



**WESLEYAN INVESTMENT FOUNDATION, INC.**  
**13300 Olio Road**  
**Fishers, Indiana 46037**  
**317.774.7300**

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**SUPPLEMENT #1**  
**TO**  
**OFFERING CIRCULAR**  
**DEMAND INVESTMENTS AND TERM INVESTMENTS**

*Effective as of January 1, 2025, this Supplement #1 to Offering Circular supplements and replaces any inconsistent information provided in the Offering Circular of Wesleyan Investment Foundation, Inc. (“WIF”) dated November 21, 2024 (the “Offering Circular”). This Supplement #1 should be read in conjunction with the Offering Circular.*

**Change in Interest Rates**

WIF reviews and may adjust the interest rates paid on Investments on January 1 and July 1 of each year. Consistent with its historical policy, WIF has adjusted its rates effective as of January 1, 2025. The following interest rates replace the interest rates in effect under the Offering Circular before the effective date of this Supplement #1:

<b><u>Principal Amount Invested per Investor</u></b>	<b><u>Interest Rate</u></b>	<b><u>Annual Percentage Yield</u></b>
\$35,000 and up	4.50%	4.55%
\$5,000-\$34,999	4.00%	4.04%
0-\$4,999	3.50%	3.53%

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**The date of this Supplement #1 to Offering Circular is January 1, 2025**

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WESLEYAN INVESTMENT FOUNDATION, INC.

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## OFFERING CIRCULAR

### DEMAND INVESTMENTS AND TERM INVESTMENTS

Wesleyan Investment Foundation, Inc., an Indiana not for profit corporation (referred to herein as “WIF,” “we,” “us” and “our”), is making available up to \$1,500,000,000 worth of Demand Investments and Term Investments (collectively, the “Investments”) in this offering to investors in the Commonwealth of Pennsylvania. This offering is being made concurrently with offerings throughout the United States and its territories. The total offering amount of \$1,500,000,000 in Investments and Term Investments may be satisfied via sales in any single U.S. jurisdiction or combination of jurisdictions (subject to limitations that may be imposed by such other jurisdictions). The Investments are unsecured debt obligations of WIF and accrue interest at a variable rate as described herein. The “Demand Investments” are redeemable in full (i.e., principal plus accrued interest to date) upon demand and are offered in every jurisdiction in which WIF is authorized to offer and sell securities except the State of South Carolina. In South Carolina, WIF offers “Term Investments,” which mature 30-days following the date of issue. Term Investments renew automatically unless the investor notifies us of their intent not to renew. Only individuals and entities associated with Churches and CROs, described below, may purchase the Investments. WIF will pay interest on the Investments at the rates set forth below. WIF may adjust the rates of interest we pay each January 1 and July 1, or at other times as determined by WIF. WIF uses the Investments primarily to finance loans it makes to Churches and CROs to enable them to purchase land, buy buildings, construct new worship facilities, renovate, remodel, expand and replace existing facilities, relocate existing congregations, purchase building sites, refinance existing loans or meet other capital and expense needs of the Churches and CROs. Interest rates as of the date of this Offering Circular are shown below. Please call or visit [www.wifonline.com](http://www.wifonline.com) to obtain current rates.

<u>Balance per Account</u>	<u>Interest Rate</u>	<u>Annual Percentage Yield</u>
\$35,000 and up	5.00%	5.06%
\$5,000-\$34,999	4.50%	4.55%
0-\$4,999	4.00%	4.04%

In order to invest, you must be a person (including entities or arrangements controlled by, owned by, or existing for the benefit of such persons) who is, prior to your first purchase of the Investments, a member of, contributor to, or participant of, or share a reasonable association with, The Wesleyan Church Corporation (the “Wesleyan Church”), WIF, or another church (“Church”) or religious or church-related organization that has a programmatic relationship with or shares a common religious historic tie, background or similar purpose with the foregoing, including any program, activity or organization that constitutes a part of the foregoing religious organizations (“CROs”; collectively, “Churches and CROs”).

This offering of Investments is not underwritten and WIF does not hire underwriters or outside selling agents to sell the Investments. WIF will not pay any commission on the sales of the Investments and no compensation paid to WIF’s directors, officers or employees will be based in any way on sales of the Investments. Accordingly, WIF will receive 100% of the proceeds when Investments are made and WIF will bear all expenses incurred in connection with making the Investments available, which are anticipated to be less than 0.10% of the total amount of Investments made available.

**WIF IS NOT A BANK AND THE INVESTMENTS ARE NOT BANK DEPOSITS OR INSURED BY THE FDIC OR SIPC. THE INVESTMENTS ARE SUBJECT TO RISKS, CERTAIN OF WHICH ARE DESCRIBED BEGINNING ON PAGE 3.**

**The date of this Offering Circular is November 21, 2024**

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

THE INVESTMENTS ALSO ARE EXEMPT FROM REGISTRATION IN CERTAIN STATES AND U.S. TERRITORIES BY THAT JURISDICTION'S LAW, WHILE IN OTHER STATES THEY MAY HAVE BEEN REGISTERED. NEITHER THE STATE SECURITIES COMMISSIONS NOR THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION HAS IN ANY WAY PASSED UPON THE VALUE OF THE INVESTMENTS, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, PASSED UPON THE MERITS OR QUALIFICATIONS OF OR RECOMMENDED OR GIVEN APPROVAL TO THE INVESTMENTS, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. WHEN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF WIF AND THE TERMS OF THE INVESTMENTS, INCLUDING THE MERITS AND RISKS.

WIF IS NOT A BANK AND THE INVESTMENTS ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, ANY STATE BANK INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE INVESTMENTS IS DEPENDENT UPON OUR FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE INVESTMENTS ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY, THE WESLEYAN CHURCH OR BY ANY DISTRICT OR LOCAL CONGREGATION OF THE WESLEYAN CHURCH OR ANY OTHER DENOMINATION OR CHURCH WITH WHOM WE HAVE A RELATIONSHIP.

IT IS NOT OUR GENERAL PRACTICE TO AUTHORIZE ANY THIRD PARTY OR PARTIES TO PROVIDE INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE INVESTMENTS OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR. IF A THIRD-PARTY GIVES SUCH INFORMATION OR MAKES SUCH REPRESENTATIONS REGARDING THE INVESTMENTS, YOU SHOULD NOT RELY ON SUCH INFORMATION OR REPRESENTATION AS HAVING BEEN MADE BY WIF.

INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF INVESTMENTS THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS. INVESTORS SHOULD MAKE THEIR OWN DECISION WHETHER THIS OFFERING MEETS THEIR INVESTMENT OBJECTIVES AND RISK TOLERANCE LEVEL.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES, NOR HAS THE DEPARTMENT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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ATTACHMENT      AUDITED CONSOLIDATED FINANCIAL STATEMENTS

## **INTRODUCTION AND SUMMARY OF THE INVESTMENTS**

This summary is provided for your convenience. Before investing, you should read this entire document and carefully review our audited consolidated financial statements, attached. Existing investors may also submit a request for a copy of our current audited consolidated financial statements at any time.

### ***Our Company***

We are an Indiana non-member, nonprofit corporation with our principal offices located at 13300 Olio Road, Fishers, Indiana, 46037. Our mailing address is P.O. Box 7250, Fishers, Indiana, 46038. Our office phone number is 317-774-7300. We are affiliated with, but a separate legal organization from, The Wesleyan Church. See “History and Operations.”

### ***Our Purpose***

WIF exists to ensure Churches and CROs have the financial and other resources they need to reach people for Christ. Our primary purpose is to assist Churches and CROs by providing financing at favorable rates for the purchase, construction, renovation and expansion of churches, parsonages and other buildings and property. We also provide loans to these Churches and CROs for general expenses and other borrowing needs. The lending activities we conduct are financed primarily through the sale of the Investments, principal and interest payments received on our loans, income from other investments and contributions and donations. See “Financing and Operational Activities” and “Lending Activities.” However, our Articles of Incorporation and Bylaws allow us to operate for any legal purpose permitted to be carried on by an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986.

### ***The Investments***

We have made the Investments available in previous offerings and are now making available in this offering up to \$1,500,000,000 worth of Investments (subject to limitations on the amount and type of Investments that may be offered in certain jurisdictions, as described in more detail herein), which are our unsecured general debt obligations. We are not a bank, and therefore the Investments are not issued by, and are not obligations of, a bank. The Investments are not insured by the Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC). The Investments may be available as investments for individual retirement accounts (“IRAs”). Individuals who wish to invest in Investments through a self-directed IRA may do so through custodial agreements with Goldstar Trust Company. Because IRAs are subject to specific requirements under the Internal Revenue Code, an individual investor should consult with his or her tax advisor before directing a purchase of Investments for his or her IRA.

The Investments pay a higher interest rate for higher minimum balances maintained, on a three-tier level. We review, and may adjust, the interest rates paid on our Investments every six months and at other times that we deem an adjustment is appropriate based on market and other factors. When such a review results in an adjustment to the interest rates paid on our Investments, we revise this Offering Circular, post the revised rates on our website and disclose the revised rates on the semi-annual statements available online to each investor. We compound interest on a semiannual basis and reinvest that interest in the investor’s account. Alternatively, the investor may contact WIF and request that the interest be sent to the investor via ACH. The Investments are repaid upon demand by the investor.

For most investors of Demand Investments, money can be invested in or redeemed from an Investment at any time in any increment. However, in limited circumstances, we may offer, and an investor may in their sole and absolute discretion agree, to have their Investment used as security for a

specified loan we made to a Church or CRO pursuant to the terms of a separate written agreement executed by both us and the investor. In those instances, an investor may be prohibited from redeeming such Investment until the church loan is satisfied, or as otherwise agreed by us and the subject Church or CRO. Any Investment used as security for a specified church loan is subject to additional risk factors not otherwise addressed herein. Specifically, if the borrowing church defaults on the loan it received from us, an Investment that secured such loan may be utilized by us to cure such default. We would provide a supplement to this Offering Circular with additional information for any investor desiring to acquire Investments under any such arrangement.

South Carolina law prohibits us from offering Investments that are redeemable upon demand to residents in South Carolina. Therefore, we may only offer and sell to residents of South Carolina, Investments with a 30-day term, which generally, may be redeemed only at the end of the 30-day term. See “Description of the Investments.”

### ***Selected Financial Information***

The table below shows selected financial data for our most recent fiscal year ending August 31, 2024. You should read this table in conjunction with our audited consolidated financial statements attached to this Offering Circular.

<b><u>Description</u></b>	<b><u>Amount</u></b>
Cash, cash equivalents, certificates of deposit and readily marketable securities (combined)	\$302,853,168
Total loans receivable, net	\$1,787,494,478
Amount (and percent) of unsecured loans receivable	\$2,977,909 (0.17%)
Loan delinquencies as a percent of loans receivable	0.00%
Total assets	\$2,255,191,230
Total Investments payable	\$1,913,135,043
Amount of Investments redeemed during fiscal year	\$730,967,494
Other long-term debt	\$0
Net assets	\$317,932,686
Change in net assets	(\$8,111,210)

### ***Use of Proceeds***

We expect to use the cash proceeds from the Investments primarily to make loans to Churches and CROs to acquire land and buildings, construct and remodel churches, parsonages, multi-purpose buildings, educational units and other similar structures, and to fund and finance other capital and general projects and expenses for Churches and CRO’s and for our own investment purposes. See “Use of Proceeds.”

## ***Risk Factors***

This offering and making an Investment are subject to various risks. Please carefully review the following “Risk Factors” section.

### **RISK FACTORS**

Making an Investment in this offering involves certain risks. You should carefully consider the risks described below together with all the other information in this Offering Circular before you decide to make an Investment. If any of the following risks actually occur, our business, financial condition or results of operations could suffer. In that event, we may be unable to meet our obligations under the Investments and you may lose all or part of your Investment.

#### ***The Investments are our unsecured and uninsured general debt obligations.***

The Investments are our unsecured and uninsured general debt obligations. The payment of principal and interest on the Investments is solely dependent upon our financial condition. Claims for repayment of Investments are subordinate to claims of any secured creditors. We currently have no debt other than outstanding Investments, and currently have no secured creditors. However, subject to our policy restricting senior secured indebtedness to 10% of our tangible assets, there are no restrictions on our ability to incur indebtedness and we could do so in the future by specific action of our Board of Directors. Although we cannot assure you that we will not issue secured investment obligations or incur secured debt having a higher priority to our assets in the future, it is not presently anticipated.

#### ***Holders of Demand Investments may demand redemption of the Investments at any time, and numerous such demands in a short period of time would materially adversely affect our ability to repay the Investments and our financial condition.***

Holders of Demand Investments may request their Investments and any accumulated interest be repaid to them at any time. If many investors were to make such a request within a relatively short period of time, we would not be able to repay all such Investments and interest when requested or possibly at all, depending on the aggregate amount being requested. In such event, our financial condition would be materially adversely affected, as would our ability to continue to pay interest on Investments that were not the subject of the demand.

#### ***There is no sinking fund.***

We do not use a sinking fund to provide for the payment of the Investments. Therefore, we have not set aside funds for the repayment of all the Investments. We do, however, have a policy to maintain liquid assets of not less than 8% of our outstanding Investments for the purpose of providing short-term liquidity. Our ability to repay an Investment will be affected by our financial condition and liquidity at the time the Investment is to be repaid.

#### ***There is no trust indenture.***

We have not established, and do not intend to establish, a trust indenture to provide for the payment of principal on the Investments. Accordingly, no trustee will monitor our ongoing affairs on your behalf, no agreement will provide for joint action by investors in the event we default on the Investments, and you will not have the other protections a trust indenture would provide. A default in payment of one individual's Investment will not be a default of other individuals' Investments.



***We may be subject to potential claims under state securities laws.***

Although we have taken, and are continuing to take steps to comply with state securities laws relating to the Investments, there may be some potential securities law liability exposure. Specifically, certain states may impose monetary fines on us as a result of any past failure to comply with applicable state securities laws. See “Litigation and Other Material Transactions.” Any securities law claims against us, if successful, or many claims even if unsuccessful, could have an adverse effect on our ability to repay the Investments.

***There is no guarantee by any Affiliated Organization.***

Neither The Wesleyan Church nor any of its respective agencies, subsidiaries, districts, affiliates or member churches, nor any other denomination or church with whom we have a relationship have guaranteed the repayment of the Investments. You must rely solely on us for repayment.

***The Investments are not insured by the FDIC or SIPC.***

We are not a bank, and therefore the Investments are not issued by, and are not obligations of, a bank. The Investments are not FDIC or SIPC insured. The Investments therefore do not have the insurance protection afforded to demand deposit accounts at a bank. The Investments are subject to investment risks, including the potential to lose the entire principal amount that you invest and any accrued or compounded interest thereon.

