the Foundation. The Foundation's role as custodian under the Program is limited to holding and administering the assets of each individual's IRA. Individuals who establish IRAs with the Foundation are responsible for complying with all relevant tax laws, some of which are summarized in the "DESCRIPTION OF SECURITIES – Tax Considerations" section of this Prospectus. The Foundation does not provide investment, tax or legal advice. Individuals who establish IRAs with the Foundation are strongly encouraged to consult with their attorney or tax adviser with regard to their specific situation.

## **Health Savings Account Program**

The Foundation sponsors a Health Savings Account Program (the “HSA Program”) that allows individuals to establish health savings accounts (“HSAs”) for which the Foundation acts as custodian. The HSAs and the HSA Program are subject to the rules and regulations for HSAs set forth in the Internal Revenue Code and regulations. A separate application for HSAs, which includes appropriate disclosure information about HSAs and Internal Revenue Code regulations, must be made to the Foundation in order to establish an HSA with the Foundation. Individuals interested in establishing an HSA with the Foundation should carefully review the HSA disclosure statement and other materials describing the HSA Program, which may be obtained from the Foundation.

Once an individual establishes an HSA with the Foundation, the HSA Program allows the individual to direct investment of the account by submitting instructions to the Foundation. Investments under the HSA Program are limited to investments which the Foundation is authorized and capable of holding as HSA custodian. These investments are the Foundation’s Term Certificates and Demand Certificates. The Foundation’s IRA Notes are not eligible investments for HSAs.

## **DESCRIPTION OF FACILITIES**

The Foundation owns the building in Pennsylvania which serves as facilities for its principal office and no proceeds from this offering will be used to purchase or construct any real property for the Foundation. This building was constructed with donated funds totaling \$801,941 to cover the construction for an office building on land leased by Messiah College to the Foundation. Terms of the lease are for 100 years, with a renewal clause for an additional 100 years. The building is utilized by the Foundation and other agencies of the Brethren in Christ Church. Employees of the Brethren in Christ General Conference also utilize these office facilities. No rental or lease payments are made, but operating and maintenance costs of the building are shared by the Foundation and each of the church agencies on a pro rata basis.

During 1981, property with an appraised value of \$415,000 was transferred to the Foundation from the General Conference. The property is held by the Foundation as Trustee, and court approval must be obtained prior to any sale of the property. At such time as the property is sold, the corpus will be managed by the Foundation and the earnings distributed to the mission program of The Brethren in Christ Church.

In addition to the above, the Foundation may hold certain real estate for sale. Proceeds from the sale of these properties will be utilized to fund Charitable Trusts or Gift Deposit Accounts or to satisfy loan obligations owed to the Foundation.

Except as described above, the Foundation owns no other buildings or real property other than a small amount of office furniture and equipment.

## **MANAGEMENT**

### **Board of Directors**

The Board of Directors is the governing body of the Foundation. It manages the Brotherhood Loan Fund program and exercises the Foundation’s corporate powers. The number of directors is between 3 and 15, the exact number to be determined in accordance with the bylaws of the Foundation. Each member of the Foundation’s Board of Directors is elected to a four-year term by the members of the Foundation except the General Conference Treasurer and National Director (formerly the General Conference Secretary) who are directors of the Foundation by reason of their respective offices. The Foundation’s members consist of the General Conference Board of the Brethren in Christ Church plus persons elected to the Foundation Board of Directors who are not also members of the General Conference Board.

Two members of the Foundation's Board of Directors are also members of the General Conference Board. They are:

JULIA A. STOUT (General Conference Treasurer) – Occupation: Retired. Age: 70. Appointed in 2018. Ms. Stout was the Chief Financial Officer for Messiah Lifeways from 2003 until 2014. Prior to being appointed CFO, she served on the Board of Messiah Lifeways. Ms. Stout's previous experience includes positions as the Executive Director and CEO of the Brethren in Christ Foundation, Vice President and Director of Program Development and Administration, as well as Bank Controller for Keystone Financial Corporation and Assistant Treasurer/Corporate Secretary at Masland Industries, Inc. She currently serves on the General Conference Board of the Brethren in Christ, U.S. and chairs the Finance Committee of the Denomination. Ms. Stout earned her Pennsylvania CPA Certificate in 1977 while working for Ernst and Young and her BS degree in accounting from Elizabethtown College in 1975. Her business address is 431 Grantham Road, Mechanicsburg, PA 17055.

W. ALAN ROBINSON – Occupation: General Conference National Director. Age: 61. Appointed in 2013. Prior to his appointment as National Director, Dr. Robinson served as Senior Pastor of Carlisle Brethren in Christ Church from 1999 until 2013. Originally from Northern Ireland, Dr. Robinson was active in church planting and pastoral ministry throughout the United Kingdom before arriving in the U.S. Dr. Robinson has served the broader Church by chairing various committees, as Assistant Moderator of Susquehanna Regional Conference and as representative to the National Association of Evangelicals. Dr. Robinson has also served as adjunct faculty at Messiah University, Evangelical Seminary, and International Christian College, Glasgow, Scotland. He earned his diploma in Pastoral Theology from Bethel Bible College, his Bachelor of Arts degree from Manchester University, his Master's degree in applied theology from Oxford University, his Ph.D. from Indiana University of PA and his Doctor of Ministry degree from the Asbury Theological Seminary. His business address is 431 Grantham Road, Mechanicsburg, PA 17055.

Other Foundation Directors appointed by the members of the Foundation are:

KARL BRUMMER – Occupation: President and CEO. Age: 52. Re-appointed to a second term in 2020, term expires in 2024. Mr. Brummer is employed by Messiah Lifeways located in Mechanicsburg, PA. Mr. Brummer was appointed President and CEO in September 2021. Prior to this role, he served as Senior Vice President for Human Resources, Enrichment Services and Community Support Services of Messiah Lifeways. He also serves as Chairman of the Board of Trustees for Messiah Home. Mr. Brummer has served as adjunct faculty at Elizabethtown College, Messiah University, and Harrisburg University. Karl received his Bachelor's degree in Human Resource Management from Messiah University and a Master's degree in Business Administration from Kutztown University. His business address is 431 Grantham Road, Mechanicsburg, PA 17055.

ANLER MOREJON – Occupation: Lead Pastor. Age: 47. Re-Appointed to a third term in 2022, term expires 2026. Mr. Morejon has been an active member of the BIC family since 1991. He previously served as an officer of the Southeast Conference Board of Directors. Mr. Morejon is now the liaison between the Southeast Conference churches and the Foundation for all loan requests. Mr. Morejon currently serves as the lead Pastor for Zion Church BIC. Mr. Morejon is also the president of Divine Consulting, a firm specializing in the House of Worship market focusing on the areas of Audio-Visual and Organizational Management. Mr. Morejon holds a bachelor's degree in Business Administration (Management) from Florida International University and a Masters in Theological Studies from Houston Baptist University. His business address is 431 Grantham Road, Mechanicsburg, PA 17055.

JEREMY L. SPEAR – Occupation: Executive Director. Age: 55. Appointed to first term in 2022, term expires in 2026. Mr. Spear has served as Executive Director of Roxbury Camp and Conference

Center since 2011. Prior to 2011, he served as Youth Pastor in Michigan. Mr. Spear attended Hobe Sound Bible College. His business address is 431 Grantham Road, Mechanicsburg, PA 17055.

