CDF CAPITAL™

Helping Churches Grow

Since 1953

2023

Offering Circular

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Attachments

THIS OFFERING CIRCULAR IS DATED AS OF MAY 1, 2023

17701 Cowan, Suite 100
Irvine, California 92614
Tel: (888) 540-7112
Fax: (866) 303-9360
www.CDFcapital.org

CDF CAPITAL™

We – Church Development Fund, Inc. (sometimes **"CDF Capital"** or **"CDF"**) – are offering up to $750,000,000 in unsecured debt securities (**"Certificates"**) to certain investors to raise money principally to make loans to Christian Churches, other independent churches or parachurch ministries, and Christian educational institutions (collectively, **"Qualified Ministries"**).

We will offer and sell the Certificates pursuant to the terms and conditions set forth in this Offering Circular (this **"Offering Circular"**). We may supplement this Offering Circular from time to time to provide you with updates of material information concerning us or the Certificates, and when so provided to you such supplements will be made a part of this Offering Circular.

OUR CERTIFICATES

Our Certificates are separated generally into two categories:

- ***Time Certificates,*** which have terms generally from one to five years. They earn interest at a fixed rate depending on the amount and term of investments, subject to our right of adjustment (described on page 9). The minimum initial investment is $5,000, except for Custodial Time Certificates (which have minimum initial investments of $500).
- ***Flex Certificates,*** which are payable on demand generally within 60 days after your request for payment. They earn interest at a variable rate determined periodically. The minimum initial investment is $250.

For more information, see "Our Certificates" beginning on page 6.

INTEREST RATES

You can find the current interest rates for our Certificates in a separately provided document (the **"Investment Rate Sheet"**), which is provided with, incorporated into, and made part of this Offering Circular. The Investment Rate Sheet is also available on our website (**"CDF Website"**) at www.CDFcapital.org/rates. Rates may change before you purchase a Certificate. You should call us or visit the CDF Website for updated information on interest rates before you invest in any Certificate.

LIMITED CLASS OF INVESTORS

We sell our Certificates only to investors who certify in their Purchase Application that they are, before receiving this Offering Circular, members of, contributors to, or participants in a Qualified Ministry, CDF, or in any program, activity or organization which constitutes a part of a Qualified Ministry or CDF, or in other religious organizations that have a programmatic relationship with a Qualified Ministry or CDF (the **"Limited Class of Investors"**). We, in our sole discretion, may determine that a potential investor is not in the Limited Class of Investors. We reserve the right to refuse to offer or sell any Certificate to any person or entity. For more information, see "Certificate Sales—Limited Class of Investors" on page 12.

OFFERING EXPENSES AND USE OF PROCEEDS

We offer and sell our Certificates through our employees. We will not pay any commissions or underwriting expenses in connection with this offering. After we pay offering expenses, which we expect to be less than $200,000, we will use the remaining proceeds from the sale of the Certificates as described in the "Use of Proceeds" section on page 5.

OFFERING PERIOD

This Offering Circular is intended to be used by investors from May 1, 2023 through April 30, 2024, or such other period as may be permitted by applicable law.

THIS OFFERING AND AN INVESTMENT IN THE SECURITIES OFFERED IN THIS OFFERING ARE SUBJECT TO RISKS. A DESCRIPTION OF CERTAIN OF THOSE RISKS IS SET FORTH IN THIS OFFERING CIRCULAR BEGINNING ON PAGE 1.

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

THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM FEDERAL REGISTRATION UNDER SECTION 3(a)(4) OF THE SECURITIES ACT OF 1933, AS AMENDED. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC").

THESE SECURITIES 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 THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC"), THE SECURITIES INVESTOR PROTECTION CORPORATION ("SIPC"), ANY STATE BANK OR INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR MAY BE CONSIDERED RISKY AND SPECULATIVE AND IS DEPENDENT UPON OUR FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW OUR AUDITED FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING OUR BUSINESS HOURS UPON REQUEST.

THESE SECURITIES ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY, ANY OF OUR OTHER AFFILIATES, OR BY ANY CHURCH, CONFERENCE, INSTITUTION OR AGENCY.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE BY CDF. INVESTORS SHOULD READ THIS OFFERING CIRCULAR, ANY AMENDMENT OR SUPPLEMENT TO THIS OFFERING CIRCULAR AND THE RELEVANT INVESTMENT RATE SHEET CAREFULLY BEFORE INVESTING.

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

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

STATE SPECIFIC INFORMATION

WHO SHOULD READ THIS SECTION?

Residents of the states listed in this section. Their home state:

- gives its residents certain legal rights with regard to investments,
- requires us to disclose certain information to its residents, OR
- limits the features of Certificates we can offer in the state.

If you do not live in one of these states, this information will not apply to you.

ALABAMA

These securities are offered pursuant to a claim of exemption from registration under section 8-6-10(8) of the Alabama Securities Act. A registration statement relating to these securities has not been filed with the Alabama Securities Commission.

ARKANSAS

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

CALIFORNIA

The offering of Certificates described in this Offering Circular has been authorized by a qualification by permit granted by the Commissioner of Financial Protection and Innovation. The Certificates have not been recommended or endorsed by the Commissioner of Corporations of Financial Protection and Innovation.

Any reinvestment of Certificates by investors in California can only be made if there is a currently effective qualification or an exemption therefrom.

We will provide California investors with at least 30 days prior written notice of the maturity date, then-existing interest rate information, and a copy of the then-existing Offering Circular (if different than this Offering Circular). You may elect to not renew your Certificate by providing us with your written notice prior to your Certificate's maturity date. If we receive your notice, we will pay you the funds due on your Certificate upon its maturity. If we do not receive your notice, your Certificate will renew at the then-existing terms and interest rate.

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THE CERTIFICATES, OR ANY INTEREST THEREIN, OR RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE CALIFORNIA COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, EXCEPT AS PERMITTED BY COMMISSIONER'S RULES. (See a copy of Rule 260.141.11 attached as an exhibit to this Offering Circular.)

FLORIDA

These securities have not been registered with the Florida Division of Securities and Investor Protection.

GEORGIA

These securities are offered and sold pursuant to a claim of exemption from registration under Section 10-5-10(7) of the Georgia Uniform Securities Act of 2008. A registration statement relating to these securities has not been filed with the Georgia Securities Commission.

KENTUCKY

These securities are issued pursuant to a claim of exemption from registration under section KRS 292.400(9) of the Kentucky Securities Act.

LOUISIANA

We do not sell securities that are payable on demand in the State of Louisiana. Therefore, Flex Certificates offered in Louisiana have a one-year term and are not subject to an early redemption fee.

We will provide Louisiana investors with at least 30 days prior written notice of the maturity date, then-existing interest rate information, and a copy of the then-existing Offering Circular (if different than this Offering Circular). If you do not desire to renew your Certificate, you must provide us with written notice of your intent not to renew on or prior to your Certificate's maturity date. If we do not receive such notice, your Certificate will renew at the then-existing terms and interest rate. If we receive such notice, we will pay you the funds due on your Certificate upon its maturity.

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

MICHIGAN

THESE SECURITIES ARE OFFERED PURSUANT TO A REGISTRATION ORDER ISSUED BY THE STATE OF MICHIGAN. THE STATE OF MICHIGAN DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE TRUTH, MERITS, OR COMPLETENESS OF ANY PROSPECTUS OR ANY OTHER INFORMATION FILED WITH THIS STATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NORTH CAROLINA

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, applicable state securities laws, or pursuant to registration or an 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.

OREGON

We will provide Oregon investors with at least 30 days prior written notice of the maturity date of maturing Certificates, then-existing interest rate information, and a copy of the then-existing Offering Circular (if different than this Offering Circular). You may elect to not renew your Certificate by providing us with your written notice prior to your Certificate's maturity date. If we receive your notice, we will pay you the funds due on your Certificate upon its maturity. If we do not receive your notice, your Certificate will be converted to a Flex Certificate, which is payable on demand (within 60 days of your request) and earns a variable interest rate determined periodically. The interest rate in effect at the time of renewal may be higher or lower than the Certificate's previous interest rate.

PENNSYLVANIA

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

This offering and investment in the securities offered in this offering are subject to risks. A description of certain of those risks is described in this Offering Circular beginning on page 1.

<u>If you are a resident of the State of Pennsylvania, under section 207(m) of the Pennsylvania Securities Act of 1972, you may elect, within two (2) business days after your receipt of this Offering Circular and your initial payment for your investment, to withdraw your purchase of these securities and receive a full refund of all monies paid by you. Your withdrawal will be without further liability to any person. To accomplish this withdrawal, you need only send us a written notice (which may be by facsimile or electronic mail) indicating your intention to withdraw.</u>

A registration statement with regard to the securities has been filed with the Pennsylvania Department of Banking and Securities in Harrisburg, Pennsylvania. The registration statement contains certain exhibits or other documents only summarized or alluded to in this Offering Circular. These additional documents are available for inspection at the Offices of the Pennsylvania Department of Banking and Securities during regular business hours. The address of the Pennsylvania Department of Banking and Securities is PA Dept. of Banking and Securities, 17 N. 2nd St., Suite 1500, Harrisburg, Pennsylvania 17101, and the phone number is 717-787-8059.

In this offering, our securities will be sold in Pennsylvania only to persons who we determine to be in the Limited Class of Investors as set forth under the heading "Limited Class of Investors" above and on page 12. For purposes of sales in the State of Pennsylvania, the term "family members" when used in connection with the Limited Class of Investors means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, aunt, uncle, sibling, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, or as such term may be amended under applicable laws of the State of Pennsylvania.

SOUTH CAROLINA

Demand securities are not available for sale in the State of South Carolina. Therefore, Flex Certificates offered in South Carolina have a one-year term. Investors will not have the right to redeem a Flex Certificate in South Carolina before its maturity. However, we may allow early redemption on any Certificate we sell and we do not assess an early redemption fee on Flex Certificates sold to South Carolina residents. Flex Certificates owned by South Carolina residents will automatically renew for successive one-year terms upon maturity in the same manner as Time Certificates as described on page 9 under the heading "Time Certificates – Renewal and Redemption at Maturity."

The failure to pay either principal or interest when due shall constitute an event of default. The default in payment of principal or interest on any one security of an issue sold to an investor in South Carolina shall constitute a default of the entire issue sold to investors in South Carolina.

South Carolina holders of securities in default shall have the right to a list of names and addresses of all South Carolina holders of that issue of securities in default. South Carolina holders of securities in default of not less than twenty-five percent (25%) in principal amount of the outstanding issue in default shall have the right to declare such entire issue due and payable.

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 SEC 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.

TENNESSEE

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, applicable state securities laws, or pursuant to registration or an 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.

WASHINGTON

We will provide Washington investors with at least 30 days prior written notice of the maturity date of maturing Certificates, then-existing interest rate information, and a copy of the then-existing Offering Circular (if different than this Offering Circular). If you wish to renew your Certificate for a longer term, you must affirmatively elect to reinvest by providing us with written notice prior to the Certificate's maturity date. If we do not receive your notice, we will pay you the funds due on your Certificate upon maturity. If we do receive your notice, your Certificate will be renewed as requested. The interest rate in effect at the time of renewal may be higher or lower than the Certificate's previous interest rate.

ABOUT THIS OFFERING CIRCULAR

WHY SHOULD I READ THIS OFFERING CIRCULAR?

We want you to make an informed decision about your investment in our Certificates. This Offering Circular includes important information about us, our Certificates, and our operations to help you make that important informed decision.

Date of Information. Unless another time is specified, the information in this Offering Circular is current as of May 1, 2023. Our audited consolidated financial statements and related footnotes contain financial information for our fiscal years ended December 31, 2022, 2021, and 2020 (the **"Audited Financial Statements"**) and are included as an attachment to this Offering Circular. Please also see the accompanying Independent Auditor's Report dated March 10, 2023. Because events that occur after those dates may affect us or the circumstances surrounding this offering, you should not assume that the information in this Offering Circular or in our Audited Financial Statements is accurate as of any later dates.

Fiscal Year. Our fiscal year commences on January 1st and ends on December 31st.

Right to Change Policies. At various points in this Offering Circular, we describe our policies, such as our loan policies described beginning on page 14 and our investment policies described on page 17. These descriptions are intended to help you understand our current operations. We reserve the right to change our policies and procedures in the future, including our loan and investment policies.

Consult Your Own Advisors. The information in this Offering Circular is not intended to be legal, investment, tax, or other advice. Each investor's unique circumstances—financial and otherwise—are important factors in determining the consequences of an investment in our Certificates. For information about the legal, investment, or tax consequences of investing in our Certificates, you should consult your own attorney, accountant, investment advisor, or other advisor.

Information Not in this Offering Circular. From time to time, we may distribute advertising materials through Qualified Ministries, make audio and video presentations at Qualified Ministries, publish advertisements in national religious publications and on related websites, and mail literature to potential investors. All advertising materials will be submitted to the applicable securities commissions or regulatory authorities for review or approval prior to our use as required by applicable laws. We also provide information on or through the CDF Website about our Certificates, including interest rates. We have not, however, authorized anyone to give any information or make any representation with regard to this offering or any Certificate that is inconsistent with the information in this Offering Circular. You should not rely on any information or representation that is contrary to the information in this Offering Circular, including the Investment Rate Sheet.

Forward–Looking Statements. 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. Forward-looking statements are based on our present intentions, expectations, and assumptions and are subject to many factors, including the risk factors beginning on page 1 and 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.

SUMMARY

About Us. We are a California non-stock, nonprofit religious corporation that was incorporated in 1953. We are associated with Christian Churches and other ministries within the definition of Qualified Ministries. We are recognized as a tax-exempt nonprofit corporation organized and operated for religious purposes under Section 501(c)(3) of the Internal Revenue Code. For more information, see "About Us" beginning on page 6.

Our Certificates. Our Certificates are categorized generally as Time Certificates or Flex Certificates (as described below). All of our Certificates have these key characteristics:

- We have the right to redeem your Certificate at any time;
- Certificates are not transferable without our permission;
- Certificates are unsecured subordinated debt obligations of CDF; and
- Certificates are not FDIC or SIPC insured, not a bank deposit, and not guaranteed by any affiliate of CDF or any other person.

Time Certificates generally have these key characteristics (see "Our Certificates" beginning on page 6):

- Terms between one and five years;
- Minimum initial investment of $5,000 (except Custodial Time Certificates, which is $500);
- Interest rates are set at time of purchase based on amount and length of investment;
- Interest rates are subject to our Adjustment Right (as described beginning on page 9);
- Automatic renewal upon maturity unless redeemed by you (unless prohibited by applicable law); and
- Early redemption fee if redeemed prior to maturity (unless prohibited by applicable law).

Flex Certificates generally have these key characteristics (see "Our Certificates" beginning on page 6):

- No fixed term or maturity period (unless prohibited by applicable law);
- Minimum initial investment of $250; and
- Variable interest rates subject to periodic adjustments.

Some of our Certificates may have differing interest rates and other terms, including, but not limited to, the following:

- ***Custodial Time Certificates*** are held as Time Certificates for the benefit of minors under the California Uniform Transfers to Minors Act.
- ***Special Certificates*** are offered periodically as Time or Flex Certificates with various terms and at a generally higher interest rate than our standard Certificates.
- ***Presidential Certificates*** are Time Certificates and Flex Certificates available to investors with total aggregate investments equal to $250,000 or more and at a generally higher interest rate than our standard Certificates.
- ***Retirement Certificates*** are Flex Certificates and certain Time Certificates that are held in Individual Retirement Accounts, with minimum initial investments of $250 for Flex Certificates and $5,000 for Time Certificates.
- ***Pension Maximizer Retirement Certificates*** are Time Certificates and Flex Certificates available for a 403(b) or other retirement plan.

For more information, see "Our Certificates" beginning on page 6.

Use of Proceeds. We are offering and selling our Certificates to raise money principally to make loans to Qualified Ministries. For more information, see "Use of Proceeds" on page 5.

Our Loans. We offer a variety of loans, including mortgage loans, construction loans and lines of credit, primarily to Qualified Ministries. Our borrowers generally use these loans to buy land and to purchase, improve and/or build buildings and other facilities. For more information, see "Our Loans" beginning on page 14.

Limited Class of Investors. We sell our Certificates only to a Limited Class of Investors. This means investors who certify in their Purchase Application that they are, before receiving this Offering Circular, members of, contributors to, or participants in a Qualified Ministry, CDF, or in any program, activity or organization which constitutes a part of a Qualified Ministry or CDF, or in other religious organizations that have a programmatic relationship with a Qualified Ministry or CDF. We, in our sole discretion, may determine that a person is not in the Limited Class of Investors and we reserve the right to refuse to offer or to issue any Certificate to any person or entity. For more information, see "Limited Class of Investors" on page 12.

How to Purchase a Certificate. After you have read this Offering Circular, if you would like to purchase a Certificate, please complete the Standard Purchase Application and Agreement (may be used for any investment) or the Simplified Purchase Application and Agreement (may be used for joint or individual investments). These applications may also be found by accessing the CDF Website (each, a **"Purchase Application"**). There may be other forms and agreements to complete if the purchase is through an Individual Retirement Account (**"IRA"**) or retirement plan. Follow the procedures described under the heading "How to Purchase a Certificate" on page 12.

THIS OFFERING AND AN INVESTMENT IN THE SECURITIES OFFERED IN THIS OFFERING ARE SUBJECT TO RISKS. A DESCRIPTION OF CERTAIN OF THESE RISKS IS SET FORTH IN THIS OFFERING CIRCULAR BEGINNING ON PAGE 1.

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION

(All dollar figures are rounded to the nearest $1,000)

As of December 31, 2022		
ASSETS		
Cash and cash equivalents	$	61,787,000
Investments		41,932,000
Loans receivable held for investment, net (1)		482,130,000
Real estate		11,535,000
Real estate held for lease, net		1,827,000
Other assets		9,380,000
Total assets	$	608,591,000
LIABILITIES		
Accounts payable and accrued expenses	$	2,108,000
Debt securities		548,413,000
Other liabilities		2,155,000
Total liabilities		552,676,000
NET ASSETS		
Without donor restrictions		54,089,000
With donor restrictions		1,826,000
Total net assets		55,915,000
Total liabilities and net assets	$	608,591,000

For the year ended December 31, 2022		
Net operating income	$	3,826,000
Total nonoperating income and expenses, net		(1,277,000)
Change in net assets without donor restrictions		2,549.000
Change in net assets with donor restrictions		(7,000)
Total change in net assets	$	2,542,000
Net cash from operating activities	$	5,723,000
Net cash from investing activities	$	29,596,000
Net cash from financing activities	$	(43,450,000)

(1) Loans receivable balance is reported net of the allowance for loan losses

The above Summary Consolidated Financial Information is derived from and should be read in conjunction with our Audited Financial Statements.

As of December 31, 2022, our net assets were approximately 9.2% of our total assets. As of December 31, 2022, our cash, cash equivalents, readily marketable securities and available line of credit (up to 2% of our Certificates payable) represented approximately 20.9% of our Certificates payable.

As of December 31, 2022, there were two loans classified as delinquent with past due principal and/or interest payments greater than 90 days, which loans constituted approximately 0.7% of our total loans receivable held for investment.

As of December 31, 2022, we had no unsecured loans. During the fiscal year ended December 31, 2022, our investors redeemed Certificates in cash in the total principal amount of $122,009,000.

RISK FACTORS

(All dollar figures are rounded to the nearest $1,000)

FINANCIAL RISKS

Our earnings may be at risk due to the uncertainty of changing interest rates. Our earnings are directly linked to our ability to effectively manage interest rate risk. As a lender of money and an issuer of debt securities, we are subject to interest rate exposure as well as mismatches in duration between loans and debt securities. Most of our term loans are made with maturities of approximately 5 years, with an interest rate reset period(s) prior to maturity, are amortized up to 30 years, and are often refinanced by us at maturity at then-prevailing interest rates. The nature of our loan terms can result in longer durations of our loans than our debt securities which have comparatively shorter durations. The interest rates attributable to loans and debt securities may move in the same direction but will differ in magnitude. The shorter durations of our debt securities will cause them to adjust more rapidly to changing interest rates when compared to our loans. Interest rate exposure and mismatches in duration contribute to volatility in net interest income, particularly in the current inflationary environment. Net interest income is the interest earned primarily from loans less the interest paid on debt securities. Changes in the level or shape of the interest rate yield curve, and our ability to respond to changes could have a material impact on our net interest income and overall earnings.

The market value of our investment portfolio may decrease. Funds we receive from investors in this offering may be invested by us until they are used for the purposes described in this Offering Circular. See "Use of Proceeds" on page 5. Although we attempt to reduce the risks of the investments we make by diversifying our investment portfolio, this diversification cannot eliminate all risks. As of December 31, 2022, our investment portfolio was approximately $103,719,000, of which $41,932,000 was invested in certificates of deposits, corporate debt securities, and residential mortgage-backed securities with original maturities greater than 90 days, and $61,787,000 was held in short-term money market mutual funds classified as cash and cash equivalents on our balance sheet. These investments may be subject to short-term, possibly significant, reductions in value. Downward fluctuations in our investments could have a material adverse impact upon our liquidity, which could affect our ability to repay the Certificates. In addition, changes in market conditions, changes in interest rates, and changes in the market's view of the securities in our investment portfolio could all contribute to a decrease in the market value of our investment portfolio. See "Investment Activities" beginning on page 17.

