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OFFERING CIRCULAR
$75,000,000
IN INVESTMENT CERTIFICATES

We – The Free Methodist Foundation, doing business as "**FM Financial**" – are offering for sale $75,000,000 of Investment Certificates ("**Certificates**") to raise money to make loans primarily to churches and agencies related to the Free Methodist Church - USA ("**FMCUSA**") through the Free Methodist Investment & Loan Fund ("**FMLF**") and to assist in supporting our mission of managing selected financial affairs of FMCUSA. Flexible Certificates, Series F Institutional Certificates and Series P Institutional Certificates have variable interest rates; Term Certificates have fixed interest rates. Interest rates, minimum investment amounts, and terms to maturity for offered Flexible and Term Certificates are shown on the enclosed rate sheet. Please call us to obtain our current rates or visit our website at fmlf.org.

To purchase a Certificate, you (or your spouse, parent, grandparent, aunt, uncle, child, child of a spouse, sibling, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law or daughter-in-law) must be either (i) a member of, contributor to, or participant in FMCUSA or us, or a program, activity or organization that is related to FMCUSA or one of its associated organizations, or (ii) one of those organizations. Certificates are not available in all states and are not secured.

This offering is not underwritten and no commissions will be paid on the sales of the Certificates. Accordingly, we will receive 100% of the proceeds from the sales of the Certificates and expect to use some of the proceeds from the sale of Certificates to pay the expenses of this Offering, which are anticipated to be less than one percent of the total offering amount. We offer and sell the Certificates through our officers and employees; there are no underwriters or outside selling agents involved in this offering.

You are encouraged to consider the concept of investment diversification when determining the amount of Certificates that would be appropriate for you to purchase in relation to your overall investment portfolio, risk tolerance and personal financial needs. The information in this offering circular is not intended to be legal, investment or professional tax advice. Each investor's unique circumstances – financial and otherwise – are important factors in determining the consequences of an investment. For information about the legal, investment or tax consequences of investing in our Certificates, you should consult your own attorney, accountant, or investment advisor.

THIS OFFERING IS SUBJECT TO CERTAIN RISK FACTORS BEGINNING ON PAGE 2. PLEASE REVIEW THE FOLLOWING "STATE SPECIFIC INFORMATION" SECTION FOR INFORMATION PARTICULAR TO YOUR STATE OF RESIDENCE.

This Offering Circular is dated April 30, 2023, and may be used until the expiration of the periods of time authorized in the various states, which typically is twelve months.

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

THE CERTIFICATES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(a)(4) OF THE FEDERAL SECURITIES ACT OF 1933 AND SECTION 3(C)(10) OF THE FEDERAL INVESTMENT COMPANY ACT OF 1940. A REGISTRATION STATEMENT RELATING TO THE CERTIFICATES HAS NOT BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

THE CERTIFICATES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT DETERMINED THE ACCURACY, ADEQUACY, TRUTHFULNESS, OR COMPLETENESS OF THIS DOCUMENT AND HAVE NOT PASSED UPON THE MERIT OR VALUE OF THESE SECURITIES, OR APPROVED, DISAPPROVED OR ENDORSED THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

WHEN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF FM FINANCIAL AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURE, MERITS AND RISKS INVOLVED.

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

THE CERTIFICATES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ("**FDIC**"), ANY STATE BANK INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE CERTIFICATES IS DEPENDENT UPON OUR FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW OUR FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE CERTIFICATES ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY, FMCUSA OR BY ANY CHURCH OR AGENCY AFFILIATED WITH FMCUSA.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING THAT IS INCONSISTENT WITH THIS OFFERING CIRCULAR, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE BY FM FINANCIAL.

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

STATE SPECIFIC INFORMATION

California, Louisiana, Ohio, and Washington. Automatic renewal upon maturity of a Certificate, as provided in this Offering Circular, is not available to investors who are California, Louisiana, Ohio, or Washington residents. All investors will receive a maturity notice and access to a current Offering Circular within thirty days of the maturity date of each of their Certificates and California, Louisiana, Ohio, and Washington investors will have the opportunity to notify us if they intend to renew their investments. If renewal is not requested, investors' funds will be promptly returned.

Florida. The Certificates have not been registered with the Florida Division of Securities and Investor Protection. We are registered as an Issuer/Dealer in Florida to sell our own securities and the Certificates will be offered solely through our corporate officers and employees who are registered in Florida.

Louisiana. Flexible Certificates and Series P Institutional Certificates are not available for sale in the State of Louisiana.

South Carolina. Flexible Certificates, Series P and Series F Institutional Certificates are not available to South Carolina investors because South Carolina prohibits the sale of demand securities with no maturity date. Similarly, automatic renewal upon maturity of a Term Certificate, as provided in this Offering Circular, is not available to investors who are South Carolina residents. All investors will receive a maturity notice and access to a current Offering Circular within thirty days of the maturity date of each of their Certificates and South Carolina investors will have the opportunity to notify us if they intend to renew their investments. If renewal is not requested, investors' funds will be promptly returned.

If you were a resident of the state of South Carolina when you purchased a Certificate, you have the right to declare an event of default on that Certificate if and only if (a) we fail to pay principal and interest due on that Certificate within 30 days of receipt of written notice from you notifying us of our failure to pay such principal or interest on the due date, or (b) a South Carolina resident who owns a Certificate of the same issue (i.e., the same type, term and offering) has rightfully declared an event of default as to their Certificate. The owner of a Certificate declares an event of default on that Certificate by submitting a written declaration to us.

Upon your rightful declaration of an event of default on a Certificate: (a) the principal and interest on that Certificate becomes immediately due and payable, (b) you have the right to receive from us upon written request a list of names and addresses of all owners of Certificates of the same issue in the state of South Carolina, and (c) the owners of 25% or more in principal amount of Certificates of the same issue outstanding in the state of South Carolina have the right to declare the entire issue in the state of South Carolina due and payable.

The rightful declaration of an event of default as to any one Certificate of the same issue in the state of South Carolina constitutes an event of default on the entire issue in South Carolina.

South Dakota. These securities are offered pursuant to a claim of exemption from registration under SDCL 47-31B-201(7)(B) of the South Dakota Securities Act. Neither the South Dakota Division of Insurance nor the United States Securities and Exchange Commission has passed upon the value of these securities, made any recommendations as to their purchase, approved or disapproved the offering, or passed upon the adequacy or accuracy of this Offering Circular. Any representation to the contrary is unlawful.

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SUMMARY OF THE OFFERING

This summary is provided for your convenience. Before investing, you should read this entire document and the audited consolidated financial statements attached to this Offering Circular ("**Financial Statements**").

Our Purpose

Our primary purpose is to manage the financial affairs of FMCUSA in the areas of financial planning, asset management, estate and gift planning, fund raising, trust services and loan assistance to churches and affiliated or related organizations. Some of these services are provided through our subsidiary, GuideStream Financial, Inc. ("**GuideStream Financial**"). We also assist churches and related organizations by providing loan financing at favorable rates for the acquisition, construction, renovation and expansion of physical facilities, or for operational needs. We conduct these financing activities through FMLF, one of our internal funds that we manage and account for separately from our other funds. FMLF is not a separate trust or legal entity. Specific information about the lending aspects of FMLF is set forth in "FMLF Lending Activities" on page 11.

Flexible Certificates

Flexible Certificates have a variable interest rate and are payable upon demand. Money can be invested in or redeemed from a Flexible Certificate at any time in any increment. However, we may redeem Certificates at any time allowed by the Certificate.

Term Certificates

Term Certificates are fixed term instruments with a fixed rate of interest. When these Certificates mature you may redeem the Certificate or reinvest it for an additional term at the interest rate then in effect for the term requested. If no redemption or renewal request is made upon maturity, the Term Certificate will automatically become a demand instrument earning a variable rate of interest.

Series F Institutional Certificates

Series F Institutional Certificates are only available to trusts and accounts for which we serve as trustee or agent. They have a variable interest rate that is adjusted monthly and are payable upon demand, subject to certain limitations. We may redeem a Series F Institutional Certificate at any time upon 30 days' notice.

Series P Institutional Certificates

Series P Institutional Certificates are only available to FMCUSA's pension plan and accounts for which we serve as the trustee, custodian or agent. They have a variable interest rate that is adjusted monthly and are payable upon demand, subject to certain limitations. We may redeem a Series P Institutional Certificate at any time upon 30 days' notice.

Redemptions and Maturity

There are specific early redemption penalties applicable to Term Certificates and we retain redemption options that you should read about in the "Description of Certificates" section on page 19.

Use of Proceeds

We are offering a total of $75,000,000 of Certificates in this offering. We expect to use the cash proceeds from the sale of the Certificates to pay operating expenses; to make loans primarily to FMCUSA organizations to acquire, construct, renovate and expand physical facilities, or for their operational needs; to pay the expenses of this offering; to on occasion make contributions to FMCUSA and its related entities; and if necessary, to pay interest and/or principal on outstanding Certificates. See "Use of Proceeds" on page 11. Funds we do not use immediately for these purposes will be added to our general fund pending such uses.

Summary Financial Information

The table below sets forth select summary financial information for FM Financial (including FMLF and GuideStream Financial) on a consolidated basis as of and for the fiscal year ending December 31, 2022. This information is based on our historical Financial Statements and should be read in conjunction with those Financial Statements.

		Consolidated
Cash and cash equivalents	$	3,213,646
Investments	$	22,187,553
Loans receivable, net [1]	$	122,203,137
Assets held as trustee, custodian or agent	$	65,981,104
Total assets	$	214,446,257
Investors' Certificates [2]	$	137,525,645
Trusts and other liabilities [2]	$	2,792,130
Funds held for others [2]	$	51,180,206
Total liabilities	$	191,569,166
Total net assets	$	22,877,091
Change in net assets	$	(3,166,407)
Cash proceeds from investors' Certificates [2]	$	28,341,337
Renewals of matured investors' Certificates [2]	$	26,867,700
Redemptions of investors' Certificates [2]	$	33,004,725

[1] As of December 31, 2022, we had two delinquent loans totaling $489,728, and no unsecured loans outstanding.
[2] Certificates held by FM Financial as trustee, custodian or agent are included as liabilities in "Funds held for others" and not in "Investors' Certificates." We received cash proceeds of $2,269,360 and redeemed $1,704,346 of such Certificates during 2022. We held $2,963,918 of such Certificates as "Funds held for others" at December 31, 2022.

Please carefully read the Risk Factors beginning on the next page.

- Not FDIC or SIPC Insured
- Not a Bank Instrument
- No FMCUSA Guarantee

To purchase a Certificate, please complete and sign an Investment Application and return it to us with a check for the amount you want to invest.

RISK FACTORS

The purchase of Certificates involves certain risks. You should carefully consider the following risk factors before making a decision to purchase Certificates.

Unsecured and Uninsured General Debt Obligations

The Certificates are our unsecured and uninsured general debt obligations. The payment of principal and interest on the Certificates will be solely dependent upon our financial condition. Claims for repayment of Certificates will be subordinate to claims of secured creditors. It is our policy not to create, incur, or voluntarily permit any material lien upon any of our assets (excluding funds held for others, as more fully described in the Risk Factor entitled "Custodial and Trust Assets") or otherwise incur material indebtedness having a prior claim to those assets or otherwise senior to the Certificates except for: (i) liens or charges for current taxes, assessments or other governmental charges which are not delinquent or which remain payable without penalty or the validity of which are contested in good faith; (ii) liens made to secure statutory obligations, surety or appeal bonds or bonds for the release of attachments or for stay of execution; (iii) purchase money security interests for property acquired; or (iv) judgment liens. For purposes of this statement, the term "material" shall mean an amount which equals or exceeds 10% of our tangible assets.

Certificates not FDIC or SIPC Insured

The Certificates are not issued by, and are not obligations of, a bank. The Certificates are not FDIC or SIPC insured. The Certificates are subject to investment risks, including the potential to lose the principal amount you invest.

Subordinate to Existing and Future Senior Secured Indebtedness

The Certificates we have issued in the past are also our unsecured debt obligations. Therefore, your Certificate will be of equal rank with our previously issued Certificates. Further, from time to time we may pledge assets to secure loans we obtain from banks or other lenders. For example, we currently have a revolving line of credit with Comerica Bank for up to $250,000, and Comerica Bank has a first priority security interest in substantially all of our assets to secure that loan. As of December 31, 2022, there was no money drawn on this line of credit. See "Discussion of Financial Data – Line of Credit" on page 17. Because our Certificates are unsecured, Comerica Bank and any other secured lenders that we may have in the future will have the right to be paid from our assets that are pledged to them before you and the rest of our Certificate holders. It is our current policy, however, to limit the amount of senior secured indebtedness to no more than 10% of our total assets on the date of the pledge. If the line of credit discussed above were fully drawn, it would represent approximately 0.1% of our total assets as of December 31, 2022.

Potential Impact of Economic Downturn

A sustained economic downturn, a lengthy or severe recession, or declining real estate values could negatively affect our borrowers and our investors. During a period of economic downturn or recession, our borrowers may experience declining revenues that make it more difficult or impossible for them to satisfy their loan repayment obligations to us on a timely basis, particularly if the period is prolonged. This could result in a need to restructure some loans to provide more flexible payment terms to our borrowers, to reduce current payments by increasing amortization periods, or to rely upon the collateral for repayment, which may not be sufficient to satisfy all amounts owed. This could also result in a need to increase our allowance for loan losses, which would negatively impact our profitability.

In addition, investors may be less likely to invest in our Certificates or renew their maturing Term Certificates during periods of prolonged economic recession, and the rate of Certificate redemptions may increase. If we were to experience a sustained period of increased borrower delinquencies, decreased Certificate investments or increased Certificate redemptions, it could have a material adverse effect on our revenues, results of operations and financial condition. Declining real estate values may also increase the likelihood that the value of our collateral will be insufficient to cover the amounts owed to us, which could result in losses in the event of loan defaults and foreclosures.

Loans Dependent upon Contributions for Repayment

A majority of our loans have been made to churches and affiliated or related organizations. The ability of the churches or organizations to repay their loans generally will depend upon the charitable contributions they receive from their members. To the extent that a church or organization experiences a reduction in contributions, its ability to repay a loan may be adversely affected. Moreover, although loans made within the United States to FMCUSA churches are co-signed by the regional FMCUSA Conference for the benefit of the local church that is borrowing the funds, in most instances the Conferences also depend upon fluctuating contributions as a primary source of their revenues. The inability of a borrower to make timely payments on their loan could adversely affect our ability to make interest and principal payments on the Certificates. Loans made to senior care facilities and higher educational institutions rely mostly on operations for repayment of their loan.

No FMCUSA Guarantee

Neither FMCUSA nor any of its affiliates or member churches have guaranteed the repayment of the Certificates. You must rely solely on us for repayment.

No Sinking Fund

We will not use a sinking fund or escrow to provide for the repayment of the Certificates. Accordingly, we have not set aside funds for the repayment of all of the Certificates and offering proceeds will not be segregated from our other assets. We do, however, have a policy of maintaining available funds in the form of cash, cash equivalents, readily marketable securities and available lines of credit in an amount not less than 8% of our outstanding Certificates for the purpose of providing short-term liquidity for our various activities. See "Discussion of Financial Data – Liquidity Policy" on page 18. Our ability to repay a Certificate will be affected by our financial condition and liquidity at the time the Certificate must be repaid.

No Trust Indenture

We have not established, and do not intend to establish, a trust indenture to provide for the repayment of principal on the Certificates. Accordingly, no trustee will monitor our ongoing affairs on your behalf, no agreement will provide for joint action by investors in the event we default on the Certificates, and you will not have the other protections a trust indenture would provide. A default in the repayment of one Certificate will not be a default on our other Certificates, except as provided by law.

Delinquent Loans

As of December 31, 2022, we had two delinquent loans. As of December 31, 2021, we had one delinquent loan. For 2020, we had no delinquent loans. See "FMLF Lending Activities – Loan Delinquencies" on page 11.

Automatic Reinvestment at Maturity

At maturity, our Term Certificates convert automatically to demand instruments. Although we will notify you when your Certificate is about to mature, if you do not inform us in writing at that time that you want to redeem the Certificate, the principal and accrued interest will become payable upon demand and will earn interest at a variable interest rate then in effect for our Flexible Certificates. This interest rate generally would be less than the rate previously payable on your Term Certificate. See "Description of the Certificates – Term Certificates" on page 19.

Interest Rate Risks

There may be periods of time when we are unable to obtain an average return on our investments and loans that is greater than our average interest payment obligations. In addition, our loans receivable have an average term to maturity that is longer than the average maturity term of our Certificates payable. As a result, the average interest rate we pay on Certificates could increase more quickly than the average interest rate we receive on loans. This could result in an adverse impact on our profitability. See "FMLF Lending Activities" on page 11 for more information on our loans.

Certificates Not Transferable; No Public Market

The Certificates are not negotiable and are not transferable. Accordingly, no public market exists for the Certificates and none will develop.

Our Right to Redeem Certificates

We may redeem any Certificate at any time upon 30 days' prior written notice. In the event of such a redemption, interest would be paid to the date of the redemption.

Your Inability to Demand Redemption

We are not obligated to redeem the Term Certificates until their maturity. Consequently, you may be unable to redeem your Term Certificate in the event of an emergency, if interest rates rise on comparable investments, or for any other reason. You should, therefore, view the purchase of a Term Certificate as an investment for the full term of the Certificate. We normally assess early redemption penalties if we allow an early redemption. See "Description of the Certificates – Early Redemption" on page 20. There are also significant limitations on the amount of an Institutional Certificate that can be redeemed in a single month. See "Description of Certificates – Institutional Certificates" on page 20. Finally, we may take 30 days or more to honor redemption requests for Flexible Certificates. See "Description of Certificates – Flexible Certificates" on page 19.