WILLIAM G. STRAUSBAUGH – Occupation: Retired. Age: 66. Appointed in 2019, term expires 2023. Dr. Strausbaugh was formerly employed by Messiah University located in Grantham, PA as Vice President for Information Technology and Associate Provost Emeritus. In addition to his service on the BIC Foundation Board, Bill also serves as an active board member for The Gospel Tide. Dr. Strausbaugh previously served as a board member at Mechanicsburg BIC Church, the Susquehanna Regional Conference and the General Conference Board of the BIC U.S. Bill received his Bachelor’s degree in Mathematics from Messiah University, a Master of Science degree in Computer Science from Villanova University and his D. Ed. in Higher Education from The Pennsylvania State University. His business address is 431 Grantham Road, Mechanicsburg, PA 17055.

## Officers

The non-employed executive officers of the Foundation elected biennially from among the Foundation’s directors are as follows:

WILLIAM G. STRAUSBAUGH	President (Chair)
JEREMY L. SPEAR	Vice President (Vice Chair)
KARL BRUMMER	Secretary/Treasurer

See “- Board of Directors” above for biographical information about these non-employed executive officers.

The following are officers of the Foundation involved in the operation of the Brotherhood Loan Fund:

JAMES R. REYNOLDS – Occupation: Executive Director, Brethren in Christ Foundation, Inc., since November 1, 2017. Age: 62. Mr. Reynolds served as the Controller of the Foundation from 2006 until his appointment as Executive Director. From 1987 to 2006 served as Director of Finance, Pennsylvania School Boards Association Insurance Trust. Mr. Reynolds served as Accounting Manager and Controller for a variety of businesses prior to joining PSBA. Mr. Reynolds completed his Accounting education at Delaware Tech in Georgetown, DE. A member of Mt. Calvary United Methodist Church, Harrisburg, PA. Mr. Reynolds serves as Administrative Council Chair and has also served Financial Secretary. He also serves as Vice President of the CD Girls Soccer Boosters. While a member of Centenary United Methodist Church he served as Chair of the Church Council, Board of Trustees president, Council on Ministries board member and as Vice President of the Men’s Club. His business address is 431 Grantham Road, Mechanicsburg, PA 17055.

JOHN H. BURNS – Occupation: Loan Officer and Director of Operations, Brethren in Christ Foundation, Inc. since June 14, 2010. Age: 63. From June 1987 through June 2010, Mr. Burns worked for Henry Company, a manufacturing firm, in Research and Development in a variety of roles, eventually rising to Technical Director. He holds a Bachelor of Science degree in chemical engineering from the University of Pennsylvania in Philadelphia, PA. Mr. Burns is a member of Summit View Brethren in Christ Church in New Holland, PA, where he leads a small group and is a former member of the Church Board. His business address is 431 Grantham Road, Mechanicsburg, PA 17055.

DAVID W. FISH – Occupation: Controller, Brethren in Christ Foundation, Inc. since September 1, 2018. Age: 32. Mr. Fish served as an Auditor with Capin Crouse LLP from June 2014 through August 2018 and was an intern with the Brethren in Christ Foundation from August 2012 through April 2013. Mr. Fish graduated from Messiah University and obtained his CPA license in

Pennsylvania. He attends Mechanicsburg Brethren in Christ Church. His business address is 431 Grantham Road, Mechanicsburg, PA 17055.

SEAN KLECKNER – Occupation: Account Officer, Brethren in Christ Foundation, Inc. Since September 16, 2021. Age: 33. Mr. Kleckner served as Corporate Recruiter for Select Medical, Inc. from April 2015 through September 2021. Prior to joining Select Medical, he was employed by Computer Aid, Inc. as a Technical Recruiter. Mr. Kleckner graduated from Geneva College with a bachelor's degree in Business Administration with a focus on Marketing in 2013. He attends Mechanicsburg Brethren in Christ Church. His business address is 431 Grantham Road, Mechanicsburg, PA 17055.

As of the date of this Prospectus, no petition under the Bankruptcy Act or any State insolvency law has been filed by or against any of the directors or officers of the Foundation and no receiver, fiscal agent, or similar officer was appointed by a court for the business or property of any such director or officer or of any partnership in which he or she was a general partner or of any corporation or business association of which he or she was an executive officer. None of the directors or officers of the Foundation has ever been convicted or pleaded nolo contendere in a criminal proceeding (excluding minor traffic violations and other minor offenses) or is the subject of a criminal proceeding which is pending as of the date of this Prospectus. Moreover, none of the directors or officers of the Foundation has ever been held liable in a civil action (or, as of the date of this prospectus, is a defendant in any civil action) involving allegations of fraud for violations of any securities or franchise law, embezzlement, fraudulent conversion, misappropriation of property, theft or restraint of trade.

As of the date of this Prospectus, (1) none of the directors or officers of the Foundation are or have been the subject of any order, judgment or decree of any court of competent jurisdiction or administrative or self-regulatory agency permanently or temporarily enjoining him or her from, or revoking or suspending his or her registration necessary for, any of the following: (i) acting as an investment advisor, investment advisory representative, underwriter, broker, or dealer in securities, or as an affiliated person, director or employee of any investment company, banks, savings and loan association or insurance company, (ii) engaging in or continuing any conduct or practice in connection with any such activity or in connection with the purchase or sale of any security or commodity futures related contract, (iii) representing an issuer offering or selling securities, (iv) acting as promoter, officer, director or partner of an issuer (or an individual occupying a similar status or performing similar functions) offering or selling securities or of a person who controls or is controlled by such issuer; or (v) relying upon an exemption from registration for securities; and (2) none of the directors or officers of the Foundation are or have been the subject of any order, judgment or decree of a federal or state authority or administrative or self-regulatory agency barring or suspending the right of any such director or officer to be engaged in any activity described in (1)(i)-(v) above, censuring such director or officer for any activity, ordering such director or officer to effect a rescission offer to persons who purchased securities of an issuer with whom such director or officer is or was controlled by or otherwise affiliated or connected with, imposing an administrative assessment, or adjudging such director or officer in contempt of any stop order, cease advertising order, cease and desist order, or order requiring return of sales compensation. None of the directors or officers of the Foundation have within the past five years filed a registration statement or application for exemption from registration that is currently subject to a stop order under a state's securities law.

## Remuneration and Other Transactions

No member of the Board of Directors of the Foundation receives any compensation for being a Director. The Foundation reimburses its directors for actual expenses incurred in attending the Directors' meetings. For the year ended December 31, 2023, except for the Foundation's Executive Director, no officers or directors of the Foundation received total annual remuneration in excess of \$150,000.00. The following table sets forth the amount of annual direct and indirect remuneration paid to the Chief Executive Officer in 2023 and paid to all other officers and directors of the Foundation in 2023:

	<u>For year ended December 31, 2023</u>			
	<u>Cash</u>			<u>Aggregate</u>
	<u>Compensation</u>	<u>Insurance</u> <sup>1</sup>	<u>Retirement</u>	<u>Remuneration</u>
Executive Director	\$114,542	\$26,676	\$11,334	\$152,552
Other Officers <sup>2</sup>	\$358,357	\$123,254	\$33,632	\$515,243
<b>All Officers and Directors as a Group:</b>	<b>\$472,899</b>	<b>\$149,930</b>	<b>\$44,966</b>	<b>\$667,795</b>

<sup>1</sup> Includes health, dental, vision and long-term disability insurance premiums.

<sup>2</sup> For purposes of this calculation, other officers include the Foundation's Controller, Director of Operations and Loan Officer, Account Officer and Trust Officer.

For 2024, the Foundation's Executive Director, James Reynolds, is scheduled to earn \$119,257 in base compensation, \$31,092 in insurance and \$11,806 in retirement. No other director or officer is scheduled to receive remuneration in excess of \$150,000 from the Foundation in 2024.

