Report of the Church Growth Fund

The Reformed Church in America Church Growth Fund, Inc. (CGF) is a non-profit 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 $5,000,000.

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 ministry grants for three RCA programs:

- Church Multiplication, from which church plants receive grant funding to cover the cost of expenses.
- The Next Generation Missional Engagement Fund, which provides scholarships to youth and young adults to cover part of the cost of mission trips and internships, disaster response work, vision and study tours, and missional training experiences.
- The Flourishing Churches grant program, from which economically challenged RCA congregations can receive grant funding for facility improvements, allowing for continuation, enhancement, and expansion of ministry.

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, 2018 (FY18), assets decreased slightly by $944,739 (1 percent) to $78,837,997. CGF assets at the end of FY18 consisted primarily of loans of $60.5 million and cash and investments of $19.3 million. Loans during FY18 increased by $4.4 million (8 percent) as the CGF funded $13.3 million in new loans to 26 RCA churches and related agencies while receiving $8.9 million in loan principal payments 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 FY18, the CGF had savings certificate investments of $33,329,999, representing a decrease of $1,749,870 (5 percent) from the previous year as several
churches redeemed funds to pay for planned building projects. 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 and Canada.

CGF savings certificates are state-regulated securities. Currently, the CGF is authorized to sell savings certificates in 26 states, which are listed on 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 FY18, the CGF showed net earnings of $1,607,525 before making discretionary contributions to the GSC for church ministry grants, a decrease of $98,901 (6 percent) from the previous year. Net earnings after grant contributions were $821,525, a decrease of $413,901 (33 percent) from the previous year.

The lower earnings in FY18 compared to FY17 was a result of increases in interest rates during the year, which decreased the value of fixed income investments, creating significant unrealized losses that contributed to the lower 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 Our Call initiative. 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 $5.3 million to support RCA Church Multiplication; more than 250 church plants have received grants from these funds. In FY18, the CGF contributed $386,000 for church plant grants.

In FY18, the CGF also continued its annual support of the Next Generation Missional Engagement Fund with a contribution of $100,000. Since the inception of the program in 2015, the CGF has been its primary financial supporter, with total contributions of $250,000, resulting in 270 scholarships that have benefitted 1,796 young people in the RCA.

In FY18, the Flourishing Church grant program was launched, with seven congregations receiving grants up to $50,000 for facility improvement.

In FY18, the CGF contributed a total of $786,000 to support RCA ministry.

Financial Strength

One measure of financial strength of an entity is its level of net assets, also known as capital or equity. As of September 30, 2018, the CGF had capital of $45,402,471, which represents the accumulation of earnings and contributions received over its years of operation.

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, and 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**

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<tr>
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<th>FY 2018</th>
<th>FY 2017</th>
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<tbody>
<tr>
<td>Total Assets</td>
<td>$78,837,997</td>
<td>$79,782,736</td>
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<tr>
<td>Net Assets (Capital)</td>
<td>$45,402,471</td>
<td>$44,580,946</td>
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<tr>
<td>Savings Certificates Outstanding</td>
<td>$33,329,999</td>
<td>$35,079,869</td>
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<tr>
<td>Number of Churches with Loans</td>
<td>110</td>
<td>104</td>
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<td>Dollar Value of Loans Outstanding</td>
<td>$60,523,803</td>
<td>$56,170,269</td>
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<td>Number of Loans Funded in Year</td>
<td>26</td>
<td>20</td>
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<tr>
<td>Dollar Amount of Loans Funded in Year</td>
<td>$13,327,916</td>
<td>$8,847,539</td>
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<tr>
<td>Net Earnings Before Church Multiplication Grant</td>
<td>$1,607,525</td>
<td>$1,706,426</td>
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<td>Contributions to GSC for Ministry Grants</td>
<td>$786,000</td>
<td>$471,000</td>
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**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 flourishing but financially challenged churches in need of building renovation for ministry.

To meet the goal of larger contributions to the GSC, the CGF is focused on growing its loan portfolio and its savings certificate program as a way to fund those loans. The CGF will continue to implement marketing programs as a way to create greater awareness within the denomination of the organization, its loan and savings certificate programs, and the benefits of borrowing from the CGF and investing in its savings certificates.