Reinvestment Change; Potential Inability to Reinvest

As of December 31, 2022, we had $28,347,738 of Term Certificates scheduled to mature during the calendar year 2023, and $49,640,593 of Flexible Certificates that can be redeemed by investors upon 30 days' notice. As of that same date, we also had $1,678,169 of Series F Institutional Certificates outstanding, all of which can be redeemed by investors upon 30 days' notice, except that we may limit redemptions to a single investor in the Institutional Certificates to no more than $500,000 per month. Of these Certificates, $726,249 of Flexible Certificates and all of the Series F Institutional Certificates are held by us as a trustee, custodian or agent for the benefit of others and are included in funds held for others, and not in the investment certificates liability line item, on our consolidated statement of financial position. See "Description of Certificates – Certificate Maturity Information" on page 21. In the fiscal years ended December 31, 2022, 2021, and 2020, 81%, 91%, and 90%, respectively, of maturing Term Certificates were extended or reinvested. However, there can be no assurance that this reinvestment trend will continue. In addition, while we intend to maintain all required securities registrations and exemptions, we are not now registered or exempt in all states and our Certificates may not continue to be registered or exempt in the states where we currently sell Certificates. Accordingly, you may not be able to reinvest the proceeds of your Certificate if you live in a state where our Certificates are not registered or exempt at the time of the attempted reinvestment. If future demands for repayment exceed our prior experience because of these or other factors, our financial condition may be adversely affected.

Regulatory Environment

Changes in state or federal laws, rules, or requirements regarding the sale of debt obligations of charitable or other non-profit organizations may make it more difficult or costly, or even impossible, for us to offer and sell Certificates in some states in the future. To the extent that we are dependent on the proceeds of future sales of Certificates to provide liquidity to make timely interest and principal payments on our outstanding indebtedness, including the Certificates, a cessation or substantial decrease in the sale of Certificates would have a material adverse effect on our ability to repay the Certificates.

Not a Commercial Lender

WE CANNOT BE COMPARED TO A COMMERCIAL LENDER. We occasionally make loans to borrowers that are unable to secure financing from commercial sources. For instance, we occasionally make loans to new or start-up churches. Because of their small size and youth, these churches may not meet commercial lending standards. In view of our relationship with our borrowers, our loan policies and loan underwriting requirements may be less stringent than a commercial lender. In addition, because of our relationship with many of our borrowers we may be willing to accommodate partial, deferred or late payments, be willing to accept interest only payments for a time, and/or be willing to temporarily or permanently restructure loans in situations where a typical commercial lender would not. We have, in the past, made these types of accommodations in certain circumstances for some borrowers. In the fiscal year ended December 31, 2022, we restructured or refinanced seven loans with an aggregate principal balance of $6,859,215 as of that date, primarily to reduce the interest rates charged on those loans in response to competitive pressures in the market. See "FMLF Lending Activities" on page 11.

In addition, less than 1% of our outstanding loan balance was acquired from FMCUSA Conferences over the years, and were originated according to the loan policies of the respective Conferences from which they were purchased. Some of the underwriting requirements of those Conferences were different than ours, and some of the FMCUSA Conferences did not, for example, require formal appraisals or title insurance. While we have obtained title searches on most of the collateral securing those acquired loans, and title insurance on much of the collateral securing those acquired loans, not all of the loans are covered by title insurance. See also “FMLF Lending Activities – Acquired Loans” at page 13.

Special Purpose Properties

Church properties like those we typically carry as collateral for our loans are generally single purpose properties that have a limited resale market. If we were to foreclose on any such single purpose property, we may not be able to sell the property at a price that is at least equal to the amount owed to us on the loan it secures.

Construction Loan Risks

Many of the loans we make are used for the construction of new facilities or the renovation of existing facilities. There may not be a fixed-price construction contract for this work and the contractor may not post, and we may not require, a performance or completion bond. In addition, possible delays in completion may occur due to, among other things, shortages of materials, possible strikes, acts of nature, delays in obtaining necessary building permits or architectural certificates, environmental regulations or fuel or energy shortages. We may not always obtain architectural certification or lien waivers prior to the disbursement of partial or final construction payments and we may rely instead on the representations of the borrower. If these representations are incorrect, we may advance more money than is warranted by the construction completed or the lien waivers obtained. Substantial increases in construction costs or delays in or failure to complete construction could adversely affect the borrower’s ability to repay its loan.

Collateral Values May Not Be Accurate

Although we generally require appraisals on our real property collateral as part of the loan application process, there are a few instances where we have not always obtained formal appraisals in the past, and some loans that we acquired from others do not have formal appraisals. Accordingly, it is possible that the value of a specific secured property is less than we believe and that the amount outstanding with respect to a specific loan could exceed the value of the property securing it. While we typically do conduct a site inspection for loans of significant size, there can be no assurance that we will in all cases, or that the inspection is sufficient to establish the value of the collateral.

Custodial and Trust Assets

We manage, invest and hold endowment, pension and other funds for others while acting in the capacity of trustee, custodian, or agent. We held $47,714,125 of custodial investments as of December 31, 2022, which are assets we are holding for others in a fiduciary or agency capacity, as represented by a corresponding liability on our Consolidated Statement of Financial Position. In addition, we are holding $5,656,800 of assets in trust, none of which would be available to satisfy our obligations. Accordingly, these assets generally should not be considered to be our assets since they are held for others and would not be available for payment of our creditors, including investors in our Certificates. See Financial Statements. In addition, $12,610,179 of our assets represent restricted endowment funds whose income benefits FMCUSA. See “Other Activities and Related Party Transactions” on page 14.

Risks from Investment Advisory Services

GuideStream Financial is an investment adviser registered with, regulated under, and subject to examination by the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. The Investment Advisers Act of 1940 imposes numerous obligations on registered investment advisers, including disclosure obligations, recordkeeping and reporting requirements, marketing restrictions and general anti-fraud prohibitions. Providing investment advice also is regulated by each state where advisory services are provided. From time to time, regulators may raise issues during examinations or audits that could, if determined adversely, have a material impact on our business. Violations of applicable federal or state laws or regulations could result in the imposition of fines or censures, disciplinary actions, including the revocation of licenses or registrations, and reputational damage. In addition, applicable statutes, regulations or regulatory interpretations may change, which could increase the costs of this business.

Risks from Fiduciary Operations

We serve as trustee, custodian, agent or manager for a significant number of accounts, either directly or through GuideStream Financial, and collectively oversee assets of $533,658,419 as of December 31, 2022, $2,963,918 of which are invested in Certificates and are directly invested by us. GuideStream Financial accounts do not hold any of our Certificates. See also "Other Activities and Related Party Transactions" on page 14. In our roles as trustees, custodians, and investment advisor, we and GuideStream Financial are acting as fiduciaries and could be held liable for any breach of our fiduciary duties. Any action having a materially adverse impact on us or GuideStream Financial could negatively affect our ability to repay the Certificates. Further, while we are a separate entity from the trusts, accounts and plans we administer or manage, and are generally not liable for claims against them, it is possible that claimants against them might contend that we are also liable. If a claim like this were made or upheld, our financial condition may be negatively affected.

Custodial and Fiduciary Responsibilities May Conflict

FM Financial may invest some of the funds it manages for others in Certificates. At December 31, 2022, this represented $2,963,918 in Certificates that were held by us as a trustee, custodian or agent for investors. GuideStream Financial does not invest in Certificates for its clients. At some point, our duties as manager, custodian or trustee of these funds may require us to demand payment of some or all of the Flexible Certificates or Institutional Certificates we hold in that capacity, or to redeem the Term Certificates as they mature, even if doing so would have adverse consequences to us which could negatively affect our ability to repay the Certificates.

Liability for Debts of GuideStream Financial & FMCUSA

As a separate corporation from GuideStream Financial and FMCUSA we are generally not liable for claims against those entities or their affiliates. It is possible, however, that in the event of claims against those entities or their affiliates, the claimants might contend that we are also liable. If a claim like this were made or upheld, our financial condition may be negatively affected.

Individual Retirement Accounts

A self-directed Individual Retirement Account ("**IRA**") may invest in our Flexible or Term Certificates if permitted by the IRA trustee or custodian. A self-directed IRA is an individual retirement account that allows the holder the option of selecting investment vehicles for the IRA account. We have an agreement with Goldstar Trust Company ("**Goldstar**") to allow our investors to establish self-directed Traditional, Roth, SEP and SIMPLE IRAs and Education Savings Accounts at Goldstar, which then purchase our Flexible or Term Certificates. See "Other Activities and Related Party Transactions – Goldstar Trust Company" on page 16. Investors who invest through their IRA should consider whether the investment is in accordance with the documents and instruments governing the IRA; whether there is sufficient liquidity in the IRA should the IRA's beneficiary need to take a mandatory distribution; and whether the investment could constitute a non-exempted prohibited transaction under applicable law. Consultation with a competent financial and tax adviser is recommended. See "Description of The Certificates – Purchases by IRAs and ESAs" on page 20.

Tax Aspects

You will not receive a charitable deduction for the purchase of a Certificate. Interest paid or payable on the Certificates will be taxable to you as ordinary income regardless of whether the interest is paid to you or added to the Certificate as principal. See "Tax Aspects" on page 22.

Geographic Concentration of Borrowers

Approximately 22%, 18%, 16%, 14%, and 6%, of the outstanding principal amount of our loans receivable were owed by borrowers in California, Washington, New York, Illinois, and Michigan, respectively, as of December 31, 2022. Adverse economic conditions, a reduction in population, or the loss of purchasing power by residents in these states could correspondingly reduce the amount of contributions borrowing churches and organizations receive from their members. This, in turn, could adversely affect the ability of these borrowers to repay their loans. In addition, if real estate values were to decline in these areas, it could adversely affect the value of the properties serving as collateral for these loans. See "FMLF Lending Activities" on page 11.

Geographic Concentration of Non-Institutional Investors

Approximately 23%, 17%, 10%, 7%, 6%, 6%, and 6% of the combined outstanding principal amount of our Certificates were owned by non-institutional investors in Michigan, Washington, Indiana, California, Florida, Ohio, and New York, respectively, as of December 31, 2022. Adverse economic conditions in these states could correspondingly result in increased redemptions of Flexible Certificates, increased requests for redemptions of Term Certificates, and decreased reinvestment rates for maturing Term Certificates owned by investors in these states. This could, in turn, adversely affect our liquidity, our ability to operate our programs, and ultimately our ability to repay Certificates. See "Description of the Certificates" on page 19.

Concentration of Certificates Owned by Institutional Investors

As of December 31, 2022, we held $2,963,918 in the form of Series F Institutional Certificates, Flexible Certificates and Term Certificates as trustee, custodian or agent on behalf of others. All of these Certificates, other than the Term Certificates, could be redeemed upon 30 days' notice, except that we may limit redemptions by a single investor in the Institutional Certificates to no more than $500,000 per month. If one or more Institutional Certificate investors redeemed a significant portion of their Certificates in a short amount of time, it could adversely affect our liquidity, our ability to operate our programs, and ultimately our ability to repay Certificates.

Concentration of Loans Receivable in Limited Number of Borrowers

Approximately 37% of the combined outstanding principal amount of our loans receivable were owed by six borrowers as of December 31, 2022. Those borrowers had aggregate outstanding loan balances of $10,309,764, $9,622,480, $7,514,874, $6,393,287, $5,926,307, and $5,695,785 on that date. If any of these borrowers is unable to repay its loan, our ability to make interest and principal payments on Certificates would be adversely affected.

Right to Change Policies

At various points in this Offering Circular, we describe our policies, such as our loan policies described on page 12, and our investment policies described on page 14. These descriptions are intended to help you understand our current operations. We reserve the right to change our policies and procedures generally, including our loan and investment policies.

Redemption Requests Could Exceed Available Funds

As of December 31, 2022, we had funds available in cash, cash equivalents and readily marketable securities of $25,401,199, without taking into account available lines of credit. This amount represents approximately 18.1% of the total principal amount we are obligated to pay on the $140,489,563 of outstanding Certificates payable at December 31, 2022. As of December 31, 2022, we had $28,347,738 of Term Certificates scheduled to mature during the calendar year 2023, and $49,640,593 of outstanding Flexible Certificates that can be redeemed by investors upon 30 days' notice. As of that same date, we also had $1,678,169 of Series F Institutional Certificates outstanding, all of which can be redeemed by investors upon 30 days' notice, except that we may limit redemptions to a single investor in these Certificates to no more than $500,000 per month. $726,249 of the Flexible Certificates included above and all of the Series F Institutional Certificates are held by us as a trustee, custodian or agent for the benefit of others and are included in funds held for others on our consolidated statement of financial position. If the combined total of redemption requests exceeds our available funds, we might be required to sell or liquidate some or all of our assets. We cannot assure you that proceeds from selling our assets would be sufficient to fund all redemption requests.

We May Sell or Agree to Repay Additional Securities in Other Offerings or Transactions

We expect to sell additional Certificates in other offerings, may offer other debt securities in the future, and may agree to repay debt securities of other loan funds we acquire. The total amount of $75,000,000 to be sold in this offering is not a limitation on the amount of Certificates or other debt securities we may sell in other offerings we may conduct at any time or may agree to repay in other transactions. We have sold our Certificates in other offerings in prior years and anticipate that we will continue to sell additional Certificates or other debt securities as part of this continuous offering process.

Management of FM Financial

Control of FM Financial is exercised by our Board of Directors. You will not have voting rights or other rights to participate in the management of FM Financial or any of its affiliates.

Investment Portfolio Risks

We may from time to time invest in various securities or other financial instruments. These investments are subject to the same market and investment risks experienced by investors generally, and declines in the market values of those investments would result in realized or unrealized losses to us. In addition, our deposits and investments may exceed FDIC and SIPC account limits and may not, therefore, be protected by those insurance programs. See "Investing Activities" on page 14 for more information on our investments.

Book Value May Not Reflect Actual Value

The book value of our financial instruments and other assets set forth in this Offering Circular and our Financial Statements may not reflect the actual value we would receive in a sale of these assets. From time to time, we may sell certain assets to provide liquidity or for other purposes. Since book values are based upon significant judgments by management and other uncertainties, there is no assurance that assets would be sold for an amount equal to their book value.

Collateral May Be Uninsured or Inadequately Insured

We require property insurance on all loans with real property held as collateral and we require that FMLF be listed as the mortgage holder and loss payee on the insurance policies. Although we require such insurance, there may be reasons that buildings and other facilities that secure a loan may occasionally have lapses in coverage or are otherwise inadequately insured. Accordingly, if fire or other casualty damages our collateral, we may not be able to recover against it.

Limitations on Remedies

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

Competing Security Interests and Claims

The various security interests established under the loan agreements and mortgages with borrowers will be subject to other claims and interests. Examples of these claims and interests are:

- Statutory liens;
- Rights arising in favor of the United States, or any agency thereof;
- Constructive trusts or equitable liens otherwise imposed or conferred by any state or federal court or court of competent jurisdiction in any foreign country, including the exercise of its equitable jurisdiction; and
- Federal bankruptcy laws or bankruptcy laws of another jurisdiction affecting amounts earned by the borrower after institution of bankruptcy proceedings by or against the borrower.

Potential Environmental Liability

FMLF considers environmental risks when reviewing loan requests and the organization has required environmental audits in the past when deemed appropriate. If environmental pollution or other contamination is found on or near a property after a loan is secured, we could, in some cases, face environmental liability or our security for the loan could be impaired. If we foreclose on property containing environmental waste, we could be assessed substantial clean-up costs and penalties as an owner of such property, as would any lender in a similar situation. Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum products released at the property, and may be held liable to a government entity or to third parties for property damage and for investigation and clean-up costs incurred by these parties in connection with the contamination. The costs of investigation, remediation or removal of these substances may be substantial, and the presence of these substances, or the failure to properly remediate the property, may adversely affect the owner's ability to sell or rent the property or to borrow using the property as collateral. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs incurred in connection with the contamination. Persons who arrange for disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of these substances at the disposal or treatment facility. Finally, the owner of a site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site.

We Utilize Digital Technologies in Our Operations

We utilize digital and cloud-based technologies and services in our operations, many of which are provided by third party vendors. We may use electronic signatures for some of our loan and investment documentation. Electronic signatures have not been fully vetted under all applicable state and federal laws as of the date of this Offering Circular. We rely upon third party vendors and digital technologies and services for maintaining, processing, transmitting, delivering, and storing proprietary data and other records related to our business. This data includes confidential customer information. Unauthorized disclosure of this information could lead to loss of faith in our ability to protect confidential information and therefore harm our ability to retain customers, borrowers and investors and gain new ones. Storing and delivering electronic data has inherent risks, including, without limit, intentional or unintentional unauthorized access to data, data theft, temporary or permanent loss of data, and hardware and software failure. While we and our vendors have taken steps to protect against these risks, due in part to the evolving nature of these risks there is no guarantee these measures will be 100% effective in safeguarding the electronic data we maintain or the services we utilize, and may be insufficient, circumvented, or become obsolete. Our insurance coverage may not be adequate to cover all the costs related to cyber incidents or disruptions resulting from such events. If you choose to utilize our digital services, such as our online investor access portal FMLF Online, we can offer no assurances or make any warranties as to the accuracy, availability and security of such technologies or the data contained therein.

Other Activities of Issuer

As part of our role in estate and gift planning, we previously served as an issuer of charitable gift annuities, and continue to carry a number of those contracts. However, as of April, 2014, we discontinued offering gift annuities wherein we are the issuer, but continue to facilitate them for donors through a third party issuer. The proceeds from the sales of the gift annuities are invested in marketable securities and the donors or other named income beneficiaries receive payments for their lifetimes, with any residual funds at maturity going to charitable remainder organizations named in the gift annuity contract. There is no guarantee of residual funds to the remainder charity. In addition, we remain obligated to fund each gift annuity for the life of the annuitant regardless of investment results or the duration of the annuitant's life, which could exceed actuarial expectations. In addition, some states require reserve amounts in excess of actuarially calculated amounts, which we are required to fund if investment performance is not sufficient. In 2022, we incurred $64,731 in expenses related to these activities.

Impact of Coronavirus

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus, SARS-CoV-2, which causes COVID-19, a global pandemic and recommended containment and mitigation measures worldwide. Since that date, various states have fluctuated in their imposition of restrictions. We cannot predict the ongoing effect of the pandemic or government actions on the economy, our investors, our borrowers, our employee resources, our use of digital technologies and the risks associated with them, our results of operations (including cash flow, liquidity, loan repayments, collateral values, loan defaults, loan loss reserves, and investment performance), or our financial position or results.

* * * *

This Offering Circular contains forward-looking statements about our plans, strategies, objectives, goals, and expectations. These forward-looking statements are identifiable by words or phrases indicating that we "expect," "anticipate," "project," "plan," "believe," or "intend" that a particular event may or will occur in the future or similarly stated expectations. These forward-looking statements are subject to many factors, including the above Risk Factors and the other information contained in this Offering Circular, 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 Offering Circular.