Except as set forth above, during the three-year period preceding the date hereof, there have been no material transactions or agreements between the Foundation and any of the officers, directors or principal employees of the Foundation, or any company directly or indirectly controlled by any such person or persons.

## EXEMPTION-REGISTRATION

The securities described herein have not been registered with the U.S. Securities and Exchange Commission because they are exempt from registration by applicable federal law. These securities are also exempted from registration in certain states by state law, while in other states they have been required to be registered.

## FINANCIAL STATEMENTS

The Foundation's Statements of Financial Position as of December 31, 2023 and 2022, the Statements of Activities for the years ended December 31, 2023, 2022, and 2021, and the Statements of Cash Flows for the years ended December 31, 2023, 2022, and 2021 appear in Appendix A beginning on page A-3. The financial statements of the Foundation for the years ended December 31, 2023, 2022, and 2021, have been audited by McKonly & Asbury, LLP, independent auditors whose report appears beginning on page A-1.

## LEGAL PROCEEDINGS

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

## **LEGAL OPINION**

curbow, LLC, Lemoyne, Pennsylvania, counsel to the Foundation, has issued an opinion to the Foundation that the securities offered hereby, when issued by the Foundation, will be legally issued and outstanding, fully paid and non-assessable and will constitute valid and binding debt obligations of the Foundation.

## **FINANCIAL REPORTING**

Each investor in the Securities will receive the audited annual financial statements of the Brethren in Christ Foundation, Inc. within 120 days of each fiscal year end and upon written request.

**BRETHREN IN CHRIST FOUNDATION, INC.**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021  
AND  
INDEPENDENT AUDITOR'S REPORT



McKONLY  
& ASBURY

TAX  
ASSURANCE  
CONSULTING  
ACCOUNTING



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Brethren in Christ Foundation, Inc.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Brethren in Christ Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for each of the years in the three year periods ended December 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Brethren in Christ Foundation, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for each of the years in the three year period ended December 31, 2023, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brethren in Christ Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Camp Hill

Lancaster

Bloomsburg

Philadelphia

[macpas.com](http://macpas.com)

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 Brethren in Christ Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

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

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

In performing an audit in accordance with GAAS, we:

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

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

*McKonly & Asbury, LLP*

Camp Hill, Pennsylvania  
March 5, 2024

**BRETHREN IN CHRIST FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

	December 31, 2023				December 31, 2022			
	Brotherhood	Trust Fund	Eliminations	Total	Brotherhood	Trust Fund	Eliminations	Total
	Loan Fund			All Funds	Loan Fund			All Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 15,758,786	\$ 1,215,289	\$ -	\$ 16,974,075	\$ 19,597,344	\$ 5,436,359	\$ -	\$ 25,033,703
Investments	-	29,156,501	(6,901,223)	22,255,278	-	23,924,132	(7,124,346)	16,799,786
Receivables								
Loans, net	38,932,244	415,395	-	39,347,639	38,026,834	513,372	-	38,540,206
Interfund, net	(195,400)	195,400	-	-	141,589	(141,589)	-	-
Accrued interest	207,466	-	-	207,466	68,094	-	-	68,094
Property and equipment, net	865,772	-	-	865,772	783,625	-	-	783,625
Other assets	104,752	28,669	-	133,421	102,573	25,794	-	128,367
<b>Total assets</b>	<b>\$ 55,673,620</b>	<b>\$ 31,011,254</b>	<b>\$ (6,901,223)</b>	<b>\$ 79,783,651</b>	<b>\$ 58,720,059</b>	<b>\$ 29,758,068</b>	<b>\$ (7,124,346)</b>	<b>\$ 81,353,781</b>
<b>LIABILITIES AND NET ASSETS</b>								
Accounts payable and other liabilities	\$ 64,253	\$ 33,075	\$ -	\$ 97,328	\$ 61,670	\$ 23,716	\$ -	\$ 85,386
Debt securities								
Demand certificates	10,799,094	-	(420,046)	10,379,048	13,761,033	-	(454,870)	13,306,163
Term certificates	30,326,764	-	(1,633,486)	28,693,278	30,189,376	-	(1,504,423)	28,684,953
Individual retirement account notes	4,847,691	-	(4,847,691)	-	5,165,053	-	(5,165,053)	-
CTF investment accounts	-	17,761,306	-	17,761,306	-	15,972,473	-	15,972,473
Individual retirement and health savings accounts	-	6,901,223	-	6,901,223	-	7,124,346	-	7,124,346
Split-interest agreements								
Split-interest trusts	-	2,300,231	-	2,300,231	-	2,280,093	-	2,280,093
Annuities payable	-	678,947	-	678,947	-	721,499	-	721,499
Other funds held	-	9,483	-	9,483	-	9,202	-	9,202
<b>Total liabilities</b>	<b>46,037,802</b>	<b>27,684,265</b>	<b>(6,901,223)</b>	<b>66,820,844</b>	<b>49,177,132</b>	<b>26,131,329</b>	<b>(7,124,346)</b>	<b>68,184,115</b>
<b>Net assets</b>								
Without donor restrictions								
Designated, donor-advised funds	-	1,640,244	-	1,640,244	-	1,808,975	-	1,808,975
Designated, discretionary funds	-	-	-	-	-	242,764	-	242,764
Undesignated	9,195,835	1,686,745	-	10,882,580	9,102,630	1,575,000	-	10,677,630
With donor restrictions	439,983	-	-	439,983	440,297	-	-	440,297
<b>Total net assets</b>	<b>9,635,818</b>	<b>3,326,989</b>	<b>-</b>	<b>12,962,807</b>	<b>9,542,927</b>	<b>3,626,739</b>	<b>-</b>	<b>13,169,666</b>
<b>Total liabilities and net assets</b>	<b>\$ 55,673,620</b>	<b>\$ 31,011,254</b>	<b>\$ (6,901,223)</b>	<b>\$ 79,783,651</b>	<b>\$ 58,720,059</b>	<b>\$ 29,758,068</b>	<b>\$ (7,124,346)</b>	<b>\$ 81,353,781</b>

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

**BRETHREN IN CHRIST FOUNDATION, INC.**

**STATEMENTS OF ACTIVITIES**

	Year Ended December 31, 2023			Year Ended December 31, 2022			Year Ended December 31, 2021		
	Brotherhood Loan Fund	Trust Fund	Total All Funds	Brotherhood Loan Fund	Trust Fund	Total All Funds	Brotherhood Loan Fund	Trust Fund	Total All Funds
Net assets without donor restrictions									
Revenues and gains									
Interest on loans	\$ 2,005,806	\$ 32,358	\$ 2,038,164	\$ 1,649,656	\$ 27,504	\$ 1,677,160	\$ 1,626,218	\$ 30,041	\$ 1,656,259
Net investment income	692,438	51,589	744,027	179,934	16,968	196,902	157,009	12,307	169,316
Contributions	35	1,139,131	1,139,166	962	112,643	113,605	25	88,396	88,421
Service fees, net	-	172,968	172,968	-	177,635	177,635	426	197,398	197,824
Other	3,355	90,113	93,468	4,716	39,963	44,679	2,715	85,798	88,513
Total revenues and gains	2,701,634	1,486,159	4,187,793	1,835,268	374,713	2,209,981	1,786,393	413,940	2,200,333
Net assets released from restrictions	41,000	-	41,000	41,500	-	41,500	34,000	-	34,000
Total revenues, gains, and other support	2,742,634	1,486,159	4,228,793	1,876,768	374,713	2,251,481	1,820,393	413,940	2,234,333
Expenses	2,649,429	1,617,178	4,266,607	1,829,878	580,771	2,410,649	1,606,274	367,902	1,974,176
Excess (deficiency) of revenues, gains, and other support over expenses before donor-advised funds activity	93,205	(131,019)	(37,814)	46,890	(206,058)	(159,168)	214,119	46,038	260,157
Change in donor-advised funds									
Contributions	-	338,991	338,991	-	1,258,553	1,258,553	-	170,060	170,060
Net investment income (loss)	-	154,609	154,609	-	(99,091)	(99,091)	-	111,668	111,668
Charitable distributions	-	(648,274)	(648,274)	-	(1,199,114)	(1,199,114)	-	(490,404)	(490,404)
Administrative expenses	-	(14,057)	(14,057)	-	(15,851)	(15,851)	-	(16,689)	(16,689)
Increase (decrease) in donor advised funds	-	(168,731)	(168,731)	-	(55,503)	(55,503)	-	(225,365)	(225,365)

