



2019 EFCA Report Book

Prepared for EFCA One Conference

June 18-20, 2019

Naperville, Illinois

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Welcome

Thank you for your interest in the ministries of the EFCA and the gospel impact our movement is having around the world. We are so grateful for your partnership, support and prayers.

We pray that God will refresh and strengthen each person present at the EFCA One conference through the worship services and training. What a blessing to connect with old friends and build new relationships.

God has been working mightily in our midst. We want to tell you all about it – so please take time read the reports provided in this document and engage with EFCA staff and leaders present at EFCA One.

Our prayer is that you will be encouraged by this information and join us in thankful celebration of the Lord's work through the EFCA.

Serving our Savior together,

Kevin Kompelien
EFCA President

EFCA Board of Directors

I welcome you to the 2019 EFCA One Conference. It has been a joy to serve as the EFCA Board Chair and to work with a wonderful group of men and women who love the Lord and love the EFCA.

This conference marks an opportunity for us to celebrate all that God is doing, to be challenged in the task of bringing the gospel to our world and consider a significant change to our Statement of Faith. The board, along with many of you, have been in prayer for these days.

The board is presenting a motion to change the wording in Article 9 of the Statement of Faith regarding the return of Christ. We have facilitated conversations over the past two years all over the country and as a Conference are now ready to vote. The board unanimously believes the time is right for this important vote to take place.

As a board, we are grateful for Kevin and his leadership as EFCA president. His leadership, steady influence and tireless efforts have marked these four years of his presidency. Kevin and Becky are loved, and we continue to uphold them in our prayers.

Thank you again for engaging with us. May God enrich your hearts today and during your time at EFCA One.

Kindly,

Jimmy Kallam
Chair
EFCA Board of Directors

President's Report

I thank my God every time I remember you. In all my prayers for all of you, I always pray with joy because of your partnership in the gospel from the first day until now, being confident of this, that he who began a good work in you will carry it on to completion until the day of Christ Jesus.

Philippians 1:3-6 (NIV)

The Apostle Paul's words to the church in Philippi reflect my thoughts as I reflect on the past two years of ministry in the EFCA. It is a great joy to serve as EFCA President. The partnership in gospel ministry that we share is an incredible blessing! This year, we commemorate the 135th anniversary of the EFCA. We rest in the truth that the Lord who began a good work in us will be the one to bring it to completion to His glory.

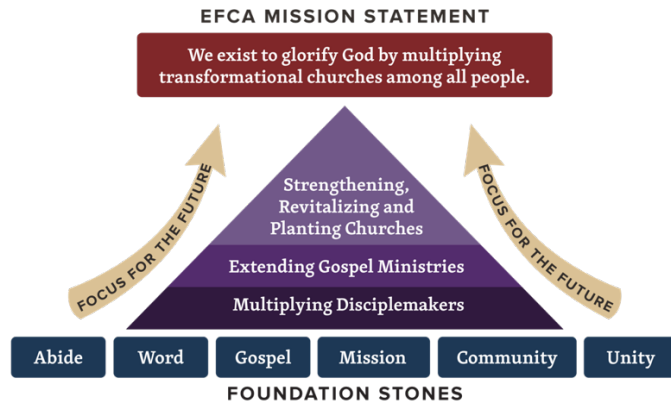
Over the past two years, Becky and I were privileged to travel the country and several places overseas to share the mission and vision of the EFCA with leaders at district conferences, pastor gatherings, ReachGlobal division conferences, and gatherings of international ministry partners. We love developing and deepening relationships with individuals across this movement. There is no doubt that the Lord has blessed the EFCA with wonderful people!

The EFCA Board of Directors updated their Ends Policy clarifying what they expect me to accomplish in leading the EFCA. The policy emphasizes increasing the number and diversity of well-equipped leaders, increasing gospel impact, and increasing the number and diversity of churches. These expectations helped focus ministry efforts and enabled national and international ministries of the EFCA to work in concert on the metrics used to determine movement toward accomplishing our mission.

In 2017, leaders from the international, national and operations ministries worked together to develop a vision frame to guide and focus how the EFCA national office serves churches in partnership with our districts. During the past 18 months, we have worked hard to across the organization to implement this vision and related goals. I am encouraged by the deepening collaborative relationships across all ministries.

I am fully committed to the mission of the EFCA, which is to "glorify God by multiplying transformational churches among all people." However, many EFCA churches may not see themselves in our mission statement. The prevailing sentiment is that the statement refers to church planting, and unless a church is actively planting a new church the mission statement doesn't apply. As president, one of my responsibilities is to help EFCA churches and leaders re-engage with the mission statement. The mission of the EFCA is not only starting new churches, it is just as much about strengthening and revitalizing existing churches to be even more transformational in their communities.

The essential values of any organization ultimately determine both its behavior and direction. The following diagram describes the EFCA's foundational values and what we must do to accomplish the mission based on those values.



I am convinced genuine gospel transformation will happen as we commit to being transformed and allowing the Lord to do His work through us. In studying Acts 2-4, I have been reminded that the Lord consistently uses His Spirit and His Word in the context of redemptive relationships among His people to bring about gospel transformation. It is what I call: **BT** ⇒ **MT** – Being Transformed so God can Multiply Transformation.

We must be transformed if we are to see the Lord multiply transformation among us. One marker of gospel transformation in the EFCA will be movement toward a 10% annual growth rate of new believers and disciplemakers along with ministries, multi-sites, second language congregations, and church plants. I am excited to report that we are seeing increased traction in all these areas.

The EFCA Communications team has worked with EFCA leaders to produce colorful summaries of what is happening in the EFCA. The [“2017 At a Glance”](#) and the [“2018 We’re Better Together”](#) pieces give evidence that we are moving forward in accomplishing our mission to glorify God by multiplying transformational churches among all people.

This past year, the Spiritual Heritage Committee conducted the five-year doctrinal survey of EFCA pastors and credentialed ministry staff and missionaries. Once again, there is a high commitment to the gospel essentials described in our Statement of Faith. Orthodox doctrine matters to EFCA leaders for which I am deeply thankful. One of the highest responsibilities I have as EFCA president is to safeguard our Statement of Faith. I am very appreciative of Greg Strand, the Board of Ministerial Standing and the Spiritual Heritage Committee who work diligently to uphold the Statement of Faith. Greg is a trusted and highly valued colleague who serves the EFCA extremely well and partners with me in so many ways.

In the last two years, there have been multiple discussions across the country regarding the EFCA Board of Directors’ Proposed Motion to Amend Article 9 of the Statement of Faith which would replace “premillennial” with “glorious” to describe the Lord’s return. I am very pleased with the tenor of the conversation. People have shared their questions, concerns and opinions with grace and respect. In this [brief video](#), I share my thoughts as to why I encourage you to vote “yes” to the proposed amendment.

Shortly after EFCA One in 2017, Executive Vice President of Ministries Brian Cole was diagnosed with advanced pancreatic cancer. We pray fervently for Brian and his wife Marla, as they walk this challenging journey. Brian faithfully served the EFCA until March 2019 when he stepped aside to go on full disability as a result of the ongoing effects of the disease and chemotherapy treatments. Brian and Marla are an incredible testimony of the Lord's faithfulness in their lives and their clear trust in the Lord both for this life and eternity.

Over the last 18 months of Brian's time with the EFCA, he devoted energy to leading EFCA national ministries. He worked closely with All People ministries, student ministries, and with the Church Multiplication Team. Brian is a dear friend and was a trusted colleague during my years of ministry with ReachGlobal. He served the EFCA extremely well and was a very important partner during my years as president. Join me in praying for Brian and Marla in the days ahead as they continue the battle with cancer.

In February 2018, Jot Turner retired from the role of executive vice president of operations at the EFCA national office. Jot gave excellent leadership to the operations team for over 11 years and was instrumental in implementing important changes enhancing our ability to serve EFCA churches, districts, and ReachGlobal staff. I deeply appreciate Jot's friendship and his significant service to the EFCA.

Paul Anderson, president of Christian Investors Financial, graciously and effectively filled an interim role leading the operations team while we conducted an extensive search for Jot's replacement. In June 2018, Carole Lehn joined the Office of the President team as executive vice president of operations. Carole has a deep love for the EFCA and extensive experience. For over two decades, she has been an active member of Five Oaks Church in Woodbury, Minnesota. Carole is a great addition to my leadership team bringing a fresh set of eyes and new perspective.

Paula Pust stepped away from her role as executive assistant to the president and the EFCA Board of Directors in May of 2018. Paula was a great help to both President Bill Hamel and me as well as to the EFCA Board of Directors over the many years she served. Rae Phillips transitioned into this role with expanded responsibilities working with me on strategic projects and internal communications. Rae has worked in various positions at the EFCA national office, most recently leading the EFCA Communications team.

The past two years have been marked with significant transition among senior leadership at the EFCA national office. In addition, it was evident that I could not continue the pace at which I had been working and traveling, both for my personal health and for the growth of the EFCA. In 2016, the ministries at the national office were restructured to bring stability and a greater sense of "one EFCA" that I desired to see across the movement. In the last six months, it became clear that this structure had reached the limit of its effectiveness and change was needed moving into the future.

Earlier this year, I initiated an organizational change in the Office of the President allowing me to give greater attention to the overall health and direction of the EFCA movement, and one

that will enhance the effectiveness of ministries nationally, internationally and at the national office. Beginning in April, the Office of the President now includes the president, executive vice presidents of international ministries, national ministries and operations, and the executive assistant to the president.

As noted above, Carole Lehn serves as executive vice president of operations and Rae Phillips serves as executive assistant to the president. Brian Duggan was appointed to serve as executive vice president of international ministries. He has been in leadership with ReachGlobal for 13 years serving as the international leader for the Latin America/Caribbean Division and as the executive director of Global Ministries. I am in the final stages of selecting an executive vice president of national ministries to join the team later this year.

In addition to the transitions among senior leaders at the national office, we are experiencing significant transitions among district superintendents. EFCA West, Northern Plains District, Allegheny District, and the Central District are currently in leadership transitions. I am deeply thankful to Steve Highfill, Daryl Thompson, Jeff Powell, and Cal Swan for their friendship and significant ministry. I have great joy in serving the EFCA along with all 17 district superintendents. The relationships we share have never been stronger!

Last August, we all lost a dear friend as former EFCA President Bill Hamel was called into the presence of the Savior whom he loved and faithfully served. Bill's impact on the Evangelical Free Church of America and the lives of so many continues to bear fruit for the work of the gospel. I miss his wide smile, encouraging words and faithful prayers. I join with people across this movement in thanking the Lord for Bill and praying for his wife Karen and their entire family.

Income to the EFCA national office has grown slowly and steadily over the past three years. The national office staff continues to do an incredible job stewarding the funds entrusted to us. Thank you to each church and individual who sacrificially gives to support the ministries of the EFCA. Your ongoing gifts make an important difference! For example, and launching in 2019, EFCA Helps is a collaborative effort between the national and district offices to provide practical and easily accessible resources for churches. The primary delivery method for these resources will be online via the EFCA website which will include sample documents, forms, policies, and links to other resources. That page will also include phone numbers and emails for people at our office who can address individual questions on matters not covered on the web page.

However, a significant number of EFCA churches are not supporting national ministries and the services of the national office. Last year 472 of 1,344 EFCA churches did not give any support to the national office general fund. The fact that 35% of churches are not partnering financially with us is of significant concern. The autonomy of the local church is one strength of the EFCA, but I am afraid the independence of too many EFCA churches is hampering our ability to serve well. I strongly encourage each church not contributing to the general fund of the EFCA to seriously consider giving to sustain the important work and ministries led out of the national office. The opportunities for training leaders along with strengthening, revitalizing and planting churches could grow in significant ways if *all* EFCA churches would financially partner with us.

The Lord continues to show His incredible faithfulness to the EFCA. I appreciate the healthy partnerships we have with CIF, FCMM and TIU. I am blessed to serve Him, and His church as expressed in the Evangelical Free Church of America. Thank you for your ongoing prayers and words of encouragement over the past four years. I also want to thank the staff at the EFCA national office, district leaders across the country, our ReachGlobal missionaries around the world, and the EFCA Board of Directors for their sacrificial service to the Lord and the EFCA. In addition, I want to thank Becky, my wife and ministry partner, for her encouragement and support. Lastly, I express my deep gratitude to the Lord Jesus, whose love for the church gives my role meaning.

Kevin Kompelien
President
Evangelical Free Church of America

Board of Ministerial Standing

The Board of Ministerial Standing (BOMS), oversees the credentialing of candidates for either the Ministry License or one of the Certificates (Certificate of Christian Ministry or Certificate of Ordination). BOMS also oversees the placing of credentials in trust for personal or disciplinary reasons.

Over the past two years, BOMS has developed, gotten approval by the EFCA Conference and is now implementing the Policy on Spiritual Character Qualification. The letter to those who wish to be credentialed includes the following:

“Dear Candidate: The Evangelical Free Church of America is committed to the biblical standards of life and conduct spelled out in the New Testament for pastors and elders (and, by implication, other ministry leaders). The purpose of this questionnaire is to remind you of some of the basic personal qualifications for receiving a ministerial credential in the EFCA and to help the family of Free Churches uphold the biblical standards that are implied in the credential...

“...The aim of your district leaders is to support you as you continue to aim at the biblical standards for church leaders...Our ultimate goal in asking these question is not to disqualify a person but to provide the opportunity to proceed in a healthy manner. We stand ready to assist you in your credentialing path, giving encouragement, counsel, and resources as may be helpful.

“There are three options for proceeding with this review of your qualifications. If you are married, we ask that you and your spouse complete the forms. If you are single, we ask that you and a close friend complete them. (1) You and your spouse/friend can complete the written questionnaires and submit them. (2) You and your spouse/friend can interact with your district superintendent (or his representative) in a personal interview that explores the questions in the questionnaires. (3) If you are an associate pastoral staff member, you and your spouse/friend can hold a personal interview with your senior or executive pastor.

“The EFCA Board of Ministerial Standing understands that many of these questions are deeply personal and may be difficult to answer... Understand that answering “yes” to any question does not necessarily mean that you will be refused ministerial credentials. You also have the freedom not to answer any particular question in writing. This does not mean, however, that you will not be expected to discuss those questions in a follow-up interview.

“...Our aim—through these questions, through supportive encouragement, and through practical resources for healing and change—is to help you be fully qualified for an EFCA credential.

“...After your credential is issued, this questionnaire (both electronic and any hard-copy versions, along with those supplied by your spouse and your church leaders) will be destroyed.”

One of the more difficult responsibilities of the BOMS continues to be ruling on disciplinary issues related to church staff. The good news is that EFCA continues to offer recovery churches

for those who want to be reconciled to those who were impacted by their action even if it never results in a restoration of their credentials.

Respectfully submitted,
Paul Schliep, Chair

**EFCA Credential Report
January 1 - December 31, 2017**

Credentials Issued

5 Year Ministry License:

Mark Askins	Loren Kolman
Valerie Beck	Peter LeBlanc
John Bell	Aaron Leggett
Todd Berge	David Manley
Joseph Brock	Jeremy McAlack
Jedidiah Brown	Ethan McClaugherty
Robert Brunansky	Kirstin McEvoy
Frederick Chang	Douglas Metcalfe
C. Douglas Cormeny	Christopher Middleton
Nathaniel Crawford	James Morrison
Joel Cripe	Jonathan Neef
Richard Culp	Sarah Powell
Bruce Droogsma	Alfredo Rodriguez
Billie Sue Ellingson	James Roland
Timothy Etherington	Adam Sanftner
Eric Fadel	Andrew Schmeck
Jacob Fierberg	Christopher Scott
Scott Gaskill	David Siegrist
Jordan Gowing	Benjamin Sincock
Howard Grobstein	Andrew Spangler
Benjamin Groen	Steven Stepec, III
Ryan Groshek	Karin Stetina
Benjamin Hardee	Colton Tatham
Linda Harder	David Van Camp
Caleb Haynes	Mathew Waitley
Jared Hendricks	Trevor Wickes
Timothy Higgins	Ryan Wieland
Daniel Kerr	Joshua Williams
Matthew Kim (NVML)	Jason Wilson
Jeffrey Kliewer	Karen Winkelman
Matthew Knapp	Peter Younker

Ordinations:

Haddon Anderson	Celso Merlos
Michael Callahan	Eric Naizer
Gabriel Coyle	Albert Powers III
R. Bryan Kane	James Thompson
Jeffrey McCourt	Paul Voltmer

Transfer of Ordination to the EFCA:

Andrew Arliskas
Adrian Boykin
Bryan Brotherton
Brad Bruszer
Jason Lancaster
Philip Pinto
Robert Quintana
David Tetrault

Certificate of Christian Ministry:

Judy Crockett
Sarah Powell

Credential Restored:

David Martin
Nathan Noorlun
Carl (Rick) Schupp

Changes in Credentials

Credential Revoked:

Daniel Edmondson

Credential Placed in Trust for Discipline:

Ryan Caudill
Gil Fruchey
Jason Harms
Dorington Little
Kevin Saegert
Adam Weis
Steven Yeschek

Credential Placed in Trust for Personal Reason:

David Barr
Timothy Batdorf
Steven Clements
James Crawford
David Gish
Nathaniel Gustafson
Michael Jacobson
Paul Johnson
Ryan Johnson

Peter Kamakawiwoole
Michael Mauriello
Robert Niemond
Michael Shields
Carl Sitterud
Joseph Weber
James Wolfe
Michael Yearley

Credential Dropped:

Caleb Hastings
Terrance Kennedy
Joshua Knaub

Mark Olsen
Christopher Rollman
Kevin Williams
Tyson Ziegler

Credential Transferred Out of the EFCA:

None

**Information gathered by EFCA Theology & Credentialing*

**EFCA Credential Report
January 1 - December 31, 2018**

Credentials Issued

5 Year Ministry License:

Stephen Albi	David Nerud
Paul Anderson	Derek Olson
Jack Archer	Nathan Palmer
John Barrow	Robert Plasencia
Timothy Beyer	Gabriel Poncé
Terry Biers	Matthew Russell
Brandon Boulais	Martell Sánchez
Barry Brown	Joshua Schwartz
Kurt Brubaker	David Shaw
J. Jason Burrows	Patrick Shea
Johnathan Caldwell	Daniel Shields
Jack Capen	Ian Shire
Ty Caskey	Jeffrey Speel
James Coleman	Christopher Stastny
Jonathan Eckberg	Tyler Stauffer
Clayton Edens	Jarrod Stichter
Daniel Evans	James Strecker
Kendal Fong	Wesley Tarbox
Matthew Frey	Scott Tibbetts
Michael Gardenhire	Christopher Tinault
Sarah Graber	David Tingley
Jonathan Greener	Kathy Tse
David Hammond	Scott Wade
Paul Henschel	Caleb White
Jason Heppner	Robert Wolpert
Thomas Herringshaw	Brad Wos
Austin Hilmer	Timothy Yorgey
Renato Jimenez	Terrance Zink
Kerry Johnston	
Keith Knight	
Jason Knoble	
Alan Leung	
Alan Mercer	
Josiah Meyer	
Michael Middleton	
Kenneth Miller	
Scott Nelson	

Ordinations:

Joshua Black
Roy Cañada
David Denbek
Matthew Ervin
Lionel Goo
Chad Hemphill
Derek Henricks
Robert Holsinger
Bright Hua
George Ippolito
Stephen Jarman
Richard Kennedy
Wing Shing Leung

Jed Manders
Tonee Martin
Nathaniel Miller
Daniel Morgan
Derek Olson
David Parks
Charles Ross, Jr.
Brian Sharpe
Joshua Shevel
Joseph Short
Jeffrey Spindle
W. Bradley Wetherell
Blake Williams

Transfer of Ordination to the EFCA:

Marcus Constantine
Matthew Haslar
Robert Jennerich
Jimmy Keena
Bret Martin

Marlin Mohrman
Daniel Runke
Stephen Scott
James Seal
Scott Yoder

Certificate of Christian Ministry:

None

Credential Restored:

Theodore Myer
David Thomas

Changes in Credentials

Credential Revoked:

None

Credential Placed in Trust for Discipline:

Thomas Latterell
Ethan McClauthery
Omar Romero

Credential Placed in Trust for Personal Reason:

Ellen Abramson
David Addington
Bruce Beebout
Jeremiah Clapper

Brian Conyers
Brett Cushing
Jason Eeten
David Hoffman
Bryan Hull
Thomas Johnston
Frank Manno
Robert Martini
Robert McGaha
Todd Meyerdirk
Mark Reed
John Rosensteel
Michael Schrag
Rubens Silva
Toby Sorrels
Thomas Strong
D. Scott Wagoner
Jonathan Whitford
Wayne Williams

Credential Dropped:

Robert Niemond
Adam Tippery
Steven Wolf

Credential Transferred Out of the EFCA:

David Asch
Theodore Myer

**Information gathered by EFCA Theology & Credentialing*

ReachGlobal Report

For ReachGlobal, the last two years have been characterized by greater clarity in missional focus and organizational culture. We have grown in alignment with the EFCA movement both nationally and internationally with a mindset of serving the international goals of local churches.

The ReachGlobal Directional Team sets direction and determines strategies for the international mission of the EFCA. The team is led by Brian Duggan, executive vice president of International Ministries under the leadership of EFCA President Kevin Kompelien. The team consists of six senior leaders who bring significant operational and ministry experience to the group. The key purposes of the team include:

- Ensure alignment of ethos with the EFCA
- Stewardship of staff (health deployment and development)
- Administrative functions (recommend and ensure appropriate implementation of policies and establish team and leadership structures.)
- Fulfill the international aspects of the ENDS policy and measures
- Provide counsel to the president and direct the mission under his delegated authority

ReachGlobal serves the EFCA as the international expression of local church's fulfillment of Great Commission and Great Commandment. The ministries found in the 44 countries where we serve are summarized in these three goals:

- Discipling disciplemakers so that disciples are multiplied
- Extending gospel initiatives that open doors to those who do not know Jesus
- Strengthening, revitalizing and planting churches

Missionaries serve in a variety of ministry expressions, from international schools to graduate seminaries, from café outreach centers to church planter mentoring, from medical training and anti-human-trafficking to formal, non-formal and informal biblical training and of course, in primary church planting. The one focus uniting these ministries: **We invest in disciplemakers to establish the church where the gospel isn't known.**

ReachGlobal has 589 missionaries in 44 countries with active partnerships in over 40 other countries. ReachGlobal's collaborative approach opens doors to extending disciplemaking where Americans cannot go, and the gospel being heard and seen where it is not known. Several young people have joined ReachGlobal for two-year commitments which often convert to long-term commitments. We focus on developing and discipling these gifted individuals to understand how God has designed them and is directing their future. We celebrate those who continue into long-term service as well as those who return to their EFCA churches with hearts committed to gospel ministry wherever God plants them.

ReachGlobal Crisis Response serves both internationally with our missionaries and partners domestically with EFCA districts and churches. There were five responses in 2017 assisting 23

EFCA churches and eight responses in 2018 assisting 27 EFCA churches. EFCA churches responded generously in financial giving and sending teams to demonstrate the love of Jesus. 118 EFCA churches sent teams to crisis locations in 2017 and in 2018 EFCA churches sent 206 teams. Currently, there are five active crisis response locations serving thousands impacted by hurricanes and flooding. God truly opens a mission field in the wake of crisis, and He uses Crisis Response to provide a pathway for EFCA churches to show God’s love in practical and impactful ways.

GlobalFingerprints is the child sponsorship program of the EFCA. We partner with national churches around the world to send children to school and help care for their physical, spiritual and emotional needs. Serving as a door into unreached communities, GlobalFingerprints programs support the strengthening, revitalizing and planting of churches by missionaries and national partners. During the last two years, GlobalFingerprints grew in both the number of children sponsored and the number of countries and locations where we partner with the national church. There are over 3,600 sponsored children in 11 countries impacting families and communities in some of the most closed countries globally.

ReachGlobal by the numbers	2017	2018
Staff	611	589
Countries with ReachGlobal residential staff	48	44
People groups served		847
New ReachGlobal Staff	15	23
Partnerships	314	369
New churches started		870
Churches strengthened/revitalized		3,664
Crisis Response events	5	8
EFCA Churches assisted by Crisis Response	23	27
EFCA Churches sending teams with Crisis Response	118	206
GlobalFingerprints children sponsored	3372	3602

In 2018, over 500 EFCA churches collaborated with ReachGlobal sending teams and participating in outreach efforts both domestically and internationally. We are grateful for the generous support both in finances and people that churches give toward this important work. As the mission arm of the EFCA, we want to serve churches well and provide the best opportunity for sending workers to the harvest. Join us in praying to the Lord of the harvest for more laborers to bring the good news to those who have not heard, to disciple people who will disciple others, and to see new churches multiplied internationally.

Brian Duggan
Executive Vice President of International Ministries

National Ministries Report

The mission of the EFCA is being lived out across the country in exciting ways. We are committed to see disciplemakers multiplied, the gospel extended into communities, and churches strengthened, revitalized and planted. It is our passion to see this take place among the growing diversity of people in our nation.

Over the past two years, we have seen the Lord work in significant ways to move forward the mission of the EFCA. We have placed significant emphasis on helping EFCA churches through training and coaching. In 2018, over 464 pastors and ministry leaders were involved in various cohorts across the denomination. We held three different Transformational Learning Cohorts for local church leadership. We hosted the third iteration of these cohorts with a total of 73 participants. Additionally, we are in the process of certifying coaches who will take the training back to their districts and implement the concept of multiplication by beginning their own cohorts.

Like the learning cohorts, the ReachStudents Council has been coaching youth leaders for several years. In the last three years, we have developed 10 youth leader disciplemaking cohorts held virtually three times a year. We also have established 22 coaching networks for student ministries leaders across the EFCA.

The All People ministry hosted six Hispanic Pastors Gatherings and facilitated two Second Language Service cohorts. Additionally, one community development cohort was hosted with 55 leaders participating.

We continue to invest in the next generation of leaders. Close to 1,500 leaders have participated in affordable theological education through GATEWAY in 175 locations across the country. Through Apex, 325 students have gained ministry experience in new cultures in 40 locations around the world over the past two years.