Future requests to redeem Certificates could exceed our available funds. As of December 31, 2022, approximately $321,166,000 (approximately 59%) of the Certificates outstanding are due on demand or will mature during 2023. Approximately $15,092,000 of our loans receivable held for investment are contractually scheduled to mature during fiscal year 2023. Currently, our policy is to keep liquid funds and available unused line of credit borrowing (up to 2% of outstanding Certificates) equal to at least 8% of the outstanding principal amount of our Certificates as of the end of each fiscal year. Historically, most of our maturing Certificates have been renewed or rolled over into new Certificates with CDF, particularly Retirement Certificates which historically have low redemption rates. The percentages of our renewals and reinvestments of Certificates relative to maturing Certificates in the past three fiscal years were approximately 69%, 71%, and 85% for 2022, 2021, and 2020, respectively. Although we have been able to pay all requests to redeem Certificates in the past, this historical redemption rate may not continue and future redemption requests could exceed our available liquid funds. If this happens, we might be required to sell or liquidate assets, including our loans receivable held for investment. We cannot assure you that the proceeds from any sale or liquidation of assets would cover all requests to redeem our Certificates at maturity or otherwise. See "Recent Sales and Redemptions" on page 13 for further information on our Certificate sales, renewals, redemptions and amounts payable.

We face concentration of credit risks. Financial instruments that potentially subject us to concentration of credit risks consist principally of cash and cash equivalents, investments, loans receivable and debt securities. This includes deposits in banks and other financial institutions, which may exceed FDIC insurance limits. A significant portion of our investment portfolio is invested in certificates of deposit, which are issued by many financial institutions and are substantially insured by the FDIC. For more detailed information, see "Concentration of Credit Risk" in Note 2 of our Audited Financial Statements.

We may not be able to sell all of our properties for the amount we have estimated as their carrying value. We held three properties for sale with a total carrying value of $11,535,000 as of December 31, 2022, which were donated to us or received by deed-in-lieu of foreclosure. Our determination of the carrying value of these properties is based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for special purpose properties and costs to complete. As these factors are difficult to predict and are subject to future events that may alter our assumptions, the carrying values we have estimated may not be achieved. If this occurs, we may be required to recognize future impairment losses on one or more properties.

We may not be able to obtain or maintain a line of credit. As of December 31, 2022, we had a line of credit with Banc of California (**"BOC"**) with a total credit line limit up to $20,000,000 and a maturity date of July 2, 2023. As of December 31, 2022, there was no outstanding balance on this line. A line of credit is important for cash flow and liquidity purposes. In the event that we cannot maintain a line of credit or meet the conditions for a draw on our line of credit, our liquidity could be negatively affected and this could have a material adverse effect on our ability to repay our Certificates. No assurance can be given, that new investments in our Certificates, loan sales, loan participation sales, loan payoffs, or other efforts will generate sufficient funds to sustain our projected loan funding budgets. See "Other Financing Activities – Borrowed Indebtedness" on page 18.

Assets we hold as trustee are not available for repayment to our creditors, including investors in our Certificates. As of December 31, 2022, we held $274,000 in investments held for the benefit of trustors under charitable remainder trusts. These investments are held by us as trustee for the benefit of the trustors and cannot be used to repay any Certificates.

Contributions and bequests vary from year to year and could decline in future years. We have experienced annual variations in contributions and bequests over the past three years. During fiscal years ended December 31, 2022, 2021, and 2020, we received unrestricted contributions and bequests totaling $662,000, $2,486,000, and $1,079,000, respectively. A material reduction in the contributions and bequests we receive could impair our ability to increase net assets in future years, which could negatively impact our ability to repay our Certificates. See "Other Financing Activities – Contributions and Bequests" on page 18.

Economic conditions may not always be favorable. The overall economy, credit markets, and financial conditions experience significant disruption and volatility from time to time. These economic conditions may persist or worsen and may affect our borrowers' ability to make loan payments in accordance with the original terms of their loans and may cause material increases in loan delinquencies. In accordance with our loan policies, we may enter into forbearance agreements, modify the terms of the loans, pursue deeds-in-lieu of foreclosure, initiate foreclosure proceedings against delinquent borrowers, and take such actions we deem appropriate to protect our interest in our loans. Our experience has been favorable in carrying out these types of arrangements. If our borrowers are unable to make timely payments on their loans, however, our ability to repay our Certificates could be materially adversely affected.

CERTIFICATE RISKS

Our Certificates are unsecured general debt obligations of CDF. We have not pledged any assets as collateral to secure repayment of the Certificates. Therefore, as a Certificate holder, you will have no greater claim to our assets than the claims of our other unsecured creditors, including other Certificate holders. You must rely solely on our financial condition and liquidity for repayment under the Certificates.

Our Certificates could be subordinated to senior secured indebtedness. From time to time, we may pledge assets to secure loans we obtain from banks or other lenders. We have a line of credit with BOC. As of December 31, 2022, there was no outstanding balance on this line, but we may draw on this line of credit from time to time. As a condition to our line of credit, we are required to provide BOC with a first priority security interest in all of our assets as collateral. See "Other Financing Activities – Borrowed Indebtedness" on page 18. Because our Certificates are unsecured, our secured lender(s) will have the right to be paid from our assets that are pledged to them before you and other Certificate holders. It is our current policy to limit the amount of our senior secured indebtedness to no more than 10% of our total tangible assets.

We have not established a trust indenture for Certificate holders. Among other things, trust indentures provide for a trustee to monitor the affairs of securities issued on behalf of the securities holders, and often give investors the right to act jointly if the issuer fails to pay investors. Because we do not plan to establish a trust indenture, you will have neither of these protections nor any other protections trust indentures provide to investors.

We have not established an escrow or created a sinking fund to help pay principal and interest on the Certificates. Offering proceeds will not be placed in escrow or otherwise segregated from our other assets. Our ability to repay your Certificate will depend solely upon our financial condition and liquidity at the time the Certificate must be repaid. Currently, our policy is to keep liquid funds and available unused line of credit borrowing (up to 2% of outstanding Certificates) equal to at least 8% of the outstanding principal amount of our Certificates as of the end of each fiscal year. As of December 31, 2022, we had $103,719,000 in liquid assets comprising of cash, cash equivalents, and readily-marketable securities and $20,000,000 in available unused line of credit.

You may not transfer our Certificates. Our Certificates are not transferable without our consent, except upon the Certificate holder's death or by operation of law. See "Our Certificates – Transfer of Certificates" on page 7. Because they cannot be transferred, there is no public market for our Certificates, nor is it likely that one will develop. You should, therefore, consider the purchase of a Certificate as an investment for the full term of the Certificate.

We are not required to redeem a Time Certificate before it matures. As a matter of practice, we have historically allowed a redemption request of a Time Certificate prior to its maturity upon a showing of need by an investor. We anticipate that we will continue to do so, but no assurance can be given that CDF will be able to continue this practice. If we do allow an early redemption request, we may assess a redemption fee. See "Early Redemption" beginning on page 9.

None of our affiliates have guaranteed payment of our Certificates. Therefore, you must rely solely on CDF for interest and principal payments on the Certificates.

We reserve the right to decrease the fixed interest rates of our Time Certificates with 30 days prior written notice pursuant to our Adjustment Right. During that 30-day-period, you may choose to redeem all or part of your investment without being assessed an early redemption fee. If we exercise this right, any decrease in fixed interest rates will be applied uniformly to all similar Time Certificates. See "Our Certificates – Interest Rates" on page 6.

We may require that you give us 60 days notice prior to any redemption request. If we were to exercise this notice requirement, funds from your Certificate would not be immediately available to you. Therefore, you may be unable to access funds when you need them or in the event of an emergency or other event of hardship. See "Our Certificates – Redemption of Certificates by You" on page 7.

We may redeem any outstanding Certificates at any time. Interest will be paid to you up to the date of redemption. See "Our Certificates – Redemption of Certificates by Us" on page 7.

Time Certificates automatically renew at maturity if not redeemed. Our Time Certificates automatically renew at maturity for an additional term if not redeemed by you prior to maturity (except in certain states where investors must affirmatively elect to renew, as provided in "State Specific Information" beginning on page ii). For example, a Time Certificate with a three year term will automatically renew for another three-year term. To redeem a Time Certificate when it matures, you must follow our redemption procedures. See "Our Certificates – Redemption of Certificates by You" on page 7 and "Renewal and Redemption at Maturity" beginning on page 9.

Upon automatic renewal of your Time Certificate, your interest rate may decrease. If your Time Certificate automatically renews at maturity, it will renew for the same term and at the interest rate then in effect for that type of Time Certificate. Therefore, it is possible that the interest rate paid to you may decrease without further notice upon an automatic renewal of your Time Certificate. See "Renewal and Redemption at Maturity" on page 9.

Certificates are not bank instruments, protected by SIPC, or FDIC insured. Our Certificates are not bank deposits. They are neither issued by, nor obligations of, a bank. Therefore, they are not FDIC insured. In addition, they are not protected by the SIPC. Accordingly, our Certificates are not afforded the protections available to bank deposits and brokerage accounts. Further, the risks of investment in our Certificates may be greater than implied by relatively low interest rates on our Certificates.

Changes in state laws, policies or practices may affect our ability to sell our Certificates. While we intend to keep all required registrations and exemptions in states where we offer our Certificates, we may not always be able to do that for a variety of reasons, including changes in state securities laws, policies or practices. If we are unable to maintain the appropriate registrations or exemptions in one or more states, we would be unable to permit residents of those states to reinvest the proceeds of their Certificates at maturity, make additional investments in Certificates, or purchase new Certificates.

There are tax consequences associated with an investment in our Certificates. Interest paid or payable on each Certificate will normally be taxable as ordinary income to the holder regardless of whether interest is paid or allowed to accumulate unless the holder is a tax-exempt organization. You cannot claim a charitable tax deduction for the purchase of your Certificate. We may be subject to certain reporting and withholding requirements as are other interest payers. You are urged to consult your tax advisors with respect to your own tax situation and the effects of an investment in our Certificates. In general, tax laws, rules and procedures are extremely complex and subject to change, which in some cases may have a retroactive effect. See "Tax Considerations" on page 22.

We expect to sell additional Certificates in other offerings. The Certificates to be offered or sold under this offering are not a limitation on the amount of Certificates we may sell in other offerings we may conduct at any time. We have sold our Certificates in other offerings in prior years and anticipate that we will continue to make additional offerings of our Certificates.

There may be special risks if you are an employee benefit plan investing in our Certificates. Special rules apply to prospective investors which are employee benefit plans within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”). Neither CDF nor anyone associated with CDF is making any representation or giving any advice regarding the suitability of an investment in our Certificates by a plan under ERISA. Further, CDF shall restrict sales of Certificates to benefit plan investors that are not subject to ERISA. See also “Pension Maximizer Retirement Certificate” on page 10.

Your access or use of the CDF Website or the CDF Mobile Application may be impacted by downtime and service interruption. We believe we have taken reasonable steps to create and maintain the CDF Website and the CDF Mobile Application. Difficulties with hardware, software, equipment, and services may result in interruption or downtime of the CDF Website and the CDF Mobile Application or portions of it. It is also possible that some or all of the CDF Website, the CDF Mobile Application, their respective content and their respective functionalities may be corrupted and unusable due to the presence of “bugs” in software, viruses, malware, or other causes beyond our reasonable control. We cannot provide you any assurance that the CDF Website or the CDF Mobile Application will be error free or will always be available for your use. For more information about the CDF Website and the CDF Mobile Application, see “CDF Digital Access” beginning on page 11.

We do not control the outside vendors or service providers that we use to provide certain functionalities available on the CDF Website or the CDF Mobile Application. We use the services of third-party technology service providers in connection with some of the functionalities provided through the CDF Website and the CDF Mobile Application, such as the ability for you to electronically process your investment. We may provide, or you may be asked to provide, certain personal information about you to these providers, such as information to verify your identity. We cannot make any assurance, however, that such providers will comply with our requirements, or that “hackers” or other perpetrators will not gain access to such providers’ systems or your information or will not engage in improper conduct with respect to your information, such as committing identity theft or other fraudulent, illegal or improper activity.

We face cyber threats and cybersecurity risks that could have a material adverse effect on us, our operations, you and your investments. Cyber threats are rapidly evolving and we may not be able to anticipate or prevent all such threats. The CDF Website, the CDF Mobile Application, our computer systems and our network infrastructure are not immune to cyber-attacks, including denial of service attacks, hacking, terrorist activities, identity theft and other fraudulent, illegal or improper activity perpetrated by third parties. Despite our reasonable efforts, we will not be able to anticipate all security breaches of these types and we cannot make any assurance that such perpetrators will not gain such access or that such perpetrators will not engage in improper conduct with respect to our systems or your information or investments. A successful penetration or circumvention of our security could cause material negative consequences, including significant disruption of our operations, damage to hardware and software systems (including your hardware or software), misappropriation of our confidential or proprietary information, and theft of your funds, personal information or identity.

Our operations are subject to disruption from external factors that are wholly or partially beyond our control. These factors may include (without limitation): acts of God; natural causes such as earthquakes, hurricanes, tornadoes, severe weather conditions, and other natural disasters or causes; fire and floods; electrical, telecommunications, or other utility outages; computer viruses and malware; labor strikes; events arising from local, regional or international politics; an outbreak of a widespread epidemic or pandemic of disease (or widespread fear thereof); riot, war and terrorism; and unlawful acts of third parties, such as theft, arson and vandalism. Any of these factors could have a material adverse effect on our operations, including our ability to make loans, our ability to collect our receivables and the value of the collateral we hold, and our ability to make payments on your Certificates.

Investments through your IRA may have unique risks and other considerations. If you invest through your IRA, you should consider, at a minimum, (a) whether the investment is in accordance with the documents and instruments governing your IRA, plan or other account, (b) whether the investment satisfies the fiduciary requirements associated with your IRA, plan or other account, (c) the tax impact or ramification applicable to you or your IRA, plan or other account, (d) whether there is sufficient liquidity for that investment under your IRA, plan or other account, (e) the need to value the assets of your IRA, plan or other account annually or more frequently, and (f) whether the investment would constitute a non-exempt prohibited transaction under applicable law. You should consult with a financial and tax adviser before investing through your IRA.

LENDING RISKS

The nature of our borrowers could affect our ability to pay our Certificates. We make loans primarily to Qualified Ministries in accordance with our lending guidelines. See “Our Loans – Loan Policies” beginning on page 14. To repay us, our borrowers rely primarily on donations that they receive from their members. The number of members and amount of donations each borrower receives may vary. Contributions may fluctuate for any number of reasons, including, but not limited to, the strength of the economy, attendance of members at borrowers’ services, the health of employers, and population shifts in the region in which our borrowers are located. If our borrowers are unable to make timely payments on their loans, our ability to make payments on our Certificates could be materially adversely affected.

Foreclosure may not be an adequate remedy. If a borrower defaults on a loan, CDF generally does not foreclose immediately on the loan, but instead attempts to work with the borrower to try to resolve the borrower’s difficulties in repaying the loan. In some circumstances, this may involve restructuring or refinancing the loan. In other circumstances, we may take a deed to the property in lieu of foreclosure. We generally maintain our legal right to foreclose at any time during the workout or restructuring process. See “Property Received in Lieu of Foreclosure or Foreclosure” on page 17. Property securing our loans is generally real estate used primarily by churches or parachurch organizations. In some cases, such property may be considered special purpose or single purpose property, which has a limited market. If we make a loan that defaults, there can be no assurance that the value of the real property that secures the loan will be adequate to fully repay the loan. If a default occurs, there may be substantial periods of time during which we will receive no payments in satisfaction of the loan. These events could materially adversely affect our ability to make payments on our Certificates.

Our borrowers typically will be subject to risks associated with construction. Many of our borrowers use our loans to construct new facilities or to improve standing facilities. If any of the following risks related to construction and improvement occur, it could have a material adverse effect on a borrower's ability to repay its loan by increasing construction costs or delaying or preventing completion of the project:

- The contractor may not post or prevent a completion bond.
- Completion may be delayed or prevented due to, among other things, shortages of materials, strikes, acts of nature, delays in obtaining necessary building permits or architectural certificates, environmental regulations, or fuel or energy shortages.
- The contractor's or the borrower's representations, on which we rely, may turn out not to be accurate.
- The borrower and its contractor may not sign a fixed-price construction contract.

The value of property securing our loans could be less than we believe. For the majority of our loans, we require an appraisal, broker opinion, or other valuation of the property before making the loan. Occasionally, however, we do not require such appraisals, broker opinions or other valuations on collateral. Therefore, the value of a secured property could be less than we believe. Similarly, the amount outstanding on a specific loan could be more than the value of the property securing it. See "Our Loans – Loan Policies" beginning on page 14.

We cannot be compared to a commercial lender. We have underwriting standards for our loans that we generally require borrowers to meet. We do, however, make loans to borrowers that may not be able to get financing from commercial lending sources. In addition, because of our relationship with our borrowers, our loan terms and collateral requirements may be more favorable to the borrower and we may allow for partial, deferred or late payments from some of our borrowers.

Not all loans that we make are secured. As of December 31, 2022, all of our loans receivable were secured by collateral. From time to time, however, we may make loans that are not secured by collateral. If an unsecured loan defaults, we would have no recourse against specific collateral which could materially adversely affect our ability to recover the loaned funds. See "Outstanding Loans" beginning on page 15.

We face significant competition. We may face competition from commercial and private lenders, such as other church extension funds, mortgage funds and other persons engaged in real estate lending activities. Some of these lenders will have substantially greater resources than we do or offer more favorable terms than we can offer. Our success will be largely dependent on our ability to find the most favorable opportunities in a competitive market, while avoiding the marginal prospects. There can be no assurance that lending opportunities will be available to us with favorable terms.

There are significant risks associated with environmental compliance. Environmental laws often impose responsibility on the owner and operator of a site, without regard to culpability, for investigation and cleanup of hazardous substances and materials found on real property. Uncertainty as to whether properties which we have come to own are in compliance with such laws could materially adversely affect the value of such properties. In addition, we may choose not to foreclose on property in certain circumstances because of environmental risks associated with the ownership of such property. Although we intend to undertake appropriate and customary investigations of compliance with such laws in evaluating our borrowers before making loans, it is not possible to identify all instances of present or future noncompliance.

A significant amount of our loans receivable held for investment are concentrated in loans to borrowers with aggregate loan balances that exceed $10,000,000. As of December 31, 2022, 28% of loans receivable held for investment were made up of loans to ten borrowers with aggregate loan balances for each borrower exceeding $10,000,000. While CDF seeks to mitigate concentration risk through various means, if we are unable to mitigate concentration risks and borrowers on these loans fail to timely make payments on their loans, our ability to make payments on our Certificates could be materially adversely affected.

We may not be able to recover amounts we have loaned to international borrowers in the event of default. We made loans to two borrowers in Chile and Kosovo with a total outstanding principal balance of $3,762,000 as of December 31, 2022. All of our loans to international borrowers are secured by the underlying real estate. While we have taken reasonable steps to secure each of the loans made to international borrowers, in the event of default, we may not be able to recover the amounts we have loaned due to adverse actions that sovereign governments may take to seize property, prevent liquidation of property or prohibit the repatriation of funds back to us. We have not entered into any new international borrower relationships or made any international loans since 2010. We do not have any current plans to make additional international loans.

Our borrowers may be concentrated in particular geographic regions. As of December 31, 2022, borrowers in California, Arizona, Florida, Ohio, Oregon and Colorado represented approximately 27%, 10%, 8%, 7%, 5% and 5%, respectively, of the outstanding principal balance of our total loans held for investment. No other state was 5% or more of the total outstanding principal balance of our loans held for investment. Concentrations of borrowers in particular geographic regions may result in higher impaired or delinquent loans if those regions are disproportionately impacted by significant adverse economic conditions. See "Our Loans – Outstanding Loans – Loans Held for Investment" on page 15.

USE OF PROCEEDS

We are offering up to $750,000,000 of Certificates. We will not pay any direct or indirect underwriting, sales or similar fees or commissions in connection with this offering. After we pay expenses associated with this offering, which we believe will be less than $200,000, we will receive the remaining proceeds from the sale of our Certificates.

We plan to use the proceeds that we receive from this offering to make loans primarily to Qualified Ministries for the acquisition, construction, and renovation of their facilities, and other related projects, as well as to finance existing debt incurred for these purposes. We also may use the proceeds to fund our operating costs, and, if necessary, to pay principal and interest on redeemed Certificates. The proceeds also may be used to help us accomplish our policy of maintaining minimum liquid assets and, if any, available unused line of credit borrowing (up to 2% of outstanding Certificates) equal to at least 8% of our outstanding Certificates as of the end of each fiscal year. We expect to invest any remaining proceeds until needed for these purposes.