(continued)

**BRETHREN IN CHRIST FOUNDATION, INC.**

STATEMENTS OF ACTIVITIES (Cont'd)

	Year Ended December 31, 2023			Year Ended December 31, 2022			Year Ended December 31, 2021		
	Brotherhood Loan Fund	Trust Fund	Total All Funds	Brotherhood Loan Fund	Trust Fund	Total All Funds	Brotherhood Loan Fund	Trust Fund	Total All Funds
Change in net assets without donor restrictions	93,205	(299,750)	(206,545)	46,890	(261,561)	(214,671)	214,119	(179,327)	34,792
Net assets with donor restrictions									
Farming income, net	40,686	-	40,686	41,669	-	41,669	34,086	-	34,086
Net assets released from restrictions	(41,000)	-	(41,000)	(41,500)	-	(41,500)	(34,000)	-	(34,000)
Change in net assets with donor restrictions	(314)	-	(314)	169	-	169	86	-	86
Change in net assets	92,891	(299,750)	(206,859)	47,059	(261,561)	(214,502)	214,205	(179,327)	34,878
Net assets - beginning	9,542,927	3,626,739	13,169,666	9,495,868	3,888,300	13,384,168	9,281,663	4,067,627	13,349,290
Net assets - ending	<u>\$ 9,635,818</u>	<u>\$ 3,326,989</u>	<u>\$ 12,962,807</u>	<u>\$ 9,542,927</u>	<u>\$ 3,626,739</u>	<u>\$ 13,169,666</u>	<u>\$ 9,495,868</u>	<u>\$ 3,888,300</u>	<u>\$ 13,384,168</u>

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

## BRETHREN IN CHRIST FOUNDATION, INC.

### STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2023			Year Ended December 31, 2022			Year Ended December 31, 2021		
	Brotherhood Loan Fund	Trust Fund	Total All Funds	Brotherhood Loan Fund	Trust Fund	Total All Funds	Brotherhood Loan Fund	Trust Fund	Total All Funds
Cash flows from operating activities									
Change in net assets	\$ 92,891	\$ (299,750)	\$ (206,859)	\$ 47,059	\$ (261,561)	\$ (214,502)	\$ 214,205	\$ (179,327)	\$ 34,878
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities									
Depreciation	54,277	-	54,277	57,068	-	57,068	64,850	-	64,850
Loss on disposal of property and equipment	-	-	-	6,054	-	6,054	-	-	-
Net unrealized and realized (gains) losses on investments	-	(2,185,111)	(2,185,111)	-	3,017,976	3,017,976	-	(2,184,170)	(2,184,170)
Provisions for loss on loans	17,305	(7,193)	10,112	(13,393)	(2,617)	(16,010)	(41,455)	10,368	(31,087)
(Increase) decrease in									
Accrued interest receivable	(139,372)	-	(139,372)	(68,043)	-	(68,043)	(51)	-	(51)
Other assets	(2,179)	(2,875)	(5,054)	(5,996)	(7,085)	(13,081)	(10,711)	(476)	(11,187)
Increase (decrease) in									
Accounts payable and other liabilities	2,583	9,359	11,942	(9,307)	394	(8,913)	10,486	2,778	13,264
Annuities payable	-	(42,552)	(42,552)	-	(139,339)	(139,339)	-	(41,662)	(41,662)
Net cash and cash equivalents provided by (used in) operating activities	<u>25,505</u>	<u>(2,528,122)</u>	<u>(2,502,617)</u>	<u>13,442</u>	<u>2,607,768</u>	<u>2,621,210</u>	<u>237,324</u>	<u>(2,392,489)</u>	<u>(2,155,165)</u>
Cash flows from investing activities									
Purchase of property and equipment	(136,424)	-	(136,424)	(40,067)	-	(40,067)	(9,913)	-	(9,913)
(Increase) decrease in loans	(922,715)	105,170	(817,545)	427,212	92,333	519,545	938,205	81,877	1,020,082
Net unrealized and realized (gains) losses on split-interest investments	-	(329,803)	(329,803)	-	439,002	439,002	-	(413,676)	(413,676)
Purchases of investments	-	(5,967,083)	(5,967,083)	-	(2,915,435)	(2,915,435)	-	(1,963,497)	(1,963,497)
Proceeds from sale of investments	-	3,249,628	3,249,628	-	2,698,409	2,698,409	-	4,607,102	4,607,102
Net cash and cash equivalents provided by (used in) investing activities	<u>(1,059,139)</u>	<u>(2,942,088)</u>	<u>(4,001,227)</u>	<u>387,145</u>	<u>314,309</u>	<u>701,454</u>	<u>928,292</u>	<u>2,311,806</u>	<u>3,240,098</u>
Cash flows from financing activities									
Net (increase) decrease in interfund	336,989	(336,989)	-	(54,347)	54,347	-	(19,127)	19,127	-
Debt securities									
Reinvested interest	1,240,130	-	1,240,130	860,434	-	860,434	837,014	-	837,014
Other net changes	(4,382,043)	-	(4,382,043)	(953,297)	-	(953,297)	670,515	-	670,515
Net increase (decrease) in									
CTF investment accounts	-	1,788,833	1,788,833	-	(3,754,338)	(3,754,338)	-	1,163,779	1,163,779
Individual retirement and health savings accounts	-	(223,123)	(223,123)	-	(158,360)	(158,360)	-	(128,248)	(128,248)
Split-interest agreements	-	20,138	20,138	-	(676,734)	(676,734)	-	(141,408)	(141,408)
Other funds held	-	281	281	-	(35)	(35)	-	(6)	(6)
Net cash and cash equivalents provided by (used in) financing activities	<u>(2,804,924)</u>	<u>1,249,140</u>	<u>(1,555,784)</u>	<u>(147,210)</u>	<u>(4,535,120)</u>	<u>(4,682,330)</u>	<u>1,488,402</u>	<u>913,244</u>	<u>2,401,646</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,838,558)</u>	<u>(4,221,070)</u>	<u>(8,059,628)</u>	<u>253,377</u>	<u>(1,613,043)</u>	<u>(1,359,666)</u>	<u>2,654,018</u>	<u>832,561</u>	<u>3,486,579</u>
Cash and cash equivalents - beginning	<u>19,597,344</u>	<u>5,436,359</u>	<u>25,033,703</u>	<u>19,343,967</u>	<u>7,049,402</u>	<u>26,393,369</u>	<u>16,689,949</u>	<u>6,216,841</u>	<u>22,906,790</u>
Cash and cash equivalents - ending	<u>\$ 15,758,786</u>	<u>\$ 1,215,289</u>	<u>\$ 16,974,075</u>	<u>\$ 19,597,344</u>	<u>\$ 5,436,359</u>	<u>\$ 25,033,703</u>	<u>\$ 19,343,967</u>	<u>\$ 7,049,402</u>	<u>\$ 26,393,369</u>

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

# BRETHREN IN CHRIST FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF ACCOUNTING POLICIES

#### *General*

Brethren in Christ Foundation, Inc. (Foundation) was established for the purpose of receiving, investing, and distributing funds for the benefit of the Brethren in Christ Church (Church). In certain instances, members of the Board of Directors of the Foundation are also members of the General Conference Board of the General Conference of the Church, which is the governing body of the Brethren in Christ religious denomination.