***The risk of investment in the Investments may be greater than implied by relatively low or high interest rates on the Investments and the Investments are not insured by any governmental agency or private insurance company.***

Although investors may correlate risk to rates of return, a low or high rate of return on the Investments does not necessarily correspond to a lower or higher risk of loss on funds invested. Investors will not be able to recover from a governmental agency or private insurance company if the Investment loses value.

***Other investments may offer higher rates and greater security.***

Other institutions and organizations may offer other debt securities or investments with higher rates of return and/or which provide greater security and less risk than our Investments. This may adversely affect sales of the Investments.

***Interest Rate fluctuations may affect our results of operations.***

Our primary interest rate exposures relate to the yield on our loans and other investments and the financing cost of payout of Investments. Many factors beyond our control affect market interest rates, including inflation, recession, unemployment, domestic and international events, changes in United States and other financial markets and fiscal and monetary policies. These changes in interest rates may affect our net interest income from loans and other investments. Interest rate fluctuations resulting in our interest and related expense exceeding interest and related income could adversely affect our results of operations and financial condition.

***Cyber threats could affect our business.***

Cyber threats are rapidly evolving and WIF may not be able to anticipate or prevent all such threats, including hacking, identity theft, malware and other fraudulent, illegal or improper activities perpetrated by third parties. While WIF undertakes efforts to reduce this risk by implementing various

computer system safeguards, WIF cannot anticipate all security breaches or ensure that such perpetrators do not gain access to its systems or circumvent its security. A successful penetration or circumvention could cause material negative consequences including disruption to WIF's operations, damage to hardware and software systems, misappropriation of confidential or proprietary information, and theft of funds, personal information or identity.

***The Investments may not be a suitable investment in the context of a specific investor's entire investment portfolio.***

The Investments are not offered by an investment adviser or financial professional that performs suitability or an analysis that the investment is appropriate for any specific offeree. Each prospective investor is advised to consult with or retain his or her own professional investment advisor to consider whether the Investments are a suitable fit for the offeree based on the totality of his or her investment portfolio. Although the risk of loss on an investment (including the Investments) can never be eliminated, offerees are encouraged to diversify the investments in their portfolio to reduce the risk of loss.

***The Investments are not transferable.***

The Investments are not negotiable and cannot be transferred (except for certain family or estate planning transfers with our consent). Therefore, no public market for the Investments currently exists or will develop in the future.

***We can redeem the Demand Investments.***

We can redeem any Demand Investment at any time by giving written notice to the investor. We occasionally redeem Demand Investments when amounts invested by a single investor fall below \$100.00 per account but may redeem Demand Investments for any other reason we deem appropriate. In any case, you will be repaid your entire Investment plus accrued interest in the event of a redemption.

***We may be required to offer to repay Investments.***

We have historically made available Investments to investors located in various states, Washington D.C. and U.S. territories, and we continue to analyze the securities exemptions and registration requirements in such jurisdictions. At any given time, the Investments may not be registered or exempt in every jurisdiction where we offer Investments. In such a case, we could be forced to offer to repay all the outstanding Investments in that jurisdiction.

***We are subject to a strict regulatory environment that could change, curtailing our ability to make Investments available.***

Changes in state or federal laws, rules or requirements regarding the sale of debt obligations of religious, charitable or other nonprofit organizations or the sale of demand debt securities may make it more difficult or costly, or even impossible, for us to make Investments available in some jurisdictions in the future.

***The repayments of loans we make are dependent upon contributions to local churches.***

Our loans are made primarily to Churches and CROs. The ability of these borrowers to repay their loans generally will depend upon the contributions they receive from their members and attenders. To the extent that a Church or CRO experiences a reduction in contributions for whatever reason, its ability to repay a loan may be adversely affected. Loans to Wesleyan churches are generally guaranteed or co-signed by the Wesleyan District entity where the church is located for the benefit of the local church receiving the loan and in most instances the Districts also depend upon fluctuating contributions from the

local churches as a primary source of their revenues. We may take such guarantees and any other similar relationships into account in determining whether to make a loan to a Church or CRO. The inability of a borrower to make timely payments to us on its loan could adversely affect our ability to make interest and principal payments on the Investments.

***We are not a commercial lender.***

We should not be compared to a commercial lender. We may make loans to borrowers that are often unable to obtain financing from other commercial sources. We sometimes make loans to new or start-up Churches and CROs which, because of their small size and recent formation, may not meet commercial lending standards. In addition, because of our relationship with our borrowers, we may also be willing to accommodate partial, deferred or late payments and we have, in the past, made these accommodations in some circumstances for some borrowers.

***Not all our loans are secured.***

The loans we make have typically been secured by a first lien on the real property purchased, constructed or renovated with the funds provided by the loans or in limited cases, by Investments with the consent of the investors. However, in some cases there is no lien on the underlying property because the loans are small, are relatively short term in nature, or we already have a first lien on other real property owned by the borrowing entity. Where an unsecured loan is made to a Wesleyan church, we generally receive a guarantee of such loan by the Wesleyan District organization in which the local church is located, but this may not be true where the unsecured loans are made to non-Wesleyan Churches and CROs.

***Churches are single or limited purpose properties.***

Church properties like those that are typically the collateral for our loans are generally single or limited purpose properties and have a limited resale market. In time, this may limit our ability to liquidate our loan collateral which could adversely affect our financial condition and our ability to make interest and principal payments on the Investments.

***Our loan practices create risks related to our loans that would not exist under normal commercial loans.***

Most of the loans we make are used for the purchase of land, existing buildings, construction of new facilities or renovation of existing facilities. In some cases, there may not be a fixed-price construction contract for this work and the contractor may not be required to post a completion bond. In addition, possible delays in completion may occur due to, among other things, shortages of materials, possible strikes, acts of God or nature, war or civil unrest, acts of terrorists, delays in obtaining necessary building permits or architectural certifications, environmental regulations or fuel or energy shortages. We typically do not obtain architectural certification prior to disbursing partial construction payments and we normally rely instead on the representations of the borrower. Substantial increases in construction costs or delays in or failure to complete construction could adversely affect the borrower's ability to repay the loan. Only on rare occasions do we require an appraisal of the property that constitutes the collateral for the loan. While we typically and eventually conduct a site inspection for loans exceeding \$1,000,000 in principal amount, there can be no assurance that we will do so in all cases. In addition, we do not typically require an environmental audit before approving a loan.

***We are involved in other activities that take our time and resources away from our core operations.***

In conjunction with the loan business that we have with Churches and CROs, our employees engage in consulting with Churches and CROs as a normal consequence of the due diligence process for loans on various matters relating to finance, operations, staffing, church health, church growth, leadership training and management of a church. These activities are normally provided at minimal or no cost to Churches and CROs as a service by us. Certain of our directors and officers may also serve in a director and/or officer capacity in other organizations, including organizations affiliated with us (see “Management”).

***We could be subject to claims of liability for debts of our Affiliated Organizations.***

We are a separate legal entity from all our affiliated entities and maintain strict adherence to that legal separation, and therefore we generally are not liable for claims against our affiliated entities, including The Wesleyan Church. However, in the event of claims against our affiliates, the claimants might contend that we are also liable. If such a claim were made, we would vigorously defend against it. If such a claim were made and upheld, depending upon the claim, our financial condition could be negatively affected.

***There is no charitable deduction for making an Investment and interest is taxable to investors as ordinary income.***

You will not receive a charitable deduction for making an Investment. Interest paid or payable on the Investments will be taxable to you as ordinary income regardless of whether the interest is paid to you or reinvested in your account.

### ***Investment Risks***

We may from time to time invest proceeds of the offering or other assets that are not used to make loans or cover other expenses in various securities, other financial instruments, property or other capital assets. See “Financing and Operational Activities—Short-Term and Other Investments.” These investments are subject to the same market and investment risks experienced by investors generally, and declines in the market values of those investments would result in realized or unrealized losses to us. In addition, our deposits and investments might not be made in investments covered by FDIC and SIPC, or our investments may exceed FDIC and SIPC account limits and may not, therefore, be protected by those insurance programs. There may also be periods of time when we are unable to obtain an average return on our investments and loans that is greater than our average interest payment obligations. There are also risks involved in specific transactions or arrangements, such as loan securitizations, undertaken or entered into. We are not and have not been involved in any securitizations as of the date of this Offering Circular. If we decide it is in its best interest to do so, we may securitize up to 10% of our loan portfolio only if the loans are securitized and sold on a non-recourse basis predominantly to entities not affiliated with us, the use of such loan proceeds are within the parameters set forth in the section “Use of Proceeds” in this Offering Circular, and the securitization does not hinder our ability to repay the principal and interest on the Investments.

## **HISTORY AND OPERATIONS**

We are an Indiana nonprofit corporation incorporated under the name of Wesleyan Investment Foundation, Inc. in 1960. However, we have been in continuous business through predecessor entities since 1946. Our principal office is presently located at 13300 Olivo Road, Fishers, Indiana, 46037. Our mailing address is P.O. Box 7250, Fishers, Indiana 46038, and our telephone number is 317-774-7300.

We have no shareholders or members and our affairs are administered by our Board of Directors in accordance with our Articles of Incorporation and our Bylaws and operating policies adopted by our Board of Directors, CEO or management. Our Board of Directors is elected by the General Board of The Wesleyan Church and meets regularly one time per year. Our Board transacts business at other times during the year by telephone conference call, video conference call, facsimile transmission, regular mail or by electronic mail. Purchasing Investments does not entitle you to an equity interest in us and does not give you the right to vote on or participate in any corporate meetings or matters.

We are organized and operated exclusively for charitable and religious purposes and we are a tax exempt entity under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. No part of our net earnings inures to the benefit of any person or individual. Our primary purpose and operations are providing loan assistance to Churches and CROs for various capital projects and building programs.

Wesleyan Investment Foundation (in name) was started in 1959 when the Church Builder's Revolving Fund of the Wesleyan Methodist Church changed its name to Wesleyan Investment Foundation. The predecessor body of the Church Builder's Revolving Fund of the Wesleyan Methodist Church was started in 1955 as a response to churches that were experiencing difficulty in obtaining financing for church building projects from local banks. We continue to serve that purpose today by providing financing primarily for Churches and CROs and their capital projects and general purchasing needs so that these Churches and CROs can fulfill the vision of reaching their communities for Christ. From time to time, we have sought to further that goal by aligning ourselves with like-minded Churches and CROs. The first of these activities occurred in 1968, when a CRO affiliated with The Pilgrim Holiness Church started in 1946 merged with and into us.

In order to obtain funds to provide loan assistance to Churches and CROs, we make available the Investments in all jurisdictions throughout the United States and U.S. territories. For a more detailed description of the offering, see "Description of the Investments" and "Plan of Distribution."

We occasionally purchase land and buildings for investment purposes. We also occasionally purchase land for purposes of holding the land for sale for future church development. As of August 31, 2024, we own twenty-one properties held for sale, use and/or investment purposes. Some of these parcels have buildings, dwellings or other structures on them. Our Board of Directors has a policy in place that the aggregate amount of these investments in land, buildings and investment properties will not exceed 10% of our total assets. The aggregate amount of these investments on August 31, 2024, is approximately 5% of our total assets.

Our principal office is located in the Wesleyan Investment Foundation Headquarters. Effective October 1, 2023, WIF purchased the Wesleyan Headquarters building from The Wesleyan Church. WIF intends to remain in the building and has agreed to retain The Wesleyan Church as a tenant after the purchase.

## **USE OF PROCEEDS**

We expect to use the cash proceeds from the Investments primarily to make loans to Churches and CROs to acquire, construct and remodel churches, parsonages, multi-purpose, educational buildings and other similar structures, to purchase land and to provide funds for other capital projects and expenses relating to the ministry of the Churches and CROs. Although we do not expect to use any of the proceeds generated by this offering to pay operating expenses, we may do so in the future.

We will pay for all the expenses in connection with the Investments, including printing, mailing, attorneys' fees, accountants' fees and securities registration and notice fees (if any). The expenses in

connection with the Investments are anticipated to be less than one tenth of one percent of the total amount of Investments made available.

The cash proceeds from Investments that we do not use immediately for loans or operating expenses may be invested in interest-bearing and non-interest-bearing obligations and in other investments in which a secondary market may or may not exist.

We do not anticipate using any proceeds from the Investments to meet the interest or the principal payments on the Investments. However, if amounts from our loans receivable are less than anticipated and if repayment demands on our outstanding Investments exceed our historical experience, we may use the proceeds from the Investments, along with other available funds, to meet those requirements.

We do not hire outside underwriters or selling agents to participate in the offering of Investments. We do not pay any underwriting discounts or commissions in connection with the facilitation of the Investments.

Generally, we do not earmark any of the funds invested in our Investments for certain projects, and therefore we cannot assure you that the proceeds from this offering will be used for loans to any particular state, region, denomination, district, local congregation, or Church or CRO. However, in some instances, an investor may agree (at their sole and absolute discretion) to have their Investments used as collateral for specific loan(s) made to specified Church and CROs.

## **DESCRIPTION OF THE INVESTMENTS**

### ***General***

We are making available up to \$1,500,000,000 worth of Investments. The offering may be satisfied by sales of up to \$1,500,000,000 of the Investments in any single jurisdiction or any combination of jurisdictions, subject to approval of securities regulators in each jurisdiction (to the extent approval is required). The Investments are unsecured general debt obligations and are not guaranteed by any other party.

Investments may be made in any increment, for any total principal amount of \$100.00 and above. Payment for the Investments will be made by ACH transfer. In certain circumstances, however, WIF may accept check, money order, cash, electronic wire transfer, electronic funds transfer or any other method of legal money transfer available in the United States.

Investments are not transferable, except with our consent for transfers between accounts owned by the same individual, to certain family members or upon death. No trading market for the Investments exists or will develop.

### ***Interest***

The Investments accrue interest daily from the date of receipt of the principal. We compound interest semi-annually. The interest that accrues on the principal amount of your Investment will be reinvested as principal on a semi-annual basis unless you contact WIF and request the interest be paid to you via ACH transfer. We provide semi-annual electronic statements showing the principal and accrued interest on each Investment.

The Investments have a three-tiered balance and interest amount and pay a higher interest rate for higher minimum balances maintained, as determined at each investment or withdrawal. We review the interest rates paid on our Investments every six months and at other times that we deem an adjustment is appropriate based on market and other factors. Interest rates are determined by our CEO based on

prevailing interest rate conditions in the financial markets of the United States, other factors in the general economy, and based on our business conditions and other considerations that the CEO regards as important at the time. Interest rates on the Investments as of the date of this Offering Circular are set forth on the front cover of this Offering Circular. You may call us at any time to obtain information on the current interest rates on the Investments at 317-774-7300.

