

OFFERING CIRCULAR

MISSION INVESTMENT FUND OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

8765 West Higgins Road
Chicago, Illinois 60631
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Email: mif@elca.org
Fax: 773-380-2752
\$500,000,000

INVESTMENTS

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

The Mission Investment Fund of the Evangelical Lutheran Church in America (“MIF”) is a church extension fund offering a total of \$500,000,000 of its unsecured investment obligations (the “Investments” or “Securities”), which can be purchased by “Eligible Investors” (see next page). The Investments are not insured by the Federal Deposit Insurance Corporation (“FDIC”), the Securities Investor Protection Corporation (“SIPC”), or other state or federal institutions.

The following briefly describes the Investments offered.

• **Demand Investments:** No stated maturity - redeemable on demand. Interest is reinvested monthly. Interest rates are adjustable at the discretion of MIF for each tier of account balances offered. The minimum required initial Investment is \$100. Additions to Investments may be made in any amount at any time. *See complete terms, page 24.*

• **Term Investments - fixed and adjustable interest rates:** Terms of 6 months to 10 years may be available. The minimum investment and balance may vary but is not less than \$1,000. Interest is paid or reinvested every three months.
For fixed rate Investments: Interest rates will be fixed by MIF at its discretion after considering comparable rates, terms, market conditions and other relevant factors. Amounts cannot be added after the initial investment.
For adjustable rate Investments: Interest rates are adjustable at MIF’s discretion, but not below rates for U.S. Treasury securities with the same terms. For terms of 3 years or less, amounts cannot be added after the initial investment. For terms longer than 3 years, minimum additions to principal are \$100. *See complete terms, page 26.*

• **MIF4KIDZ Investments (custodian for minor only):** These Investments mature at the age of majority of the minor as defined by the Uniform Transfer to Minors Act in the state designated as the address of the minor on the application form. Interest is reinvested every three months. Interest rate is adjustable at MIF’s discretion, but not below the lowest tier of the Demand Investment rates. Minimum initial investment is \$50, and minimum additions to principal are \$25. *See complete terms, page 28.*

• **IRA/CESA/HSA program:** All Term Investments and certain Demand Investments are available for Individual Retirement Accounts (“IRA”) and for Coverdell Education Savings Accounts (“CESA”), and certain Demand Investments may be held as investments for Health Savings Accounts (“HSA”) through the program described at page 29.

MIF Investments and terms will be offered at the discretion of MIF management.

Access MIF’s website at www.mif.elca.org for current interest rates.

The descriptions of MIF’s Investments shown above are not complete statements of the terms and conditions of those Investments. For the complete terms and conditions for each Investment, see “Description of the Investments” at pages 22 through 30 of this Offering Circular.

THIS OFFERING IS SUBJECT TO CERTAIN RISK FACTORS. SEE PAGES 10 - 12.

The date of this Offering Circular is May 1, 2023.

Eligible investors are the following: (i) persons who are, before their receipt of the Offering Circular, members or employees of, contributors to, or other participants in, the Evangelical Lutheran Church in America (“ELCA”) or prior investors in MIF’s securities, (ii) congregations, organizations, or institutions that are related to the ELCA, (iii) persons who are, before their receipt of the Offering Circular, members or employees of, contributors to, or other participants in, congregations, organizations, or institutions that are related to the ELCA, and (iv) ancestors, descendants, or successors in interest of such persons.

The purchase of an Investment will not entitle the purchaser to a charitable deduction for federal income tax purposes. Interest on Investments will be taxable as ordinary income to the purchaser in the year paid or reinvested.

The Investments are general obligations of MIF and are not secured by the pledge or mortgage of specific assets. No trust indenture or sinking fund applies to the Investments. The Investments are not deposits or accounts with a bank or other financial institution regulated by federal or state authorities. The Investments are not covered by governmental deposit insurance or governmental guarantees and are not entitled to other regulatory protections which apply to deposits or accounts with a bank or other regulated financial institution. Therefore, the Investments may have greater risk associated with them than deposits or accounts with banks or other regulated financial institutions.

The Investments are sold directly by MIF without using brokers, dealers, or underwriters, and no commissions will be paid for the sale of any Investments. See “The Offering - Plan of Distribution,” page 30. There is no assurance that all of the Investments will be sold. The Investments will be offered and sold only in those states where the Investments may be offered and sold in compliance with the securities laws of those states.

The total amount and net proceeds of this offering is \$500,000,000. The total estimated expenses of this offering are \$1,732,200 - see details at page 31. Those expenses are paid from the operations of MIF and are not deducted from the proceeds of the offering.

In this Offering Circular, the term “Investments” refers to MIF’s debt securities making up the \$500,000,000 offering covered by this Circular, and the term “investment obligations” refers to MIF’s debt securities issued by MIF in prior as well as the present securities offerings.

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

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

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

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

THESE INVESTMENTS ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, ANY STATE BANK INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE INVESTMENTS IS DEPENDENT UPON MIF’S FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW MIF’S FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE INVESTMENTS ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY, THE EVANGELICAL LUTHERAN CHURCH IN AMERICA, OR BY ANY CHURCH, CONFERENCE, INSTITUTION OR AGENCY RELATED TO THE EVANGELICAL LUTHERAN CHURCH IN AMERICA. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE BY MIF.

STATE NOTICES

THE FOLLOWING INFORMATION IS PROVIDED FOR PURCHASERS IN THE STATES LISTED BELOW:

ALABAMA

THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 37(h) [see Section 8-6-10, Code of Alabama, 1975] OF THE ALABAMA SECURITIES ACT. A REGISTRATION STATEMENT HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE ALABAMA SECURITIES COMMISSION HAS NOT PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

ARKANSAS

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER ARK. CODE ANN. SECTION 23-42-503(a)(7) AND RULE 503.01(A)(7) OF THE RULES OF THE COMMISSIONER OF SECURITIES AND SECTION 3(a)(4) OF THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ARKANSAS SECURITIES DEPARTMENT OR WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. NEITHER THE DEPARTMENT NOR THE COMMISSIONER HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

CALIFORNIA

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

GEORGIA

ANY PERSON WHO PURCHASES THE SECURITIES OFFERED HEREBY SHALL HAVE THE UNQUALIFIED AND UNWAIVABLE RIGHT TO RESCIND SUCH PURCHASE WITHIN 72 HOURS OF THE EXECUTION OF A WRITTEN AGREEMENT TO PURCHASE ANY SECURITIES OFFERED HEREBY, THE DELIVERY OF A CONFIRMATION OF SALE, OR THE PAYMENT FOR ANY SECURITIES OFFERED HEREBY, WHICHEVER SHALL OCCUR FIRST. RESCISSION MAY BE ACCOMPLISHED BY COMPLETING AND MAILING THE FORMS CONTAINED IN ANY ACCOMPANYING GEORGIA SUPPLEMENT.