ABOUT US

CDF is a California non-stock, nonprofit religious corporation that was incorporated in 1953. We are recognized as a tax-exempt nonprofit corporation organized and operated for religious purposes under Section 501(c)(3) of the Internal Revenue Code.

Our current principal place of business is located at 17701 Cowan, Suite 100, Irvine, CA 92614.

We are associated with Christian Churches or other ministries within the definition of Qualified Ministries. It is our principal purpose to encourage and aid the growth and spread of Christianity by offering financial and other assistance toward the establishment of Christian Churches or other ministries within the definition of Qualified Ministries. As of December 31, 2022, we had outstanding loans to borrowers located in 35 states.

We have offered our Certificates nationally and have sold certificates in all 50 states and the District of Columbia. We intend to offer and sell our Certificates under this Offering Circular in all 50 states and the District of Columbia to the extent permitted by applicable law.

CDF SUBSIDIARIES AND CONTROLLED ENTITIES

CDF wholly owns or controls the following companies:

- CDF Holdings, LLC. This nonprofit organization was formed by CDF to hold land and real property CDF may have purchased or obtained through various means, including foreclosure and conveyance in lieu of foreclosure. See "Property Received in Lieu of Foreclosure or Foreclosure" on page 17.
- Highway 119 Holdings, LLC. This nonprofit organization was formed by CDF for the purpose of acquiring certain real property received in lieu of foreclosure in Colorado. See "Property Received in Lieu of Foreclosure or Foreclosure" on page 17.
- CDF Benevolence Fund, LLC (formerly Kairos Benevolence Fund, LLC). This nonprofit organization was formed by CDF for the purpose of providing financial assistance to Christian Church ministers, missionaries and their families who face health and, or financial hardships.
- CDF Capital Foundation. This nonprofit corporation provides Christian churches, their congregations, institutions and agencies with a structure and options for charitable giving and assists these organizations in the development and management of charitable giving programs.
- Kairos Legacy Partners. (**"Kairos"**). This nonprofit corporation works with leaders of churches that have reached a plateau, or are declining, and provides assistance in evaluating the future of such churches, providing a network of support and resources, and liquidating and reinvesting underutilized church assets.

RELATED PARTY TRANSACTIONS

(All dollar figures are rounded to the nearest $1,000)

Certain members of CDF's management and Board of Directors maintain senior positions at, or are otherwise associated with, churches or parachurch organizations that have borrowed from CDF or have purchased Certificates. CDF has extended these loans (**"Related Party Loans"**) and offered and sold Certificates (**"Related Party Certificates"**) to these related parties on the substantially similar terms and conditions as comparable loans and Certificates made or sold to unaffiliated third parties. A majority of the disinterested members of CDF's Board of Directors approve material affiliated transactions including Related Party Loans, as established by our loan policy. Those transactions are conducted on terms that are no less favorable to CDF than the terms that could be obtained from unaffiliated third parties.

Related Party Loans had an aggregate principal balance of $18,286,000 and $18,631,000, and a weighted average interest rate of 4.8% and 4.7% per annum as of December 31, 2022 and 2021, respectively. Interest income on Related Party Loans for the years ended December 31, 2022, 2021, and 2020 was approximately $872,000, $881,000, and $936,000, respectively. Related Party Certificates had an aggregate outstanding balance of $6,459,000 and $6,316,000 and a weighted average interest rate of 2.2% and 1.8% per annum as of December 31, 2022 and 2021, respectively. Interest expense on Related Party Certificates for the years ended December 31, 2022, 2021, and 2020 was approximately $141,000, $114,000, and $120,000, respectively.

OUR CERTIFICATES

GENERAL TERMS

Our Certificates are categorized generally as Time Certificates or Flex Certificates, with different options and subcategories of those Certificates available as described below. Our Certificates are subject to the terms described under this section. You should review the state specific information applicable to your state of residency, which may have terms that supersede the terms described under this section to the extent there is any inconsistency. See "State Specific Information" beginning on page ii.

Interest Rates

We set the interest rates on our Certificates periodically. The interest rates for Time Certificates are set at the time of sale and are not changed during the term of investment, subject to our Adjustment Right as described under the heading "Adjustment Right" beginning on page 9. The interest rates for Flex Certificates are variable and determined periodically.

The current interest rates for our Certificates are set forth on the Investment Rate Sheet. Interest rates may change before you purchase a Certificate. You should call us or visit the CDF Website for a current Investment Rate Sheet before you invest in any Certificate.

Interest Compounding

Interest on Certificates is accrued daily and compounds on a quarterly calendar basis.

Interest Payment Options

For all Certificates, you may choose, at the time of initial purchase or renewal at maturity, to have the interest earned on your Certificate paid monthly or quarterly by electronic funds transfer or added to the principal amount of your Certificate. We reserve the right to require that an aggregate of at least $25 of interest be earned and unpaid before we will pay out interest. If the amount of earned and unpaid interest is less than the minimum amount for pay out, then earned and unpaid interest will be added to the principal amount of your Certificate. Investors may, subject to a 60-day notice requirement reserved by CDF, request payment of any amount of interest of at least $25 previously added to the principal of their Time Certificate during the current Certificate's term, without redeeming the principal of the Certificate or being subject to any penalty. For a discussion of tax consequences regarding interest earned, see "Tax Considerations" on page 22.

Transfer of Certificates

Generally, you may not sell, gift, pledge, encumber, or otherwise transfer your Certificate or any portion of it. We will, however, permit transfers upon a Certificate holder's death to the holder's heirs or legal representatives. In addition, our borrowers may pledge Certificates (other than Retirement Certificates) as collateral for CDF loans.

Redemption of Certificates by Us

We reserve the right to redeem some or all of your Certificates at any time and from time to time by paying you the principal balance plus interest earned up to the date of redemption (less any interest already paid to you). We are not required to give you advance notice, and we do not need your consent before redeeming your Certificates.

Redemption of Certificates by You

Subject to the notice and processing requirements described below, you may redeem a Flex Certificate by requesting redemption at any time, and you may redeem a Time Certificate upon its maturity by requesting redemption. We are not otherwise required to redeem a Certificate. As a matter of practice, we have historically allowed a redemption request of a Time Certificate prior to its maturity upon a showing of need by an investor. We anticipate that we will continue to do so, but no assurance can be given that CDF will be able to continue this practice. Any redemption of a Time Certificate prior to its maturity may be subject to an early redemption fee charged by us based on the amount of interest earned on such redeemed Time Certificate. Our current early redemption fees are set forth in our Investment Rate Sheet.

You may request redemption of your Certificate(s) as follows:

- by delivering your signed written request of redemption to our address shown on the cover page in person or by mail, other carrier service, or facsimile, subject to our receipt of your written request;
- by calling us at the telephone number shown on the cover page. In order to make a telephonic redemption request: (i) you must be an investor who is a natural person, (ii) we must have, at the time of your telephonic request, an effective written pre-authorization by you authorizing us to accept your redemption request by telephone, and (iii) your pre-authorization must indicate that we may accept a telephonic redemption request by one designated person. Certificates held by IRAs are ineligible for telephonic redemption requests; or
- by using certain functionalities provided through the CDF Website and the CDF Mobile Application. You must comply with additional terms and conditions for use of the CDF Website or the CDF Mobile Application, as applicable, which terms and conditions are posted on the CDF Website or CDF Mobile Application.

Before we process any redemption request, we may require that you verify your identity and, if applicable, your authority to act on behalf of the record holder(s) of the Certificate if it is held in a manner other than in your sole personal name. If a Certificate holder of record is deceased, has changed such holder's name, or such holder's identity is otherwise uncertain, we may require satisfactory documentary and other evidence of that holder's death, identity, or ownership rights in the Certificate before we process your redemption request.

Funds from your Certificate may not be immediately available to you when you make your redemption request. We generally process a redemption request within ten business days after we receive your redemption request. We reserve the right to take up to 60 days from the date we receive your redemption request to process your redemption request; provided, however, that where additional verification, documentation or information may be required or any unusual circumstance exists, we may take longer than 60 days to process your redemption request.

Upon our completion of processing your redemption request, we will pay the amount due on your Certificate (i.e., outstanding principal and accrued but unpaid interest thereon) by check to the last address we have on record for you or by electronic funds transfer to a bank or other financial institution we have on record for you.

Ownership

In addition to holding a Certificate solely in your own name, you may also purchase and own a Certificate in the following ways (if permitted by your state of residency):

- ***Joint Tenants with Right of Survivorship.*** As a joint tenant, you will receive ownership of the entire Certificate if the other owner dies before you (where there are only two joint owners). Otherwise, the other owner will become the sole owner upon your death. Unless you specify otherwise in the Purchase Application, all joint owners must act to redeem the Certificate or take any other action with respect to the Certificate.
- ***Tenants in Common.*** As a tenant in common, you own a distinct, proportionate, undivided interest in the Certificate in common with the other owner(s). Upon an owner's death, the surviving owner has no right to ownership of the deceased owner's interest. Rather, the deceased owner's interest passes to his or her estate. Unless you specify otherwise in the Purchase Application, all co-owners must act to redeem the Certificate or take any other action with respect to the Certificate.
- ***Custodian for a Minor.*** We can facilitate the ownership of a Certificate by a minor under the California Uniform Transfers to Minors Act (the **"UTMA"**). Specifically, ownership will be in your name as custodian for the minor until the minor reaches from 18 to 21 years of age, as stated in the Purchase Application. The decision to purchase, transfer, or gift a Certificate for or to a minor under the UTMA is irrevocable. The UTMA requires that the custodian transfer ownership of the Certificate to the minor or the minor's estate at the earliest of (i) when the minor turns 18, unless otherwise specified in the Purchase Application, (ii) the age specified in the Purchase Application (which cannot exceed 21), or (iii) the death of the minor.

- ***Entity***. We allow nonprofit and for-profit corporations, limited liability companies, and partnerships that are registered with the appropriate office in their jurisdiction of organization to own Certificates, subject to certain limitations. Unless otherwise authorized in the Purchase Application, the signature of any officer, member or manager (as applicable), or general partner, as the case may be, whose name(s) are required on the Purchase Application may be used to redeem the Certificate or take any other action with respect to the Certificate on behalf of the entity.
- ***Trusts.*** We allow trusts (both irrevocable and revocable) to own Certificates. Unless otherwise authorized in the Purchase Application, the signature of all trustees, as defined in the trust documents, will be required to redeem the Certificate or take any other action with respect to the Certificate.

Nothing in this Offering Circular, or otherwise provided in connection with how you may own or hold Certificates, or the impact thereon, is intended to or should be treated as legal, tax, financial, or other advice. You should consult with your legal, tax, financial or other advisors as to the impact of owning or holding a Certificate in any manner.

Your purchase of any Certificates does not entitle you to any equity or ownership interest, or any right to acquire any equity or ownership interest, in CDF or any of its affiliates.

Priority Relative to Other CDF Debt

Most of our debt is money we owe on Certificates we have sold. From time to time, we may also borrow from banks or other lenders. See “Other Financing Activities – Borrowed Indebtedness” on page 18. Our Certificate holders, together with these banks and other lenders, are generally considered our creditors. If our assets were distributed to our creditors or sold to pay them (for instance due to financial insolvency, bankruptcy or liquidation), the relative priority of debt we owe our respective creditors would determine which creditors get paid first.

Because Certificates are unsecured, your Certificate will be of lower priority than any secured debt we incur. Therefore, if our assets were distributed to our creditors or sold to pay them, our secured creditors would be paid before you and our other Certificate holders. Once our secured creditors are paid, our remaining assets without donor restrictions could then be used to pay our general or unsecured creditors, including our Certificate holders.

As of December 31, 2022, we had a secured line of credit with BOC that had no outstanding principal balance, but which we may utilize from time to time. See “Other Financing Activities – Borrowed Indebtedness” on page 18.

It is our current policy to limit the amount of our total senior secured indebtedness to no more than 10% of our total tangible assets. In calculating this percentage, we do not include as “senior secured indebtedness” any obligations associated with the following types of security:

- Liens or charges for current taxes, assessments or other governmental charges that are not delinquent, that remain payable without penalty, or that are contested in good faith as invalid;
- Sureties, appeal bonds, bonds for the release of an attachment or for stay of execution, or liens made to secure statutory obligations of CDF;
- Purchase money security interests for property acquired after the date of this Offering Circular; and
- Judgment liens.

Discontinued Certificates

We may, from time to time, discontinue certain types of Certificates. When a discontinued Certificate matures, we expect to give you the option of redeeming the Certificate or reinvesting it in another Certificate. Should you do neither, we may, as a courtesy to you, continue to pay interest on your unredeemed funds at the rate in effect for our Flex Certificates.

Book Entry System and Statements

We use a book entry system to record ownership and invested balances for the Certificates and do not issue physical certificates. Under this system, we keep an electronic record of your investment in Certificates and send you an investment confirmation. We also send periodic statements showing any subsequent additions or redemptions and the balance of the amount you have invested with us.

TIME CERTIFICATES

Except as otherwise provided under “State Specific Information” beginning on page ii, Time Certificates are subject to the following terms:

Maturity Periods

We offer Time Certificates with maturity periods of between one and five years.

Minimum and Additional Investments

The minimum initial investment for a Time Certificate is $5,000 (except for Custodial Time Certificates, see page 9). Investors may increase their investment in Time Certificates only through CDFdirect. See “Special Investor Options-CDFdirect” on page 10.

Fixed Interest

Subject to our Adjustment Right described below, the interest rate on each Time Certificate is fixed at the time of issuance for its entire maturity period. The applicable interest rate for each Time Certificate will depend on the maturity period and on the level of your investment in such Time Certificate. Longer maturity periods may have higher interest rates. Time Certificates with the minimum initial investment of $5,000 will be designated ***Bonus Time Certificates*** and will earn the entry-level interest rate. We pay incrementally higher interest rates for: ***Jumbo Time Certificates*** (investments of at least $100,000 but less than $250,000); and ***Presidential Time Certificates*** (investments of $250,000 or more). We may also pay higher interest rates for ***Special Time Certificates*** (described below) for a limited period of time.

Adjustment Right

We reserve the right to decrease the fixed interest rates on our outstanding Time Certificates to meet market conditions at any time and from time to time. We call this our "**Adjustment Right**." If we exercise our Adjustment Right, any decrease in fixed interest rates will be applied uniformly to all similar Time Certificates. For example, the interest rate on all Time Certificates with a three-year term would be reduced uniformly. We will provide you with not less than 30 days prior written notice of our intent to exercise our Adjustment Right and the adjusted interest rate. During that period, you may choose to redeem all or part of your investment in the affected Time Certificate without being assessed an early redemption fee. We will also update the Investment Rate Sheet to reflect the adjusted interest rate.

Renewal and Redemption at Maturity

Unless redeemed by you, your Time Certificates automatically renew at maturity for another term (except in certain states where investors must affirmatively elect to renew, as provided in "State Specific Information" beginning on page ii). For example, a Time Certificate with a three-year term will automatically renew for another three-year term.

If your Time Certificate is automatically renewed at maturity, it will earn interest at the rate then in effect for that type of Time Certificate, which could be higher or lower than the interest rate in effect prior to the renewal. Therefore, it is possible that the interest rate paid to you may increase or decrease without further notice upon an automatic renewal of your Time Certificate.

We will provide you with written notice of the maturity date of your Time Certificate and its automatic renewal at least 30 days before the Time Certificate's maturity date. If there have been changes to this Offering Circular, we will also provide you with the most recent copy of this Offering Circular or supplement, as applicable, prior to your Certificate's renewal. If you desire to redeem your Time Certificate upon maturity (so that it will not automatically renew), we must receive your redemption request on or prior to your Time Certificate's maturity date. If you do not provide us with your redemption request on or before your maturity date, your Time Certificate will automatically renew. Upon completion of processing your redemption request, we will pay the amount due on your Time Certificate (i.e. outstanding principal and accrued but unpaid interest thereon) by check to the last address we have on record for you or by electronic funds transfer to a bank or other financial institution we have on record for you. For additional information on how you may make a redemption request, see also "Our Certificates – Redemption of Certificates by You" on page 7.

There is no limit on the number of times your Time Certificates may automatically renew at maturity.

Early Redemption

You may redeem a Time Certificate upon its maturity by requesting redemption. We are not required to redeem a Time Certificate prior to its maturity date. As a matter of practice, however, we have historically allowed a redemption request of a Time Certificate prior to its maturity upon a showing of need by an investor. We anticipate that we will continue to do so, but no assurance can be given that CDF will be able to continue this practice. Any such redemption of a Time Certificate prior to its maturity may be subject to an early redemption fee charged by us based on the amount of interest earned on such redeemed Time Certificate. Our current early redemption fees are set forth in our Investment Rate Sheet.

Custodial Time Certificates

You may purchase Custodial Time Certificates for the benefit of a minor to be held in accordance with the UTMA. All other terms applicable to Time Certificates apply to Custodial Time Certificates, except that Custodial Time Certificates have a $500 minimum initial investment and a $25 minimum for each subsequent addition to principal.

Special Time Certificates

We may offer you the opportunity to purchase a Special Time Certificate. Special Time Certificates are offered for various terms at a generally higher interest rate than standard Time Certificates of a similar term. Unless redeemed by you at maturity, Special Time Certificates automatically renew upon maturity and become a conventional Time Certificate at then-current interest rates. The specific renewal term for a Special Time Certificate will be defined at the time each Special Time Certificate is offered to you. We will give you notice of the maturity date of your Special Time Certificate and its automatic renewal as a conventional Time Certificate not less than 30 days prior to the maturity of your Special Time Certificate. In your maturity notice, you will be given the option to have funds returned to you or to have the Special Time Certificate automatically renew to the pre-defined conventional Time Certificate.

FLEX CERTIFICATES

Except as otherwise provided under "State Specific Information" beginning on page ii, Flex Certificates are subject to the following terms:

Minimum and Additional Investments

The minimum initial investment for a Flex Certificate is $250. We generally permit investors to make additions of at least $25 increments to the principal amount of Flex Certificates. If the principal amount of a Flex Certificate falls below $250, we reserve the right to charge a quarterly minimum balance fee or to cancel a Flex Certificate, in which case we will pay you the outstanding balance on that Flex Certificate.

Variable Interest

The interest rate on Flex Certificates is variable and may be adjusted periodically.

Payment on Demand

You may redeem all or part of the outstanding principal and accrued but unpaid interest on a Flex Certificate at any time by providing us with your request for redemption. See also "Our Certificates – Redemption of Certificates by You" on page 7.

SPECIAL INVESTOR OPTIONS

CDF*DIRECT*

You may set up automatic monthly additions to the principal balance of any of your Certificate(s) using electronic funds transfer. These "*CDFdirect*" investments must be made from your financial institution to CDF on the dates we specify, which are currently the 5th and/or 20th calendar day of each month (or, if not a business day, the following business day). Any election to set up or terminate automatic monthly investments must be made in writing and will take effect 30 days after our receipt and acceptance.

OTHER OPTIONS

For investors who qualify, we offer the additional options described below:

Presidential Certificates

If your total investment level is $250,000 or more, the Certificates you purchase may be designated by CDF as Presidential Certificates. These certificates generally earn higher interest rates than our standard Time Certificates and may be eligible for other terms not available for standard Time Certificates.

Your "total investment level" includes the outstanding balance of all your Certificates, including Presidential Certificates. But only the funds held in Certificates designated as Presidential Certificates will be subject to the rates and terms applicable to the Presidential Certificate. For purposes of determining your total investment level, we will consider Certificates held in the following ways:

- Certificates in your name;
- Certificates in your spouse's name;
- Certificates in the name of your minor child held pursuant to UTMA;
- Certificates in the name of a business entity in which you control or have majority ownership; and
- Certificates held in 401(k) or 403(b) plans of Qualified Ministries where you are the holder or beneficial holder.

We may, in our sole discretion, consider Certificates held in ways not described above for purposes of determining your total investment level. Certificates held jointly may only be attributed to one of the owners in determining either owner's total investment level.

Your existing Certificates do not automatically convert to Presidential Certificates when your total investment level reaches $250,000. Rather, Presidential Certificate status is determined based on the aggregate balance of an investor's Certificate(s) at the time of initial purchase or renewal at maturity (including the investment/renewal being contemplated).

If your total investment level falls below $250,000, any Presidential Certificate that you hold will earn interest at the interest rate then in effect for standard Time Certificates applicable to your then-existing term and investment level. For example, a Presidential Certificate with a balance of less than $250,000, but equal to or more than $100,000, will earn interest at the interest rate then in effect for a one-year Jumbo Time Certificate.

Retirement Certificates

You may purchase Certificates to hold in an IRA. These Certificates will be designated Retirement Certificates. There is a minimum initial investment of $5,000 for each Retirement Time Certificate and $250 for Retirement Flex Certificate. You are permitted to make additions in increments of at least $25 to Flex Certificates and $100 to Time Certificates that are Retirement Certificates, to the extent permitted by the Internal Revenue Code.