### ***Redemption***

The Demand Investments have no set redemption or maturity date. You may request a full or partial redemption at any time with no fees or penalties unless you have agreed with us that we may use your Investment as security for a specific loan. You may request a redemption of your Investment by secure chat message or by calling our office during our normal business hours. Requests received Monday-Friday by 3:30 pm EST will be completed by electronic funds transfer (ACH) directly to your bank and your funds will generally be available in one business day; requests received after 3:30 pm EST or on a WIF holiday or scheduled office closure will be processed generally the following business day. Requests for a full redemption and close out of an Investment may take up to four business days.

As required by South Carolina law, residents of South Carolina, and only residents of South Carolina, may invest only in Term Investments. The Term Investments for South Carolina residents mature in 30 days from the date of issue. You may request a withdrawal at any time during the term and such withdrawal will be honored on the maturity date. If you do not request a withdrawal on or before the end of the term, your Investment will automatically roll over for an additional 30-days at the end of every 30-day term. If WIF adjusts interest rates during a 30-day term, the rates on the South Carolina Term Investment will adjust at the end of the 30-day term.

We reserve the right at any time to repay an Investment in whole or in part upon written notice to you by us. In the past, we have sometimes elected to repay Investments if the principal amount thereunder falls below \$100.00 per account.

Claims for repayment of Investments will be subordinate to claims of any of our secured creditors. Subject to rules applicable to South Carolina investors, our failure to pay principal and interest due or requested on an Investment will be a default only as to that Investment and will not be a default as to any other outstanding Investments.

We do not use a sinking fund to provide for the repayment of the Investments. Therefore, we have not set aside funds for the repayment of all the Investments. We do, however, have a policy to maintain liquid assets of not less than 8% of our outstanding Investments for the purpose of providing short-term liquidity. Our financial condition and liquidity at the time the Investment is to be repaid will affect our ability to repay the Investment.

### ***Relationship to Other Debt***

The Investments are our unsecured general debt obligations. We have no other current debt. Subject to our policy of restricting senior, secured indebtedness to 10% of our tangible assets, there are no restrictions on our ability to incur indebtedness and any such indebtedness could be secured and/or senior to the Investments. We may also from time to time offer additional Investments or other debt securities which have different terms than the Investments in this and other jurisdictions, without notifying or obtaining the consent of the holders of the Investments. If we do create any senior or secured indebtedness in the future, the amount of senior, secured indebtedness will not exceed 10% of our tangible assets.

If we liquidate or distribute our assets upon bankruptcy, reorganization or similar proceedings, payment of the Investments will be subordinate to claims of any secured creditors. All Investments will have an equivalent claim to any remaining assets.

***Book Entry System***

We have implemented a book-entry system for our Investments. Under the book-entry system, you will not receive a paper certificate evidencing your Investment. Rather, upon investing your money, your Investment is registered in your name on our books only and you will receive an electronic receipt and confirmation of your Investment in the form of a “transaction notice.” Thereafter, any additions or redemptions with respect to the same book-entry account also would be entered on our books only and you will receive further transaction notices. In addition, you will receive the normal electronic semi-annual statements regarding the status of your account as reflected in our book-entry system.



## SELECTED FINANCIAL DATA

The following table sets forth our selected financial information. We prepared this information using our audited consolidated financial statements for each of the fiscal years in the five-year period ended August 31. You should read this information with our audited consolidated financial statements and notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Offering Circular. The selected financial information does not necessarily indicate the results to be expected in the future.

<u>Assets</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash, cash equivalents, certificates of deposit and readily marketable securities	\$302,853,168	\$293,949,768	<b>\$322,842,168</b>	<b>\$438,121,010</b>	<b>\$264,549,636</b>
Total loans receivable, net	\$1,787,494,478	\$1,558,475,021	\$1,403,745,251	\$1,029,063,383	\$1,019,253,499
Amount and % of unsecured loans receivable	\$2,977,909 0.17%	\$4,149,570 0.27%	\$2,217,147 0.11%	\$4,668,577 0.45%	\$3,811,315 0.37%
Loan delinquencies as a percent of loans receivable	0.0%	0.0%	0.1%	0.0%	0.0%
Total assets	\$2,255,191,230	\$1,978,799,964	\$1,825,388,217	\$1,548,708,517	\$1,327,926,825
Total Investments payable	\$1,913,135,043	\$1,626,985,888	\$1,487,451,526	\$1,238,686,762	\$1,062,912,999
Amount of Investments redeemed during fiscal year	\$730,967,494	\$726,740,060	\$575,766,560	\$391,476,562	\$385,039,396
Other long-term debt	\$0	\$0	\$0	\$0	\$0
Net assets	\$317,932,686	\$329,155,896	\$323,799,340	\$303,135,433	\$257,043,672
Change in net assets	(\$8,111,210)	\$5,356,556	\$20,663,907	\$46,091,761	\$26,560,243

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

As of August 31, 2024, the outstanding principal balance of our Investments was \$1,913,135,043 compared to \$1,626,985,888 as of August 31, 2023. Interest rates paid on the Investments decreased during the 2024 fiscal year. There was a total of \$1,017,116,649 in principal invested and we repaid a total of \$730,967,494 during the year ended August 31, 2024. We believe that the fact that we have historically paid above market interest rates on the Investments has contributed to the net increase in Investments for the 2024 fiscal year.

Our net loan portfolio increased from \$1,558,475,021 as of August 31, 2023, to \$1,787,494,478 as of August 31, 2024. We believe that factors contributing to this increase include our service-oriented approach to customer engagement, the competitive borrowing rates that we made available to Churches and CROs in connection with loans and tightening credit markets that have made borrowing from commercial lenders difficult.

We consider a loan to be delinquent when interest or principal payments have been delinquent for over 90 days. As of August 31, 2024, there was no delinquent loans. As of August 31, 2023, there was one delinquent loan totaling \$35,249. Management credits our low delinquency experience to Churches and CROs taking their loan payment responsibility seriously, and to WIF's quick and consistent follow-up with borrowers that experience difficulty with loan payments. Our credit loss reserve was \$18,766,299 as of August 31, 2024, and \$18,000,000 as of August 31, 2023, to comply with the current policy of the Board of Directors instituted in April of 2010 that allows the reserve to be set in a range of 1% to 3% of the loan portfolio balance outstanding. As of August 31, 2024, the credit loss reserve was 1.0% of the loan portfolio, and this will be reviewed again by the management of WIF on or before August 31, 2025.

Total net assets decreased from \$329,155,896 as of August 31, 2023, to \$317,932,686 as of August 31, 2024, primarily due to two factors. First, we experienced a reduction in net interest income from \$23,618,607 for the year ended August 31, 2023 to \$6,501,452 for the year ended August 31, 2024. The reduction in net interest income is a result of the Federal Reserve approving multiple increases to the federal funds rate target range beginning in 2022 in response to inflationary pressures. Despite the rising rate environment, management made the strategic decision to continue our mission of lending to Churches and CROs throughout this period. Second, the adoption of Current Expected Credit Losses (CECL), a new accounting standard issued by the Financial Accounting Standards Board (FASB), resulted in a non-cash reduction to net assets of \$3,112,000 reflective of a reserve for expected credit losses for unfunded loan commitments.

We have a policy to maintain total liquid reserves of at least 8% of our outstanding Investments and we limit the value of available lines of credit to 2% or less of our outstanding Investments for the purpose of providing short-term liquidity if needed. As of August 31, 2024, liquid reserves were \$302,853,168, or approximately 16% of our outstanding Investments. Loan commitments that we had made but had not yet disbursed (i.e., outstanding loans to the extent we have not yet disbursed funds and lines of credit that the borrower has either not yet drawn or has drawn and repaid) were \$295,846,000 as of August 31, 2024.

### **CAPITALIZATION**

WIF is an Indiana non-member, nonprofit corporation, and does not have capital stock. Our total liabilities as of August 31, 2024, and August 31, 2023, were \$1,937,258,544 and \$1,649,644,068, respectively. The liabilities consisted primarily of the amounts payable under the Investments (i.e., principal plus accrued interest), and trust and annuities payable as shown on the consolidated financial

statements attached to this Offering Circular. As of August 31, 2024, there were outstanding Investments of \$1,913,135,043.

## **FINANCING AND OPERATIONAL ACTIVITIES**

### ***General***

We have historically generated the funds necessary for our loan operations primarily through the facilitation of Investments, loan repayments, interest earned on loans, income from other investments and contributions and donations.

### ***Outstanding Investments and Prior Year Experience***

As of August 31, 2024, investors held Investments in 14,925 accounts, with an aggregate principal balance of \$1,913,135,043. Such Investments ranged in principal amount from \$25 to \$23,667,644 and bore interest at rates ranging from 1.50% to 5.00%. During our fiscal year ended August 31, 2024, we received aggregate principal investments of \$1,017,116,649, and we repaid a total of \$730,967,494 in redemptions or partial withdrawals, equating to net investment funds received of \$286,149,155.

### ***Short-Term and Other Investments***

Funds that we do not use immediately for loans or operating expenses are invested in interest-bearing obligations and other investments. Our current policy is to maintain liquid assets (cash, interest-bearing and readily marketable equity securities) of not less than 8% of our outstanding Investments for the purpose of providing short-term liquidity. Historically, our liquid assets have been sufficient to meet normal repayment requests and commitment requirements.

The following table sets forth certain information regarding our liquid assets as of August 31, 2024:

<b><u>Description</u></b>	<b><u>Market Value</u></b>	<b><u>% of Liquid Assets</u></b>
Money market funds	\$230,543,337	76.12%
US Government & agency securities	\$1,977	.00%
Corporate bonds	\$13,751	.00%
Fixed income mutual funds	\$1,779,099	.59%
Equity mutual funds/common stocks	\$5,380,900	1.78%
Cash and Cash Equivalents	\$21,124,174	6.98%
Certificates of Deposit	\$44,009,930	14.53%
<b>Total Liquid Assets</b>	<b>\$302,853,168</b>	<b>100.00%</b>

On December 20, 2023, WIF, through a wholly owned subsidiary, invested \$10,000,000 in a technology platform company dedicated to connecting the faith-based ecosystem. WIF believes the investment will expand WIF's exposure to Churches and CROs and further WIF's mission of reaching more people for Christ. The platform is expected to enable WIF to provide additional services to Churches and CROs upon implementation. WIF believes this investment is a program-related and strategic investment, not primarily for investment purposes.

On October 17, 2023, WIF, through a wholly owned subsidiary, made an \$18,650,000 investment in a for-profit company that has developed a web-based donor platform for nonprofit

corporations, including Churches and CROs. WIF also made subsequent investments into the company of \$1,576,107 during the year ended August 31, 2024. The online platform enables donors to donate cash, stock and cryptocurrencies to nonprofits of their choice. As a result of the investment, WIF may elect a representative to the board of directors and received a non-controlling interest in the company as of the date of the investment.

Our realized and unrealized gains and losses from these liquid assets in the aggregate for each of the last three fiscal years ended August 31 are set forth below:

	2024	2023	2022
<b>Realized and unrealized gains(losses) from these investments</b>	\$(619,508)	\$257,747	\$(1,042,034)

We also maintain investments with an affiliated company located in Australia amounting to less than a quarter of 0.1% of our total assets.

The Board has adopted a policy that other investments consisting of real estate, including the Wesleyan Headquarters where WIF is located and which WIF purchased on October 1, 2023, will not exceed 10% of our total assets in aggregate.

WIF, through its wholly owned subsidiary, Westchester Properties, LLC had been holding for sale, certain assets of several wholly owned subsidiaries operating senior living facilities, including a commercial real estate mall, a 90-room assisted living facility and a 69-room independent living facility. On October 1, 2024, WIF and Westchester Properties closed on the sale of substantially all of the assets of the subsidiaries. The assets were sold to another nonprofit organization that intends to continue the business of the senior living facilities with substantially all the staff and assets that existed before the closing.

All these investments are managed by our CEO with aid and assistance from the Investment Committee, President and our other employees, utilizing the services of outside professional investment advisors when appropriate and as needed at the discretion of our CEO.

See the notes to our audited consolidated financial statements set forth elsewhere in this Offering Circular for more information regarding our Investments.

## **LENDING ACTIVITIES**

### ***General***

Our primary purpose is to provide loans to Churches and CROs. Loans we approve are used to purchase land, buy buildings, construct new worship facilities, renovate, remodel, expand and replace existing facilities, relocate existing congregations, purchase building sites, refinance existing loans or meet other capital and expense needs of the Churches and CROs. WIF uses the Investments primarily to finance loans it makes to Churches and CROs.

We provide two types of loans to Churches and CROs. “Mortgage loans” are secured by a first mortgage on the church property, either land or building, new or existing, and generally have a term between one and 30 years. “Note loans” are unsecured loans for smaller projects (typically in the \$5,000 to \$200,000 range) and typically have a term of between one and five years.

As of August 1, 2024, of the total principal amount of loans outstanding, approximately 99% were first mortgage loans, and less than 1% were note loans. Currently, we have a policy which restricts the percentage of unsecured note loans to 10% or less of WIF's total loans outstanding.

### ***Loan Policies***

All loans to Churches and CROs are made pursuant to our loan guidelines and formal loan review process. A church or organization requests a loan from us by submitting an application. At the time a loan application is submitted, the applicant is required to provide several items related to the proposed project, its financial condition and the proposed collateral. Some of these items may include (where applicable) the resolution of the Church or CRO detailing approval of the loan, the resolution of the District Board of Administration, District Advisory Board, Conference, Denomination or body having jurisdiction over the Church or CRO (if any), and approval and certification of the willingness of the overseeing authority to co-sign the note (if required and/or available), the Church or CRO's most recent consolidated financial statements for the past two years and current year to date, and the Church or CRO's current budget. Other requirements may be made at the discretion of our staff. All loans to Wesleyan churches require District co-signatures. Some loans to non-Wesleyan churches require a different body to guarantee or co-sign, and some require no guarantee or co-signature.

We approve or disapprove each loan application based on some or all of the following factors: the current financial position of the Church or CRO, the size and scope of the project, an analysis of the overall value of the project, the perceived ability of the Church or CRO to repay the loan, the amount of funds that the Church or CRO has or will commit to raise for the project, the size of the congregation, the length of tenure of the Pastor and Pastoral Staff, quality of pastoral and lay leadership and various other tangible and intangible items such as the vision of Church or CRO leadership for use of the project for ministry, and the expressed commitment of organization's leaders to the project. In addition, our CEO or our staff may require additional information or assurances from the prospective borrower as needed.