LOUISIANA

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

MISSOURI

THE MISSOURI SECURITIES DIVISION HAS NOT IN ANY WAY PASSED UPON THE MERITS OR QUALIFICATIONS OF THE SECURITIES HEREBY OFFERED, OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MISSOURI SECURITIES ACT UNDER THE EXEMPTION PROVIDED BY SECTION 409.2-201(7)(B) OF THE REVISED STATUTES OF MISSOURI. NO APPROVAL HAS BEEN GIVEN TO THE ISSUER, THESE SECURITIES, OR THE OFFER OR SALE THEREOF IN CONNECTION TO ANY MISSOURI RESIDENTS.

NORTH CAROLINA

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF MIF AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

OREGON

AUTOMATIC REINVESTMENT UPON MATURITY OF AN INVESTMENT, AS PROVIDED IN THIS OFFERING CIRCULAR FOR TERM INVESTMENTS (SEE "PAYMENT OR REINVESTMENT AT MATURITY" ON PAGE 27) IS AVAILABLE TO OREGON RESIDENTS ONLY UNDER LIMITED CIRCUMSTANCES. NOT LESS THAN THIRTY (30) DAYS PRIOR TO THE MATURITY OF THE INVESTOR'S ORIGINAL INVESTMENT (THE "ORIGINAL INVESTMENT") MIF WILL DELIVER A MATURITY NOTICE AND MAKE AVAILABLE A COPY OF THE CURRENT OFFERING CIRCULAR TO THE INVESTOR. IF THE INVESTOR DECIDES NOT TO REINVEST, PRIOR TO THE MATURITY OF THE INVESTOR'S ORIGINAL INVESTMENT THE INVESTOR MUST SEND MIF A WRITTEN NOTICE IDENTIFYING THE INVESTMENT AND INFORMING MIF. IF THE INVESTOR DOES NOT WISH TO REINVEST MIF WILL THEN REDEEM AND RETURN THE INVESTOR'S FUNDS UPON MATURITY. IF THE INVESTOR DOES NOT SUBMIT THAT WRITTEN NOTICE, MIF MAY, AT ITS DISCRETION, REINVEST THE PROCEEDS IN AN INVESTMENT WITH A TERM OF SIX MONTHS OR LESS, IF OFFERED, OR IN A DEMAND INVESTMENT HAVING NO STATED MATURITY. THE INTEREST RATE ON THE NEW INVESTMENT MAY BE DIFFERENT FROM THE INTEREST RATE ON THE ORIGINAL INVESTMENT.

PENNSYLVANIA

THIS OFFERING CIRCULAR CONTAINS ESSENTIAL INFORMATION ABOUT MIF AND THE SECURITIES BEING OFFERED HEREBY. PERSONS ARE ADVISED TO READ THIS OFFERING CIRCULAR CAREFULLY PRIOR TO MAKING ANY DECISION TO PURCHASE THESE SECURITIES. PURCHASERS SHOULD ALSO BE AWARE OF THE TWO-DAY RIGHT TO WITHDRAW THEIR PURCHASES AS DESCRIBED IN "RIGHT OF WITHDRAWAL" BELOW.

A REGISTRATION STATEMENT WITH RESPECT TO THE SECURITIES OFFERED BY THE OFFERING CIRCULAR HAS BEEN FILED IN THE OFFICES OF THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES IN HARRISBURG, PENNSYLVANIA. SUCH REGISTRATION STATEMENT INCLUDED CERTAIN EXHIBITS ONLY SUMMARIZED OR ALLUDED TO IN THE OFFERING CIRCULAR, AND SUCH ADDITIONAL DOCUMENTS ARE AVAILABLE FOR INSPECTION AT THE OFFICES OF THE DEPARTMENT OF BANKING AND SECURITIES DURING REGULAR BUSINESS HOURS. THE ADDRESS OF THE DEPARTMENT OF BANKING AND SECURITIES IS 17 NORTH 2ND STREET, SUITE 1300, HARRISBURG, PENNSYLVANIA 17101-2290. THE TELEPHONE NUMBER FOR THE DEPARTMENT OF BANKING AND SECURITIES IS 717-787-8059, AND ITS HOURS ARE 8:30 AM TO 5:00 PM, MONDAY THROUGH FRIDAY.

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

RIGHT OF WITHDRAWAL. ANY INVESTOR, RESIDENT IN PENNSYLVANIA, WHO ACCEPTS AN OFFER TO PURCHASE INVESTMENTS SHALL HAVE THE RIGHT FOR A PERIOD OF TWO BUSINESS DAYS AFTER SUCH INVESTOR RECEIVES A COPY OF THIS OFFERING CIRCULAR TO WITHDRAW FROM THE PURCHASE AGREEMENT PURSUANT TO SECTION 207(M) OF THE PENNSYLVANIA SECURITIES ACT AND RECEIVE A FULL REFUND OF ALL MONIES PAID, WITHOUT INTEREST. SUCH WITHDRAWAL SHALL BE WITHOUT THE INVESTOR'S INCURRING ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, AN INVESTOR NEED ONLY SEND A WRITTEN NOTICE (INCLUDING A NOTICE BY FACSIMILE OR ELECTRONIC MAIL) TO THE MISSION INVESTMENT FUND OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA AT THE ADDRESS LISTED ON THE COVER OF THIS OFFERING CIRCULAR, INDICATING AN INTENT TO WITHDRAW. IF AN INVESTOR CHOOSES TO WITHDRAW BY LETTER, IT IS PRUDENT TO SEND IT BY REGISTERED MAIL, RETURN RECEIPT REQUESTED, TO INSURE THAT THE LETTER IS RECEIVED AND TO EVIDENCE TIME OF MAILING. AN INVESTOR MAKING AN ORAL REQUEST FOR WITHDRAWAL MUST ASK FOR WRITTEN CONFIRMATION THAT THE REQUEST HAS BEEN RECEIVED.

IT IS THE POSITION OF THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES THAT INDEMNIFICATION IN CONNECTION WITH VIOLATIONS OF THE SECURITIES LAWS IS AGAINST PUBLIC POLICY AND VOID.

PUERTO RICO

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 402(a)(9) OF THE PUERTO RICO UNIFORM SECURITIES ACT, AS AMENDED. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE OFFICE OF THE COMMISSIONER OF FINANCIAL

INSTITUTIONS IN PUERTO RICO (“OCFI”). NEITHER THESE SECURITIES HAVE BEEN APPROVED OR DISPROVED BY THE OCFI NOR HAS THE OCFI MADE ANY DETERMINATION REGARDING THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

SOUTH CAROLINA

DEMAND INVESTMENTS ARE NOT AVAILABLE TO, AND ARE NOT BEING OFFERED AND WILL NOT BE ISSUED TO, RESIDENTS OF SOUTH CAROLINA. ONLY TERM INVESTMENTS WITH A FIXED MATURITY WILL BE OFFERED AND SOLD TO SOUTH CAROLINA RESIDENTS.