Organization, Purpose, Affiliation with FMCUSA

We are an Oklahoma nonprofit corporation incorporated on December 23, 1987. We have no shareholders and our affairs are administered by our Board of Directors in accordance with FMCUSA's Articles of Incorporation and Bylaws, the *Book of Discipline*, our Certificate of Incorporation and our Bylaws. Our Board of Directors is elected by FMCUSA's Board of Administration and meets regularly to establish and monitor our policies.

Our offices are located at 8050 Spring Arbor Road, Spring Arbor, Michigan 49283. Our general website is fmfinancial.org. We also have a website specifically dedicated to the Free Methodist Investment & Loan Fund at fmlf.org. Our telephone number is 1-800-325-8975.

Our primary purpose is to manage the financial affairs of FMCUSA in the areas of financial planning, asset management, estate and gift planning, fund raising, trust services and loan assistance to churches and affiliated organizations. We are organized and operated exclusively for religious, educational, charitable and benevolent purposes and we are a tax exempt entity under Section 501(c)(3) of the Internal Revenue Code ("**IRC**"). We are separately incorporated from FMCUSA, but we have close ties to it and one of our purposes is to support its mission.

GuideStream Financial, Inc.

To fulfill our purpose in the areas of financial planning and asset management, we established a wholly owned for-profit subsidiary called GuideStream Financial, Inc. in 2009. GuideStream Financial is a Michigan corporation and is a registered investment advisory firm regulated by the Securities and Exchange Commission. Members of our Board also serve on the Board of Directors of GuideStream Financial.

GuideStream Financial engages in fiduciary activities by providing personalized financial planning and diversified investment management from a Biblical stewardship perspective to individuals and organizations. Custody of client assets is at Pershing Adviser Solutions, a subsidiary of the Bank of New York — Mellon. GuideStream Financial is not FDIC insured. As of the date of this Offering Circular, none of the client investment accounts managed by GuideStream Financial are invested in our Certificates.

GuideStream Charitable Gift Fund

GuideStream Charitable Gift Fund ("**GSCGF**") was established as a Michigan non-profit corporation in September, 2009, and is a 501(c)(3) organization. GSCGF is a donor advised fund created to encourage and assist donors in giving to charitable organizations.

FMLF

To fulfill our purpose in the area of loan assistance to churches and affiliated organizations, we operate FMLF. Certificates are debt obligations that are issued primarily to fund loans. We are offering $75,000,000 of Certificates on a national basis to accomplish this purpose. See also "Use of Proceeds" below. Our Certificates are our unsecured and uninsured general debt obligations. They are not secured by any particular loans or other assets. See "Unsecured and Uninsured General Debt Obligations" on page 2. FMLF's principal executive, Mark S. Olson, is our President and Chief Executive Officer. See "Management" on page 22.

FMLF's immediate predecessor was the "Church Extension Loan Fund." That fund was established in 1956 when FMCUSA formed a trust whereby FMCUSA, as trustee, segregated money and properties received from its members and friends for the purpose of making loans to FMCUSA churches and affiliated organizations. In 1987, we assumed management of the Church Extension Loan Fund, although FMCUSA retained its role as trustee of that fund for a time. On December 31, 1993, we assumed the administration of the Church Extension Loan Fund and all assets and obligations of that fund were transferred to us free from any trust or other restrictions. Immediately following that transfer we began the operation of FMLF. While FMLF is part of our general operations, we do segregate it for accounting purposes. Despite this segregation, FMLF is not a separate trust or legal entity. Whenever financial information in this document is stated in terms of FMLF, the reference is to our internal accounting distinction. If there is no qualification on financial information, the reference is to our entire operation.

Loan Fund Transactions

We may from time to time consider acquiring loans and other assets from other loan funds, and may agree to repay debt securities issued by those loan funds as part of the consideration to be paid for those assets. We have entered into transactions of this nature in the past, and in each case we acquired certain loan receivables and other assets in exchange for agreeing to repay debt securities issued by those loan funds. As of the date of this Offering Circular, all holders of debt securities issued by loan funds that we agreed to repay have terminated their investments in those instruments and have either been repaid or purchased replacement Certificates from us. If we enter into other transactions of this nature, we anticipate they would be structured very similarly.

USE OF PROCEEDS

We are offering a total of $75,000,000 of Certificates in this offering. This offering amount includes the cash proceeds we will receive from sales of new Certificates and from investors adding additional amounts to their Flexible Certificates, Series F Institutional Certificates and Series P Institutional Certificates after the initial purchase. It also includes the amount of maturing Term Certificates and accrued interest that may be reinvested automatically in accordance with their terms. See "Description of Certificates – Term Certificates" on page 19.

We expect to use the cash proceeds from the sale of the Certificates to make loans primarily to FMCUSA related organizations to acquire, construct, renovate and expand physical facilities, or for their operational needs, to provide liquidity for us, or to pay our operating expenses. We also may use proceeds from the sale of Certificates to pay the expenses of this offering, which are anticipated to be less than one percent of the total offering amount, and on occasion to make contributions to FMCUSA or FMCUSA organizations. It is our policy, however, to not make contributions to FMCUSA or FMCUSA organizations if those contributions would cause us to not comply with the financial standards of the North American Securities Administrators Association, Inc.'s Statement of Policy Regarding Church Extension Fund Securities. Funds we do not use immediately for these purposes will be added to our general fund pending such uses.

We do not anticipate using cash proceeds from this offering for cash payments of interest or principal on our outstanding Certificates or other debt securities we issue or agree to repay. However, if revenues from our loans receivable are less than anticipated and if repayment demands on maturing Certificates exceed our historical experience, or if investors in other debt securities we issue or agree to repay redeem more of those securities than expected, it may be necessary to use a portion of the proceeds, along with other available funds, to meet these requirements.

FMLF LENDING ACTIVITIES

General

One of our primary purposes is to provide loans to churches and affiliated or related ministries of FMCUSA. We conduct our lending activities through FMLF. Loans we approve are used to construct new facilities; to renovate, remodel, expand and replace existing facilities; to relocate existing congregations (including the purchase or construction of new worship facilities); to purchase building sites; to refinance existing loans; or to meet other capital or operational needs of our borrowers.

Although our minimum policy is that at least 90% of our loans be secured, it is our intention that almost all capital acquisition and capital improvement loans, other than loans to FMCUSA itself, be secured by a first lien on the new or improved property or, in rare instances, by security agreements or financing statements on personal property, or by third party guarantees. Accordingly, most of our loans are to organizations in the United States that are secured by first mortgages or deeds of trust, and all of our loans have been secured as December 31 for more than the last five years.

We have historically generated the funds necessary for our loan operations primarily through loan repayments, interest earned on loans, income from other investments, the continued sale of new Certificates, the re-investment of maturing Certificates, and contributions and bequests.

Loan Origination Policies

All loans that we make to churches and other organizations are made pursuant to loan guidelines and a formal loan review process. Requests for direct loans are made by filing a written application with us. Loan applications are generally evaluated in the order they are received and after all required information is provided. At the time a loan application is submitted, the applicant is required to provide a number of specific items related to the proposed project, the borrower's financial condition, and the proposed collateral. Each loan from an FMCUSA church must be reviewed and approved by the regional FMCUSA Conference overseeing the church applying for the loan and by the Conference board as required by the *Book of Discipline*. Loans made to FMCUSA churches within the United States are required to be co-signed by the regional FMCUSA Conference in which the borrower is located.

We approve or disapprove each new loan application based on an analysis of construction costs, an appraisal or other valuation of the property, an inspection of the property (when deemed necessary), and an analysis of the financial ability of the applicant to repay the loan. The maximum new loan to a single borrower is generally limited to an amount which would not require annual debt payments, taking into account all outstanding indebtedness of the borrower, to be greater than 30% of the total anticipated annual revenues available to that borrower.

Loans may be made for terms ranging up to 25 years at our then current interest rate. For any loan approved after 2001 that we originated, the interest rate during the life of the loan is subject to potential adjustment every five years within guidelines established by our Board and based on then current market conditions. We generally require payment of principal and interest on all loans in equal monthly installments. All loans may be prepaid at any time, though some loans are subject to prepayment penalties if refinanced with another Financial Institution. We may, in our sole discretion, change the interest rates for new loans at any time. For loans we originate, we typically require title insurance, fire, and extended coverage insurance as lender protections, and we typically use the customary form of security documents currently used in the state where the real property collateral is located. We may or may not require performance bonds for construction loans at the discretion of our Board.

We also may extend lines of credit. We may also charge a fee on the undrawn amount of lines of credit, as determined by our officers.

Loans Outstanding

As of December 31, 2022, we had 141 outstanding loans with balances receivable aggregating $122,642,552 as follows:

Principal Loan Balance	Number of Loans	Principal Outstanding	Percent of Loan Portfolio
$0 - $50,000	15	$ 341,074	0.28%
$50,001 - $100,000	17	1,290,706	1.05%
$100,001 - $250,000	24	3,810,455	3.11%
$250,001 - $500,000	27	10,260,917	8.37%
$500,001 - $1,000,000	22	15,931,621	12.99%
$1,000,001 - $2,000,000	17	22,822,234	18.61%
$2,000,001 - $3,000,000	8	18,062,372	14.73%
$3,000,001 - $4,000,000	4	14,268,473	11.63%
$4,000,001+	7	35,854,701	29.24%
Total	141	$ 122,642,553	100.00%

These loans are secured primarily by mortgages or deeds of trust on property located in 23 states. The weighted average of the interest rates as of December 31, 2022, was 4.85%. During 2022, interest earned on these loans totaled $5,922,287 and the amount of principal returned totaled $8,205,149. The following table reflects approximate loan principal maturities due on all of our loans during the periods indicated based on December 31, 2022, data:

Year Ending December 31	Principal Maturing
2023	$ 3,826,033
2024	3,969,263
2025	4,140,519
2026	4,313,689
2027	4,495,191
Thereafter	101,897,857
Total	$ 122,642,552

We have historically refinanced a substantial portion of our loans and have received substantial principal prepayments on a number of unmatured loans each year. Accordingly, the amounts shown as maturing above may vary from the principal repayments we actually receive.

Loan Commitments

As of December 31, 2022, we had $13,067,910 in outstanding loan commitments that had not been funded. All of these commitments were for loans that will be secured by first mortgages or deeds of trust.

Loan Delinquencies

We consider a loan to be delinquent when interest has been delinquent for over 60 days. As of December 31, 2022, we had two delinquent loans. As of December 31, 2021, we had one delinquent loan. For 2020, we had no delinquent loans. However, during 2021 and 2020 we made temporary deferral payment arrangements on certain loans due to COVID-19 constraints. As of December 31, 2021, all of these loans had returned to making full payments.

Due to the nature of our relationship with borrowers we have generally been willing to make accommodations and refinancing arrangements with borrowers whose payments are not current. Although no assurance is given to borrowers that we will be able or willing to refinance delinquent loans or show forbearance in response to delinquencies, we have taken these actions on occasion in the past in order to help borrowers satisfy their repayment obligations without foreclosure. Our delinquency experience, therefore, cannot be compared with that of a commercial lender.

We consider a loan to be impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming loans but also include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in the interest rate of the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection. There were no troubled debt restructurings at December 31, 2022, 2021, or 2020. There were no impaired loans at December 31, 2022, 2021, or 2020. There was no specific allowance for loan loss above our normal allocations relating to impaired loans as of those same dates.

There has been extensive, methodical, and cooperative involvement between FM Financial, FMCUSA, local conferences, and local ministry leadership involved with the impaired loans described above. We have allowed the loan recipients payment flexibility while the borrowers sell designated properties and repay the loans. While FMLF anticipates full loan repayment at this time, such results are not guaranteed.

In the fiscal year ended December 31, 2022, we restructured or refinanced seven loans with an aggregate principal balance of $6,859,215 as of that date, primarily to reduce the interest rates charged on those loans in response to competitive pressures in the market.

Allowance for Loan Losses

Our allowance for loan losses as of December 31, 2022, was $628,000. The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective and requires estimates that are susceptible to significant revision over time.

Acquired Loans

Less than 1% of the outstanding balance of our loans was originated by FMCUSA Conferences, from whom we purchased them. These loans were originated according to the original lender's loan policies, which were different than our policies. See the Risk Factor entitled "Not a Commercial Lender" on page 4. Among other differences, those lenders generally did not require appraisals or title insurance on their collateral. In lieu of appraisals, we have established values for the collateral securing the acquired loans by using other sources of information, such as information from an insurance company that previously insured the majority of the acquired loans. We have also obtained title searches on most of the collateral securing the acquired loans, although that collateral is generally not covered by title insurance. We have also purchased a participation interest in a loan that we did not originate. The principal balance of that participation interest was $6,629,367 as of December 31, 2022.

INVESTING ACTIVITIES

Our officers, in conjunction with the Investment Committee of the Board of Directors, manage our investments. We internally recognized a cross functional charge of $204,825 for these services in 2022. Our policy is to maintain available funds in the form of cash, cash equivalents, readily marketable securities and available lines of credit in an amount not less than 8% of our outstanding Certificates for the purpose of providing short-term liquidity for our various activities. Historically, our liquid assets have been sufficient to meet normal repayment requests by our investors and loan commitment requirements.

Investment Policies

Our investment guidelines vary depending on whether the investments are attributable to FMLF, the pension plan we manage or to trusts we manage. FMLF investments are made up primarily of funds being held either for making loans or repaying investors. Our general investment guidelines state that we strive to keep investments in harmony with the Christian principles of FMCUSA, recognizing the limitations when using mutual funds and exchange-traded funds. As of the date of this document, FMLF funds are held primarily in a mix of cash, cash equivalents, readily marketable funds, and private real estate investment trusts.

Investments

Our cash, cash equivalents, and investments had an aggregate fair market value of $25,401,199, $36,217,122, and $23,876,228, as of December 31, 2022, 2021, and 2020, respectively.

As of December 31, 2022, excluding custodial funds and other funds held for others, we had $3,213,646 in cash and cash equivalents held outside our investment portfolio and $22,187,553 in investments as follows:

Investment	**Market Value**	**Percentage of Investment Portfolio**
Cash and equivalents	$ 98,948	0.5%
Private equity fund	2,270,820	10.2%
Equities	1,102,047	5.0%
Investment property	120,215	0.5%
Mutual funds	18,595,523	83.8%
Total	$ 22,187,553	100.0%

See also Note 5 of the Financial Statements.

Excluding custodial funds and other funds held for others, we had income and net loss on our investments in 2022 in the amount of $(837,995) on an average investment balance of $30,809,161, resulting in an annual rate of return of approximately (2.7%) due to market performance; we had income and net gain on our investments in 2021 in the amount of $2,877,049 on an average investment balance of $30,046,675, resulting in an annual rate of return of approximately 9.6% due to market performance; and we had income and net loss on our investments in 2020 in the amount of $(143,917) on an average investment balance of $21,622,103, resulting in an annual rate of return of approximately (0.7%) due to market performance. See "Selected Consolidated Financial Data" beginning on page 17 for more information on a consolidated basis.

OTHER ACTIVITIES AND RELATED PARTY TRANSACTIONS

In addition to our FMLF activities, we also assist FMCUSA and its constituents in the areas of financial planning, asset management, estate and gift planning, and trust services. Some of these services are performed in part through our for-profit subsidiary, GuideStream Financial.

In the area of estate and gift planning, our Vice President of Estate and Gift Planning and our regional vice presidents meet throughout the country with individuals affiliated with FMCUSA to assist them with their estate plans. We do not engage in the practice of law, but we do, upon request, recommend attorneys with whom individuals can work. FMCUSA constituents may choose to make a current gift with our assistance to Free Methodist ministries or to make deferred charitable gifts, outright or in trust. One planning tool often used in this regard is the GuideStream Charitable Gift Fund, a separate 501(c)(3) organization. When requested by the individual and it is legally permissible, we also serve as trustee of selected charitable remainder trusts, administer charitable gift annuities and/or serve as a fiduciary for the individual or his or her estate. We also administer FMCUSA's pooled income fund, and serve as investment manager of FMCUSA's pension plan, for which FMCUSA serves as trustee.

These activities contributed $1,799,047 in 2022 (excluding $72,066 of realized and unrealized investment losses), $1,749,549 in 2021 (excluding $37,328 of realized and unrealized investment gains), and $1,966,319 in 2020 (excluding $30,329 of realized and unrealized investment gains), to our total revenue, gains and other support, representing 31.0%, 12.6%, and 19.1% of our total revenue, gains and other support in each of those years. These activities also contributed $1,635,906, $1,721,809, and $1,918,270 to our total expenses in 2022, 2021, and 2020, respectively, representing 18.4%, 20.5%, and 22.6% of our total expenses in each of those years.

The Financial Statements provide additional information on these activities, which are unrelated to FMLF. When reviewing our Financial Statements, please note that while they indicate total assets of $214,446,257, we hold or manage $47,714,125 of these assets for others in a fiduciary or agency capacity and these assets would not be available to satisfy our obligations, including the Certificates. Also included in total assets are FMCUSA endowments of $12,610,179 and assets held in trust of $5,656,800 which would not be available to satisfy our obligations.

In addition to the types of Certificates offered in this offering, we also offer Series F Institutional Certificates for purchase by trusts or accounts for which we serve as the trustee, custodian or agent. Series F Institutional Certificates have a variable interest rate calculated and adjusted monthly that is equal to the sum of the interest rate we pay on Flexible Certificates plus 0.87%. Amounts can be invested in or redeemed from a Series F Institutional Certificate at any time and in any increment within 30 days of demand, except that we may limit redemptions to no more than $500,000 per month. We retain the right to redeem any amounts within 30 days of demand. As of December 31, 2022, there were $1,678,169 of Series F Institutional Certificates outstanding.

FMCUSA Pension Plan and Discretionary Accounts

We manage the pension assets for FMCUSA's defined benefit pension plan for annual conferences and headquarters employees. These pension plan assets, which are not included on our Financial Statements, totaled $155,450,509, $189,830,992, and $166,732,572 at December 31, 2022, 2021, and 2020, respectively. We also manage some accounts for which we serve as the trustee, custodian or agent.