In July 2018, the Challenge conference brought together 4,294 attendees focusing on the theme “Bold Moves.” This biennial youth event provides an environment of significant spiritual impact resulting in new believers, repentant believers, and many activated to mission. Challenge creates an environment that models one EFCA—the combined efforts of national, international, district and local leaders together focused on the next generation. This strategic event creates partnership and collaboration among EFCA ministries such as Apex, ReachGlobal, Trinity International University and Christian Investors Financial.

Coaching and peer learning also occur in non-formal venues where EFCA national office leadership assists by convening affinity groups of local church pastors, staff and leaders. These include groups of lead pastors, executive pastors, missions pastors, worship leaders, children’s ministry leaders and district superintendents. We convened 271 individuals through various gatherings and networks in 2018, and 269 ministry leaders participated in 2017. Fritz Dale has given leadership to prayer ministry initiatives across the EFCA through a variety of interactions and equipping of leaders in several districts.

The Church Multiplication Team, led by Andrew Hoffman, recently added Scott Sterner from the Forest Lakes District as a part-time leader. The full team consists of district church planters from across the denomination tasked with helping plant new churches in each EFCA district.

On October 7, 2018, the first Church Multiplication Sunday was held across the EFCA movement uniting churches around the theme of “Pray to the Lord of the Harvest.” The goal was to have 50,000 people praying for church planting, and from anecdotal evidence we believe we reached that goal. Simultaneously, Hispanic leaders in our movement introduced Cosecha, a church planting initiative in Spanish with the goal to double the number of EFCA Hispanic churches by 2025.

The Church Multiplication Team has seen tremendous growth as it reviews best practices for church planting in various ministry contexts. The team is using a new cohort-driven church planting training called “Multiply” which has great promise for successful planting. We continue to use the existing church planting bootcamp materials in some districts, allowing each district to determine which curriculum works best for their ministry context.

Our commitment remains strong to see ministry grow among “all people” across America. Thirty percent of EFCA church plants are ethnic or multicultural and 23.9% of EFCA churches are multicultural. Alex Mandes gives leadership to the All People Ministry which continues to have significant impact on EFCA churches across the country. In 2018, the ministries include 313 ethnic or multicultural churches, 72 second language services, 14 immigrant churches, 13 multicultural church plants, 178 community development ministries, and 56 cohort groups. Through the ministry of Immigrant Hope almost 3,500 immigrants were served in 2018.

This past year has been one of significant change in leadership staff in EFCA national ministries. In July of 2017, Brian Cole, executive vice president of ministries, was diagnosed with advanced pancreatic cancer. Brian’s role included giving leadership to our national ministries team. He officially stepped away from his role at the end of the first quarter of 2019. Shane Stacey resigned last summer to go back to ministry in a local church following a decade of effective leadership of ReachStudents. This winter Justin Wevers, who served at New Hope Church in Minneapolis, was hired as director of student ministries. This spring, Steven Weathers resigned from the All People Ministry team to pursue his academic work towards a Ph.D. in intercultural studies, and Fritz Dale announced that he will retire later this year after more than 13 years of ministry at the national office. I am extremely thankful to the Lord for Brian, Shane, Steven and Fritz and the impact they have had in the EFCA.

We are trusting the Lord to move in significant ways in the years ahead.

Kevin Kompelien, EFCA President
Interim National Ministries Leader

Operations

The mission of Operations is to provide EFCA pathways to multiply transformational churches among all people. We support the EFCA national office, staff, missionaries, donors, churches and districts by providing exceptional service in the areas of Accounting, Human Resources, Information Technology, Donor Services, Events, Administration, and ReachGlobal Operations. We answer many questions posed by church administrators and provide best practices to help them effectively manage church operations.

The Accounting team ensures that financial results are reported accurately, staff and vendors are paid in a timely way, and missionaries have access to funds needed for ministry. The EFCA's auditors, BKD, issued a clean opinion for the combined financial statements for 2017 and 2018, which can be found in the financial section of these reports. The EFCA remains a member in good standing with the ECFA (Evangelical Council for Financial Accountability), providing assurance to donors, churches, and outside parties that the EFCA's finances are stewarded according to strict and appropriate standards.

Risk assessment and mitigation continues to be a high priority with a team meeting regularly to evaluate and review financial, legal, operational, and reputational risks, and developing appropriate mitigating strategies. EFCA operations and foundation investments are managed by a board-appointed Investment Committee which contracts with Syntrinsic Investment Counsel for strategic and day-to-day investment transactions. Both the committee and the investment management firm operate according to a board-approved Investment Policy.

The Human Resources and Office Services teams care for our staff and facilities to enable staff to work effectively and comfortably. We hired 19 new and replacement staff in 2017 and 2018 and coordinated benefits to meet medical and other family needs. We also led the remodeling of the second floor to update the EFCA national office workspace.

The Information Technology team empowers our staff of approximately 800 (national and international) to enhance their ministry activities and stay connected to the support systems in place through the effective use of technology.

We are thankful for the 32,495 individual and organizational donors who gave in 2017 and 2018. This includes support from 1,161 Evangelical Free Churches. The Donor Services team frequently assists churches and donors with the process of receiving stock transfers, land, and other unusual gifts.

The Events team supports the EFCA through event leadership and consulting, including the movement-wide annual Theology Conference, 2017 EFCA One conference and 2018 Challenge conference. In addition, we executed nine affinity gatherings and four ReachGlobal division conferences in Asia, Africa, Latin America and Europe.

The Administration team assists churches with federal tax-exempt status and helps find resources for various tax and business-related issues. We track EFCA assets globally and provide insurance to mitigate risk.

The ReachGlobal operations team includes recruitment, onboarding, training, member care, financial operations, medical, and crisis services to help our missionaries serve effectively in the United States and around the world. In 2017 and 2018, we trained and deployed 76 new missionaries for service and trained 52 team leaders in coaching their teams.

Carole Lehn
Executive Vice President of Operations

Ministry Advancement and Communications

The strategic and tactical alignment between Ministry Advancement and Communications has worked well for the EFCA as several synergistic efforts have begun to take life. Our Ministry Advancement team of three is responsible for the EFCA Foundation, FairShare, National Ministry Fund and Global Vision Partners (now called EFCA Fund), and a new giving category called the President's Circle. The Communications team continues to find creative ways to share the vision and mission of the EFCA accentuating the many ways churches, districts and ReachGlobal ministries share the good news of Jesus Christ. The combined efforts of Advancement and Communications, working on behalf of the entirety of the EFCA, has continued to grow our web presence and social media channels with relevant content for constituents. Engaging graphic and video production materials tell the powerful stories of God's work within the EFCA. Our publications of the EFCA Update, Partners with the President, the EFCA Blog and the host of social media streams are individually and collectively experiencing enhanced engagement.

During the 2017-2018 calendar years, 65% of EFCA churches provided support for national office ministries. FairShare contributed approximately 28% of funding for the ministries of the national office. FairShare is the commitment of EFCA churches to support the denomination by providing 1% of their revenue to the EFCA national office and a corresponding or larger percentage to support their district. The consistent and intentional contributions of most churches across the movement is a strong affirmation of the value of denominational alignment, rooted in our Statement of Faith and the strong conviction that we are better together. We are grateful for the churches who have supported ministries and we ask that those member churches who are currently not supporting their district and the national office would consider doing so in upcoming fiscal years.

The Ministry Advancement and Communications teams continue to work closely with the president and President's Council to serve churches and EFCA ministries—providing the link between frontline ministries and the development of current and future resources to support the national office infrastructure. The past two years have seen the benefits of many years of EFCA Foundation donor cultivation as several estate gifts were received directly benefiting EFCA churches, ReachGlobal, Trinity International University and national office ministries. The EFCA Forward campaign was brought to a close with a total of \$1,900,000 raised allowing us to enhance our technology and web presence, support a number of key ReachGlobal initiatives, cultivate the next generation of EFCA leadership and intentionally invest in urban centers of ministry where mass numbers of people far from God are moving both in the United States and across the globe.

Respectfully submitted,

Garth Warren
Chief Development and Communications Officer

Trinity International University

The 2017-18 and 2018-19 years, overall, have been good ones for Trinity International University. We are grateful indeed for God's kindness, blessings, and favor in so many ways to the Trinity community. Below are a few highlights:

- Trinity's relationship with all aspects of the EFCA continued to be strengthened.
- Trinity welcomed numerous EFCA-related events to campus, including the Theology Conference in the winter of 2019.
- Trinity opened a new site for the work in Florida at the Calvary Chapel in Fort Lauderdale.
- Enrollment at the Trinity Law School exceeded 300.
- Trinity was blessed to receive major funding from the Kern Foundation to support the Center for Transformational Churches (Donald Guthrie, executive director).
- Trinity continues to advance the efforts related to the urban and intercultural ministry project (led by Peter Cha), funded by the Lilly Endowment.
- Trinity's Creation Project has been the source of important conversations and serious research on the biblical doctrine of creation. The Templeton Foundation has committed another \$4.2 million to the project for the year ahead.
- The Trinity Music Department took a group of student musicians to minister and serve in Europe as a part of the *Soli Gloria Deo* initiative.
- Trinity's faculty continued to lead the way with award-winning publications.
- Founders' Day Lectures featured John Kilner and David Gustafson.
- The Leadership Program at Trinity College continued to thrive.
- Trinity's Korean D. Min. Program, taught in Korean and located in Seoul, South Korea now has nearly 100 students (led by Jay Noh). Seventeen students completed their degrees in May.
- The Paul Hiebert Center for Global Theology and World Christianity (led by Tite Tienou, Peter Cha, and others) continued Trinity global evangelical emphases.
- The "Heritage and Hope: Trinity 2023" strategic plan has brought a sense of unified purpose and direction for the entire institution. More than one-half of the 100 initiatives in the Plan have already been accomplished.

These are just a few of the many highlights on the Trinity campus over the past two years. For God's grace and kindness to Trinity, we are abundantly thankful, and for the ongoing relationship with and encouragement from the churches and people of the EFCA, we are truly grateful. We are especially grateful to those churches who have specified a "Trinity Sunday" on their calendar as well as to those churches who continue to encourage their students to pursue their education at Trinity.

Faithfully,

David S. Dockery, President

Trinity Western University

The extraordinary story of Trinity Western University began with the Evangelical Free Churches of Canada and America. As Canada's premier Christian university, TWU now serves more than 4,000 students with over 40 undergraduate degrees and more than 15 graduate programs. TWU is committed to inspiring hearts and minds as it prepares people for the marketplaces of life. Latest news from TWU:

- This spring, 573 graduates received their diplomas at TWU's 57th commencement ceremony—our largest graduating class so far.
- Following three consecutive years of growth in undergraduate enrolment, the fall 2019 application pool is the largest in TWU's history. In fall 2018, our incoming class of 708 was the largest in 12 years.
- Graduate program enrolment has seen growth from both domestic and international student populations and, for 2018/19 academic year, was at an all-time high at 438 incoming students—up by 51% from 2017/18.
- The university continues to evidence strong financial growth, with tuition revenues having increased by more than 10% over last year and total revenues exceeding \$100,000,000 for the first time in its history. We have also significantly reduced bank debt again this year.
- In 2018/19 TWU faculty and students received \$2,468,848 in total external funding for research projects and related infrastructure, while the university provided an additional \$38,406 in research funding from departmental budgets.
- TWU Spartans celebrated four championship teams this season. Men's volleyball team won the U Sports National Championship, men's hockey won BCIHL champions, and women's volleyball and women's soccer took home titles of Canada West Champions.
- Our men's and women's hockey teams were officially voted in to join the Canada West conference by 2020, elevating TWU's hockey teams to Canada's top tier of university sports.
- In April 2019 Spartan Athletics hired a new men's basketball team head coach, Trevor Pridie, former assistant coach for the Toronto Raptors 905.
- In December of 2018 we announced that with a unanimous decision by the Board of Governors our next TWU President, Dr. Mark Husbands. In May, Dr. Husbands and his wife Becky visited the campus in preparation for taking up the role of President at TWU on July 2, 2019.
- Bob Kuhn's presidency came to a close end of April. He was honoured by the school with the title President Emeritus, and our new building will be named the Robert G. Kuhn Building.
- As of May 1, TWU Extension has restructured as GLOBAL. This organizational change will help us serve the evolving needs of international and lifelong learners and support projected growth.
- Jacobson Hall, one of two new residence halls, was completed in September 2018, just in time for the largest incoming class in 12 years.

- We achieved our goal of raising \$25 million one year ahead of schedule and are preparing to construct our next new building in early 2020 that will house the School of Business and TWU GLOBAL.

Pray for TWU

- Pray for our leadership as they make decisions in response to needs for Christian options in the Canadian university landscape.
- Pray that each initiative is developed with wisdom and marked by excellence.
- Pray for our new president, Mark Husbands, as he moves back to Canada and transitions into his new role.

Give to TWU

- If the Lord lays TWU on your heart and you feel led to make a donation, please visit **twu.ca/donate**. For information on establishing a scholarship or bursary, or for information about other giving opportunities, please contact Patricia Cuff, Executive Director of Development, at patricia.cuff@twu.ca.

Thank you for your ongoing support of Trinity Western University! We owe so much to our Evangelical Free Church family. Without you, we could never have come this far in uniquely serving our Lord.

Trinity Western University

Allegheny District

The Allegheny District continues to passionately pursue the mission of multiplying transformational churches among all people. We strive to encourage, equip, and resource churches and leaders, toward this mission.

As a district, we focus on providing leadership and resources in the following areas: church health, church planting, pastoral care, stewardship, structure, and communication. These six areas provide guidance and direction for district strategies and initiatives.

Over the past two years, our regional pastor's groups have focused on the life of Christ and His discipling methods, and LifeFlow church health materials. There has been an emphasis to work with elder teams to discover what healthy elder teams and practices look like. The district has invested in multiple leadership teams through retreats and training events. Our Allegheny District webpage has a listing of workshops and training events that we provide to our churches.

The district has five men who serve on the Constitution and Credentialing Board. This board serves the district by overseeing the credentialing process and Constitution and By-law reviews of churches. We adopted Living Stone Community Church in Washington, Pennsylvania, as an EFC Church.

To multiply transformational churches among all people we need to stay focused on church planting. Ronnie Martin, Pastor at Substance Church, Ashland, Ohio serves as our part-time Church Planting Director. Ronnie serves on the EFC national church multiplication team. We currently have one new church plant and are in discussions with several others.

The Allegheny District believes healthy churches must have healthy pastors and leaders. We continue to offer our annual Pastor's and Wives Retreat, Stay Sharp theological conference, regional pastor's gatherings, and Annual Conferences.

The Allegheny District is made up of 34 churches across parts of Ohio, Pennsylvania, Maryland, and New York. Current information about the Allegheny District can be found at allegheny.efcadistrict.org.

May God find us faithful in spreading the gospel till He returns!

In Christ,

Jeff K. Powell
District Superintendent

Central District

Two words describe our current ministry and as we look to the future: committed and centered. As a district, we are fully committed to our personal and church callings. We as individuals and churches have a responsibility to prepare ourselves and churches to be the best possible servants of God in a challenging world.

The second word, centered, is a reminder that our anchor is Jesus Christ and we are to have a clear “centered” focus on the gospel and all that it entails. As I take a moment to look back over where the Lord has taken us these past two years, these items stand out. Church Planting and Adoptions: We added Bethesda Church of St. Louis in March of 2019. Church Planting led by Mark Doss and Al Frank has been and remains a high priority for us and we currently have 10 recognized plants and projects in the pipeline. But the area where we are focused upon with increasing commitment these past two years has been in our multi-cultural ministry led by Brad Wos. Brad has identified 32 Multi-cultural planting and prayer projects, all of which have a leader. He has already established a pastor pipeline for our Hispanic ministry and is developing ministry among many of the nations that are coming and settling in the United States.

We remain committed and centered on the health and discipleship of all the churches we work with in our district. Larry Austin leads this ministry in creative ways that not only help churches and pastors to understand and define discipleship, but by providing creative ministry opportunities to train and equip pastors in developing disciples who make other disciples in a multiplies way. We also have developed an infrastructure of affinity groups that allow the pastors we serve to develop strong relational connections and mature peer to peer learning environments.

We also are committed to our support ministries that bring new levels of strength to our churches. We are deeply blessed to have the largest and best equipped church camp in our ministry area. Hidden Acres has grown to have an overnight capacity of almost 1,000 beds and a dining hall that can feed up to 1,000 at one time. Director Steve Pinkley is doing a superb job as leader. We are reaching record numbers of summer campers and year-round retreaters. Rock River Retreat, led by Casey Danley, is our smaller 100-acre site that specializes in quieter, more contemplative retreat experiences. Both these facilities are helping our churches center on what is eternally important. Our Westhaven Retirement Community Continuum Care Center is a blessing for our Seniors.

A change this year is that I have announced my retirement effective March 2020. I am now in my 21st year of serving this district and it has been my honor to do so. I have no doubt that the district will remain committed and centered on their calling for years to come, should the Lord tarry.

Respectfully Submitted,

Calvin Swan
District Superintendent

Eastern District

In the Eastern District, our main three priorities are leader care, church health and ministry multiplication. We do many things but they all lineup under one of these three priorities. Thankfully, over the last few years we have been pleased to see growth in each of these areas.

From the fall of 2017 through the summer of 2018, our staff team and district board began to work through the vision frame process that was shared by our national EFCA office. We spent a good deal of time talking about our mission to multiply transformational churches among all people along with our vision, values, metrics and strategies.

In order to best accomplish the vision and fulfill our mission, we decided to rethink the staff structure and begin to plan our budget and staff more intentionally to accomplish the goals before us. Practically speaking, one of the biggest changes that has been made has been that we've gone from being a centralized team of a few full-time staff to a de-centralized, geographically dispersed, part-time staff spread across our district. We have added two part time staff members to our pastor support team who work along with their wives and our pastor support director, Jack Kroeze and his wife, Eva. Together, they are providing improved support for the clusters of pastors. We will continue to build on this foundation so that our pastors and leaders live and lead well.

Additionally, we have added David Boerema to lead our NextGEN ministry, Tony Balsamo to lead our Eastern District Multiply Team, and Josh Ott to be our Online Ministry Director.

We have hosted a Marriage Retreat for 50 district leaders and their spouses, an Elder Training event, a Theology Refresher, a one-day Preaching Seminar with Dr. Abraham Kuruvilla, a one day Mission Summit with District, National and International leaders, and many other events that are specific to our staff team members.

Overall, we are very grateful for the growth we see in both the support we give our pastors and leaders and the opportunities for growth that we provide to help with church leadership.

One of the ministries we are most encouraged by is our online ministry, <https://edamove.com>. Through this ministry we provide social media communication, weekly blogs, podcasts from District leaders, and we are beginning to build online courses that will be available for our leaders to use in their local context.

We have added several new churches:

- The Hill Church, Roanoke, VA – Charles Wilson
- Trinity International Church, Huntingdon Valley, PA – Azhar Alam
- Redemption Hill Church, Mastic, NY – Jonathan Bernor
- Edge City Church, New Hyde Park, NY – Stephen Na
- Resurgence Church, Manorville, NY – Michael Gerhauser
- Commitment in Espanola, Lindenwold, NJ – Jose Torres, Juan Ramirez
- Cornerstone Spanish Ministry, Easton, PA – Jonny Villamar

We have had a couple of church closings and one church that disassociated with the EFCA.

It is our belief that God wants our district to be a vibrant part of the overall EFCA mission to multiply transformational churches among all people.

For His Glory,

Eddie Cole
Eastern District Superintendent

EFCA Southeast

We exist to glorify God by establishing an increasing number of discipling churches of biblical integrity and spiritual vitality marked by the distinctives of the EFCA.

Better Together: We are a Gospel-centered movement seeking to be a catalyst for multiplying disciples and churches so that together we can see lives and communities transformed for God's glory. What a privilege to partner with so many, committed to so much.

Current Church Status: We number nine states, 73 churches, 14 church plants, 13 church planting *projects*, and a dozen church planting *prospects* we're pursuing. One-third of us are bi-vocational. 50% of our church plants/projects are ethnic or multi-ethnic. 15% of our churches are ethnic or multiethnic. We enjoy nine Haitian pastors, six African American pastors, six Hispanic pastors, and three Asian pastors. 90% of us are on the centerline or in the eastern half of the district. Half of our churches are in Florida. There is still no EFCA church in Mississippi (we're working on it).

Staff Team: **Xochitl Cachon**, as our new administrator, watches over the details of our expansive ministry. **Bruce Redmond** directs our church planting with the help of several regional catalysts. Bruce's wife, **Jackie**, continues to avail herself to churches as our Women's Mobilizer. **Hugo Concha**, our Director de Ministerios Hispanos, has significantly enlarged our capacity to minister to the Spanish-speaking communities of the Southeast.

Church Affiliation: New City Church - Charlotte, North Carolina

District Structure: With the EFCA national bylaws being amended to allow direct alignment of a district with the national organization, our district voted to do so. We made the official transition on April 1, 2018. It is now a year later and it's easy to say that this new alignment has been everything we had hoped for, strategically and relationally.

Financial Times: As our district movement continues to gain momentum, we do appreciate the sacrificial giving that so many have provided. We continue to meet our budget and continue to trust God to expand our footprint of influence. May the Lord continue to show His favor.

SEDCON 19: Our Southeast District Conference this year was held in February at Ridgecrest Conference Center in Ridgecrest, North Carolina. We had several presenters bring their uniquely inspired messages. Notably, Brad Brinson and Bart Pederson of our Two Rivers Church in Knoxville, Tennessee.

Transitions: As more and more of our pastors reach retirement age, several of our churches have made very healthy (and creative) transitions allowing new and younger leadership to emerge. Other churches are in preparation for these transitions of their own.

New Initiatives:

- The Normal Church Network - an annual gathering of our pastors serving churches of under 250.

- Montgomery Moves Me - tours of the slavery museum and lynching memorial in Montgomery.
- Venezuela Partnership - ministry teaming with the president of the EvFree churches of Venezuela.

It continues to be an absolute privilege to serve the Lord together with you. May God continue to bless the EFCA for His glory and honor.

Sincerely,

Glen A. Schrieber
Superintendent

EFCA Texas-Oklahoma District

We were thrilled last year to see the addition of Jaime Roy on our staff as Communications & Organizational Specialist. Her job is to help our church plants with branding, websites, and communication. She also serves the District in this area as well. Pastor Manuel Abarca Saez was added to our staff in a part-time role as our Director of Hispanic Church planting. We have quickly seen the addition of several new Spanish-speaking church planters in our District!

Over the past two years, we have had eighteen church plants in process. We are encouraged to have six sending churches looking to hire residents to plant out in the future. In addition, we have seen five of our churches move into new facilities or campuses, and six others plan to do so this year.

We voted to remove five churches from our District: OakCreek Bible Church in League City, Texas closed as Pastor Mike Bauer and others left to plant Disciple Together Fellowship, a micro church in the same area; Anointed Fellowship Bible Church in Lancaster, Texas merged with Bibleway Bible Church; The Gathering in Oklahoma City, Oklahoma; Believers Bible Church in Corsicana, Texas; and Zion Church of Kurten in Kurten, Texas all left the District.

In February 27% of our district churches signed a covenant to join our *Multiplying Together Initiative*, which is a multiplication network within our district. They have committed to living a multiplying life, and seeing their churches multiplying disciples, leaders, and reproducing churches every three to five years. They have further committed to giving 3% of their budgets to their own multiplication as well as 1% to support the EFCA National Office and 2% to support the District Office. Katie Arnold, our Director of Ministry Effectiveness who helps our churches multiply disciples, leaders and churches leads this initiative. She also serves on the national EFCA Church Multiplication Team.

Tom Thomas serves as our Credentialing Coordinator leading our DBOMS team; and Tim Rowley is our representative on the national Student Ministries Council and gives leadership to district student ministries. My wife, JoAnn, provides part-time administrative support for me and the district. We also have several Pastors who facilitate our Healthy Church Pastors' Networks and serve on our church planting team. We appreciate the help of each of these individuals and their contribution!

Our vision is to have healthy churches which multiply at every level (believers, growing disciples, workers, leaders, disciplemakers both local and global, and churches or campuses). We want every church to be a parent church, partner church or participating church when it comes to church planting. We firmly believe that the single most effective evangelistic methodology under heaven is planting new churches, which in turn plant other new churches.

We are better together, and we have a wonderful spirit in our district. I praise God for our board, churches, pastors, church planters and their families who are sacrificially working together to help us multiply transformational churches among all people. The future looks bright and I am convinced that the best days of EFCA Texas-Oklahoma are still ahead!

Warmly,

Dr. Bob Rowley
District Superintendent

EFCA West

It isn't every day that one gets to write a "final" annual report, but after 29 years of leading this district, so it is. I assumed this role on January 1 of 1991, following the legendary Dr. Wallace Norling, who served as the first District Superintendent of the Southwest District from 1966 through December 31, 1990. While 30 years of service would have been a nice round number, it is time for a new leader to bring fresh energy and visional clarity to this role. The scheduled date for a leadership transfer is December 31, 2019. Lord willing, by the time you read this, we will be well on our way to discovering who this next leader is.

For purposes of documentation, I should probably summarize that the Southwest District underwent a radical change of structure and governance beginning in 2000 and culminating in 2002. This resulted in the merging of four districts (Southwest, Southwest Border, Central California, and Intermountain) to form EFCA West, which in turn led to the addition of a "Clause B" to the national EFCA constitution and By-laws. In essence, a Clause B district has no district board, but answers directly to the national Board of Directors and the President of the EFCA. An additional result of the change was to modify our structure to one of an enlarged team of "specialists" who serve over 200 congregations out of their special gifts, experience, and passion. We prefer to believe that the simple difference has been that more churches have been served better than would have been possible through a one-man traditional district structure. At this writing, the EFCA West district team consists of 5 fulltime and 3 part-time staff, and 1 volunteer member, as follows: 1) A fulltime District Superintendent (Steve Highfill), 2) A fulltime Director of Pastoral Care and Credentialing (Paul Schliep), 3) A fulltime Director of All Peoples Ministries (Alex Rivero), 4) A fulltime Director of Administration (Xochitl Cachon), 5) A fulltime Director of Resource Development (Bret Bremberg), 6) A part-time Director of Church Health (Bob Osborne), 7) A part-time Director of Church Multiplication (Tim Jacobs), 8) A part-time Director of Hispanic Ministries (Ruben Navarrete), and 9) A volunteer Director of Women in Leadership (Linda Bishop).