SOUTH DAKOTA

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SDCL 47-31B-201(7) (B) OF THE SOUTH DAKOTA SECURITIES ACT. NEITHER THE SOUTH DAKOTA DIVISION OF INSURANCE (DIVISION) NOR THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

TENNESSEE

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF MIF AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE NON-TRANSFERABLE, OTHER THAN BY OPERATION OF LAW, AND ARE NON-NEGOTIABLE. IN THE CASE OF TERM INVESTMENTS MIF MAY, IN ITS DISCRETION, PERMIT OR DENY REDEMPTION PRIOR TO MATURITY. THEREFORE, A PURCHASER MAY BE REQUIRED TO HOLD A TERM INVESTMENT TO ITS MATURITY DATE. SEE OFFERING CIRCULAR, DESCRIPTION OF THE INVESTMENTS.

WASHINGTON

ELIGIBLE INVESTORS ARE PERSONS WHO ARE, BEFORE THEIR RECEIPT OF THE OFFERING CIRCULAR, MEMBERS OR EMPLOYEES OF, CONTRIBUTORS TO (INCLUDING PRIOR INVESTORS OF), OR OTHER PARTICIPANTS IN MIF OR THEIR RELATIVES. ANY PROSPECTIVE PURCHASER IS ENTITLED TO REVIEW FINANCIAL STATEMENTS OF THE ISSUER WHICH SHALL BE FURNISHED UPON REQUEST.

RECEIPT OF NOTICE OF EXEMPTION BY THE WASHINGTON ADMINISTRATOR OF SECURITIES DOES NOT SIGNIFY THAT THE ADMINISTRATOR OF SECURITIES HAS APPROVED OR RECOMMENDED THESE SECURITIES, NOR HAS THE ADMINISTRATOR PASSED UPON THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE RETURN OF FUNDS OF THE PURCHASER IS DEPENDENT UPON THE FINANCIAL CONDITION OF THE ORGANIZATION.

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SUMMARY INFORMATION

The following summarizes and identifies certain information contained in this Offering Circular.

The entire Offering Circular contains substantial additional information about MIF, its activities and programs, its financial condition, and certain risk factors associated with the offering, and should be reviewed carefully by prospective investors.

Mission Investment Fund's purpose

MIF is a Minnesota nonprofit corporation organized in March 1987 to serve the Evangelical Lutheran Church in America (the "ELCA"). MIF is a church extension fund and a separately incorporated ministry of the ELCA whose core business is: lending to ELCA congregations, synods, and related ministries; and providing a vehicle for ELCA congregations, synods, related ministries, and individuals to invest in the work of this church. MIF uses the proceeds from the investments described herein to fund its lending activity. For a complete description see "Introduction, History, and Operations" (page 9), and "Financing and Operational Activities" (page 14).

Use of Investment proceeds

Proceeds from the sale of Investments are used primarily: to fund loans for the financing or refinancing of purchases, construction, renovation, or expansion of ELCA congregation church facilities; to purchase buildings and property sites for eventual sale to newly organized congregations; and to provide such financing or refinancing to congregations, organizations and institutions that are related to the ELCA. For a complete description, see "Use of Proceeds" (page 12).

Risk factors

The purchase of an Investment will involve certain risks. Before making a decision to purchase, a prospective purchaser should carefully consider the risk factors described at "Risk Factors" (page 10).

Management discussion of financial results

See discussion by management of 2022 financial results at page 15, and the complete financial statements beginning at page 35.

Governance

See "Governance - Board of Trustees" (page 31) for a list of the trustees and information regarding each trustee.

The principal officers are a President and CEO, an Executive Vice President and Chief Operations Officer, Vice Presidents, a Vice President and Chief Financial Officer, and a Secretary. The officers are listed under "Governance - Principal Officers" (page 32), which also provides information about each officer.

Description of MIF's Investments

The Investments offered by MIF are a total of \$500 million of its unsecured debt obligations. The Investments are available to individuals, congregations, organizations, and institutions that are related to the ELCA, and defined as "Eligible Investors" on page 1. The Investments are: Demand Investments (adjustable rate); Term Investments (fixed and adjustable rate); and MIF4KIDZ Investments (custodian for minor only - a Term Investment with an adjustable rate). For a complete description of these Investments, including all terms and conditions, see Cover and "Description of the Investments" (page 23). All Term Investments and certain Demand Investments may be held as investments for the IRA/CESA program described at page 29, and certain Demand Investments may also be held as investments for the HSA program described at page 29.

Selected financial information

The following selected financial information has been derived from the financial statements of MIF for the year ending December 31, 2022. The selected financial information on page 21 for the years 2018 through 2022 and the financial statements and notes thereto beginning at page 35 of this Offering Circular should be read in conjunction with this information.

	Year ended December 31 (in thousands)
	<u>2022</u>
Cash, cash equivalents and readily marketable securities (excluding restricted and designated funds)	\$185,787
Total loans receivable, net of reserve	572,562
Unsecured loans receivable – amount	2,402
Unsecured loans receivable – percent of total loans	0.42%
Loan delinquencies [after non-accrual – adjustments] percent of loans receivable	1.86%
Total assets	776,348
Total investment obligations	559,372
Investment obligations redeemed during year	180,742
Other long-term debt	-
Net assets	202,932
Change in net assets	(23,418)

INTRODUCTION, HISTORY, AND OPERATIONS

MIF is a church extension fund organized as a Minnesota nonprofit corporation in March 1987 to serve the ELCA denomination by providing financing or refinancing primarily for buildings and site acquisitions to congregations, organizations, and institutions that are part of or related to the ELCA, and by purchasing buildings and property sites for eventual sale to newly organized ELCA congregations. MIF focuses its efforts primarily on assisting development and growth of ELCA congregations and ministries through its loan program. The proceeds of the sale of the investments described herein are used to fund its lending activity, thereby providing a vehicle for ELCA congregations, synods, related ministries and individuals to invest in the work of this church.

MIF is a separately incorporated ministry of the ELCA. The ELCA is a Minnesota nonprofit corporation organized in February 1986. The ELCA is one of the largest Christian denominations in the United States, with 3,035,615 members and 8,781 congregations based on the latest figures (published December 9, 2022). As nonprofit corporations, MIF and the ELCA do not have shareholders. As separate corporate entities, the ELCA is not responsible for the financial obligations of MIF, and MIF is not responsible for the financial obligations of the ELCA. MIF contracts with the ELCA for all operations personnel and related benefits and services. See page 13.

MIF is organized exclusively for religious purposes. As an ELCA affiliated entity, MIF is included in the group tax exemption of the ELCA and is thereby exempt from income taxes under §501(c)(3) of the Internal Revenue Code. The executive offices of MIF are located at the Lutheran Center, 8765 West Higgins Road, Chicago, Illinois 60631.