The Foundation focuses its efforts in two primary service areas that are reported in separate funds.

#### *Brotherhood Loan Fund*

The Brotherhood Loan Fund was established to provide financing for the purchase, construction, or renovation of churches, parsonages and other church-related projects. Funding for Brotherhood Loan Fund loans is primarily provided by debt securities sold to individual church members.

#### *Trust Fund*

The Trust Fund accounts for the administration of common trust fund investment accounts placed with it by church affiliated organizations. Certain loans to church affiliated organizations and individuals are issued from the Trust Fund. Split-interest trusts, for which the Foundation serves as trustee, are also accounted for in the Trust Fund. Additionally, the Trust Fund accounts for individual retirement accounts and health savings accounts of individual church members and church employees where the Foundation serves as custodian.

#### *Eliminations*

The Trust Fund invests individual retirement accounts and health savings accounts in certain assets of the Brotherhood Loan Fund. Therefore, the funds from these accounts are included as investments and liabilities in the Trust Fund and liabilities in the Brotherhood Loan Fund. The interfund investment and associated liabilities have been eliminated in the statements of financial position.

#### *Estimates*

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

# BRETHREN IN CHRIST FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### ***Financial Statement Presentation***

The Foundation reports information regarding its financial position and activities according to two classes of net assets: with or without donor restrictions. The Foundation utilizes fund accounting.

### ***Net Asset Classifications***

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

The Foundation administers a gift deposit account program (donor-advised funds). Donors make irrevocable and unconditional contributions accounted for in donor-advised funds that are controlled by the Foundation. Donors may recommend distributions to charitable organizations to the Foundation from the donor advised funds. The Foundation reports these donor-advised funds as net assets without donor restrictions.

In 2019, the Foundation agreed to Board designate any net assets without donor restriction other than those related to the donor advised funds which exceed five years' worth of operating expenses for the Trust Fund for the purpose of contributing on a discretionary basis those funds to the General Conference of the Brethren in Christ Church.

*Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

The Foundation's net assets with donor restrictions as of December 31, 2023 and 2022, consist of the following:

	2023	2022
Purpose restricted	\$ 24,983	\$ 25,297
Perpetually restricted	415,000	415,000
	<u>\$ 439,983</u>	<u>\$ 440,297</u>



## **BRETHREN IN CHRIST FOUNDATION, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

#### ***Cash and Cash Equivalents***

The Foundation considers all certificates of deposits and any highly liquid investments with an original maturity of three months or less to be cash equivalents.

#### ***Investments***

Investments are recorded at their fair values in the statements of financial position.

#### ***Loans Receivable and Interest on Loans***

Loans receivable are stated at unpaid principal balances, less the allowance for credit losses. Substantially all loans receivable are collateralized by deeds of trust on real properties (principally church buildings and ministers' homes) located throughout the United States. Loans generally require a loan-to-value ratio of no greater than 80%. Interest on loans receivable is recognized using the simple interest method.

Interest income generally is not recognized on specific impaired loans unless the likelihood of further loss is remote. Payments received on such loans are applied as a reduction of any accrued interest and the remainder of the payment is used to reduce the loan principal balance.

An allowance for credit losses is maintained at a level considered adequate to absorb loan losses. Management of the Foundation, in determining the allowance for credit losses, considers the risks inherent in its loan portfolio and changes in the nature and volume of its loan activities, along with general economic and real estate market conditions. In addition, management also considers its ability to work with delinquent borrowers through other units of the Church, Conference guarantees, and such other relevant factors that, in management's judgment, deserve recognition. The Foundation utilizes a two-tier approach: (1) identification of impaired loans and the establishment of specific loss allowances on such loans; and (2) establishment of general loss allowances on the remainder of its loan portfolio. The Foundation maintains a loan review system that allows for a periodic review of its loan portfolio and the early identification of potential impaired loans. The system takes into consideration, among other things: delinquency status, size of loans, type and estimated fair value of collateral, and financial condition of the borrowers. Specific loan loss allowances are established for identified losses based on a review of such information. General loan loss allowances are based on a combination of factors including, but not limited to, actual loan loss experience, composition of the loan portfolio, current economic conditions, and management's judgment. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated future cash flows. The allowance is increased (decreased) by a provision for credit losses, which is reported in the statements of activities, and reduced by charge-offs, net of recoveries.

#### ***Property and Equipment***

Acquisition of buildings, equipment, improvements, and expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Real estate, property, and equipment are recorded at cost or estimated fair value if donated. Depreciation is recognized in

## **BRETHREN IN CHRIST FOUNDATION, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

amounts calculated on a straight-line basis to amortize the cost or donated value of depreciable assets over their estimated useful lives.

#### ***Impairment***

The Foundation reviews its long-lived assets for impairment on an exception basis whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through future cash flows. If it is determined that an impairment loss has occurred, based on the expected cash flows, then a loss is recognized in the statements of activities. No impairment loss was incurred during the years ending December 31, 2023, 2022, and 2021.

#### ***Common Trust Funds (CTF) Investment Accounts***

Brethren in Christ churches, church agencies, and other eligible tax-exempt organizations place funds with the Foundation for investment in CTFs. The Foundation has established CTFs with specific investment objectives and investment policies. CTFs are separate accounting designations within the Foundation for jointly invested assets.

The Foundation records the allocation of CTF total investment returns, net of service fees, to CTF investment accounts in the statements of activities as an increase in net assets without donor restrictions. Allocations to individual CTF investment accounts are made monthly based on average daily balances. Deposits can be made at any time. Withdrawals are permitted up to the total account balance at the end of each month after re-pricing to market value.

#### ***Individual Retirement and Health Savings Accounts***

The Foundation offers Individual Retirement Accounts and Health Savings Accounts to certain investors affiliated with the Church. These accounts are held in the Trust Fund.

#### ***Split-Interest Trusts***

The Foundation serves as trustee for charitable remainder unitrusts and charitable lead trusts (trusts). Annual and final distributions from the trusts are made to charitable and non-charitable beneficiaries. The grantor generally retains the right to change charitable beneficiaries during the term of the trust. Liabilities for split-interest trusts are recorded in the statements of financial position at the fair value of the trust assets. The Foundation recognizes contributions from split-interest trusts when distributed to the Foundation.

The assets held in split-interest trusts are restricted and are generally invested in the Foundation's CTFs. Changes in split-interest trust restricted assets from the allocation of CTF's total investment returns, net of service fees, and other investment income increase or decrease the split-interest agreement liabilities in the statements of financial position.

## **BRETHREN IN CHRIST FOUNDATION, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

#### ***Annuities Payable***

The Foundation sells charitable gift annuities to individual members of the Church. The annuities provide for lifetime payments to the annuitant based upon standard rates set by the American Council on Gift Annuities. Upon the death of the annuitant, the carrying amount of the annuity is payable to the annuitant's charitable beneficiaries (generally organizations affiliated with the Church).

At the effective date of the annuity agreement, the Foundation records a liability equal to the present value of the estimated future payments to annuitants and charitable beneficiaries. The Foundation's portion of the charitable beneficiary designation is recorded as a contribution without donor restrictions. The liability is annually re-valued at the statement of financial position date using the original discount rate and current mortality tables.

