The Reformed Church in America Church Growth Fund, Inc. (CGF) is a nonprofit corporation that functions under the supervision of the RCA General Synod. The CGF supports the work of the denomination by making affordable-rate loans to RCA churches and related agencies for the purchase, construction, and improvement of buildings and other properties used in their ministries. The CGF loan programs offer unsecured loans up to $200,000 and secured borrowing up to $5 million.

As a primary source of funding for loans, the CGF sells interest-bearing investments called savings certificates. The CGF offers two types of savings certificates:

1. Term savings certificates, which are available in maturities from one to ten years.
2. Demand savings certificates, which allow the investment of additional funds and the redemption of amounts in the certificate (subject to the limits described in the CGF Offering Circular).

As a way to further support the denomination, the CGF contributes a portion of its earnings annually to the General Synod Council (GSC), which awards the funds as grants to support RCA Church Multiplication. In 2014, as a way to support Transformed & Transforming (the RCA’s 15-year ministry goal), the CGF began making additional contributions to the GSC for what became known as the Next Generation Missional Engagement Fund, providing scholarships to middle schoolers through post-college young adults to cover part of the cost of mission trips, internships, disaster response work, vision and study tours, and missional training experiences.

The CGF has been the catalyst and financial supporter of a new grant program from which a flourishing church can receive funds for building improvements that allow the congregation to continue, enhance, and expand ministry. This program will be implemented in 2018.

More specific information on CGF loans and how to invest in savings certificates is available on the CGF website at www.rca.org/cgf.

**Assets**

In the fiscal year ending September 30, 2017 (FY17), assets grew slightly by $481,758 (0.60 percent) to $79,782,736. CGF assets at the end of FY17 consisted primarily of loans of $56.2 million and cash and investments of $24.6 million. Loans during FY17 increased by $3 million (6 percent) as the CGF funded $8.8 million in new loans to 20 churches and received principal payments of $5.8 million from existing borrowers.

The overall financial health of CGF church borrowers is strong as the U.S. economy continues its steady growth. This has resulted in few delinquent loans in the CGF portfolio and contributed to the CGF continuing its long history of never having experienced a loan principal loss. We continue to have a few church borrowers that are challenged to repay their loans, and the CGF works in partnership with these affected congregations by restructuring debt repayment terms to ensure viable continuance of their ministries.

**Savings Certificates**

At year end, FY17 savings certificate investment was at $35,079,869, representing a small decrease of $771,792 (2 percent) from the previous year. Savings certificate investors continue to recognize the favorable return received on their funds as well as how their
investment supports the mission of the CGF. Funds received from investment in savings certificates are used primarily by the CGF to make loans to RCA congregations throughout the United States, its territories, and Canada.

CGF savings certificates are state-regulated securities. Currently the CGF is authorized to sell savings certificates in 27 states, which are listed on its website at www.rca.org/cgf. Rates of interest paid on savings certificates, along with other information on the CGF and how to invest in savings certificates, can also be found on the website.

Earnings

In FY17, the CGF showed net earnings of $1,706,426 before making its annual contribution to the GSC for church ministry grants, a decrease of $248,413 (13 percent) from the previous year. Net earnings after grant contributions were $1,235,426, a decrease of $317,413 (20 percent) from the previous year.

The lower earnings in FY17 compared to FY16 was a result of decreasing interest rates in FY16, which increased the value of fixed income investments, creating significant unrealized gains that contributed to higher net earnings.

Ministry Grants

In 1999, the CGF began contributing a portion of its earnings to the GSC to be used for grants to new church plants in support of the RCA’s ten-year ministry goal, Our Call. With Our Call now complete, the CGF has continued its support of RCA church planting initiatives and will continue to do so through Transformed & Transforming. Since 1999, the CGF has contributed $5 million to support RCA Church Multiplication with grants made with those funds to more than 250 church plants. In FY17, the CGF contributed $96,000 for church plant grants.

In FY17, the CGF also continued its annual $50,000 contribution in support of the Next Generation Missional Engagement Fund. Since the inception of the program in 2015, the CGF has been the fund’s primary financial supporter, with total contributions of $150,000.

General Synod 2017 approved a program named Cultivate, in which young adults in the denomination can experience a longer-term missional experience by partnering with RCA missionaries throughout the world. The CGF provided $75,000 of seed money to launch this new program.

In 2015, the denomination launched Called: The RCA’s Campaign for Transformed & Transforming, a $6.5-million capital campaign supporting Transformed & Transforming. In FY17, the CGF contributed $250,000 to the campaign to help it reach completion and achievement of its financial goal.

In total, the CGF contributed $471,000 to support RCA ministry in FY17.

Financial Strength

One measure of the financial strength of an entity is its level of net assets, also known as capital or equity. As of September 30, 2017, the CGF had capital of $44,580,946, which represents the accumulation of earnings and contributions received over its years of operations.
The funds received from savings certificates are used by the CGF primarily to make loans to RCA churches. The ability of the CGF to repay savings certificate investors is related to its level of capital, net earnings, as well as repayment of the loans funded from certificate investment dollars. CGF loans are typically secured by first mortgages on church facilities. The CGF follows strict guidelines in approving loans to make sure congregations can sustain such debt payments. While past performance is no guarantee of future events, the CGF has never experienced a loss of principal on any loan. No CGF savings certificate investor has ever experienced a loss of investment or missed receiving an interest payment.

Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>$79,782,736</td>
<td>$79,300,978</td>
</tr>
<tr>
<td>Net assets (capital)</td>
<td>$44,580,946</td>
<td>$43,345,520</td>
</tr>
<tr>
<td>Savings certificates outstanding</td>
<td>$35,079,869</td>
<td>$35,851,661</td>
</tr>
<tr>
<td>Number of churches with loans</td>
<td>104</td>
<td>96</td>
</tr>
<tr>
<td>Dollar amount of loans outstanding</td>
<td>$56,170,269</td>
<td>$53,091,170</td>
</tr>
<tr>
<td>Number of loans funded in year</td>
<td>20</td>
<td>16</td>
</tr>
<tr>
<td>Dollar amount of loans funded in year</td>
<td>$8,847,539</td>
<td>$10,080,846</td>
</tr>
<tr>
<td>Net earnings before ministry grants</td>
<td>$1,706,426</td>
<td>$1,954,840</td>
</tr>
<tr>
<td>Contributions to GSC for ministry grants</td>
<td>$471,000</td>
<td>$402,000</td>
</tr>
</tbody>
</table>

Future CGF Activity

The CGF will continue to follow its primary mission of providing affordable-rate loans to RCA churches for the purchase, construction, and improvement of buildings used in ministry. The CGF has also set as a goal the ability to contribute increasing amounts to the GSC for ministry grants to support growing church planting initiatives, the popularity and growing number of requests for Next Generation Missional Engagement Fund scholarships, and the newest program to provide grants to churches in need of building renovation for ministry.

As a way to meet the financial needs of these ministry grant programs, the CGF board in FY17 approved an increase to its annual contribution amount of up to 50 percent of net earnings.

To meet the goal of larger contributions to the GSC, the CGF needs to increase earnings, which can be done primarily through growing its loan portfolio. A larger loan portfolio needs to be funded primarily from growth in the sale of savings certificates.

The CGF will continue to implement marketing programs as a way to create a greater awareness within the denomination of the organization, its products, and how borrowing churches and investors can benefit through them.