RISK FACTORS

Since purchasing an Investment will involve certain risks, prospective purchasers should carefully consider the following risk factors before making a decision to purchase:

1. Investments are unsecured. The Investments are unsecured general obligations of MIF and purchasers will be dependent solely upon the financial condition of MIF for repayment of principal and interest. Purchasers will be general unsecured creditors of equal rank with all other unsecured creditors of MIF.
2. No sinking fund or trust indenture. No sinking fund or trust indenture has been or will be established by MIF to ensure repayment of the Investments, and no trustee or paying agent has been named for the Investments. In the event of default by MIF in payment of interest or principal on an Investment, each purchaser would be required to pursue legal remedies in seeking payment.
3. Senior secured indebtedness. The Investments are subordinate in ranking and priority in relation to MIF's existing and anticipated future senior secured indebtedness. At December 31, 2022, MIF had no secured debt outstanding. Senior secured indebtedness is limited to 10% of the tangible assets of MIF.
4. No public market exists. No public market for the Investments exists and none will develop, and therefore the transferability of the Investments is limited and restricted.
5. Investments subject to market risks. MIF's liquid assets invested in readily marketable securities are subject to various market risks which may result in losses if market values of investments decline.
6. Tax status of Investments. There are no income tax benefits with respect to investment in the Investments, and interest paid or payable on Investments is taxed as ordinary income regardless of whether interest is received by the purchaser or retained and compounded by MIF. The purchase of an Investment will not entitle the purchaser to a charitable deduction for federal income tax purposes. Interest on Investments will be taxable to the purchaser in the year paid or reinvested. If interest paid is below the Applicable Federal Rate of interest, the Internal Revenue Service may impute income up to the Applicable Federal Rate level. The Internal Revenue Service may exempt loans, including gift loans to charitable organizations, from the imputed interest rules if the amount does not exceed Two Hundred Fifty Thousand Dollars (\$250,000). See "Tax Aspects" on page 31.
7. Investments are not bank deposits. The Investments are not deposits or accounts with a bank or other financial institution regulated by federal or state authorities. The Investments are not insured by the FDIC, SIPC, or other governmental deposit insurance or governmental guarantees, and are not entitled to other regulatory protections applicable to deposits or accounts with a bank or other regulated financial institution. The Investments therefore may have greater risk associated with them than deposits or accounts with such banks or other financial institutions.
8. Payments by borrowing congregations and other ministries. Payments of principal and interest on the Investments depend largely on the payments MIF receives from its borrowing congregations and other ministries. The ability of each congregation or ministry to pay MIF may depend on the contributions the congregation or ministry receives from its members, donors, grants, government funding, fee-for-services income, and/or other funding sources. Therefore, payments to MIF may depend on the membership levels or other funding streams of those congregations and ministries, on the maintenance of adequate contributions by individual members or other funding streams, on prudent management by those congregations and ministries of their finances, and on general economic conditions. Individual member contributions and other funding streams may fluctuate for a number of reasons, including, but not limited to, the strength of the economy, the economic health of major employers, or population shifts in the region where the congregation or ministry is located. If significant delinquencies in repayment of loans by congregations or other ministries occur in the future, MIF may need to seek other funding sources. The underlying collateral for first and second mortgages generally consists of real estate used for congregational or ministry needs, such as church facilities. This real estate often has limited uses, and this could negatively impact its salability and ultimate repayment of the loans.

9. MIF is not a typical commercial lender. MIF makes loans to congregations and other ministries. Because of the financial uniqueness of this market, MIF's relationship with its borrowers is different from that of a typical commercial lender. MIF may make loans to borrowers which may not be able to secure financing from commercial sources. MIF may also permit payment accommodations more readily than commercial lenders. These lending practices may result in less money being collected on delinquent loans than a commercial lender would normally collect and may result in a higher loan delinquency rate. See "MIF Programs and Policies; Loan Delinquencies and Modifications" at page 18 and Note 3 to the accompanying financial statements, for details on loan delinquencies.
10. Diversification of borrowers and investors. Borrowers from MIF and purchasers of MIF's Investments are located throughout the United States and its territories. No particular state is predominant in either category, although primary states for borrowers include Illinois, Minnesota and California, and primary states for purchasers of Investments include Minnesota, Illinois, and Pennsylvania. (See Note 3 to the Financial Statements.) Adverse economic conditions in any region of the United States could have a negative effect on the financial condition of MIF in the future.
11. Future renewals and redemptions. The actual cash redemption dates of investment obligations often do not coincide with the stated maturities of those obligations, because of renewals and early redemptions. See page 14. Future changes in the rates of renewal and early redemption could adversely affect MIF's liquidity and financial condition.
12. Investments are not transferable. The Investments are non-transferable, other than by operation of law, and are non-negotiable. The purchaser of an Investment may designate a beneficiary or beneficiaries by using the beneficiary designation form accompanying the Purchase Application. The purchaser of an Investment purchased for an IRA, CESA or HSA account may designate a beneficiary by using the designation form included in the IRA/CESA/HSA account documentation.
13. Redemption before maturity is subject to discretion of MIF. At its discretion, MIF may permit or deny redemption before maturity of Term Investments (including any of such Investments held under the IRA/CESA/HSA program) and MIF4KIDZ Investments. MIF intends to accommodate purchasers of those Investments seeking early redemption of their Investments whenever feasible but can give no assurance that this will be the case. Therefore, a purchaser may not be able to convert those Investments to cash before maturity. See "Description of the Investments" at page 23. At the date of this Offering Circular, MIF may impose the following early redemption penalties:
 - a. For Term Investments including any of those Investments held under the IRA/CESA/HSA program: 1.5% of the principal amount (including reinvested interest) redeemed before maturity.
 - b. For MIF4KIDZ Investments: 2.0% of the principal amount (including reinvested interest) redeemed before maturity.
 - c. MIF reserves the right to change redemption penalties at any time.
14. Prepayment of Investments. MIF has the right to call any of the Investments for prepayment before maturity with 90 days' notice. Interest will be paid to the date of that prepayment. See "Description of the Investments" at page 23.
15. Liquidity policy. MIF intends to maintain liquidity by holding a portion of its assets in cash, cash equivalents, and readily marketable securities, and maintain available lines of credit, that in total are equal to at least 8% of the total principal balance of its outstanding investment obligations. These assets could be used to satisfy interest and principal payments on those investment obligations.
16. MIF's relationship to ELCA. MIF is a separately incorporated ministry of the ELCA. MIF believes that, as a separate corporation, it is not liable for claims against the ELCA or related organizations of the ELCA. It is possible, however, that if there were claims against the ELCA or related organizations, the claimants might contend that MIF is also liable. Such claims against MIF, if upheld by the courts, could have a negative effect on the financial condition of MIF. As a corporate entity separate from MIF, the ELCA is not responsible for the financial obligations of MIF.