While the following numbers do not tell the entire story, they are important for the records. In the past two years, EFCA West has:

- Helped through either funding or leadership assistance 21 Church Plants
- Funded 12 Church Planters with a total of \$158,500 in salary subsidies
- Granted 23 5-year Ministerial Licenses
- Granted 4 Certificates of Ordination
- Granted 3 Transfers for Ordination
- Formally Affiliated 6 new churches (both incoming and promoted church plants)
- Removed or closed 4 churches
- A total of 230 congregations, of which:
 - 9 are Asian as second language
 - 2 are "Deaf" defined as second language
 - 17 are Hispanic as second language

- 2 are multi-cultural with 2 or more primary ethnicities
- 1 is African American
- the remainder are either undefined or English speaking, predominantly Caucasian
- Approximately 67,432 weekly attendees

Words cannot come close to capturing my thoughts as I step out of this role. Back in 1978, I intentionally chose the EFCA family/movement as a place to strategically invest a life of ministry. I have never regretted that decision. While I pray and hope that I have many years yet to serve our Lord Jesus, I also pray that this 4-decade season of partnership with an innumerable list of ministry friends and partners under the umbrella of the Evangelical Free Church of America will be seen by God as worthy of blessing, and of use to His eternal purposes. To God be the glory.

Steve Highfill

Forest Lakes District

Our Missional Vision:

We exist to strengthen our member churches so that together we may multiply transformational churches among all peoples.

Our Strategic Values:

- Connect: Create environments for relationships.
- Equip: Offer resources and training.
- Multiply: Support the multiplication of disciples, leaders, and churches.



We desire to see a Gospel-preaching congregation within 25 miles of every person in Wisconsin and the UP of Michigan. We also have a member congregation in Dubuque, IA and partnership with a plant in Berlin, Germany.

Multiplication Mission:

We support planters & churches in planting disciple-making, transformational, & multiplying congregations throughout the FLD.

Multiplication Values:

- Gospel Centered: We embrace the Gospel as the power of God to save & transform.
- Prayer Dependent: We are a Spirit-filled people who prayerfully depend on the Lord.
- Multiplication Driven: We are committed to multiply disciples, leaders, & churches.
- Diverse: We unite in Christ as an increasingly diverse people.
- Collaborative: We support one another as a community of leaders & churches.
- Innovative: We encourage a culture of innovation & creativity.

In addition to Jon Payne, our District Superintendent, and Rob Weise, Student & Family Ministries and District Events, our FLD ministry staff team has also grown to include:

- Scott Sterner as Church Multiplication Catalyst full time as of August 1,
- Marcus Constantine as Connection & Communication Catalyst as of August 7,
- Brian Thorstad as Church Leadership Catalyst as of September 1.

We thank the Lord for how He has brought together our team and look forward to how God will work through us to minister to the leaders and churches in our district toward greater disciple-making fruitfulness! □



Forest Lakes District

of the Evangelical Free Church of America



Rev. Jon Payne
District
Superintendent



Rev. Rob Weise
Student & Family Ministries
and District Events



Rev. Scott Sterner
Church Multiplication Catalyst



Rev. Brian Thorstad
Church Leadership Catalyst



Rev. Marcus Constantine
Connection &
Communication Catalyst

Administrative
Assistant,
Student &
Family Ministries



Nancy Weise



Jeff Prellwitz

Financial
Reporting



We exist to glorify God by strengthening our member churches, so together we may multiply transformational churches among all people!

We hosted our 2018 Fall Conference at Blackhawk Church, Madison on October 8. Larry Osborne spoke on his new book *Lead Like Shepherd*, and we had 260 ministry leaders attend from 60 churches. Our 34th Annual Districts Youth Conference was held in Green Bay on January 4-6 with 4,500 attendees from 107 youth groups. Our theme was “A Story Worth Living.” We hosted our 34th Annual FLD Spring Conference at Highland Community in Wausau. This year’s theme: “I Will Build My Church” (Matt. 16:18) reinforced the promise that Christ will build His Church as we pray, follow His lead, and make disciples.

Over the past two years, we saw 2 church closures. Through adoption, multi-site, and plants becoming established congregations, we have seen 31 FLD congregations added.

Your brother in Christ,
Jon Payne



FLD
FOREST LAKES DISTRICT

Great Lakes District

Effective District Strategy in Two Words

The EFCA and Will Mancini, author of Church Unique, asked a plenary meeting of superintendents: “How would you describe the role of the EFCA District in two words?” We brainstormed to an agreement: Catalyzing Multiplication.

Multiplication is at the heart of our mission statement. The EFCA exists to glorify God by multiplying transformational churches among all people. The GLD casts the vision, shares our stories, offers training opportunities, and empowers:

- Disciples who make disciples who make disciples
- Small group leaders who apprentice leaders to multiply groups
- Staff who apprentice and coach ministry leaders to multiply staff
- Elders who apprentice elders and send elders to multiply churches
- Pastors who apprentice pastors who multiply pastors and churches
- Movement leaders who multiply movement leaders

What is a catalyst? Catalysts create new connections without fusing to that reaction. “Take nitrogen and hydrogen... and put them in a container, close the lid, and nothing happens. But, add ordinary iron (the catalyst) and you’ll get ammonia and ammonia doesn’t have any iron in it—it’s made solely of hydrogen and nitrogen... “In open organizations, a catalyst is one who initiates a circle and then fades away into the background” (Brafman and Beckstrom, Starfish and the Spider, 91-92).

Brafman and Beckstrom clarify: “While both are leader types, catalysts and CEOs draw upon very different tools. A CEO is The Boss. He’s in charge, and he occupies the top of the hierarchy. A catalyst interacts with people as a peer. He comes across as your friend. Because CEOs are at the top of the pyramid, they lead by command-and-control. Catalysts, on the other hand, depend on trust.... CEOs must be rational; their job is to create shareholder value. Catalysts depend on emotional intelligence; their job is to create personal relationships. CEOs are powerful and directive; they’re at the helm. Catalysts are inspirational and collaborative; they... urge people to work together to make an ideology a reality. Having power puts CEOs in the limelight. Catalysts avoid the attention and tend to work behind the scenes. (129).”

To be closer to our 200 churches, our district has regional (30-50 churches) and area (10-15 churches) superintendents working closely with our church planting director, our administrative staff and our superintendent. Without becoming part of a committee, we catalyze search committees seeking a new pastor. When we are invited, we catalyze elder boards to end conflicts and discover new direction. We cast vision and catalyze our gifted leaders to create new mentoring groups for leaders. We create conferences. We share our stories. We organize critical training to accomplish your church’s mission. We catalyze churches for church planting providing proven systems like assessment, coaching, training and support team building. We build trust, strengthen relationships, release resources, and discover that interdependent churches are better together.

Some say denominations are dying out like the dinosaurs. Our experience is that districts create critical connections local churches as we contribute our unique value proposition that can be summarized into seven critical areas.

1 Catalyze Church Planting

A Church Planting Director oversees our ACTS system of Assessment/Coaching/Training/Sending. District receive churches into our the EFCA.

2 Care for all the churches

“Besides everything else, I face daily the pressure of my concern for all the churches” (2 Corinthians 11:28). Our District Staff Team prays for our churches, builds trusting relationships, equips effective searches, facilitates credentialing, and our Superintendents comes quickly when asked for help.

3 Connect our pastors and wives

Our Superintendent Team frames 17 ministerial and mentoring groups across five states so that no pastor is left alone as we are “shepherds of the shepherds” and catalysts for Gospel and Great Commission ministry.

4 Consult with church boards

Pastoral transitions are the greatest time a district can serve a church. We recommend interims, introduce tools www.ministerconnection.net connect to EFCA recovery churches, and coach strategic planning.

5 Cross Cultural Ministries

Our Hispanic Leadership Team led by Pastor Ricardo Palmerin serves our 20 Hispanic congregations and Bill Reed serves 15 multi-/ethnic churches.

6 Conferences

The annual GLD District Conference connects us to new and old friends, contributions critical training, shares our story, and makes critical decisions.

7 Communication

The GLD Monthly Briefing tells our story and gives future opportunities.

Hawaii District

According to Revelation 16:20, you may not want to be living on an island when the end times come our way. However, in the meantime, it is not the worst option out there.

One benefit of island life is the relational nature of the culture. There is a higher priority put on who we are, rather than what we are. Another benefit is the incredible ethnic mix that is everywhere you go. The “All People” piece of our EFCA mission does not seem to be as complicated here as it might be in other places. It is a blessing not really knowing who the minority is.

We have tried to maintain healthy relationships with quarterly prayer fellowships with all our pastors. We have also been blessed to have our pastors’ wives hold their own retreat for a time of openness and prayer. Our pastors and wives’ retreats make for an honest time of sharing, regarding some of the ministry challenges that we have in common.

Our pastors, who also form our District Board, have decided to try and turn our quarterly gatherings into less of a “business” time and into a more of a transparent sharing time. We hope that by dealing with as much of the work ahead of time as possible, we will create more time to strengthen our community, when we get together.

To help us serve our nine churches (seven on Oahu and two on the neighbor islands), we have brought on staff, Pastor Steve Knapp, as District Director of Pastoral Care. He jumped in immediately helping put together our annual conference, which celebrated 50 years of EFCA ministry in the Hawaiian Islands. He also blessed us with a touching video reflecting on God multiplied His church over the past fifty years. During the celebration, President Kevin Kompelien brought a strong word of encouragement and challenge, even though he did refuse to participate in the fire-dance.

We concluded our six-year commitment to the Kairos Project. This was a co-operative partnership of our District churches to help train pastor and church planters in Southeast Asia. We spent the first three years in Vietnam and concluded with these last three years in Myanmar. After concluding, our contacts have asked if Margie Campbell could come back again, and specifically help teach a large group of the pastors’ wives. At this point, we are waiting for some local fighting to subside to see if we will be able to return.

Finally, after seventeen years as District Superintendent, I have challenged one of our younger pastors to consider stepping into this role when I step down in two more years. I have got to get off this island before the end times.

Bruce Campbell
District Superintendent

Midwest District

Within the MWD (Midwest District) and across the nation there is an amazing amount of training and information to be found in most any area of church ministry. Continuing to grow in our knowledge and practical application of ministry is essential. However, we (MWD Staff) are seeking to also serve more strongly in the pastoral role — providing for and encouraging a true, more personal *close* walk with Jesus for our pastors and church leaders. We do want our churches to reach their own unique mission/vision. But we desire with these accomplishments that our leaders stay on the path of righteousness and more brightly reflect the light of Jesus in their lives (from Proverbs 4:18).

A few highlights from the past couple of years would be: 1) our TRANSFORM conferences (annual conferences), with challenging speakers, training seminars, corporate worship and just great fellowship with one another continue to be very encouraging; 2) Seeking to invest in our pastors/wives, we were able to provide reimbursements for housing and meals for all who were able to attend a *Weekend to Remember* Conference in 2018; 3) A 7th Pastoral Cluster was added to the MWD, providing a closer EFC pastor gathering for 12 of our churches; 4) Bringing in Pastor David Santos from Mexico to help serve Hispanic works in both Lexington and Broken Bow (NE) will be a great asset.

The MWD presently has 99 churches and 105 different congregations (including satellites and/or separate campuses). For 2017-18:

Churches closed or moved out of the EFCA

- Second Wind, Valentine, Nebraska
- Rosehill EFC, Newman Grove, Nebraska
- Redemption Church (plant), Wichita, Kansas
- RiverPoint Church, Newton, Kansas
- Polk EFC, Polk, Nebraska
- Vox Dei Community Church, Belton, Missouri
- Libre Evangelica Iglesias Fe Eficaz, Nebraska City, Nebraska

Granted Autonomy

- Louisville EFC, Louisville, Nebraska

Presently we have one new campus starting this (2019) fall; one Hispanic plant in process and three non-EFCA churches considering joining with the EFCA MWD. We are encouraging, supporting and facilitating a greater church led planting movement in the MWD, believing this will lead to better and stronger church plants.

Our TEAM 4:18 (from Proverbs 4:18) ministry continues to provide a unique realm of ministry for the MWD. This is a running affinity group consisting of runners primarily from the MWD Churches. We are seeking to better carry over the physical disciplines demanded to be a "runner," to our spiritual disciplines demanded to "walk [run] the path of righteousness" and to reflect the light of Jesus more brightly.

With the national EFCA mission, we exist to glorify God by multiplying transformational churches among all people across Nebraska, Kansas and the KC Metro.

Grateful for His Grace,

Noah Palmer
District Superintendent

NEW ENGLAND DISTRICT

The New England District Association (NEDA) is the association of Evangelical Free Churches in the 6 New England states and the northeast triangle of New York state, with 70 churches and over 9,000 attendees. New England is one of the most un-churched regions of the country with 8 out of the 10 most “post-Christian” cities in America located in the Northeast. New England needs the presence of Jesus demonstrated and the Gospel message proclaimed by Jesus’ followers as they gather in worship and scatter on mission. It is our desire to see a Gospel presence established in every community. We work toward this vision by developing disciple-making leaders, growing transformational churches, and catalyzing church multiplication.

Over the past 2 years, 3 churches came into our district (1 by affiliation, 2 by planting). *The United Church of Norwood*, Norwood, MA (affiliation). *Elm City Church*, Keene, NH (church plant). *Iglesia Evangélica Bethel*, Stamford CT (church plant). Over the past 2 years 5 churches have closed. *BeFree Community Church Newmarket*, Newmarket, NH. *Heart Change Fellowship*, Boston, MA. *Hope Fellowship EFC*, Newport, NH. *South County EFC*, Westerly, RI. *Community of Grace*, Cape Elizabeth, ME.

Our 2107 Conference took place at Westfield EFC in Westfield, MA. The theme was “Leader Development in the Way of Jesus” with Fritz Dale (EFCA) and Dr. Scott Solberg (Wethersfield EFC) being our keynote speakers. In 2018, our conference was held at Camp Spofford. The theme was “A United Church in a Divided Culture.” Doug Sweeney (TEDS) and Scott Hancock (Gettysburg College) were our keynote speakers.

This is a season of change in our district. There are many long-term pastors who are retiring. In the past 2 years, we have had 13 churches enter the pastoral transition process. Though this has created challenge, it has also been a blessing to see how God is providing good and godly pastors for the next season of ministry.

One of our most fruitful initiatives continues to be Lifeflow, which is our church health development process. Scott Solberg (Senior Pastor of Wethersfield EFC) partners with me in facilitating this training. In this process, pastors walk through 7 trainings sessions over a 2-year period. The goal is for the pastors to develop a disciple-making way of life in their local church.

At the end of my first 3-year term year, I am continuing to learn and grow. I am grateful for the opportunity to serve Christ and his church as the New England District Superintendent.

Grace and peace,

Sam Huggard

North Central District

*Not to us, O LORD, not to us, but to your name give glory,
for the sake of your steadfast love and your faithfulness! – Psalm 115:1*

EFCA's North Central District exists to glorify God by multiplying transformational churches among all people in Minnesota and beyond. Believing we are better together, our district seeks to serve pastors, church leaders, and churches as they pursue this calling.

Like our sister EFCA Districts, our district staff is the very best resource we can offer to serve and support our family of churches. Our district team includes Dave Linde (Resources, Placement & Credentialing), Dan Moose (Church Multiplication), Steve Austvold (Missions Mobilization), Kelley Johnson (Pastoral Care), Glenn Olson (Student Ministries), Sharon Trucker (Administration), Mindy Warland (Finance and Administration), and Jordan Hirsch (Administration). Programs help and tools are important, but it is the direct support, encouragement, and partnership of our district staff that makes the biggest difference for NCD churches.

In the past two years, our district leaders have invested significant energy in listening, gathering, clarifying, and championing a renewed vision for the NCD. In this, we reaffirmed our commitment to keep "churches first" and identified the five key areas of opportunity: (1) leadership pipeline, (2) personal evangelism, (3) all people, (4) gospel and Scripture, and (5) church revitalization.

During this time, we also refined what our NCD family will count and celebrate, publishing our first NCD infographic (ncdefca.org/infographic). Important metrics for our district include:

- 154 congregations
- 4548 disciple-making leaders & 1880 disciple-making groups
- 682 baptisms
- 35,427 average weekly attendance

note: these numbers come from our 2018 NCD Infographic. See our 2019 NCD Infographic for updated numbers.

We also shared an updated strategic plan, designed to help us keep churches first and drive us forward in the five key areas. This strategic plan is intended to affirm our commitments, clarify our priorities, and propose new initiatives (ncdefca.org/strategicplan).

In Christ,

Brian Farone

District Superintendent

North Central District | EFCA

Northern Mountain District

The Northern Mountain District includes Eastern Washington, Northern Idaho and most of Montana. It is nearly 800 miles from the western edge, at our Washington Cascade Range to our furthest eastern church in Forsyth, Montana. The NMD has at present 30 churches.

In May of 2019 Lee Kisman was reaffirmed as superintendent for a third 3-year term. The last 3 years have been marked by pastoral transitions in 12 of our churches, highlighting a noticeable generational change which we also observe in the EFCA nationally. We also are seeing capable men entering pastoral ministry as a 2nd career with good results.

Pastoral cluster meetings were held in Dec 2018 to discuss the proposed SOF changes regarding Pre-Millennialism as well an important Q and A with Greg Strand at our 2019 Annual Conference in Liberty Lake, WA. These vigorous discussions were very helpful for us as a district as we sifted through those things that we value most about EFCA history, distinctives, and doctrine.

Our senior pastors enthusiastically embrace our EFCA mission of multiplying disciples and transformational churches among all peoples. This includes a broad support for Reach Global Missionaries and many other mission enterprises launched from our local churches. "Making Disciples" is the phrase most often used by our pastors to describe what, for us, is "Job 1."

Until He Comes Again,

Lee Kisman
District Superintendent

Northern Plains District

The Northern Plains District covers the state of North Dakota, approximately the northern third of South Dakota and the eastern third of Montana along with a sliver of northwestern Minnesota.

Our district's core values are teamwork because it accomplishes far more for the cause of Christ; multiplication on all levels because it is God's strategy to reach the world and healthy churches because they are God's primary means for advancing His kingdom.

In 2016, the District Board of Directors read and discussed the book Oneness Embraced: Reconciliation, The Kingdom, and How We Are Stronger Together by Tony Evans. In 2017 we read and discussed the book Developing Emotionally Mature Leaders by Aubrey Malphurs.

Our annual conferences are held each spring. The 2017 Conference had the theme of "Revival on the Northern Plains." Our featured speaker was Dr. Kyle Martin and our host was Bethel EFC in Devils Lake, ND. This conference was unique in that attendees went out into the community to love, listen, discern and respond to people they engaged. Our 2018 Conference had the theme of "Caring for God's People." Our featured speaker was EFC Pastor and author Lee Eclov. Our host was Salem EFC at their Moorhead, MN campus.

Our Student Conferences in both 2017 and 2018 were held in Aberdeen, SD. The 2017 theme was "Encounter" and the featured speaker was Bill Allison. The 2018 theme was "The Real Jesus" and the featured speaker was Zane Black. The Student Conference, "districts," has grown each year in attendance. In 2017 Steven Dunkel replaced Chad Englund as the Student Ministry Mobilizer.

Pastor training events are held each fall. Typically, there is a training held on the east side of the district one day and then it is repeated on the west side of the district on the next day. In 2017 Dr. Bill Piatt conducted training on Biblical Counseling with the focus on "Why counsel?" and "Getting to the Heart of the Issue." In 2018 Fritz Dale conducted training on "Shepherding the Hearts – Yours and the Hearts of Your Leaders."

The district has three affiliate ministries. They are Cooperstown Bible Camp, located in the Sheyenne River Valley near Cooperstown, ND; Elim Care (providing senior care) in Fargo, ND and the Baptist Health Care Center (also providing senior care) in Bismarck, ND.

In 2017, Community Bible Church in Bottineau, ND closed. There are currently thirty-four churches in the district.

Our desire is to develop a culture of disciple making and multiplication within the district so that our EFCA mission of glorifying God by multiplying transformational churches among all people may be realized. To help facilitate this, we have developed a pastor Disciple Making Cohort that gathers twice each year in person and twice by video conferencing to learn together and encourage one another toward the end of being better at making disciples who in turn make disciple makers.

Dr. Daryl K. Thompson
Superintendent

"Now to Him who is able to do exceeding abundantly beyond all that we ask or think, according to the power that works within us, to Him be the glory in the church and in Christ Jesus to all generations forever and ever. Amen." Ephesians 3:20-21

Pacific Northwest District

The Pacific Northwest District is comprised of 41 churches. In the past two years, we have lost three of churches: *Hope Fellowship*, in Wilsonville, OR, closed its doors in December of 2017. *Servants' Fellowship*, in Corvallis, OR held its last service in December of 2018. *New Beginnings* (formerly Lynnwood EFC) removed itself from affiliation with the EFCA in January of 2019. We provisionally accepted a new church into our District at our District Conference in March. *Emmanuel Charisma Church* is a church plant led by Pastor Yonas Getachew. Pastor Yonas is an Ethiopian immigrant who has a heart to plant several churches amongst Ethiopian immigrants in the Seattle metro area. He is/has been involved in global church planting work as well. We look forward to our partnership with Pastor Yonas!

We continue the work of refining our vision for multiplying healthy disciple-making churches among all people in the Pacific Northwest. We are helping some of our churches to recalibrate their ministries around the priority of developing and releasing disciples. Our goal is that the people we serve understand, *faith as a way of life*, and feel competent in sharing the way of Jesus with others they know.

Our commitment to organize *regionally* remains a key component of our District ministry. Each of our six clusters meets regularly for the purpose of encouragement, sharing of challenges and opportunities, prayer and support.

Our 2018 Conference featured Tom Mercer, Sr. Pastor, *High Dessert Church*, Victorville, CA. Tom challenged our teams of leaders around understanding and leveraging greater effectiveness around the "Oikos" principle, using influence for the sake of the Kingdom in the relationships we already have. Our 2019 Conference featured Alan Hirsch, who brought understanding to our folks regarding how to extend the ministry of our churches amid a very post-Christian culture.

Richard Parker continues to lead our credentialing process well. We use *Gateway* as our means of accomplishing this.

We've recently brought Scott Lamb, *Emmaus Life EFC*, as a part-time leader of church planting in our District.

The Pacific Northwest is among the most un-churched regions of the country. We are compelled by the Great Commission to continue to elevate church planting as a central priority of district ministry. We believe that planting churches in which disciple-making is the central feature is the most effective way to see the Kingdom of Christ grow. Though we are a District that plants churches, we are laying groundwork for the day when we can become a District of churches planting churches. We appreciate your prayer as we serve together with you amid a culture that is undergoing tremendous change.

Rejoicing in God's Faithfulness,
Bruce Martin
Superintendent

Rocky Mountain District

As we continue to "**multiply transformational churches among all people**" we are excited about our ongoing opportunity to begin new church plants in various communities in the Rocky Mountain District.

In the past two years, we have birthed churches in Florence, Colorado, Springs and Timnath Colorado, and one in Douglas, Wyoming, all a result of 1-year residencies each church planter completed. Each of these church plants have two to three partner churches working with them as they move toward maturity and becoming a self-sustaining church.

We also have had church plant in Westcliff, Colorado, join our association this past year. Grace church in Longmont, Colorado, launched a second campus, which will become an autonomous separate church in the next few years.

Our church planter at Grace Life Church in Pueblo, Colorado, merged with the sending church in which the pastor did his residency, joining the two congregations. We are also blessed to have started two new Hispanic churches in Denver, Colorado; Iglesia El Peregrino and Cento Cristiano Camino al Cielo.

Though we have had a full time Director of Church Planting and Development in the past, in 2019 we are planting churches with our Church Planting Leadership Team, four pastors who have also planted churches, working together to do recruitment, assessments, and coaching to assist our church plants get through the 7 minimum criteria to then become an autonomous church. We also are piloting the Multiply Training model in place of the former boot camp model. Included in these training cohorts will be pastors of smaller established, but struggling churches, most from our rural areas, as well as new church planters.

One of the 5 core values of the Rocky Mountain District is interdependence. At our 127th Annual District Conference nine different partnerships between churches were celebrated through testimony and prayer. Two of our churches are also hosting the national Gateway ministry to assist in ethnic planting and outreach.

Our 10 Healthy Church Networks continue to meet monthly where an opportunity for our pastors to fellowship and get training on critical ministry issues is available. Though a specific topic is prepared and ready for each of these, this past year there has always been a topic that has arisen at the beginning of each HCN on which the men have focused, including the upcoming EFCA doctrinal statement proposal.

We offered several district wide training events. Our Fall Summits have featured Dr. Greg Strand and Dr. Dennis Magary on the topics of *Gender Dysphoria* and *Leading with God's Plan and Provision*. In 2018 our Annual Conference focused on evaluating the 5 core values which have driven our district ministry for the past 20 years, with vision for the next 10 years. Our 2019 Annual Conference featured Lance Witt from Replenish Ministries, coaching and teaching on *High Impact Teams*.

Leadership training also continues to be a focus of the district as I lead various leadership training seminars and workshops to help our leaders be proactive in evangelistic and equipping ministry. We have also assisted our churches in training 12 pastoral search committees and assisted 15 other churches in associate staff placement. Every week I speak in a different church in our district and while there I do an informal church health check up with the leadership team.

We are excited about the coming year with the opportunities and vision ahead of us in multiplying more healthy church movement among all people within the Rocky Mountain district.

Dr. Gregory Fell
Superintendent

Western District

These have been years of political, cultural, spiritual, ecclesiological upheaval. Love—all we have to offer—remains our “bottom line.” Sourced in perfect love it assumes intentional friendship, and even a re-thinking of our identity and activity as the people of God. The Western District has been on a divine journey as measured by our annual conferences over the past 6 years. Is the Father inviting us from strategies and structures, to surrender and relationship?