In 2015, CDF was granted non-bank custodial powers by the IRS, which enables CDF to operate as a non-bank Custodian for Retirement Certificates held in IRAs. As of December 30, 2015, CDF became the custodian of our investors' Retirement Certificates held in IRAs. We reserve the right to appoint a third-party custodian and to change the custodian from time to time; we will provide you with notice of any such appointment or change. You may open an IRA account with your own financial institution, trust company or other institutional custodian acceptable to us where such institution will act as custodian of your IRA. Once you establish this IRA, you may invest funds in your Retirement Certificate, which we will in turn notify the institutional custodian to hold for your IRA. We do not impose an early redemption fee if you choose to redeem some or all of the interest that you earn on your Retirement Certificate. We do not impose an early redemption fee on mandatory distributions of your Retirement Certificates from your IRA. We may, however, impose an early redemption fee for early redemptions of principal for a Retirement Certificate that is a Time Certificate. See "Time Certificates – Early Redemption" on page 9.

In addition to early redemption fees that may be imposed by us, the Internal Revenue Code may impose limitations and penalties on early redemptions. There may be severe tax penalties for early redemptions that do not meet the criteria set forth in the Internal Revenue Code and its Regulations. You should consult your tax advisors. Retirement Certificates are only transferable upon the death of the owner, and only to the beneficiaries of the IRA.

Pension Maximizer Retirement Certificate

A 403(b) retirement plan or other retirement plan, including the 403(b) retirement plan offered through CDF, may invest in Pension Maximizer Retirement Certificates. There is a minimum initial investment of $25 that is applicable to the retirement plan as a whole.

Investment in our Pension Maximizer Retirement Certificate is limited to 403(b) plans that qualify as "church plans" as defined in Section 3(33)(A) of ERISA. Non-church plans are prohibited from investing in our Pension Maximizer Retirement Certificates. Further, we will restrict sales of Certificates to benefit plan investors that are not subject to ERISA.

SPECIAL FEATURES

You may select the features described in this section for your Certificates, provided that you comply with our terms and conditions applicable to those features. Unless otherwise specified, these features are available on all Certificates. We may offer other features applicable to some or all Certificates from time to time, and we will inform you when such other features are available. We reserve the right to terminate any and all features at any time, in which case we will notify you if you have elected such terminated feature.

Designated Interest Rates

You can further the mission of CDF by choosing to receive interest on your Certificate at a reduced interest rate or to receive no interest at all. You may cancel your election by giving us 30 days written notice of cancellation.

Gift of Interest Earned

Except for Retirement Certificates and Custodial Time Certificates, you may elect to have the interest earned on your Certificate donated directly to CDF. You may cancel your election by giving us 30 days written notice of cancellation.

Gift-Over

At the time of purchasing a Certificate (except for Retirement Certificates and Custodial Time Certificates), you may elect to "gift-over" to us, or to a Qualified Ministry, your Certificate upon your death. If you make this election, you may revoke it at any time up to the time of your death by giving us written notice.

If you do not revoke this election, we will transfer ownership of your Certificate to your named donee once we receive notice of your death.

Unless you designate a particular purpose on the Purchase Application, the funds from your Certificate will benefit the general purposes of your donee.

Unless otherwise designated by you, a Certificate held by two or more persons will be held in joint tenancy with rights of survivorship under the laws of the State of California, and any gift-over will only be effective upon, and may be revoked prior to, the death of the survivor.

CDF Digital Access

You may access the CDF Website at www.CDFcapital.org where you will find information about us, including:

- a copy of this Offering Circular and supplements thereto (if any);
- investment options;
- current Investment Rate Sheet;
- a copy of the Purchase Application and other forms and documents related thereto; and
- retirement planning information and forms.

You may sign up to receive this Offering Circular and other offering documents electronically and access your investment information through the CDF Website (the "**Online Investment Access**") or through the CDF Mobile Application. Clarity of text in this document may be affected by the size of the screen on which it is displayed. The Online Investment Access allows you to:

- receive electronic copies of this Offering Circular and supplements thereto (if any), the current Investment Rate Sheet, the Purchase Application and other forms and documents related thereto, and other offering documents;
- complete, execute, and submit the Purchase Application and other forms and documents (including electronic funds transfer authorizations and beneficiary designation forms) electronically; and
- make payment of your initial investment by electronic funds transfer.

The Online Investment Access and the CDF Mobile Application also offers various functionalities with respect to your Certificates, including functionalities that allow you to:

- access your balance and detailed history;
- view and download up to two years of quarterly statements;
- submit a redemption request;
- submit a renewal request;
- submit an address change or correction;
- set up e-mail alerts for designated balances;
- download certain information; and
- submit a new e-mail address.

The CDF Website, the Online Investment Access, and the CDF Mobile Application, including the functionalities that may be provided in connection therewith, are made available by CDF for your convenience, and are strictly voluntary. It is not a condition for investing in any Certificate and there is no assurance these functionalities will continue. If you choose to use any of the functionalities provided through the Online Investment Access or the CDF Mobile Application, you must strictly comply with the terms and conditions as posted on or made available through the Online Investment Access or the CDF Mobile Application, as applicable. Certain functionalities may also have specific or additional terms and conditions applicable to such functionalities. Those conditions will be posted on or made available through the Online Investment Access or the CDF Mobile Application, as applicable, as such functionalities become available, and will require your acceptance prior to use. If there is information on or through the CDF Website, the Online Investment Center, or the CDF Mobile Application that is contrary to information in this Offering Circular, you should rely only on the information in this Offering Circular.

CERTIFICATE SALES

LIMITED CLASS OF INVESTORS

Our "Limited Class of Investors" is comprised of investors who are, before receiving this Offering Circular, members of, contributors to, or participants in a Qualified Ministry, CDF, or in any program, activity or organization which constitutes a part of a Qualified Ministry or CDF, or in other religious organizations that have a programmatic relationship with a Qualified Ministry or CDF. Our Certificates will be sold only to investors who certify in their Purchase Application that they are in the Limited Class of Investors.

The investors may also include (i) "family members" (as defined by applicable laws) of persons in the Limited Class of Investors, (ii) entities controlled by persons in the Limited Class of Investors, (iii) institutional investors who are nonprofit religious organizations, and (iv) employees of CDF or any of its affiliates.

The characteristics of a Qualified Ministry include:

- acceptance of the Bible alone as the authority for faith, practice;
- no extra-congregational governance or control of policy or property;
- believer's baptism;
- open communion for all believers;
- governance by elders selected by the congregation; and
- commitment to fulfill Christ's great commission to make disciples of all peoples.

We, in our sole discretion, may determine that an investor is not in the Limited Class of Investors. We reserve the right to refuse to offer or sell any Certificate to any investor.

DISTRIBUTION OF CERTIFICATES

Our officers and employees are responsible for the offer and sale of the Certificates. Our officers and employees are not registered as brokers or dealers with the SEC, but may be registered as agents or salespersons of CDF in certain states where required. Our officers and employees answer investors' questions and may occasionally give presentations to potential investors at conventions, meetings, and religious services.

We use this Offering Circular, together with brochures and other advertising materials, to promote the sale of Certificates. These materials will be provided to potential investors, which may include current and former investors. These materials may also be provided to Qualified Ministries as well as handed out at religious services, meetings, conventions, seminars, and retreats of Qualified Ministries. From time to time, we may run advertisements in national and regional religious publications and on related websites.

CDF is not registered with the SEC as a broker or dealer, but may be registered as an issuer-dealer in certain states. We do not pay any commissions or other compensation to our officers, employees or anyone else based upon the amount of Certificates sold. Our officers and employees who are responsible for the offer and sale of Certificates will receive only their regular salary compensation.

We have not hired, and we do not have any agreement with, any underwriters or outside selling agents to assist with this offering. Certificates will be offered and sold without the payment of any direct or indirect underwriting, sales or similar fees or commissions. We may work with registered investment advisers ("**RIA**") who are retained by our investors or potential investors with respect to our Certificates. The RIAs are not our underwriters, agents, or representatives.

HOW TO PURCHASE A CERTIFICATE

If, after reading this Offering Circular, you would like to purchase one or more Certificates, please complete and sign the Purchase Application included with this Offering Circular or complete and submit your Purchase Application electronically via the investment functionality through the CDF Website.

You may send your completed and manually signed Purchase Application along with a check made out to "Church Development Fund, Inc." or "CDF" or "CDF Capital" in the amount of your initial investment to CDF Capital, P.O. Box 19700, Irvine, CA 92623-9700.

You may sign up at the CDF Website to access certain functionalities to allow you to receive this Offering Circular and other offering documents electronically, complete, execute and submit your Purchase Application electronically, and make payment of your initial investment by electronic funds transfer by using the investment functionality through the CDF Website. For more information, see "CDF Digital Access" beginning on page 11.

Your purchase of our Certificate will be completed upon (i) our receipt of your Purchase Application or your electronic submission of your Purchase Application as described above, (ii) our receipt of the funds for your investment, (iii) our determination that you are in the Limited Class of Investors, and (iv) our delivery to you of our written acceptance of your investment (i.e. an investment confirmation). Your submission and our receipt of your Purchase Application and funds do not constitute acceptance of your investment. We reserve the right to not sell any Certificate to you and we will return your funds to you if we decide not to sell a Certificate to you.

RECENT SALES AND OUTSTANDING CERTIFICATES

(All dollar figures are rounded to the nearest $1,000)

Recent Sales and Redemptions

The following table shows the totals we received in cash proceeds from sales of Certificates, redemptions in cash from Certificates, amounts of Certificates renewed or reinvested in other Certificates, and outstanding payable on Certificates for fiscal years ended December 31, 2022, 2021, and 2020:

Certificate	2022	2021	2020
Cash sales	$ 78,559,000	$ 94,340,000	$ 158,004,000
Renewed/reinvested	$ 119,610,000	$ 172,316,000	$ 160,049,000
Redeemed in cash	$ 122,009,000	$ 121,033,000	$ 97,886,000
Payable	$ 548,413,000	$ 591,863,000	$ 619,111,000

Interest on Certificates

The table below shows the weighted average interest rates and interest incurred on outstanding Certificates compared to interest income earned by CDF for fiscal years ended December 31, 2022, 2021, and 2020:

Fiscal Year	Weighted Average Interest Rate	Interest Income	Interest Incurred on Outstanding Certificates
2022	2.4 %	$ 23,956,000	$ 12,995,000
2021	2.3 %	$ 26,387,000	$ 15,573,000
2020	2.8 %	$ 27,964,000	$ 16,984,000

The interest paid or accrued on our outstanding Certificates represented approximately 54%, 59%, and 61% of our interest income for those periods, respectively.

Outstanding Certificates

The following table shows the outstanding principal for Time Certificates and Flex Certificates and their respective weighted average interest rates, along with their aggregate total principal amount and combined weighted average interest rate, for the fiscal year ended December 31, 2022:

Type of Certificate	Outstanding Amount	Weighted Average Interest Rate
Time certificates	$ 442,200,000	2.6 %
Flex certificates	$ 106,213,000	1.4 %
	$ 548,413,000	2.4 %

As of December 31, 2022, residents of the states of California, Arizona, Ohio, Oregon and Florida represented approximately 33%, 8%, 7%, 5%, and 5%, respectively, of our total Certificates outstanding. No other state exceeded 5% of our total Certificates outstanding. As of December 31, 2022, the aggregate balance of Certificates outstanding in these five states was $316,487,000, which represented approximately 58% of all Certificates outstanding. Further information on our outstanding Certificates can be found in note 8 of our Audited Financial Statements.

Maturity Information

The following table shows the total principal balance of Certificates scheduled to mature over the next five fiscal years and after the fiscal year ending December 31, 2027, and their weighted average interest rate. For purposes of this table, we have assumed that interest owing on Certificates is not reinvested in principal.

Fiscal Year of Maturity	Weighted Average Interest Rate	Amount
Demand	1.4 %	$ 106,213,000
2023	2.4	214,953,000
2024	2.8	139,108,000
2025	2.8	39,633,000
2026	2.6	29,050,000
2027	2.5	15,118,000
Thereafter	3.0	4,338,000
	2.4 %	$ 548,413,000

OUR LOANS

(All dollar figures are rounded to the nearest $1,000)

We offer loans at competitive rates, but often on terms we believe to be more favorable than our borrowers could obtain from a commercial lender. Our primary borrowers are Qualified Ministries. Our borrowers generally use our financing to acquire land or buildings or construct or renovate worship facilities and other facilities necessary to carry out their ministry. This section provides a general description of some of our loan policies. This section also provides a general description of the types of loans we make, the loans we currently have outstanding, and other matters related to our lending activities. See "Related Party Transactions" on page 6 for loans we may make to certain related parties that are not covered by these policies.

LOAN POLICIES

We have adopted certain loan policies, which have been approved by the CDF Board of Directors. Among other things, these policies guide us in deciding which loan applicants qualify for one of our loans, the amount of the loan they qualify for, and the terms of the loan. Our loan policies are subject to revision.

As part of our "due diligence" review, we require prospective borrowers to submit a completed loan application or written request, along with supporting documentation. The loan assessment includes a thorough review of certain indicators of the prospective borrower and prospective loan, such as the following:

- Debt to Income Ratio;
- Expense Coverage Ratio;
- Loan-to-Value Ratio; and
- Debt per Attendee/per Giving Unit.

Based on these indicators, we produce a rating for the prospective loan, which is then reviewed by us at the appropriate approval level.

We have established levels of approval for prospective loans. Depending on the loan size and the rating produced as a result of the underwriting process, the loan may be approved by the Staff Loan Committee, the Executive Loan Committee, or the CDF Board of Directors, in each case as appropriate.

Generally, we will not disburse any loan proceeds until a prospective borrower has submitted certain documentation and satisfied certain lending criteria, including, without limitation, title insurance or an opinion from counsel indicating validity of title, adequate property liability insurance policy, and, if necessary, duly executed lien waivers. We may require an independent appraisal and an environmental assessment of any real property. It is our policy to require real property appraisals for all loans over $250,000 unless the committee approving the loan waives the appraisal requirement. For loans in which we do not require an appraisal, broker opinion, or other valuation on collateral, we conduct an adequate due diligence review of the prospective borrower prior to approving the loan.

We may sell loan participations in existing loans to third parties. Generally, these participations will be on a non-recourse basis, which means that we will have no obligation to repurchase that portion of the loan sold, and that the purchaser will assume the risk of loss on that portion of the loan purchased. We may, however, on occasion sell a loan participation on a recourse basis. We have not securitized any portion of our loan portfolio and we do not have the intention to do so in the future.

We generally secure mortgage loans, construction loans, and lines of credit by taking a first deed of trust or mortgage on real property or, if we are already in a first lien position, by taking a second deed of trust or mortgage.

The CDF Board of Directors has placed limits on our international loan portfolio and such loans are subject to the same or more stringent loan policies as domestic loans. All international loans require the approval of the CDF Board of Directors. While we have two international borrowers, we have not entered into any new international borrower relationships or made any international loans since 2010. We do not have any current plans to make additional international loans.

LOAN TYPES

We currently offer several types of loans as generally described below. All of our loans bear interest and the applicable rate of interest will be established by us.

Mortgage Loans

Mortgage loans are generally for terms of three years to ten years and are amortized over a period of up to thirty years. We generally charge a loan origination fee on the principal amount of the loan. Loans for the longer terms will often have rates that are adjustable every three to five years. A fee for early prepayment by refinance with another lender may be included in the loan terms.

Construction Loans

Construction loans are generally for terms of up to two years. During the initial twelve to twenty-four months of the loan term, repayment is on an interest-only basis. We generally charge loan fees on the principal amount of the loan. This fee includes our fund control services. We monitor loan disbursements and the progress of the construction process. Upon completion of the construction process, the majority of these loans convert to mortgage loans at no additional charge.

Lines of Credit

Lines of Credit are generally for terms of up to six years. The borrower may draw on the line of credit up to the approved credit amount. We generally charge loan fees on the approved principal amount of the line of credit. Required monthly payments are on an interest-only basis.

Participation Loans

These are indirect loans that we may make from time to time by purchasing a participation interest in a loan made by another lender to a Qualified Ministry. We generally require that these loans meet our loan policies. See "Our Loans – Loan Policies" beginning on page 14. Interest rates, maturity terms, and collateral for participation loans may differ from the other loans that we make.

Non-Mortgage Secured Loans

We make these loans without taking a security interest in real property. In making these loans, we require guaranties or other collateral that in our judgment are sufficient to protect our interests and to offset the risk involved. We typically secure these loans by requiring an investment in CDF debt securities or by taking a security interest in personal property acceptable to us. We only make these loans in very limited circumstances.

Unsecured Loans

We may make these loans to borrowers generally for a term of up to five years. We generally charge a loan origination fee for these loans based on the principal amount of the loan. The decision to lend is based solely on the financial strength of the borrower to repay. It is our policy to fund no more than $2,000,000 of total unsecured loans and no more than $500,000 to a single borrower. Accordingly, under our loan policies, at least 90% of outstanding loans will be secured by real or personal property or guaranteed by third parties unless a lower percentage is justified by management. As of December 31, 2022, all of our outstanding loans were secured.

OUTSTANDING LOANS

Our Loan Portfolio

We made loans, net of administration fees, of $77,260,000, $59,512,000, and $65,628,000, in fiscal years ended December 31, 2022, 2021, and 2020, respectively. We also made purchases of approximately $4,927,000 and $3,000,000 in loans receivable in the fiscal years ended December 31, 2022 and 2021, respectively, and received proceeds of approximately $9,231,000 from the sale of loans receivable in fiscal year ended December 31, 2020.

Payments on Outstanding Loans

During fiscal years ended December 31, 2022, 2021, and 2020, we received $109,703,000, $64,007,000, and $38,875,000, respectively, in payments of principal, and $22,879,000, $25,554,000, and $26,719,000, respectively, in payments of interest on our outstanding loans.

Loans Held for Investment

As of December 31, 2022, we had total loans held for investment as follows:

Aggregate Loan Balance [1]	Number of Borrowers		Principal Outstanding	Percent of Loan Portfolio
Less than $1,000,001	80	$	31,882,000	6 %
$1,000,001 - $5,000,000	83		194,168,000	40 %
$5,000,001 - $10,000,000	17		125,358,000	26 %
Over $10,000,000	10		135,149,000	28 %
	190	$	486,557,000	100 %

(1) Aggregate loan balances are reported net of participation interests sold.

We had no unsecured loans for the fiscal years ending December 31, 2022, 2021 and2020.

As of December 31, 2022, we had no loans receivable held for investment in which our interests as secured lender were subordinated to third-party senior lenders.

As of December 31, 2022, the primary states in which we have made loans are California, Arizona, Florida, Ohio, Oregon and Colorado, which represented approximately 27%, 10%, 8%, 7%, 5% and 5%, respectively, of the outstanding principal balance of our total loans held for investment as of December 31, 2022. No other state exceeded 5%. Further information on our loans receivable held for investment can be found in note 4 of our Audited Financial Statements.

Our loans held for investment as of December 31, 2022 are contractually scheduled to mature as follows:

Fiscal Year	Amount
2023	$ 15,092,000
2024	24,165,000
2025	26,403,000
2026	83,744,000
2027	133,970,000
Thereafter	203,183,000
	$ 486,557,000

Loan Sales, Participations and Servicing

CDF has sold and may continue to sell loans and loan participation interests to financial institutions or other third parties. Generally, CDF has retained and will continue to seek to retain servicing rights in these transactions. Under limited circumstances, CDF will sell loans on a servicing released basis.

We have engaged in loan sales and loan participation transactions to increase our liquidity and reduce loan concentration which we expect will allow us to continue to address the positive demands for financing proposed by Qualified Ministries.

We perform all servicing requirements with respect to participation interests of the loan sold in exchange for the payment of servicing fees by the buyer. As of December 31, 2022 and 2021, the principal balance of these loans that we serviced for others totaled $24,623,000 and $52,810,000, respectively. We have received net service fees of $187,000, $236,000, and $221,000, for the fiscal years ended December 31, 2022, 2021, and 2020, respectively.

Loan Commitments

As of December 31, 2022, we had outstanding loan commitments totaling approximately $57,447,000 which consisted of $5,361,000 of undrawn lines of credit, $50,100,000 of unfunded commitments for existing construction loans and $1,986,000 of unfunded commitments for existing mortgage loans. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Delinquent Loans

If any payments of principal or interest are past due more than 90 days, we will deem such loan to be delinquent. Due to the nature of our relationship with our borrowers, we may be willing to accommodate borrowers whose payments fall behind, or refinance or restructure their loans to assist them with repayment. There were two delinquent loans as of December 31, 2022, two delinquent loans as of December 31, 2021, and four delinquent loans as of December 31, 2020. The table below sets forth the amounts of loans and approximate percentage of our loans receivable held for investment constituting delinquent loans for the fiscal years ended December 31, 2022, 2021, 2020, 2019, and 2018.