#### ***Contributions***

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

#### ***Income Taxes***

The Foundation is a not-for-profit organization exempt from federal and state income taxes pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code.

The Foundation adheres to the provisions of Financial Accounting Standards Board (FASB) Codification 740, *Income Taxes*. ASC 740 prescribes a comprehensive model for financial statement recognition, measurement, classification, and disclosure of uncertain tax positions. The Foundation has concluded that it does not have any uncertain tax positions that require recognition or disclosure in the financial statements. Management believes it is no longer subject to income tax examinations for years prior to 2020.

#### ***Related Party Transactions***

Substantially all transactions are with members of, or organizations affiliated with, the Church. The Foundation has a shared services agreement with the Church whereby certain staff, office support, and operational management is shared from time to time. The agreement results in service fees, net on the Foundation's statements of activities.

In 2021, 2022, and 2023, the Foundation made discretionary contributions to the Church from the Brotherhood Loan Fund that totaled \$304,130, \$962 and \$35, respectfully.

#### ***Subsequent Events***

Management evaluated subsequent events through March 5, 2024, the date the financial statements were available to be issued.

## BRETHREN IN CHRIST FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 2. LIQUIDITY AND AVAILABILITY

The financial assets as of December 31, 2023 and 2022, which are available for general expenditures within one year of the statements of financial position dates comprise the following:

	<u>2023</u>	<u>2022</u>
Total cash and cash equivalents	\$ 16,974,075	\$ 25,033,703
Less:		
Cash held to fund debt securities withdrawals (see Note 8)	(5,974,834)	(6,717,449)
Cash restricted in trust fund	(160,342)	(4,150,271)
Cash board designated in trust fund	<u>-</u>	<u>(242,764)</u>
Add:		
Loans receivable to be collected within a year	1,188,292	1,194,780
Accrued interest	207,466	68,094
Other receivables to be collected within a year	<u>38,496</u>	<u>39,796</u>
	<u>\$ 12,273,154</u>	<u>\$ 15,225,889</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Foundation has a revolving line of credit with First Commonwealth bank in the amount of \$3,000,000, which it could draw upon as further disclosed in Note 10.

## BRETHREN IN CHRIST FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 3. CASH AND CASH EQUIVALENTS

The Foundation utilizes a cash management system to invest excess cash deposits.

Cash and cash equivalents consist of the following as of December 31, 2023 and 2022:

	Brotherhood Loan Fund	
	2023	2022
Interest-bearing checking accounts	\$ 2,258,786	\$ 4,597,344
Certificates of deposit	13,500,000	15,000,000
	<u>\$ 15,758,786</u>	<u>\$ 19,597,344</u>
	Trust Fund	
	2023	2022
Interest-bearing checking accounts	\$ 415,051	\$ 4,941,715
Money market funds	800,238	494,644
	<u>\$ 1,215,289</u>	<u>\$ 5,436,359</u>

The Foundation is exposed to credit risk by maintaining cash balances at financial institutions in excess of federally insured limits.

**BRETHREN IN CHRIST FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

**4. INVESTMENTS**

The cost and fair values of investments at December 31, 2023 and 2022, are as follows:

December 31, 2023	Cost	Net Unrealized Gains/(Losses)	Fair Value
Mutual funds			
International	\$ 1,174,306	\$ 436,601	\$ 1,610,907
Intermediate bonds - government	23,598	(872)	22,726
Large cap	3,700,047	2,834,820	6,534,867
Mid cap	1,182,836	(191,390)	991,446
Small cap	41,484	36,371	77,855
Money market	3,453,150	-	3,453,150
Short-term bonds	2,180,660	(7,054)	2,173,606
Short-term bonds - government	550,385	(30,732)	519,653
Emerging markets	284,583	21,039	305,622
<b>Total mutual funds</b>	<b>12,591,049</b>	<b>3,098,783</b>	<b>15,689,832</b>
Cash value of life insurance	38,587	-	38,587
Investor-directed mutual funds			
International	1,131,085	73,647	1,204,732
Intermediate bonds	834,004	(75,041)	758,963
Intermediate bonds - government	90,888	(10,394)	80,494
Large cap	1,554,572	733,307	2,287,879
Mid cap	173,002	(25,359)	147,643
Small cap	5,818	1,961	7,779
Money market	1,373,179	-	1,373,179
Short-term bonds	251,371	(12,326)	239,045
Short-term bonds - government	71,041	(4,429)	66,612
Emerging markets	48,214	(1,662)	46,552
High yield bonds	5,522	(253)	5,269
World bonds	340,513	(31,801)	308,712
<b>Total investor-directed mutual funds</b>	<b>5,879,209</b>	<b>647,650</b>	<b>6,526,859</b>
	<b>\$ 18,508,845</b>	<b>\$ 3,746,433</b>	<b>\$ 22,255,278</b>

**BRETHREN IN CHRIST FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2022	Cost	Net Unrealized Gains/(Losses)	Fair Value
Mutual funds			
International	\$ 1,478,130	\$ 247,426	\$ 1,725,556
Intermediate bonds - government	222,237	(29,024)	193,213
Large cap	3,642,639	1,785,329	5,427,968
Mid cap	1,015,297	(190,426)	824,871
Small cap	43,713	30,918	74,631
Money market	740	-	740
Short-term bonds	2,105,671	(67,824)	2,037,847
Short-term bonds - government	604,708	(42,336)	562,372
<b>Total mutual funds</b>	<b>9,113,135</b>	<b>1,734,063</b>	<b>10,847,198</b>
Cash value of life insurance	36,479	-	36,479
Common Stock	89,190	-	89,190
Investor-directed mutual funds			
International	1,396,426	(96,551)	1,299,875
Intermediate bonds	835,346	(96,318)	739,028
Intermediate bonds - government	90,086	(12,058)	78,028
Large cap	1,584,974	404,423	1,989,397
Mid cap	150,695	(25,995)	124,700
Small cap	5,536	1,346	6,882
Money market	985,378	-	985,378
Short-term bonds	243,495	(19,012)	224,483
Short-term bonds - government	68,813	(4,703)	64,110
Emerging markets	7,626	(2,236)	5,390
High yield bonds	5,635	(541)	5,094
World bonds	351,729	(47,175)	304,554
<b>Total investor-directed mutual funds</b>	<b>5,725,739</b>	<b>101,180</b>	<b>5,826,919</b>
	<b>\$ 14,964,543</b>	<b>\$ 1,835,243</b>	<b>\$ 16,799,786</b>

**5. LOANS RECEIVABLE**

Loans receivable consist primarily of amounts owed by churches affiliated with the Brethren in Christ denomination on loans made by the Foundation for the purpose of church construction or improvements. The loans mature at various dates through the year 2054 and bear interest rates

## BRETHREN IN CHRIST FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

ranging from 4.75% to 6.70%. Certain loans are also guaranteed by the general and regional Conferences of the Church.

During 2023, the Foundation generally had secured Trust Fund loans bearing annual interest at the rate of 5.50% to 8.50% to Church members and unrelated parties.

The calculation for the allowance for credit losses is dependent on the amount guaranteed by the General and Regional Conferences (Conferences). At December 31, 2023 and 2022, Brotherhood Loan Fund loans were partially guaranteed by the Conferences totaling \$6,532,670 and \$6,633,309. At December 31, 2023 and 2022, Trust Loan Fund loans were partially guaranteed by the Conferences totaling \$392,053 and \$433,090.