2014 (Spring) – The Gospel Coalition “piggy-back” conference

2014 (Fall) – An internally led prayer, confession, worship, and seeking of God in mission

2015 – Kevin Kompelien – Multiplying disciples

2016 – Jeff Sorvik – Multiplying disciples, leaders, and churches

2017 – Tom Nelson – Empowering disciples in the workplace for missional living

2018 – Hugh Halter – Walking across the street – a way of life for pastors and people

2019 – Francis Chan – Decentralizing the church into a gospel for every neighborhood

Clearly God is inviting us to reconsider what it means to be what we’ve conventionally called “the local church.” Our health, and any reversal in our national, evangelical downturn, is dependent on our right alignment with what God is doing in kingdom-building. A humble posture invites us to consider that we just might be misaligned. With right motives we have perhaps painted ourselves into corners with unanticipated consequences. With godly courage we surrender our traditions and recommit to God’s commands (Mark 7:6-9).

In the last two years, the Western District has experienced great trust, health, and increase, while seeing the upheaval of 18 pastoral transitions (the beginnings of what is to come in the next few years): Chico, Elk Grove, Glen Ellen, Lotus, Mt. Shasta, Orland, Oroville, Redding, Reno (Mt. Rose), Reno (SBC), San Francisco EFC, San Leandro, San Mateo, Shingle Springs, Ukiah, Walnut Creek, Yreka, Yuba City (Cornerstone).

In addition we had one merger – Trinity EFC, El Cerrito, CA – formally closed by merging with Solano Community Church (Albany), ending over 100 years of autonomous EFC ministry in the Bay Area; one church affiliation: Prodigal Church (prodigal-church.com), planters: Fred & Jen Kingman; Carson City, NV.; and two church starts: The Porch (porchsf.com), planters: Jon & Melissa Brackett; North Beach (SF), CA, and GraceCity Church (gracecitysac.org), planters: Chris & Melisa Stambaugh; Del Paso Heights (Sacramento), CA.

Finally, the tragic fires in **Paradise, CA** serve to highlight all that is our hope in the gospel. Total destruction will one day, perhaps long into the future, rebound in beauty out of ashes, for this church, for us as individual followers of Jesus, and for the world as we know it! The generosity displayed on a national level (nearing \$1 million received), is the heart of Jesus; the welcome of our Chico church, and the assistance of EFCA Crisis Response, a model of brotherhood; Our Paradise pastor, Art Worthington, of selfless service; the Paradise EFC people of resiliency in Jesus, growing in the things that last forever, while finding their role in the mission to those yet to believe who suffer with them. Prospects of gospel furtherance will rise from these ashes inviting us to always *BE* God’s love in a very broken world.

Neal Brower, District Superintendent

EFCA Chaplains

EFCA Chaplains continue to represent EFCA theology and values as they minister in various settings within military and civilian fields. Often, they are sent where the local church does not exist or cannot go.

For the military, the minimum standards for service are an MDiv, ordination and an Ecclesiastical Endorsement. We have 43 military chaplains serving in the three services: Army, Air Force & Navy (which supplies chaplains for the Navy, Marine Corps and the Coast Guard) and across the three different components: Active Duty, National Guard and Reserve. Their duty assignments take them all over the United States and overseas. The EFCA has endorsed 23 individuals in the chaplain candidate program which helps in preparing them to qualify as military chaplains.

Institutional chaplain qualifications are determined by their employing agency. The requirements can range from an MDiv, Ministry License, Ordination, Clinical Pastoral Education (CPE) certification, up through Board Certified Chaplain (BCC) usually encompassing all the requirements. Because of those different standards, the EFCA has 80 civilian chaplains serving in various ministries including hospitals, retirement homes, fire and police and prison who have an EFCA Credential as well as an Ecclesiastical Endorsement from the EFCA. There are other members of the EFCA serving as chaplains, but their places of service did not require any endorsement from the EFCA. Regardless, our civilian chaplains have a vital role in their places of ministry and continue to represent the EFCA with compassionate and dedicated service.

With guidance from the Board of Ministerial Standing (BOMS) concerning credentialing, and current Department of Defense policies on religion and faith expression, EFCA Chaplains are equipped with theological training and practical expertise and continue to serve with integrity, impacting our fallen world. We ask you to pray for all our EFCA Chaplains as they encounter various situations, both here and abroad, ministering to God's people on behalf of the EFCA.

Phillip F. Wright, CH (COL) USA (Ret)
EFCA Chaplains Director and Endorsing Agent

Christian Investors Financial

Helping EFCA and like-minded churches with loans, investments and capital campaigns ... that's what Christian Investors Financial (CIF) has been doing since 1959. As we celebrate our 60th anniversary this year, our commitment to helping churches and individuals reach their God-given potential has never wavered. And through these six decades, we have embraced the notion that we can do more together than we can do individually.

If your church or ministry is considering buying, building, renovating or expanding, CIF provides loans that meet your unique needs. Our expertise—and decades of experience—in church loans sets us apart from commercial lenders. Our priorities are to serve large and small congregations, and those in rural, suburban and urban contexts. We focus on relationships and our customizable approach will meet the needs of your church. Also, our interest rates are quite competitive; by borrowing from CIF, you also help other ministries through your interest paid.

Loans are funded primarily by investments from individuals, churches and other entities in interest bearing investment certificates. Our loans have helped churches increase space for Vacation Bible School, helped build recreation centers that serve communities, and expanded sanctuary capacities to accommodate growing congregations.

Many churches and ministries also need assistance in raising funds to grow and expand. Through our Campaigns & Consulting ministry, we provide capital campaign and consulting services that help churches get to that next level. In addition to helping churches raise funds, our Campaigns & Consulting arm also provides Feasibility Studies, Mission & Vision Clarification, Strategic Planning, Financial Consulting and Governance & Operations support.

CIF continues to be sustainably healthy. Our liquidity meets present needs, our loan portfolio is doing well, and capital/net worth remains strong. For **2017 and 2018**, CIF's loan funding totaled **\$35.9 million to 39 churches and ministries**. As of December 31, 2018, total loans outstanding were **\$146.4 million** and outstanding investment certificates totaled **\$169.8 million**. Net assets increased to **\$41.7 million** and total assets increased to **\$211.8 million**, which were **both year-end records**. A copy of our audited financial statements is included as part of the EFCA Annual Report for your reference.

For 60 years, CIF has partnered with churches, ministries and individuals to help them reach their God-given potential! We'd love to work with you—regardless of the project—to advance God's Kingdom and spread the love of Christ.

Yours for fulfilling the EFCA's mission of *multiplying transformational churches among all people,*

Paul A. Anderson, President



FCMM exists to enable pastors, church staff members, and missionaries to serve Christ throughout their lives by assisting employing ministry organizations in providing retirement and other benefits. FCMM is the separately incorporated benefits board serving EFCA churches and ministry personnel. FCMM offers a Church Retirement Plan, Long Term Disability Insurance with Group Term Life/AD&D, a Payroll Service specifically designed for churches, individual Long-Term Care Insurance through a leading LTC agency and access to Group Health Insurance for EFCA churches in partnership with GuideStone.

The primary benefit remains our 403(b)(9) church retirement income plan, which provides a simpler, less expensive and more flexible solution than 401(k) or insurance based plans. Investment options include FCMM managed funds, American, Vanguard, Biblically Responsible (Timothy & GuideStone) funds and Christian Investors Financial (CIF).

In February 2018, Rev. Ross Morrison retired as President of FCMM after 15 years. Ross first served as an FCMM board member and then as President of FCMM. Under Ross' leadership, the plan grew significantly in both the options and benefits available to our participants. The FCMM Trustee Board began the search for a new President in 2017 and Rev. Ric Stanghelle was called to be the next President of FCMM.

I, Ric, served on the FCMM Board of Trustees for 22 years and as the Senior Pastor of Lakes Free Church in Lindstrom, MN for 32 years. I bring a pastor's heart to this position and want to do all that I can to help our churches, pastors and missionaries prepare today to be ready for tomorrow.

Beginning in 2019, we were given an opportunity to participate in a grant from the Lilly Endowment through a program set up by the National Association of Evangelicals to assist pastors in saving for retirement. With \$500 dollars from FCMM Benefits and \$500 from the Lilly Endowment, we are able to offer a matching grant of \$1,000 to pastors who are not currently enrolled in the retirement plan. To qualify, their church must have an adoption agreement with FCMM, set up an account, contribute \$1,000 to the pastor's retirement account and the pastor and spouse must complete an online personal finance class from the NAE. The matching grant is called Prepare Today. It was announced at the EFCA Theology Conference in February 2019. For more information, please go to our website at www.fcmmbenefits.org.

FCMM investments returns for 2017 & 2018: The Equity portfolio (Option D) returned 18.31% and -8.48%, the Bond portfolio (Option E) returned 5.52% and 1.72%. Detailed returns are available on the FCMM website.

Please stop by the hospitality area with any questions. Visit FCMM at www.fcmmbenefits.org or contact us at fcmm@fcmmbenefits.org or (800) 995-5357 for information, consultation, forms, performance figures and your plan document.

Prepare today, ready tomorrow,

Rev. Ric Stanghelle
FCMM President

Evangelical Free Church of Canada

Greetings to our brothers and sisters in the EFCA! It is such a privilege to serve our Lord Jesus Christ alongside you! These are challenging times, yet I am excited to see what God is doing in our movement!

Canadian culture is changing fast. In 2007, 23% of Canadians reported that they had “no religion.” By 2013, that number had risen to 36%. Today we hear that 67% of Canadians do not believe in sin – they believe that humans are inherently good. We have become an incredibly secular people. Sharing the gospel now is very different than 20 years ago when Judeo-Christian assumptions regarding life and morality were shared by most Canadians. Like the early church, we Christians may become increasingly marginalized. Yet I believe that this is the best time to be the Church of Jesus Christ!

We in the EFCC desire to be a gospel sharing and disciple multiplying people – both nationally and internationally. Our **Revitalize: Becoming a Gospel Sharing People** initiative has added a training component to the prayer focus. The training focuses on eight key questions for making disciples. The training has been warmly received and has benefit church planters and established churches alike. We also recognize a desperate need to reengage, honor, and equip lay leaders. The Free Church was historically a lay mission movement, but at present the vast majority of those participating on our district boards and attending our conferences is clergy. Hence, we are launching a two-weekend, eight-module lay leader training project that will teach lay leaders basic Free Church history, ethos, and theology; spiritual formation and Christian leadership; how to share the gospel and make a disciple amidst current cultural realities; and how to mentor emerging leaders. The final project will be for each leader to identify and mentor a young leader. We are excited at the possible impact this will have on our churches and mission in the movement.

God is doing some great things through the EFCCM as we do mission work overseas. We have 100 missionaries in over twenty countries. We have a new partnership with the Free Church of Lebanon, helping them care for and share the gospel with Syrian refugees. Our Global Outreach Evangelism Strategies (GOES) has been effective in encouraging Free Churches in Philippines and Rwanda, as we have sent teams there to work with the churches in sharing the gospel and establishing disciple-making processes. The team members have been far more courageous in sharing the gospel with their neighbours after their return home.

Our Theology Conference in May 2019 featured Scot McKnight. Dr. McKnight encouraged us towards a deeper understanding of the gospel and who we are called to be as the church. This was a blessing for the 150 who attended in person or via live streaming in regional churches.

We are planning to build a larger Home Office on the campus of Trinity Western University. Our 2,700 square-foot facility in Fosmark Centre is overflowing, with staff sitting at desks in the hallway or even sharing desks! Our new 4,000 square-foot space will cost us \$1,000,000 to build and will ensure that we remain on TWU campus. The new facilities will enable us to support the mission work our churches and missionaries carry out in Canada and across the globe for years to come! In the wake of TWU’s recent loss at the Supreme Court of Canada (defending a

proposed law school), we believe that it is critical for the EFCC to remain on campus as a support to outgoing president Bob Kuhn and incoming president Dr. Mark Husbands.

I so appreciate your president Kevin Kompelien, Greg Strand, and other EFCA leaders who are gracious partners with us in gospel mission! I pray God's blessing on the EFCA as you move forward in Great Commission and Great Commandment ministry! We are grateful to be able to carry out our Lord's work with you in the spirit of the Free Church motto: In essentials, unity; in non-essentials, charity; in all things, Jesus Christ!

Serving with you,

Bill Taylor
Executive Director

Evangelical Free Church of America
Independent Auditor's Report
and Consolidated Financial Statements
December 31, 2018 and 2017



Evangelical Free Church of America

December 31, 2018 and 2017

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Independent Auditor's Report

Board of Directors
Evangelical Free Church of America
Minneapolis, Minnesota

We have audited the accompanying consolidated financial statements of Evangelical Free Church of America and its consolidated affiliate, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Evangelical Free Church of America and its consolidated affiliate as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the consolidated financial statements, in 2018, the Evangelical Free Church of America adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

BKD, LLP

Fort Wayne, Indiana
April 22, 2019

Evangelical Free Church of America
Consolidated Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 8,342,613	\$ 9,578,548
Investments	15,205,586	13,484,579
Accounts and notes receivable, net	1,341,927	1,093,995
Other assets	365,785	293,208
Note receivable, related party	-	30,250
Property and equipment, net	4,321,125	4,431,360
Assets held for long-term investment	10,601,250	11,944,792
Beneficial interest in remainder trusts	957,435	1,034,601
	\$ 41,135,721	\$ 41,891,333
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,991,251	\$ 1,847,072
Deferred revenue	54,000	26,459
Amounts held for others	350,863	298,260
Nonqualified pension liability	56,675	87,048
Liabilities under split-interest agreements	5,836,903	6,426,465
Total liabilities	8,289,692	8,685,304
 Net Assets		
Without donor restrictions	11,433,978	11,186,793
With donor restrictions	21,412,051	22,019,236
Total net assets	32,846,029	33,206,029
	\$ 41,135,721	\$ 41,891,333
Total liabilities and net assets		

Evangelical Free Church of America
Consolidated Statements of Activities
Years Ended December 31, 2018 and 2017

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains (Losses) and Other Support			
Contributions and bequests	\$ 5,723,368	\$ 35,308,359	\$ 41,031,727
Contribution from district acquisition	-	46,465	46,465
Ministry program services and sales	2,826,182	-	2,826,182
Dividend and interest income	626,205	68,374	694,579
Net realized and unrealized investment gains	206,785	(200,317)	6,468
Change in value of annuities and trusts	(16,302)	844	(15,458)
Net assets released from restrictions	35,830,910	(35,830,910)	-
Total revenue, gains (losses) and other support	<u>45,197,148</u>	<u>(607,185)</u>	<u>44,589,963</u>
Expenses			
Program expenses			
ReachGlobal missions ministry	24,546,783	-	24,546,783
ReachGlobal Crisis Response ministry	2,100,538	-	2,100,538
GlobalFingerprints ministry	1,424,285	-	1,424,285
ReachNational ministry	527,318	-	527,318
EFCA Foundation	1,746,212	-	1,746,212
Clause B districts	978,126	-	978,126
National Office	6,832,224	-	6,832,224
Immigrant Hope	65,358	-	65,358
Total program expenses	<u>38,220,844</u>	<u>-</u>	<u>38,220,844</u>
Supporting activities			
Management and general	3,588,408	-	3,588,408
Fundraising	3,140,711	-	3,140,711
Total supporting expenses	<u>6,729,119</u>	<u>-</u>	<u>6,729,119</u>
Total expenses	<u>44,949,963</u>	<u>-</u>	<u>44,949,963</u>
Change in Net Assets	247,185	(607,185)	(360,000)
Net Assets, Beginning of Year	<u>11,186,793</u>	<u>22,019,236</u>	<u>33,206,029</u>
Net Assets, End of Year	<u>\$ 11,433,978</u>	<u>\$ 21,412,051</u>	<u>\$ 32,846,029</u>

2017

Without Donor Restrictions	With Donor Restrictions	Total
\$ 6,686,577	\$ 37,801,279	\$ 44,487,856
-	-	-
1,340,589	-	1,340,589
320,993	52,605	373,598
1,448,770	314,736	1,763,506
(336,448)	(134,551)	(470,999)
34,570,320	(34,570,320)	-
44,030,801	3,463,749	47,494,550
23,134,427	-	23,134,427
1,542,964	-	1,542,964
1,304,228	-	1,304,228
513,619	-	513,619
1,583,394	-	1,583,394
849,373	-	849,373
6,089,766	-	6,089,766
48,653	-	48,653
35,066,424	-	35,066,424
4,301,790	-	4,301,790
3,313,954	-	3,313,954
7,615,744	-	7,615,744
42,682,168	-	42,682,168
1,348,633	3,463,749	4,812,382
9,838,160	18,555,487	28,393,647
\$ 11,186,793	\$ 22,019,236	\$ 33,206,029

Evangelical Free Church of America

Consolidated Statements of Functional Expenses

Years Ended December 31, 2018 and 2017

	Program Expenses									Supporting Activities			
	ReachGlobal	ReachGlobal Crisis Response	Global Fingerprints	ReachNational	EFCA Foundation	Clause B Districts	National Office	Immigrant Hope	Total Program Expenses	Management and General	Fundraising	Total Support	Total Expenses
2018													
Salary and wages	\$ 13,503,720	\$ 580,948	\$ 178,879	\$ 296,988	\$ 27,999	\$ 576,963	\$ 3,014,904	\$ 24,000	\$ 18,204,401	\$ 1,638,350	\$ 1,855,207	\$ 3,493,557	\$ 21,697,958
Employee benefits	4,050,060	142,137	51,374	97,040	7,599	96,832	733,114	-	5,178,156	517,014	501,886	1,018,900	6,197,056
Travel	2,428,343	239,445	90,912	86,729	822	151,181	840,654	15,051	3,853,137	92,039	322,823	414,862	4,267,999
Donations and benevolence	2,023,795	625,417	963,002	-	-	53,500	93,760	-	3,759,474	-	-	-	3,759,474
Foundation distributions	-	-	-	-	1,699,859	-	-	-	1,699,859	-	-	-	1,699,859
Consulting, contract and foreign labor	542,841	57,811	12,472	22,297	884	21,465	574,817	6,788	1,239,375	208,804	105,631	314,435	1,553,810
Meeting and conference expenses	337,159	74,900	3,690	7,427	122	17,624	714,836	-	1,155,758	7,494	56,175	63,669	1,219,427
Ministry supplies	579,623	56,357	59,441	6,130	20	4,169	92,565	968	799,273	10,341	84,388	94,729	894,002
Technology	185,184	8,523	8,636	1,908	1,127	7,367	73,890	12,459	299,094	466,933	31,424	498,357	797,451
Building, maintenance and utilities	107,673	137,417	2,394	-	-	11,977	50,338	-	309,799	152,047	33,520	185,567	495,366
Staff training, recruiting and events	268,213	4,056	7,906	3,921	520	2,684	47,140	-	334,440	36,906	17,631	54,537	388,977
Printing and postage	96,368	15,497	20,647	2,097	6,730	4,379	116,223	1,167	263,108	54,511	46,091	100,602	363,710
General expenses	423,804	158,030	24,932	2,781	530	29,985	479,983	4,925	1,124,970	403,969	85,935	489,904	1,614,874
	\$ 24,546,783	\$ 2,100,538	\$ 1,424,285	\$ 527,318	\$ 1,746,212	\$ 978,126	\$ 6,832,224	\$ 65,358	\$ 38,220,844	\$ 3,588,408	\$ 3,140,711	\$ 6,729,119	\$ 44,949,963

	Program Expenses									Supporting Activities			
	ReachGlobal	ReachGlobal Crisis Response	Global Fingerprints	ReachNational	EFCA Foundation	Clause B Districts	National Office	Immigrant Hope	Total Program Expenses	Management and General	Fundraising	Total Support	Total Expenses
2017													
Salary and wages	\$ 13,110,324	\$ 491,551	\$ 164,293	\$ 303,329	\$ 24,623	\$ 510,460	\$ 3,067,533	\$ 9,000	\$ 17,681,113	\$ 1,655,652	\$ 1,970,593	\$ 3,626,245	\$ 21,307,358
Employee benefits	3,061,390	143,793	38,140	85,272	7,444	85,741	876,347	-	4,298,127	546,213	548,417	1,094,630	5,392,757
Travel	2,087,732	171,330	85,987	86,833	1,077	108,976	716,405	14,431	3,272,771	79,410	295,644	375,054	3,647,825
Donations and benevolence	2,244,926	380,380	913,813	13,783	-	105,525	85,351	-	3,743,778	-	-	-	3,743,778
Foundation distributions	-	-	-	-	1,542,055	-	-	-	1,542,055	-	-	-	1,542,055
Consulting, contract and foreign labor	460,647	40,887	13,737	1,083	125	1,501	445,959	6,508	970,447	229,140	94,903	324,043	1,294,490
Meeting and conference expenses	289,760	47,482	3,470	4,534	123	542	239,499	-	585,410	9,569	45,704	55,273	640,683
Ministry supplies	567,294	31,497	31,821	8,087	84	5,694	49,912	928	695,317	8,133	85,225	93,358	788,675
Technology	199,321	11,890	4,323	3,414	989	2,221	62,671	11,945	296,774	399,123	40,165	439,288	736,062
Building, maintenance and utilities	256,729	76,305	405	166	-	5,891	14,036	-	353,532	187,684	45,493	233,177	586,709
Staff training, recruiting and events	295,270	2,961	2,972	1,577	291	3,124	45,358	-	351,553	27,161	21,113	48,274	399,827
Printing and postage	126,663	12,202	19,587	1,250	5,952	626	86,131	1,119	253,530	-	68,759	68,759	322,289
General expenses	434,371	132,686	25,680	4,291	631	19,072	400,564	4,722	1,022,017	1,159,705	97,938	1,257,643	2,279,660
	\$ 23,134,427	\$ 1,542,964	\$ 1,304,228	\$ 513,619	\$ 1,583,394	\$ 849,373	\$ 6,089,766	\$ 48,653	\$ 35,066,424	\$ 4,301,790	\$ 3,313,954	\$ 7,615,744	\$ 42,682,168

Evangelical Free Church of America
Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Activities		
Change in net assets	\$ (360,000)	\$ 4,812,382
Items not requiring (providing) operating activities cash flows		
Net realized and unrealized investment gains	(6,468)	(1,763,506)
Gain on sale of property and equipment	-	(83,296)
Loss on beneficial interests in trusts held by others	77,166	50,715
Stock donations	(1,188,569)	(3,150,036)
Proceeds from sale of donated stock	1,053,729	3,113,638
Depreciation and amortization	337,270	319,477
Changes in		
Accounts receivable	(247,932)	(247,018)
Note receivable	30,250	119,500
Other assets and liabilities	7,567	(92,447)
Accounts payable and accrued expenses	113,806	43,188
Split-interest agreement obligations	(589,562)	(39,394)
Net cash (used in) provided by operating activities	<u>(772,743)</u>	<u>3,083,203</u>
Investing Activities		
Net change in loan investments, assets held in trust	18,860	17,988
Proceeds from sale of investments	12,429,003	8,112,271
Purchase of investments	(12,684,021)	(9,990,169)
Proceeds from sale of property and equipment	-	198,296
Purchase of property and equipment	(227,034)	(143,668)
Net cash used in investing activities	<u>(463,192)</u>	<u>(1,805,282)</u>
Increase (Decrease) in Cash and Cash Equivalents	(1,235,935)	1,277,921
Cash and Cash Equivalents, Beginning of Year	<u>9,578,548</u>	<u>8,300,627</u>
Cash and Cash Equivalents, End of Year	<u>\$ 8,342,613</u>	<u>\$ 9,578,548</u>

Evangelical Free Church of America

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

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

Nature of Operations

Evangelical Free Church of America (EFCA) is an association and fellowship of autonomous Christian churches of like faith united by a mutual commitment to fulfill the Great Commission of the Lord Jesus Christ.

EFCA operates primarily on contributions from individuals and associated churches. Contributions are received for the support of specific ministry projects as well as for the support of missionaries serving under ReachGlobal, a department of EFCA. ReachGlobal missionaries operate in approximately 50 countries and activities include church planting, evangelism and theological education. Missionary support is based upon established needs according to cost-of-living factors and includes an amount for administration, medical insurance, retirement, allowances for the education of children and ministry expense.

Other significant ministry departments of EFCA include ReachGlobal Crisis Response, a ministry for disaster response and community development; GlobalFingerprints, a child sponsorship ministry; ReachNational, which provides leadership in the areas of domestic church planting and disciple making, student ministries and multi-ethnic ministries; EFCA Foundation, which assists constituents in planning their charitable giving; Clause B Districts, which serve EFCA churches and facilitate planting of new churches, including EFCA West in its region of the American Southwest, EFCA Allegheny in its region of the American Northeast, and EFCA Southeast in its region of the American Southeast; and the National Office, which provides EFCA pathways to multiply transformational churches among all people.

EFCA is a nonprofit organization incorporated in Minnesota and is exempt from federal and state income taxes under the provisions of the Internal Revenue Code Section 501(c)(3) and applicable state statutes. EFCA has been classified as a public organization that is not a private foundation under Section 509(a) of the Code.

Basis of Consolidation

The December 31, 2018 and 2017, consolidated financial statements include the accounts of EFCA and Immigrant Hope.

Immigrant Hope is a nonprofit, tax-exempt affiliated corporation whose Board members are appointed by the EFCA Board and was incorporated in the state of Minnesota in 2010. Immigrant Hope's purpose is to give all immigrants among us, including undocumented immigrants, the hope of the gospel, help in finding a pathway to legal residency and a home in the church that cares for their needs.

The consolidated financial statements do not reflect assets, liabilities, net assets, revenue and expenses of EFCA's autonomous churches or other affiliated but autonomous organizations located throughout the United States or in foreign countries because they do not meet the requirements of consolidation. Intra-organization transactions and balances are eliminated for financial statement purposes.

Evangelical Free Church of America

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

A substantial portion of all the financial activities and revenue is the result of transactions with parties associated with and related to the Evangelical Free Church of America, including Church districts, local churches and other affiliated organizations.

Immigrant Hope is a separate legal entity. Accordingly, its assets are segregated for its operations and to satisfy its obligations. Immigrant Hope's assets are not available for the payment of EFCA's obligations or liabilities, and EFCA has not guaranteed any of Immigrant Hope's obligations.