Fiscal Year	Amount	Approximate Percentage
2022	$ 3,424,000	1 %
2021	$ 15,394,000	3 %
2020	$ 9,046,000	2 %
2019	$ 13,683,000	3 %
2018	$ 12,884,000	2 %

Impaired Loans

We classify a loan as impaired if we believe it is probable that we will not receive all principal and interest due under the loan in accordance with its terms or if a modification of the contractual terms is determined to be a troubled debt restructuring ("**TDR**") of the loan. As of the fiscal year ended December 31, 2022, we had 10 impaired loans that totaled $34,937,000. Approximately $31,513,000 or 90% of our impaired loans are classified as impaired because CDF granted the borrower, who was in financial difficulty, a modification to the original terms of the loan. CDF has maintained discussions with these borrowers, providing temporary or permanently modified loan terms designed to reduce the borrowers' cash flow obligations. TDR loans made at current market terms will cease to be classified as TDRs but will continue to be impaired in the year following the modification if the borrowers perform according to the terms of the modified loans for an extended period of time. There were two TDRs as of December 31, 2022 totaling $16,398,000 and three TDRs as of December 31, 2021 totaling $8,150,000. There were no TDR loans as of December 31, 2022, 2021 and 2020 that defaulted within twelve months of their modification date.

Loan Loss Reserve

We have established an allowance for loan loss reserve that in management's judgment is adequate for probable incurred losses. We determine the reserve based on a risk level assigned during loan assessment. Periodic review of each loan adjusts the risk level and its reserve requirement. This review includes, but is not limited to, the borrower's management, financial condition, cash flows, repayment program, and the existence of collateral. In addition, the historical experiences of payment patterns and general economic conditions have been considered in management's evaluation of the allowance for loan losses. This process is based on estimates, and ultimate losses may vary from current estimates. Loan losses are charged against the allowance when management deems a loan unable to be collected and there is insufficient collateral to recover the principal and accrued interest. Recoveries, if any, are credited to the allowance.

In the fiscal years ended December 31, 2022, 2021, and 2020, we had net (negative provision) or provision for loan losses of ($422,000), $1,080,000, and $1,815,000, respectively. We also had net negative provision for unfunded loan commitments of $0, $0, and $1,107,000 in the fiscal years ended December 31, 2022, 2021, and 2020, respectively. For the years ended December 31, 2022, 2021, and 2020, we charged off a total of $486,000, $14,000, and $0, respectively, against our loan loss reserves. As of December 31, 2022, 2021, and 2020, our loan loss reserve was $4,843,000, $5,751,000, and $4,685,000, respectively. This represented approximately 1.0%, 1.1%, and 0.9%, respectively, of the outstanding principal balance of our total loans held for investment. Included in the loan loss reserve are approximately $3,622,000, $4,075,000, and $3,133,000, as of December 31, 2022, 2021, and 2020, respectively, attributable to impaired loans.

Property Received in Lieu of Foreclosure or Foreclosure

As of December 31, 2022, since our inception in 1953, five of the loans that we have made have resulted in a foreclosure. Further, from time to time, we have taken a deed to property in lieu of foreclosure. It is our general policy to attempt to work with the borrower for a certain period of time to give them an opportunity to repurchase the property. If we believe, however, that the borrower will be unable to repurchase the property, we either will sell the property at the highest price we can obtain or hold the property as an investment.

Highway 119 Holdings, LLC holds unimproved land in Colorado, and CDF Holdings, LLC holds improved and unimproved land, obtained by CDF by deed in lieu of foreclosure or foreclosure.

INVESTMENT ACTIVITIES

(All dollar figures are rounded to the nearest $1,000)

INVESTMENT POLICY

The CDF Board of Directors is responsible for establishing and altering CDF's investment policies. The Board of Directors may delegate some or all of this authority to the Audit Committee of the CDF Board of Directors (the "**Audit Committee.**") As of December 31, 2022, the majority of our investments were invested with UMB Bank, BOC, CrossFirst Bank and Encore Bank.

CDF's investment policy calls for a mix of short-term fixed income investments. Investments permitted under CDF's short-term fixed income investment policy include U.S. Treasury Bills, U.S. Government Agency securities, money market accounts, investment grade corporate bond funds, church extension fund debt securities, corporate debt exchange-traded funds, FDIC insured bank CDs and overnight bank sweep accounts.

LIQUIDITY POLICY

CDF has a policy of maintaining minimum liquid assets and, available unused line of credit borrowing (up to 2% of outstanding Certificates) equal to at least 8% of its outstanding Certificates as of the end of each fiscal year. See "Use of Proceeds" on page 5. As of December 31, 2022, we had cash, cash equivalents, readily marketable securities and available line of credit borrowing (up to 2% of outstanding Certificates) of $114,687,000. This represented approximately 20.9% of our outstanding debt securities as of December 31, 2022. See "Summary Consolidated Financial Information" on page 1.

INVESTMENTS

Our cash, cash equivalents, and investments had an aggregate value of $103,719,000 and $115,345,000 as of December 31, 2022 and 2021, respectively.

As of December 31, 2022, we had $61,787,000 in cash and cash equivalents and $41,932,000 in readily marketable investments. Our investments consisted of the following as of December 31, 2022:

Investment	Amount	Percent of Total Investments
Certificates of deposit	$ 37,581,000	90 %
Corporate securities	3,468,000	8
Mortgage-backed securities, residential	883,000	2
	$ 41,932,000	100 %

For the year ended December 31, 2022, 2021, and 2020, we had net realized and unrealized losses totaling $1,927,000, $702,000, and $100,000, respectively.

REAL ESTATE AND REAL ESTATE HELD FOR LEASE

Certain properties we have received by contribution, purchase, deed in lieu of foreclosure, foreclosure, and quitclaim or grant deed are included as either "Real estate" or "Real estate held for lease" in our Audited Financial Statements.

Real estate.

As of December 31, 2022, we held two properties with a carrying value of $11,473,000 acquired through deed in lieu of foreclosure and one property with a carrying value of $62,000 that was donated to us. As of December 31, 2021, we held one property with a carrying value of $8,168,000 acquired through deed in lieu of foreclosure and one property with a carrying value of $62,000 that was donated to us. These properties were held for sale and recorded as "Real estate" in our Audited Financial Statements.

Real estate held for lease.

As of December 31, 2022, we held one property with a carrying value of $1,827,000 acquired through deed in lieu of foreclosure. As of December 31, 2021, we held two properties with a carrying value of $3,315,000 acquired through deed in lieu of foreclosure. These properties are recorded as "Real estate held for lease" in our Audited Financial Statements.

During fiscal year 2022, we sold a parcel from one property for net proceeds of $751,000. During fiscal year 2021, we sold three properties for net proceeds of $8,291,000.

OTHER FINANCING ACTIVITIES

(All dollar figures are rounded to the nearest $1,000)

BORROWED INDEBTEDNESS

As of December 31, 2022, we had a line of credit with BOC that allowed us to borrow up to $20,000,000. As a condition to our line of credit, we provided to BOC a first priority security interest in all our assets as collateral and maintain compensating cash investments of at least $5,000,000. As of December 31, 2022, there was no outstanding balance on this line of credit, but we may draw on this line of credit from time to time.

During 2020, CDF received an unsecured loan from Pacific Mercantile Bank in the amount of $1,017,000 under the Paycheck Protection Program established by the CARES Act. The loan was forgivable to the extent proceeds of the loan were used for payroll and other permitted purposes described in the CARES Act. This loan was forgiven in full during 2021. The loan forgiveness was included in contributions and bequest income in the consolidated statement of activities for the year ended December 31, 2021.

During the years ended December 31, 2022, 2021, and 2020, we incurred borrowing interest expense under the above-described notes payable of $13,000, $16,000, and $258,000, respectively.

CONTRIBUTIONS AND BEQUESTS

Each year, we receive charitable contributions and bequests. The amount we receive will fluctuate from year to year. In some years, the fluctuations may be significant. These annual fluctuations typically are the result of extraordinary gifts or bequests we receive in any particular year. We received contributions and bequests of $662,000, $2,486,000, and $1,079,000 during the years ended December 31, 2022, 2021, and 2020, respectively.

OTHER ACTIVITIES

(All dollar figures are rounded to the nearest $1,000)

In addition to the activities described above, we also are engaged in the following other activities.

CHURCH PLANTING

We created a Church Planting Fund that is designated to be used to support church planting activities. As of December 31, 2022, the CDF Board of Directors designated $7,040,000 of our net assets without donor restrictions to the Church Planting Quasi-Endowment Fund. These funds have been donated to us without any restrictions on how they may be used. Accordingly, although we have currently designated these funds to be used to support church planting activities, we have the right to change this designation or to use the funds for other purposes at our discretion.

During fiscal years ended December 31, 2022, 2021, and 2020, we made total grants from the Church Planting Quasi-Endowment Fund of $572,000, $294,000, and $312,000, respectively.

CDF received a donation for the Church Planting Fund that was designated as an endowment to assist with planting churches in Alabama (the "**Alabama Endowment**"). The donation was recorded as net assets with donor restrictions. The balance in the Alabama Endowment as of December 31, 2022 and 2021, was $625,000. The balance earns interest and the interest is classified as net assets with donor restrictions if grants are not made in the same year. During fiscal years ended December 31, 2022, 2021, and 2020, we made total grants from the Alabama Endowment of $48,000, $29,000, and $23,000, respectively.

CDF received donations for the Church Planting Fund that were designated as an endowment to assist with planting churches in Georgia (the "**Georgia Endowment**"). The donations were recorded as net assets with donor restrictions. The balance in the Georgia Endowment as of December 31, 2022 and 2021 was $790,000. The balance earns interest and the interest is classified as net assets with donor restrictions if grants are not made in the same year. During fiscal years ended December 31, 2022, 2021, and 2020, we made total grants from the Georgia Endowment of $60,000, $36,000, and $30,000, respectively.

DORNETTE MEMORIAL FUND

As of December 31, 2022, our Board of Directors has designated the earnings from $3,820,000 of our net assets without donor restrictions to be used to make grants to support churches (the "Dornette Memorial Quasi-Endowment Fund"). The grants we made from the Dornette Memorial Quasi-Endowment Fund were $89,000, $107,000, and $107,000, during fiscal years ended December 31, 2022, 2021, and 2020, respectively.

CDF BENEVOLENCE FUND (FORMERLY KAIROS BENEVOLENCE FUND)

As of December 31, 2022, our Board of Directors designated the earnings from $1,057,000 of our net assets without donor restrictions to be used to make grants to meet specific financial hardship ministerial needs (the "**CDF Benevolence Quasi-Endowment Fund**"). The grants we made from the CDF Benevolence Quasi-Endowment Fund were $22,000, $27,000, and $27,000, during fiscal years ended December 31, 2022, 2021, and 2020, respectively.

TRUST MANAGEMENT

CDF holds title and acts as trustee for certain church properties. As trustee, we may be required to manage the property, facilitate the sale of trust assets, and then distribute the trust assets according to the terms of the trust. CDF may be named as a remainder beneficiary of these trusts, but otherwise does not receive any compensation in connection with its management of these church trusts.

CDF also serves as trustee of charitable remainder trusts. As trustee, we direct the investment of the trust assets and make distributions to the income and remainder beneficiaries according to the terms of the trust documents. CDF is sometimes named as a remainder beneficiary of these trusts, but otherwise does not receive any compensation in connection with the charitable remainder trusts. As of December 31, 2022, we were trustee for six charitable remainder trusts.

The assets of these trusts are held by us as trustee for the benefit of the income and remainder beneficiaries of the trusts. Until such time as we receive a distribution of assets from these trusts as a named remainder beneficiary, the assets of these trusts would not be available for payment of our creditors, including investors in our Certificates. As of December 31, 2022, we held $274,000 in investments held for the benefit of trustors under charitable remainder trusts.

OTHER SERVICES

We have provided a variety of consulting services to churches and parachurch organizations in the areas of donor development and leadership. As of December 31, 2022, we are no longer providing these services.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(All dollar figures are rounded to the nearest $1,000)

The following tables provide selected historical consolidated financial information of CDF derived from our Audited Financial Statements for each of the five fiscal years ended December 31, 2022, 2021, 2020, 2019, and 2018. You should read the Audited Financial Statements and notes thereto included as an attachment to this Offering Circular.

	2022	2021	2020	2019	2018
ASSETS					
Cash and cash equivalents	$ 61,787,000	$ 69,918,000	$ 86,880,000	$ 37,768,000	$ 7,671,000
Investments	41,932,000	45,427,000	47,569,000	48,474,000	35,100,000
Loans receivable held for investment, net(1)	482,130,000	513,473,000	512,127,000	516,521,000	552,515,000
Real estate	11,535,000	8,230,000	9,497,000	10,340,000	13,596,000
Real estate held for lease, net	1,827,000	3,315,000	9,882,000	10,204,000	10,512,000
Restricted cash and investments	35,000	35,000	35,000	35,000	35,000
Other assets	$ 9,345,000	10,127,000	9,679,000	8,192,000	8,256,000
Total assets	608,591,000	$ 650,525,000	$ 675,669,000	$ 631,534,000	$ 627,685,000
LIABILITIES					
Debt securities	$ 548,413,000	$ 591,863,000	$ 619,111,000	$ 577,257,000	$ 576,565,000
Other liabilities	4,263,000	5,289,000	5,260,000	5,139,000	3,928,000
Total liabilities	552,676,000	597,152,000	624,371,000	582,396,000	580,493,000
NET ASSETS					
Without donor restrictions	54,089,000	51,540,000	49,501,000	47,496,000	45,612,000
With donor restrictions	1,826,000	1,833,000	1,797,000	1,642,000	1,580,000
Total net assets	55,915,000	53,373,000	51,298,000	49,138,000	47,192,000
Total liabilities and net assets	$ 608,591,000	$ 650,525,000	$ 675,669,000	$ 631,534,000	$ 627,685,000
Net operating income	$ 3,826,000	$ 3,103,000	$ 2,080,000	$ 1,951,000	$ 3,205,000
Total nonoperating expenses, net	(1,277,000)	(1,063,000)	(75,000)	(68,000)	(715,000)
Change in net assets without donor restrictions	2,549,000	2,040,000	2,005,000	1,883,000	2,490,000
Change in net assets with donor restrictions	(7,000)	35,000	155,000	63,000	(5,000)
Total change in net assets	$ 2,542,000	$ 2,075,000	$ 2,160,000	$ 1,946,000	$ 2,485,000
OTHER SELECTED FINANCIAL DATA					
Certificates Redeemed in Cash	$ 122,009,000	$ 121,033,000	$ 97,886,000	$ 97,831,000	$ 118,570,000
Amount and percentage of loans receivable held for investment constituting unsecured loans	$ 0	$ 0	$ 0	$ 0	$ 405,000
	0 %	0 %	0 %	0 %	0.1 %
Amount and percentage of loan delinquencies	$ 3,424,000	$ 15,394,000	$ 9,046,000	$ 13,683,000	$ 12,884,000
	1 %	3 %	2 %	3 %	2 %

(1) Loans receivable are reported net of participation interests

BOARD MEMBERS AND EMPLOYEES

CDF BOARD OF DIRECTORS

The individuals serving on our Board of Directors are nominated and elected at an annual or special meeting of the Board by the existing members of the Board of Directors. The individuals serving on our Board of Directors do not receive compensation for serving as CDF directors. They are, however, reimbursed for expenses incurred in the performance of their duties as directors.

The following individuals currently serve as members of the CDF Board. (The ages of the following individuals have been determined as of January 1, 2023.)

J. KENNETH THOMPSON

Chairman of the Board

Age 71 – Current term ends in 2023

Mr. Thompson has served on numerous church committees since the 1980s and several terms on the Board of Trustees of Dallas Christian College in the 1990s and 2000-2008. He has taught leadership seminars in churches, Christian schools and colleges and served as a personal coach to pastors. He received a B.S. in Petroleum Engineering and honorary Professional degree from the Missouri University of Science & Technology. Mr. Thompson worked in various executive positions for a major oil company, ARCO, and is currently CEO of Pacific Star Energy, LLC. He currently serves on four public corporation boards of directors: Alaska Air Group, Coeur Mining, Pioneer Natural Resources and Tetra Tech, Inc. He began service on the CDF Board in 2017.

ARTHUR B. DANA, CPA

Board Secretary

Age 74 – Current term ends in 2023

Mr. Dana is semi-retired, providing business consulting services and actively participating on the Boards of Directors of organizations in his community. He was previously CFO of Point University; Partner with TJS Deemer, Dana, LLP, Certified Public Accountant; Director of Corporate Development and Taxation with Savannah Foods & Industries, Inc.; and Partner with PricewaterhouseCoopers. He received a B.S. from the University of North Alabama and an MBA from the University of South Alabama. Mr. Dana first served on the CDF Board from 2004 to 2009 and began his current service in 2017.

BRUCE E. ARICK

Age 59 – Current term ends in 2023

Mr. Arick has served at Butler University in Indianapolis, Indiana since 1990, working his way up in the University from Senior Accountant to Vice President of Finance & Administration. He was previously employed as Controller at Southern Bells Inc. in Indianapolis, Indiana, and Audit Senior with Ernst & Young LLP in Indianapolis, Indiana. Mr. Arick is a member of the National Association of College and University Business Officers. He received a Bachelor of Science degree in accounting from Indiana University. Mr. Arick became a Certified Public Accountant of Indiana in 1991. He began service on the CDF Board in 2017.

LAUS M. ABDO

Age 61 – Current term ends in 2023

Laus Abdo is Founder and CEO of AGP Capital and is directly involved in originations and underwriting. He has over 30 years of commercial real estate experience and has been involved in over $1 billion of real estate transactions. Laus began his career with positions at Paine Webber, Shearson Lehman Brothers and Smith Barney, and then set up AGP Capital which focused on financing gaming properties. He later turned his attention to commercial real estate development and joined a commercial real estate development firm as an Executive Vice-President, where he was responsible for the entire life cycle of the project, including land acquisition, pre-development, entitlement, planning, construction budgets, feasibility studies, leasing, financings, and dispositions. During the Great Recession, Laus acquired non-performing loans and assisted borrowers with restructuring their distressed debt. During this time, he also partnered with a New York based hedge fund to acquire, recapitalize, and eventually sell off a community bank to a larger regional bank. Following the sale of the bank, he entered into commercial real estate mortgage brokerage. In 2016, Laus co-founded a commercial mortgage debt fund in partnership with a commercial real estate family office based in Santa Monica, California. Laus bought his partners out of the Fund Management Company in May 2021. Laus is married with two grown children, is an avid tennis player and enjoys spending time with the family skiing, fly fishing and boating in the Lake Tahoe area. He was elected to serve on the CDF Board in December of 2012.

MICHAEL A. GERBER

Age 64 – Current term ends in 2023

Mr. Gerber currently works as a self-employed investor. Formerly, he served as the President and Chief Executive Officer with The Federal Agricultural Mortgage Corporation in Washington DC. Prior to that he served in various lending and leadership positions including as Executive Vice President and Chief Operating Officer and then as President and Chief Executive Officer with Farm Credit of Western New York, ACA. He has also served in various ministry positions including leadership, teaching and missions. He has been an elder in churches in Connecticut and New York and served as an Executive Pastor at Journeys Crossing in Maryland. He was first elected to the CDF Board of Directors in 2017.

KEVIN L HART

Age 64 – Current term ends in 2026

Mr. Hart has served as the Executive Minister, Operations at Indian Creek Christian church in Indianapolis, IN since 2013. Previously, Mr. Hart served as the Executive Pastor at East 91st Christian Church in Indianapolis, IN for eight years. He spent 19 years as a partner at L.M. Henderson, a CPA firm in Indianapolis, IN. He also spent three years working for Oxford Management Company and three years at Ernst & Whinney. He began serving on the CDF board in July 2021.

SHERYL CLUTTER

Age 61 – Current Term ends in 2025

Sheryl began her business journey right after high school as co-founder of a computer services company serving small CPA firms. Throughout her career she has consulted with numerous organizations, serving as a fractional COO/CFO for start-ups and small to medium size companies, specializing in family-owned businesses. Her focus was on systems integration, streamlining operational processes, developing programs to foster continuous innovation, and turning around significant cash flow issues. She currently serves as the COO/CFO for Convene Corp, an organization dedicated to equipping Christian business owners with resources for developing the businesses and people God has entrusted to their care. Along with her husband they have an ownership interest in MIE Solutions, a software company that has been on the Inc 5000 list of fastest growing companies the past 5-years. Sheryl has served on several private company and non-profit boards since the 1990's.

EVAN LANGE

Age 37 - Current Term ends in 2025

Evan serves as the President of the Midwest Region for The Signatry, a global Christian foundation. As President, his primary role is to assist attorneys, advisors, and business owners to develop strategies and solutions to minimize their tax liability and maximize their charitable giving. This includes charitable gifts of complex assets like real estate, closely-held business interest and intellectual property. Evan is a frequent speaker at Christian conferences on the topics of Biblical generosity and stewardship. He also presents at legal and tax educational programs throughout the United States. Evan and his wife, Farah, have three children and reside in the Greater Kansas City area. He is a member of Abundant Life in Lee's Summit, Missouri.

AUDIT COMMITTEE

The CDF Board has established the Audit Committee. This committee's primary responsibilities are to coordinate and oversee our annual audit process, work with our outside auditor, maintain a line of communication between our outside auditor and our Board of Directors, and monitor our auditor for its capability to provide services. This committee also reviews our investment policies and annual operating plan. The current members of the Audit Committee are Bruce Arick, Sheryl Clutter, Arthur Dana, and Kevin Hart.