We may or may not require surveys, appraisals, or environmental audits relating to the property. The maximum loan to a single borrower is generally limited to an amount which would not require annual debt payments, taking into account all outstanding indebtedness of the borrower, to be greater than 40% of the total anticipated annual revenues available to that borrower. We typically do not provide financing for the entire project, but instead require that the Church or CRO provide a portion of the financing through member contributions. The amount of such contribution is set by our loan staff on a case-by-case basis. Exceptions to these general requirements are frequently made for new churches, church planting projects, re-started churches, and other situations, all at the discretion of our CEO.

Loans may be made for terms ranging up to 30 years at our then-current interest rate. Interest rates are set on a loan-by-loan basis and are generally based on comparable rates available to commercial borrowers on the open market in the geographic area of the loan location at the time of the loan. Interest rates may be adjusted on a regular basis, subject to the terms of each loan. We generally require payment of principal and interest on all loans in equal monthly installments, but provisions are made on some loans for interest only arrangements for a period of time, or for partial payments of interest and/or principal for a period of time. Loans may generally be prepaid at any time, but pre-payment penalties may apply. We generally require title insurance or an attorney's opinion of title where title insurance is not available, and we require standard form fire and extended coverage insurance that names WIF as a mortgagee and/or an additional insured on all mortgage loans.

We generally charge a standard loan service fee for each loan of up to 1% of the principal amount of the loan.

Our Board of Directors and/or our CEO determine our general loan policies and may revise them from time to time. Therefore, we cannot assure you that the loan policies described above will not be changed.

### ***Mortgage Loans***

As of August 31, 2024, we had outstanding mortgage loans with gross balances receivable aggregating \$1,800,572,428. The current principal amounts of these loans, which are secured by first mortgages on property located in all 50 states and Washington D.C., ranged from \$500 to \$52,826,690, with interest rates ranging from 3.50% to 10.50%. The weighted average of the interest rates on both mortgage loans and note loans as of August 31, 2024, was 5.94%. During the year ended August 31, 2024, interest earned on mortgage and note loans totaled \$91,177,105 and the amount of principal paid on both types of loans totaled \$172,661,197. This number represents both principal repaid on notes and mortgages in the ordinary course of loan payments, prepayments in advance of scheduled payments and principal payments made in conjunction with refinancing of a loan.

The following table reflects approximate mortgage loan principal maturities due in the ordinary course of repayment during the periods indicated:

<b><u>Year Ending August 31</u></b>	<b><u>Principal Maturing</u></b>
2025	\$100,206,630
2026	\$106,322,588
2027	\$112,811,824
2028	\$119,456,979
2029	\$126,987,994
After 2029	\$1,234,786,413

We have historically refinanced a substantial portion of our loans and have received substantial principal prepayments on a number of un-matured loans each year. Therefore, the amount shown as maturing may vary from the principal repayments that we actually receive.

### ***Note Loans***

As of August 31, 2024, we had 25 outstanding note loans aggregating \$2,977,909. The current principal amounts of each of these loans ranged from \$7,170 to \$1,372,995, with interest rates ranging from 4.95% to 10.50%. The weighted average of the interest rates on note loans as of August 31, 2024, was 7.74%. There is no restricted reserve fund for payment of note loans. The interest earned on note loans is not tracked separately by WIF, and the interest earned on note loans is part of the total interest earned for both mortgage and note loans during the 2024 fiscal year.

### ***Participation Loans***

As of August 31, 2024, we had 2 participation loans representing a 49% participation purchased from a lead participant with interest rates ranging from 4.60% to 4.75%.

### ***Outstanding Loans Receivable***

The table below shows the categories of outstanding loans the Investments funded as of August 31, 2024, the principal outstanding and an estimate of the interest receivable for each category.

<b>Type of Debt</b>	<b>Principal Outstanding</b>	<b>Accrued Interest Receivable</b>
Mortgage Loans	\$1,800,572,428	\$5,669,959
Unsecured (Note) Loans	\$2,977,909	\$19,988
Participation Loans	\$3,341,872	\$0

### ***Loan Delinquencies***

We consider a loan to be delinquent when interest or principal payments have been delinquent for over 90 days. As of August 31, 2024, there was no delinquent loans.

Due to the nature of our relationship with our borrowers, we have generally been willing to make accommodations and refinancing arrangements with borrowers whose payments are not current, including allowing interest only payments or foregoing payments of any kind for a period of time. Although no assurance is given to borrowers that we will be able or willing to refinance delinquent loans or make accommodations in response to delinquencies, we have on occasion aided borrowers in meeting their debt repayments without foreclosure. Accordingly, our delinquency experience cannot be compared to a commercial lender.

Our allowance for credit losses as of August 31, 2024, was \$18,766,299. The allowance for credit losses is based on management's continuing review and evaluation of the loan portfolio and its judgment as to the impact of economic conditions on the portfolio. The allowance balance is derived by management using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in broader economic conditions, underlying property values, or other relevant factors. This evaluation is inherently subjective and required estimates are susceptible to significant revision over time.

Our Board of Directors has established a policy that dictates that the allowance for credit losses be maintained within a range of 1% to 3% of the outstanding loans at August 31 of each year.

As of August 31, 2024, the credit loss reserve was 1.0% of the outstanding loans. We have had no loan losses incurred that were charged to the credit loss reserve during the last 24 fiscal years.

### ***Material Loans to a Single Borrower***

We consider individual loans in excess of 5% of our total assets to be material. As of August 31, 2024, there were no individual loans with outstanding principal loan balances equal to or greater than 5% of our total assets, and there were no single borrowers with outstanding principal loan balances aggregating 5% or more of our total assets.

## **OTHER ACTIVITIES**

In addition to our lending activities, we provide assistance and counseling to Churches and CROs in their planning for expansion, relocation, building and other capital projects. These services are normally rendered at minimal to no charge to the Churches and CROs. In addition, we occasionally make limited grants available to departments, organizations and entities of The Wesleyan Church and other denominations, districts, local churches, and to various other charitable organizations and entities that qualify as tax exempt under Section 501(c)(3) of the Internal Revenue Code. The amount of grants given, and the recipients of those grants are determined by our Board of Directors and/or CEO.

We also offer charitable gift annuities to individuals, other than residents of the State of Pennsylvania, who wish to receive an income stream for life or a fixed period of years with any remaining portion of a gift being designated for our general purposes and other charitable purposes at the death of the donor. In addition, we have agreed to accept charitable gift annuities on behalf of other organizations when the individuals purchasing those charitable gift annuities include us in the distribution of the remainder interest to the extent of a predetermined and pre-negotiated percentage. The amount of that percentage is set by our CEO and varies depending on the particular circumstances relating to the specific annuity. The annuity amounts are set by using a percentage of the remainder principal amount. We use the rates published by the Conference on Charitable Gift Annuities (as may be changed from time to time) as guidelines to set the payout percentage, and on occasion will set a different rate for a particular annuity at the discretion of our CEO.

We also manage and/or serve as a trustee of several charitable remainder trusts and donor advised funds on behalf of individuals, entities or estates. As the trustee of these instruments, we have a fiduciary obligation to administer the trusts and funds in accordance with the instructions of the trust and fund instruments. We may or may not receive compensation for these services and may or may not be entitled to receive a portion of the remainder interest in said trusts or funds upon the maturity of the instruments, all in accordance with the directions contained in the instruments.

## **PLAN OF DISTRIBUTION**

We do not retain, and there are not involved in the offering of the Investments, any individuals or organizations whose sole purpose is to offer or facilitate the placement of the Investments, and therefore no underwriting or facilitation agreements exist. Generally, the Investments are made available through our CEO and employees who have substantial job responsibilities other than the facilitation of the Investments, and no one receives any commission, fees or other special remuneration for or in connection with the facilitation of the Investments.

You may apply to invest in the Investments via accessing our website at [www.wifonline.com](http://www.wifonline.com) or by calling us at 317-774-7300. If you wish to open an account without printing and mailing documentation, you must review the applicable Offering Circular, complete an investment agreement online and fund the account via EFT or other electronic means. Once you have made an initial investment, you will have the ability to redeem your investment or invest more with us via the website using your customized login information or by calling us.

Alternatively, you may request that we mail or email an Offering Circular and related documentation, including an investment agreement, to you. You would review the documentation, complete an investment agreement and mail it to WIF to open an account.

In either instance, if you wish to make an Investment, you must complete the investment agreement, which accompanies the Offering Circular, and deliver it to WIF, either electronically or through the mail, and fund the principal amount of your Investment. Instead of issuing a paper certificate



evidencing your Investment, we will register your Investment on our books only and send you a transaction notice.

WIF allows investors to invest in the Investments through self-directed IRAs, if desired. Upon request, the materials required for an investment through a traditional IRA and/or a Roth IRA will be distributed to you with the Offering Circular. Individuals who wish to hold their Investments in an IRA may do so through an arrangement with a third-party provider of IRAs, Goldstar Trust Company. Goldstar Trust Company, as the custodian of a self-directed IRA, invests funds with WIF as directed by the investor.

Note that special tax rules apply to IRAs. You may be charged a fee upon termination of your IRA and for other matters relating to the IRA, and withdrawals from an IRA may take a week to ten days to receive. No investor should invest through an IRA without consulting a tax advisor.

## **TAX ASPECTS**

The interest paid or accrued on the Investments is taxable as ordinary income to you in the year it is paid or accrued. Even if you reinvest interest over the life of an Investment and it is not paid until the time of redemption, you must still report the interest as income on your federal income tax returns, and state income tax returns if applicable, as it is earned over the life of the Investment. We will notify you of interest earned each year on your Investment by providing you a Form 1099 or comparable form by January 31 of each following year. We may withhold federal income tax from each payment of interest if you fail to provide us with your social security number (for individuals) or employer identification number (for entities) when you make an Investment or if we are notified that you have underreported your income to the Internal Revenue Service.

You will not be entitled to a charitable deduction for making an Investment and you will not receive a receipt for a charitable contribution.

You should consult with your tax advisor to determine your particular federal, state, local or foreign income or other tax consequences from an investment in the Investments. This section summarizes some federal income tax consequences from making an Investment based upon the Internal Revenue Code, the regulations promulgated thereunder and existing administrative interpretations and court decisions. Future legislation, regulations, administrative interpretations or court decisions could change these authorities either prospectively or retroactively. This summary does not address all aspects of federal income taxation that may be important to you in light of your particular circumstances or if you are subject to special rules, such as rules applicable to financial institutions or tax-exempt organizations or if you are not a citizen or resident of the United States.

## **LITIGATION AND OTHER MATERIAL TRANSACTIONS**

As of the date of this Offering Circular, there is no known present, pending or threatened material legal proceeding to which we or our property is or may become a party except as set forth herein.

We must comply with the different securities laws of every state, Washington D.C. and U.S. territory in which we offer and sell Investments. Generally, we must register our Investments in each jurisdiction before we can offer securities there unless an exemption to registration applies under the laws of that jurisdiction. Most jurisdictions have automatic exemptions from registration for organizations formed solely for nonprofit purposes and that comply with guidelines laid out in the North American Securities Administrators Association's Statement of Policy Regarding Church Extension Fund Securities (the "NASAA Church Extension SOP")<sup>1</sup>. Some jurisdictions, however, require that a non-profit

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<sup>1</sup> The NASAA Church Extension SOP may be found at <http://www.nasaa.org>.

organization also notify its local securities regulator of its intent to offer exempt securities in the state, apply for exemption from registration of its securities in the jurisdiction or file a registration statement in the jurisdiction before it may sell its securities in such jurisdiction. Adherence to the NASAA Church Extension SOP made us compliant with many jurisdiction's securities laws; however, we learned in 2016 that we were not compliant in those jurisdictions that have additional notice or filing requirements. Consequently, we filed the appropriate filings in those jurisdictions.

Upon receipt of our initial securities filings in some jurisdictions, the jurisdictions' securities regulators requested additional information about our prior offers and sales of Investments. We provided all information requested and addressed any past violations through making retroactive filings, paying fines or penalties, executing consent orders, and/or conducting rescission offers, in each case as determined or recommended by the applicable securities regulator. As of the date of this Offering Circular, we have remediated all known past securities violations to the satisfaction of the applicable authorities and have been granted authority by each jurisdiction in which we previously offered securities to prospectively offer the Investments again in that jurisdiction.<sup>2</sup> Upon request, we will provide any investor with a copy of any order or similar agreement that any securities regulator has issued with respect to us. Such orders may also be available on the website of the applicable securities regulator. Set forth below is information regarding negotiations we undertook with certain states in order to remediate securities law matters during the past three years, presented in reverse chronological order in accordance with the date of final resolution of such matter:

In the State of Nebraska, we filed an initial application for registration as a broker-dealer in March of 2022 in order to maintain consistency with the broker-dealer registration in the State of Nebraska maintained by our then-affiliate, Cornerstone. As part of this registration, we disclosed the existence of unregistered offers and sales in the State of Nebraska and explained why we believed we qualified for exemption under Nebraska law and had therefore, not filed previously. After consideration of the matter, the Nebraska Department of Banking and Finance determined that no exemption was applicable and that we offered securities without registration in violation of Nebraska law. We executed a Consent Order effective April 4, 2022, under which we paid a fine of \$20,000 and reimbursed investigative fees of \$2,000. As of the date hereof, we offer and sell our securities as a registered broker-dealer in the State of Nebraska.

In the State of Washington, we filed a notice of exemption in June of 2017 and a renewal in 2018 on the basis of their non-profit issuer exemption. The Washington Department of Financial Institutions, Securities Division (the "Washington Division") approved both applications. We did not disclose the existence of past offers and sales in the State at that time. In July of 2018, the Washington Division clarified its position as to the scope of its non-profit exemption rules with respect to church extension funds. Under the Washington Division's clarification, coupled with existing laws, there was no reasonably practicable way for us to rely on either the non-profit issuer exemption or register our securities. The Washington Division's clarification affected us along with (to our knowledge) every other church extension fund operating in the State. In 2019, we filed a routine notice of exemption before learning of this statutory reinterpretation. We received no response from the Washington Division to our 2019 correspondence. Consequently, we ceased offering and selling securities in Washington upon expiration of our 2018 exemption. In 2020, the legislature in Washington revised its securities laws such that we could offer our securities under registration by qualification. Accordingly, we applied for registration of our securities. In response to that application, the Washington Division inquired into our pre-2017 sales in the State and we disclosed all known sales made in the State of Washington. In February 2021, we agreed to a consent order with the Washington Division and paid a fine of \$10,000 and

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<sup>2</sup> From time to time, a securities regulator may fail to complete their review of our securities-related applications before our authority to offer securities in such jurisdiction expires. In such an event, we pause our securities offerings in that jurisdiction until our authority has been renewed.

investigative costs of \$1,500. As of the date of this Offering Circular, our securities are registered with the Washington Division and we offer and sell our securities in Washington under the authority of such registration.