17. Changes in laws, etc. Changes in state laws, rules, or regulations regarding the sale of debt securities of religious, charitable or other nonprofit organizations may make it more difficult for MIF to sell its Investments in the future. If MIF were unable to obtain continuing authorization to sell Investments in a significant number of states in which it previously sold Investments, its ability to repay maturing Investments and fund new loans could be adversely affected.
18. Adjustment of interest rates. Interest rates on some of the Investments are adjustable. The interest rates for some Term Investments and for MIF4KIDZ Investments may be adjusted but may not be lower than stated herein. See “Description of the Investments” at page 23. If interest rates on United States Treasury securities rise, interest rates on those Investments will also rise. MIF’s principal source of income is interest on its loans (see “Loans Made by MIF” at page 16). While MIF reviews and may adjust its loan interest rates for new loans at its discretion, the contractual rates on existing loans remain in effect for the original term of the loan which may range from one to ten years. Therefore, MIF’s overall interest income on loans cannot be immediately adjusted if there are changes in rates of Treasury securities. Thus, if interest rates on Treasury securities rise faster than MIF’s overall interest rates on loans, MIF’s financial condition could be adversely affected.
19. Rising Interest Rate Environment. MIF depends to a certain extent on net interest income, which is the difference between income on interest-earning assets, such as loans and investment securities, and expense on interest-bearing liabilities, such as Investments. MIF is exposed to interest rate risk in its core activities of lending to congregations and other ministries and selling Investments, since assets and liabilities reprice at different times and by different amounts as interest rates change. MIF is unable to predict changes in market interest rates, which are affected by many factors beyond MIF’s control, including inflation, recession, unemployment, money supply, domestic and international events and changes in the United States and other financial markets. Market interest rates began to rise during 2022 after an extended period at historical lows. Starting in March 2022, the Federal Reserve Board (“FRB”) began raising the target federal funds rate for the first time in three years and continued with multiple increases throughout 2022. The FRB also signaled the possibility of additional rate increases throughout 2023. As interest rates have increased, so have competitive pressures on MIF’s cost of funds. It is not possible to predict the pace and magnitude of changes in interest rates, or the impact rate changes will have on MIF’s results of operations.
20. COVID-19. In December 2019, a novel strain of coronavirus (COVID-19) was identified and became a global pandemic, resulting in widespread social and business disruption. MIF adapted its operations to account for pandemic-related restrictions, continued to operate and maintain financial stability during the pandemic, and is operating pursuant to normal parameters. While any future impact of COVID-19 developments on MIF is unknown, MIF does not anticipate any changes to its operations related to COVID-19 in the near-term.

USE OF PROCEEDS

Proceeds received from the sale of Investments will be used by MIF primarily to: (i) provide financing or refinancing to ELCA congregations for the purchase, construction, renovation, or expansion of church facilities; (ii) purchase buildings and property sites for eventual sale to newly organized congregations; and (iii) provide such financing or refinancing to congregations, organizations, and institutions that are related to the ELCA.

Pending those uses, the proceeds will be invested in short-term and intermediate-term fixed-income, as well as equity securities which MIF believes will provide a financial return consistent with the goal of preserving the assets of MIF for eventual use in providing financing for borrowers. (See “Investing Activities” at page 20.) Part of the \$500 million offering is expected to be issued to replace maturing investment obligations, and part may be used to increase cash and investments.

At the date of this Offering Circular, MIF has not committed any of the proceeds to be derived from this offering for any specific projects or to any specific borrowers. The following table shows the capitalization of MIF at December 31, 2022, assuming the sale of the entire offering of \$500 million of Investments, and the use of the proceeds for MIF’s congregational and other ELCA-related ministries’ development programs.

Capitalization

(In thousands)

	Actual 12/31/2022	Pro Forma Adjustments	Pro Forma
<u>ASSETS</u>			
Cash and Investments	\$192,650	\$ -	\$192,650
Loans Receivable, Net	572,562	500,000	1,072,562
Real Estate, Net	2,638	-	2,638
Other Assets	<u>8,498</u>	<u>-</u>	<u>8,498</u>
Total Assets	776,348	500,000	1,276,348
 <u>LIABILITIES AND NET ASSETS</u>			
Investment Obligations	559,372	500,000	1,059,372
Other Liabilities	14,044	-	14,044
Net Assets	<u>202,932</u>	<u>-</u>	<u>202,932</u>
Total Liabilities and Net Assets	776,348	500,000	1,276,348

For pro forma purposes, these adjustments assume the sale of MIF's entire \$500 million offering, and the use of the entire proceeds for loans under MIF's Loan Programs. See "Use of Proceeds," above. MIF expects that as a result of this offering, its investment obligations will increase by not more than \$50 million. MIF's legal, accounting, and other expenses for this offering listed at page 31 are paid from the operations of MIF and are not deducted from the proceeds of this offering.

RELATED PARTY TRANSACTIONS

General Operating Expenses

Pursuant to a shared services agreement, MIF contracts with the ELCA for all operations personnel and related benefits and services for an annual fee. This fee is intended to be all-inclusive and to cover compensation of all personnel and other expenses of the ELCA related to its providing of services to MIF, including but not limited to, rent, telephone expenses, utilities, information technology services, miscellaneous administrative expenses, and other expenses related to MIF. Total annual payment to the ELCA for the foregoing was approximately \$14,060,000, \$10,714,000, and \$10,256,000 for 2022, 2021, and 2020, respectively.

Grants to the ELCA

MIF makes an annual grant to the ELCA to support new and developing congregations. This grant totaled \$1,500,000 in 2020, \$1,500,000 in 2021, \$1,500,000 in 2022, and is expected to be \$1,500,000 in 2023. Grants for support to other ministries of the ELCA were \$966,400 in 2022.

FINANCING AND OPERATIONAL ACTIVITIES

Outstanding investment obligations are unsecured debt obligations of MIF. They include demand obligations at December 31, 2022, of \$286,896,932. They also include the following term investments with scheduled maturities: (a) adjustable rate investments with terms ranging from 3 years to 7 years and interest rates at December 31, 2022 ranging from 3.513 to 3.835%; (b) fixed rate investments with terms ranging from 6 months to 6 years and interest rates at December 31, 2022 ranging from 0.399% to 3.455%; and (c) MIF4KIDZ adjustable rate investments available for custodians for minors, which mature on the majority of the minor, and at December 31, 2022, bear interest at 0.399%. The following gives information as to the scheduled maturities of term and MIF4KIDZ investments outstanding at December 31, 2022:

<u>Year ending December 31</u>	<u>Amount Maturing (In Thousands)</u>
2023	\$89,672
2024	54,947
2025	68,764
2026	20,518
2027	11,413
2028 and thereafter	<u>27,162</u>
	\$272,476

Because of renewals and early redemptions, the actual cash redemption date of an investment obligation having a fixed term often has not coincided with the stated maturity date. The redemption and sales experience for all investment obligations for the years 2018 through 2022 is as follows:

	Year ended December 31 (In Thousands)				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>Investment Obligations</u>					
Outstanding at December 31	\$499,065	\$493,359	\$543,112	\$575,392	\$559,372
Sold during year	204,599	174,715	191,097	176,037	164,722
Redeemed during year (1)	211,489	180,420	141,344	143,757	180,742
Redeemed as a percentage of investment obligations outstanding at December 31 of prior year plus Investment Obligations sold during year	29.8%	26.8%	20.7%	20.0%	24.4%

(1) Includes redemptions before, at and after maturity.