An analysis of changes in the allowance for credit losses for 2023, 2022, and 2021, is as follows:

	Brotherhood Loan Fund	Trust Fund	Total
Allowance for credit losses, January 1, 2021	\$ 256,209	\$ 4,539	\$ 260,748
Change in provisions for credit losses	<u>(41,455)</u>	<u>10,368</u>	<u>(31,087)</u>
Allowance for credit losses, December 31, 2021	214,754	14,907	229,661
Change in provisions for credit losses	<u>(13,393)</u>	<u>(2,617)</u>	<u>(16,010)</u>
Allowance for credit losses, December 31, 2022	201,361	12,290	213,651
Change in provisions for credit losses	<u>17,305</u>	<u>(7,193)</u>	<u>10,112</u>
Allowance for credit losses, December 31, 2023	<u>\$ 218,666</u>	<u>\$ 5,097</u>	<u>\$ 223,763</u>

At December 31, 2023 and 2022, there was no recorded investments in impaired loans. There was no interest income recognized on impaired loans in 2023, 2022, and 2021.



**BRETHREN IN CHRIST FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

Scheduled repayments of loans receivable over the next five years and thereafter as of December 31, 2023, is as follows:

	Brotherhood Loan Fund	Trust Fund	Total
2024	\$ 1,116,479	\$ 71,813	\$ 1,188,292
2025	1,167,593	46,897	1,214,490
2026	1,229,192	50,236	1,279,428
2027	1,280,035	49,042	1,329,077
2028	1,345,436	53,181	1,398,617
Thereafter	33,012,175	149,323	33,161,498
	39,150,910	420,492	39,571,402
Allowance for credit losses	(218,666)	(5,097)	(223,763)
Loans, net	\$ 38,932,244	\$ 415,395	\$ 39,347,639

**6. PROPERTY AND EQUIPMENT**

A summary of property and equipment at December 31, 2023 and 2022, is as follows:

	Useful Lives	2023	2022
Office building and improvements	10-40 years	\$ 1,044,478	\$ 1,013,047
Farm – with donor restriction	N/A	415,000	415,000
Furniture and equipment	3-5 years	380,926	342,563
Accumulated depreciation		(974,632)	(986,985)
		\$ 865,772	\$ 783,625

Depreciation expense for the years ended December 31, 2023, 2022, and 2021, totaled \$54,277, \$57,068, and \$64,850.

**7. NET ASSETS WITH DONOR RESTRICTIONS**

In 1981, property with an appraised value of \$415,000 was transferred to the Foundation from the General Conference. The property is held by the Foundation as Trustee, and court approval must be obtained prior to any sale of the property. Net income derived from farming the property is contributed to Church Missions. At such time as the property is sold, the corpus will be managed by the Foundation and the earnings distributed to Church Missions.

**BRETHREN IN CHRIST FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

**8. DEBT SECURITIES**

The Foundation has received approval from certain states for the sale of Demand Certificates (previously known as Thrift Accumulation Plan Agreements), Term Certificates (previously known as Stewardship Investment Certificates), and Individual Retirement Account Notes (Notes) to individuals affiliated with the Church. The principal terms of these instruments as of December 31, 2023, are as follows:

	Demand Certificates	Term Certificates
Minimum purchase	\$5	\$25
Term	30 days	6 months to 5 years
Interest rate at December 31, 2023	Variable, currently 0.00% to 2.76%	Variable, currently 0% to 4.46%

Notes have a minimum purchase of \$25 or the balance of an individual's IRA, whichever is less, and are generally issued for a minimum of the lesser of five years or holders reaching 59½ years of age. Interest is variable on 5 and 10 year Notes (currently at 4.46% and 4.89%) and is added to the principal on a monthly basis.

Demand and Term Certificates, and Notes outstanding at December 31, 2023, have maturity dates and amounts as follows:

2024	\$ 17,215,632
2025	8,175,419
2026	5,454,378
2027	9,013,028
2028	4,724,421
Thereafter	1,390,671
<b>Total</b>	<b>\$ 45,973,549</b>

The interest rate on these savings instruments may be adjusted monthly by the Board of Directors to reflect current market conditions.

The Foundation holds a minimum of 5%, 10%, and 25% of the proceeds from the sale of Notes, Term Certificates, and Demand Certificates, respectively, in cash accounts and certificates of deposits for immediate liquidity to fund withdrawals from the Brotherhood Loan Fund. Such minimum amounts totaled \$5,974,834 and \$6,717,449, at December 31, 2023 and 2022.

**BRETHREN IN CHRIST FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

**9. SPLIT-INTEREST AGREEMENTS**

*Split-interest Trusts*

Split-interest trust restricted assets consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 240,336	\$ 442,612
Investments	<u>2,059,895</u>	<u>1,837,481</u>
	<u>\$ 2,300,231</u>	<u>\$ 2,280,093</u>

Liabilities for split-interest trusts totaled \$2,300,231 and \$2,280,093 at December 31, 2023 and 2022.

*Annuities Payable*

Assets received under charitable gift annuity agreements are held as general assets of the Foundation.

Annuities payable at December 31, 2023 and 2022, totaled \$678,947 and \$721,499 and were determined using discount rates ranging from 2.0% to 8.4%. The change in the Foundation's portion of the liability is recorded as a change in net assets without donor restrictions and totaled \$(457), \$(57,505), and \$(5,597), for the years ended December 31, 2023, 2022, and 2021.

**10. LINE OF CREDIT**

The Foundation currently has available for its use a revolving line of credit with First Commonwealth Bank in the amount of \$3,000,000. All amounts borrowed under the revolving line of credit are payable on demand and bear interest at the Wall Street Journal Prime Rate. Advances under the line of credit shall be used to finance timing differences between deposits gathered and loans funded. Interest is to be calculated on the outstanding principal balance for the actual number of days lapsed during each billing cycle at a daily rate based on a year of 360 days. At December 31, 2023 and 2022, no amounts were outstanding on the line of credit.

**11. FUNCTIONAL EXPENSE ALLOCATION**

The costs of providing programs and other supporting activities have been summarized on a functional basis below. Accordingly, certain costs have been allocated among programs and the supporting

**BRETHREN IN CHRIST FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Allocation Method</u>
Professional services	Benefits received
Salaries and benefits	Time and effort
Depreciation	Benefits received
General and administrative	Benefits received

<u>2023</u>	<u>BLF</u>	<u>Trust Fund</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total All Funds</u>
Distributions to charities	\$ 345,164	\$1,225,483	\$ -	\$ -	\$ 1,570,647
Interest	1,408,651	-	-	-	1,408,651
Professional services	50,194	-	40,030	-	90,224
Salaries and benefits	391,045	159,330	258,601	16,900	825,876
Depreciation	36,366	-	17,368	543	54,277
General and administrative	102,297	113,488	70,758	4,980	291,523
Matching grant	15,297	-	-	-	15,297
Change in provisions for credit losses	17,305	(7,193)	-	-	10,112
<b>Total expenses</b>	<b>\$ 2,366,319</b>	<b>\$1,491,108</b>	<b>\$ 386,757</b>	<b>\$ 22,423</b>	<b>\$ 4,266,607</b>

<u>2022</u>	<u>BLF</u>	<u>Trust Fund</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total All Funds</u>
Distributions to charities	\$ 42,462	\$ 197,689	\$ -	\$ -	\$ 240,151
Interest	994,648	-	-	-	994,648
Professional services	38,780	-	37,941	-	76,721
Salaries and benefits	351,672	170,697	246,333	16,202	784,904
Depreciation	38,235	-	18,262	571	57,068
General and administrative	93,677	89,433	72,390	8,369	263,869
Matching grant	3,244	-	-	-	3,244
Change in provisions for credit losses	(13,393)	(2,617)	-	-	(16,010)
Loss on disposal of property and equipment	-	-	6,054	-	6,054
<b>Total expenses</b>	<b>\$ 1,549,325</b>	<b>\$ 455,202</b>	<b>\$ 380,980</b>	<b>\$ 25,142</b>	<b>\$ 2,410,649</b>