CDF EXECUTIVE MANAGEMENT

The following individuals serve as the executive officers of CDF. (The ages of the following individuals have been determined as of January 1, 2023).

ERIC R. SCHROEDER

President and CEO

Age 55

Mr. Schroeder was named President and CEO of CDF Capital on July 1, 2021. He had served as a member of the CDF Board since 2010. Prior to joining CDF Capital, Mr. Schroeder, a 33-year banker, was a Founder and Partner of CrossFirst Bank in Leawood, Kansas. He received a Bachelor of Science in Business Administration from Central Missouri State University, Warrensburg, Missouri. Eric and his wife, Julie, reside in the Kansas City, Missouri area and attend Journey Church International in Lee's Summit, Missouri.

PHILLIP J. PIKE

Executive Vice President of Operations, COO

Age 49

Mr. Pike joined the staff of CDF in 2002 with nearly a decade of experience in banks and credit unions. He worked as operations manager of Long Beach Schools Financial Credit Union and has held a number of positions with CDF, in both the investment and lending departments. In 2015, Mr. Pike was appointed Executive Vice President of Operations, Chief Operating Officer. He holds a bachelor's degree from California State University Long Beach.

JOHN M. BRIGGS

Executive Vice President, Lending and Investments

Age 51

Mr. Briggs joined the staff of CDF in 2001, and now has over 21 years of experience in serving the lending and investment needs of churches. Prior to coming to CDF, Mr. Briggs had served in various ministry roles in California and Arizona, including Compass Christian Church in Chandler, AZ. Since joining CDF, Mr. Briggs has worked in the field with churches as a Regional Vice-President, Senior Loan Officer, and as Senior Vice-President of Ministry Development. He holds a bachelor's degree from Hope International University in Fullerton, CA.

During the fiscal year ended December 31, 2022, CDF had three executive officers. In the aggregate, such executive officers earned approximately $796,000 in salary and $123,000 in benefits, including health insurance, retirement contributions, and other benefits, for their services to CDF during the fiscal year ended December 31, 2022.

The following table shows the approximate total compensation in 2022 paid to CDF's current executive officers who received compensation of $150,000 or more during the fiscal year ended December 31, 2022.

Officer	Salary	Benefits(1)	Total
Mr. Briggs	$231,000	$40,000	$271,000
Mr. Pike	$250,000	$27,000	$277,000
Mr. Schroeder	$315,000	$56,000	$371,000

(1) Benefits include medical, dental, group life, disability, retirement plan and legally mandated benefits.

RETIREMENT PLANS

We have established a defined-contribution retirement plan covering substantially all of our employees. CDF, in its sole discretion, may make either an employer-matching contribution after one year of service, a basic contribution based on length of service, or both. The vesting in this plan is immediate. We made total contributions to the plan of $370,000 for the year ended December 31, 2022.

TAX CONSIDERATIONS

By purchasing a Certificate, you may be subject to certain income tax provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"). Some of the significant federal income tax consequences of purchasing a Certificate include the following.

Although CDF is a Code Section 501(c)(3) organization, you will not be entitled to a charitable deduction for your investment. Any interest on your Certificate will be taxed as ordinary income in the year it accrues or is paid to you. You will not be taxed on the return of any principal amount of your Certificate or on the payment of interest that was previously taxed.

In addition, if you (or you and your spouse together) have invested or loaned more than $250,000 in the aggregate with or to CDF and other charitable organizations that CDF controls, you may be deemed to receive additional taxable interest under Title 26, Code Section 7872 if the interest paid or accrued is below the applicable federal rate. In that situation, the Internal Revenue Service may impute income up to the applicable federal rate. If you believe this applies to you, for further clarification, you should consult your tax advisor.

We will provide you a Federal Income Tax Form 1099-INT or the comparable form by January 31 of each year indicating the interest earned on your Certificates during the previous year.

Backup withholding of U.S. federal income tax, currently at a rate of 24%, may apply to certain payments made to you if:

- you fail to provide an accurate taxpayer identification number;
- CDF is notified by the IRS that backup withholding is required; or
- in certain circumstances, if you fail to comply with applicable certification requirements.

Backup withholding is not an additional tax. Rather, the amount of any backup withholding will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that certain required information is timely furnished to the IRS. You should consult your own legal counsel or accountant regarding the backup withholding tax rules and all tax circumstances that may apply to you, having regard to your particular circumstances.

If the law creating the tax consequences described in this summary changes, this summary could become inaccurate. This summary is based on the Code, the Treasury regulations promulgated under the Code, and administrative interpretations and court decisions existing as of the date of this Offering Circular. These authorities could be changed either prospectively or retroactively by future legislation, regulations, administrative interpretations, or court decisions. Accordingly, this summary may not accurately reflect the tax consequences of an investment in our Certificates after the date of this Offering Circular.

In addition, this summary does not address every aspect of tax law that may be significant to your particular circumstances. For instance, it does not address special rules that may apply if you are a financial institution or tax-exempt organization, or if you are not a citizen or resident of the United States. It also does not address Certificates purchased through an IRA, SEP, 403(b) plan, or other retirement or benefit plan. Nor does it address any aspect of foreign, state or local tax law that may apply to you. Therefore, you should consult with your tax advisor to determine your federal, state, local, or foreign income or other tax consequences of an investment in our Certificates.

LEGAL PROCEEDINGS AND OTHER MATTERS

As of the date of this Offering Circular, there are no legal proceedings pending against us, or any individual in his or her capacity as a director or executive officer of CDF, or against our property that, individually or in the aggregate, is probable or reasonably possible to result in a material adverse effect upon CDF or our operations.

Our legal counsel has provided an opinion letter as to the legality, validity, and enforceability of the Certificates subject to this offering. The opinion has been filed with the applicable state authorities, where required, with respect to our applications for registration, qualification or exemption, as applicable, of our debt securities.

CONSOLIDATED FINANCIAL STATEMENTS

Our audited consolidated financial statements as of December 31, 2022 and 2021 and for the fiscal years ended December 31, 2022, 2021, and 2020 are included as an attachment to this Offering Circular and consist of the Consolidated Statements of Financial Position, Consolidated Statements of Activities, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements. The consolidated financial statements as of December 31, 2022 and 2021 and for the fiscal years ended December 31, 2022, 2021, and 2020 have been audited by Crowe LLP, independent certified public accountants, and their report thereon is dated March 10, 2023.

Our policy is to deliver our audited consolidated financial statements to current investors each year within 120 days of our fiscal year end, and upon written request. We will also post our current audited consolidated financial statements on the CDF Website.

We will provide interim consolidated financial statements, if available, to investors who request them from us. Interim consolidated financial statements, if any, will be prepared by our Controller and reviewed by our President and Chief Operating Officer and, based on their actual knowledge and belief, will be true in all material respects. None of the interim consolidated financial statements will be reviewed or audited by our independent auditors. Our interim consolidated financial statements may be materially different from our annual audited consolidated financial statements.

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EXHIBIT

FOR CALIFORNIA RESIDENTS

§ 260.141.11. Restriction on Transfer.

(a) The issuer of any security upon which a restriction on transfer has been imposed pursuant to Section 260.102.6, 260.141.10 or 260.534 shall cause a copy of this section to be delivered to each issuee or transferee of such security at the time the certificate evidencing the security is delivered to the issuee or transferee.

(b) It is unlawful for the holder of any such security to consummate a sale or transfer of such security, or any interest therein, without the prior written consent of the Commissioner (until this condition is removed pursuant to Section 260.141.12 of these rules), except:

1 to the issuer;

2 pursuant to the order or process of any court;

3 to any person described in Subdivision (i) of Section 25102 of the Code or Section 260.105.14 of these rules;

4 to the transferor's ancestors, descendants or spouse, or any custodian or trustee for the account of the transferor or the transferor's ancestors, descendants, or spouse; or to a transferee by a trustee or custodian for the account of the transferee or the transferee's ancestors, descendants or spouse;

5 to holders of securities of the same class of the same issuer;

6 by way of gift or donation inter vivos or on death;

7 by or through a brokerdealer licensed under the Code (either acting as such or as a finder) to a resident of a foreign state, territory or country who is neither domiciled in this state to the knowledge of the brokerdealer, nor actually present in this state if the sale of such securities is not in violation of any securities law of the foreign state, territory or country concerned;

8 to a brokerdealer licensed under the Code in a principal transaction, or as an underwriter or member of an underwriting syndicate or selling group;

9 if the interest sold or transferred is a pledge or other lien given by the purchaser to the seller upon a sale of the security for which the Commissioner's written consent is obtained or under this rule not required;

10 by way of a sale qualified under Sections 25111, 25112, 25113, or 25121 of the Code, of the securities to be transferred, provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

11 by a corporation to a wholly owned subsidiary of such corporation, or by a wholly owned subsidiary of a corporation to such corporation;

12 by way of an exchange qualified under Section 25111, 25112 or 25113 of the Code, provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

13 between residents of foreign states, territories or countries who are neither domiciled nor actually present in this state;

14 to the State Controller pursuant to the Unclaimed Property Law or to the administrator of the unclaimed property law of another state; or

15 by the State Controller pursuant to the Unclaimed Property Law or by the administrator of the unclaimed property law of another state if, in either such case, such person (i) discloses to potential purchasers at the sale that transfer of the securities is restricted under this rule, (ii) delivers to each purchaser a copy of this rule, and (iii) advises the Commissioner of the name of each purchaser;

16 by a trustee to a successor trustee when such transfer does not involve a change in the beneficial ownership of the securities;

17 by way of an offer and sale of outstanding securities in an issuer transaction that is subject to the qualification requirement of Section 25110 of the Code but exempt from that qualification requirement by subdivision (f) of Section 25102; provided that any such transfer is on the condition that any certificate evidencing the security issued to such transferee shall contain the legend required by this section.

(c) The certificates representing all such securities subject to such a restriction on transfer, whether upon initial issuance or upon any transfer thereof, shall bear on their face a legend, prominently stamped or printed thereon in capital letters of not less than 10point size, reading as follows:

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

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CHURCH DEVELOPMENT FUND, INC., IRVINE, CALIFORNIA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

CONTENTS

Crowe LLP
Independent Member Crowe Global

Independent Auditor's Report

To the Board of Directors
Church Development Fund, Inc.
Irvine, California

Opinion

We have audited the consolidated financial statements of Church Development Fund, Inc., which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities and cash flows for each of the three years in the period ended December 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Church Development Fund, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for each of the three years in the period ended December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 consolidated 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 Church Development Fund, Inc.'s ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Church Development Fund, 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 Church Development Fund, 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.

Costa Mesa, California
March 10, 2023

Crowe LLP
Crowe LLP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Years ended December 31, 2022, 2021, and 2020 (Dollar amounts in thousands)

	2022	2021
Assets		
Cash and cash equivalents	$ 61,787	$ 69,918
Investments	41,932	45,427
Accounts and other receivables, net	1,612	3,137
Prepaid expenses and other assets	573	659
Accrued interest and dividends	1,959	2,079
Loans receivable held for investment, net	482,130	513,473
Capital lease receivable	1,298	—
Real estate	11,535	8,230
Restricted cash and investments	35	35
Investments held for benefit of trustors	274	484
Real estate held for lease, net	1,827	3,315
Property and equipment, net	3,629	3,768
Total assets	$ 608,591	$ 650,525
Liabilities and Net Assets		
LIABILITIES:		
Accounts payable and accrued expenses	$ 2,108	$ 2,088
Short-term borrowings	—	—
Debt securities	548,413	591,863
Deferred income	115	972
Liabilities held under trust agreements	2,040	2,229
Total liabilities	$ 552,676	$ 597,152
NET ASSETS:		
Without donor restrictions	54,089	51,540
With donor restrictions	1,826	1,833
Total net assets	55,915	53,373
Total liabilities and net assets	$ 608,591	$ 650,525

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended December 31, 2022, 2021, and 2020 (Dollar amounts in thousands)

	2021	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:			
INTEREST INCOME:			
Interest and fees on loans	$ 22,357	$ 25,241	$ 26,527
Interest and dividends on cash and investments	1,599	1,146	1,437
Total interest income	23,956	26,387	27,964
INTEREST EXPENSE:			
Interest on debt securities	(12,995)	(15,573)	(16,984)
Short-term borrowing interest	(13)	(16)	(258)
Total interest expense	(13,008)	(15,589)	(17,242)
Net interest income	10,948	10,798	10,722
Negative provision (provision) for loan losses	422	(1,080)	(1,815)
Net interest income after provision for loan losses	11,370	9,718	8,907
NONINTEREST OPERATING INCOME AND EXPENSES:			
Contributions and bequests	662	2,486	1,079
Rental income	23	134	174
Construction services	249	129	36
Loan servicing fee income	187	236	221
Other income	1,583	668	710
Grant expense to other ministries	(1,152)	(716)	(748)
Negative provision for unfunded commitments	—	—	1,107
General operating expenses	(9,096)	(9,552)	(9,406)
Total noninterest operating income and expenses	(7,544)	(6,615)	(6,827)
Net operating income	3,826	3,103	2,080
NONOPERATING INCOME AND EXPENSES:			
Net realized and unrealized losses on investments	(1927)	(702)	(100)
Net realized and unrealized gain (losses) on real estate and real estate held for lease	703	(269)	(5)
Net losses on sale of property and equipment	—	(15)	(1)
Change in value of split-interest agreements	(54)	(77)	31
Net assets released from restriction	1	—	—
Total nonoperating income and expenses, net	(1,277)	(1,063)	(75)
Change in net assets without donor restrictions	2,549	2,040	2,005
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:			
Contributions and bequests	—	—	252
Change in value of split-interest agreements	(6)	35	(97)
Net assets released from restriction	(1)	—	—
Change in net assets with donor restrictions	(7)	35	155
Change in net assets	2,542	2,075	2,160
Net assets, beginning of year	53,373	51,298	49,138
Net assets, end of year	$ 55,915	$ 53,373	$ 51,298

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2022, 2021, and 2020 (Dollar amounts in thousands)

	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	$ 2,542	$ 2,075	$ 2,160
Adjustments to reconcile change in net assets to net cash from operating activities:			
{Negative provision) provision for loan losses, net	(422)	1,080	1,815
Negative provision for unfunded commitments	—	—	(1,107)
Amortization of deferred loan costs, net	343	311	282
Net realized and unrealized investment losses (gain)	1,927	702	100
Net (gain) losses on real estate and real estate held for lease	(703)	269	5
Net losses on sale of property and equipment	—	15	1
Noncash contributions	—	(1,018)	(413)
Depreciation and amortization	264	402	505
Change in value of split-interest agreements	60	42	66
Changes in operating assets and liabilities:			
Accounts and other receivables, net	1,525	(786)	(201)
Accrued interest and dividends	120	133	(93)
Prepaid expenses and other assets	86	(58)	(25)
Accounts payable and accrued expenses	20	228	153
Deferred income	—	820	(454)
Other changes in trusts and church trust properties	(39)	93	1,051
Net cash from operating activities	5,723	4,308	3,845
CASH FLOWS FROM INVESTING ACTIVITIES:			
New loans made to churches, net of administration fees	(77,260)	(59,512)	(65,628)
Proceeds from loan principal repayments	109,703	64,007	38,875
Proceeds from the sale of loans receivable	—	—	9,231
Purchases of loans receivable	(4,927)	(3,000)	—
Purchases of investments	(16,365)	(25,173)	(31,530)
Proceeds from pay down, maturities and sale of investments	17,933	26,613	32,335
Change in capital lease receivable	(89)	—	—
Acquisitions of real estate and real estate held for lease	(90)	(105)	(10)
Proceeds from the sale of real estate	751	2,684	924
Purchases of property and equipment	(60)	(91)	(65)
Net cash from investing activities	29,596	5,423	(15,868)

(continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2022, 2021, and 2020 (Dollar amounts in thousands)

	2022	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from debt securities	66,879	80,264	142,881
Redemption of debt securities	(122,009)	(121,033)	(97,886)
Reinvested interest on debt securities	11,680	14,076	15,123
Proceeds from short-term borrowings	—	—	1,017
Net cash from financing activities	(43,450)	(26,693)	61,135
Change in cash and cash equivalents	(8,131)	(16,962)	49,112
Cash and cash equivalents, beginning of year	69,918	86,880	37,768
Cash and cash equivalents, end of year	$ 61,787	$ 69,918	$ 86,880
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest on interest-bearing liabilities and line of credit	$ 13,011	$ 15,598	$ 17,234
Supplemental disclosures of noncash investing and financing activities:			
Net investment in loans receivable transferred to real estate through property transfer, foreclosure, and deed-in-leu of foreclosure	$ 3,906	$ —	$ 76
Net investment in loans receivable transferred to accounts receivable	$ —	$ —	$ 1,479
Real estate transferred to loans receivable held for investment	$ —	$ 4,787	$ —
Net real estate transferred to capital lease receivable	$ 1,209	$ —	$ —
Net real estate held for lease transferred to real estate	$ —	$ 6,471	$ —
Debt securities transferred to fund the sale of loans receivable	$ —	$ 555	$ 18,264
Deferred income transferred to net realized gain on real estate	$ 857	$ —	$ —

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

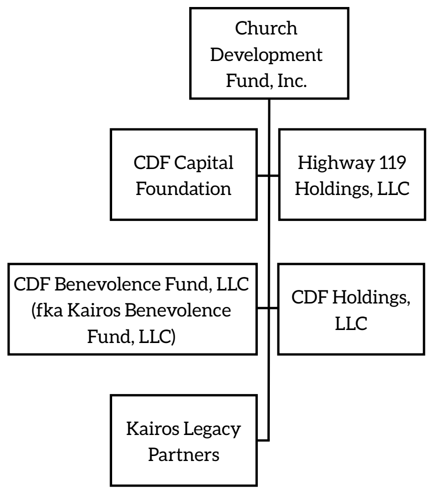
Years ended December 31, 2022, 2021, and 2020

NOTE 1 — NATURE OF ORGANIZATION

Church Development Fund, Inc. (CDF, CDF Capital, or Organization) is a California religious not-for-profit corporation that was established in 1953 and operates as a church extension fund affiliated with independent Christian Churches. CDF's purpose is to help churches and ministries grow. It carries out this purpose by generating funds to finance the purchase, construction, and improvement of church-related properties, to refinance existing debt incurred for these purposes, and to provide for operational needs of churches and ministries. Funds for CDF's loan program are primarily generated through sales of debt securities, contributions, and borrowings. In addition, CDF provides a variety of consulting services to churches and ministries including leadership and strategic planning and donor development.

Principles of Consolidation: The consolidated financial statements include the accounts and operations of CDF and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

The following chart shows the current corporate organizational structure:



NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The consolidated financial statements of CDF are prepared in accordance with U.S. generally accepted accounting principles (GAAP).

Cash and Cash Equivalents

Cash and cash equivalents include checking accounts, money market accounts, and other highly liquid investments with original maturities of 90 days or less when purchased.

Investments

Investments are recorded at fair value. Valuation techniques are further discussed in Note 14. Unrealized gains and losses on investments are recorded on a net basis as nonoperating income or expense.

Property and Equipment

Property and equipment are carried at cost for expenditures over $1,000 and an expected useful life of greater than one year. Depreciation expense is allocated on a straight-line basis over the estimated useful lives of the assets ranging from three to seven years for equipment and from 30 to 40 years for buildings.

Loans Receivable Held for Investment and Allowance for Loan Losses

Loans receivable held for investment are stated at their principal amount outstanding less the related allowance for loan losses and net of deferred loan fees and costs. Loans are generally collateralized by real estate. Interest is calculated using the simple-interest method and interest rates on the majority of loans are subject to adjustment every three to five years when loans either mature or are reset in accordance with the terms of the loan. Loans are typically amortized over a period of 25 to 30 years.

A portfolio segment is the level at which an entity develops and documents a systematic methodology to determine the allowance for credit losses, and a class of financing receivables is the level of disaggregation of portfolio segments based on the initial measurement attribute, risk characteristics, and methods for assessing risk. The Organization has one portfolio segment consisting of church, parachurch ministries, and related educational institution loans. The classes within this segment are mortgage, construction, and other, including lines of credit, other asset secured, and unsecured loans. Risk arises primarily due to the difference between expected and actual cash flows of the borrowers, specifically related to size of the organization and level of contributions and revenue they receive; however, the ultimate recoverability of CDF's investment in these loans may also depend on other factors such as the type of collateral securing these loans and its fair value, which may fluctuate as market conditions change.

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management deems a loan unable to be collected and there is insufficient collateral to recover the principal and accrued interest. Recoveries, if any, are credited to the allowance. The allowance for loan losses is based upon periodic and systematic detailed reviews of the loan portfolio by management to identify credit risks and to assess the overall ability to collect on each loan. This analysis includes, but is not limited to, the borrower's management, financial condition, cash flows, repayment program, and the existence of collateral. In addition, the historical experiences of payment patterns and general economic conditions have been considered in management's evaluation of the allowance for loan losses. This process is based on estimates, and ultimate losses may vary from current estimates. As changes in estimates occur, adjustments to the level of the allowance are recorded in the provision for loan losses in the period in which they become known.