CREDIT AGREEMENTS

At December 31, 2022, MIF had a \$20 million unsecured committed line of credit and a \$20 million unsecured unconditionally cancelable line of credit with UMB Bank, n.a., at a variable interest rate of the UMB Bank, n.a. prime rate less 1%. Those credit lines have a maturity date of December 31, 2023 and are expected to be renewed. There were no outstanding credit line borrowings at December 31, 2022 or as of the date of this Offering Circular.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS

At December 31, 2022, MIF had a net assets to total assets ratio, equity ratio for capital adequacy, of 26.1%. MIF's net assets were \$202.9 million, significantly exceeding the required minimum of \$38.8 million (five percent (5%) of total assets). In 2022, MIF had a net loss of \$23.4 million, representing positive net operating income of \$1.3 million and \$24.7 million in non-operating investment losses. MIF's investment results reflect primarily unrealized losses experienced during a year of record federal monetary policy interest rate adjustments, public financial market losses and international geopolitical volatility. In 2021, MIF had net income of \$8.1 million, or net income of \$3.5 million before \$4.6 million in investment gains. In 2020, MIF had net income of \$6.3 million, or net income of \$0.3 million before \$6.0 million in investment gains.

Total assets declined to \$776.3 million, reflecting declines in investment portfolio market values resulting from unrealized losses in fixed and equity portfolio valuations due to fluctuations in interest rates and stock market downturns. Lower market valuations in the investment portfolio are primarily attributable to unrealized losses, and MIF expects to hold investments to maturity or otherwise avoid realizing those losses. MIF's asset and liability strategy may not be able to prevent changes in interest rates or market volatility from having an adverse effect on results of operations and financial condition.

Loans outstanding increased by \$7.3 million, or 1.3%, to \$582.7 million in 2022. Interest income from loans decreased by \$1.3 million during the year, the result of new loan concentration in lower rate products along with run off from higher rate loans in the portfolio. New loans of \$99.7 million were funded in 2022, compared to \$66.9 million in 2021.

Investment obligations decreased in 2022 by \$16.0 million to \$559.4 million, a return to more normalized deposit levels after experiencing two years of rapid deposit growth during the height of the coronavirus pandemic. Interest expense remained comparable to the prior year, primarily as a result of interest rate changes during the year.

Net interest income was \$20.4 million in 2022, lower by \$0.8 million from 2021 as interest income from loans was lower for the year.

General operating expenses were \$15.8 million in 2022 and \$14.4 million in 2021. Expenses were higher during the year reflecting a continued return to more normalized spending after reducing spending due to conditions associated with the coronavirus pandemic. The provision for loan losses in 2022 was increased by \$0.8 million to recognize probable losses in specific situations. The provision for real estate losses was \$350,000 in 2022 and \$21,000 in 2021. Grants to the ELCA and related ministries were \$2.5 million for 2022 and \$5.0 million for 2021.

Loan delinquency in 2022 for loans past due 90 days and over ending the year at 1.86%, slightly higher than year-end 2021 at 1.80%. The allowance for loan losses of \$10.2 million in 2022 and \$9.4 million in 2021 was considered adequate to recognize probable losses in specific situations. The allowance for real estate losses balance of \$1.7 million in 2022 and \$1.6 million in 2021 was considered adequate to recognize probable losses in the portfolio. There were no new pandemic-related customer accommodation requests in 2022 and no active accommodations carried over from the prior year. In 2020, MIF offered interest only and deferred payment options to 197 customers with loan balances totaling \$104.2 million or 17% of the loan portfolio without a material change in loan quality or an increase in loan delinquencies.

LENDING ACTIVITIES

General

MIF's mission is to assist congregations, organizations, and institutions that are related to the ELCA in the purchase, construction, renovation, or expansion of church facilities by providing loans at favorable interest rates. In some cases, these congregations and institutions would not be able to borrow from commercial lenders, because of the absence of an established record of financial capacity or sufficient assets which could be pledged as security for the credit exposure. In addition, MIF may purchase sites for future sale to newly organized congregations. These properties are held by MIF, preferably for a maximum of three years, to allow for the organization of the new congregation. The property is then sold to the congregation at cost, with MIF typically providing financing for the transaction.

MIF's assets at December 31, 2022 included \$582,719,403 in principal amount of loans to congregations and other organizations and institutions that are related to the ELCA. The following table shows the principal amount of those loans for the years ended 2018 through 2021:

December 31 Balance (In thousands)

2018	556,613
2019	575,123
2020	596,365
2021	575,443

The following is a summary of maturities of total outstanding loans receivable as of December 31, 2022:

<u>Year</u>	<u>Amount</u> (In thousands)
2023	\$16,156
2024	1,316
2025	2,444
2026	16,589
2027	11,918
2028 through 2032	81,392
2033 through 2037	115,173
2038 through 2042	123,597
<u>2043 and thereafter</u>	<u>214,134</u>
Total	582,719

Loans

MIF makes loans to congregations and organizations or institutions that are related to the ELCA. In pursuing these activities, MIF often works closely with the ELCA churchwide unit that is charged with the principal responsibility for developing and supporting congregations and other ELCA domestic ministries and related institutions.

Generally, all borrowers are required to purchase an Investment from MIF. MIF requires that new construction loan proceeds be funded through the borrower's appropriate Demand Investment account. The borrower then redeems funds from that Investment account to pay for incurred construction costs and services.

Loans made by MIF. Loans for site purchase and construction of first unit church buildings for new congregations at December 31, 2022 approximated \$4,764,000. These loans (all of which are secured by first mortgages, cash, or other approved collateral) are for terms up to thirteen years with payment based on a twenty-five-year amortization schedule with a balloon payment (which may be extended at maturity). Interest rates are up to 2.50 percentage points less than MIF’s standard 5-year ARM rates for established congregations, but not less than 3.00%, which resulted in a rate of 3.25% being offered at December 31, 2022. These loans are made to new congregations purchasing their first congregational sites or buildings or constructing their first building, and the low interest rates help these congregations pay down principal faster, thereby significantly assisting the developing congregations from a financial perspective.