## BRETHREN IN CHRIST FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

2021	BLF	Trust Fund	Management and General	Fundraising	Total All Funds
Distributions to charities	\$ 34,025	\$ 36,195	\$ -	\$ -	\$ 70,220
Interest	928,379	-	-	-	928,379
Professional services	35,038	1,918	31,170	-	68,126
Salaries and benefits	299,444	143,102	213,517	17,619	673,682
Depreciation	42,801	-	20,752	1,297	64,850
General and administrative	74,035	67,525	41,008	8,938	191,506
Matching grant	8,500	-	-	-	8,500
Change in provisions for credit losses	(41,455)	10,368	-	-	(31,087)
Total expenses	<u>\$ 1,380,767</u>	<u>\$ 59,108</u>	<u>\$ 306,447</u>	<u>\$ 27,854</u>	<u>\$ 1,974,176</u>

#### 12. RETIREMENT PLAN

The Foundation maintains a defined contribution employee pension plan that is available to all employees. During 2021, 2022, and 2023, the employer rate was 5.0% of eligible compensation plus a match of employee contributions up to 5.0% for all full-time employees. For the years ended December 31, 2023, 2022, and 2021, retirement plan expenses of \$53,623, \$51,237, and \$44,494 were included in employee benefits.

#### 13. CASH FLOW INFORMATION

Amounts paid for interest were as follows:

	2023	2022	2021
Brotherhood Loan Fund	<u>\$ 1,408,651</u>	<u>\$ 994,648</u>	<u>\$ 928,378</u>

Interest re-invested by holders of debt securities in the Brotherhood Loan Fund totaled \$1,240,130, \$860,434, and \$837,014 during the years ended December 31, 2023, 2022, and 2021.

#### 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* (ASC 820), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

## BRETHREN IN CHRIST FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation 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.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

An asset 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

The cash value of life insurance policies are valued at the amount the Foundation is entitled to receive upon cancellation of the life insurance policy. That amount is based on the insurance premiums paid, the value of underlying investments, surrender fees, and reduced by outstanding policy loans.

Common stocks are valued at the closing price reported on the active market on which the individual securities are traded.

The fair values of CTF investment accounts and other funds held are based on net asset values of assets allocated to the CTF.

The fair values of split-interest trusts are based on the net asset values of the trust assets.

**BRETHREN IN CHRIST FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

For assets and liabilities measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used as of December 31, 2023 and 2022, are as follows:

2023	Level 1	Level 2	Level 3	Total
Mutual funds				
International	\$ 2,815,639	\$ -	\$ -	\$ 2,815,639
Intermediate fixed income	758,963	-	-	758,963
Intermediate fixed income - government	103,220	-	-	103,220
Large cap	8,822,746	-	-	8,822,746
Mid cap	1,139,089	-	-	1,139,089
Small cap	85,634	-	-	85,634
Money market	4,826,329	-	-	4,826,329
Short-term fixed income	2,412,651	-	-	2,412,651
Short-term fixed income - government	586,265	-	-	586,265
Emerging markets	352,174	-	-	352,174
High yield fixed income	5,269	-	-	5,269
World fixed income	308,712	-	-	308,712
Total mutual funds	22,216,691	-	-	22,216,691
Cash value of life insurance	-	-	38,587	38,587
Total investments	<u>\$ 22,216,691</u>	<u>\$ -</u>	<u>\$ 38,587</u>	<u>\$ 22,255,278</u>
CTF investments	\$ -	\$ 17,761,306	\$ -	\$ 17,761,306
Split-interest trusts	-	2,300,231	-	2,300,231
Other funds held	-	9,483	-	9,483
Total liabilities	<u>\$ -</u>	<u>\$ 20,071,020</u>	<u>\$ -</u>	<u>\$ 20,071,020</u>

**BRETHREN IN CHRIST FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
International	\$ 3,025,431	\$ -	\$ -	\$ 3,025,431
Intermediate fixed Income	739,028	-	-	739,028
Intermediate fixed income - government	271,241	-	-	271,241
Large cap	7,417,365	-	-	7,417,365
Mid cap	949,571	-	-	949,571
Small cap	81,513	-	-	81,513
Money market	986,118	-	-	986,118
Short-term fixed income	2,262,330	-	-	2,262,330
Short-term fixed income - government	626,482	-	-	626,482
Emerging markets	5,390	-	-	5,390
High yield fixed income	5,094	-	-	5,094
World fixed income	304,554	-	-	304,554
Total mutual funds	16,674,117	-	-	16,674,117
Cash value of life insurance	-	-	36,479	36,479
Common stocks	89,190	-	-	89,190
Total investments	<u>\$ 16,763,307</u>	<u>\$ -</u>	<u>\$ 36,479</u>	<u>\$ 16,799,786</u>
CTF investments	\$ -	\$ 15,972,473	\$ -	\$ 15,972,473
Split-interest trusts	-	2,280,093	-	2,280,093
Other funds held	-	9,202	-	9,202
Total liabilities	<u>\$ -</u>	<u>\$ 18,261,768</u>	<u>\$ -</u>	<u>\$ 18,261,768</u>



## BRETHREN IN CHRIST FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 assets for the years ended December 31, 2023, 2022, and 2021:

	Life Insurance Policies		
	2023	2022	2021
Balance, beginning of year	\$ 36,479	\$ 34,419	\$ 32,452
Premiums paid	532	532	532
Gains and premium discounts	1,576	1,528	1,435
Balance, end of year	<u>\$ 38,587</u>	<u>\$ 36,479</u>	<u>\$ 34,419</u>

The Foundation's financial instruments also include cash and cash equivalents, loans receivable and accrued interest receivable, accounts payable and other liabilities, debt securities, and individual retirement and health savings accounts. The carrying amounts of cash and cash equivalents, accrued interest receivable and accounts payable and other liabilities approximate fair values as of December 31, 2023 and 2022, because of the short maturities of those instruments. The carrying amounts of loans receivable, debt securities and individual retirement and health savings accounts are considered to approximate fair values as of December 31, 2023 and 2022, since they are subject to interest rates, which vary depending on market conditions.



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**CONSENT TO ELECTRONIC DELIVERY OF PROSPECTUS AND FINANCIAL STATEMENTS**

By opting to be notified by email when the Brethren in Christ Foundation, Inc.'s (the "Foundation") annual Prospectus and Financial Statements are ready to view online, you will allow the Foundation to save money used for printing and apply it towards the Foundation's other ministries.

To receive notification that these documents are available online, please complete and sign this form:

**Account Holder Name:**

**Email:**

\_\_\_\_\_

\_\_\_\_\_

**Address:**

**Phone Number:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

You may withdraw your consent at any time by giving notice to the Foundation in writing or by telephone at the following:

**Brethren in Christ Foundation, Inc.  
431 Grantham Road  
Mechanicsburg, PA 17055  
Phone (717) 796-4788  
info@bicfoundation.org**

You also may request a paper copy of the Foundation's Prospectus and Financial Statements which will be provided without charge. If your e-mail address changes, you must provide us with the new address as soon as possible after the change by giving us notice by e-mail or mail to the address shown above.

**In lieu of receiving a mailed copy of the Foundation's annual Prospectus and Audited Financial Statements, I consent to the Foundation notifying me when the Foundation's annual Prospectus and Financial Statements are available for review on the Foundation's website, and consider the email delivered to the email address listed above as acknowledgement of their delivery. I understand that I may revoke my consent for electronic notification by contacting the Foundation.**

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_