Foreign Operations and Foreign Currency Translation

ReachGlobal has ministry sites in approximately 50 foreign countries. The activities and balances of ReachGlobal's overseas operations have been included in the consolidated financial statements. As of December 31, 2018 and 2017, assets related to these mission fields including cash, accounts receivable and other assets totaled \$664,537 and \$565,633, respectively; property and equipment, net of accumulated depreciation, amounted to \$2,541,045 and \$2,584,868, respectively; and liabilities were \$110,214 and \$60,100, respectively.

The functional currency of the various sites is the local currency used in each country where the field operation is located. Current assets and liabilities for these ministries are translated at the exchange rates effective at the end of the year, long-term assets and liabilities are translated at historic exchange rates and amounts in the consolidated statements of activities are translated using monthly exchange rates in effect during the year. Resulting gains and losses from the translation are included in net assets without donor restriction. The net gain or loss recognized on foreign currency translation was insignificant in 2018 and 2017.

Missions operating in foreign countries hold balances at various financial institutions within their respective countries. These amounts are not subject to FDIC insurance, but are insured by appropriate regulatory bodies in the countries where the cash accounts are domiciled. These balances represent \$138,654 as of December 31, 2018.

Basis of Accounting Policies

The consolidated financial statements of EFCA have been prepared using the accrual basis of accounting. The accounting policies reflect practices common to religious organizations.

Use of Estimates

The preparation of 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 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.

Evangelical Free Church of America

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

Cash and Cash Equivalents

EFCA considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2018 and 2017, cash equivalents consisted primarily of certificates of deposits with original maturities of three months or less, money market funds, accounts with brokers and short-term repurchase agreements.

At December 31, 2018, the Organizations' cash accounts exceeded federally insured limits by approximately \$3,500,000.

Cash equivalents that are waiting longer-term investing have been classified as investments.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at lower of cost or fair value. Investment return includes dividend, 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 valued at cost.

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

Investment management fees paid to outside custodians for investments and assets held for long-term investment totaled \$89,786 and \$97,573, respectively, for the years ended December 31, 2018 and 2017. These fees are netted against interest and dividend income.

Accounts and Notes Receivables

Accounts and notes receivables consist primarily of vehicle loans and employee advances to missionaries, notes receivable and amounts due from affiliated entities, which are paid within 30 days. Vehicle loans are repaid by monthly payroll deduction and are offset by a vehicle reserve.

Long-Lived Asset Impairment

EFCA evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2018 and 2017.

Evangelical Free Church of America

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

Property and Equipment

Expenditures for land, buildings and equipment in excess of \$7,000 (domestic and international) are capitalized at cost. Donated assets to be used in the ministry are capitalized at their fair market value on the date of the gift. Depreciation of buildings and equipment is computed on the straight-line method over the estimated useful lives of the assets (buildings: 10-40 years; furniture and equipment: 3-10 years; computer software: 3-5 years; and vehicles: 3-5 years).

Net Assets With Donor Restrictions

Net assets with donor restrictions are those net assets subject to donor imposed stipulations (1) that will be met either by actions of the EFCA or the passage of time or (2) that are to be permanently maintained by the EFCA. Generally, the donor of these assets permit the EFCA to use all or part of the income earned on related investments for general or specific purposes.

Support and Revenue and Assessments

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made or when ownership of other assets is transferred to EFCA. Bequests are recorded as income at the time EFCA has an established right to the bequest and the proceeds are measurable. Contributions restricted by the donor for a specific purpose are recorded as revenue with donor restrictions until funds have been expended for the purposes specified. Upon satisfaction of the restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Individual missionary support and project funds are charged an administrative fee, calculated at a flat rate based on family size or a set percentage based upon the type of activity or project involved, in order to offset the general fund's costs of administering those activities. Each year, amounts are transferred from missionary and project funds to the general fund and included in net assets released from restrictions in the consolidated statements of activities.

Member congregations, individuals and other organizations routinely provide voluntary services to EFCA. These resources have a significant impact on making the ministry program effective. However, the value of the volunteer time associated with such programs is not reflected in the consolidated financial statements because they do not meet the definition of skilled services under accounting standards.

Gifts of land, buildings, equipment and other long-lived assets in excess of \$7,000 are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Evangelical Free Church of America

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

Pension and Retirement Plans

EFCA makes contributions on behalf of certain employees to the Free Church Ministers' and Missionaries' Retirement Plan (FCMM). FCMM is a multi-employer pension plan that includes a frozen defined benefit program and various defined contribution programs. FCMM serves ministers, missionaries and other eligible persons affiliated with EFCA. Participating member churches and EFCA make contributions to FCMM. Because it is a multi-employer plan, actuarial and net asset information is not maintained separately for each contributing organization. EFCA made contributions of \$1,479,750 and \$1,469,845 in 2018 and 2017, respectively. In addition, EFCA makes contributions on behalf of other eligible employees to a 403(b) tax sheltered annuity plan selected by those employees. These contributions are made at 5 percent of the employee's salary and EFCA made a matching contribution of up to 2.5 percent. EFCA made contributions to those plans of \$326,878 and \$331,209 in 2018 and 2017, respectively.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program activities, management and general and fundraising categories based on time and effort and other methods.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period beginning date.

Reclassifications

Certain reclassifications have been made to the 2017 consolidated financial statements to conform to the 2018 consolidated financial statement presentation. These reclassifications had no effect on change in net assets.

Note 2: Change in Accounting Principle

During 2018, EFCA adopted the provisions of ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. A summary of the changes by financial statement area is as follows:

Statement of financial position:

- The statement of financial position distinguishes between two new classes of net assets — those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets – unrestricted, temporarily restricted and permanently restricted.

Evangelical Free Church of America
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Statement of activities:

- The standard requires EFCA to report expenses by both nature and function in one location, either in the statement of activities, as a separate statement or within the notes.
- Investment income is shown net of external and direct internal investment expenses. There is no longer a requirement to include a disclosure of those netted expenses.

Notes to the financial statements:

- FASB requires enhanced quantitative and qualitative disclosures to provide additional information useful in assessing liquidity and cash flows, including a description of the time horizon used to manage its liquidity and near-term availability and demands for cash as of the reporting date.
- Provide disclosures on amounts and purposes of governing Board or self-imposed designations and appropriations as of the end of the period.

This change had no impact on previously reported total change in net assets.

Note 3: Investments

Investments at December 31 consisted of the following:

	2018	2017
Certificates of deposit	\$ 411,916	\$ 749,572
Mutual fund securities		
U.S. equities	2,576,581	1,849,975
International equities	2,506,685	1,765,833
Global fixed income	3,999,371	2,578,715
Short-term fixed income	506,165	490,765
Real estate	860,064	544,716
Hedged fund strategies	2,554,397	1,768,567
Money market funds	202,631	47,500
Variable annuity contracts		
U.S. equities	173,538	550,460
International equities	153,581	545,937
Global fixed income	318,530	958,127
Short-term fixed income	356,997	1,067,610
Cash surrender value, life insurance	440,000	441,903
Real estate	145,130	124,899
	\$ 15,205,586	\$ 13,484,579
	2018	2017
Investments available for EFCA operations	\$ 14,683,660	\$ 12,897,855
Investments held for EFCA endowment	521,926	586,724
	\$ 15,205,586	\$ 13,484,579

Evangelical Free Church of America
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The fair value option permits the irrevocable fair value option election on an instrument-by-instrument basis at initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. EFCA applies the fair value option for all variable annuity contracts. EFCA elected the fair value option for the variable annuities to reduce the accounting complexities for these investment instruments.

Changes in fair value of the variable annuity contracts are included in net realized and unrealized investment gains (losses) on the consolidated statements of activities and amounted to \$1,674,443 and \$181,484 for 2018 and 2017, respectively.

Note 4: Property, Equipment and Depreciation

	2018		
	Domestic	International	Total
Land	\$ 377,023	\$ 1,939,678	\$ 2,316,701
Buildings	3,712,654	2,139,846	5,852,500
Furnishings, equipment and software	2,506,272	103,859	2,610,131
Vehicles	401,617	253,317	654,934
	<u>6,997,566</u>	<u>4,436,700</u>	<u>11,434,266</u>
Less accumulated depreciation	<u>(5,217,486)</u>	<u>(1,895,655)</u>	<u>(7,113,141)</u>
Total	<u>\$ 1,780,080</u>	<u>\$ 2,541,045</u>	<u>\$ 4,321,125</u>
	2017		
	Domestic	International	Total
Land	\$ 377,023	\$ 1,939,678	\$ 2,316,701
Buildings	3,669,984	2,139,846	5,809,830
Furnishings, equipment and software	2,546,285	103,859	2,650,144
Vehicles	317,268	193,440	510,708
	<u>6,910,560</u>	<u>4,376,823</u>	<u>11,287,383</u>
Less accumulated depreciation	<u>(5,064,068)</u>	<u>(1,791,955)</u>	<u>(6,856,023)</u>
Total	<u>\$ 1,846,492</u>	<u>\$ 2,584,868</u>	<u>\$ 4,431,360</u>

Evangelical Free Church of America
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Management has reviewed the assets in other countries that are recorded as international property and equipment and has determined that they are under the control and ownership of EFCA. While such items are recognized as assets of EFCA, it should be noted that the political situation in many countries is subject to change. Therefore, while EFCA believes the assets are properly stated at the date of this report, subsequent changes could occur that could adversely affect the realizable value of the assets in other countries. In addition, the carrying value of the assets may not be representative of the amount that would be realized should the assets be sold.

It is EFCA's policy to expense international property purchases in the year they are made, when ownership and control is conditional and temporary or uncertain due to the political environment. These assets are purchased with the intent of yielding ownership to the national church of the respective country at such time as the economic condition, political environment and church maturity make it possible.

Note 5: Assets Held for Long-Term Investment

The assets held in trust by EFCA at December 31 consist of:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 23,798	\$ 21,067
Certificates of deposit	3,022,631	3,244,245
Mutual fund securities		
U.S. equities	740,952	724,515
International equities	700,061	676,219
Global fixed income	1,986,446	1,872,107
Short-term fixed income	975,254	1,472,523
Global equity income	1,220,660	1,872,122
Real estate	349,433	363,296
Hedged fund strategies	396,109	346,647
Money market funds	31,707	37,168
Variable annuity contracts		
U.S. equities	257,206	301,945
International equities	223,708	294,308
Global fixed income	223,117	248,445
Short-term fixed income	9,544	10,700
Loan participation	440,624	459,485
	<u>\$ 10,601,250</u>	<u>\$ 11,944,792</u>

The fair value option permits the irrevocable fair value option election on an instrument-by-instrument basis at initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. EFCA applies the fair value option for all variable annuity contracts. EFCA elected the fair value option for the variable annuities to reduce the accounting complexities for these investment instruments.

Changes in fair value of the variable annuity contracts is included in net realized and unrealized investment gains (losses) on the consolidated statements of activities and amounted to (\$64,998) and \$169,981 for 2018 and 2017, respectively.

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Christian Investors Financial (CIF), a related party, has sold participation interests in certain individual loans receivable to EFCA as the investment model for several charitable remainder unitrusts. Under the loan participation agreements, CIF maintains all records, collects all payments and remits monthly the appropriate pro rata share of both interest and principal collected on these loans. The participation interests held by EFCA in CIF loans totaled \$440,624 and \$459,485 at December 31, 2018 and 2017, respectively.

Note 6: Beneficial Interest in Remainder Trusts

EFCA is the beneficiary under charitable remainder trusts administered by outside parties. Under the terms of the trusts, EFCA has the irrevocable right to receive a remainder interest in the trust assets at a future date. The estimated value of the expected future cash flows is \$957,435 and \$1,034,601 at December 31, 2018 and 2017, respectively. The discount rates used to calculate the present value ranged from 1.8 percent to 5.0 percent.

Note 7: Missionary Medical Plan

EFCA operates a self-funded medical, dental and vision insurance plan for ReachGlobal employees who are primarily not located in the Minneapolis area. The majority of the 170-plus family units and 60-plus single units participating in the plan are located on overseas mission fields. The self-funded plan has an annual \$175,000 stop loss limit for each insured individual. There is no lifetime maximum coverage amount due to the changes in health care law. Missionary support accounts are charged an amount to cover claims and administration on a monthly basis. The plan uses an outside third-party administrator to process all claims.

At December 31, 2018 and 2017, the reserve for unpaid claims and claims incurred, but not reported, was approximately \$559,500 and \$332,000, respectively. This amount has been recorded and is included in accounts payable and accrued expenses on the statements of financial position. This reserve is based on an estimate of outstanding claims at December 31. However, the actual liability is unknown and exposure to claims in excess of the accrued reserve may exist. Management believes that the liability reflected in the consolidated statements of financial position is adequate to cover claims that have been incurred at December 31, but not yet reported.

Note 8: Nonqualified Pension Liability

EFCA provides supplementary retirement payments under various deferred compensation arrangements to approximately ten past employees, primarily retired missionaries, who had at least 25 years of service and ministry through retirement age 65. The supplement is paid monthly to retirees and provides them with a minimum monthly retirement benefit. The liability is actuarially calculated using standard life expectancy tables and a discount rate of 3.41 percent and 2.59 percent and equaled \$56,675 and \$87,048 at December 31, 2018 and 2017, respectively. EFCA made payments of \$12,304 and \$14,786 in 2018 and 2017, respectively.

Evangelical Free Church of America
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 10: Net Assets

	<u>2018</u>	<u>2017</u>
Net assets without donor restrictions		
Designated by Board for		
Annuity reserves	\$ -	\$ 47,996
Ministry projects	710,272	843,058
Donor advised funds	2,978,406	3,467,907
Net investment in property and equipment	4,321,125	4,431,360
Undesignated	3,424,175	2,396,472
Total net assets without donor restrictions	<u>11,433,978</u>	<u>11,186,793</u>
Net assets with donor restrictions		
Irrevocable trust agreements	1,751,658	1,801,115
Specific ministry purpose	19,167,759	19,725,487
Perpetual in nature	492,634	492,634
Total net assets with donor restrictions	<u>21,412,051</u>	<u>22,019,236</u>
Total net assets	<u>\$ 32,846,029</u>	<u>\$ 33,206,029</u>

Net assets were released from restrictions due to the following:

	<u>2018</u>	<u>2017</u>
Satisfaction of program restrictions	\$ 35,774,715	\$ 34,335,697
Satisfaction of timing restrictions	56,195	234,623
	<u>\$ 35,830,910</u>	<u>\$ 34,570,320</u>

Note 11: Related Party Transactions

EFCA contracts with, and is reimbursed by, Free Church Ministers' and Missionaries' Retirement Plan (FCMM) for its share of building operating costs, support services, postage, office supplies and other miscellaneous expenses provided by EFCA. For the years ended December 31, 2018 and 2017, this amounted to \$140,080 and \$155,649, respectively. The balance due from FCMM at December 31, 2018 and 2017, totaled \$110,275 and \$122,289, respectively.

EFCA contracts with, and is reimbursed by, CIF for its share of building operating costs, support services, postage, office supplies and other miscellaneous expenses provided by EFCA. For the years ended December 31, 2018 and 2017, these reimbursements amounted to \$151,225 and \$143,459, respectively. The balance due from CIF at December 31, 2018 and 2017, totaled \$161,802 and \$118,669, respectively. EFCA also holds investments at CIF. At December 31, 2018 and 2017, EFCA had investments of \$8,133,971 (included in cash and cash equivalents \$4,258,940; investments \$411,776; assets held for long-term investment \$3,463,255) and \$9,430,119 (included in cash and cash equivalents \$4,976,817; investments \$749,572; assets held for long-term investment \$3,703,730) with CIF and earned interest on those investments totaling \$132,445 and \$100,831, respectively.

Evangelical Free Church of America

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

During 2018 and 2017, EFCA purchased \$16,161 and \$20,924, respectively, in goods and services from organizations that employ individuals related to management employees and Board members of EFCA.

During 2013, EFCA sold the rights to servicing its long-term disability insurance program to FCMM, a related party. The terms of this agreement allow for FCMM to provide consideration to EFCA in quarterly installments ranging from \$27,500 to \$30,250 with no interest being charged over a five-year period, with the final payment being due in March 2018. The outstanding balance of this note was \$30,250, as of December 31, 2017. This balance was paid in full during 2018.

Note 12: Endowment

EFCA's endowment consists of various individual donor-restricted endowment funds established for a variety of purposes. 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.

EFCA's governing body has interpreted the State of Minnesota's Uniform Prudent Management of Institutional Funds Act (SPMIFA) 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, EFCA classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by EFCA in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, EFCA 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 EFCA and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of EFCA
7. Investment policies of EFCA

Evangelical Free Church of America
Notes to Consolidated Financial Statements
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The composition of net assets by type of endowment fund at December 31, 2018 and 2017, were:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 521,926	\$ 521,926

	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 586,724	\$ 586,724

Changes in endowment net assets for the years ended December 31, 2018 and 2017, were:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 586,724	\$ 586,724
Investment return			
Interest income	-	19,698	19,698
Net depreciation	-	(55,891)	(55,891)
Total investment return	-	(36,193)	(36,193)
Appropriation of endowment assets for expenditure	-	(28,605)	(28,605)
Endowment net assets, end of year	\$ -	\$ 521,926	\$ 521,926

	2017		
	Unrestricted	Temporarily Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 528,860	\$ 528,860
Investment return			
Interest income	-	12,353	12,353
Net depreciation	-	65,451	65,451
Total investment return	-	77,804	77,804
Appropriation of endowment assets for expenditure	-	(19,940)	(19,940)
Reclassification	-	-	-
Endowment net assets, end of year	\$ -	\$ 586,724	\$ 586,724

Evangelical Free Church of America

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level EFCA is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. Deficiencies could result from unfavorable market fluctuations that occur shortly after investment of new contributions and continued appropriation for certain purposes that was deemed prudent by the governing body. There are no deficiencies of this nature reported in net assets without donor restrictions at December 31, 2018 and 2017.

EFCA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds EFCA must hold in perpetuity or for donor-specified periods. Under EFCA's policies, endowment assets are invested in a manner that is intended to produce an inflation adjusted income stream to grow the corpus above the inflation rate. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, EFCA relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). EFCA targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

EFCA had a policy of appropriating for expenditure each year 5 percent of its endowment fund's average fair value over the prior three years but reduced the appropriation to 4 percent beginning in 2016. In establishing this policy, EFCA considered the long-term expected return on its endowment. Accordingly, over the long term, EFCA expects the current spending and investment policies to allow its endowment to grow at an amount that offsets the long-term effects of inflation. This is consistent with EFCA's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through investment return.

Note 13: 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

Evangelical Free Church of America
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2018 and 2017:

	2018			
	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Investments				
Mutual fund securities	\$ 13,205,894	13,205,894	\$ -	\$ -
Variable annuity contracts	1,002,646	-	1,002,646	-
Assets held for long-term investment				
Mutual fund securities	6,400,622	6,400,622	-	-
Variable annuity contracts	713,575	-	713,575	-
Beneficial interest in remainder trusts	957,435	-	-	957,435
	2017			
	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Fair Value				
Investments				
Mutual fund securities	\$ 9,046,071	\$ 9,046,071	\$ -	\$ -
Variable annuity contract	3,122,134	-	3,122,134	-
Assets held for long-term investment				
Mutual fund securities	7,364,597	7,364,597	-	-
Variable annuity contracts	855,398	-	855,398	-
Beneficial interest in remainder trusts	1,034,601	-	-	1,034,601

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There were no liabilities measured at fair value on a recurring basis. There have been no significant changes in the valuation techniques during the year ended December 31, 2018. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Evangelical Free Church of America
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Investments and Assets Held for Long-Term Investment

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

Beneficial Interest in Remainder Trusts

The fair value is estimated at the present value of the future distributions expected to be received over the term of the agreements. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 assets.

Fair value determinations for Level 3 measurements are the responsibility of the Accounting Department. The Accounting Department obtains valuation information and inputs as needed to generate fair value estimates. The Accounting Department assesses the reasonableness of the assumptions obtained to ensure estimated fair value complies with accounting standards generally accepted in the United States of America.

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

	Beneficial Interest in Remainder Trusts
Balance, January 1, 2017	\$ 1,085,316
Total realized and unrealized losses	<u>(50,715)</u>
Balance, December 31, 2017	1,034,601
Total realized and unrealized losses	<u>(77,166)</u>
Balance, December 31, 2018	<u>\$ 957,435</u>
Total losses for the period included in change in net assets attributable to the change in unrealized gains or losses related to assets still held at the reporting date	
Year ended December 31, 2017	<u>\$ (50,715)</u>
Year ended December 31, 2018	<u>\$ (77,166)</u>

Evangelical Free Church of America
Notes to Consolidated Financial Statements
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The unrealized gains and losses are included in revenue, gains (losses) and other support in the statements of activities.

Unobservable (Level 3) Inputs

	Fair Value at December 31, 2018	Valuation Technique	Unobservable Inputs	Range
Beneficial interest in remainder trust	\$ 957,435	Discounted cash flow	Discount rates	2.6%
			Mortality assumptions (*)	
			Portfolio returns	3.0% - 10.1%
	Fair Value at December 31, 2017	Valuation Technique	Unobservable Inputs	Range
Beneficial interest in remainder trust	\$ 1,034,601	Discounted cash flow	Discount rates	2.6%
			Mortality assumptions (*)	
			Portfolio returns	3.0% - 10.1%

* Based on the ages of designated beneficiaries in the trust instruments.

Evangelical Free Church of America
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Note 14: Liquidity and Availability

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

	2018
Financial assets, at year-end	\$ 24,890,126
Less those unavailable for general expenditures within one year, due to	
Contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	(19,391,082)
Board designations - ministry projects	(710,272)
	\$ 4,788,772

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

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

Note 15: Significant Estimates, Concentrations and Contingencies

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Litigation

EFCA is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of EFCA. Events could occur that would change this estimate materially in the near term.

Note 16: Subsequent Events

Subsequent events have been evaluated through April 22, 2019, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

Independent Auditor's Report on Supplementary Information

Board of Directors
Evangelical Free Church of America
Minneapolis, Minnesota

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information listed in the table of contents is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual organizations and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BKD, LLP

Fort Wayne, Indiana
April 22, 2019

Evangelical Free Church of America
Consolidating Statements of Financial Position Information
December 31, 2018 and 2017

	2018				
	EFCA	Immigrant Hope	Total	Eliminating Entries	Grand Total
Assets					
Cash and cash equivalents	\$ 8,281,016	\$ 61,597	\$ 8,342,613	\$ -	\$ 8,342,613
Investments	15,205,586	-	15,205,586	-	15,205,586
Accounts and notes receivables, net	1,331,065	10,862	1,341,927	-	1,341,927
Other assets	365,785	-	365,785	-	365,785
Note receivable, related party	-	-	-	-	-
Property and equipment, net	4,321,125	-	4,321,125	-	4,321,125
Assets held for long-term investment	10,601,250	-	10,601,250	-	10,601,250
Beneficial interest in remainder trusts	957,435	-	957,435	-	957,435
	<u>\$ 41,063,262</u>	<u>\$ 72,459</u>	<u>\$ 41,135,721</u>	<u>\$ -</u>	<u>\$ 41,135,721</u>
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	\$ 1,991,237	\$ 14	\$ 1,991,251	\$ -	\$ 1,991,251
Deferred revenue	52,760	1,240	54,000	-	54,000
Amounts held for others	350,863	-	350,863	-	350,863
Nonqualified pension liability	56,675	-	56,675	-	56,675
Liabilities under split-interest agreements	5,836,903	-	5,836,903	-	5,836,903
Total liabilities	<u>8,288,438</u>	<u>1,254</u>	<u>8,289,692</u>	<u>-</u>	<u>8,289,692</u>
Net Assets					
Without donor restrictions					
Designated by Board for					
Annuity reserves	-	-	-	-	-
Ministry projects	710,272	-	710,272	-	710,272
Donor Advised Fund	2,978,406	-	2,978,406	-	2,978,406
Net investments in property and equipment	4,321,125	-	4,321,125	-	4,321,125
Undesignated	3,377,970	46,205	3,424,175	-	3,424,175
	<u>11,387,773</u>	<u>46,205</u>	<u>11,433,978</u>	<u>-</u>	<u>11,433,978</u>
With donor restrictions					
Irrevocable trust agreements	1,751,658	-	1,751,658	-	1,751,658
Specific ministry purpose	19,142,759	25,000	19,167,759	-	19,167,759
Perpetual in nature	492,634	-	492,634	-	492,634
	<u>21,387,051</u>	<u>25,000</u>	<u>21,412,051</u>	<u>-</u>	<u>21,412,051</u>
Total net assets	<u>32,774,824</u>	<u>71,205</u>	<u>32,846,029</u>	<u>-</u>	<u>32,846,029</u>
	<u>\$ 41,063,262</u>	<u>\$ 72,459</u>	<u>\$ 41,135,721</u>	<u>\$ -</u>	<u>\$ 41,135,721</u>
Total liabilities and net assets	<u>\$ 41,063,262</u>	<u>\$ 72,459</u>	<u>\$ 41,135,721</u>	<u>\$ -</u>	<u>\$ 41,135,721</u>