## MANAGEMENT

### *Board of Directors*

Our affairs are governed by our Board of Directors. Pursuant to our By-Laws, our Board of Directors consists of eleven directors, the majority of whom must be members in good standing with The Wesleyan Church and one of whom must be the then-current CEO of WIF. Currently, we have ten individuals serving on the Board of Directors, with one vacancy. Our CEO currently serves as both a director and Chairman of the Board of Directors. The remaining 10 members of our Board of Directors are elected by the General Board of The Wesleyan Church from nomination(s) presented by our CEO. Directors may be removed for cause by a majority vote of the General Board of The Wesleyan Church. Our Board members typically are elected for four-year terms, and there are no term limits for serving on our Board. The Board of Directors elects a CEO and Chairman of the Board of Directors. The Board of Directors or the CEO appoints a Secretary and such other officer positions as the foregoing Board of Directors or the CEO see fit. Officers serve until the earlier of the time such person's successor is elected and qualified, such person's resignation or such person's removal.

Our Board meets regularly at least once each year and at other times as called by the Chairman. Business which requires a vote by the Board of Directors may be handled by phone, in writing, by e-mail or other type of electronic communication or media.

An Executive Committee of the Board of Directors is vested with the authority to exercise the powers of the Board of Directors in the management of the business of WIF between meetings of the Board of Directors. The Executive Committee consists of our Chairman, Vice-Chairman and Secretary.

An Audit Committee of the Board of Directors represents and assists the Board in fulfilling its oversight responsibility relating to the integrity of the consolidated financial statements and the financial reporting process, the systems of internal accounting and financial controls, the annual independent audit of the consolidated financial statements, and the independent auditors' qualifications and independence. Current members of the Audit Committee are Mr. James E. Perry, Mr. Kevin Batman, Mr. Lee Domingue and Mr. Craig A. Dunn.

A Compensation Committee of the Board of Directors represents and assists the Board in fulfilling its responsibility in setting the compensation of the CEO. The salary and other compensation of the CEO is reviewed by the Board of Directors at the annual meeting. Any changes are based on the recommendation of the Compensation Committee. Current members of the Compensation Committee are Mr. James E. Perry and Mr. Kevin Batman.

The Board established an Investment Committee to review investments by WIF. The current members of the Investment Committee are Mr. Craig A. Dunn, Mr. Lee Domingue and Mr. Kevin Batman.

As of the date of this Offering Circular, our Board of Directors consists of the following individuals:

*Mr. Kevin Batman*, Fishers, Indiana. Member of the Board of Directors, Executive Committee, Audit Committee, Compensation Committee and Assistant Secretary of WIF. Born May 30, 1960. Treasurer of World Hope International, Inc., Alexandria, Virginia; Treasurer ex officio of Wesleyan Pension Fund, Inc. Retired General Treasurer of The Wesleyan Church Corp. from 2007 to August 31,

2024. Previously served as Secretary and Treasurer of Needham-Storey Funeral Services, Inc., Marion, Indiana. Director since 2007 and current term expires in November 2026.

*Rev. Shawn Cossin*, Moline, Illinois. Member of the Board of Directors of WIF. Born April 14, 1971. Currently employed as Leadership Development Specialist with the Texas Department of Public Safety. Previously served as the Senior Pastor of Heritage Church, Moline, Illinois, from 2013 to 2021. Member of the Board of Trustees of Indiana Wesleyan University, Marion, Indiana. Previously served as Senior Pastor of Sandy Lake Wesleyan Church, Sandy Lake, Pennsylvania. Director of WIF since 2020 and current term expires in November of 2025.

*W. Lee Domingue, Sr.*, Birmingham, Alabama. Member of the Board of Directors, Investment Committee and Audit Committee of WIF. Born May 26, 1964. Inventor, author/speaker and entrepreneur with over 35 years of automotive finance, banking compliance, technology, risk mitigation and process solutions experience. Former CEO – Indirect Lending of Wolters Kluwer Financial Services, Inc. Founder of Cyrus Partners, Kingdom Builders, US, Inc., and Trafficking Hope Campaign, former pastor and CEO of Growleader, L.L.C. Director since November 2022 and current term expires in November 2028.

*Rev. Oliver B. Dongell*, Brevard, North Carolina. Member of the Board of Directors of WIF. Born February 26, 1953. Currently serves as Senior Pastor of Brevard Wesleyan Church, Brevard, North Carolina since 2022. Previously served as Senior Pastor of Plymouth Wesleyan Church, Plymouth, Indiana from 2004 to 2022. Director since 1993 and current term expires in November 2027.

*Craig A. Dunn*, Fishers, Indiana. CEO, Chairman of the Board of Directors, President, member of the Executive Committee, Investment Committee and Audit Committee of WIF. Born August 31, 1960, earned a Bachelor of Science from Oklahoma Wesleyan University and a Juris Doctorate from Indiana University. Employed as CEO by the Board of Directors of WIF on September 1, 2000, and recently re-elected for an additional term of one year beginning January 1, 2025, and ending December 31, 2025. Elected as Chairman of the WIF Board of Directors and President in October 2014. Also serves as CEO, Member of the Board of Directors, member of the Audit Committee, Investment Committee and Executive Committee for Wesleyan Pension Fund, Inc., since January 1, 2003, for a current 4-year term expiring May 31, 2026. Previously served The Wesleyan Church as Assistant General Secretary from May 18, 1987, to August 31, 2000. Dr. Dunn is the son of Dr. John A. Dunn, who was the former CEO of Wesleyan Investment Foundation for 25 years from 1976 to 2000.

*Rev. Claudia Smith Dupin*, Jenison, Michigan. Member of the Board of Directors of WIF. Born May 4, 1952. Currently retired. Previously served as the Executive Pastor of Daybreak Church, Hudsonville, Michigan from 1989. She is the co-founder of Daybreak Church. Member of the Board of Never The Same (a national youth ministry organization) since 2018. Director since 2020 and current term expires in November of 2025.

*Rev. Kevin Myers*, Lawrenceville, Georgia. Member of the Board of Directors of WIF, Vice Chairman of the Board. Born July 9, 1961. Currently retired. Formerly served as the Senior Pastor of 12Stone Church, Lawrenceville, Georgia, from 1997 to 2023. Member of the Board of Trustees of Indiana Wesleyan University, Marion, Indiana and member of the Board of Trustees of Southern Wesleyan University, Central, South Carolina. Director since 2016 and current term expires in November of 2028.

*Mr. James E. Perry*, Enid, Oklahoma. Member of the Board of Directors, Compensation Committee and Audit Committee of WIF. Born May 16, 1949. Former Director of John W. Clark Sand and Gravel, Inc., a trucking company. Currently self-employed as a Certified Public Accountant. Serves

as Treasurer of the Tri-State District of The Wesleyan Church and as Treasurer of Cedar Ridge Wesleyan Church, Enid, Oklahoma. Director since 1992 and current term expires in November 2028.

*Rev. Ed Rotz*, Topeka, Kansas. Member of the Board of Directors of WIF. Born March 16, 1951. Retired and formerly employed as the District Superintendent of the Kansas District of The Wesleyan Church since 2007. Previously served as Senior Pastor of the Fairlawn Heights Wesleyan Church in Topeka, Kansas. Director since 2004, and current term expires in November 2027.

*Rev. Darryn Scheske*, Indianapolis, Indiana. Member of the Board of Directors and Secretary of WIF. Born July 28, 1970. Currently serves as the Senior Pastor of Heartland Church, Indianapolis, Indiana, since he founded the Church in 2001. Also serves as Chairman of Converge, on the District Boards of Converge MidAmerica, Converge Southeast, and Converge Caribbean. Director since 2022 and current term expires in November of 2026.

Currently, one seat on the Board of Directors is vacant.

### ***Officers***

We have two executive officers: Craig A. Dunn, Chief Executive Officer; C. Norwood Davis, President. Other officers include David Harbeck, Chief Financial Officer, Rev. Darryn Scheske, Secretary and Kevin Batman, Assistant Secretary. The biographies of those officers not currently serving on the Board of Directors are listed below:

*C. Norwood Davis, President.* Norwood Davis was appointed to the position of President of WIF effective January 1, 2024. Mr. Davis had served on the Board of Directors of WIF from 2018 to 2022. He joined WIF as Chief Strategy Officer in 2022. Before he joined WIF full-time, he served as Chief Financial Officer of 12Stone Church in Lawrenceville, Georgia from 2005 to 2022. Mr. Davis previously served in various leadership positions at Duke Energy, a global energy company, from 1991 to 2003. He served as a Managing Director with Maximum Impact, Inc., a leadership development company from 2003 – 2004. Mr. Davis has extensive not-for-profit board experience, including with Northside Hospital, Inc. where he served on the Finance and Audit Committee. He currently serves on the boards of EQUIP Leadership, Inc., as Treasurer and chair of its Audit Committee. He also serves on the board of Capital City Home Loans, Inc. He graduated with honors from The Citadel and earned his MBA from The Babcock School of Management at Wake Forest University.

*David Harbeck, Chief Financial Officer.* David Harbeck assumed the role of Chief Financial Officer at WIF on March 1, 2024. He began working at WIF as the Director of Finance on June 7, 2021 after working for Crowe, LLP, a national public accounting and consulting firm from 2010 to 2021 where he served not-for-profit organizations and financial institutions. He is the chairperson of the Financial Oversight Team of his church and is a Certified Public Accountant. He received his bachelor's degree from Indiana University where he majored in Accounting and Technology Management and minored in Criminal Justice.

Including the officers listed above, we have thirty-seven full-time employees. Other employees include: Senior Vice President of Loans and Assets (1); General Counsel (1); Senior Vice President of Church Loans (1); Director Loan Operations (1); Senior Loan Officers (4); Senior Loan Managers (3); Loan Managers (3); Credit Analyst (1); Vice President of Investments and Operations (1); Director of Investments (1); Account Managers (5); Director of Financial Systems (1); Finance Manager (1); Vice President of Business Development (1); Relationship Manager (2); Director of Marketing (1); Director of Information Technology (1); Office Communications Manager (1); Executive Assistants (2); Office Logistics Manager (1); and Special Advisor (1).

Management anticipates that some new employees may be added within the next twelve months in order to assist with increased demand for loans, Investments and other business.

### ***Compensation***

The members of our Board of Directors receive reimbursement for expenses incurred in attending Board meetings and for any other direct expenses they incur while providing us service to at the request of our CEO. Expenses are reimbursed at actual cost and at the IRS approved reimbursement rate for mileage. Except for the CEO, who is paid a salary by WIF for his services as CEO, members of our Board receive no other compensation from WIF and are paid no salary, fee or stipend for their services as a Board member.

Our CEO, who was also elected to serve as Chairman of our Board of Directors, was appointed by the Board of Directors as CEO to oversee our day-to-day operations and management and to employ, oversee and manage our office staff. During our fiscal year ended August 31, 2024, we paid salary and other compensation and benefits to our executive officers of \$1,911,458 in the aggregate. For the current fiscal year ending August 31, 2025, we expect to pay salary and other compensation and benefits to our executive officers of approximately \$2,123,000 in the aggregate. Although our officers receive a salary and other compensation and benefits for their services as our employees, they do not receive any commissions, discounts or other forms of remuneration in connection with the facilitation and placement of the Investments.

### ***Executive Officer Compensation***

The table below sets forth executive compensation for our executives as of August 31, 2024, and expected for fiscal year August 2025.

<b>Executive Officer Name</b>	<b>Title</b>	<b>FY 2023 Actual Remuneration</b>	<b>Expected FY 2024 Remuneration</b>
Craig A. Dunn	CEO/President	\$1,400,000	\$1,400,000
C. Norwood Davis	President (as of 1.1.2024)	\$511,458	\$723,000
<b>TOTALS</b>		<u><b>\$1,911,458</b></u>	<u><b>\$2,123,000</b></u>

Our Board of Directors hired our CEO on September 1, 2000, and has extended his employment contract for successive four-year terms since that time. The Board of Directors extended his employment contract for a final term, expiring December 31, 2025, at which time Mr. Dunn intends to retire. It is anticipated that Mr. Davis will then be elected to the dual role of CEO and President. It is also anticipated that Mr. Dunn will be elected to remain on the WIF Board of Directors and to serve as Executive Chairman of the Board after his retirement from the CEO position.

There is no written employment agreement, but a legal obligation exists for employment of the CEO with salary, benefits and other compensation through December 31, 2025. None of our other employees have employment agreements with us, and each of them serves on an “at will” basis at the discretion of our CEO.

### ***Certain Transactions***

We made grants to various Churches and CROs in the 2024 fiscal year in the aggregate amount of \$4,043,007. Effective October 1, 2023, WIF purchased the Wesleyan Headquarters building from The Wesleyan Church. WIF intends to remain in the building and has agreed to retain The Wesleyan Church as a tenant after the purchase.

Our executive officers and directors had aggregate Investments in WIF of \$6,402,050 and \$5,979,928 as of August 31, 2024, and 2023, respectively. All Investments made by our directors and executive officers have been made on the same terms as those available to all other investors at that time. Maximum investment amounts may be set for these individuals by our CEO on the same basis as all other investors. Our CEO may refuse investments from any investor in his discretion, or over a limit set in his discretion as sound business decisions would dictate.

The table below sets forth the Investments held by our executive officers and directors as of August 31, 2024:

<b>Category of Investor</b>	<b>Investment Amount</b>	<b>% of All Investments</b>
Directors and Executive Officers	\$6,402,050	00.33%
All Other Investors	\$1,906,732,993	99.67%
<b>TOTALS</b>	<b>\$1,913,135,043</b>	<b>100.00%</b>

In the past, and currently, we have made, or have outstanding, numerous loans to Churches and CROs. Some of these loans have been made to congregations and other organizations whose officers and clergy included our officers or members of our Board of Directors. Such loans in all instances have been made in the ordinary course of business and at the prevailing terms and interest rates available to similarly situated borrowers at the time of the origination of the loans, and the affected officers or directors took no part in the final decisions relating to such loans. We have instituted a Conflict of Interest Policy to ensure that transactions between or among us, our directors and/or executive officers, immediate family thereof, and any other person who controls, is controlled by, or is under common control with us are conducted on an arm's length transaction standard. This policy provides, among other matters, that our Board of Directors may not approve a transaction if the transaction is less favorable to us than a similar transaction that we could have executed with an unaffiliated third party.