Loans are classified as impaired if management believes it is probable that CDF will not receive all principal and interest due on the loan according to the contractual terms of the loan agreement or if a modification of the contractual terms is determined to be a troubled debt restructuring of the loan.

A loan is classified as a troubled debt restructuring when CDF grants a concession to a borrower experiencing financial difficulties. These concessions may include a reduction of the interest rate, reduction of principal or accrued interest, extension of the maturity date, or other actions intended to minimize potential losses. All loan modifications are evaluated on an individual basis to determine whether such modification meets the criteria to be classified as a troubled debt restructuring. Loans restructured at a rate equal to or greater than that of a new loan with comparable risk at the time the loan is modified may be excluded from restructured loan disclosures in years after the restructuring if the loans are in compliance with their modified terms for a sustained period of time, but will continue to be disclosed as impaired.

The allowance for loan losses includes an amount for impaired loans. The allowance for impaired loans is calculated as the difference between the carrying value of the loan and either the present value of expected cash flows, if the collection of principal and interest is primarily dependent on the operating cash flows of the borrower, or the fair value of collateral if the collection of principal and interest is primarily dependent on the underlying collateral of the loan.

If payments on a loan become over 90 days past due, the loan is classified as delinquent. If payments on a loan become over 120 days past due, interest accrual ceases, and the loan is classified as delinquent and impaired. However, in certain instances, CDF may place a particular loan on nonaccrual status earlier, depending upon the individual circumstances surrounding the loan's delinquency. When an asset is placed on nonaccrual status, previously accrued but unpaid interest is reversed against current income. Subsequent collections of cash are applied as principal reductions when received, except when the ultimate collection of principal is probable, in which case interest payments are credited to income. Nonaccrual assets may be restored to accrual status when principal and interest become current and full repayment is expected, generally after a period of at least six months of payment performance. Interest income is recognized on the cash basis for impaired loans not meeting the criteria for nonaccrual.

A loan that has been placed on nonaccrual status that is subsequently restructured will usually remain on nonaccrual status until the borrower is able to demonstrate repayment performance in compliance with the restructured terms for a sustained period, typically for six months. A restructured loan may return to accrual status sooner based on other significant events or mitigating circumstances. A loan that has not been placed on nonaccrual status may be restructured and such loan may remain on accrual status after such restructuring. In these circumstances, the borrower has made payments before and after the restructuring. Generally, this restructuring involves a reduction in the loan interest rate and/or a change to interest-only payments for a period of time. The restructured loan is considered impaired despite the accrual status and a specific allowance is calculated. Subsequent collections of cash are credited to income under the cash basis if ultimate collection of principal is probable for restructured loans not meeting the criteria for nonaccrual.

Loan Commitments and Related Financial Instruments

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans issued to meet customer financing needs. The face amount for these items represents the potential exposure to loss. Such financial instruments are recorded when they are funded. To the extent funding is expected and there is a risk of loss, CDF will establish a reserve.

Concentration of Credit Risk

Financial instruments that potentially subject CDF to concentrations of credit risk consist principally of cash and cash equivalents, investments, loans receivable, and debt securities.

CDF places substantially all of its cash and cash equivalents with high-quality financial institutions and limits the amount of significant credit exposure to any one financial institution. At December 31, 2022, CDF had significant deposits in excess of federal deposit insurance limits at four financial institutions. The management of CDF does not believe that CDF is exposed to any significant risk of loss due to this concentration.

At December 31, 2022, a significant portion of the investment portfolio was invested in money market accounts (classified as cash and cash equivalents), mortgage-backed securities, corporate securities, and certificates of deposit held by UMB Bank, N.A, Banc of California (BOC), CrossFirst Bank and Encore Bank.

Concentrations of credit risk with respect to loans receivable are limited to a certain extent by the secured position of CDF in most instruments, the number of organizations comprising CDF's loans receivable base, their dispersion across geographic area, and CDF's policy of limiting the maximum loan amount to any one borrower. CDF's loans are with churches and related organizations of the Christian Church and other independent church congregations. While CDF may be exposed to credit losses in the event of nonperformance by the above contracting parties, management has established an allowance for potential loan losses, which it believes is adequate to cover probable incurred losses as of December 31, 2022.

Deferred Loan Fees

Loan administration fees collected at the inception of loans held for investment, net of the costs of originating the loan, are deferred and amortized over the life of the loan as an adjustment of yield using a method that approximates the effective-interest method. These loan administration fees are recorded as part of loans receivable held for investment, net, in the accompanying consolidated statements of financial position. Net amortization of such deferred costs was $343,000, $311,000, and $282,000, for the years ended December 31, 2022, 2021, and 2020, respectively, and was included in interest income in the accompanying consolidated statements of activities.

Transfers and Servicing of Financial Assets

The transfer of financial assets in which the Organization surrenders control over the assets is accounted for as a sale to the extent that consideration other than beneficial interests is received in exchange. GAAP sets forth the criteria that must be met for control over transferred assets to be considered to have been surrendered, which includes, among others: (1) the assets must be isolated from creditors of the transferor, (2) the transferee must obtain the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the transferor cannot maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. When the Organization transfers financial assets and the transfer fails any one of these criteria, the Organization is prevented from derecognizing the transferred financial assets and the transaction is accounted for as a secured borrowing.

When de-recognition criteria are met and the transfer is accounted for as a sale, the Organization removes financial assets from the consolidated statements of financial position and a net gain or loss is recognized in income at the time of sale. In the ordinary course of business, as loans are sold, CDF makes standard industry representations and warranties about the loans. CDF may have to subsequently repurchase certain loans due to defects that occurred in the origination of the loans. Such defects are categorized as documentation errors, underwriting errors, or fraud. As of December 31, 2022, CDF has not been required or requested to repurchase any sold loans due to these circumstances and no reserve for repurchase has been recorded.

Investments Held for Benefit of Trustors and Liabilities Held under Trust Agreements

CDF is the trustee for irrevocable trusts, including charitable remainder unitrusts and charitable remainder annuity trusts. These trusts provide for the payment of lifetime distributions to the grantor or other designated beneficiaries. Distributions to beneficiaries may be for a specified dollar amount or for a specified percentage of the trust's fair value as determined annually. Assets received under such agreements are typically fixed income securities or debt securities issued by CDF. The fixed income securities are recorded at fair value and are included in investments held for benefit of trustors in the accompanying consolidated statements of financial position. Debt securities accounts held with CDF are eliminated upon consolidation of the trusts.

The present value of the income interests is reported as trust liabilities using discount and mortality tables at rates that approximate the risk-adjusted rate of return at the time the agreement was established. At December 31, 2022 and 2021, the risk-adjusted rate of return ranged from 6% to 8%. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to designated charitable organizations. Certain trusts contain provisions to distribute assets to charitable organizations other than CDF. The portion attributable to others is reflected as a component of the liabilities held under trust agreements. Changes in the fair value of the investments are combined with the changes in the estimated liability and are recorded in the consolidated statements of activities.

Real Estate and Real Estate Held for Lease

Generally, assets acquired through deed-in-lieu of foreclosure and donation are held for sale and are initially recorded at fair value, less estimated selling costs at the date of acquisition, establishing a new cost basis. Subsequent to acquisition, valuations are periodically obtained from independent sources. The assets are carried at the lower of carrying amount or fair value less costs to sell and included in real estate in the consolidated statements of financial position. Changes in the valuation allowance are included in net gain or loss on real estate in the consolidated statements of activities.

Certain assets acquired through deed-in-lieu of foreclosure and donation are held for lease and are initially recorded at fair value at the date of acquisition, establishing a new cost basis. Subsequent to acquisition, the assets are subject to depreciation and assessments for impairment. The assets are carried at the net carrying amount and included in real estate held for lease in the consolidated statements of financial position.

Debt Securities

The major source of funds used to finance loans is received from the sale of debt securities to investors whom CDF considers to be associated with its mission of serving churches. These debt securities are not collateralized. CDF classifies reinvested interest on debt securities in cash flows from financing activities on the consolidated statements of cash flows. Reinvested interest on debt securities was $11,680,000, $14,076,000, and $15,123,000, for the years ended December 31, 2022, 2021, and 2020, respectively.

Classes of Net Assets

The consolidated financial statements report amounts by classification of net assets as follows:

Net assets without donor restrictions are those currently available for use in CDF's operations, amounts designated by the Board for specific purposes and include those resources invested in property and equipment. In addition, CDF maintains donor-advised funds in which donors are given the opportunity to make recommendations for grants to approved charities to be paid from the funds. The Organization maintains control over the funds and makes grants at its sole discretion.

Net assets with donor restrictions consist of contributions with donor stipulations for specific purposes or programs, or that impose certain time restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period as received are classified as without donor restrictions support. Net assets with donor restrictions consist of donor restricted contributions, split-interest agreements, and endowments.

Donor restricted endowment funds are contributed with donor stipulations to invest the principal of the gift in perpetuity, with only the income to be utilized for ministry purposes with restrictions.

Income Taxes

CDF is an organization exempt from taxation under §501(a) of the Internal Revenue Code (IRC) and is classified as an exempt organization pursuant to §501(c)(3) and further described as a religious organization under §509(a)(1) and §170(b)(1)(A)(i). The Organization remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. CDF's subsidiaries included in the reporting entity consist of entities wholly owned by CDF and, therefore, disregarded for income tax purposes and separate organizations exempt under §501(c)(3), and further described as supporting organizations under §509(a)(3). The income tax provision, including interest and penalties when applicable, are recorded as general operating expenses in the consolidated statements of activities. In the opinion of management, they are not material to the consolidated financial statements taken as a whole.

The Organization is required to determine whether it is more-likely than-not that a tax position will be sustained upon examination based on the technical merits of the position. A tax position that meets the more-likely than-not recognition threshold is measured to determine the amount of expense or benefit to recognize in the consolidated financial statements. The Organization has concluded that there are no significant uncertain tax positions requiring disclosure in the consolidated financial statements as of December 31, 2022 and 2021.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could materially differ from those estimates. Significant estimates include the determination of loan loss reserves and the valuation of real estate.

Adoption of New Accounting Standards

On January 1, 2023, the Organization will adopt ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. CDF continues to evaluate the internal controls including policies and procedures surrounding the adoption of this standard. The cumulative effect of adopting ASU 2016-13 will be recorded as a change in net assets effective January 1, 2023.

NOTE 3 — INVESTMENTS

The fair value of investments consists of the following at December 31 (in thousands):

	2022	2021
Certificates of deposit	$ 37,581	$ 28,790
Corporate securities	3,468	1,564
Mortgage-backed securities, residential	883	14,574
Municipal bonds	—	499
	$ 41,932	$ 45,427

All of the above securities are available for sale or redemption any time CDF determines liquidation is appropriate. The investments mature as of December 31 as follows (in thousands):

2023	$ 4,630
2024	3,927
2025	5,322
2026	10,773
2027	6,561
Thereafter	10,719
	$ 41,932

THIS SECTION WAS INTENTIONALLY LEFT BLANK

NOTE 4 — LOANS RECEIVABLE HELD FOR INVESTMENT

An age analysis of loans receivable held for investment, by class, at December 31, 2022, is as follows (in thousands):

	Current or less than 31 days past due	31–60 days past due	61–90 days past due	91 days or more past due	Total
Mortgage loans	$ 397,154	$ 142	$ 8,142	$ 3,424	$ 408,862
Construction loans	59,435	—	—	—	59,435
Other loans	18,009	—	251	—	18,260
	$ 474,598	$ 142	$ 8,393	$ 3,424	$ 486,557
Percentage of loan portfolio	97.6 %	0.0 %	1.7 %	0.7 %	100.0 %

As of December 31, 2022, loans on nonaccrual included in 91 days or more past due are mortgage loans of $3,424,000. There are no loans accruing interest included in 91 days or more past due.

An age analysis of loans receivable held for investment, by class, at December 31, 2021, is as follows (in thousands):

	Current or less than 31 days past due	31–60 days past due	61–90 days past due	91 days or more past due	Total
Mortgage loans	$ 424,197	$ 8,737	$ —	$ 15,394	$ 448,328
Construction loans	50,820	—	—	—	50,820
Other loans	19,647	—	—	—	19,647
	$ 494,664	$ 8,737	$ —	$ 15,394	$ 518,795
Percentage of loan portfolio	95.3 %	1.7 %	0.0 %	3.0 %	100.0 %

As of December 31, 2021, loans on nonaccrual included in 91 days or more past due are mortgage loans of $15,394,000. There are no loans accruing interest included in 91 days or more past due.

The Organization evaluates its loans receivable using conforming or nonconforming as the primary credit quality indicator. Nonconforming refers to those loans that are internally classified by the Organization as substandard. These assets pose higher risk and elevated probability of default. Conforming refers to all loans not considered nonconforming. The Organization evaluates various criteria for determining whether a loan is conforming or nonconforming on an annual basis.

The table below presents credit quality indicators related to the Organization's loans by class at December 31, 2022 (in thousands):

	Mortgage loans	Construction loans	Other loans	Total
Risk ratings:				
Conforming	$ 365,212	$ 59,435	$ 15,505	$ 440,152
Nonconforming	43,650	—	2,755	46,405
Total	$ 408,862	$ 59,435	$ 18,260	$ 486,557
			Allowance for loan losses	(4,843)
			Deferred loan fees, net	416
				$ 482,130

The table below presents credit quality indicators related to the Organization's loans by class at December 31, 2021 (in thousands):

	Mortgage loans	Construction loans	Other loans	Total
Risk ratings:				
Conforming	$ 406,624	$ 50,820	$ 17,088	$ 474,532
Nonconforming	41,704	—	2,559	44,263
Total	$ 448,328	$ 50,820	$ 19,647	$ 518,795
			Allowance for loan losses	(5,751)
			Deferred loan fees, net	429
				$ 513,473

The following table presents a summary of the activity in the allowance for loan losses by class for the years ended December 31, 2022, 2021, and 2020 (in thousands):

December 31, 2022		Mortgage loans		Construction loans		Other loans		Total
Allowance for loan losses								
Beginning balance	$	3,057	$	100	$	2,594	$	5,751
Charge-offs		(486)		–		–		(486)
Provision (negative provision)		(372)		9		(59)		(422)
Ending balance	$	2,199	$	109	$	2,535	$	4,843
Amount of the allowance applicable to loans								
Individually evaluated for impairment	$	1,118	$	–	$	2,504	$	3,622
Collectively evaluated for impairment		1,081		109		31		1,221
Total allowance for loan losses	$	2,199	$	109	$	2,535	$	4,843
Ending balance of loan portfolio composed of								
Individually evaluated for impairment	$	32,433	$	–	$	2,504	$	34,937
Collectively evaluated for impairment		376,429		59,435		15,756		451,620
Total loan portfolio	$	408,862	$	59,435	$	18,260	$	486,557

December 31, 2021		Mortgage loans		Construction loans		Other loans		Total
Allowance for loan losses								
Beginning balance	$	1,806	$	99	$	2,780	$	4,685
Charge-offs		(14)		–		–		(14)
Provision (negative provision)		1,265		1		(186)		1,080
Ending balance	$	3,057	$	100	$	2,594	$	5,751
Amount of the allowance applicable to loans								
Individually evaluated for impairment	$	1,516	$	–	$	2,559	$	4,075
Collectively evaluated for impairment		1,542		100		34		1,676
Total allowance for loan losses	$	3,058	$	100	$	2,593	$	5,751
Ending balance of loan portfolio composed of								
Individually evaluated for impairment	$	32,514	$	–	$	2,559	$	35,073
Collectively evaluated for impairment		415,814		50,820		17,088		483,722
Total loan portfolio	$	448,328	$	50,820	$	19,647	$	518,795

December 31, 2020								
Allowance for loan losses								
Beginning balance	$	1,020	$	138	$	1,712	$	2,870
Charge-offs		–		–		–		–
Provision (negative provision)		786		(39)		1,068		1,815
Ending balance	$	1,806	$	99	$	2,780	$	4,685
Amount of the allowance applicable to loans								
Individually evaluated for impairment	$	383	$	–	$	2,750	$	3,133
Collectively evaluated for impairment		1,423		99		30		1,552
Total allowance for loan losses	$	1,806	$	99	$	2,780	$	4,685
Ending balance of loan portfolio composed of								
Individually evaluated for impairment	$	20,756	$	–	$	2,750	$	23,506
Collectively evaluated for impairment		414,576		62,073		16,378		493,027
Total loan portfolio	$	435,332	$	62,073	$	19,128	$	516,533

The following is a summary of information pertaining to impaired loans as of December 31, 2022 and 2021 (in thousands):

December 31, 2022	Impaired loans without a valuation allowance	Impaired loans with a valuation allowance	Total recorded investment	Valuation allowance related to impaired loans	Average recorded investment in impaired loans	Unpaid principal balance
Mortgage loans	$ 19,421	$ 13,153	$ 32,574	$ 1,118	$ 32,688	$ 32,433
Construction loans	—	—	—	—	—	—
Other loans	—	2,504	2,504	2,504	2,525	2,504
Total	$ 19,421	$ 15,657	$ 35,078	$ 3,622	$ 35,213	$ 34,937
December 31, 2021						
Mortgage loans	$ 15,260	$ 17,380	$ 32,640	$ 1,516	$ 23,684	$ 32,514
Construction loans	—	—	—	—	—	—
Other loans	—	2,559	2,559	2,559	2,580	2,559
Total	$ 15,260	$ 19,939	$ 35,199	$ 4,075	$ 26,264	$ 35,073

The total recorded investment in loans includes uncollected loan fees not included in the principal balance of the loan.

Interest income recognized on impaired loans was $937,000, $844,000, and $725,000, for the years ended December 31, 2022, 2021, and 2020, respectively.

The Organization seeks to assist customers that are experiencing financial difficulty by renegotiating loans. The portfolio may include modifications, both short- and long-term, of interest rates, principal or accrued interest, payment amount, length of term, or a combination thereof. The Organization makes loan modifications utilizing internal renegotiation programs, via direct customer contact, that manage debt exposures held by the Organization. The valuation allowance is based on the present value of projected cash flows discounted using the interest rate in effect prior to restructuring and prior to any risk-based increase in rate. If management determines that the collection of a loan is primarily dependent on the underlying collateral, the valuation allowance is based on fair value of the collateral.

	2022			2021		
	Number of loans	Pre-modification outstanding recorded investment	Post-modification outstanding recorded investment	Number of loans	Pre-modification outstanding recorded investment	Post-modification outstanding recorded investment
Troubled debt restructurings						
Mortgage loans	2	$ 16,462	$ 16,398	2	$ 5,455	$ 5,591
Construction loans	—	—	—	—	—	—
Other loans	—	—	—	1	2,750	2,559
Total	2	$ 16,462	$ 16,398	3	$ 8,205	$ 8,150

For any of these loans, in the event that CDF provides a concession through a refinance or modification which CDF would not ordinarily consider, in order to protect as much of the investment as possible, such loan may be considered a troubled debt restructuring even though it was performing throughout its term. The circumstances regarding any modification and a borrower's specific situation, such as their ability to obtain financing from another source at similar market terms, are evaluated on an individual basis to determine if a troubled debt restructuring has occurred.

All performing restructured loans were on accrual status prior to the loan modifications and have remained on accrual status after the loan modifications due to the borrowers making payments before and after the restructurings. In these circumstances, generally, a borrower may have had a fixed-rate loan that they continued to repay but may be having cash flow difficulties. In an effort to work with certain borrowers, CDF has agreed to interest rate reductions, interest-only payments for a period of time, principal reductions and/or extensions of the loan maturity date.

There were no troubled debt restructuring loans as of December 31, 2022, 2021, and 2020 that defaulted within 12 months of their modification date.

As of December 31, 2022 and 2021, there were no remaining commitments to lend additional funds to debtors whose terms have been modified in a troubled debt restructuring.

As of December 31, 2022 and 2021, CDF had no loans receivable held for investment in which CDF's interests as secured lender were subordinate to third-party senior lenders.

As of December 31, 2022 and 2021, CDF had no loans that were unsecured.