MIF also makes loans to established congregations for property purchases, new construction, renovation, and repair of existing facilities, and refinancing of debt for such purposes. At December 31, 2022, these loans totaled approximately \$364,482,000 (approximately \$363,972,000 of which are secured by first mortgages, cash, or other approved collateral). These loans are amortized over 1 to 25 year terms (which may be extended), with interest rates adjustable every one, three, five, seven, or ten years and ranging as follows:

Rates adjustable in		<u>At December 31, 2022</u>		
<u>Years</u>	<u>Rate range</u>	<u>Approximate principal outstanding</u>	<u>Rate in effect</u>	
1	3.750%	\$492,000	5.375%	
3	3.250% to 4.875%	10,407,000	5.375%	
5	2.900% to 6.000%	265,646,000	5.500%	
7	3.750% to 5.250%	47,958,000	5.875%	
10	3.500% to 6.000%	39,979,000	6.250%	

MIF may offer these loans with interest rates that may be adjusted at intervals of one to ten years.

MIF also makes loans to established congregations which are amortized over terms up to ten years at interest rates that may be fixed for up to ten years. At December 31, 2022 those rates ranged from 3.750% to 6.375%. At December 31, 2022, approximately \$4,226,000 of those loans were outstanding (approximately \$2,546,000 of which are secured by first mortgages, cash, or other approved collateral). At December 31, 2022, new loans were being offered at rates ranging from 5.750% to 6.250%.

The remaining loans made by MIF are to organizations or institutions that are related to the ELCA, including seminaries, synods, social ministries, outdoor ministries, and schools. At December 31, 2022, these loans totaled approximately \$209,247,000 (approximately \$186,739,000 of which are secured by first mortgages, cash, or other approved collateral), with interest rates adjustable every one, three, five, seven, or ten years and ranging from 3.750% to 6.125%. Interest rates for these loans are based on general market conditions as well as circumstances specific to each loan. At December 31, 2022, new loans were being offered at rates ranging from 5.375% to 7.500%. Depending on loan demand and availability of funds, MIF expects to increase the amount of loans to such organizations and institutions. MIF may also offer these loans with interest rates that may be adjusted at intervals of one to ten years. MIF also participates in loans with ecumenical partners related to the ELCA. At December 31, 2022, approximately \$67,495,000 of those loans were outstanding, all of which were secured by first mortgages, cash, or other approved collateral with fixed interest rates ranging from 3.091% to 5.000%.

Lending policies and procedures. In evaluating loan requests, the primary emphasis is placed on the analysis of the cash flow capacity of the borrower and its relation to required loan payments. MIF also considers: the prospective borrower’s growth prospects and purpose of the loan; the extent and source of past, present and future revenues of the prospective borrower; the availability and extent of assets which could be pledged as security; and any other factors affecting the prospective borrower’s ability to make payments on the loan. Specific considerations for loan approval may include but are not limited to: annual financial reports; current financial reports; strategic ministry plans; budgets and forecasts; loan application data (which includes results of any capital campaign, purpose of the loan, and a loan repayment plan); congregational trend report (which shows trends in membership, worship attendance, and giving patterns); renderings of the building project; and collateral value (loan to value ratio). Because of the nature of the property involved, appraisals are generally beneficial only in certain circumstances, are used when appropriate, and are required only for loans exceeding \$2.5 million. Loans to any single borrower cannot exceed 15% of MIF’s net assets.

It is MIF's policy and practice that at least 90% of its loans will be secured by first mortgages, cash, or other approved collateral. At December 31, 2022, approximately 96% of the total principal balance of MIF's loans was secured by first mortgages, cash, or other approved collateral.

MIF's interest rates for new loans are reviewed continually and may be adjusted at the discretion of MIF management at any time.

MIF uses various factors for determining whether any of its loans should be considered "material loans." If any loans in excess of 15% of MIF's total net assets are approved by MIF's Board of Trustees, MIF would consider such loans to be material. As of December 31, 2022, this measure indicates that any loan in excess of \$30.4 million would be considered material. As indicated below, MIF has no such loans which approach that amount. As another factor, MIF considers the size of any loan in relationship to the size of the total outstanding loan portfolio, with a loan in excess of 5% of total loans being considered material. As of December 31, 2022, this measure would indicate that loans in excess of \$29.1 million would be considered material. As indicated below, MIF has no such loans which approach that amount. MIF recognizes that the foregoing measures are simply two factors in determining materiality of loans and does not treat them as the sole determining factors.

MIF regularly reviews its loan portfolio regarding the size of loans, the balances outstanding, and any issues concerning timely repayment. Based on the above factors and a continuing review of its loans, MIF does not have any individual loans which it considers "material." The largest loan at December 31, 2022 was a loan of approximately \$18.1 million, which is approximately 3.1% of MIF's total loan portfolio. All other loans are significantly lower, with the next largest loan currently having a principal balance of approximately \$12.0 million.

Loan delinquencies and modifications. MIF follows a carefully prescribed process for monitoring and collecting past due loan payments from borrowers. Because the purpose of MIF's congregational loan program is to aid congregational development, flexibility and accommodation are stressed in dealing with late or partial payments of interest and principal. This policy of flexibility and accommodation may be implemented in a number of ways, such as extending due dates and rescheduling principal payments. In 2022, 18 loans were modified as compared to 27 in 2021. These modifications did not meet the definition of troubled debt restructurings. See Note 3 to the accompanying Financial Statements.

Loan delinquency increased during 2022 with the delinquency rate before non-accrual adjustments for loans past due 90 days and over ending the year at 1.89%, up from 1.81% at year-end 2021. There were minimal pandemic-related customer accommodation requests in 2020 and no new pandemic-related customer accommodation requests in 2021 or 2022.

If a borrowing congregation disbands, as provided by the governing document of the ELCA, title to the congregation's property reverts to its Synod, subject to MIF's mortgage. Generally, such property is sold, and the proceeds of the sale are applied against MIF's loan.

The following table provides information concerning congregational and institutional loan delinquencies:

	Year ended December 31		
	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total number of loans:	883	820	812
Total principal balance:	\$596,365,487	\$575,443,487	582,719,403
Loans delinquent 90 days or over in payments of principal or interest-			
Number delinquent:	10	5	7
Principal in arrears:	\$618,172	\$486,372	\$9,385,334
Interest in arrears:	\$880,680	\$1,123,109	1,499,577
Total principal of delinquent loans [before non-accrual adjustments]:	\$12,976,793	\$10,391,257	\$11,000,217
Total principal of delinquent loans [before non-accrual adjustments] as percentage of total principal of all loans:	2.18%	1.81%	1.89%
Matured loans, not paid at maturity, in process of being repaid –			
Number of matured loans:	0	0	1
Total principal:	\$ -	\$ -	\$81,336

Allowance for loan losses. The allowance for loan losses at December 31, 2022 was \$10.16 million, increased from \$9.38 million in 2021, with increased delinquencies and considered adequate to recognize probable losses in specific situations.

Real Estate

MIF may purchase properties for use by new and developing congregations. Properties with existing buildings may be leased by the congregation from MIF until they are able to purchase the property. It is MIF's policy that real property purchased is expected to be purchased by the congregation within three years. At December 31, 2022, there was no real estate held for these purposes. For new properties purchased, payments by the developing congregations of 3.0% per year of the purchase price, including acquisition costs, of the property, made on a monthly basis, are held in escrow to reduce the potential loan necessary for the congregation to purchase the land and construct a new church building.