2017

EFCA	Immigrant Hope	Total	Eliminating Entries	Grand Total
\$ 9,536,581	\$ 41,967	\$ 9,578,548	\$ -	\$ 9,578,548
13,484,579	-	13,484,579	-	13,484,579
1,093,995	-	1,093,995	-	1,093,995
292,623	585	293,208	-	293,208
30,250	-	30,250	-	30,250
4,431,360	-	4,431,360	-	4,431,360
11,944,792	-	11,944,792	-	11,944,792
1,034,601	-	1,034,601	-	1,034,601
<u>\$ 41,848,781</u>	<u>\$ 42,552</u>	<u>\$ 41,891,333</u>	<u>\$ -</u>	<u>\$ 41,891,333</u>
\$ 1,844,127	\$ 2,945	\$ 1,847,072	\$ -	\$ 1,847,072
24,459	2,000	26,459	-	26,459
298,260	-	298,260	-	298,260
87,048	-	87,048	-	87,048
6,426,465	-	6,426,465	-	6,426,465
<u>8,680,359</u>	<u>4,945</u>	<u>8,685,304</u>	<u>-</u>	<u>8,685,304</u>
47,996	-	47,996	-	47,996
843,058	-	843,058	-	843,058
3,467,907	-	3,467,907	-	3,467,907
4,431,360	-	4,431,360	-	4,431,360
2,358,865	37,607	2,396,472	-	2,396,472
<u>11,149,186</u>	<u>37,607</u>	<u>11,186,793</u>	<u>-</u>	<u>11,186,793</u>
1,801,115	-	1,801,115	-	1,801,115
19,725,487	-	19,725,487	-	19,725,487
492,634	-	492,634	-	492,634
<u>22,019,236</u>	<u>-</u>	<u>22,019,236</u>	<u>-</u>	<u>22,019,236</u>
<u>33,168,422</u>	<u>37,607</u>	<u>33,206,029</u>	<u>-</u>	<u>33,206,029</u>
<u>\$ 41,848,781</u>	<u>\$ 42,552</u>	<u>\$ 41,891,333</u>	<u>\$ -</u>	<u>\$ 41,891,333</u>

Evangelical Free Church of America
Consolidating Statements of Activities Information
Years Ended December 31, 2018 and 2017

	2018				
	EFCA	Immigrant Hope	Total	Eliminating Entries	Grand Total
Revenue, Gains (Losses) and Other Support					
Contributions and bequests	\$ 40,974,386	\$ 168,619	\$ 41,143,005	\$ (111,278)	\$ 41,031,727
Contribution from district acquisition	46,465	-	46,465	-	46,465
Ministry program services and sales	2,763,517	62,665	2,826,182	-	2,826,182
Dividend and interest income	694,579	-	694,579	-	694,579
Net realized and unrealized investment gains	6,468	-	6,468	-	6,468
Change in value of annuities and trusts	(15,458)	-	(15,458)	-	(15,458)
Total revenue, gains on other support	<u>44,469,957</u>	<u>231,284</u>	<u>44,701,241</u>	<u>(111,278)</u>	<u>44,589,963</u>
Expenses					
Program services					
ReachGlobal missions ministry	24,546,783	-	24,546,783	-	24,546,783
ReachGlobal Crisis response ministry	2,100,538	-	2,100,538	-	2,100,538
GlobalFingerPrints ministry	1,424,285	-	1,424,285	-	1,424,285
ReachNational ministry	527,318	-	527,318	-	527,318
EFCA Foundation	1,746,212	-	1,746,212	-	1,746,212
Clause B districts	978,126	-	978,126	-	978,126
National Office	6,832,224	-	6,832,224	-	6,832,224
Immigrant Hope	-	163,634	163,634	(98,276)	65,358
Total program services	<u>38,155,486</u>	<u>163,634</u>	<u>38,319,120</u>	<u>(98,276)</u>	<u>38,220,844</u>
Supporting activities					
Management and general	3,567,358	34,052	3,601,410	(13,002)	3,588,408
Fundraising	3,140,711	-	3,140,711	-	3,140,711
Total expenses	<u>44,863,555</u>	<u>197,686</u>	<u>45,061,241</u>	<u>(111,278)</u>	<u>44,949,963</u>
Change in Net Assets	(393,598)	33,598	(360,000)	-	(360,000)
Net Assets, Beginning of Year	<u>33,168,422</u>	<u>37,607</u>	<u>33,206,029</u>	<u>-</u>	<u>33,206,029</u>
Net Assets, End of Year	<u>\$ 32,774,824</u>	<u>\$ 71,205</u>	<u>\$ 32,846,029</u>	<u>\$ -</u>	<u>\$ 32,846,029</u>

2017

EFCA	Immigrant Hope	Total	Eliminating Entries	Grand Total
\$ 44,483,422	\$ 154,695	\$ 44,638,117	\$ (150,261)	\$ 44,487,856
-	-	-	-	-
1,287,563	53,026	1,340,589	-	1,340,589
373,598	-	373,598	-	373,598
1,763,506	-	1,763,506	-	1,763,506
(470,999)	-	(470,999)	-	(470,999)
<u>47,437,090</u>	<u>207,721</u>	<u>47,644,811</u>	<u>(150,261)</u>	<u>47,494,550</u>
23,134,427	-	23,134,427	-	23,134,427
1,542,964	-	1,542,964	-	1,542,964
1,304,228	-	1,304,228	-	1,304,228
513,619	-	513,619	-	513,619
1,583,394	-	1,583,394	-	1,583,394
849,373	-	849,373	-	849,373
6,089,766	-	6,089,766	-	6,089,766
-	176,169	176,169	(127,516)	48,653
<u>35,017,771</u>	<u>176,169</u>	<u>35,193,940</u>	<u>(127,516)</u>	<u>35,066,424</u>
4,284,690	39,845	4,324,535	(22,745)	4,301,790
3,313,954	-	3,313,954	-	3,313,954
<u>42,616,415</u>	<u>216,014</u>	<u>42,832,429</u>	<u>(150,261)</u>	<u>42,682,168</u>
4,820,675	(8,293)	4,812,382	-	4,812,382
28,347,747	45,900	28,393,647	-	28,393,647
<u>\$ 33,168,422</u>	<u>\$ 37,607</u>	<u>\$ 33,206,029</u>	<u>\$ -</u>	<u>\$ 33,206,029</u>

Evangelical Free Church of America
Consolidating Statements of Cash Flows Information
Years Ended December 31, 2018 and 2017

	2018				
	EFCA	Immigrant Hope	Total	Elimination	Grand Total
Operating Activities					
Change in net assets	\$ (393,598)	\$ 33,598	\$ (360,000)	\$ -	\$ (360,000)
Items not requiring (providing) cash					
Net realized and unrealized investment gains	(6,468)	-	(6,468)	-	(6,468)
Gain on sale of property and equipment	-	-	-	-	-
Loss on beneficial interests in trusts held by others	77,166	-	77,166	-	77,166
Stock donations	(1,188,569)	-	(1,188,569)	-	(1,188,569)
Proceeds from sale of donated stock	1,053,729	-	1,053,729	-	1,053,729
Depreciation and amortization	337,270	-	337,270	-	337,270
Changes in					
Accounts receivable	(237,070)	(10,862)	(247,932)	-	(247,932)
Note receivable	30,250	-	30,250	-	30,250
Other assets and liabilities	7,742	(175)	7,567	-	7,567
Accounts payable and accrued expenses	116,737	(2,931)	113,806	-	113,806
Split-interest agreement obligations	(589,562)	-	(589,562)	-	(589,562)
Net cash (used in) provided by operating activities	<u>(792,373)</u>	<u>19,630</u>	<u>(772,743)</u>	<u>-</u>	<u>(772,743)</u>
Investing Activities					
Net change in loan investments	18,860	-	18,860	-	18,860
Proceeds from sale of investments	12,429,003	-	12,429,003	-	12,429,003
Purchase of investments	(12,684,021)	-	(12,684,021)	-	(12,684,021)
Proceeds from the sale of property and equipment	-	-	-	-	-
Purchase of property and equipment	(227,034)	-	(227,034)	-	(227,034)
Net cash used in investing activities	<u>(463,192)</u>	<u>-</u>	<u>(463,192)</u>	<u>-</u>	<u>(463,192)</u>
Increase (Decrease) in Cash and Cash Equivalents	(1,255,565)	19,630	(1,235,935)	-	(1,235,935)
Cash and Cash Equivalents, Beginning of Year	<u>9,536,581</u>	<u>41,967</u>	<u>9,578,548</u>	<u>-</u>	<u>9,578,548</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 8,281,016</u></u>	<u><u>\$ 61,597</u></u>	<u><u>\$ 8,342,613</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,342,613</u></u>

2017				
EFCA	Immigrant Hope	Total	Elimination	Grand Total
\$ 4,820,675	\$ (8,293)	\$ 4,812,382	\$ -	\$ 4,812,382
(1,763,506)	-	(1,763,506)	-	(1,763,506)
(83,296)	-	(83,296)	-	(83,296)
50,715	-	50,715	-	50,715
(3,150,036)	-	(3,150,036)	-	(3,150,036)
3,113,638	-	3,113,638	-	3,113,638
319,477	-	319,477	-	319,477
(258,916)	11,898	(247,018)	-	(247,018)
119,500	-	119,500	-	119,500
(96,924)	4,477	(92,447)	-	(92,447)
41,700	1,488	43,188	-	43,188
(39,394)	-	(39,394)	-	(39,394)
<u>3,073,633</u>	<u>9,570</u>	<u>3,083,203</u>	<u>-</u>	<u>3,083,203</u>
17,988	-	17,988	-	17,988
8,112,271	-	8,112,271	-	8,112,271
(9,990,169)	-	(9,990,169)	-	(9,990,169)
198,296	-	198,296	-	198,296
(143,668)	-	(143,668)	-	(143,668)
<u>(1,805,282)</u>	<u>-</u>	<u>(1,805,282)</u>	<u>-</u>	<u>(1,805,282)</u>
1,268,351	9,570	1,277,921	-	1,277,921
<u>8,268,230</u>	<u>32,397</u>	<u>8,300,627</u>	<u>-</u>	<u>8,300,627</u>
<u>\$ 9,536,581</u>	<u>\$ 41,967</u>	<u>\$ 9,578,548</u>	<u>\$ -</u>	<u>\$ 9,578,548</u>

Christian Investors Financial

Independent Auditor's Report and Financial Statements

December 31, 2018, 2017 and 2016

Christian Investors Financial

December 31, 2018, 2017 and 2016

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Independent Auditor's Report

Board of Directors
Christian Investors Financial
Minneapolis, Minnesota

We have audited the accompanying financial statements of Christian Investors Financial, which comprise the statements of financial position as of December 31, 2018, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Investors Financial as of December 31, 2018, 2017 and 2016, 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.

Board of Directors
Christian Investors Financial
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Emphasis of Matter

As described in *Note 15*, to the financial statements, in 2018, Christian Investors Financial adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

BKD, LLP

Springfield, Missouri
February 14, 2019

Christian Investors Financial
Statements of Financial Position
December 31, 2018, 2017 and 2016

Assets

	2018	2017	2016
Cash and cash equivalents	\$ 21,856,075	\$ 17,552,044	\$ 11,752,410
Interest-bearing time deposits in banks	24,455,028	18,457,447	14,574,000
Investments	20,873,541	20,853,223	19,583,454
Loans receivable, net	143,677,646	144,131,962	142,395,405
Accrued interest receivable	675,829	635,408	597,804
Other assets	<u>214,733</u>	<u>145,541</u>	<u>165,666</u>
Total assets	<u>\$ 211,752,852</u>	<u>\$ 201,775,625</u>	<u>\$ 189,068,739</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 221,470	\$ 388,970	\$ 372,155
Investment certificates	<u>169,833,550</u>	<u>161,186,975</u>	<u>151,010,139</u>
Total liabilities	170,055,020	161,575,945	151,382,294

**Net Assets Undesignated Without
Donor Restrictions**

	<u>41,697,832</u>	<u>40,199,680</u>	<u>37,686,445</u>
Total liabilities and net assets	<u>\$ 211,752,852</u>	<u>\$ 201,775,625</u>	<u>\$ 189,068,739</u>

Christian Investors Financial
Statements of Activities
Years Ended December 31, 2018, 2017 and 2016

	Without Donor Restrictions		
	2018	2017	2016
Interest Income			
Interest and fees on loans	\$ 6,316,850	\$ 6,324,281	\$ 6,274,311
Interest and dividends on cash and interest-bearing time deposits in banks	799,800	343,699	189,864
Net interest and dividends on investments	<u>436,943</u>	<u>344,388</u>	<u>315,687</u>
	7,553,593	7,012,368	6,779,862
Interest Expense			
Investment certificates	<u>3,439,320</u>	<u>3,048,136</u>	<u>2,871,608</u>
Net Interest Income	4,114,273	3,964,232	3,908,254
Provision for Loan Losses	<u>-</u>	<u>-</u>	<u>88,905</u>
Net Interest Income After Provision for Loan Losses	4,114,273	3,964,232	3,819,349
Other Income and Expense			
Consulting services revenue	336,305	348,669	348,772
Operating expenses	<u>(2,555,235)</u>	<u>(2,336,248)</u>	<u>(2,123,474)</u>
Net Operating Income	1,895,343	1,976,653	2,044,647
Net investment gains (losses)	(397,191)	536,582	452,268
Donations to affiliates	<u>-</u>	<u>-</u>	<u>(300,000)</u>
Change in Net Assets	1,498,152	2,513,235	2,196,915
Net Assets, Beginning of Year	<u>40,199,680</u>	<u>37,686,445</u>	<u>35,489,530</u>
Net Assets, End of Year	<u><u>\$ 41,697,832</u></u>	<u><u>\$ 40,199,680</u></u>	<u><u>\$ 37,686,445</u></u>

Christian Investors Financial
Statements of Cash Flows
Years Ended December 31, 2018, 2017 and 2016

	2018	2017	2016
Operating Activities			
Interest received on loans	\$ 6,286,790	\$ 6,287,575	\$ 6,231,121
Interest and dividends received on cash, time deposits in banks and investments	1,178,104	684,504	531,906
Cash received from consulting fees	276,291	356,541	325,840
Donations to affiliates	-	-	(300,000)
Cash paid to vendors and employees	(2,766,596)	(2,299,982)	(2,095,637)
Interest paid on interest-bearing liabilities	(3,424,874)	(3,053,075)	(2,863,450)
	<u>1,549,715</u>	<u>1,975,563</u>	<u>1,829,780</u>
Investing Activities			
Issuance of loans	(21,005,168)	(14,897,229)	(22,407,264)
Loan principal repayments	21,516,902	13,197,789	13,225,222
Purchases of investments and interest-bearing time deposits in banks	(22,995,136)	(20,082,469)	(19,205,123)
Proceeds from sales, calls or maturities of investments and interest-bearing time deposits in banks	16,596,826	15,448,368	19,832,817
Purchase of office equipment	(5,684)	(19,224)	(5,309)
	<u>(5,892,260)</u>	<u>(6,352,765)</u>	<u>(8,559,657)</u>
Financing Activities			
Issuance of investment certificates	31,070,805	33,257,035	28,713,455
Maturities and redemptions of investment certificates in cash	(22,424,229)	(23,080,199)	(21,774,372)
	<u>8,646,576</u>	<u>10,176,836</u>	<u>6,939,083</u>
Increase in Cash and Cash Equivalents	4,304,031	5,799,634	209,206
Cash and Cash Equivalents, Beginning of Year	<u>17,552,044</u>	<u>11,752,410</u>	<u>11,543,204</u>
Cash and Cash Equivalents, End of Year	<u>\$ 21,856,075</u>	<u>\$ 17,552,044</u>	<u>\$ 11,752,410</u>

Christian Investors Financial
Statements of Cash Flows
Years Ended December 31, 2018, 2017 and 2016

	2018	2017	2016
Reconciliation of Change in Net Assets to Net Cash			
Provided by Operating Activities			
Change in net assets	\$ 1,498,152	\$ 2,513,235	\$ 2,196,915
Adjustments			
Provision for loan losses	-	-	88,905
Amortization of deferred loan fees	(31,498)	(20,151)	(32,809)
Net investment (gains) losses	397,191	(536,582)	(452,268)
Depreciation	12,253	13,568	15,579
Amortization of premiums and discounts, net	(16,780)	17,467	28,856
Changes in operating assets and liabilities			
Accounts receivable, net	(58,014)	13,872	(29,995)
Accrued interest receivable	(40,421)	(37,604)	(12,883)
Other assets	(43,667)	(11,058)	(1,192)
Accounts payable and accrued expenses	(167,501)	22,816	28,672
	<u>\$ 1,549,715</u>	<u>\$ 1,975,563</u>	<u>\$ 1,829,780</u>
Supplemental Disclosure of Noncash Investing and Financing Activities			
Matured term certificates reinvested	\$ 38,968,133	\$ 46,183,521	\$ 41,927,414
Interest reinvested in certificates	\$ 2,954,756	\$ 2,583,482	\$ 2,416,479
Disposition of fully depreciated office equipment	\$ 4,756	\$ 5,345	\$ 3,202

Christian Investors Financial

Notes to Financial Statements

December 31, 2018, 2017 and 2016

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

Nature of Operations

Christian Investors Financial (CIF) is a nonprofit, tax-exempt corporation, which is a separate legal entity affiliated with the Evangelical Free Church of America (EFCA). Its primary purpose is to provide financing for the construction, remodeling, refinancing or purchase of church buildings and other projects for the EFCA, local churches and other affiliated organizations of the EFCA throughout the United States. In addition, CIF may make loans to like-minded, non-EFCA churches and related organizations from time to time. CIF's primary means of obtaining funds has been through the issuance of investment certificates. CIF also provides services to churches in connection with their capital fundraising campaigns.

Basis of Accounting Policies

CIF's financial statements have been prepared using the accrual basis of accounting.

Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses.

Cash and Cash Equivalents

CIF considers all liquid investments with original maturities of 91 days or less to be cash equivalents. At December 31, 2018, 2017 and 2016, cash equivalents consisted primarily of money market accounts with brokers and U.S. Treasury bills.

At December 31, 2018, CIF's cash accounts exceeded federally insured limits by approximately \$1,825,000.

Interest-Bearing Time Deposits in Banks

Interest-bearing time deposits in banks are FDIC-insured, subject to applicable limits, and mature between three months and five years and are carried at cost.

Christian Investors Financial

Notes to Financial Statements

December 31, 2018, 2017 and 2016

Investments

Investments are reported at fair value. Realized and unrealized gains and losses are reported as net investment gains and losses in the statements of activities. Premiums are amortized as a reduction in interest income over the remaining term to maturity or to the earliest call date if the security is expected to be called. Discounts are accreted to interest income over the remaining term to maturity.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are reported at their outstanding principal balances adjusted for any charge-offs, the allowance for loan losses and any unamortized deferred fees or costs on originated loans.

Interest income is reported on the interest method. Loan origination fees, net of certain direct origination costs, as well as premiums and discounts, are deferred and amortized as a level-yield adjustment over the respective term of the loan.

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

All interest accrued but not collected for loans that are placed on nonaccrual or charged off are reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

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

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

Christian Investors Financial

Notes to Financial Statements

December 31, 2018, 2017 and 2016

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

A loan is considered impaired when, based on current information and events, it is probable that CIF will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. All loans delinquent 90 days or more are considered to be impaired.

Consulting Services Revenue

Consulting services revenue represents income generated from services to churches in connection with capital fundraising campaigns and other consulting engagements. CIF generally recognizes 25 percent of the fee upon entering into a contract to provide services and recognizes the remainder of the fee ratably over the contract service period. Management has determined this method results in recognition of revenue approximately as earned.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on the statement of activities. Functional expenses (*Note 7*) presents the natural classification detail of expenses by function. Certain costs have been allocated among the programs and supporting services based on usage and other methods.

Exemption From Income Taxes

CIF is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, CIF qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(a)(i) and has been classified as an organization that is not a private foundation under IRC Section 509(a)(2). However, CIF is subject to federal income tax on any unrelated business taxable income.

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Subsequent Events

Subsequent events have been evaluated through February 14, 2019, which is the date the financial statements were available to be issued.

Note 2: Investments

Investments consisted of the following at December 31, 2018, 2017 and 2016:

	2018	2017	2016
Corporate debt securities	\$ 8,800,533	\$ 8,647,040	\$ 8,553,021
U.S. treasury securities	6,764,870	6,913,445	5,070,462
Equity securities - mutual funds	3,470,280	3,667,275	3,394,337
Asset backed securities	1,469,415	1,139,111	1,641,308
Municipal debt securities	245,000	247,967	-
Mortgage backed securities	123,443	238,385	424,326
U.S. government agency debt securities	-	-	500,000
	<u>\$ 20,873,541</u>	<u>\$ 20,853,223</u>	<u>\$ 19,583,454</u>

At December 31, 2018, corporate debt securities, U.S. government agency debt securities, U.S. treasury securities, asset backed securities and municipal debt securities mature as follows (amounts shown are fair value):

	Corporate Debt Securities	U.S. Treasury Securities	Asset Backed Securities	Municipal Debt Securities	Total
2019	\$ 1,443,211	\$ 248,316	\$ -	\$ 245,000	\$ 1,936,527
2020	1,765,238	4,501,654	568,690	-	6,835,582
2021	3,636,157	2,014,900	597,999	-	6,249,056
2022	1,705,856	-	-	-	1,705,856
2023	250,071	-	-	-	250,071
Thereafter	-	-	302,726	-	302,726
	<u>\$ 8,800,533</u>	<u>\$ 6,764,870</u>	<u>\$ 1,469,415</u>	<u>\$ 245,000</u>	<u>\$ 17,279,818</u>

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Note 3: Loans Receivable and Allowance for Loan Losses

Loans receivable classified by interest rate consist of the following at December 31:

	2018	2017	2016
3.5% or less	\$ 20,798,063	\$ 21,073,766	\$ 20,836,646
3.6% to 4.0%	25,988,091	29,318,643	28,991,196
4.1% to 4.5%	45,983,353	47,863,057	46,623,223
4.6% to 5.0%	43,084,327	41,867,495	39,751,100
5.1% to 5.5%	9,218,201	4,137,623	4,406,531
Over 5.5%	1,322,630	2,611,590	4,542,440
	<u>146,394,665</u>	<u>146,872,174</u>	<u>145,151,136</u>
Allowance for loan losses	(2,580,000)	(2,580,000)	(2,580,000)
Deferred loan fees, net	<u>(137,019)</u>	<u>(160,212)</u>	<u>(175,731)</u>
	<u>\$ 143,677,646</u>	<u>\$ 144,131,962</u>	<u>\$ 142,395,405</u>

Loans receivable at December 31, 2018, have scheduled principal amounts due as follows, which will vary from actual repayment dates:

2019	\$ 8,285,140
2020	8,157,152
2021	7,624,934
2022	7,744,376
2023	8,869,238
Thereafter	<u>105,713,825</u>
	<u>\$ 146,394,665</u>

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At December 31, 2018, CIF had 225 loans outstanding to 203 borrowers. These borrowers' aggregate loan balances were as follows:

	Number of Borrowers	Principal Outstanding	Percent of Loan Portfolio
Less than \$250,000	83	\$ 8,710,938	6%
\$250,000 - \$500,000	40	14,442,850	10%
\$500,001 - \$1,000,000	35	24,471,742	17%
\$1,000,001 - \$2,000,000	28	40,257,792	27%
\$2,000,001 - \$3,000,000	8	18,860,655	13%
Over \$3,000,000	9	39,650,688	27%
	<u>203</u>	<u>\$ 146,394,665</u>	<u>100%</u>

Although CIF has no geographic restrictions within the United States on where loans are made, aggregate loans in excess of five percent of total balances at December 31, 2018, were located in the following states:

	Number of Borrowers	Principal Outstanding	Percent of Loan Portfolio
Minnesota	32	\$ 29,214,808	20%
California	29	27,695,949	19%
Arizona	15	15,237,289	10%
Pennsylvania	10	15,109,561	10%
Colorado	16	10,351,825	7%
Illinois	14	9,681,490	7%
	<u>116</u>	<u>\$ 107,290,922</u>	<u>73%</u>

CIF considers all of its loans to be in the same loan class, as substantially all of its loan portfolio is comprised of loans to churches, secured by real estate.

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	2016					Total
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	90 Days or More Past Due & Accruing	
Allowance for Loan Losses						
Balance, beginning of year	\$ 2,478,869	\$ 12,226	\$ -	\$ -	\$ -	\$ 2,491,095
Provision charged to expense	51,451	(1,360)	38,814	-	-	88,905
Losses charged off	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-
Balance, end of year	<u>\$ 2,530,320</u>	<u>\$ 10,866</u>	<u>\$ 38,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,580,000</u>
Ending balance: individually evaluated for impairment	<u>\$ 12,166</u>	<u>\$ -</u>	<u>\$ 38,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,980</u>
Ending balance: collectively evaluated for impairment	<u>\$ 2,518,154</u>	<u>\$ 10,866</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,529,020</u>
Loans						
Ending balance	<u>\$144,547,300</u>	<u>\$ 215,700</u>	<u>\$ 388,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$145,151,136</u>
Ending balance: individually evaluated for impairment	<u>\$ 243,330</u>	<u>\$ -</u>	<u>\$ 388,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 631,466</u>
Ending balance: collectively evaluated for impairment	<u>\$144,303,970</u>	<u>\$ 215,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$144,519,670</u>

As part of the ongoing monitoring of the credit quality of CIF's loan portfolio, management tracks loans by an internal rating system. Loans are pooled based on an assigned loan grade. If a loan grade has been determined and manually assigned by management on a specific loan within the last two years, that grade is used for this calculation. If a loan grade has not been manually assigned within the last two years, the grade is calculated automatically based on a combination of credit risk, concentration risk and economic conditions. In the case of automatic grading, credit risk is evaluated by the ratio of current balance to original loan balance, length of time the loan has been outstanding and the payment history. Concentration risk and economic conditions are evaluated by the size of the loan and the current unemployment rate in the state in which the property is located as compared to that state's historic low unemployment rate.

The following are the internally assigned ratings:

Acceptable (1-5) – Represents loans that to the best of CIF's knowledge generally fit within CIF's normal underwriting guidelines and are current on their payments. Loans with a rating of one or two are perceived to have the least risk within this acceptable range, loans with a rating of three are perceived to have average risk within this range and loans with a rating of four or five are perceived to have the most risk within this range.

Borderline (6) – Represents loans that are somewhat outside of CIF's normal underwriting guidelines or are 30-59 days past due on payments. Loans that have had their payments temporarily lowered to interest-only at any time within the past two years would also generally be category 6, if not otherwise rated higher than six, as well as other loans determined by management to warrant this risk rating.

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Special Mention (7) – Represents loans that are significantly outside CIF’s normal underwriting guidelines, or are 60-89 days past due, or determined by management to have potential weaknesses that if left uncorrected could result in deterioration of the repayment prospects.