## **LEGAL MATTERS**

Taft Stettinius & Hollister LLP, One Indiana Square, Suite 3500, Indianapolis, Indiana 46204, has advised us on certain legal matters relating to the Investments and this Offering Circular.

## **INDEPENDENT AUDITORS**

Our audited consolidated financial statements as of and for the fiscal years ended August 31, 2024 and August 31, 2023, which are included hereafter in this Offering Circular, have been audited by Crowe, LLP, 9600 Brownsboro Road, #400, Louisville, KY 40241, independent auditors, as stated in their reports appearing herein.

For exempt offering documents with which an auditor is involved that are initially distributed, circulated, or submitted on or after June 15, 2018, Statement on Auditing Standards No. 133, Auditor Involvement with Exempt Offering Documents, addresses an auditor's responsibilities when the auditor's report on financial statements is included in the offering and the auditor reads the exempt offering document at the issuer's request.

## INDEPENDENT AUDITOR'S INCLUSION LETTER

We agree to the inclusion in the 2024 Offering Circular dated November 21, 2024 of our report, dated October 1, 2024, on our audit of the consolidated statements of financial position as of August 31, 2024 and 2023, and the related consolidated statements of activities and cash flows for the period ended August 31, 2024 and 2023, of Wesleyan Investment Foundation.

  
Crowe LLP

Louisville, Kentucky  
November 21, 2024



**WESLEYAN INVESTMENT FOUNDATION, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

August 31, 2024 and 2023

WESLEYAN INVESTMENT FOUNDATION, INC.  
Fishers, Indiana

CONSOLIDATED FINANCIAL STATEMENTS  
August 31, 2024 and 2023

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Wesleyan Investment Foundation, Inc.  
Fishers, Indiana

***Opinion***

We have audited the consolidated financial statements of Wesleyan Investment Foundation, Inc., which comprise the consolidated statements of financial position as of August 31, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Wesleyan Investment Foundation, Inc. as of August 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit 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 Wesleyan Investment Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter***

As discussed in Note 1 to the consolidated financial statements, Wesleyan Investment Foundation, Inc. has changed its method of accounting for credit losses effective September 1, 2023 due to the adoption of Financial Accounting Standards Board (FASB) Accounting Standards Codification No. 326, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit losses on Financial Instruments. Wesleyan Investment Foundation, Inc. adopted the new credit loss standard using the modified retrospective method such that prior period amounts are not adjusted and continue to be reported in accordance with previously applicable generally accepted accounting principles. Our opinion is not modified with respect to this matter.

***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.

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(Continued)

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 Wesleyan Investment Foundation 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 Wesleyan Investment Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wesleyan Investment Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

  
Crowe LLP

Louisville, Kentucky  
October 1, 2024

WESLEYAN INVESTMENT FOUNDATION, INC.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
August 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 21,124,174	\$ 17,418,991
Certificates of deposit	44,009,930	45,936,240
Investments	237,719,064	230,594,537
Other investments	28,914,669	-
Loans, net	1,787,494,478	1,558,475,021
Accrued interest receivable	5,689,947	4,769,493
Deposit with foreign affiliate	801,677	785,210
Real estate held for investment	91,074,921	89,819,373
Assets held for sale	22,743,767	22,743,767
Premises and equipment, net	7,887,639	-
Other assets	484,733	-
Goodwill	<u>7,246,231</u>	<u>8,257,332</u>
Total assets	<u>\$ 2,255,191,230</u>	<u>\$ 1,978,799,964</u>
<b>LIABILITIES</b>		
Demand and term investments	\$ 1,913,135,043	\$ 1,626,985,888
Accrued interest payable	15,625,233	15,254,631
Trust accounts and annuities payable	3,779,268	3,803,549
Reserve for unfunded commitments	2,919,000	-
Accrued contingent consideration for acquisition	<u>1,800,000</u>	<u>3,600,000</u>
Total liabilities	<u>1,937,258,544</u>	<u>1,649,644,068</u>
<b>NET ASSETS</b>		
Without donor restrictions	310,173,108	321,640,170
With donor restrictions	<u>7,759,578</u>	<u>7,515,726</u>
Total net assets	<u>317,932,686</u>	<u>329,155,896</u>
Total liabilities and net assets	<u>\$ 2,255,191,230</u>	<u>\$ 1,978,799,964</u>

See accompanying notes to consolidated financial statements.

WESLEYAN INVESTMENT FOUNDATION, INC.  
CONSOLIDATED STATEMENT OF ACTIVITIES  
Year ended August 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, gains and other support</b>			
Interest and dividend income	\$ 106,990,536	\$ 538,510	\$ 107,529,046
Loan fees	1,567,882	-	1,567,882
Net realized and unrealized loss	(619,508)	-	(619,508)
Net currency translation adjustments	30,778	-	30,778
Other	<u>4,203,215</u>	<u>-</u>	<u>4,203,215</u>
	112,172,903	538,510	112,711,413
Net assets released from restriction	<u>294,658</u>	<u>(294,658)</u>	<u>-</u>
Total revenue, gains and other support	<u>112,467,561</u>	<u>243,852</u>	<u>112,711,413</u>
<b>Expenses</b>			
Interest	101,027,594	-	101,027,594
Salaries, payroll taxes and benefits	9,329,877	-	9,329,877
Grants	4,043,007	-	4,043,007
Travel	2,906,145	-	2,906,145
Office expenses	1,608,030	-	1,608,030
Amortization of goodwill	1,011,101	-	1,011,101
Other operating expenses	<u>1,881,978</u>	<u>-</u>	<u>1,881,978</u>
Total expenses	<u>121,807,732</u>	<u>-</u>	<u>121,807,732</u>
Change in net assets from continuing operations	(9,340,171)	243,852	(9,096,319)
Gain on discontinued operations	<u>985,109</u>	<u>-</u>	<u>985,109</u>
Change in net assets	(8,355,062)	243,852	(8,111,210)
Net assets, beginning of year	321,640,170	7,515,726	329,155,896
Change in accounting standard (Note 1)	<u>(3,112,000)</u>	<u>-</u>	<u>(3,112,000)</u>
Net assets, beginning of year (as adjusted)	<u>318,528,170</u>	<u>7,515,726</u>	<u>326,043,896</u>
<b>Net assets, end of year</b>	<u>\$ 310,173,108</u>	<u>\$ 7,759,578</u>	<u>\$ 317,932,686</u>

See accompanying notes to consolidated financial statements.

WESLEYAN INVESTMENT FOUNDATION, INC.  
CONSOLIDATED STATEMENT OF ACTIVITIES  
Year ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, gains and other support</b>			
Interest and dividend income	\$ 76,935,194	\$ 119,000	\$ 77,054,194
Loan fees	1,314,876	-	1,314,876
Bequests and gifts	13,229	-	13,229
Net realized and unrealized gain	257,747	-	257,747
Net currency translation adjustments	(346,677)	-	(346,677)
Other	<u>1,006,264</u>	<u>-</u>	<u>1,006,264</u>
	79,180,633	119,000	79,299,633
Net assets released from restriction	<u>97,100</u>	<u>(97,100)</u>	<u>-</u>
Total revenue, gains and other support	<u>79,277,733</u>	<u>21,900</u>	<u>79,299,633</u>
<b>Expenses</b>			
Interest	53,435,587	-	53,435,587
Salaries, payroll taxes and benefits	7,209,543	-	7,209,543
Grants	5,945,413	-	5,945,413
Travel	2,720,933	-	2,720,933
Office expenses	1,534,657	-	1,534,657
Amortization of goodwill	1,011,101	-	1,011,101
Other operating expenses	<u>1,517,119</u>	<u>-</u>	<u>1,517,119</u>
Total expenses	<u>73,374,353</u>	<u>-</u>	<u>73,374,353</u>
Change in net assets from continuing operations	5,903,380	21,900	5,925,280
Loss on discontinued operations	<u>(568,724)</u>	<u>-</u>	<u>(568,724)</u>
Change in net assets	5,334,656	21,900	5,356,556
Net assets, beginning of year	<u>316,305,514</u>	<u>7,493,826</u>	<u>323,799,340</u>
<b>Net assets, end of year</b>	<u>\$ 321,640,170</u>	<u>\$ 7,515,726</u>	<u>\$ 329,155,896</u>

See accompanying notes to consolidated financial statements.

WESLEYAN INVESTMENT FOUNDATION, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years ended August 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ (8,111,210)	\$ 5,356,556
Items not requiring (providing) operating activities cash flows		
Amortization of goodwill	1,011,101	1,011,101
Depreciation	337,361	-
Accretion of purchased loan discount	(56,907)	(106,077)
Non-cash grant of real estate	-	704,616
Net realized and unrealized (gain)/loss on investments	619,508	(257,747)
Net currency translation adjustments	(30,778)	346,677
Gain on sale of real estate held for sale	(470,324)	-
Changes in		
Accrued interest receivable	(920,454)	(1,250,584)
Other assets	(484,733)	-
Accrued interest payable	<u>370,602</u>	<u>10,343,070</u>
Net cash (used in) provided by operating activities	(7,735,834)	16,147,612
<b>Cash flows from investing activities</b>		
Net change in certificates of deposit	1,926,310	3,538,817
Proceeds from sales of real estate held for investment	1,952,188	440,235
Purchases of real estate held for investment	(2,737,412)	(12,721,699)
Net change in deposit with foreign affiliate	(16,467)	(16,711)
Net increase in loans	(229,124,772)	(170,711,705)
Purchases of investments	(257,656,298)	(305,730,984)
Purchases of other investments	(30,226,107)	-
Proceeds from disposition of investments	251,223,701	331,010,619
Purchases of premises and equipment	(8,225,000)	-
Payment of contingent acquisition consideration	<u>(1,800,000)</u>	<u>(1,800,000)</u>
Net cash used in investing activities	(274,683,857)	(155,991,428)
<b>Cash flows from financing activities</b>		
Net increase in demand and term investments	286,149,155	139,534,362
Net change in trust accounts and annuities payable	<u>(24,281)</u>	<u>(22,241)</u>
Net cash provided by financing activities	<u>286,124,874</u>	<u>139,512,121</u>
Net change in cash and cash equivalents	3,705,183	(331,695)
Cash and cash equivalents, beginning of year	<u>17,418,991</u>	<u>17,750,686</u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 21,124,174</b></u>	<u><b>\$ 17,418,991</b></u>
Supplemental cash flows information		
Interest paid	\$ 100,656,992	\$ 43,092,517
Non-cash transactions		
Reserve for unfunded commitments through change in accounting standard (Note 1)	\$ 3,112,000	\$ -
Assets held for sale acquired through agreement or deed in lieu of foreclosure	-	15,741,335
Grant of real estate	-	704,616

See Note 15 regarding non-cash transactions from assets held for sale.

See accompanying notes to consolidated financial statements.



WESLEYAN INVESTMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
August 31, 2024 and 2023

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**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations: Wesleyan Investment Foundation, Inc. (Foundation) was incorporated as a not-for-profit organization in February 1960 under the laws of the state of Indiana. The Foundation, and its wholly-owned subsidiaries, Wesleyan Capital, Inc., Westchester Properties, LLC, Mesa Development, LLC, Tree Lane Development, LLC, Mesa Braselton, LLC, Mesa Buford, LLC, Mesa Hamilton Mills, LLC, and Mesa Jackson, LLC (collectively, Subsidiaries) is a not-for-profit corporation organized to loan funds to churches and other church-related organizations located throughout the United States and abroad for various building programs. The Subsidiaries are primarily engaged in holding real estate and other investments. The funds for these loans are obtained from investments made by individual members and affiliated organizations of the Wesleyan Church. This activity comprises the one main program of the Foundation.

On July 1, 2023, Westchester Properties, LLC became the sole corporate member of Wesleyan Arms, Inc., FWMgt., Inc., Westchester Christian Center, Inc., Providence Place Assisted Living, Inc., and PPRC Senior Living II, Inc. See Note 15.

Principles of Consolidation: The consolidated financial statements include the accounts of the Foundation and Subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Net Assets: Net assets and related activity are classified as without donor restrictions and with donor restrictions as follows:

- **Net Assets Without Donor Restrictions** - Net assets that are not subject to donor-imposed restrictions. The net asset without donor restrictions class includes general assets and liabilities of the Foundation and may be used at the discretion of management to support the Foundation's purposes and operations.
- **Net Assets With Donor Restrictions** - Net assets that are subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time or are to be maintained in perpetuity by the Foundation. Generally, the donors of assets with donor restrictions permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Cash and Cash Equivalents: The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. However, uninvested cash and cash equivalents included in short-term investment accounts are not considered to be cash and cash equivalents. As of August 31, 2024, cash equivalents exceeded federally insured limits by \$20,101,885. The Foundation monitors the credit quality of institutions in which cash and cash equivalents are held.

Cash and cash equivalents includes \$166,157 and \$518,444 of cash in foreign bank accounts as of August 31, 2024 and 2023, respectively.

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(Continued)

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

Certificates of Deposit: The Foundation monitors the credit quality of institutions in which certificates of deposit are held. Certificates of deposit are deposits at other financial institutions carried at cost plus accrued interest. Certificates of deposit as of August 31, 2024 consisted of certificates with maturity dates through April 2026 and included certificates held with a foreign bank totaling \$3,297,913.

Certificates of deposit as of August 31, 2023 consisted of certificates with maturity dates through August 2024 and included certificates held with a foreign bank totaling \$1,846,028. Certain certificates of deposit exceed FDIC insurance limits.

Equity Securities: Equity securities are carried at fair value, with changes in fair value reported in net income unless the investment qualifies for measurement under the equity method. Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment.

Investment Return: Investment return includes dividends, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value and realized gains and losses on other investments.

Investment return is reflected in the consolidated statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Loans: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are reported at their principal amount outstanding, adjusted for the allowance for credit losses. Interest income is accrued on the principal balances of loans. The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. All interest accrued but not collected that are placed on nonaccrual are reversed against interest income. The interest on these loans is accounted for on the cash basis until qualifying for return to accrual. Loans are returned to accrual status when amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Credit Losses - Loans: The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. The Foundation has elected to exclude accrued interest receivable from the amortized cost basis in its estimate of the ACL.

The Foundation estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in broader economic conditions, underlying property values, or other relevant factors.