From time to time, FMCUSA's pension plan and the accounts for which we serve as the trustee, custodian or agent may purchase Series P Institutional Certificates. In addition, the pension plan may purchase loans or loan participations we sell to it from FMLF. FMLF may, in turn, redeem or repay Series P Institutional Certificates, or repurchase these loans or loan participations from the pension plan and those accounts. The decision to purchase or redeem Series P Institutional Certificates or to purchase or sell loans or loan participations is based upon the desired asset mix of the parties, which is determined by us as the investment manager for the plan and accounts and as the issuer of the Certificates. FMCUSA's policy is to allow up to 30% of FMCUSA pension fund assets to be invested in Series P Institutional Certificates or FMLF loans. We also have our own investment policy for the pension plan as its investment manager, which further limits the portion of the pension plan's portfolio that can be invested in Series P Institutional Certificates or FMLF loans or loan participations. Series P Institutional Certificates are purchased, repaid and redeemed according to the terms described in "Description of Certificates – Institutional Certificates" on page 20. Loans or loan participations may be sold to the pension plan or repurchased by us at a price equal to the amount of principal and interest owed on the loan (or portion thereof) by the borrower at the time of the sale or purchase. The pension plan held no Series P Institutional Certificates as of December 31, 2022, 2021, or 2020, and held no outstanding loans or loan participations as of those same dates. We began to offer Series P Institutional Certificates to other accounts for which we serve as the trustee, custodian or agent as of the effectiveness of our securities registration and exemption filings in 2020, and no such accounts held any Series P Institutional Certificates prior to that time.

GuideStream Financial, Inc.

GuideStream Financial, Inc. is a wholly owned for-profit subsidiary of FM Financial, and is a registered investment advisory firm regulated by the Securities and Exchange Commission. GuideStream Financial's bylaws require that a majority of its directors also be serving on our Board of Directors.

GuideStream Financial provides discretionary investment advisory services and investment management services to its clients. GuideStream Financial may also provide financial planning and consulting services upon request, including investment and non-investment services, such as estate planning, tax planning and insurance planning. GuideStream Financial may also recommend the services of accountants, attorneys, insurance agents and other professionals to its clients, some of whom may also be GuideStream Financial's employees or agents with respect to other services. GuideStream Financial does not offer broker-dealer or custodial services to its clients, and may provide recommendations for providers of these services. As of the date of this Offering Circular, GuideStream Financial typically recommends Pershing Adviser Solutions, a subsidiary of the Bank of New York — Mellon for these services. GuideStream Financial has an agreement with Pershing to provide these services. GuideStream Financial is not FDIC insured.

Some of our directors, officers and employees are also directors, officers or employees of GuideStream Financial, and some of our clients and investors might also be clients of GuideStream Financial. GuideStream Financial does not, however, have discretionary authority to purchase our Certificates, and does not provide investment advisory services to us. As of the date of this Offering Circular, none of GuideStream Financial's accounts held our Certificates.

In the fiscal years ending December 31, 2022, 2021, and 2020, GuideStream Financial had revenue, gains and other support of $1,168,264, $1,118,583, and $932,251, respectively, which represented 20.4%, 8.0%, and 9.0%, of our total revenue, gains and other support for each respective year. This compares to GuideStream Financial expenses of $1,140,901, $951,069, and $889,444, for those same years, which represented 12.8%, 11.3%, and 10.5% of our total expenses for each of those years on a consolidated basis.

GuideStream Charitable Gift Fund

GuideStream Charitable Gift Fund was established as a Michigan non-profit corporation in September, 2009. GSCGF is a 501(c)(3) organization, and some of our directors, officers and employees are also directors, officers or employees of GSCGF, though GSCGF's bylaws limit the number of common directors to no more than 49% of its directors. GSCGF is a donor advised fund created to encourage and assist donors in giving to charitable organizations.

Goldstar Trust Company

We have an agreement with Goldstar to allow our investors to establish self-directed Traditional, Roth, SEP and SIMPLE IRAs and Education Savings Accounts at Goldstar, which then purchase our Flexible or Term Certificates. GoldStar will establish IRAs to accommodate IRA rollovers, transfers from existing IRAs and new accounts, will act as the custodian for such self-directed IRAs, and will invest IRA funds in accordance with your instructions. We reserve the right to limit the amount of Certificates we will sell to a particular IRA, and to change or terminate our agreement with Goldstar. Certificates purchased as IRA investments will be subject to the same terms, conditions and risks as regular Certificates of each respective type. IRAs are subject to the rules and regulations for IRAs set forth in the Internal Revenue Code and Regulations. Consultation with a competent financial and tax adviser is recommended.

We pay Goldstar's annual maintenance fee and some transaction fee to administer and manage these IRA accounts. All other Goldstar fees are the responsibility of the IRA holder. We or Goldstar may change this fee arrangement at any time, but we will give at least 15 days' written notice to IRA account holders of any fee increase. Early redemption penalties would continue to apply even if we changed the current fee arrangement. As of December 31, 2022, there were $10,017,312 in Flexible and Term Certificates held by investors through these IRA accounts.

Shared Services

We have service contracts with GuideStream Financial and GSCGF relating to building and equipment rentals, reimbursement for our employees who provide administrative and professional services to those entities, and other operating expenses. We allocate these shared expenses based on the relative use of each service by us and the other entities. During 2022, 2021, and 2020, GuideStream Financial and GSCGF collectively reimbursed us $824,450, $634,541, and $601,556 respectively, for services rendered to them by our employees.

Other Lending

Finally, we have extended $100,000 revolving lines of credit to GuideStream Financial and GSCGF. As of December 31, 2022, there were no amounts outstanding on these loans.

SELECTED CONSOLIDATED FINANCIAL DATA

The tables below set forth select financial information of FM Financial and its subsidiaries on a consolidated basis as of and for the years ended December 31, 2018 through 2022. This information is based on our historical financial statements and should be read in conjunction with the Financial Statements.

	2022	2021	2020	2019	2018
Cash and cash equivalents	$ 3,213,646	$ 2,214,552	$ 16,595,680	$ 4,122,652	$ 3,796,632
Investments	22,187,553	34,002,570	7,280,548	15,245,326	14,645,714
Loans receivable, net	122,203,137	116,285,669	114,399,136	110,380,873	105,878,934
Other receivables	165,593	196,381	150,452	164,167	37,565
Assets held as trustee, custodian or agent	65,981,104	75,397,185	66,007,271	60,139,530	55,040,676
Other assets	695,224	550,593	582,469	625,721	673,386
Total assets	$ 214,446,257	$ 228,646,950	$ 205,015,556	$ 190,678,269	$ 180,072,907
Investment Certificates*	$ 137,525,645	$ 142,189,033	$ 131,328,093	$ 122,590,139	$ 117,153,998
Trusts and other liabilities	$ 2,792,130	$ 3,279,018	$ 3,157,531	$ 3,175,367	$ 3,714,995
Funds held for others*	51,180,206	57,106,133	49,970,353	46,155,833	42,535,270
Other liabilities	71,185	29,268	33,697	66,214	152,537
Total liabilities	$ 191,569,166	$ 202,603,452	$ 184,489,674	$ 171,987,553	$ 163,556,800
Net assets without donor restrictions	$ 8,157,750	$ 9,051,297	$ 5,966,499	$ 5,849,770	$ 5,207,521
Net assets with donor restrictions	14,719,341	16,992,201	14,559,383	12,840,946	11,308,586
Total net assets	$ 22,877,091	$ 26,043,498	$ 20,252,882	$ 18,690,716	$ 16,516,107
Change in net assets	$ (3,166,407)	$ 5,517,616	$ 1,835,166	$ 2,174,609	$ 101,339
Cash proceeds from investors' Certificates*	$ 28,341,337	$ 29,444,159	$ 31,640,872	$ 20,516,360	$ 23,059,162
Redemptions of investors' Certificates*	33,004,725	18,583,219	22,902,918	15,080,219	21,213,550
Net change in investors' Certificates*	$ (4,663,388)	$ 10,860,940	$ 8,737,954	$ 5,436,141	$ 1,845,612

*Certificates held by FM Financial as trustee, custodian or agent are included as liabilities in "Funds held for others" and not in "Investment Certificates." We received cash proceeds of $2,269,360 and redeemed $1,704,346 of such Certificates during 2022. We held $2,963,918 of such Certificates as "Funds held for others" at December 31, 2022.

Year ending	**Unsecured Loans:**		**Delinquent Loans:**	
December 31:	**Amount**	**% of Total**	**Amount**	**% of Total**
2018	$0	0%	$0	0%
2019	$0	0%	$0	0%
2020	$0	0%	$0	0%
2021	$0	0%	$388,544	0.3%
2022	$0	0%	$489,728	0.4%

DISCUSSION OF FINANCIAL DATA

Fiscal Year Ending December 31, 2022

In 2022, our change in net assets, or net income or loss, was $(3,166,407). The result from operations was a net loss of $(893,547). In addition, there was $(188,965) of net income, expense and realized and unrealized losses on investments in managed and endowment funds that we own or for which we are a named beneficiary. Net realized and unrealized losses on investments as well as the net of contributions, earnings and distribution expenses totaled $(1,944,946) in the FMCUSA endowments that are Assets Held for Benefit of Related Organization on our Statement of Financial Position. See Note 8 in the Financial Statements. The activity in these endowments does not materially impact our liquidity or our ability to meet our obligations to investors in the Certificates. Net income and realized and unrealized losses in irrevocable split interest trusts that will benefit us at maturity amounted to $(138,949).

As of December 31, 2022, our outstanding Certificates totaled $137,525,645, excluding Certificates we held as a trustee, custodian or agent for others in the amount of $2,963,918. During 2022, the weighted average of the interest rates paid on our Certificates increased from 2.09% to 2.19%. Interest rates offered on Certificates are based upon a number of factors, including current market rates.

In 2022, our loan portfolio increased by $5,913,238 from $116,729,314 on December 31, 2021, to $122,642,552 on December 31, 2022. This change represented a 5% overall change. During 2022, we approved $17,153,948 in new loans.

Fiscal Year Ending December 31, 2021

In 2021, our change in net assets, or net income, was $5,517,616. The result from operations was a positive net income of $3,084,798. In addition, there was $152,416 of net income, expense and realized and unrealized losses on investments in managed and endowment funds that we own or for which we are a named beneficiary. Net realized and unrealized losses on investments as well as the net of contributions, earnings and distribution expenses totaled $2,147,724 in the FMCUSA endowments that are Assets Held for Benefit of Related Organization on our Statement of Financial Position. See Note 8 in the Financial Statements. The activity in these endowments does not materially impact our liquidity or our ability to meet our obligations to investors in the Certificates. Net income and realized and unrealized losses in irrevocable split interest trusts that will benefit us at maturity amounted to $132,678.

As of December 31, 2021, our outstanding Certificates totaled $142,189,033, excluding Certificates we held as a trustee, custodian or agent for others in the amount of $2,261,971. During 2021, the weighted average of the interest rates paid on our Certificates decreased from 2.46% to 2.09%. Interest rates offered on Certificates are based upon a number of factors, including current market rates.

In 2021, our loan portfolio increased by $2,833,751 from $113,895,563 on December 31, 2020, to $116,729,314 on December 31, 2021. This change represented a 2.5% overall change. During 2021, we approved $5,957,204 in new loans.

Fiscal Year Ending December 31, 2020

In 2020, our change in net assets, or net income, was $1,835,166. The result from operations was a positive net income of $116,729. In addition, there was $151,286 of net income, expense and realized and unrealized losses on investments in managed and endowment funds that we own or for which we are a named beneficiary. Net realized and unrealized losses on investments as well as the net of contributions, earnings and distribution expenses totaled $1,483,430 in the FMCUSA endowments that are Assets Held for Benefit of Related Organization on our Statement of Financial Position. See Note 8 in the Financial Statements. The activity in these endowments does not materially impact our liquidity or our ability to meet our obligations to investors in the Certificates. Net income and realized and unrealized losses in irrevocable split interest trusts that will benefit us at maturity amounted to $83,721.

During 2020, due in part to loan modification requests from several of our borrowers and the economic uncertainty caused by the disruptions to many of our borrowers' key activities, we applied for and received a loan of $529,900 from Comerica Bank under the Paycheck Protection Program offered by the U.S. Small Business Administration ("**SBA**"). The SBA has fully forgiven the loan, and no balance remains outstanding on the loan as of December 31, 2020. See Note 1 in the Financial Statements.

As of December 31, 2020, our outstanding Certificates totaled $131,328,093, excluding Certificates we held as a trustee, custodian or agent for others in the amount of $1,995,462. During 2019, the weighted average of the interest rates paid on our Certificates decreased from 2.86% to 2.46%. Interest rates offered on Certificates are based upon a number of factors, including current market rates.

In 2020, our loan portfolio increased by $3,149,811 from $110,745,753 on December 31, 2019, to $113,895,563 on December 31, 2020. This change represented a 2.8% overall change. During 2020, we approved $9,777,600 in new loans.

Liquidity Policy

Our policy is to maintain available funds in the form of cash, cash equivalents, readily marketable securities and available lines of credit in an amount not less than 8% of our outstanding Certificates for the purpose of providing short-term liquidity for our various activities. These assets totaled $23,010,164 or 16.4% of outstanding Certificates as of December 31, 2022, without taking into account available lines of credit.

Line of Credit; Series P Certificate

We have a $250,000 line of credit from Comerica Bank that is secured by a blanket lien on all of our assets. This is a variable rate demand note with no stated maturity date and is established to provide flexibility for short-term cash flow needs. We pay a variable rate of interest on funds we borrow under the line of credit at a rate equal to 1.00% over the bank's prime rate. Our Board of Directors has imposed an additional restriction that any draw must be repaid within 60 days unless authorization is received from the Board to extend the length of the draw. As of December 31, 2022, there was no outstanding balance on this line of credit.

We also have an arrangement with the FMCUSA pension plan that allows us, as investment manager for the plan, to invest in or redeem all or portions of the Series P Institutional Certificate held by the plan, or to invest in or sell participation interests in our loans. This arrangement provides us with additional liquidity as necessary. See "Other Activities and Related Party Transactions – FMCUSA Pension Plan" on page 15 and "Description of the Certificates – Institutional Certificates" on page 20. It is our policy not to securitize any portion of our loan portfolio.

DESCRIPTION OF THE CERTIFICATES

General Terms Applicable to All Certificates

We are offering for sale $75,000,000 of Flexible Certificates, Term Certificates, Series F Institutional Certificates and Series P Institutional Certificates on a national basis. All statements about the Certificates are qualified by the information contained in the "State Specific Information" section beginning on page iii.

Our Certificates are our unsecured and uninsured general debt obligations. They are not secured by any particular loans or other assets, and are subordinated to secured debt. See Risk Factors entitled "Unsecured and Uninsured General Debt Obligations" on page 2 and "Subordinate to Existing and Future Senior Secure Indebtedness" on page 2.

The minimum investment amounts and available interest rates for Certificates at the time this Offering Circular was sent to you are set forth on the enclosed rate sheet. Current rates can also be obtained by visiting our website at fmlf.org or calling 1-800-325-8975. We regularly review the interest rates we are paying on our Certificates and we periodically revise our rates based on market conditions, prevailing interest rates and other applicable indicators. Interest rates on Flexible Certificates are variable and may be adjusted periodically. Interest rates on Term Certificates are fixed and do not change over the term of the Certificate. Interest rates on Series F Institutional Certificates and Series P Institutional Certificates are variable and are adjusted monthly. Interest compounds daily on all Certificates and is either posted to principal or paid out on a monthly or quarterly basis.

The Certificates are not transferable. We reserve the right, at any time, to redeem a Certificate upon 30 days' prior written notice. In the event of such a redemption, interest would be paid to the date of the redemption.

We have previously issued Certificates in the form of paper certificates but may at any time begin using a book entry system to record ownership and invested balances for our newly issued Certificates. When we do begin using a book entry system, instead of a paper certificate, we will send you confirmation of your initial investment and any subsequent additions or redemptions of your investment. At that time, investors holding paper certificates may elect to use the book entry system by providing us with their paper certificate(s) and notifying us of their desire to use the book entry system. Our books and records constitute *prima facie* evidence of the information so noted.

Flexible Certificates

Amounts can be invested in or redeemed from a Flexible Certificate at any time and in any increment. We generally will pay you the redemption amount within 30 days of your request. We will provide at least annual investment statements reflecting the principal and accrued interest of each Flexible Certificate, and we may also allow you to check the current principal and accrued interest through our online investor access portal FMLF Online.

Term Certificates

Term Certificates are issued for various terms, typically less than 5 years, and earn interest at a fixed rate for the duration of the selected term. Available terms and applicable minimum investment amounts and interest rates are reflected in the rate sheet in effect at that time. We reserve the right at any time to withdraw any or all of the Term Certificates offered without notice. We will notify you in writing at least 30 days before your Term Certificate matures. While it is our policy to provide all investors with a paper copy of our Offering Circular each year by mail, your maturity notice will also include instructions on how you can access an electronic copy of our Offering Circular at that time. You may redeem your Term Certificate up to 10 days after its maturity or elect to invest the maturing amount in one of our other Term Certificates or a Flexible Certificate. If you do not act, your Term Certificate will become a demand instrument and we will pay you interest at a variable interest rate.

Purchases by IRAs and ESAs

As of the date of this Offering Circular, we have an agreement with Goldstar Trust Company to serve as custodian for self-directed IRAs for investors who choose to purchase Certificates through these types of accounts and are qualified to do so. Under this agreement, GoldStar will establish an IRA account to accommodate IRA rollovers, transfers from existing accounts, and new accounts; will act as the custodian for such self-directed IRAs; and will invest IRA funds in accordance with your instructions. We reserve the right to limit the amount of Certificates we will sell to a particular IRA.

Certificates purchased as IRA investments will be subject to the same terms, conditions and risks as other Certificates of the same type. As of the date of this Offering Circular, we pay Goldstar's annual maintenance fee and transaction fee to administer and manage these IRA accounts. All other Goldstar fees are the responsibility of the IRA holder. We or Goldstar may change this fee arrangement at any time, but we will give at least 15 days' written notice to IRA account holders of any fee increase. Early redemption penalties would continue to apply even if we changed the current fee arrangement.