Substandard (8) – Represents loans that are significantly outside of CIF’s normal underwriting guidelines, or are 90 days or more past due, or determined by management to be inadequately protected by the paying capacity of the borrower or value of the collateral. This category may include loans where foreclosure or other collection proceedings against the borrower are imminent.

Doubtful (9) – Represents loans similar to category 8, but where CIF does not expect recovery of more than 75 percent of its investment in the loan either from payments from the borrower or liquidation of the collateral.

The following tables present the credit risk profile of CIF’s loan portfolio based on internal rating category and payment activity for the years ended December 31:

Grade	2018					Total
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	90 Days or More Past Due & Accruing	
Acceptable (1-5)	\$ 145,812,115	\$ -	\$ -	\$ -	\$ -	\$ 145,812,115
Borderline (6)	409,040	-	-	-	-	409,040
Special Mention (7)	173,510	-	-	-	-	173,510
Substandard (8)	-	-	-	-	-	-
Doubtful (9)	-	-	-	-	-	-
	<u>\$ 146,394,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,394,665</u>

Grade	2017					Total
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	90 Days or More Past Due & Accruing	
Acceptable (1-5)	\$ 145,578,417	\$ -	\$ -	\$ -	\$ -	\$ 145,578,417
Borderline (6)	608,429	127,422	-	-	-	735,851
Special Mention (7)	557,906	-	-	-	-	557,906
Substandard (8)	-	-	-	-	-	-
Doubtful (9)	-	-	-	-	-	-
	<u>\$ 146,744,752</u>	<u>\$ 127,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,872,174</u>

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	2016					Total
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	90 Days or More Past Due & Accruing	
Grade						
Acceptable (1-5)	\$ 142,529,044	\$ -	\$ -	\$ -	\$ -	\$ 142,529,044
Borderline (6)	2,018,256	215,700	-	-	-	2,233,956
Special Mention (7)	-	-	388,136	-	-	388,136
Substandard (8)	-	-	-	-	-	-
Doubtful (9)	-	-	-	-	-	-
	<u>\$ 144,547,300</u>	<u>\$ 215,700</u>	<u>\$ 388,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,151,136</u>

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable CIF will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonaccrual loans and also include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include payment extensions, forbearance or other actions intended to maximize collection. Impaired loans may also include other loans that management considers to be impaired. During 2016, one loan was restructured in a troubled debt restructuring. During 2018 and 2017, no new loans were considered troubled debt restructurings. One loan considered a troubled debt restructuring defaulted on its payment terms during 2016, however, the loan was brought current during 2017 and remained current at December 31, 2018. There were no defaults of loans considered troubled debt restructurings during 2018 while under their restructured terms.

The following tables present impaired loans for the years ended December 31:

	2018					
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized	Interest Income Recognized Cash Basis
Impaired loans accruing	\$ 538,722	\$ 538,722	\$ 35,612	\$ 548,314	\$ 28,412	\$ -
Impaired loans nonaccruing	-	-	-	-	-	-
Total impaired loans	<u>\$ 538,722</u>	<u>\$ 538,722</u>	<u>\$ 35,612</u>	<u>\$ 548,314</u>	<u>\$ 28,412</u>	<u>\$ -</u>

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	Recorded Balance	Unpaid Principal Balance	Specific Allowance	2017 Average Investment in Impaired Loans	Interest Income Recognized	Interest Income Recognized Cash Basis
Impaired loans accruing	\$ 557,906	\$ 557,906	\$ 46,711	\$ 572,772	\$ 34,957	\$ 5,810
Impaired loans nonaccruing	-	-	-	-	-	-
Total impaired loans	\$ 557,906	\$ 557,906	\$ 46,711	\$ 572,772	\$ 34,957	\$ 5,810

	Recorded Balance	Unpaid Principal Balance	Specific Allowance	2016 Average Investment in Impaired Loans	Interest Income Recognized	Interest Income Recognized Cash Basis
Impaired loans accruing	\$ 199,502	\$ 199,502	\$ 9,975	\$ 212,104	\$ 6,559	-
Impaired loans nonaccruing	388,136	388,136	38,814	392,111	17,647	17,647
Total impaired loans	\$ 587,638	\$ 587,638	\$ 48,789	\$ 604,215	\$ 24,206	\$ 17,647

Note 4: Equipment

Equipment, stated at cost, is included in other assets and is as follows:

	2018	2017	2016
Equipment	\$ 292,313	\$ 291,386	\$ 277,507
Less accumulated depreciation	274,317	266,820	258,596
Equipment, net	\$ 17,996	\$ 24,566	\$ 18,911

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Note 5: Loan Participation Agreements

CIF has sold participation interests in certain individual loans receivable to the EFCA. Under the loan participation agreements, CIF maintains all records, collects all payments and remits monthly the appropriate pro rata share of both interest and principal collected on these loans. These loan participations sold by CIF are recorded as a reduction in the loans receivable in the accompanying statements of financial position. At December 31, 2018, 2017 and 2016, the participation interests held by the EFCA in CIF's loans totaled \$440,624, \$459,485, and \$477,473, respectively.

CIF has also purchased a participation interest in a loan from a commercial lender. This participation interest was purchased at par and represents 19 percent of the total loan amount. Under the loan participation agreement, the commercial lender maintains all records, collects all payments and remits monthly the appropriate pro rata share of both interest (net of servicing fees) and principal collected on the loan. The agreement provides that CIF and the commercial lender will share ratably in the event of any extraordinary expenses required to preserve the collateral or enforce the lenders' rights with respect to the loan. In the event of any foreclosure and sale of collateral or other collection action, CIF and the commercial lender will share ratably in the costs and proceeds. CIF's right to take any enforcement action with respect to the borrower or collateral is subject to the cooperation and involvement of the commercial lender who originated the loan. The participation interest purchased by CIF is included in loans receivable in the accompanying statements of financial position. CIF owned \$173,510, \$181,586 and \$199,502 participation interest in this loan at December 31, 2018, 2017 and 2016, respectively.

Note 6: Investment Certificates

CIF's primary means of financing its activities is by selling investment certificates. At December 31, 2018, 2017 and 2016, CIF was indebted on investment certificates as summarized below:

	2018		2017	
	Weighted Average Rate	Principal Amount	Weighted Average Rate	Principal Amount
Demand	2.1%	\$ 50,018,552	1.5%	\$ 48,118,176
90-Days	2.0%	10,618,167	1.5%	5,607,668
One Year	1.9%	18,677,109	1.5%	16,792,411
Two Year	1.9%	10,144,747	1.7%	9,727,046
30-Month	1.9%	8,823,827	1.8%	8,738,870
Three Year	2.1%	15,769,312	2.0%	16,264,495
Four Year	2.3%	6,168,773	2.2%	6,266,136
Five Year	2.8%	49,613,063	2.7%	49,672,173
	2.2%	<u>\$ 169,833,550</u>	1.9%	<u>\$ 161,186,975</u>

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	2016	
	Weighted Average Rate	Principal Amount
	<hr/>	<hr/>
Demand	1.2%	\$ 35,473,839
90-Days	1.3%	8,289,498
One Year	1.4%	15,465,283
Two Year	1.5%	9,732,543
30-Month	1.8%	11,683,690
Three Year	2.0%	15,473,891
Four Year	2.2%	8,920,509
Five Year	2.7%	45,970,886
		<hr/>
	1.9%	<u><u>\$ 151,010,139</u></u>

Amounts are presented in the schedule below based on the year in which the investment certificates are scheduled to mature. Notwithstanding the foregoing, all amounts shown below are payable upon 30 days' written notice subject to availability of funds and, in the case of term certificates, subject to substantial penalties for redemption prior to maturity.

	Weighted Average Rate	
	Weighted Average Rate	Principal Amount
	<hr/>	<hr/>
Demand	2.1%	\$ 50,018,552
2019	2.1%	58,424,120
2020	2.4%	22,254,222
2021	2.6%	18,697,192
2022	2.7%	10,279,520
2023	2.9%	10,159,944
		<hr/>
	2.3%	<u><u>\$ 169,833,550</u></u>

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At December 31, 2018, CIF had 411 investor households and organizations with aggregate investment certificate balances of \$100,000 or more as follows:

	Number of Investor Households	Aggregate Principal Balances	Percent of Certificate Balances Outstanding
\$100,000 - \$200,000	207	\$ 28,950,735	17%
\$200,001 - \$300,000	103	24,918,286	15%
\$300,001 - \$500,000	61	23,322,449	14%
Greater than \$500,000	40	55,726,547	33%
	<u>411</u>	<u>\$ 132,918,017</u>	<u>79%</u>

At December 31, 2018, CIF's investors were concentrated in five states as follows:

	Number of Investor Households	Aggregate Principal Balances	Percent of Certificate Balances Outstanding
Minnesota	630	\$ 69,409,481	41%
Iowa	100	10,635,293	6%
Colorado	79	9,753,905	6%
Illinois	145	9,732,579	6%
Wisconsin	93	8,630,569	5%
	<u>1,047</u>	<u>\$ 108,161,827</u>	<u>64%</u>

Note 7: Functional Expenses

As described in *Note 1*, the financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which are allocated based on number of employees, as well as interest, depreciation, salaries and benefits, professional fees, information technology and other, which are allocated on the basis of estimates of time and effort. The table below presents expenses by both their nature and their function.

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Natural Classification	December 31, 2018			
	PROGRAM			Total
	Lending and Investment	Campaigns and Consulting	Management and General	
Interest	\$ 3,439,320	\$ -	\$ -	\$ 3,439,320
Salaries and benefits	738,034	498,616	563,325	1,799,975
Professional fees	46,413	18,635	153,452	218,500
Marketing, advertising and promotion	128,555	12,171	-	140,726
Occupancy and office	55,030	15,800	42,128	112,958
Information technology and communications	84,053	4,885	17,121	106,059
Securities registration and filing costs	74,752	-	-	74,752
Consulting travel and materials	-	63,970	-	63,970
Other operating expenses	3,007	2,181	20,854	26,042
Depreciation	6,688	760	4,805	12,253
Total expenses	\$ 4,575,852	\$ 617,018	\$ 801,685	\$ 5,994,555

Note 8: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018, comprise the following:

Cash and cash equivalents	\$ 21,856,075
Interest-bearing time deposits in banks maturing or available for sale in 2019	19,213,028
Investments	20,873,541
Interest receivable	675,829
Scheduled loan principal amounts due in 2019	8,285,140
Accounts receivable	133,913
Total financial assets	71,037,526
Internal designations and other potential restrictions	
Commitments to originate loans	(27,772,950)
Internal liquidity policy of 10% of liabilities	(17,005,502)
Estimated financial assets available to meet cash needs for general expenditures within one year	\$ 26,259,074

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As part of liquidity management, CIF has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. CIF has a liquidity policy to maintain to financial assets equal to at least 10% of its outstanding liabilities. To help manage unanticipated liquidity needs, CIF has a committed line of credit in the amount of \$7.5 million, which it could draw upon.

CIF owes \$50,018,552 in principal to holders of Demand Certificates and \$58,424,120 in Term Certificates that are schedule to mature during 2019. In addition CIF owes \$61,390,878 to holders of Term Certificates that are not scheduled to mature in 2019. Demand Certificates may be redeemed in whole or in part, subject to the availability of funds, at the option of the registered holder upon at least 30 days' prior written notice to CIF. Similarly, Term Certificates may be redeemed, subject to the availability of funds, at the option of the registered holder upon at least 30 days' prior written notice to CIF, but subject to early redemption penalties, unless redeemed at maturity.

In addition to funding Investment Certificate redemptions, CIF must also fund its outstanding loan commitments. Outstanding loan commitments totaled approximately \$27,800,000 as of December 31, 2018, the majority of which are expected to require funding during 2019. Historically, CIF has been able to meet the loan funding requirements through a combination of existing cash and investments on hand and cash generated from loan repayments and the sale of Investment Certificates.

Note 9: Related Party Transactions

As described in *Note 1*, CIF is affiliated with the EFCA. CIF contracts with and reimburses the EFCA for its share of salaries, employee benefits, building operating costs, office supplies, support services and other miscellaneous expenses provided by the EFCA. For the years ended December 31, 2018, 2017 and 2016, this amounted to \$2,185,941, \$1,737,674 and \$1,610,816, respectively. The balance due the EFCA at December 31, 2018, 2017 and 2016, totaled \$160,812, \$118,669 and \$107,305, respectively, and was included in accounts payable and accrued expenses. During 2016, CIF made a donation of \$300,000 to the EFCA.

In addition to the loan participation agreement with EFCA discussed in *Note 5*, the EFCA held investment certificates issued by CIF aggregating \$7,693,347, \$8,970,633 and \$6,092,450 at December 31, 2018, 2017 and 2016, respectively. Related interest expense amounted to \$133,827, \$102,490 and \$73,077 for 2018, 2017 and 2016, respectively.

Note 10: Commitments to Originate Loans

Commitments to originate loans are agreements to lend to meet the needs of EFCA and like-minded churches and other EFCA affiliated organizations as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since a portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each borrower's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral usually includes real estate.

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At December 31, 2018, 2017 and 2016, CIF had outstanding commitments to originate loans aggregating approximately \$27,800,000, \$7,800,000 and \$12,400,000, respectively.

Note 11: Concentrations of Credit Risk

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

At December 31, 2018, approximately \$2,028,000 of CIF's cash and cash equivalents was invested in a major domestic bank. From time to time CIF has deposits in excess of federal deposit insurance limits. CIF has not experienced any losses on these accounts and does not believe it is exposed to any significant risk of loss related to these accounts.

CIF invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities could occur and that such changes could materially affect the amounts reported in the accompanying statements of financial position. At December 31, 2018, approximately \$17,903,000 of CIF's investment and time deposit portfolio was managed by the investment management firm of Securian Asset Management.

Concentrations of credit risk with respect to loans receivable are limited to a certain extent by the secured position of CIF in most instruments, the number of organizations comprising CIF's loans receivable base, their dispersion across geographic areas and CIF's policy of limiting the maximum loan amount to any one borrower. Loans made by CIF are typically secured by first mortgages and are normally limited to 80 percent of the aggregate cost or estimated value of the property securing the loan if the loan amount is \$300,000 or less, or 75 percent of the aggregate cost or estimated value of the property securing the loan if the loan amount is over \$300,000. While CIF may be exposed to credit losses in the event of nonperformance by the above contracting parties, management has established an allowance for potential loan losses, which it believes is adequate at December 31, 2018, to cover any such losses.

A substantial portion of the investment certificates issued by CIF are demand instruments or will be maturing within the next two years. In addition, all investment certificates are payable upon 30 days' written notice, subject to availability of funds. CIF does not have sufficient liquid assets to satisfy immediate repayment of all outstanding Investment Certificates. Although it cannot be guaranteed, management anticipates, similar to past history, that a substantial portion of maturing certificates will be reinvested at maturity or rolled over into new certificates with CIF.

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Note 12: 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, including management's assumptions, that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Recurring Measurements

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2018.

Investments, Money Market Funds and U.S. Treasury Bills

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 investments include equity securities and U.S. treasury securities. Level 1 cash and cash equivalents include money market funds with brokers and U.S. Treasury bills. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include certain mortgage backed securities, corporate debt securities, U.S. government agency debt securities, asset backed securities and certain municipal debt securities. Inputs used to value Level 2 securities include interest rates for similar debt securities and Treasury obligations with similar maturities. In certain cases where Level 1 or Level 2 inputs are not available, securities may be classified within Level 3 of the hierarchy. CIF has no Level 3 investments.

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2018, 2017 and 2016:

Christian Investors Financial
Notes to Financial Statements
December 31, 2018, 2017 and 2016

	2018			
	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury bills	\$ 11,972,980	\$ 11,972,980	\$ -	\$ -
Money market funds	\$ 7,725,235	\$ 7,725,235	\$ -	\$ -
Corporate debt securities	\$ 8,800,533	\$ -	\$ 8,800,533	\$ -
U.S. treasury securities	6,764,870	6,764,870	-	-
Equity securities - mutual funds	3,470,280	3,470,280	-	-
Asset backed securities	1,469,415	-	1,469,415	-
Municipal debt securities	245,000	-	245,000	-
Mortgage backed securities	123,443	-	123,443	-
	<u>\$ 20,873,541</u>	<u>\$ 10,235,150</u>	<u>\$ 10,638,391</u>	<u>\$ -</u>

	2017			
	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury bills	\$ 7,991,533	\$ 7,991,533	\$ -	\$ -
Money market funds	\$ 6,321,578	\$ 6,321,578	\$ -	\$ -
Corporate debt securities	\$ 8,647,040	\$ -	\$ 8,647,040	\$ -
U.S. government agency debt securities	247,967	-	247,967	-
U.S. treasury securities	6,913,445	6,913,445	-	-
Mortgage backed securities	238,385	-	238,385	-
Asset backed securities	1,139,111	-	1,139,111	-
Equity securities - mutual funds	3,667,275	3,667,275	-	-
	<u>\$ 20,853,223</u>	<u>\$ 10,580,720</u>	<u>\$ 10,272,503</u>	<u>\$ -</u>

	2016			
	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 139,249	\$ 139,249	\$ -	\$ -
Corporate debt securities	\$ 8,553,021	\$ -	\$ 8,553,021	\$ -
U.S. government agency debt securities	-	-	-	-
U.S. treasury securities	500,000	-	500,000	-
Mortgage backed securities	5,070,462	5,070,462	-	-
Asset backed securities	424,326	-	424,326	-
Equity securities - mutual funds	1,641,308	-	1,641,308	-
Municipal debt securities	3,394,337	3,394,337	-	-
	<u>\$ 19,583,454</u>	<u>\$ 8,464,799</u>	<u>\$ 11,118,655</u>	<u>\$ -</u>

Christian Investors Financial

Notes to Financial Statements

December 31, 2018, 2017 and 2016

Note 13: Retirement Plan

CIF made contributions for eligible employees to a defined contribution retirement plan of approximately 10 percent of the employee's salary during 2018, 2017 and 2016. Employees are fully vested in all contributions. CIF made contributions of approximately \$134,204, \$122,126 and \$111,537 to the plan during 2018, 2017 and 2016, respectively.

Note 14: Line of Credit

CIF has obtained an unsecured revolving line of credit from U.S. Bank National Association and may borrow amounts up to \$7,500,000 at a variable interest rate based on the one-month LIBOR rate plus 2.5 percent (resulting in a borrowing rate of approximately 5.02 percent at December 31, 2018). The line of credit expires on June 21, 2019, subject to renewal. Interest must be paid monthly on any outstanding balance. In addition, CIF is required to pay the outstanding balance to zero for at least 30 consecutive days each year.

The loan agreement also has certain financial and reporting covenants. Restrictive financial covenants include: 1) maintaining unrestricted cash, marketable investment securities and time deposits at a minimum level at least two times the aggregate borrowings under the line of credit; 2) generally not incurring liens or other indebtedness, other than Investment Certificates issued in the ordinary course of business; 3) maintaining nonperforming loans at less than 20 percent of the sum of unrestricted net assets plus allowance for loan losses; 4) producing a return on assets (net operating income divided by total assets) of at least 0.65 percent measured annually at the end of the fiscal year; and 5) maintaining a net assets to total assets ratio of not less than 12 percent measured as of the end of each fiscal quarter.

At December 31, 2018, 2017 and 2016, CIF did not owe any principal amounts under the line of credit. CIF has not pledged any assets as security for the line of credit.

Note 15: Change in Accounting Principle

In 2018, CIF adopted ASU 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. A summary of the changes is as follows:

Statement of Financial Position

- The statement of financial position distinguishes between two new classes of net assets – those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets – unrestricted, temporarily restricted and permanently restricted.

Christian Investors Financial
Notes to Financial Statements
December 31, 2018, 2017 and 2016

Notes to the Financial Statements

- Expenses are reported by both nature and function in one location.
- Enhanced disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one-year from the date of the Statement of Financial Position.
- Investment gains (losses) is shown net of external investment expenses.

This change had no impact on previously reported total change in net assets.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLANS AND FCMM BENEFITS

Financial Statements
With Independent Auditors' Report

December 31, 2018 and 2017

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLANS AND
FCMM BENEFITS**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Free Church Ministers' and Missionaries' Retirement Plans and
FCMM Benefits
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the Free Church Ministers' and Missionaries' Retirement Plans and FCMM Benefits (FCMM), which comprise the statements of net assets available for benefits and of accumulated plan benefits as of December 31, 2018, and the related statements of changes in net assets available for benefits and of changes in accumulated plan benefits for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to FCMM's preparation and fair presentation of the financial statements 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 FCMM's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
Free Church Ministers' and Missionaries' Retirement Plans and
FCMM Benefits
Minneapolis, Minnesota

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits and financial status of FCMM as of December 31, 2018, and the changes in net assets available for benefits and financial status for the year ended December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the 2017 financial statements of the Free Church Ministers' and Missionaries' Retirement Plans and FCMM Benefits, and our reported dated May 17, 2018, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Capin Crouse LLP

Naperville, Illinois
May 17, 2019

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLANS AND FCMM BENEFITS**

Statement of Net Assets Available for Benefits – Retirement Plan
December 31, 2018
(With Comparative Totals for 2017)

	Amnity Reserve (Option A)	Lifetime Fund (Option C)	Stock Fund (Option D)	Bond/Income Fund (Option E)	American Funds (Option F)	Vanguard Funds (Option G)	CIJ Funds (Option H)	Biblically Responsible Funds (Option J)	Total 2018	Total 2017
ASSETS:										
Investments:										
Pooled investments:										
Stock portfolio	\$ -	\$ 39,532,684	\$ 34,475,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,008,209	\$ 79,203,313
Bond/income portfolio	705,733	28,737,276	-	6,009,772	-	-	-	-	35,452,781	34,937,680
Annuity reserve portfolio	25,284,728	-	-	-	-	-	-	-	25,284,728	27,355,627
	25,990,461	68,269,960	34,475,525	6,009,772	-	-	-	-	134,745,718	141,496,620
Other investments	-	-	-	-	42,156,869	37,649,898	5,031,824	2,321,388	87,159,979	86,307,060
Total investments	25,990,461	68,269,960	34,475,525	6,009,772	42,156,869	37,649,898	5,031,824	2,321,388	221,905,697	227,803,680
Cash	-	785,497	5,924	-	212,167	111,891	3,522	10,247	1,129,248	992,856
Contributions receivable	-	416,676	-	-	-	-	-	-	416,676	433,427
Prepaid expenses and annuity payroll	-	374,169	-	-	-	-	-	-	374,169	356,592
Accrued participant fee income	-	138,943	-	-	-	-	-	-	138,943	84,000
Total Assets	25,990,461	69,985,245	34,481,449	6,009,772	42,369,036	37,761,789	5,035,346	2,331,635	223,964,733	229,670,555
LIABILITIES:										
Accounts payable and accrued expenses	-	50,675	-	-	-	-	-	-	50,675	27,457
Due to FCMM Benefits	-	72,450	-	-	-	-	-	-	72,450	108,395
Total Liabilities	-	123,125	-	-	-	-	-	-	123,125	135,852
Net Assets Available for Benefits	\$ 25,990,461	\$ 69,862,120	\$ 34,481,449	\$ 6,009,772	\$ 42,369,036	\$ 37,761,789	\$ 5,035,346	\$ 2,331,635	\$ 223,841,608	\$ 229,534,703

See notes to financial statements

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLANS AND FCMIM BENEFITS**

Statement of Changes in Net Assets Available for Benefits – Retirement Plan
Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Annuity Reserve (Option A)	Lifetime Fund (Option C)	Stock Fund (Option D)	Bond/Income Fund (Option E)	American Funds (Option F)	Vanguard Funds (Option G)	CIF Funds (Option H)	Biblically Responsible Funds (Option J)	Total 2018	Total 2017
\$	(2,402,038)	\$ (5,096,358)	\$ (3,966,707)	\$ (116,755)	\$ (2,607,883)	\$ (2,202,624)	\$ -	\$ (192,103)	\$ (16,584,468)	\$ 24,416,019
	433,923	2,097,652	890,292	222,439	-	-	123,454	-	3,767,760	3,477,894
	(1,968,115)	(2,998,706)	(3,076,415)	105,684	(2,607,883)	(2,202,624)	123,454	(192,103)	(12,816,708)	27,893,913
	-	65,649	57,943	-	-	-	-	-	123,592	118,337
	19,985	113,320	78,576	4,878	-	-	-	-	216,759	203,597
	(1,988,100)	(3,177,675)	(3,212,934)	100,806	(2,607,883)	(2,202,624)	123,454	(192,103)	(13,157,059)	27,571,979
	-	2,715,275	2,089,739	239,876	1,889,349	1,936,195	99,816	156,400	9,126,650	8,706,596
	-	776,800	1,254,235	352,292	1,779,340	2,250,786	136,168	172,408	6,722,029	5,876,442
	-	410,533	133,914	28,164	654,917	669,848	16,151	52,606	1,966,133	2,563,806
Total Additions	(1,988,100)	724,933	264,954	721,138	1,715,723	2,654,205	375,589	189,311	4,657,753	44,718,823
DEDUCTIONS FROM NET ASSETS:										
Benefits paid to participants:										
Annuity and recurring payments	3,006,229	287,769	139,153	38,619	116,835	170,649	227,145	-	3,986,399	2,764,161
Roll-out payments	74,224	796,071	548,329	302,679	460,840	1,063,100	-	45,250	3,290,493	14,480,401
Withdrawals and one-time payments	-	827,462	326,129	93,962	431,734	304,689	164,393	11,233	2,159,602	4,152,034
Administrative expenses	3,080,453	1,911,302	1,013,611	435,260	1,009,409	1,538,438	391,538	56,483	9,436,494	21,396,596
	236,549	374,816	262,320	40,669	-	-	-	-	914,354	1,278,180
Total Deductions	3,317,002	2,286,118	1,275,931	475,929	1,009,409	1,538,438	391,538	56,483	10,350,848	22,674,776
Net increase (decrease) before transfers	(5,305,102)	(1,561,185)	(1,010,977)	245,209	706,314	1,115,767	(15,949)	132,828	(5,693,095)	22,044,047
Option to Option transfers	197,321	1,880,279	(1,094,692)	(113,462)	(354,793)	(22,683)	(548,056)	56,086	-	-
New annuity purchases	3,412,360	(2,355,563)	(401,131)	(14,911)	(102,117)	(456,716)	(34,261)	(47,661)	-	-
Net Increase (Decrease)	(1,695,421)	(2,036,469)	(2,506,800)	116,836	249,404	636,368	(598,266)	141,253	(5,693,095)	22,044,047
Net Assets Available for Benefits:										
Beginning of Year	27,685,882	71,898,589	36,988,249	5,892,936	42,119,632	37,125,421	5,633,612	2,190,382	229,534,703	207,490,656
End of Year	\$ 25,990,461	\$ 69,862,120	\$ 34,481,449	\$ 6,009,772	\$ 42,369,036	\$ 37,761,789	\$ 5,035,346	\$ 2,331,635	\$ 223,841,608	\$ 229,534,703