WESLEYAN INVESTMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
August 31, 2024 and 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Foundation has identified the following portfolio segments and measures the allowance for credit losses using the following methods: denominational church, independent church, and related educational institution loans. The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The Foundation measures the allowance for credit losses using the Weighted Average Remaining Maturity (WARM) method applying comparable historical loss rates, loan maturity dates, and anticipated loan prepayment rates based upon historical trends. The following qualitative factors are also considered in determining the Foundation's expected credit losses: portfolio specific trends, general economic conditions and short-term forecasts, changes in underwriting standards, and real estate valuation trends. The Foundation incorporates short-term forecasts of key economic indicators, including unemployment rates, interest rates and credit indicators, representing a twelve month adjustment, with immediate reversion to comparable historical loss rates thereafter.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. If management determines that foreclosure is probable, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a modification will be executed with an individual borrower or the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Foundation.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures: The Foundation estimates expected credit losses over the contractual period in which the Foundation is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Foundation. The allowance for credit losses on off-balance sheet credit exposures is the reserve of unfunded commitments on the balance sheet and is adjusted through credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life.

Deposit With Foreign Affiliate: The deposit with foreign affiliate is being accounted for at cost plus reinvested earnings and is adjusted annually for the currency exchange gain or loss at year-end.

Real Estate Held for Investment: Real estate held for investment is valued at the lower of cost or fair value. These properties are held for investment or future potential sale and evaluated for impairment on a periodic basis. Net income from the operation of real estate held for investment is included in other revenue on the consolidated statement of activities.

Assets Held for Sale: Assets acquired through deed or agreement in lieu of loan foreclosure and held for sale are initially recorded at fair value less cost to sell as of the date of acquisition, establishing a new cost basis. After acquisition, valuations on assets held for sale are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less estimated cost to sell.

Revenues and expenses from the operations of real estate held for sale and changes in any valuation allowance related to real estate owned are included in the change in net assets as discontinued operations.

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(Continued)

WESLEYAN INVESTMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
August 31, 2024 and 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Premises and Equipment: Premises and equipment are carried at cost for expenditures over \$1,000,000 and an expected useful life of greater than one year. Depreciation expenses is allocated on a straight-line basis over the estimated useful lives of the assets ranging from 18 to 30 years.

Goodwill: Goodwill is being amortized on a straight-line basis over a period of 10 years from the date of the acquisition of Converge Cornerstone Fund on November 9, 2021. The Foundation evaluates goodwill for impairment on an annual basis.

Revenue Recognition: The majority of the Foundation's revenues are derived from interest income on loans, which is computed daily based on the principal amount of the loans outstanding.

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

The Foundation also recognizes certain revenues within the scope of Topic 606, *Revenue from Contracts with Customers*, as the Foundation satisfies its obligations. Revenues of this nature are included within loan fees and other revenue on the consolidated statements of activities.

Currency Translation Adjustments: Canadian loans and the deposits with foreign affiliates require annual adjustments for the currency exchange gain or loss at year-end. The net currency translation adjustments are reflected in the consolidated statements of activities.

Income Taxes: The Foundation is an affiliated entity recognized by the Wesleyan Church Corporation as being included under its Group Exemption Ruling which establishes that the Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 and, except for taxes pertaining to unrelated business income, is exempt from Federal and state income taxes. The Foundation's subsidiaries included in the reporting entity consist of entities wholly owned by the Foundation and, therefore, are disregarded for income tax purposes, separate organizations exempt under §501(c)(3). Accordingly, no provision for income taxes has been made in the consolidated financial statements. There were no income tax related interest or penalties recognized by the Foundation for the years ended August 31, 2024 and 2023. The Foundation recognizes interest and penalties related to unrecognized tax benefits, if incurred, in interest and income tax expense, respectively.

The Foundation 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 Foundation has concluded that there are no significant uncertain tax positions requiring disclosure in the consolidated financial statements as of August 31, 2024 and 2023.

Subsequent Events: Subsequent events have been evaluated through October 1, 2024, which is the date the consolidated financial statements were available to be issued.

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(Continued)

WESLEYAN INVESTMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
August 31, 2024 and 2023

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**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Adoption of New Accounting Standards:** On September 1, 2023, the Foundation adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, 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.

The Foundation adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet (OBS) credit exposures. Results for reporting periods beginning after September 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Foundation recorded a decrease to net assets without donor restrictions of \$3,112,000 as of September 1, 2023 for the cumulative effect of adopting ASC 326 representing a reserve for expected credit losses for unfunded loan commitments. As allowed by ASC 326, the Foundation elected to maintain pools of loans accounted for under ASC 310-30.

The Foundation adopted ASC 326 using the prospective transition approach for financial assets purchased with credit deterioration (PCD) that were previously classified as purchased credit impaired (PCI) and accounted for under ASC 310-30. In accordance with the standard, management did not reassess whether PCI assets met the criteria of PCD assets as of the date of adoption. On September 1, 2023, the amortized cost basis of the PCD assets were adjusted to reflect the addition of \$573,299 of the allowance for credit losses. The remaining noncredit discount (based on the adjusted amortized cost basis) will be accreted into interest income at the effective interest rate as of September 1, 2023.

The following table illustrates the impact of ASC 326.

	September 1, 2023		
	As Reported Under <u>ASC 326</u>	Pre-ASC 326 <u>Adoption</u>	Impact of ASC 326 <u>Adoption</u>
Liabilities:			
Allowance for credit losses on OBS credit exposures	\$ 3,112,000	\$ -	\$ 3,112,000

On September 1, 2023, the Foundation adopted the accounting guidance in ASU No. 2022-02 *Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings*, which eliminates the recognition and measurement of a troubled debt restructuring (TDR). Due to the removal of the TDR designation, the Foundation evaluates all loan restructurings according to the accounting guidance for loan modifications to determine if the restructuring results in a new loan or a continuation of the existing loan. Loan modifications to borrowers experiencing financial difficulty that result in a direct change in the timing or amount of contractual cash flows include situations where there is principal forgiveness, interest rate reductions, other-than-insignificant payment delays, term extensions, and combinations of these situations. The Foundation adopted ASU 2022-02 using the modified retrospective method, which resulted in no adjustment to net assets and the allowance for credit losses.

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(Continued)

WESLEYAN INVESTMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
August 31, 2024 and 2023

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**NOTE 2 – INVESTMENTS AND INVESTMENT RETURN**

The Foundation's investments as of August 31 consisted of the following:

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 230,543,337	\$ 223,601,841
U.S. Government and agency securities	1,977	1,906
Corporate bonds	13,751	576,052
Fixed income mutual funds	1,779,099	1,590,227
Equity mutual funds and common stocks	5,380,900	4,824,511
Other investments	<u>28,914,669</u>	<u>-</u>
Total	<u>\$ 266,633,733</u>	<u>\$ 230,594,537</u>

The following schedule summarizes the investment return and its classification in the consolidated statements of activities for the years ended August 31:

	<u>2024</u>	<u>2023</u>
Interest and dividend income, net of expenses	\$ 14,380,972	\$ 5,213,225
Net realized and unrealized gain/(loss) on investments	<u>(619,508)</u>	<u>257,747</u>
Total return on investments	<u>\$ 13,761,464</u>	<u>\$ 5,470,972</u>

Other Investments

During the year ended August 31, 2024, the Foundation made two other strategic investments through its wholly-owned subsidiaries.

The Foundation made an investment in Overflow App Inc., a for-profit web-based donor platform for nonprofit corporations. The investment represents an approximately 25% ownership of Overflow App Inc. The Foundation accounts for this investment using the equity method. As of August 31, 2024, the investment was \$18,914,669.

The Foundation measures one other investment without a readily determinable fair value at cost minus impairment, if any, plus or minus changes resulting from observable prices changes for identical or similar investments. As of August 31, 2024, the carrying value of other investments without a readily determinable fair value is \$10,000,000. There were no impairments, downward or upward adjustments recognized during the year ended August 31, 2024.

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(Continued)

WESLEYAN INVESTMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
August 31, 2024 and 2023

**NOTE 3 – LOANS**

The Foundation's mortgage loans and notes as of August 31 are as follows:

	<u>2024</u>
First mortgage loans	
Independent church	\$ 1,019,109,846
Denominational church	700,376,006
Related educational institution	81,086,576
Notes	
Independent church	633,767
Denominational church	2,344,142
Participations purchased	<u>3,341,872</u>
	1,806,892,209
Discount on purchased loans	(631,432)
Allowance for credit losses	<u>(18,766,299)</u>
	<u>\$ 1,787,494,478</u>
	<u>2023</u>
First mortgage loans	\$ 1,570,084,236
Participations purchased	3,502,853
Notes	<u>4,149,570</u>
	1,577,736,659
Discount on purchased loans	(1,261,638)
Allowance for loan losses	<u>(18,000,000)</u>
	<u>\$ 1,558,475,021</u>

The Foundation's allowance for loan losses was as follows for the year ended August 31:

	<u>2024</u>		
	<u>First Mortgage Loans</u>		
	<u>Independent Church</u>	<u>Denominational Church</u>	<u>Related Educational Institution</u>
Allowance for loan losses			
Balance, beginning of year	\$ 9,940,000	\$ 7,380,000	\$ 680,000
Impact of adopting ASC 326	-	573,299	-
Provision for credit losses	<u>960,000</u>	<u>(807,000)</u>	<u>40,000</u>
Balance, end of year	<u>\$ 10,900,000</u>	<u>\$ 7,146,299</u>	<u>\$ 720,000</u>
	<u>Notes</u>		
	<u>Independent Church</u>	<u>Denominational Church</u>	<u>Total</u>
Allowance for loan losses			
Balance, beginning of year	\$ -	\$ -	\$ 18,000,000
Impact of adopting ASC 326	-	-	573,299
Provision for credit losses	<u>-</u>	<u>-</u>	<u>193,000</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,766,299</u>

(Continued)

WESLEYAN INVESTMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
August 31, 2024 and 2023

**NOTE 3 – LOANS** (Continued)

	<u>2023</u>
Allowance for loan losses	
Balance, beginning of year	\$ 18,000,000
Provision charged to expense	<u>-</u>
Balance, end of year	<u>\$ 18,000,000</u>

There is no allowance for loan losses attributable to participations purchased as of August 31, 2024 and 2023 with no related activity for 2024 and 2023.

The Foundation's reserve for unfunded commitments was as follows for the year ended August 31:

	<u>2024</u>		
	<u>First Mortgage Loans</u>		
	<u>Independent Church</u>	<u>Denominational Church</u>	<u>Related Educational Institution</u>
Reserve for unfunded commitments			
Balance, beginning of year	\$ -	\$ -	\$ -
Impact of adopting ASC 326	2,298,000	517,000	297,000
Reversal of provision for credit losses	<u>119,000</u>	<u>(121,000)</u>	<u>(191,000)</u>
Balance, end of year	<u>\$ 2,417,000</u>	<u>\$ 396,000</u>	<u>\$ 106,000</u>

  

	<u>Notes</u>		
	<u>Independent Church</u>	<u>Denominational Church</u>	<u>Total</u>
Allowance for loan losses			
Balance, beginning of year	\$ -	\$ -	\$ -
Impact of adopting ASC 326	-	-	3,112,000
Reversal of provision for credit losses	<u>-</u>	<u>-</u>	<u>(193,000)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,919,000</u>

There are no unfunded commitments for participations purchased.

(Continued)



WESLEYAN INVESTMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
August 31, 2024 and 2023

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**NOTE 3 – LOANS** (Continued)

Mortgage loans and unsecured notes bear interest at rates ranging from 3.5 percent to 10.5 percent. Substantially all mortgage loans are real estate mortgages and are secured by church property. The terms of the loans range from 15 to 30 years for mortgages and no more than three years for notes. The Foundation offers adjustable rates to borrowers based on the prevailing rate being charged by the Foundation at the time. Rates are typically adjusted every three years.

The majority of all loans are made to borrowers located within the United States of America. As of August 31, 2024 and 2023, 0.42 percent and 0.51 percent or \$7,604,582 and \$8,050,470, respectively, of the total mortgages and notes were made to foreign borrowers.

Risk characteristics applicable to each segment of the loan portfolio are described as follows:

First Mortgage Loans: First mortgage loans typically involve larger principal amounts and repayment of these loans is generally dependent on the successful operations of the church securing the loan. These loans are viewed primarily as cashflow loans and secondarily as loans secured by real estate. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the church's market areas. Denominational churches may have support from a denomination district or region and in some cases in the form of a written guarantee. Related educational institutions are dependent on the successful operation of the institution securing the loan, though may also be supported by a related church or denomination.

Notes: The note portfolio consist of various term and line of credit loans that are unsecured. Repayment of these loans is generally dependent on the successful operations of the church. These loans are viewed primarily as cashflow loans. Credit risk in these loans may be impacted by the creditworthiness of a borrower and the local economies in the church's market areas. Denominational churches may have support from a denomination district or region and in some cases in the form of a written guarantee.

Participations purchased: The Foundation is a 49% participant in two loans and receives monthly principal and interest payments from the lead participant. These loans are viewed primarily as cashflow loans and secondarily as loans secured by real estate. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the church's market areas.

Internal Risk Categories: Loan grades are numbered 1 through 3. The use and application of these grades by the Foundation will be uniform and shall conform to the Foundation's policy.

- Satisfactory (1) Loans or notes rated satisfactory have continued expectation of timely repayment, all obligations of the borrower are current, and the borrower complies with material terms and conditions of the loan agreement.
- Special Mention (2) Loans or notes that have potential weakness that deserve management's attention and if left uncorrected may, at some future date, result in the weakening of the repayment prospects for the loan or note. These potential weaknesses may be due to circumstances being experienced by the borrower. These loans or notes are not adversely classified and do not expose the Foundation to sufficient risk to warrant adverse classification. Ordinarily, special mention loans or notes have characteristics which corrective management action would remedy.
- Substandard (3) Loans or notes are inadequately protected by the current sound worth and paying capacity of the borrower. Borrower has a well-defined weakness that jeopardizes the repayment of the loan or note and has a probability of payment default with the distinct possibility that the Foundation will sustain some loss if noted deficiencies are not corrected.