If you establish an IRA with GoldStar, it will be subject to the rules and regulations for IRAs as set forth in the Internal Revenue Code and Regulations. Consultation with a competent financial and tax adviser is recommended.

Certificates Held as Custodian for Minors

We permit investors to hold Certificates in their capacities as custodians for the benefit of a minor under the Michigan Uniform Transfers to Minors Act ("**UTMA**"). UTMA allows an adult (usually a parent or grandparent) to make investments in a Certificate for the benefit of a minor without the complications of establishing a formal trust or guardianship. If you select this option, Certificate ownership will be recorded in your name as "custodian for minor under the Michigan Uniform Transfer to Minors Act." By law this ownership designation is irrevocable. The Certificate will be the legal property of the minor and will be subject to your control as the custodian until the minor turns 18, at which time the Certificate will become the unrestricted property of the minor. For more specific information about UTMA, including potential tax benefits and consequences, we recommend that you consult your attorney or financial advisor.

Institutional Certificates

Series P Institutional Certificates are only available to FMCUSA's pension plan and accounts for which we serve as the trustee, custodian or agent. Series P Certificates have a variable interest rate calculated and adjusted monthly. The interest rate is based upon the average rate of return of our loan portfolio less 0.8%. Amounts can be invested in or redeemed from a Series P Institutional Certificate at any time and in any increment within 30 days of demand, except that we may limit redemptions to no more than $500,000 per month. We retain the right to redeem any amounts within 30 days of demand.

Series F Institutional Certificates are only available for purchase by trusts or accounts for which we serve as the trustee or agent. Series F Certificates have a variable interest rate calculated and adjusted monthly that is equal to the sum of the interest rate we pay on Flexible Certificates plus 0.87%. Amounts can be invested in or redeemed from a Series F Institutional Certificate at any time and in any increment within 30 days of demand, except that we may limit redemptions to no more than $500,000 per month. We retain the right to redeem any amounts within 30 days of demand.

Early Redemption

We are not obligated to accept requests for early redemption. If you request redemption of your Term Certificate before its maturity date and we permit it, our current policy is to assess a prepayment penalty in an amount equal to 3 months' accrued interest for a Term Certificate with a term of less than 2 years, and 6 months' accrued interest for Term Certificates with a term of 2 or more years. In certain circumstances, such as the death of a Certificate holder, long term care needs, or for donations to Free Methodist charities, we may be more likely to grant early redemption requests and may waive these penalties.

Distribution of Certificates

We have not hired any underwriters to assist with this offering, nor do we intend to. Where required by state law, some of our officers and employees have registered as agents or salespersons. These individuals answer investors' questions and give presentations to potential investors. We do not pay any commissions or other compensation to our officers and employees or anyone else for any sale of our Certificates.

We use brochures and other advertising materials to promote the sale of our Certificates. These materials are distributed directly to FMCUSA churches, as well as handed out at meetings, conventions, seminars, and retreats of FMCUSA organizations. From time to time, we run ads in national and regional publications of FMCUSA, and send materials directly to current and former investors. Information about our Certificates and programs are also available on our website at fmlf.org. Except for the Offering Circular, supplements to the Offering Circular, if any, and interest rate sheets posted on our website, the information available on our website is not part of the Offering Circular.

Certificate Maturity Information

In the fiscal years ended December 31, 2022, 2021, and 2020, 81%, 91%, and 90%, respectively, of maturing Term Certificates were extended or reinvested. During fiscal years 2022, 2021, and 2020, respectively, we redeemed a total of $5,036,578, $2,247,896, and $2,632,264 of Term Certificates and had reinvestments of $21,831,122, $23,677,942, and $24,113,276. Our net Flexible Certificates outstanding decreased by $2,088,174 in 2022, increased by $7,027,409 in 2021, and increased by $9,975,755 in 2020. Our outstanding Series P Institutional Certificates and Series F Institutional Certificates increased by $682,560 in 2022, increased by $186,963 in 2021, and decreased by $7,007,022 in 2020. There can be no assurance, however, that any identifiable trends in the forgoing will continue.

The maturities of our Flexible Certificates, Institutional Certificates, and Term Certificates as of December 31, 2022, were as follows:

Type of Certificate / Year Ending December 31	**Investors' Certificates**	**Certificates Held for Others***	**Total Principal Maturing**
Flexible	$ 48,914,344	$ 726,249	$ 49,640,593
Series F	-	1,678,169	1,678,169
Series P	-	-	-
2023	28,347,738	-	28,347,738
2024	19,333,893	234,500	19,568,393
2025	18,267,925	-	18,267,925
2026	12,446,081	240,000	12,686,081
2027	10,215,664	85,000	10,300,664
Total	$ 137,525,645	$ 2,963,918	$ 140,489,563

* These Certificates were held by us as a trustee, custodian or agent and are included in "Funds held for others" on our consolidated statement of financial position.

HOW TO PURCHASE A CERTIFICATE

If, after reading this Offering Circular, you would like to purchase one of our Certificates, you should complete the Purchase Application included with this Offering Circular. Send the completed Purchase Application to FM Financial, 8050 Spring Arbor Road, P.O. Box 580, Spring Arbor, Michigan 49283, along with a check made out to "The Free Methodist Foundation" or "FM Financial" in the amount of your initial investment. Certificates are issued for 100% of the principal amount invested.

If you are considering purchasing one or more Certificates through an IRA or ESA, you should contact us and we will provide you with contact information for Goldstar Trust Company. Goldstar serve as a custodian for self-directed IRAs and ESAs. "Description of Certificates – Purchases by IRAs and ESAs" on page 20.

We sell our Certificates only through our officers and employees, and only by this Offering Circular. We do not use underwriters or outside selling agents, and no direct or indirect commissions or other remuneration will be paid in connection with the offer and sale of the Certificates.

TAX ASPECTS

The interest paid or accrued on the Certificates will be taxable as ordinary income to you in the earlier of the year it is paid or the year it is accrued, depending on your method of accounting. If interest is reinvested over the life of a Certificate and is paid at the time of redemption, you must nevertheless report the interest as income on your federal income tax returns and state income tax returns, if applicable, as it is reinvested over the life of the Certificate. We will notify you of interest earned each year on your Certificate(s) by providing a Federal Income Tax Form 1099 or the comparable form by January 31st of each following year. We may withhold federal income tax from each payment of interest if you fail to provide us with your social security or employer identification number when you invest in the Certificates or if we are notified that you have underreported your income to the Internal Revenue Service. You will not be taxed on the return of the principal amount of a Certificate or on the payment of previously accrued and taxed interest. You will not receive a receipt for a charitable contribution and you will not be entitled to a charitable deduction for the purchase of the Certificates.

If you (or you and your spouse together) have invested or loaned more than $250,000 in the aggregate with or to us and other charitable organizations that control, are controlled by or under common control with us, you may be deemed to receive additional taxable interest under section 7872 of the IRC, if the interest actually accruing on your Certificate is less than the applicable federal rate. If you believe this applies to you, you should consult your tax advisor.

This section summarizes some federal income tax consequences of an investment in the Certificates based upon the IRC, the regulations promulgated under the IRC and existing administrative interpretations and court decisions. Future legislation, regulations, administrative interpretations, or court decisions could change these authorities either prospectively or retroactively. This summary does not address all aspects of federal income taxation that may be important to you in light of your particular circumstances or if you are subject to special rules, such as rules applicable to financial institutions or tax-exempt organizations or if you are not a citizen or resident of the United States.

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

MANAGEMENT

Board of Directors

Our Board of Directors may consist of no fewer than eight and no more than fifteen members. Currently, there are eleven directors. The members of our Board, which is divided into three classes, are elected by FMCUSA's Board of Administration for rotating three-year terms. Each of our directors is also a director of GuideStream Financial, Inc. Our Board meets for regularly scheduled meetings at least two times a year and via telephone as the need arises. As of the date of this document, the following individuals were members of our Board:

Mark S. Olson, President, Chief Executive Officer, and Director, age 65, has served FM Financial since 1999, and previously held roles as our Vice President, Free Methodist Investment & Loan Fund Division, Executive Vice President, and Assistant Treasurer. Prior to joining FM Financial, Mr. Olson had accumulated 20 years' experience in finance, operations and executive management. Mr. Olson is also the President, Chief Investment Officer, and a member of the Board of Directors of GuideStream Financial and the CEO and a director for GSCGF. Mr. Olson received his BA and MBA from Spring Arbor University, a CIMA® (Certified Investment

Management Analyst™) designation from the Investments and Wealth Institute and The Wharton School at the University of Pennsylvania, and an AIF® (Accredited Investment Fiduciary®) designation from the Center for Fiduciary Studies. Mr. Olson is a Board member at Henry Ford Allegiance Health System in Jackson, MI and Chair of the Investment Sub-committee. He is also a trustee of the Henry Ford Health System in Detroit, MI and chair of its Board of Directors Investment Sub-committee.

Bradley Button, Director, age 56, serves as the Executive Director of the Acts 1:8 Foundation. He most recently served as the Superintendent of the East Michigan Conference of the FMCUSA from 2015 to 2022. He previously served as Missions Mobilizer at Free Methodist World Missions from 2013 to 2015, and prior to that position served as Minister and Church Planter in various Free Methodist churches and initiatives since 1994. Mr. Button earned his BS in Business Administration from Roberts Wesleyan College; his MS in Public Administration from the State University of New York; and his Masters of Divinity from Northeastern Seminary at Roberts Wesleyan College. His term on our Board expires in 2023.

Kwok Cheung (Caleb) Chan, Director, age 63, is the Dean of the Gainey School of Business at Spring Arbor University in Spring Arbor, Michigan, and has served in this capacity since 2012. From 1993 until beginning his tenure as Dean of the Gainey School of Business in 2012, Dr. Chan served as a business professor at Spring Arbor University. Dr. Chan earned his BA in Business Administration and Economics from King College and his Ph.D. in Decision Sciences from Georgia State University. Dr. Chan's term on our Board of Directors expires in 2025.

William Crothers, Vice-Chairman and Director, age 80, most recently served as the President of Southern Wesleyan University from 2021 to 2022. He is the founder of Presidential Leadership Associates, where he worked from 2002 until 2018, and President Emeritus of Roberts Wesleyan College, a Free Methodist-affiliated school, where he served as President from 1981 to 2002. Dr. Crothers received his BA in Business Administration from the University of Michigan – Flint College, his MBA in finance from Western Michigan University, and his PhD in Higher Education Administration from Michigan State University. Mr. Crothers' term on our Board expires in 2025.

Lloyd G. Ganton, Director, age 87, is the owner and CEO of Ganton Retirement Centers, where he has been in management since 1968. Mr. Ganton also currently serves as a trustee of Hope Africa University, a Free Methodist-affiliated school in Burundi, Africa. Mr. Ganton received his BS from Greenville College and his MS from Eastern Michigan University. Mr. Ganton's term on our Board expires in 2024.

David R. Goodnight, Chairman and Director, age 62, is an attorney and a partner at Stoel Rives. He is a director and Chairman of the board for Warm Beach Christian Camps and Conference Center, a Free Methodist ministry. Mr. Goodnight has held his current position with Stoel Rives since 2003, and immediately prior to that was an attorney with Dorsey & Whitney from 1999 to 2003. Mr. Goodnight received his AA from Central Christian College of Kansas, his BA from Greenville College, his JD from Valparaiso University, and his LLM from Yale Law School. Mr. Goodnight is also chairman and a director for GSCGF. Mr. Goodnight's term on our Board expires in 2024.

Eric W. Logan, Director, age 69, is the former IT Enterprise Architect and Project Manager for the City of Rochester, New York, a position he held from 2019 through 2022. Previously, Mr. Logan was Director of IT Infrastructure for the City of Rochester from 2010 to 2019, IT Management Consultant with Technisource from 2009 to 2010, Project Manager at Carestream Health from 2007 to 2009, and IT Manager at Eastman Kodak Company from 1981 to 2007. He has also served on the FMCUSA Board of Administration and as a member of the Board of Trustees of the Hochstein School of Music and Dance. Mr. Logan earned his BA from Roberts Wesleyan College. His term on our Board expires in 2025.

Larry P. Roberts, Director, age 72, is the President and Sole Member of both KMTR Television, LLC and Roberts Media, LLC. KMTR Television, LLC owns three NBC television stations in Oregon. Mr. Roberts was the Chief Operating Officer of FMCUSA from 2012 to 2017. He serves as a member of the Board of Trustees of Seattle Pacific University, a Director of Olive Branch Mission of Chicago, a member of the Board of Trustees of Central Christian College of Kansas, a board member of Cornerstone Community Church, a Director and Vice President of the Southeast Region Conference of the FMCUSA, and a Director and Treasurer of Heritage Ministries. Previously, he was the pastor of New Heights Christian Fellowship in

Boise, ID for 17 months, and before that was Vice President of Fisher Communications, and President of Fisher Radio Regional Group, positions he held since 2006 and 1982, respectively. Mr. Roberts received his BS from the University of Minnesota. His term on our Board expires in 2024.

Andrea Shields, Director, age 66, is a Realtor at Keller Williams Realty, a position she has held since 2009. She previously was a Realtor at Coldwell Banker Realty from 1989 to 2009, and a Legal Assistant for the U.S. Army and the U.S. Army Reserves from 1984 to 1995. Ms. Shields also has served as Director and Community Liaison for Southern Living Academy. Her term on our Board expires in 2024.

Charles R. Toy, Secretary and Director, age 72, is retired. He is the former Associate Dean of Career and Professional Development (2008 to 2019), Adjunct Professor (2001 to 2008), and member of the Board of Directors (2005 to 2008) at Western Michigan University-Thomas M. Cooley Law School. From 2003 to 2019, Mr. Toy was a member of the Board of Administration of FMCUSA. Mr. Toy continues to serve on the BOA Benefits Committee, a position he has held since 2011. Prior to these positions, he was a shareholder at Farhat & Story, P.C., from 1984 through 2008, a Contract Administrative Law Judge with the Michigan Department of Environmental Quality from 1986 to 1992, and an Adjunct Professor at Spring Arbor College in 1996 and 1997. Mr. Toy currently serves as a member of the Boards of Directors of Hearthstone, Heritage Ministries Charitable Care Network, Heritage Village Rehab and Skilled Nursing, HMCCN Investigations, Rolling Fields, The Gerry Homes, the Kenney, and Vinecroft. Mr. Toy received his BA from Oakland University, his MS from Michigan State University, and his JD from WMU-Thomas M. Cooley Law School. Mr. Toy is licensed to practice law in the State of Michigan. Mr. Toy was the 75th President of the State Bar of Michigan in 2009. Mr. Toy's term on our Board expires in 2023.

Matthew Whitehead, Director, age 66, has been the Bishop of FMCUSA since 2019. Prior to that time, he served as Superintendent of the Pacific Northwest Conference, Free Methodist Church from 2000 to 2019. Bishop Whitehead earned his BA from Seattle Pacific University, his Masters of Divinity from Western Evangelical Seminary, and his Doctor of Ministry from Asbury Theological Seminary. Bishop Whitehead's term on our Board expires in 2025.

Officers

Four of our directors, David R. Goodnight, William Crothers, Mark S. Olson, and Charles R. Toy, also serve as our Chairman, Vice-Chairman, President and Secretary, respectively. Some additional officers of note include the following:

Daniel A. Kurtz, Senior Vice-President, Chief Operating Officer, and Assistant Secretary, age 71, has served with us since 1998, including in as Vice President of Finance, Chief Financial Officer, Assistant Secretary, and Treasurer. From 1973 until 1998, Mr. Kurtz was employed by Harvard Industries, Inc., in various areas of finance, including Manager – Financial Reporting and Planning, Manager of Costs and Budgets, and Manager of Financial Analysis. Mr. Kurtz received his BA from Spring Arbor University and holds a Certified Fiduciary and Investment Risk Specialist (CFIRS) designation from Cannon Financial Institute. Mr. Kurtz serves as a director of Butterfield Memorial Foundation, Sister Connection and Friends of Immanuel University.

Timothy J. Burkhart, age 57, is our Chief Legacy Officer and previously served as our Vice President – Estate and Gift Planning from 2002 to 2021. Previously, Mr. Burkhart was a regional vice president for FM Financial from 1996 to 2002. Mr. Burkhart is also President and Chief Operating Officer and a member of the Board of Directors of GSCGF. He received his AAS from Purdue University in 1985 and a BS from Indiana Wesleyan University in 1990.

Joshua D. Adams, Loan Fund Vice President and Chief Information Officer, age 42, has served with us since 2004. Mr. Adams earned both his BA in business and his MBA from Spring Arbor University. Mr. Adams also serves on the Board of Directors of Jackson Free Methodist Church and on the Board of the Southern Michigan Conference of the FMCUSA.

Beth Hall, Chief Financial Officer and Treasurer, age 50, has serviced with us since 1992, and previously served as our Controller. She earned her BA in accounting from Spring Arbor College.

Joseph Crupper, age 46, served as our Manager of Accounting from 1999 to 2017, then Director of Accounting from 2017 to 2021, until becoming our Chief Trust Officer and Investment Manager in 2022.

Mr. Crupper received his BA in business from Spring Arbor University and is a licensed CPA. He also serves as Church Chair of Bretton Woods Covenant Church.

Compensation

All directors serve on a volunteer basis and are not compensated for time and services rendered as Board members. Board members are, however, upon request, reimbursed for actual expenses incurred in attending Board meetings.

During 2022, Daniel A. Kurtz, Mark S. Olson, Timothy J. Burkhart, Joshua D. Adams, Beth Hall, and Joseph Crupper were the only current officers receiving a salary. The aggregate amount of all remuneration that we paid to these officers during 2022 was $1,214,085, which includes salary, health and other insurance, and retirement plan contributions. $336,611 of this amount was allocable to FMLF.

The aggregate amount of all remuneration for officers in 2023 is anticipated to be approximately $1,210,450. Although our officers receive a salary for their services as our officers and employees, they do not receive any remuneration for the sale of the Certificates.

During the three-year period preceding this offering, there have been no material transactions or agreements between us and any of our officers, directors or principal employees or any entity directly or indirectly controlled by them and no transactions like this are currently planned. Our officers and directors beneficially owned Certificates totaling $719,909, $1,177,836, and $1,173,795 as of March 3, 2022, 2021, and 2020, respectively. As of the date of this document, no officer or director has informed us that he presently intends to purchase any additional Certificates.