Loans receivable held for investment were contractually scheduled to mature as of December 31, 2022 as follows (in thousands):

2023	$ 15,092
2024	24,165
2025	26,403
2026	83,744
2027	133,970
Thereafter	203,183
	$ 486,557

As of December 31, 2022, CDF had loans receivable held for investment to borrowers with balances as follows (dollars in thousands):

Aggregate loan balance	Number of borrowers	Principal outstanding	Percentage of loan portfolio
Less than $1,000,001	80	$ 31,882	6 %
$1,000,001–$5,000,000	83	194,168	40
$5,000,001–$10,000,000	17	125,358	26
Over $10,000,000	10	135,149	28
	190	$ 486,557	100 %

As of December 31, 2021, CDF had loans receivable held for investment to borrowers with balances as follows (dollars in thousands):

Aggregate loan balance	Number of borrowers	Principal outstanding	Percentage of loan portfolio
Less than $1,000,001	79	$ 31,652	6 %
$1,000,001–$5,000,000	69	153,900	30
$5,000,001–$10,000,000	21	153,965	30
Over $10,000,000	13	179,278	34
	182	$ 518,795	100 %

CDF has no geographic lending restrictions. Aggregate loans by state greater than or equal to 5% of the total loans receivable held for investment portfolio were concentrated in the following states as of December 31, 2022 (dollars in thousands):

	Number of borrowers	Principal outstanding	Percentage of loan portfolio
California	44	$ 131,232	27 %
Arizona	15	48,656	10
Ohio	8	36,949	8
Florida	12	31,460	7
Oregon	12	26,085	5
Colorado	6	22,856	5
	97	$ 297,238	62 %

Aggregate loans by state greater than or equal to 5% of the total loans receivable held for investment portfolio were concentrated in the following states as of December 31, 2021 (dollars in thousands):

	Number of borrowers	Principal outstanding	Percentage of loan portfolio
California	45	$ 156,714	30 %
Arizona	16	60,440	12
Ohio	13	42,412	8
Florida	6	30,030	6
Colorado	6	28,584	5
Oregon	11	23,823	5
	97	$ 342,003	66 %

CDF's interests in participated loans are included in loans receivable held for investment in the accompanying consolidated statements of financial position and total $47,615,000 and $79,069,000 at December 31, 2022 and 2021, respectively. The outstanding principal balances, including both CDF and third-party interests, of all sold and participated loans serviced by CDF total $72,238,000 and $131,879,000 at December 31, 2022 and 2021, respectively.

In connection with the participation and sales agreements, CDF earned $187,000, $236,000, and $221,000 of net loan servicing fee income for the years ended December 31, 2022, 2021, and 2020, respectively.

NOTE 5 — REAL ESTATE

Real estate, excluding real estate held for lease, consists of the following as of December 31 (dollars in thousands):

	2021	Number of properties	2021	Number of properties
Land and buildings acquired by:				
Deed-in-lieu of foreclosure	$ 11,473	2	$ 8,168	1
Donation	62	1	62	1
	$ 11,535	3	$ 8,230	2

As of December 31, 2022, two properties represent undeveloped land, and one property represents buildings and land. These properties are in two states.

As of December 31, 2021, the two properties represent undeveloped land. These properties are in two states.

The table below presents real estate activity for the years ended December 31, 2021 and 2022 (dollars in thousands):

	Lower of cost or fair value	Number of properties
Real estate, January 1, 2021	$ 9,497	3
Transferred from held for lease	6,471	2
Additional costs, capitalized	2	—
Properties sold	(7,740)	(3)
Real estate, December 31, 2021	8,230	2
Acquired through deed-in-lieu of foreclosure	3,906	1
Additional costs, capitalized	90	—
Parcel sold	(691)	—
Real estate, December 31, 2022	$ 11,535	3

Activity in the real estate valuation allowance for the years ended December 31 is summarized as follows (in thousands):

	2022	2021	2020
Beginning balance, January 1	$ 6	$ 6	$ 6
Additions	—	—	—
Sales	—	—	(5)
Valuation adjustments	—	—	5
Ending balance, December 31	$ 6	$ 6	$ 6

NOTE 6 — REAL ESTATE HELD FOR LEASE

Real estate held for lease consists of the following at December 31 (in thousands):

	2022	2021
Land	$ 1,138	$ 1,600
Buildings	824	2,152
Building improvements	—	16
	1,962	3,768
Less accumulated depreciation and amortization	(135)	(453)
	$ 1,827	$ 3,315

There are no minimum future rental payments in 2023.

Depreciation and amortization expense on real estate held for lease totaled $65,000, $199,000, and $322,000, for the years ended December 31, 2022, 2021, and 2020, respectively.

NOTE 7 — PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31 (in thousands):

	2022	2021
Land	$ 1,763	$ 1,763
Building	1,080	1,080
Building improvements	747	747
Furniture, fixtures, equipment, and software	1,420	1,452
	5,010	5,042
Less accumulated depreciation and amortization	(1,381)	(1,274)
	$ 3,629	$ 3,768

Depreciation and amortization expense on property and equipment totaled $199,000, $203,000, and $183,000, for the years ended December 31, 2022, 2021, and 2020, respectively.

NOTE 8 — DEBT SECURITIES

The major source of funds used to finance church loans during the years presented was received from the sale of debt securities to investors whom CDF considers to be associated with its mission of serving churches. These debt securities are not collateralized.

As of December 31, 2022, debt securities are contractually set to mature as follows (in thousands):

Fiscal year of maturity	Weighted average rate	Amount
Demand	1.4 %	$ 106,213
2023	2.4	214,953
2024	2.8	139,108
2025	2.8	39,633
2026	2.6	29,050
2027	2.5	15,118
Thereafter	3.0	4,338
	2.4 %	$ 548,413

Amounts are presented in the above schedule based on the year in which the underlying debt securities are scheduled to mature. Notwithstanding the foregoing, CDF may require 60-day written notice for any redemption request. In addition, CDF may, but is not required to, permit redemption of debt securities prior to maturity, and if CDF elects to permit such early redemption, CDF may charge an early redemption fee.

Aggregate debt securities by state greater than or equal to 5% of the total debt securities outstanding as of December 31, 2022 are concentrated in the following states (dollars in thousands):

State	Number of investors	Aggregate balance	Percentage of total debt securities outstanding
California	1,828	$ 180,253	33 %
Arizona	464	45,261	8
Ohio	532	38,660	7
Oregon	404	27,353	5
Florida	190	24,960	5
	3,418	$ 316,487	58 %

Aggregate debt securities by state greater than or equal to 5% of the total debt securities outstanding as of December 31, 2021 are concentrated in the following states (dollars in thousands):

State	Number of investors	Aggregate balance	Percentage of total debt securities outstanding
California	1,975	$ 207,829	35 %
Ohio	573	42,129	7
Arizona	480	39,334	7
Illinois	191	29,807	5
Oregon	445	28,219	5
	3,664	$ 347,318	59 %

NOTE 9 — SHORT-TERM BORROWINGS

CDF has a revolving credit line totaling $20,000,000 with BOC that is usable upon delivery of adequate eligible collateral, as defined in the agreement. As a condition to the line of credit, CDF is required to provide BOC with a first priority security interest in all assets as collateral and maintain compensating cash investments of at least $5,000,000. Interest is at the prime rate with a floor of 3.5%. The interest rate for this line was 7.50% and 3.50% as of December 31, 2022 and 2021, respectively. The line of credit with BOC expires on July 2, 2023. As of December 31, 2022 and 2021, there was no outstanding balance.

CDF received a loan from Pacific Mercantile Bank in the amount of $1,017,000 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was subject to a note dated April 18, 2020 and was able to be forgiven to the extent proceeds of the loan were used for eligible expenditures such as payroll and other expenses described in the CARES Act. CDF received forgiveness in full of the loan on May 19, 2021. The loan forgiveness was included in contributions and bequest income in the accompanying consolidated statements of activities.

NOTE 10 — LIQUIDITY

It is CDF's policy to maintain liquid assets and available unused line of credit borrowing (up to 2% of outstanding debt securities) equal to at least 8% of the principal amount of its outstanding debt securities. Liquid assets are generally held in certificates of deposit, marketable securities, and money market accounts. Liquid assets are held primarily to provide CDF with operational liquidity and to fund redemptions of its outstanding debt securities.

As of December 31, 2022 and 2021, the Organization had cash, cash equivalents, readily marketable securities and available line of credit (limited to 2% of outstanding debt securities) of $114,687,000 and $127,182,000, respectively. This represented approximately 20.9% and 21.5% of outstanding debt securities as of December 31, 2022 and 2021, respectively.

NOTE 11 — ENDOWMENTS AND NET ASSETS

The Organization's endowment consists of five individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds, and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization has interpreted the State of California Uniform Prudent Management of Institutional Fund Act (UPMIFA) as requiring the 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 Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Organization considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1 The duration and preservation of the fund

2 The purposes of the Organization and the donor-restricted endowment fund

3 General economic conditions

4 The possible effect of inflation and deflation

5 The expected total return from income and the appreciation of investments

6 Other resources of the Organization

7 The investment policies of the Organization

Changes in endowment net assets for 2021 and 2022 are as follows (in thousands):

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, January 1, 2021	$ 12,241	$ 1,415	$ 13,656
Investment income	481	—	481
Transfer to create board-designated endowment	25	—	25
Appropriation of endowment assets for expenditure	(493)	—	(493)
Endowment net assets, December 31, 2021	$ 12,254	$ 1,415	$ 13,669
Investment income	443	—	443
Transfer to create board-designated endowment	11	—	11
Appropriation of endowment assets for expenditure	(791)	—	(791)
Endowment net assets, December 31, 2022	$ 11,917	$ 1,415	$ 13,332

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain preservation of the endowment assets. Endowment assets include investments and other assets held by the Organization. The Organization manages its endowment funds to achieve maximum long-term total return while preserving endowment assets. Actual returns in any given year available for distribution may vary significantly.

Spending Policy

The Organization's policy for distribution of funds each year is to distribute earnings to programs based on a conservative projection of the current year's earnings of the fund. This allows for a predictable stream of funding while preserving the original value of assets of the endowment. Distributions from board-designated endowment funds may exceed the yield on the underlying assets of the funds in any given year based on Board approval.

Dornette Memorial Endowment Fund (DMF)

The Board of CDF has established the DMF to provide funds to various church and parachurch ministries each year. These funds were donated to CDF without any restrictions on how they may be used. Although the Board has currently designated these funds to be used to support church and parachurch ministries, it has the right to change this designation or to use the funds for other purposes at its discretion. As of December 31, 2022 and 2021, the balance in the DMF was $3,820,000 and $3,811,000, respectively. Grants from the DMF were $89,000, $107,000, and $107,000, during fiscal years ended December 31, 2022, 2021, and 2020, respectively.

The Church Planting Endowment Fund (CPF)

In 2003, the Board of CDF created the CPF. These funds were donated to CDF without any restrictions on how they may be used. Although the Board has currently designated these funds to be used to support church planting activities, it has the right to change this designation or to use the funds for other purposes at its discretion. As of December 31, 2022 and 2021, the balance in the CPF was $7,040,000 and $7,387,000, respectively. During the years ended December 31, 2022, 2021, and 2020, grants from the CPF totaled $572,000, $294,000, and $312,000, respectively.

In 2009, CDF received donations to the Church Planting Fund that were donor designated as an endowment to assist with planting churches in Alabama. The donation was recorded as a net asset with donor restrictions. As of December 31, 2022 and 2021, the balance in the Church Planting Fund for Alabama was $625,000. During the years ended December 31, 2022, 2021, and 2020, grants from the Alabama Church Planting Fund totaled $48,000, $29,000, and $23,000, respectively.

Also in 2009, CDF received donations to the Church Planting Fund that were donor designated as an endowment to assist with planting churches in Georgia. The donation was recorded as a net asset with donor restrictions. As of December 31, 2022 and 2021, the balance in the Church Planting Fund for Georgia was $790,000. During the years ended December 31, 2022, 2021, and 2020, grants from the Georgia Church Planting Fund totaled $60,000, $36,000, and $30,000, respectively.

The CDF Benevolence Endowment Fund (formerly Kairos Benevolence Endowment Fund)

In 2012, the Board of CDF created the CDF Benevolence Fund (CBF) to assist in meeting specific financial hardship ministerial needs. These funds were donated to CDF without any restrictions on how they may be used. Although the Board has currently designated these funds to be used to support benevolence activities, it has the right to change this designation or to use the funds for other purposes at its discretion. As of December 31, 2022 and 2021, the balance in the CBF was $1,057,000 and $1,056,000, respectively. During the years ended December 31, 2022, 2021, and 2020, grants from the CBF totaled $22,000, $27,000, and $27,000, respectively.

The Organization's net assets without donor restrictions as of December 31 consist of the following (in thousands):

	2022	2021
Undesignated	$ 41,305	$ 38,164
Board-designated endowments		
Church Planting Fund	7,040	7,387
Dornette Memorial Fund	3,820	3,811
Kairos Benevolence Fund	1,057	1,056
Total board-designated endowments	11,917	12,254
Donor advised funds	867	1,122
	$ 54,089	$ 51,540

The Organization's net assets with donor restrictions as of December 31 consist of the following (in thousands):

	2022	2021
Donor restricted endowments for planting Christian Churches in Georgia and Alabama	$ 1,415	$ 1,415
Split interest donor agreements	407	413
Donor restricted contributions	4	5
	$ 1,826	$ 1,833

Grants from donor-advised funds totaled $279,000, $48,000, and $59,000, for the years ended December 31, 2022, 2021, and 2020, respectively.

NOTE 12 — COMMITMENTS AND CONTINGENCIES

Loan Commitments

In the normal course of business, CDF makes commitments to extend loans to churches and parachurch organizations. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments are expected to expire without being fully drawn upon, the amounts lent under such commitment will differ from the contractual obligations.

CDF evaluates each borrower's credit on a case-by-case basis. The amount of collateral obtained by CDF upon extension of credit is based on management's credit evaluation. Collateral held principally includes property and equipment. CDF controls the credit risk of its commitments by using credit approvals, limits, and monitoring procedures.

At December 31, 2022, CDF had outstanding loan commitments totaling approximately $57,447,000, which consisted of $5,361,000 of undrawn lines of credit, $50,100,000 of unfunded commitments for existing construction loans, and $1,986,000 of unfunded commitments for existing mortgage loans.

Legal Proceedings

CDF may, from time to time, be involved in litigation proceedings arising out of its normal course of business. As of December 31, 2022, CDF had no significant lawsuits, actions, or other legal proceedings or pending claims.

NOTE 13 — RELATED PARTY TRANSACTIONS

Several members of CDF's management team and Board are either associated with or maintain senior positions at churches or affiliated organizations that have loans with or have purchased debt securities from CDF. As of December 31, 2022 and 2021, such loans had an aggregate principal balance of approximately $18,286,000 and $18,631,000, and a weighted average interest rate of 4.8% and 4.7% per annum, respectively. Interest income on related-party loans for the years ended December 31, 2022, 2021, and 2020 was approximately $872,000, $881,000, and $936,000, respectively. As of December 31, 2022 and 2021, such debt securities had an aggregate outstanding balance of approximately $6,459,000 and $6,316,000 and a weighted average interest rate of 2.2% and 1.8% per annum, respectively. Interest expense on related-party debt securities for the years ended December 31, 2022, 2021, and 2020 was approximately $141,000, $114,000, and $120,000, respectively.

NOTE 14 — FAIR VALUE DISCLOSURES

Levels 1, 2, and 3 Valuation Techniques

Financial instruments are considered Level 1 when valuation can be based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or models using inputs that are observable or can be corroborated by observable market data of substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies, or similar techniques and at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 are summarized below (in thousands):

	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Certificates of deposit	$ —	$ 37,581	$ —	$ 37,581
Corporate securities	—	3,468	—	3,468
Mortgage-backed securities, residential	—	883	—	883
Total assets	$ —	$ 41,932	$ —	$ 41,932

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2021 are summarized below (in thousands):

	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Certificates of deposit	$ —	$ 28,790	$ —	$ 28,790
Mortgage-backed securities, residential	—	14,574	—	14,574
Corporate securities	—	1,564	—	1,564
Municipal bonds	—	499	—	499
Total assets	$ —	$ 45,427	$ —	$ 45,427

A brief description of the valuation techniques used for assets and liabilities measured on a recurring basis is provided below:

Investments

Investments are classified as Level 2. Fair value for Level 2 investments is determined as of the measurement date using matrix pricing, a mathematical technique commonly used to price debt securities that are not actively traded by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

Assets Measured at Fair Value on a Nonrecurring Basis

Assets measured at fair value on a nonrecurring basis at December 31, 2022 are summarized below (in thousands):

	Level 1	Level 2	Level 3	Total
Assets				
Impaired loans, net	$ —	$ —	$ 11,490	$ 11,490
Total assets	$ —	$ —	$ 11,490	$ 11,490

Assets measured at fair value on a nonrecurring basis at December 31, 2021 are summarized below (in thousands):

	Level 1	Level 2	Level 3	Total
Assets				
Impaired loans, net	$ —	$ —	$ 15,316	$ 15,316
Total assets	$ —	$ —	$ 15,316	$ 15,316

A brief description of the valuation techniques used for assets measured on a nonrecurring basis is provided below:

Impaired Loans - Loans receivable held for investment are evaluated for impairment using Level 3 inputs. Loans receivable held for investment include impaired loans measured based on the estimated fair value of the underlying collateral. The fair value of each loan's collateral is generally based on estimated market prices from an independently prepared appraisal. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the cost approach. Adjustments are routinely made in the appraisal process to adjust for differences between the comparable sales and cost data available. Adjustments may also be made to an appraised value to reflect various factors such as the age of the appraisal or known changes in the market or the collateral, such valuation inputs are considered unobservable and the fair value measurement is categorized as a Level 3 measurement.

Impaired loans with a carrying amount of $12,575,000 were recorded at their fair value of $11,490,000 and a provision of $100,000 was included in earnings for the year ended December 31, 2022. Impaired loans with a carrying amount of $16,786,000 were recorded at their fair value of $15,316,000 and a provision of $911,000 was included in earnings for the year ended December 31, 2021.

NOTE 15 — RETIREMENT PLAN

Defined Contribution Plan

CDF has established a defined-contribution retirement plan (the Plan), which covers substantially all employees. CDF, in its sole discretion, may make either an employer matching contribution after one year of service, a discretionary contribution based on length of service, or both. The vesting for this plan is immediate. CDF's contributions to the Plan were $370,000, $367,000, and $390,000, for the years ended December 31, 2022, 2021, and 2020, respectively.

NOTE 16 — FUNCTIONAL EXPENSE CLASSIFICATION

The following table presents a summary of expenses by function for the year ended December 31, 2022 (in thousands)

	Program	Management and general	Fundraising	Total
Interest and loan expenses	$ 12,586	$ —	$ —	$ 12,586
Salaries and benefits	3,569	2,491	16	6,076
Grants to other ministries	1,152	—	—	1,152
Depreciation	206	57	1	264
Technology	541	176	6	723
Marketing and promotion	566	—	—	566
Professional fees and services	165	182	—	347
Travel	232	86	1	319
Other operating expenses	605	154	42	801
Total operating expenses	$ 19,622	$ 3,146	$ 66	$ 22,834

The following table presents a summary of expenses by function for the year ended December 31, 2021 (in thousands)

	Program	Management and general	Fundraising	Total
Interest and loan expenses	$ 16,669	$ —	$ —	$ 16,669
Salaries and benefits	3,716	2,392	50	6,158
Grants to other ministries	716	—	—	716
Depreciation	346	55	1	402
Technology	483	174	8	665
Marketing and promotion	501	2	28	531
Professional fees and services	309	186	—	495
Travel	194	76	3	273
Other operating expenses	737	247	44	1,028
Total operating expenses	$ 23,671	$ 3,132	$ 134	$ 26,937

The following table presents a summary of expenses by function for the year ended December 31, 2020 (in thousands):

	Program	Management and general	Fundraising	Total
Interest and loan expenses	$ 17,950	$ —	$ —	$ 17,950
Salaries and benefits	3,708	2,211	91	6,010
Grants to other ministries	748	—	—	748
Depreciation	452	51	2	505
Technology	409	184	11	604
Marketing and promotion	664	1	26	691
Professional fees and services	183	261	—	444
Travel	120	31	1	152
Other operating expenses	707	248	45	1,000
Total operating expenses	$ 24,941	$ 2,987	$ 176	$ 28,104

Methods Used for Allocation of Expenses Between Program and Support Functions

Certain categories of expenses are attributable to both program and supporting functions of the Organization. Salaries and benefits are allocated based on estimates of time and effort; depreciation is based on estimates of resources utilized; technology and marketing expenses are allocated based on estimates of time and costs of specific technology and materials utilized; professional fees, travel and other operating expenses are based on estimates of effort and costs of specific resources utilized.

NOTE 17 — SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 10, 2023, the date the consolidated financial statements were available to be issued.

Thank you for your partnership

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Bonus	$5,000 min*	3.10%	3.15%	3.25%	3.45%
Jumbo	$100,000 min	3.20%	3.25%	3.35%	3.55%

Early redemption fees—Certificates up to and including 3 years: 6 months interest; Certificates over 3 years: 12 months interest.

NO-TERM CERTIFICATES		APY
Standard Flex	$250 min	1.25%
Retirement Flex	$250 min	1.25%

RETIREMENT CERTIFICATES		1 yr	3 yr	5 yr
Bonus	$5,000 min*	3.10%	3.25%	3.45%
Jumbo	$100,000 min	3.20%	3.35%	3.55%

Early redemption fees—Certificates up to and including 3 years: 6 months interest; Certificates over 3 years: 12 months interest.

Promotional rates may be offered from time-to-time through special certificates. Preferred rates and terms are available for investors whose CDF Capital portfolio balance exceeds $250,000. See Offering Circular or contact us for further details about these special rates and terms.

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