See notes to financial statements

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLANS AND FCMM BENEFITS**

Statements of Accumulated Plan Benefits (Option A)
December 31, 2018 and 2017

	2018	2017
Actuarial present value of accumulated plan benefits:		
Vested benefits:		
Participants currently receiving payments	\$ 31,693,293	\$ 30,961,722
Nonvested benefits	-	-
Total actuarial present value of accumulated plan benefits	\$ 31,693,293	\$ 30,961,722

See notes to financial statements

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLANS AND FCMM BENEFITS**

Statements of Changes in Accumulated Plan Benefits (Option A)
Years Ended December 31, 2018 and 2017

Actuarial present value of accumulated plan benefits at December 31, 2016 (Pension Plan)	<u>\$ 62,391,213</u>
Increase (decrease) during the year attributable to:	
Increase for interest due to decrease in discount period	1,288,232
Net transfers in/out of Option A	(31,239,626)
Benefits paid	(2,764,161)
Change in assumptions	1,286,064
Net decrease	<u>(31,429,491)</u>
Actuarial present value of accumulated plan benefits at December 31, 2017 (Retirement Plan)	<u>30,961,722</u>
Increase (decrease) during the year attributable to:	
Increase for interest due to decrease in discount period	1,825,539
New annuity obligations	2,129,832
Benefits paid	(3,080,453)
Change in assumptions	(143,347)
Net increase	<u>731,571</u>
Actuarial present value of accumulated plan benefits at December 31, 2018 (Retirement Plan)	<u>\$ 31,693,293</u>

See notes to financial statements

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLANS AND FCMM BENEFITS**

Statements of Net Assets Available for Benefits – FCMM Benefits
December 31, 2018 and 2017

	2018	2017
ASSETS:		
Cash	\$ 242,214	\$ 188,709
Due from Retirement Plan	72,450	108,395
Goodwill	551,000	551,000
Total Assets	865,664	848,104
LIABILITIES:		
Due to related party	108,845	122,289
Deferred revenue	127,220	137,027
Accounts payable	1,449	-
Acquisition payable–due to related party	-	30,250
Total Liabilities	237,514	289,566
Net Assets Available for Benefits	\$ 628,150	\$ 558,538

See notes to financial statements

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLANS AND FCMM BENEFITS**

Statements of Changes in Net Assets Available for Benefits – FCMM Benefits
Years Ended December 31, 2018 and 2017

	2018	2017
ADDITIONS TO NET ASSETS:		
Premium contributions	\$ 661,440	\$ 632,484
DEDUCTIONS FROM NET ASSETS:		
Premium fees	353,816	349,314
Compensation	194,962	150,744
Service fees	31,382	24,256
Program costs	3,254	2,670
Printing and postage	2,250	2,775
Administration	2,475	2,008
Consulting fees	3,689	-
Total Deductions	591,828	531,767
Net Increase	69,612	100,717
Net Assets Available for Benefits:		
Beginning of Year	558,538	457,821
End of Year	\$ 628,150	\$ 558,538

See notes to financial statements

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLANS AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2018

1. DESCRIPTION OF CORPORATION AND PLANS:

FCMM is incorporated as the church benefits board of the Evangelical Free Church of America (EFCA), and is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code). FCMM serves as the trustee and fiduciary of the Free Church Ministers' and Missionaries' Retirement Plans (Plans). FCMM Benefits sponsors and administers employee benefits and other programs for churches and other employing organizations that are associated with or share common bonds of faith with the EFCA.

The following brief description of the Plans and FCMM Benefits is provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

GENERAL – FCMM RETIREMENT PLANS

The Plan covers ministers, missionaries and other eligible persons affiliated with the EFCA, and is a Section 403(b)(9) Church Plan, also known as a church retirement income account. It operates as a defined contribution plan. Established in 2004, the Plan provides retirement income and benefits, including options of lump sum withdrawals or lifetime monthly income. Since the Plan is church related, it is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). FCMM became incorporated on August 1, 2012, in the State of Minnesota.

The Plan offers three FCMM-provided options (Options C, D and E), three participant-directed mutual fund options (Options F, G, and J), investment at Christian Investors Financial (Option H), and an in-plan annuity for retirement income (Option A). The Plan's FCMM-provided funds and annuity pool investments are invested using four investment portfolios managed by investment advisors selected and overseen by the Trustees of FCMM and a management portfolio: (1) a Lifetime Fund invested in stocks, bonds and alternative investments using an asset allocation model; (2) a Managed Stock Fund; (3) a Managed Bond/Income Fund; and (4) an Annuity Pool invested in fixed income and alternative investments.

The stock and income portfolios gains and/or losses over any given month are distributed to the options based on their actual value at the beginning of each month. After the gains and/or losses are distributed, any expenses, transfers or withdrawals are added to the accounts, and an end-of-month balance is calculated for each option. All expenses are distributed based on the asset value of each option after the gains or losses are calculated.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLANS AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2018

1. DESCRIPTION OF CORPORATION AND PLANS, continued:

GENERAL – FCMM BENEFITS

FCMM also provides affordable long-term disability group coverage to pastors and support staff serving in EFCA churches. This coverage is intended to ensure the continuation of a portion of an employee's salary should a disability occur. In 2014, a \$10,000 term life policy and AD&D insurance benefit were added. Eligible participants must be in active employment at least 25 hours per week at an EFCA church or organization in the United States. FCMM acquired the Long Term Disability Insurance program (LTD Insurance) from the EFCA on April 1, 2013. A payroll service was added in 2015. Health insurance, through cooperation between FCMM and Guidestone (Southern Baptist), became available to all EFCA churches in 2015. Additionally, long term care insurance, through cooperation between FCMM and Newman Long Term Care, became available to staff members of EFCA churches in 2017. FCMM has no liability for the health insurance or long term care options, as participants are required to enroll directly with Guidestone or Newman Long Term Care, respectively.

INVESTMENT OPTIONS

The Plans currently offer the following investment options:

Option C – FCMM Lifetime Fund: This fund uses a mix of the stock and bond portfolios with an investment strategy designed to build consistent long-term growth through a professionally designed asset allocation plan. The rate of return to members during 2018 was 4.0%. This rate may be modified in the future, but it does allow one to anticipate what an eventual retirement benefit might look like at some future point of time. The interest rate is applied by the Trustees of FCMM and may be positive or negative in any calendar year. At retirement, one may apply the full value of this fund towards an annuity benefit. If one chooses to withdraw this fund as a "lump sum," a Fair Market Value adjustment may be applied to determine the actual amount that can be withdrawn.

Option D – FCMM Managed Stock Fund: This fund is invested in the stock portfolio. It is generally more aggressive in approach than the FCMM Lifetime Fund (Option C). It offers the potential of a greater average return over the years than Option C while also carrying a greater risk factor for the participant. The value of this account is more volatile in moving with market trends and more difficult to estimate long term.

Option E – FCMM Managed Bond/Income Fund: This fund is invested in the bond portfolio. Option E can gain or lose value depending on the economic climate. Bond funds are subject to interest-rate risk, which means that bond values move in the opposite direction of interest rates. When interest rates rise, the price of existing bonds and bond fund shares generally will decline. Conversely, when interest rates fall, the price of bonds and bond fund shares generally will rise.

Options F, G and J – Self-Directed Mutual Funds: These options allow a participant to "self direct" contributions to mutual fund choices managed by American Funds (Option F), Vanguard Funds (Option G) and/or Biblically responsible funds (Option J). Those who invest in these three options through FCMM will not have any upfront load fees. Financial advice is available to help in choosing FCMM and/or American Funds and Biblically responsible funds. Vanguard is designed for the advanced investor who makes his/her own investment decisions.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLANS AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2018

1. DESCRIPTION OF CORPORATION AND PLANS, continued:

INVESTMENT OPTIONS, continued

Option H – Adjustable Rate Investment: This option allows participants to invest in an adjustable interest rate Investment Certificate with Christian Investors Financial (CIF). The rate can be adjusted by CIF the first of any month. CIF provides real estate loans to EFCA affiliated churches and ministries, so in addition to earning a competitive rate of interest and providing for capital preservation, investment dollars in this option will also help expand EFCA ministries. CIF pays the administrative fees to FCMM, so there are no fees paid by the participants on the dollars invested in this option. Prospective investors should refer to CIF's current Offering Circular for risk factors and other information needed to make an informed investment decision. Current interest rate information is available at www.ChristianInvestors.org.

CONTRIBUTIONS

Participating employers may, at their sole discretion, make employer contributions on behalf of eligible employees. Employer contributions may be in the form of a nonelective contribution or a contribution matching a salary deferral contribution, or both. Participants can choose to have these contributions deposited into investment options C, D, E, F, G, H or J.

Employees may make salary deferral contributions on either a pre-tax basis or as Roth contributions. The Plans also permit rollover contributions subject to any applicable legal restrictions. Participants can choose to have these contributions deposited into investment options C, D, E, F, G, H or J.

The annuity reserve fund (Option A) is not available for current participant investment election, but is used by FCMM to account for the value of a participant's account who selects an annuity payment through FCMM at retirement. Contributions are subject to certain limitations prescribed by law.

RETIREMENT BENEFITS

Beginning any time after age 59½, participants in the Plan may choose a Monthly Income Benefit (MIB or "in-plan annuity"), or recurring withdrawals, or a distribution according to Required Minimum Distribution rules. The MIB uses a 2.0% base interest rate plus a variable interest rate and the applicable mortality table. The interest rate and mortality table to be used are determined by FCMM. In 2018, the rate was 3.0%, based on the RP-2010 Mortality Tables. Participants in Options C, D, E, F, G, H and J can take their current cash value as a cash distribution or as an annuity as described above. Option C cash distributions may be adjusted to reflect market value.

TERMINATION OF EMPLOYMENT

A participant who leaves the employment of a qualified employer may continue with their account, but may not receive contributions, unless subsequently employed by a participating employer. Any form of qualified distribution may be requested.

An inactive participant, who has left the employment of a qualified employer for reasons other than retirement, may apply for complete termination of participation in the Plans and receive rollover benefits based on the present value of their accounts. Rollover benefits are payable only to plans qualified under the income tax laws of the United States or Canada.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLANS AND FCMM BENEFITS

Notes to Financial Statements
December 31, 2018

1. DESCRIPTION OF CORPORATION AND PLANS, continued:

INCOME TAX STATUS

The Internal Revenue Service has determined and informed FCMM by a letter dated January 31, 1972, that the Plans and related trust are designed in accordance with applicable sections of the Code. The Plans have been amended since receiving the determination letter. The Plan administrator, other management and the Plans' counsel believe that the Plans are currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, no provision for income taxes has been included in the Plans' financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The accompanying financial statements are prepared on the accrual basis of accounting.

PRIOR YEAR SUMMARIZED INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by Option. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with FCMM's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

USE OF ESTIMATES

The preparation of 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 financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

INVESTMENT VALUATION AND INCOME RECOGNITION

Investments are dispersed across different economic areas and different geographic regions. Marketable securities are valued at quoted prices in active markets for identical assets. AXA Equitable Accumulator Variable Deferred Annuities are recorded at the fair value of the mutual funds underlying the contract. Other investments include alternative investments and CIF certificates. Alternative investments are valued based upon the net asset value of each fund as a practical expedient to fair value. CIF certificates are recorded at cost plus accrued interest. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

NET APPRECIATION OR DEPRECIATION IN FAIR VALUE OF INVESTMENTS

In accordance with the policy of stating investments at fair value, the net change in appreciation or depreciation for the year is reflected in the statement of changes in net assets available for benefits. Net appreciation or depreciation includes realized and unrealized gains and losses on investments that were purchased, sold or held during the year.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLANS AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

GOODWILL

Goodwill relates to the purchase of the LTD Insurance program from the EFCA and is carried at the initial amount recorded at the time of the purchase. It is evaluated for impairment on an annual basis.

DEFERRED REVENUE

Deferred revenue relates to LTD Insurance premiums received in advance of the period to which the premiums relate. Revenue is recognized when the premiums are earned.

CONTRIBUTIONS

Contributions are allowed under the specific limitations for 403(b)(9) programs in the IRS Code as agreed upon by the participant and employing organization. Contributions to the Plans are subject to certain limitations in accordance with federal income tax regulations. Contributions received by the Plans within approximately two weeks after December 31 are recorded as contributions in the previous year if they related to 2018 payroll for the participating employers.

Premium payments for LTD insurance come from the participating employers. The local church board decides for each class of employees if the payment is an employee benefit (i.e., funded by the church as part of the compensation package) or a payroll deduction (i.e., funded by the employee).

PAYMENT OF BENEFITS

Benefit payments to participants in the Plans are recorded upon distribution or at the time of death.

All benefit payments to participants in the LTD Insurance program are paid for by a third-party insurance company.

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Accumulated Plan benefits are those estimated future periodic benefits that individual participants have accumulated under the Retirement Plan's provisions to services rendered by the employees to the valuation date. The actuarial present value of those accumulated plan benefits for Option A was determined by an actuary as of December 31, 2018. It is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as death, withdrawals or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuation as of December 31, 2018, were (a) life expectancy of participants (the RP-2014 Mortality Tables with Projection Scale MP-2017 were used), (b) present value of annuities in payment, with payments payable at the beginning of each month, and (c) investment return. The assumed average rate of return was 5.23% for participants currently receiving payments. Anticipated administrative expenses associated with providing benefits are assumed to be met by investment earnings in excess of 5.23%.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLANS AND FCMM BENEFITS

Notes to Financial Statements
December 31, 2018

3. PLAN TERMINATION:

In the event that the Plans terminate, the net assets of the Plans will be allocated to provide the following benefits in the order indicated:

- a) To provide for all participants and for beneficiaries of deceased participants, who are entitled at that time to receive benefit payments from the funds, the full value of their accrued and unpaid benefits to the extent not already provided for above.
- b) To provide for all participants the full value of their respective accrued benefits to the extent not provided for above.

In the event the funds shall not be sufficient to provide in full for all benefits specified in any one of the preceding categories, the benefits to be provided in that category shall be prorated in proportion to the value of the respective benefits which would be provided if the funds were sufficient.

4. RELATED PARTY TRANSACTIONS:

The Plans and FCMM Benefits reimburse the EFCA for their share of building operating costs, support services, postage, office supplies and other miscellaneous expenses provided by EFCA. FCMM's payroll is also processed through the EFCA payroll department for a fee. For the year ended December 31, 2018, the total expenses to EFCA were \$142,777. The balance due to the EFCA by FCMM Benefits at December 31, 2018, totaled \$108,845.

On April 1, 2013, FCMM purchased the LTD Insurance program from the EFCA. The purchase resulted in a transfer of \$35,510 in net assets related to the program and \$551,000 in goodwill. The purchase price is due as follows: Year 1 \$100,000, Year 2 \$105,000, Year 3 \$110,000, Year 4 \$115,000, and Year 5 \$121,000. Payments are due quarterly and the agreement contains certain provisions for delays in payments based on net income earned through the program. The final payment was made in 2018.

At December 31, 2018, participants in Option H had \$5,031,824 invested in certificates sold by CIF. CIF is a nonprofit, tax-exempt corporation whose Board members are nominated by CIF and approved by the EFCA Board. CIF's purpose is to provide financing for the construction, remodeling, refinancing or purchase of church buildings and other projects for the EFCA, local churches of the EFCA and other affiliated organizations of the EFCA and like minded organizations throughout the United States.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLANS AND FCMM BENEFITS

Notes to Financial Statements
December 31, 2018

5. INVESTMENTS:

All investments, except for a savings account, certain money market funds and other investments, are held in a combined investment pool which was established for the investment of assets of each of the Plans' Options A, C, D and E. Each Option has an undivided interest in the pooled assets. At December 31, 2018, each Option's interest in the investment pool was as follows:

Option A	19%
Option C	51%
Option D	26%
Option E	4%
	<hr/>
	100%
	<hr/>

Investment income and administrative expenses relating to the investment pool are allocated to the individual options based upon actual values at the beginning of the month.

FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements: The *Fair Value Measurements and Disclosures* topic of the Financial Accounting Standards Board Standards Codification (ASC), establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. FCMM uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, FCMM measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLANS AND FCMM BENEFITS**

Notes to Financial Statements
December 31, 2018

5. INVESTMENTS, continued:

FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

The following table presents the fair value measurements of investments in the investment pool and the fair value measurements of investments held outside the investment pool at December 31, 2018:

	Total	Level 1	Level 2	Level 3
Investments held in investment pool at fair value:				
Equity mutual funds	\$ 35,195,691	\$35,195,691	\$ -	\$ -
Fixed income mutual funds	33,436,715	33,436,715	-	-
Common stocks	31,706,490	31,706,490	-	-
AXA Equitable (Guaranteed Minimum Death Benefit totaling \$20,244,402) *	14,566,641	14,566,641	-	-
Government securities	337,294	-	337,294	-
Corporate bonds	173,248	-	173,248	-
Preferred stocks	63,162	63,162	-	-
Limited Partnership	2,504,427	-	-	2,504,427
Total pooled investments at fair value	<u>117,983,668</u>	<u>114,968,699</u>	<u>510,542</u>	<u>2,504,427</u>
Investments held outside investment pool at fair value:				
American Funds (mutual funds)	42,156,869	42,156,869	-	-
Vanguard Funds (mutual funds)	37,649,898	37,649,898	-	-
Biblically Responsible Funds (mutual funds)	2,321,388	2,321,388	-	-
Total investments held outside investment pool at fair value	<u>82,128,155</u>	<u>82,128,155</u>	<u>-</u>	<u>-</u>
Total investments at fair value	<u>200,111,823</u>	<u>197,096,854</u>	<u>510,542</u>	<u>2,504,427</u>
Investments held at cost:				
CIF certificates **	5,031,824			
Money market funds	1,535,316			
	<u>6,567,140</u>			
Investments at net asset value:				
Hedge funds	14,150,191			
Open-ended real estate fund	1,076,543			
	<u>15,226,734</u>			
Total investments	<u>\$221,905,697</u>			

* Reflects the fair value of the mutual funds underlying the contract.

** Approximates fair value

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLANS AND FCMM BENEFITS

Notes to Financial Statements
December 31, 2018

5. INVESTMENTS, continued:

FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of net assets available for benefits.

Level 1 Fair Value Measurements

Fair values for stocks, money market funds, mutual funds and the AXA Equitable underlying securities are determined by reference to quoted market prices.

Level 2 Fair Value Measurements

Fair values for corporate bonds and government securities are estimated using recently executed transactions, market price quotations and pricing models that factor in, where applicable, interest rates, bond or credit-default swap spreads and volatility.

Level 3 Fair Value Measurements

Fair value for the limited partnership is determined by the Fund's general partner. The general partner's evaluation of fair value is based on the most recent available fair value information provided to the partnership by the portfolio funds. Although fair values are based on inputs believed to represent assumptions that market participants would use in determining the fair value, the resulting fair values include significant unobservable inputs. Because of the inherent uncertainty of valuation of such nonmarketable investments, those estimated fair values may differ significantly from the fair values that would have been used, had a ready market for the investments existed. The Fund is a directional, opportunistic credit strategy that invests with a hybrid approach. The Fund participates globally in both public and private markets through investments in the residential, commercial and corporate credit sectors. The Fund is not subject to limits with respect to public or private investments, but has been primarily invested in publicly traded securities. Private credit exposure may account for up to 45% of the portfolio depending on the opportunity set. The Fund also has latitude in utilizing indices, options and other instruments to hedge out beta at the portfolio and sector levels. The Fund allows for semi-annual liquidity with 90 days notice, 18-24 month soft lock up, subject to a 5% early redemption fee, one-third or one-fifth, investor level gate.

The following table provides further details for the Level 3 fair value measurements for the year ended December 31, 2018:

Balance, December 31, 2017	\$ -
Purchases	2,500,000
Dividends	343
Unrealized gain	<u>4,084</u>
Balance, December 31, 2018	<u>\$ 2,504,427</u>

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLANS AND FCMM BENEFITS**

Notes to Financial Statements

December 31, 2018

5. INVESTMENTS, continued:

FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

The Plan uses the Net Asset Value (NAV) to determine the fair value for all investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have attributes of an investment company. The following table lists investments in other investment companies (in partnership format) by major category in accordance with the *Fair Value Measurements and Disclosure* topic of the ASC as of December 31, 2018:

	Fair Value	Redemption Frequency
Hedge fund (a)	\$ 4,557,974	Generally, quarterly with 45-65 days notice after lock-up. Lock-up: Class I shares are subject to a 12 month lock-up and Class II shares are subject to a 36 month lock-up
Hedge fund (b)	\$ 2,541,124	Quarterly, via tender offer, generally with a 5%-25% cap on repurchases for any given period, at the Board's discretion.
Hedge fund (c)	\$ 1,962,234	Quarterly tender offers. Generally, 10%–25% of the Fund's net assets at the Board of Trustees' discretion. A 2% repurchase fee applies to shares tendered within 12 months of purchase. This early withdrawal fee will be waived for any shareholder who purchases shares during the initial offering period.
Hedge fund (d)	\$ 810,592	Quarterly, 70 days notice
Hedge fund (e)	\$ 732,349	Quarterly, 60 calendar days notice. Proceeds paid out 30-45 days after redemption date
Real estate fund (f)	\$ 1,076,543	Quarterly, 10 business days notice
Hedge fund (g)	\$ 2,545,918	Quarterly, 65 calendar days notice
Hedge fund (h)	\$ 1,000,000	Generally up to 5% of NAV per quarter via a tender offer, 2% soft lock up for 12 months

(a) This hedge fund is designed to achieve long-term returns through the use of a bottom-up manager selection approach that not only accounts for the type of strategy executed but also places a strong emphasis on a manager's unique talent.

(b) This hedge fund is designed to achieve capital appreciation principally through investing in investment funds managed by third-party investment managers who employ a variety of strategies in pursuit of attractive risk-adjusted returns and capital preservation.

(c) This hedge fund is designed to achieve long-term total return, with an emphasis on current income, by primarily investing in a broad range of real estate-related debt instruments.

(d) This hedge fund is designed to be a diversified high-yielding credit portfolio with minimal interest rate duration. The Fund focuses on achieving a substantial return on capital through opportunistic investments primarily in a broad-range of public and private credit instruments, with an expected emphasis of corporate credit securities, asset-backed securities, mortgage-backed securities, commercial real estate, structured credit and collateralized loan obligations, though at times the fund may have exposure to other assets, instruments and markets.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLANS AND FCMM BENEFITS

Notes to Financial Statements
December 31, 2018

5. INVESTMENTS, continued:

FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

(e) This hedge fund is designed to achieve capital appreciation by generating high risk-adjusted absolute returns with low correlation to the broader markets. The fund takes long and short positions primarily in structured mortgage-backed and asset-backed securities.

(f) This fund is designed to achieve steady income returns, long-term appreciation, and preservation of capital. The fund is a diversified open-end commingled fund investing primarily in high-quality core income-producing office, industrial, retail and multi-family properties.

(g) This hedge fund uses an actively managed, discretionary strategy, which seeks to capture the opportunities that exist in the global securitized products market. The Fund pursues its investment objectives by investing in assets in global residential and commercial mortgage backed securities, collateralized debt obligations, collateralized loan obligations, other asset backed securities, derivatives and other securitized products, as well as other types of asset classes and hedging investments.

(h) This hedge fund's objective is to provide attractive risk-adjusted returns through a flexible and diversified approach targeting what the manager believes to be the most promising investment opportunities from across the entire global private equity market. The fund utilizes an integrated portfolio construction approach combining control-oriented direct equity investments, private debt investments, secondary private equity investments and primary fund commitments.

There were no unfunded commitments as of December 31, 2018.

6. RISKS AND UNCERTAINTIES:

The Plans invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant's account balances and the amounts reported in the statement of net assets available for benefits.

The actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 17, 2019, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

FORMS FOR BEQUEST

As you make plans to include the Evangelical Free Church of America in your estate plan distribution, the following suggestions* may be helpful:

TO GIVE A PART OF YOUR ESTATE, ALL OF YOUR ESTATE, OR REAL ESTATE:

I give, devise and bequeath to the Evangelical Free Church of America, a Minnesota non-profit corporation, with offices at 901 East 78th Street, Minneapolis, MN 55420, *an amount equal to _____ percent of my estate.*

or

The sum of \$ _____

or

The following real property (give exact legal description of the property)

or

All the rest residue and remainder of my estate.

EFCA Federal ID Number: 41-0721672

CONTINGENT BEQUESTS:

In the event that any beneficiary under this Will shall not survive me by thirty days, I give, devise and bequeath such portion of my estate designated for such beneficiary, to the Evangelical Free Church of America.

AN INCOME FOR SURVIVING PARENTS OR OTHERS:

I give, devise and bequeath _____% of the rest residue and remainder of my estate to the EVANGELICAL FREE CHURCH OF AMERICA. In the event that either or both of my parents, _____ and _____ are living at the time of my death, then in such event, said Church in exchange for this gift shall issue an annuity contract which will provide quarterly payments to my parents or the survivor, at its regular annuity payment rates as applied to their or the survivors then age for as long as they or the survivor shall live.

*The above suggestions are not meant to take the place of qualified legal counsel. See your attorney. The EFCA Foundation and employees do not provide tax or legal advice. Prospective donors should consult with their legal and financial advisors.

Contact us for help and information related to charitable estate planning or planned giving:



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