Board Relationships

All of our directors are also GuideStream Financial directors. In addition, some of our directors and officers may serve on boards of their local churches, and other FMCUSA organizations to which we make loans or sell Certificates, or to which GuideStream Financial or the GSCGF provide services. Generally, we do not consider these affiliations to be strong enough to constitute related party transactions in either our Certificate or loan programs. Any material affiliated transactions must be approved by a majority of our independent directors according to our Conflict of Interest Policy to ensure that any such transactions will be conducted on terms that are no less favorable to us than the terms that could be obtained from unaffiliated third parties.

We may periodically have loans or Certificates outstanding with FMCUSA organizations with whom directors or officers are affiliated, or Certificates outstanding with directors or officers themselves. As of December 31, 2022, we had no loans outstanding directly with any of our officers or directors. The FMCUSA pension plan does occasionally make loans to FMCUSA executives, and as manager of the pension plan we assist FMCUSA in the process of approving those loans.

LEGAL MATTERS

As of the date of this document, there were no material suits, actions or other legal proceedings or claims pending, or to our knowledge, threatened against us, GuideStream Financial, or against any individual in his or her capacity as our officer or director or as an officer or director of GuideStream Financial. There have been no material legal proceedings against us since our inception, though we were named in a lawsuit over a boundary dispute between one of our borrowers and a third party years ago, which has since been resolved.

INDEPENDENT AUDITORS

Our Consolidated Financial Statements as of December 31, 2022, December 31, 2021, and December 31, 2020, and for the years then ended, included in this document, have been audited by FORVIS, LLP, independent auditors, whose address is 111 E. Wayne Street, Fort Wayne, Indiana 46802, as stated in their report attached to this Offering Circular.

OTHER INFORMATION

It is our policy to provide current investors with our audited Financial Statements each year within 120 days of our fiscal year end and upon written request.

From time to time, we may distribute advertising materials through FMCUSA churches or organizations, make audio and video presentations in churches, publish advertisements in national publications, and mail literature to potential investors. We may also include information on a website about our Certificates, including current interest rates. We have not, however, authorized anyone to give any information or make any representations with regard to the offering of our Certificates that are inconsistent with the information in this Offering Circular. Therefore, you should not rely on any information or representations that are contrary to the information in this Offering Circular.

The Free Methodist Foundation and GuideStream Financial, Inc.

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2022, 2021 and 2020

The Free Methodist Foundation and GuideStream Financial, Inc.
December 31, 2022, 2021 and 2020

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FORV/S

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Independent Auditor's Report

Board of Directors
The Free Methodist Foundation and
GuideStream Financial, Inc.
Spring Arbor, Michigan

Opinion

We have audited the consolidated financial statements of The Free Methodist Foundation and GuideStream Financial, Inc., which comprise the consolidated statements of financial position as of December 31, 2022, 2021 and 2020, and the related consolidated statements of activities, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Free Methodist Foundation and GuideStream Financial, Inc. as of December 31, 2022, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of The Free Methodist Foundation and GuideStream Financial, 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Free Methodist Foundation and GuideStream Financial, Inc.'s ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Free Methodist Foundation and GuideStream Financial, 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Free Methodist Foundation and GuideStream Financial, 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.

FORVIS, LLP

Fort Wayne, Indiana
March 13, 2023

The Free Methodist Foundation and GuideStream Financial, Inc.

Consolidated Statements of Financial Position

December 31, 2022, 2021 and 2020

	2022	2021	2020
Assets			
Cash and cash equivalents	$ 3,213,646	$ 2,214,552	$ 16,595,680
Investments	22,187,553	34,002,570	7,280,548
Loans receivable, net	122,203,137	116,285,669	114,399,136
Other receivables	165,593	196,381	150,452
Other assets	91,410	92,384	80,323
Land, buildings and equipment, net	603,814	458,209	502,146
Assets held in trust	5,656,800	6,773,448	6,229,606
Assets held for benefit of related organization	12,610,179	14,555,124	12,407,400
Custodial investments	47,714,125	54,068,613	47,370,265
Total assets	$ 214,446,257	$ 228,646,950	$ 205,015,556
Liabilities			
Accounts payable and accrued expenses	$ 67,289	$ 25,141	$ 29,076
Investment certificates	137,525,645	142,189,033	131,328,093
Annuities payable	3,896	4,127	4,621
Trust and other liabilities	2,792,130	3,279,018	3,157,531
Funds held for others			
Pooled income	69,929	117,497	107,798
Revocable trusts	429,181	515,683	482,404
Irrevocable trusts	30,919,239	36,026,965	29,715,813
Endowment and agency	18,587,030	18,959,231	18,031,236
Annuities due other remaindermen	1,174,827	1,486,757	1,633,102
Total liabilities	191,569,166	202,603,452	184,489,674
Net Assets			
Without donor restrictions	8,157,750	9,051,297	5,966,499
With donor restrictions	14,719,341	16,992,201	14,559,383
Total net assets	22,877,091	26,043,498	20,525,882
Total liabilities and net assets	$ 214,446,257	$ 228,646,950	$ 205,015,556

The Free Methodist Foundation and GuideStream Financial, Inc.

Consolidated Statements of Activities

Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Revenue, Gains (Losses) and Other Support			
Contributions	$ 7,979,516	$ 8,267,502	$ 5,658,725
Contributed real estate	314,960	1,650,000	225,726
Supporting management	223,000	239,400	236,400
Fund management	930,025	1,003,048	714,403
Interest on loans	5,922,287	5,748,852	5,875,150
Interest and dividends	4,132,167	4,593,042	2,080,029
Realized and unrealized gains (losses) on investments	(11,384,734)	7,946,514	5,882,660
Change in value of split-interest agreements	(138,949)	132,678	83,721
RIA revenue	1,168,264	1,118,583	932,251
Other income	31,345	20,336	28,326
	9,177,881	30,719,955	21,717,391
Amounts earned/received on behalf of custodial participants	(3,450,003)	(16,816,847)	(11,396,699)
Total revenue, gains (losses) and other support	5,727,878	13,903,108	10,320,692
Expenses			
Planned giving and development programs	1,094,685	1,250,454	1,211,544
Free Methodist Loan Fund	3,588,047	3,704,273	4,050,447
Investment management	570,089	140,767	145,375
Distribution of income and principal	9,455,529	8,908,230	7,074,029
Fees	532,243	534,195	460,350
Total program services	15,240,593	14,537,919	12,941,745
Management and general	2,341,333	2,148,342	2,003,970
Fund raising	159,230	190,587	184,746
	17,741,156	16,876,848	15,130,461
RIA expense	1,140,901	951,069	889,444
Amounts paid on behalf of custodial participants	(9,987,772)	(9,442,425)	(7,534,379)
Total expenses	8,894,285	8,385,492	8,485,526
Change in Net Assets	(3,166,407)	5,517,616	1,835,166
Net Assets, Beginning of Year	26,043,498	20,525,882	18,690,716
Net Assets, End of Year	$ 22,877,091	$ 26,043,498	$ 20,525,882

The Free Methodist Foundation and GuideStream Financial, Inc.
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Net Assets Without Donor Restrictions			
Total revenue, gains and other support without donor restrictions	$ 10,988,404	$ 27,896,068	$ 19,092,832
Net assets released from restrictions	462,337	391,069	906,122
Amounts earned/received on behalf of custodial participants	(3,450,003)	(16,816,847)	(11,396,699)
Total expenses without donor restrictions	(18,882,057)	(17,827,917)	(16,019,905)
Amounts paid on behalf of custodial participants	9,987,772	9,442,425	7,534,379
Increase (decrease) in net assets without donor restrictions	(893,547)	3,084,798	116,729
Net Assets With Donor Restrictions			
Contributions	176,432	515,782	682,119
Dividend and interest income	346,996	185,665	122,249
Realized and unrealized gains (losses) on investments	(2,195,002)	1,989,762	1,736,470
Change in value of split-interest agreements	(138,949)	132,678	83,721
Net assets released from restrictions	(462,337)	(391,069)	(906,122)
Increase (decrease) in net assets with donor restrictions	(2,272,860)	2,432,818	1,718,437
Change in Net Assets	(3,166,407)	5,517,616	1,835,166
Net Assets, Beginning of Year	26,043,498	20,525,882	18,690,716
Net Assets, End of Year	$ 22,877,091	$ 26,043,498	$ 20,525,882

The Free Methodist Foundation and GuideStream Financial, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Operating Activities			
Change in net assets	$ (3,166,407)	$ 5,517,616	$ 1,835,166
Items not requiring (providing) operating activities cash flows			
Depreciation	63,845	61,560	64,198
Accretion of deferred loan fees	(2,729)	(2,920)	(2,920)
Provision for loan losses	38,000	5,000	55,000
Contributions restricted for long-term investment	(172,096)	(512,594)	(137,275)
Realized and unrealized (gains) losses on investments	4,265,113	(4,028,176)	(1,223,555)
Changes in			
Interest and other receivables	(8,713)	899,208	(906,817)
Other assets	974	(12,061)	8,426
Accounts payable and accrued expenses	42,148	(3,935)	(31,566)
Annuities, trusts and other liabilities	(487,119)	120,993	(18,787)
Net cash provided by (used in) operating activities	573,016	2,044,691	(358,130)
Investing Activities			
Purchase of property and equipment	(209,450)	(17,623)	(29,372)
Net change in assets held in trust and assets held for benefit of related organization	3,061,593	(2,691,566)	(1,829,113)
Net change in custodial investments and funds held for others	428,561	437,432	(224,108)
Purchase of investments	(16,489,864)	(37,839,785)	(11,760,496)
Proceeds from sales and maturities of investments	24,039,768	15,145,939	20,948,829
Net change in loans	(5,913,238)	(2,833,750)	(3,149,811)
Net cash provided by (used in) investing activities	4,917,370	(27,799,353)	3,955,929
Financing Activities			
Proceeds from contributions restricted for investment in endowment	172,096	512,594	137,275
Net change in investment certificates	(4,663,388)	10,860,940	8,737,954
Net cash provided by (used in) financing activities	(4,491,292)	11,373,534	8,875,229
Increase (Decrease) in Cash and Cash Equivalents	999,094	(14,381,128)	12,473,028
Cash and Cash Equivalents, Beginning of Year	2,214,552	16,595,680	4,122,652
Cash and Cash Equivalents, End of Year	$ 3,213,646	$ 2,214,552	$ 16,595,680
Supplemental Cash Flows Information			
Interest paid	$ 2,927,336	$ 3,141,729	$ 3,462,163
Income tax paid	28,908	43,352	19,320

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Free Methodist Foundation (Foundation) was incorporated as a not-for-profit organization under the laws of the state of Oklahoma and commenced operations in October 1987. In 2009, the Foundation organized GuideStream Financial, Inc. (GuideStream), a wholly-owned, for-profit subsidiary.

The Foundation was organized to establish, promote, fund, extend, and maintain the Christian faith according to the tenets of the Free Methodist Church - USA (FMCUSA). To carry out these purposes, the Foundation solicits and receives gifts, grants, transfers, and conveyances of real and personal property. In addition, the Foundation provides planned giving assistance to members and friends of the FMCUSA. It invests pooled income funds, trust funds and certain annuity funds. It expedites loans to FMCUSA churches from the Free Methodist Loan Fund (Loan Fund) and other sources. The statements include custodial assets of FMCUSA, including the pooled income fund, trust funds (including agency and endowment funds) and certain annuity funds. It acts as trustee for charitable trusts which designate remainder amounts to FMCUSA and other ministries and makes investment decisions for the denomination's pension funds. In addition, it serves as counsel to FMCUSA churches and agencies in fund-raising endeavors.

GuideStream is a Registered Investment Advisor (RIA), which provides financial planning and investment management for individuals and organizations.

Principles of Consolidation

The December 31, 2022, 2021 and 2020, consolidated statements of financial position include the accounts of the Foundation and GuideStream. The statements of activities, changes in net assets and cash flows for the years ended December 31, 2022, 2021 and 2020, are consolidated and include the accounts of the Foundation and GuideStream (collectively, Organizations). All material intercompany accounts and transactions have been eliminated in consolidation.

The consolidated financial statements include the operating funds of the Foundation and other assets managed by the Foundation. The statements do not include the assets or any other activities of FMCUSA, the Free Methodist Publishing House, Free Methodist Church Ministries, Church Regional Conferences, local congregations, auxiliary organizations and associated institutions of higher education, except those custodial assets such as trusts or annuities managed on behalf of those entities or their investments in the Loan Fund.

The consolidated financial statements of the Organizations are included in the consolidated financial statements of FMCUSA.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 revenue, expenses, gains and losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses and fair values of financial instruments.

Net Assets – Basis of Presentation

Net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. The definitions used to clarify and report net assets are as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and are available for use in general operations or are part of what's invested in property, plant and equipment (net of related debt). However, the governing board may designate any of these funds for specific purposes (*i.e.,* specific purpose reserves or endowments).

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations (1) that will be met either by actions of the Foundation or the passage of time or (2) that are to be permanently maintained by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organizations consider all liquid investments, except cash in managed investment portfolios, with original maturities of three months or less to be cash equivalents. At December 31, 2022, 2021 and 2020, cash equivalents consisted primarily of money market funds.

At December 31, 2022, the Organizations' cash accounts exceeded federally insured limits by $716,900.

Investments

The Foundation's investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Alternative investments are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Other investments are valued at fair value; which is calculated based upon the most recent valuation performed. Investment return includes dividend, interest and other investment income; and realized and unrealized gains and losses on investments carried at fair value.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the consolidated statements of activities as net assets with or without restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and a similar provision of the state law. However, the Foundation is subject to federal income tax on any unrelated business income. The Foundation is not considered to be a private foundation.

For GuideStream, deferred income tax assets and liabilities are recognized for the tax effects of differences between the financial statement and tax basis of assets and liabilities. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized. The income tax expense of GuideStream, if any, is immaterial to the consolidated financial statements and is included as a component of RIA expense on the consolidated statements of activities.

GuideStream files income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions. GuideStream is not subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2020.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balance adjusted for any charge-offs, the allowance for loan losses or any deferred fees or costs. Generally, loans are placed on nonaccrual status when management determines there is a probable likelihood of not collecting the accrued interest and interest is considered a loss at that point in time.

Interest income is accrued based on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and amortized as a level yield adjustment over the respective term of the loan.

The accrual of interest on loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Past-due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off are reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. There was no reversal of interest in 2022, 2021 or 2020.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to income. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established if the discounted cash flows, collateral value or observable market price of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical charge-off experience and expected loss given default derived from the Foundation's internal risk rating process. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when, based on current information and events, it is probable that the Foundation will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent.

Land, Buildings and Equipment

Expenditures for land, buildings and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. The Foundation provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

	Years
Building	30
Furniture and equipment	3-7

Maintenance and repairs are expensed as incurred. Gains and losses on dispositions are included in current operations.

Managed Pension Plan Assets

The Foundation manages the pension assets for the Free Methodist Church of North America Pension Plan (Defined Contribution Plan) and the Free Methodist Church of North America Pension Plan for Annual Conferences and Headquarters Employees (Defined Benefit Plan). In accordance with GAAP, the pension assets and corresponding liability of $155,450,509, $189,830,992 and $166,732,572 at December 31, 2022, 2021 and 2020, respectively, are not included in the accompanying consolidated financial statements. The pension plans issue separate audited financial statements that reflect these pension assets.

Contributions

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.,* the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions in 2020 consisted of $529,900 as part of the Paycheck Protection Program under the *Coronavirus Aid, Relief, and Economic Security Act* (CARES). The Foundation elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition.* As of December 31, 2020, the Foundation had met all existing conditions and received notification of forgiveness from the Small Business Administration and had, therefore, recognized revenue in accordance with ASC Topic 958-605. There were no such contributions in 2022 and 2021.

Donated Land, Property and Equipment

The Foundation reports gifts of land, buildings and equipment as support within net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support within net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service, as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Foundation received donated real estate in the amount of $314,960, $1,650,000 and $225,726 during the years ended December 31, 2022, 2021 and 2020, respectively. These are gifted to and invested in specific custodial accounts. Fair value is determined based on appraisals performed by a qualified third party.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Note 22 presents the natural classification detail of expenses by function. Expenses have been classified as program services, management and general and fund raising based on the actual direct expenditures and cost allocations based upon estimates of time spent by Foundation personnel.

Note 2: Change in Accounting Principle

In 2022, the Foundation, adopted ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the statements of activities and disclosures within the notes to the financial statements about the valuation methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

Note 3: Revenue From Contracts With Customers

Fee Revenue - Foundation

The Foundation receives fee revenue for the investment management and administration of charitable remainder trusts, irrevocable trusts, endowments, and managed accounts in accordance with various fee schedules based on account fair market value, which is recorded as revenue over time as the services are performed. Fees are assessed monthly using the prior month end value at 1/12 of the annual fee percentage. In a few cases, managed accounts are assessed a fee as a percent of contributions received rather than a percent of fair market value. This revenue is presented as fund management revenue on the consolidated statements of activities.

Fee Revenue – GuideStream

GuideStream receives fee revenue for investment management and financial planning advisory services for the various accounts managed in accordance with its published annual fee schedule and is based on a percentage of the daily average market value for the prior month, prorated and charged on a monthly basis, which is recorded as revenue over time as the services are performed. There are no separate transaction fees. This revenue is presented as RIA revenue on the consolidated statements of activities.

Financial planning for specific clients that may be deemed extraordinary or stand-alone may be charged separately on an hourly basis.

There are no other material revenue streams that are within the scope of ASC Topic 606.

Note 4: Loans Receivable and Allowance for Loan Losses

The Foundation administers the Loan Fund, which is responsible for assisting churches and agencies related to FMCUSA, primarily by providing financing for the purchase, construction and renovation of physical facilities, including parsonages and the acquisition of sites upon which new worship and educational facilities can be constructed. The Loan Fund's lending activities are financed largely through the sale of debt securities, which are unsecured debt obligations of the Foundation. The Loan Fund is not a separate trust or legal entity.