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(Continued)

WESLEYAN INVESTMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
August 31, 2024 and 2023

**NOTE 3 – LOANS** (Continued)

2024			
First Mortgage Loans			
	Independent <u>Church</u>	Denominational <u>Church</u>	Related Educational <u>Institution</u>
Grade			
Satisfactory (1)	\$ 971,854,544	\$ 657,651,480	\$ 81,086,576
Special mention (2)	47,255,302	42,724,526	-
Substandard (3)	-	-	-
Total	<u>\$ 1,019,109,846</u>	<u>\$ 700,376,006</u>	<u>\$ 81,086,576</u>
Notes			
	Independent <u>Church</u>	Denominational <u>Church</u>	Participations <u>Purchased</u>
Grade			
Satisfactory (1)	\$ 298,036	\$ 2,344,142	\$ 3,341,872
Special mention (2)	335,731	-	-
Substandard (3)	-	-	-
Total	<u>\$ 633,767</u>	<u>\$ 2,344,142</u>	<u>\$ 3,341,872</u>
2023			
	First Mortgage <u>Loans</u>	Participations <u>Purchased</u>	<u>Notes</u>
Grade			
Satisfactory (1)	\$ 1,484,829,447	\$ 3,502,853	\$ 4,149,570
Special mention (2)	85,254,789	-	-
Substandard (3)	-	-	-
Total	<u>\$ 1,570,084,236</u>	<u>\$ 3,502,853</u>	<u>\$ 4,149,570</u>

There were no first mortgage loans, participations purchased, or notes that were not accruing interest or that had a specific valuation allowance as of August 31, 2024 or 2023.

The Foundation had \$21,265,080 of first mortgage loans to denominational churches that were individually evaluated for impairment as of August 31, 2024. The Foundation did not have any loans classified as collateral-dependent as of August 31, 2024.

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WESLEYAN INVESTMENT FOUNDATION, INC.  
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**NOTE 3 – LOANS** (Continued)

The following table presents the amortized cost basis of loans as of August 31, 2024 that were both experiencing financial difficulty and modified during the year ended August 31, 2024, by class and by type of modification:

Type	First Mortgage Loans		
	Independent Church	Denominational Church	Related Educational Institution
Interest only period	\$ 47,255,302	\$ 17,026,615	\$ -
Payment delay	-	4,974,459	-
Total	<u>\$ 47,255,302</u>	<u>\$ 22,001,074</u>	<u>\$ -</u>
Type	Notes – Independent Church	Notes - Denominational Church	Participations Purchased
Interest only period	\$ -	\$ -	\$ -
Payment delay	335,731	-	-
Total	<u>\$ 335,731</u>	<u>\$ -</u>	<u>\$ -</u>

The pre-modification and post-modification balances were unchanged. The Foundation has no commitments to lend additional amounts under the terms of these modified loans. The Foundation monitors the effectiveness of modification efforts and there were no modified loans in the past 12 months that subsequently defaulted.

Impaired first mortgage loans totaled \$85,254,789 as of August 31, 2023. There was no allowance for loan losses relating to impaired first mortgage loans as of August 31, 2023, as the discounted cash flows or collateral value exceeded the carrying value of the loans. There were no impaired notes or participations purchased as of or during the year ended August 31, 2023. Interest of approximately \$4,545,984 was recognized on average impaired first mortgage loans of \$85,914,356 during the year ended August 31, 2023.

Loans are considered past due when delinquent 90 days or more. As of August 31, 2024, the Foundation had no past due first mortgage loans, participations purchased or notes. As of August 31, 2023 the Foundation had \$35,249 of past due first mortgage loans to denominational churches and all other loans were considered current.

(Continued)

WESLEYAN INVESTMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 4 – DEMAND AND TERM INVESTMENTS**

The Foundation's demand and term investment accounts, which are not federally or privately insured, are held by the following:

	<u>2024</u>	<u>2023</u>
The Wesleyan Church Corporation and		
World mission accounts	\$ 9,209,982	\$ 8,216,417
Wesleyan pension plan	91,820,961	84,577,580
Other, members and affiliates	<u>1,812,104,100</u>	<u>1,534,191,891</u>
	<u>\$ 1,913,135,043</u>	<u>\$ 1,626,985,888</u>

Demand accounts are due on demand and bear interest as of August 31 as follows:

	<u>2024</u>	<u>2023</u>
Under \$5,000	4.00%	5.00%
\$5,000 to \$34,999	4.50%	5.50%
\$35,000 and over	5.00%	6.00%

The Foundation honored established rates through maturity for existing term investments as a result of an acquisition of the Converge Cornerstone Fund on November 9, 2021. Interest rates for these term investments range from 1.50% to 3.125% with maturity dates through October 2026. The total of these term investments as of August 31, 2024 and 2023 was \$10,560,250 and \$20,937,637, respectively. These term investments are converted to demand investments upon maturity.

**NOTE 5 – TRUST ACCOUNTS AND ANNUITIES PAYABLE**

The Foundation administers accounts under various trust, gift and annuity agreements, whereby the Foundation acts as trustee and distributes income earned on the accounts to the designated beneficiaries. The assets received from the donor are recorded at fair value. The Foundation has recorded \$3,779,268 and \$3,803,549 as of August 31, 2024 and 2023, respectively, which represents the estimated future payments required by the trust, gift or annuity agreements.

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WESLEYAN INVESTMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 6 – NET ASSETS**

Net assets with donor restrictions as of August 31, are restricted to:

	<u>2024</u>	<u>2023</u>
Future program activities	\$ 590,262	\$ 546,410
Investment in perpetuity, the income of which is expendable to support various program activities	<u>7,169,316</u>	<u>6,969,316</u>
	<u>\$ 7,759,578</u>	<u>\$ 7,515,726</u>

Net assets released from restriction were related to the follow programs:

	<u>2024</u>	<u>2023</u>
Missions	\$ 165,456	\$ 54,524
Education	114,846	37,846
Other programs	<u>14,356</u>	<u>4,730</u>
	<u>\$ 294,658</u>	<u>\$ 97,100</u>

**NOTE 7 – ENDOWMENT**

The Foundation's endowment consists of individual funds established for a variety of purposes. The endowment includes only donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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

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

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(Continued)

WESLEYAN INVESTMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 7 – ENDOWMENT** (Continued)

Changes in endowment net assets for the years ended August 31 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment as of September 1, 2022	\$ -	\$ 7,493,826	\$ 7,493,826
Investment return	-	119,000	119,000
Appropriation for expenditure	<u>-</u>	<u>(97,100)</u>	<u>(97,100)</u>
Endowment as of August 31, 2023	-	7,515,726	7,515,726
Investment return	-	538,510	538,510
Appropriation for expenditure	<u>-</u>	<u>(294,658)</u>	<u>(294,658)</u>
Endowment as of August 31, 2024	<u>\$ -</u>	<u>\$ 7,759,578</u>	<u>\$ 7,759,578</u>

The endowment assets are invested per the terms of the applicable agreements. The Foundation has historically appropriated approximately 90 percent of the donor-restricted endowment return on investments for expenditure over a multi-year period.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or Indiana UPMIFA. As of August 31, 2024 and 2023, there were no instances where the donor-restricted endowment funds were below the amount required to be maintained.

**NOTE 8 – EMPLOYEE BENEFITS**

The Foundation's full-time employees are eligible to participate in the Wesleyan Pension Fund, Inc. which is a defined contribution plan for The Wesleyan Church's elders, licensed ministers, commissioned lay missionaries and other qualified personnel. The Foundation contributes 12 percent of qualifying employee wages to the plan for its employees. The plan is noncontributory. The Foundation contributed \$602,171 and \$480,989 to the plan on behalf of its employees for the years ended August 31, 2024 and 2023, respectively.

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(Continued)

WESLEYAN INVESTMENT FOUNDATION, INC.  
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**NOTE 9 – RELATED PARTIES**

Certain members of the Board of Directors of the Foundation also serve as members of the General Board of the Wesleyan Church Corporation. The Foundation provides services to certain units of the Wesleyan Church and other churches, networks and denominations with which its officers and Board of Directors are affiliated. These transactions are in the normal course of business and on the same terms, including interest rates and collateral, as those available for comparable transactions.

The Foundation accepts demand investments from the Wesleyan Church Corporation as disclosed in Note 5. The Foundation awards grants to The Wesleyan Church Corporation and Departments of The Wesleyan Church Corporation.

The Foundation rented space on a month-to-month basis and rent charged by the Wesleyan Church Corporation to the Foundation was \$118,729 for the year ended August 31, 2023. On September 30, 2023, the Foundation purchased real estate property inclusive of the previously rented space from The Wesleyan Church Corporation for \$3,500,000, assumed existing leases, and executed a lease with The Wesleyan Church Corporation.

**NOTE 10 – COMMITMENTS**

As of August 31, 2024, the Foundation had approved but not disbursed approximately \$295,846,000 in new loans and unused portions of construction loans and lines of credit to various member churches and church-related organizations for building programs. This amount does not include any foreign loan commitments.

**NOTE 11 – DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES**

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

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

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(Continued)

WESLEYAN INVESTMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 11 – DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES** (Continued)

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis as of August 31:

		2024			
		Fair Value Measurements Using			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Investments					
Money market funds	\$ 230,543,337	\$ 230,543,337	\$ -	\$ -	
U.S. Government and agency securities	1,977	-	1,977	-	
Corporate bonds	13,751	-	13,751	-	
Fixed income mutual funds	1,779,099	1,779,099	-	-	
Equity mutual funds and common stocks	<u>5,380,900</u>	<u>5,380,900</u>	<u>-</u>	<u>-</u>	
Total	<u>\$ 237,719,064</u>	<u>\$ 237,703,336</u>	<u>\$ 15,728</u>	<u>\$ -</u>	
		2023			
		Fair Value Measurements Using			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Investments					
Money market funds	\$ 223,601,841	\$ 223,601,841	\$ -	\$ -	
U.S. Government and agency securities	1,906	-	1,906	-	
Corporate bonds	576,052	-	576,052	-	
Fixed income mutual funds	1,590,227	1,590,227	-	-	
Equity mutual funds and common stocks	<u>4,824,511</u>	<u>4,824,511</u>	<u>-</u>	<u>-</u>	
Total	<u>\$ 230,594,537</u>	<u>\$ 230,016,579</u>	<u>\$ 577,958</u>	<u>\$ -</u>	

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. The Foundation has no liabilities measured at fair value on a recurring basis.

**Investments:** Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 investments include money market funds, common stocks and mutual funds. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. Level 2 securities include U.S. Government and agency securities and corporate bonds. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. The Foundation has no investments classified as Level 3.

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WESLEYAN INVESTMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 12 – FUNCTIONAL EXPENSES**

The Foundation's expenses on a functional basis are as follows as of August 31:

	2024		
	<u>Loan Services Program</u>	<u>Management and General</u>	<u>Total</u>
Interest	\$ 101,027,594	\$ -	\$ 101,027,594
Salaries, payroll taxes and benefits	6,997,408	2,332,469	9,329,877
Grants	4,043,007	-	4,043,007
Travel	2,615,530	290,615	2,906,145
Office expenses	1,206,022	402,008	1,608,030
Amortization of goodwill	1,011,101	-	1,011,101
Other operating expenses	<u>1,599,681</u>	<u>282,297</u>	<u>1,881,978</u>
	<u>\$ 118,500,343</u>	<u>\$ 3,307,389</u>	<u>\$ 121,807,732</u>
	2023		
	<u>Loan Services Program</u>	<u>Management and General</u>	<u>Total</u>
Interest	\$ 53,435,587	\$ -	\$ 53,435,587
Salaries, payroll taxes and benefits	5,407,157	1,802,386	7,209,543
Grants	5,945,413	-	5,945,413
Travel	2,448,840	272,093	2,720,933
Office expenses	1,150,993	383,664	1,534,657
Amortization of goodwill	1,011,101	-	1,011,101
Other operating expenses	<u>1,289,551</u>	<u>227,568</u>	<u>1,517,119</u>
	<u>\$ 70,688,642</u>	<u>\$ 2,685,711</u>	<u>\$ 73,374,353</u>

Certain categories of expenses are attributable to both program and supporting functions of the Foundation. Salaries, payroll taxes and benefits and rent are allocated based on estimates of time and effort; office expenses are allocated based on estimates of costs of specific materials utilized; travel and other operating expenses are based on estimates of effort and costs of specific resources utilized and services rendered.

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WESLEYAN INVESTMENT FOUNDATION, INC.  
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**NOTE 13 – LIQUIDITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of August 31, comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 21,124,174	\$ 17,418,991
Certificates of deposit	44,009,930	45,936,240
Investments	237,719,064	230,594,537
Loans receivable (over the next 12 months)	115,815,609	102,141,404
Accrued interest receivable	5,689,947	4,769,493
Deposit with foreign affiliate	<u>801,677</u>	<u>785,210</u>
Total financial assets, at year-end	425,160,401	401,645,875
Less those unavailable for general expenditure within one year, due to contractual or donor-imposed restrictions		
Certificates of deposit with maturity beyond one year	(1,708,515)	-
Restricted by donor with time or purpose restrictions	<u>(7,759,578)</u>	<u>(7,515,726)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 415,692,308</u>	<u>\$ 394,130,149</u>

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, certificates of deposit, investments and others.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures. While there are no legal or contractual requirements restricting the use of loans receivable to support the Foundation's general expenditures, management does not consider loans receivable to be available to meet general expenditures because principal and interest on those loans are used to make new loans.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The consolidated statements of cash flows identifies the sources and uses of the Foundation's cash.

**NOTE 14 – RISKS AND UNCERTAINTIES**

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

(Continued)

WESLEYAN INVESTMENT FOUNDATION, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 15 – ASSETS HELD FOR SALE**

On July 1, 2023, Westchester Properties, LLC executed an agreement in lieu of foreclosure whereby it became the sole corporate member and obtained control of Wesleyan Arms, Inc., FWMgt., Inc., Westchester Christian Center, Inc., Providence Place Assisted Living, Inc., and PPRC Senior Living II, Inc.

These entities are church related organizations with a loan relationship that commenced in July 2003 and are collectively engaged in holding and operating real estate, including a commercial real estate mall, a 90 room assisted living facility and a 69 room independent living facility, which have been classified as held for sale. The loans outstanding to the organizations remain in effect with the related activity and balances eliminated in consolidation.

In addition to these entities, during the year ended August 31, 2022, Westchester Properties, LLC acquired adjacent real estate held for sale through a deed in lieu of foreclosure that is included as part of the disposal group.

The following table summarizes the revenues and expenses associated with the assets held for sale classified as discontinued operations on the consolidated statement of activities for the period ending August 31:

	<u>2024</u>	<u>2023</u> <u>(2 month period)</u>
Patient and resident revenue	\$ 5,744,615	\$ 1,102,532
Commercial rental revenue	1,054,280	176,834
Other revenue	1,380,584	73,654
Operating expenses	<u>(6,170,432)</u>	<u>(1,161,686)</u>
Net income from discontinued operations	2,009,047	191,334
Disposal related expenses	<u>(1,023,938)</u>	<u>(760,058)</u>
Total gain(loss) on discontinued operations	<u>\$ 985,109</u>	<u>\$ (568,724)</u>

The assets held for sale were sold on October 1, 2024 per the terms of an Asset Purchase Agreement dated August 1, 2024.