The Loan Fund's loans receivable are as follows:

	2022	2021	2020
Loan Fund			
Loans receivable from individual FMCUSA churches and affiliated organizations, with maturities from 2023 to 2051, bearing interest at rates from 3.85% to 7.50%, secured by mortgages on properties, operations or other assets of the debtor and/or guaranteed by regional conferences	$ 122,642,552	$ 116,729,314	$ 113,895,564
Interest receivable	205,955	166,455	1,111,592
Deferred loan fees	(17,370)	(20,100)	(23,020)
Allowance for loan losses	(628,000)	(590,000)	(585,000)
Loan fund receivables	$ 122,203,137	$ 116,285,669	$ 114,399,136

Loan Fund receivables maturing in years ending December 31, are as follows:

2023	$ 3,826,033
2024	3,969,263
2025	4,140,519
2026	4,313,689
2027	4,495,191
Thereafter	101,897,857
Subtotal	122,642,552
Interest receivable	205,955
Deferred loan fees	(17,370)
Allowance for loan losses	(628,000)
Total	$ 122,203,137

Activity in the allowance for loan losses were as follows:

	2022	2021	2020
Balance, beginning of year	$ 590,000	$ 585,000	$ 530,000
Provision charged to expense	38,000	5,000	55,000
Balance, end of year	$ 628,000	$ 590,000	$ 585,000

Internal Risk Categories

Loan grades are numbered 1 through 8. Grades 1 through 4 are considered satisfactory grades. The grade of 5, or Watch or Special Mention, represents loans with potential weaknesses. The grades of 6, or Substandard, and 7, or Doubtful, refer to assets that are adversely classified. It is the intention of the Loan Fund that the use and application of these grades be uniform and in conformance to the Loan Fund's policy.

Prime (1) loans are of superior quality with excellent credit strength and repayment ability providing a nominal credit risk.

Good (2) loans are of above average credit strength and repayment ability providing only a minimal credit risk.

Satisfactory (3) loans of reasonable credit strength and repayment ability providing an average credit risk due to one or more underlying weaknesses.

Acceptable (4) loans of the lowest acceptable credit strength and weakened repayment ability providing a cautionary credit risk due to one or more underlying weaknesses. New loans are not typically approved if deemed to be at this level when reviewed for underwriting.

Watch or Special Mention (5) assets have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification. Ordinarily, special mention credits have characteristics which corrective management action would remedy.

Substandard (6) loans are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Loan Fund will sustain some loss if the deficiencies are not corrected.

Doubtful (7) loans have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of current known facts, conditions and values, highly questionable and improbable.

Loss (8) loans are considered uncollectible and of such little value that their continuance as realizable assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value but rather it is not practical or desirable to defer writing off even though partial recovery may be affected in the future.

Risk Characteristics

Churches and affiliated organization mortgage loans are generally secured by real property. The repayment of these loans is generally dependent on the borrower's successful operations and cash flows generated. The loans may be more adversely affected by conditions in the general economy and real estate markets or other regional geographic challenges.

The following table presents the credit risk profile of the Loan Fund's loan portfolio based on internal rating category and payment activity as of December 31, 2022, 2021 and 2020, and is based on management's best estimates using current information as of that date, and therefore, is subject to change:

	2022	2021	2020
	Churches and Affiliated Organizations	Churches and Affiliated Organizations	Churches and Affiliated Organizations
Grade			
Prime (1)	$ 29,298,820	$ 27,099,788	$ 30,380,608
Good (2)	45,264,067	37,766,904	31,130,922
Satisfactory (3)	16,693,159	20,447,362	21,480,624
Acceptable (4)	11,210,366	20,079,402	9,937,466
Special mention (5)	20,176,140	11,335,858	20,965,944
Substandard (6)	-	-	-
Doubtful (7)	-	-	-
Loss (8)	-	-	-
Total	$ 122,642,552	$ 116,729,314	$ 113,895,564

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable the Foundation will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming loans but also include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection. All loans are evaluated for impairment on an individual basis.

At December 31, 2022, 2021 and 2020, there were no impaired loans. Additionally, there is no specific allowance relating to impaired loans.

As of and during the years ended December 31, 2022, 2021 and 2020, there were no troubled debt restructurings.

At December 31, 2022, there were two past due loans totaling $489,728. At December 31, 2021, there was one past due loan totaling $388,544. At December 31, 2020, there were no past due loans.

There were two accruing loans delinquent 90 days or more at December 31,2022 , totaling $489,728. There was one accruing loan delinquent 90 days or more at December 31, 2021, totaling $388,544. There were no such loans at December 31, 2020. There were no nonaccrual loans at December 31, 2022, 2021 and 2020.

During 2020 and 2021 certain loans were placed on short-term payment deferral plans in response to COVID-19. These loans were considered current with regards to their current contractual obligations and accordingly were not placed on nonaccrual. As of December 31, 2021, all such loans had returned to making full payments.

Loan Participation Agreements

In December 2014, the Organizations purchased a participation interest in a certain individual loan with a health care facility in Seattle, Washington. The participation interest has been purchased at par and the amount is equivalent to one-third of the total loan amount. In 2017, the Foundation purchased another one-third share in the total loan amount. In the event of any foreclosure and sale of collateral or other collection action, the two remaining participants will have first position in the proceeds. This participation interest is included in loans receivable in the amount of $6,629,367, $6,845,483, and $6,679,574, at December 31, 2022, 2021 and 2020, respectively.

Note 5: Investments

The Organizations' investments are as follows:

	2022		2021		2020	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Operating fund						
Cash and cash equivalents	$ 51,629	$ 51,629	$ (22,522)	$ (22,522)	$ 21,682	$ 21,682
Private equity fund	116,479	111,622	93,787	93,716	-	-
Equities	-	-	-	-	134,741	126,236
Investment property	120,215	120,215	120,215	120,215	120,215	120,215
Real estate investment funds	-	-	82,746	85,232	33,197	34,409
Mortgages and notes	-	-	3,113	3,113	428	428
Mutual funds	968,573	929,131	916,802	956,786	817,505	867,349
Total operating fund investments	1,256,896	1,212,597	1,194,141	1,236,540	1,127,768	1,170,319
Loan fund						
Cash and cash equivalents	47,319	47,319	58,199	58,199	41,858	41,858
Private equity fund	2,248,163	2,159,198	3,072,628	3,084,953	-	-
Equities	1,242,040	1,102,047	2,122,065	2,404,742	6,050,699	6,068,371
Mutual funds	17,888,526	17,666,392	26,810,511	27,218,136	-	-
Total loan fund investments	21,426,048	20,974,956	32,063,403	32,766,030	6,092,557	6,110,229
Total Organizations' investments	$ 22,682,944	$ 22,187,553	$ 33,257,544	$ 34,002,570	$ 7,220,325	$ 7,280,548

Information regarding the nature and risks of each major security type based on activity or business sector is detailed in Note 20.

Alternative Investments

The fair value of alternative investments that have been estimated using the net asset value per share as a practical expedient consist of the following at December 31:

	2022			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity fund (B)	$ 2,270,820	$ -	Quarterly	30-60 days

	2021			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate investment funds (A)	$ 85,232	$ -	Quarterly	30 days
Private equity fund (B)	3,178,669	-	Quarterly	30-60 days

	2020			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real estate investment funds (A)	$ 34,409	$ -	Quarterly	30 days

(A) This iscomprised of two real estate funds that invest primarily in U.S. Commercial real estate. The fair value of the investment has been estimated using the net asset value (or its equivalent) of the Organizations' ownership interest in partners' capital.

(B) This investment is a private credit fund that targets current income and capital appreciation by primarily investing in privately originated and privately negotiated senior secured loans to U.S. companies, including those in the middle market. The fair value of the investment has been estimated using the net asset value (or its equivalent) of the Organizations' ownership interest in the funds. There may be certain restrictions on redemptions from the fund based on overall fund liquidity, at the discretion of the fund manager.

Note 6: Land, Buildings and Equipment

The Foundation’s land, buildings and equipment are as follows:

	2022	2021	2020
Buildings	$ 1,109,157	$ 1,103,142	$ 1,103,142
Furniture and equipment	782,244	691,718	674,095
	1,891,401	1,794,860	1,777,237
Less accumulated depreciation	(1,619,453)	(1,555,608)	(1,494,048)
	271,948	239,252	283,189
Renovation in progress	112,909	-	-
Land	218,957	218,957	218,957
	$ 603,814	$ 458,209	$ 502,146

Depreciation in the amounts of $63,845, $61,560 and $64,198, have been charged to activities for the years ended December 31, 2022, 2021 and 2020, respectively.

Note 7: Assets Held in Trust

The Foundation’s Operating and Loan Fund assets held in trust consist of:

	2022		2021		2020	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	$ 283,216	$ 283,216	$ 293,423	$ 293,423	$ 291,233	$ 291,233
Private equity fund	312,554	299,140	296,139	296,139	-	-
Equity securities	-	-	-	-	222,259	252,156
Real estate investment funds	-	-	110,017	148,092	110,017	123,510
Mortgages and notes	-	-	453,664	453,664	462,074	462,074
Property	163,000	163,000	163,000	163,000	163,000	163,000
Mutual funds	4,815,990	4,911,444	4,149,417	5,419,130	3,558,375	4,937,633
	$ 5,574,760	$ 5,656,800	$ 5,465,660	$ 6,773,448	$ 4,806,958	$ 6,229,606

Note 8: Assets Held for Benefit of Related Organization

The Foundation has received contributions establishing endowment funds whose income is to be distributed to FMCUSA or related ministries. These assets are recorded as net assets since the Foundation and FMCUSA are considered to be financially interrelated organizations. These assets consist of:

	2022		2021		2020	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	$ 288,156	$ 288,156	$ 259,451	$ 259,451	$ 179,617	$ 179,617
Private equity fund	709,774	677,464	709,555	709,554	-	-
Equity securities	-	-	-	-	461,436	480,299
Real estate investment funds	-	-	198,095	221,401	189,290	198,711
Mortgages and notes	103,548	103,548	340,933	340,933	344,715	344,715
Property	-	-	152,234	152,234	150,874	150,874
Mutual funds	11,311,367	11,541,011	10,075,654	12,871,551	8,254,061	11,053,184
	$ 12,412,845	$ 12,610,179	$ 11,735,922	$ 14,555,124	$ 9,579,993	$ 12,407,400

Note 9: Custodial Investments

The Organizations' custodial investments at fair value consist of:

	2022	2021	2020
Cash, cash equivalents and certificates of deposit	$ 7,156,956	$ 9,993,767	$ 6,313,767
Receivables	39,473	39,473	34,898
U.S. Government debt securities	46,387	116,697	103,517
Equity securities	99,027,223	107,997,205	128,270,094
Private equity fund	7,647,178	8,648,743	-
Real estate investment funds	226,750	1,372,432	1,194,062
Morgtages and notes	410,926	1,650,984	1,750,658
Mutual funds	138,583,164	177,045,961	107,267,979
Real estate	2,665,600	4,453,356	3,719,990
	255,803,657	311,318,618	248,654,965
Less			
Amounts not reported in the accompanying financial statements and intercompany elimination	(195,479,353)	(242,694,881)	(188,877,300)
Assets held for the benefit of related organization	(12,610,179)	(14,555,124)	(12,407,400)
	$ 47,714,125	$ 54,068,613	$ 47,370,265

Note 10: Line of Credit

The Foundation has a line of credit agreement in the amount of $250,000, which automatically renews annually. There were no borrowings against the line at December 31, 2022, 2021 and 2020, and the line was not used during those years. The line is collateralized by substantially all of the Foundation's assets.

Note 11: Investment Certificates

The Foundation's investment certificates consist of unsecured debt obligations owed to investors arising from their investment of funds in the Foundation and include the following:

	2022	2021	2020
Flexible certificates	$ 48,914,344	$ 51,151,405	$ 43,771,253
Term certificates	88,611,301	91,037,628	87,556,840
	$ 137,525,645	$ 142,189,033	$ 131,328,093

The weighted average of the interest rate paid on investment certificates was 2.19%, 2.09% and 2.46% as of December 31, 2022, 2021 and 2020, respectively. Term certificates maturing in years ending December 31, are as follows:

2023	$ 28,347,738
2024	19,333,893
2025	18,267,925
2026	12,446,081
2027	10,215,664
	$ 88,611,301

Note 12: Trust and Other Liabilities

Trust liabilities represent the present value of income interests or the portion of trusts due other remaindermen. The present value of income is computed using federal mortality rate tables and interest assumptions:

	2022	2021	2020
Charitable remainder unitrusts	$ 2,578,585	$ 3,249,994	$ 3,110,815
Deferred payout accounts	213,545	29,024	46,716
	$ 2,792,130	$ 3,279,018	$ 3,157,531

Note 13: Funds Held for Others

As trustee, the Organizations administer revocable trusts, irrevocable charitable remainder trusts and endowment and agency accounts. The revocable trusts and the charitable remainder trusts provide for the payment of income to the grantor or other named beneficiaries during the lifetime(s) of said beneficiaries.

The endowment and agency agreements consist primarily of certain endowment funds. Income earned from these funds support foreign student scholarships, foreign mission work and other various FMCUSA ministries. These funds include both perpetually restricted and discretionary funds invested with the Foundation by FMCUSA departments and agencies.

Note 14: Net Assets Without Donor Restrictions

The Board of the Foundation has designated net assets without donor restrictions for the following purposes:

	2022	2021	2020
Designated contingency reserve	$ 1,031,955	$ 1,055,159	$ 997,035
Designated East Gordon Property reserve	102,324	97,202	92,050
Designated Washington Annuity reserve	37,503	43,363	40,419
Undesignated funds	6,985,968	7,855,573	4,836,995
	$ 8,157,750	$ 9,051,297	$ 5,966,499

Note 15: Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods:

	2022	2021	2020
Subject to expenditure for specified purpose			
Benevolent fund	$ 19,545	$ 16,623	$ 15,244
Charitable remainder unitrust	899,055	1,027,380	900,662
Loan fund	7,165	8,377	7,853
Real estate annuity	20,618	20,475	20,311
Endowments			
Subject to appropriation and expenditure when a specified event occurs			
Endowment funds, accumulated earnings, FMF	367,557	559,587	408,716
Endowment funds, accumulated earnings, FMCUSA	2,395,623	4,512,664	2,877,534
Subject to endowment spending policy and appropriation			
FMCUSA	10,214,556	10,042,460	9,529,866
Foundation operations	775,222	784,635	779,197
Foundation building operations	20,000	20,000	20,000
Total endowments	13,772,958	15,919,346	13,615,313
Total net assets with donor restrictions	$ 14,719,341	$ 16,992,201	$ 14,559,383

Note 16: Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

	2022	2021	2020
Purpose restrictions accomplished			
FMF Operations	$ 36,042	$ 34,461	$ 560,928
FMCUSA	424,695	354,608	341,437
Benevolent Fund	1,600	2,000	3,757
	$ 462,337	$ 391,069	$ 906,122

Note 17: Annuities Payable

Annuities payable consist of charitable gift annuities issued by either FMCUSA or the Foundation. Annuities with remainder interests benefiting FMCUSA ministries other than the Foundation are reported as liabilities at their face value. Annuities for which the Foundation is the remainderman are reported as liabilities at the present value of the annuity payments to the donors or named beneficiaries. At December 31, 2022, 2021 and 2020, the present value of future annuity obligations is $3,896, $4,127 and $4,621, respectively.

Note 18: Concentrations and Credit Risk

GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Estimates related to the allowance for loan losses are reflected in the footnote regarding loans receivable and allowance for loan losses. Other vulnerabilities due to certain concentrations of credit risk and other concentrations include the following:

Credit Risk

In the normal course of business, the Loan Fund makes commitments to extend loans, a significant portion of which are secured by mortgages on the properties to which the loans relate, to meet the financing needs of FMCUSA churches and other affiliated entities. Thus, the Loan Fund is subject to a concentration of credit risk relating to the loans made to such entities. The Loan Fund controls the credit risk of its domestic loan commitments through collateral, limits and monitoring procedures and loan guarantees from FMCUSA conferences.

Investments

The Organizations invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated statements of financial position.

General Economic Conditions

Economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Foundation. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 19: Pension Plan

All of the employees of the Foundation who meet certain eligibility requirements participate in a Defined-Benefit Pension Plan of FMCUSA. Contributions to this multi-employer plan are made annually to the plan based on salaries. Pension expense for the years ended 2022, 2021 and 2020 was $303,245, $298,700 and $292,672, respectively.

Note 20: Disclosures About Fair Values of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2022, 2021 and 2020:

	2022			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Equity securities				
Financial services industry	$ 1,102,047	$ 1,102,047	$ -	$ -
Mutual funds				
Equity/income	5,209,311	5,209,311	-	-
International equity funds	694,511	694,511	-	-
Large cap stock funds	2,595,014	2,595,014	-	-
Mid-cap stock funds	1,487	1,487	-	-
Multi-sector bond funds	10,095,200	10,095,200	-	-
	18,595,523	18,595,523	-	-
Money market funds	80,720	80,720	-	-
Investment property	120,215	-	-	120,215
Private equity fund measured at net asset value (A)	2,270,820	-	-	-
Assets Held in Trust				
Mutual funds				
Equity/income	1,447,915	1,447,915	-	-
International equity funds	769,116	769,116	-	-
Large cap stock funds	1,309,714	1,309,714	-	-
Mid-cap stock funds	288,077	288,077	-	-
Multi-sector bond funds	1,096,622	1,096,622	-	-
	4,911,444	4,911,444	-	-
Real estate	163,000	-	-	163,000
Money market mutual funds	41,182	41,182	-	-
Private equity fund measured at net asset value (A)	299,140	-	-	-

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	2022			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Held for Benefit of Related Organizations				
Mutual funds				
Equity/income	$ 2,716,359	$ 2,716,359	$ -	$ -
International equity funds	1,943,481	1,943,481	-	-
Large cap stock funds	3,548,702	3,548,702	-	-
Mid-cap stock funds	777,366	777,366	-	-
Multi-sector bond funds	2,555,103	2,555,103	-	-
	11,541,011	11,541,011	-	-
Money market mutual funds	125,100	125,100	-	-
Mortgages and notes	103,548	-	103,548	-
Private equity fund measured at net asset value (A)	677,464	-	-	-
Custodial Investments				
Equity securities				
Financial services industry	53,130	53,130	-	-
Natural resource industry	20,835	20,835	-	-
Real estate	664,558	664,558	-	-
	738,523	738,523	-	-
Mutual funds				
Equity/income	8,955,647	8,955,647	-	-
International equity funds	6,011,425	6,011,425	-	-
Large cap stock funds	11,345,429	11,345,429	-	-
Mid-cap stock funds	2,217,760	2,217,760	-	-
Multi-sector bond funds	11,272,598	11,272,598	-	-
	39,802,859	39,802,859	-	-
Money market mutual funds	1,762,262	1,762,262	-	-
Mortgages and notes	320,206	-	320,206	-
Real estate	2,379,000	-	-	2,379,000
U.S. Government debt securities	46,609	-	46,609	-
Other	81,159	-	81,159	-
Private equity fund measured at net asset value (A)	2,264,602	-	-	-

	2021			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Equity securities				
Financial services industry	$ 2,404,742	$ 2,404,742	$ -	$ -
Mutual funds				
Equity/income	8,949,600	8,949,600	-	-
International equity funds	1,671,076	1,671,076	-	-
Large cap stock funds	2,213,577	2,213,577	-	-
Mid-cap stock funds	1,514	1,514	-	-
Multi-sector bond funds	13,921,336	13,921,336	-	-
U.S Government bond funds	1,417,819	1,417,819	-	-
	28,174,922	28,174,922	-	-
Money market funds	72,200	72,200	-	-
Mortgages and notes	3,113	-	3,113	-
Investment property	120,215	-	-	120,215
Real estate investment funds measured at net asset value (A)	85,232	-	-	-
Private equity fund measured at net asset value (A)	3,178,669	-	-	-
Assets Held in Trust				
Mutual funds				
Equity/income	613,855	613,855	-	-
International equity funds	1,873,684	1,873,684	-	-
Large cap stock funds	1,993,960	1,993,960	-	-
Mid-cap stock funds	455,019	455,019	-	-
Multi-sector bond funds	442,203	442,203	-	-
U.S. Government bond funds	40,409	40,409	-	-
	5,419,130	5,419,130	-	-
Real estate	163,000	-	-	163,000
Money market mutual funds	29,006	29,006	-	-
Mortgages and notes	453,664	-	453,664	-
Real estate investment funds measured at net asset value (A)	148,092	-	-	-
Private equity fund measured at net asset value (A)	296,139	-	-	-

	2021			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Held for Benefit of Related Organizations				
Mutual funds				
Equity/income	$ 1,323,527	$ 1,323,527	$ -	$ -
International equity funds	4,519,147	4,519,147	-	-
Large cap stock funds	4,751,568	4,751,568	-	-
Mid-cap stock funds	1,105,144	1,105,144	-	-
Multi-sector bond funds	1,162,398	1,162,398	-	-
U.S. Government bond funds	9,767	9,767	-	-
	12,871,551	12,871,551	-	-
Money market mutual funds	40,497	40,497	-	-
Mortgages and notes	340,933	-	340,933	-
Real estate	152,234	-	-	152,234
Real estate investment funds measured at net asset value (A)	221,401	-	-	-
Private equity fund measured at net asset value (A)	709,554	-	-	-
Custodial Investments				
Equity securities				
Financial services industry	65,573	65,573	-	-
Machinery	11,445	11,445	-	-
Natural resource industry	1,007,489	1,007,489	-	-
	1,084,507	1,084,507	-	-
Mutual funds				
Equity/income	5,335,661	5,335,661	-	-
International equity funds	12,606,269	12,606,269	-	-
Large cap stock funds	14,103,699	14,103,699	-	-
Mid-cap stock funds	2,945,493	2,945,493	-	-
Multi-sector bond funds	6,698,374	6,698,374	-	-
U.S. Government bond funds	1,331,252	1,331,252	-	-
	43,020,748	43,020,748	-	-
Money market mutual funds	1,258,066	1,258,066	-	-
Mortgages and notes	828,196	-	828,196	-
Real estate	4,014,521	-	-	4,014,521
U.S. Government debt securities	116,096	-	116,096	-
Other	80,357	-	80,357	-
Real estate investment funds measured at net asset value (A)	912,980	-	-	-
Private equity fund measured at net asset value (A)	2,389,749	-	-	-

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	2020			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalents				
Money market funds	$ 16,206,108	$ 16,206,108	$ -	$ -
Investments				
Equity securities				
Real estate	6,194,607	6,194,607	-	-
Mutual funds				
Equity/income	94,337	94,337	-	-
International equity funds	70,233	70,233	-	-
Large cap stock funds	133,643	133,643	-	-
Mid-cap stock funds	1,706	1,706	-	-
Multi-sector bond funds	523,768	523,768	-	-
U.S Government bond funds	43,662	43,662	-	-
	867,349	867,349	-	-
Money market funds	21,122	21,122	-	-
Mortgages and notes	428	-	428	-
Investment property	120,215	-	-	120,215
Real estate investment funds measured at net asset value (A)	34,409	-	-	-
Assets Held in Trust				
Equity securities				
Real estate	252,156	252,156	-	-
Mutual funds				
Equity/income	648,138	648,138	-	-
International equity funds	1,752,904	1,752,904	-	-
Large cap stock funds	1,806,302	1,806,302	-	-
Mid-cap stock funds	511,088	511,088	-	-
Multi-sector bond funds	163,444	163,444	-	-
U.S. Government bond funds	55,757	55,757	-	-
	4,937,633	4,937,633	-	-
Real estate	163,000	-	-	163,000
Money market mutual funds	51,388	51,388	-	-
Mortgages and notes	462,074	-	462,074	-
Real estate investment funds measured at net asset value (A)	123,510	-	-	-

	2020			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Held for Benefit of Related Organizations				
Equity securities				
Real estate	$ 480,299	$ 480,299	$ -	$ -
Mutual funds				
Equity/income	1,550,036	1,550,036	-	-
International equity funds	3,867,755	3,867,755	-	-
Large cap stock funds	4,022,181	4,022,181	-	-
Mid-cap stock funds	1,177,774	1,177,774	-	-
Multi-sector bond funds	427,295	427,295	-	-
U.S. Government bond funds	8,143	8,143	-	-
	11,053,184	11,053,184	-	-
Money market mutual funds	66,866	66,866	-	-
Mortgages and notes	344,715	-	344,715	-
Real estate	150,874	-	-	150,874
Real estate investment funds measured at net asset value (A)	198,711	-	-	-
Custodial Investments				
Equity securities				
Financial services industry	64,394	64,394	-	-
Natural resource industry	7,722	7,722	-	-
Real estate	3,373,315	3,373,315	-	-
	3,445,431	3,445,431	-	-
Mutual funds				
Equity/income	5,011,447	5,011,447	-	-
International equity funds	11,025,604	11,025,604	-	-
Large cap stock funds	12,127,892	12,127,892	-	-
Mid-cap stock funds	3,107,306	3,107,306	-	-
Multi-sector bond funds	3,760,395	3,760,395	-	-
U.S. Government bond funds	1,717,731	1,717,731	-	-
	36,750,375	36,750,375	-	-
Money market mutual funds	1,698,090	1,698,090	-	-
Mortgages and notes	929,166	-	929,166	-
Real estate	3,123,882	-	-	3,123,882
U.S. Government debt securities	103,517	-	103,517	-
Other	75,931	-	75,931	-
Real estate investment funds measured at net asset value (A)	834,492	-	-	-

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2022. For assets classified within Level 3 of the fair value hierarchy, the process used to develop fair value is described below. There were no liabilities measured at fair value on a recurring basis.

Cash Equivalents, Investments, Assets Held in Trust, Assets Held for Benefit of Related Organization, and Custodial Investments

Where quoted market prices are available in an active market, assets are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by a third-party pricing service using pricing models, quoted market prices of securities with similar characteristics or discounted cash flows and are classified within Level 2 of the valuation hierarchy. The inputs used by the pricing service to determine fair value may include one, or a combination of, observable inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data market research publications. In certain cases where Level 1 or Level 2 inputs are not available, assets are classified within Level 3 of the hierarchy and include investments in real estate and closely held equity securities. These investments are valued based on independent third-party appraisals.

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated statements of financial position using significant unobservable (Level 3) inputs:

	Real Estate	Investment Property
Balance, January 1, 2020	$ 2,757,756	$ 120,215
Change in fair value of custodial assets	454,274	-
Contributions	225,726	-
Balance, December 31, 2020	3,437,756	120,215
Change in fair value of custodial assets	(78,073)	-
Contributions	1,650,000	-
Sales	(679,928)	-
Balance, December 31, 2021	4,329,755	120,215
Change in fair value of custodial assets	1,572,765	-
Contributions	314,960	-
Sales	(3,675,480)	-
Balance, December 31, 2022	$ 2,542,000	$ 120,215

The change in fair value of custodial assets is not reported in the consolidated statements of activities but rather as a change to custodial assets and the corresponding offsetting custodial liabilities in the consolidated statements of financial position.

There were no assets or liabilities measured at fair value on a nonrecurring basis.

Unobservable (Level 3) Inputs

The following presents quantitative information about unobservable inputs in recurring Level 3 fair value measurements:

	Fair Value at December 31, 2022	Valuation Technique	Unobservable Inputs	Range
Real estate	$ 2,542,000	Market comparables properties	Comparability adjustments (%)	N/A
Investment property	120,215	Market comparables properties	Comparability adjustments (%)	N/A

	Fair Value at December 31, 2021	Valuation Technique	Unobservable Inputs	Range
Real estate	$ 4,329,755	Market comparables properties	Comparability adjustments (%)	N/A
Investment property	120,215	Market comparables properties	Comparability adjustments (%)	N/A

	Fair Value at December 31, 2020	Valuation Technique	Unobservable Inputs	Range
Real estate	$ 3,437,756	Market comparables properties	Comparability adjustments (%)	N/A
Investment property	120,215	Market comparables properties	Comparability adjustments (%)	N/A

Note 21: Commitments

As of December 31, 2022, the Organizations had approved, but not disbursed, approximately $13,067,910 in loans to various churches and agencies related to FMCUSA for building programs.

Note 22: Endowment

The Foundation's endowment consists of various individual funds established for a variety of purposes. The Foundation has also received contributions establishing endowment funds whose income is to be distributed to FMCUSA or FMCUSA related ministries. These assets are recorded as net assets with donor restrictions since the Foundation and FMCUSA are considered financially interrelated organizations. The endowment includes only donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's governing body has interpreted the state of Indiana (State of Domicile of FMCUSA) Uniform Prudent Management of Institutional Funds Act (Indiana UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The portion of donor-restricted endowment funds subject to appropriation and expenditure when a specified event occurs is classified as net assets with donor restrictions until those amounts appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by Indiana UPMIFA. In accordance with Indiana UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

The composition of net assets by type of endowment fund at December 31, 2022, 2021 and 2020, was:

	2022	
	With Donor Restrictions	**Total**
Donor-restricted endowment funds, Foundation	$ 1,162,779	$ 1,162,779
Donor-restricted endowment funds, FMCUSA	12,610,179	12,610,179
Total	$ 13,772,958	$ 13,772,958

	2021	
	With Donor Restrictions	Total
Donor-restricted endowment funds, Foundation	$ 1,364,222	$ 1,364,222
Donor-restricted endowment funds, FMCUSA	14,555,124	14,555,124
Total	$ 15,919,346	$ 15,919,346

	2020	
	With Donor Restrictions	Total
Donor-restricted endowment funds, Foundation	$ 1,207,913	$ 1,207,913
Donor-restricted endowment funds, FMCUSA	12,407,400	12,407,400
Total	$ 13,615,313	$ 13,615,313

Changes in endowment net assets for the years ended December 31, 2022, 2021 and 2020, were:

	2022	
	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 15,919,346	$ 15,919,346
Investment loss		
Investment income	346,667	346,667
Net depreciation	(2,204,415)	(2,204,415)
Total investment loss	(1,857,748)	(1,857,748)
Contributions	172,096	172,096
Appropriation of endowment assets for expenditure	(460,736)	(460,736)
Endowment net assets, end of year	$ 13,772,958	$ 13,772,958

	2021	
	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 13,615,313	$ 13,615,313
Investment return		
Investment income	185,309	185,309
Net appreciation	1,995,199	1,995,199
Total investment return	2,180,508	2,180,508
Contributions	512,594	512,594
Appropriation of endowment assets for expenditure	(389,069)	(389,069)
Endowment net assets, end of year	$ 15,919,346	$ 15,919,346

	2020	
	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 11,987,152	$ 11,987,152
Investment return		
Investment income	121,950	121,950
Net appreciation	1,741,401	1,741,401
Total investment return	1,863,351	1,863,351
Contributions	137,275	137,275
Appropriation of endowment assets for expenditure	(372,465)	(372,465)
Endowment net assets, end of year	$ 13,615,313	$ 13,615,313

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or Indiana UPMIFA. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. At December 31, 2022, funds with original gift values of $157,579, fair values of $149,086 and deficiencies of $8,493 were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations. At December 31, 2021 and 2020, no funds had deficiencies of this nature.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity. Under the Foundation's policies, endowment assets are invested in a manner that is intended to allow 3%-5% in annual distributions while assuming a moderate level of investment risk. The Foundation targets its endowment funds to provide an average rate of return of approximately 6% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized).

The Foundation has a policy (the spending policy) of appropriating for expenditure each year 3%–5% of its endowment fund's average fair value over the prior three years through the year-end preceding the year in which expenditure is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 1%– 3% annually.

Note 23: Functional Expenses

	Program Services							
2022	**Planned Giving**	**Free Methodist Loan Fund**	**Investment Management**	**RIA Expense**	**Total Program**	**Management and General**	**Fundraising**	**Total**
Salaries, wages and benefits	$ 871,358	$ 391,495	$ 302,164	$ 658,558	$ 2,223,575	$ 1,131,257	$ 118,640	$ 3,473,472
Travel and conventions	63,120	17,522	56,909	4,771	142,322	33,527	6,850	182,699
Professional services	4,606	34,716	73,836	227,744	340,902	178,222	1,047	520,171
Office and supplies	42,989	23,887	50,867	14,542	132,285	74,973	9,616	216,874
Building and equipment	62,902	28,820	67,905	21,714	181,341	94,298	13,101	288,740
Depreciation	14,046	6,385	16,599	-	37,030	23,623	3,192	63,845
Interest on investor certificates	-	2,927,441	-	-	2,927,441	-	-	2,927,441
Other	35,664	157,781	1,809	213,572	408,826	805,433	6,784	1,221,043
	$ 1,094,685	$ 3,588,047	$ 570,089	$ 1,140,901	$ 6,393,722	$ 2,341,333	$ 159,230	$ 8,894,285

	Program Services							
2021	**Planned Giving**	**Free Methodist Loan Fund**	**Investment Management**	**RIA Expense**	**Total Program**	**Management and General**	**Fundraising**	**Total**
Salaries, wages and benefits	$ 1,098,131	$ 385,250	$ 20,458	$ 511,098	$ 2,014,937	$ 1,053,845	$ 160,354	$ 3,229,136
Travel and conventions	41,225	8,795	4,239	-	54,259	31,505	4,661	90,425
Professional services	3,251	44,038	52,635	234,276	334,200	121,202	813	456,215
Office and supplies	33,072	28,248	15,852	11,500	88,672	82,144	8,025	178,841
Building and equipment	53,575	35,860	23,593	10,217	123,245	139,984	12,266	275,495
Depreciation	12,312	9,234	6,156	-	27,702	30,780	3,078	61,560
Interest on investor certificates	-	3,141,423	-	-	3,141,423	-	-	3,141,423
Other	8,888	51,425	17,834	183,978	262,125	688,882	1,390	952,397
	$ 1,250,454	$ 3,704,273	$ 140,767	$ 951,069	$ 6,046,563	$ 2,148,342	$ 190,587	$ 8,385,492

2020	Program Services: Planned Giving	Program Services: Free Methodist Loan Fund	Program Services: Investment Management	Program Services: RIA Expense	Total Program	Management and General	Fundraising	Total
Salaries, wages and benefits	$ 1,076,376	$ 373,136	$ 21,634	$ 488,844	$ 1,959,990	$ 1,022,997	$ 155,963	$ 3,138,950
Travel and conventions	22,304	6,030	3,199	-	31,533	21,126	2,977	55,636
Professional services	4,163	33,833	59,849	207,409	305,254	159,130	1,041	465,425
Office and supplies	34,951	33,326	16,026	20,806	105,109	83,035	8,232	196,376
Building and equipment	53,312	35,694	23,484	12,325	124,815	136,555	12,210	273,580
Depreciation	12,839	9,630	6,420	-	28,889	32,099	3,210	64,198
Interest on investor certificates	-	3,462,137	-	-	3,462,137	-	-	3,462,137
Other	7,599	96,661	14,763	160,060	279,083	549,028	1,113	829,224
	$ 1,211,544	$ 4,050,447	$ 145,375	$ 889,444	$ 6,296,810	$ 2,003,970	$ 184,746	$ 8,485,526

The functional expenses above represent both direct and allocated expenses to provide a more detailed breakdown of both natural and functional classifications of expenses included in the consolidated statements of activities.

Note 24: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2022	2021	2020
Cash and cash equivalents	$ 3,213,646	$ 2,214,552	$ 14,489,435
Investments	12,218,506	23,712,251	-
Loans receivable, net	3,826,033	3,620,339	5,602,881
Other receivables	165,593	196,381	150,452
	$ 19,423,778	$ 29,743,523	$ 20,242,768

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing mission-related activities, as well as the conduct of service undertaken to support those activities, to be general expenditures.

The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and a line of credit (Note 9).

Note 25: Future Change in Accounting Principle

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. The ASU introduces a new credit loss model, the current expected credit loss model (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk.

The CECL model utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to-maturity securities and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. For available for-sale securities where fair value is less than cost, credit-related impairment, if any, will be recognized in an allowance for credit losses and adjusted each period for changes in expected credit risk. This model replaces the multiple existing impairment models, which generally require that a loss be incurred before it is recognized.

The CECL model represents a significant change from existing practice and may result in material changes to the Organizations' accounting for financial instruments. The Organizations' are evaluating the effect ASU 2016-13 will have on its financial statements and related disclosures. The impact of the ASU will depend upon the state of the economy and the nature of our portfolios at the date of adoption. The new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those years.

Note 26: Subsequent Events

Subsequent events have been evaluated through March 13, 2023, which is the date the consolidated financial statements were available to be issued.