The site is generally sold to the congregation at a sale price equal to MIF's cost of purchasing the site plus the expenses incurred related to the property. The sale is usually financed by MIF with a promissory note secured by a mortgage on the property.

MIF actively reviews its property holdings to identify properties no longer required for congregational development. These properties, identified as "held for sale," may be offered in the general real estate market for sale at prevailing prices and terms. At December 31, 2022, the carrying value of these properties totaled \$2,637,531 net of allowances for potential losses of \$1,716,000. MIF believes that adequate allowances for potential losses have been made in the carrying value for such real estate identified as held for sale.

INVESTING ACTIVITIES

Liquidity Policy

The proceeds of this offering are intended ultimately to be used for loans to congregations, organizations, and institutions that are related to the ELCA, subject to maintenance of reasonable levels of liquidity by MIF. MIF intends to maintain sufficient liquidity by holding cash, cash equivalents, and readily marketable securities, and maintaining available lines of credit, equal to at least 8% of the total principal balance of its outstanding investment obligations, which could be used to satisfy interest and principal payments on those obligations.

Investment Policy and Activities

Currently, MIF's investments consist of short and intermediate term, fixed-income, and equity securities.

MIF uses the Merrill Lynch 1-5 year U.S. Corporate and Government (BBB and above rated) Index and the Merrill Lynch 1-3 year U.S. Corporate and Government (BBB and above rate) Index, weighted 50%/50%, as its benchmark for the fixed-income portion of the portfolio and the Standard & Poor's 500 Index for the equity portion of the portfolio.

The investment policy criteria include: (a) duration between 75% and 120% of the Index; (b) credit quality ratings of at least A2/P2 for commercial paper and at least Baa3/BBB rating category, which average at least AA overall, for bonds; (c) U.S. government and related securities may be purchased without limits; (d) target allocations of the equity portion of the portfolio are U.S. Large cap – 45%, U.S. Mid-cap – 20%, U.S. Small-cap – 10%, and Non-U.S. – 25%, and up to 10% each in cash and High-Yield bonds; (e) other individual eligible securities may not exceed 5%, and the aggregate of such other eligible securities may not exceed 60%, of the portfolio value; and (f) other eligible securities include: (i) any component of the Index; (ii) domestic corporate obligations; (iii) mortgage and asset backed securities; (iv) short-term instruments such as commercial paper, money market accounts, and certificates of deposit; (v) U.S. dollar-based foreign bonds; (vi) taxable municipal bonds; (vii) any equity security listed on a United States national securities exchange; (viii) the Ministry Growth Fund of the ELCA Foundation; and (ix) securities of other Church Extension Funds (the total of which may not exceed 5% of total assets).

MIF may invest in equity securities in amounts up to 30% of the value of the total investment portfolio (at the time of purchase). At December 31, 2022, equity investments were approximately \$37,554,000, or 22% of the total portfolio.

MIF is required by its Investment Policy to pursue its investment objectives subject to criteria of social responsibility that are consistent with the policy of the ELCA.

The MIF Board of Trustees is responsible for approval and oversight of MIF's Investment Policy. Columbia Management Investment Advisors, LLC (CRD# 108257/SEC#: 801-25943) and UMB Bank, n.a. (IARD/CRD no. 17073) act as investment advisors for MIF. BMO Harris Bank N.A. and UMB Bank, n.a., act as custodians for MIF's investment portfolio.

Gifts and bequests received by MIF are currently invested in the Ministry Growth Fund of the ELCA Foundation administered by the ELCA Foundation.

MIF's investments are carried at fair value and at December 31, 2022 were as follows (in thousands):

	<u>Amount</u>	<u>Percentage of Total</u>
Fixed Income:		
U.S. Treasuries	\$6,311	3.7%
U.S. sponsored agencies	6,189	3.7 %
U.S. government mortgage-backed securities	27,404	16.3.%
Corporate bonds	66,346	39.4%
Municipal bonds	1,109	0.7%
Other bonds	<u>6,756</u>	<u>4.0%</u>
Subtotal	114,115	67.8%

Equity securities:		
U.S. Large cap	20,144	11.9%
U.S. Mid-cap	7,564	4.5%
U.S. Small cap	3,307	2.0%
Non U.S. stocks	<u>6,538</u>	<u>3.9%</u>
Subtotal	37,553	22.3%
Cash and cash equivalents	16,701	<u>9.9%</u>
Subtotal		100.00 %
Ministry Growth Fund of the ELCA Foundation	<u>12,594</u>	
Total investments	180,963	

The aggregate net realized and unrealized gains or (losses) on the investments were \$(24,421,280) in 2022, \$4,943,336 in 2021, and \$6,169,681 in 2020.

SELECTED FINANCIAL DATA

The following selected financial information has been derived from the financial statements of MIF for the years 2018 through 2022. The financial statements and notes thereto beginning at page 35 in this Offering Circular should be read in conjunction with this information.

	Year ended December 31				
	(in Thousands)				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Cash, cash equivalents and readily marketable securities (excluding restricted and designated funds)	\$144,399	\$127,514	\$169,329	\$236,538	\$185,787
Total loans receivable, net of reserve	546,563	565,059	585,545	566,063	572,562
Unsecured loans receivable – amount	6,265	4,765	3,376	2,557	2,402
Unsecured loans–receivable-- percent of total loans	1.15%	0.84%	0.58%	0.45%	0.42%
Loan delinquencies [after non-accrual – adjustments] percent of loans receivable	1.27%	2.48%	2.15%	1.80%	1.86%
Total assets	705,388	712,318	773,833	822,002	776,348
Total investment obligations	499,065	493,359	543,112	575,392	559,372
Investment obligations redeemed during year	211,489	180,420	141,345	143,757	180,742
Other long-term debt	-	-	-	-	-
Net assets	200,860	211,928	218,216	226,350	202,932
Change in net assets	(3,083)	11,068	6,288	8,135	(23,418)

Capital Adequacy

The North American Securities Administrators Association (“NASAA”) Statement of Policy Regarding Church Extension Fund Securities (“Statement of Policy”) requires that an issuer’s net assets be positive and equal to 5% or more of its total assets. MIF’s net assets as of December 31, 2022 are \$202,932,000, which is 26% of its total assets of \$776,348,000, exceeding the Statement of Policy requirement.

Liquidity Status

As shown below, at December 31, 2022, the cash, cash equivalents, readily marketable securities and qualified available lines of credit were 35% of total outstanding investment obligations.

Cash	\$11,686,513
Readily marketable securities (Total securities less restricted and designated net assets)	174,100,454
Qualified line of credit (2% of Obligations)	11,187,449
Total	<u>196,974,416</u>
(Total line available - \$40,000,000)	
Outstanding investment obligations	<u>559,372,468</u>
Ratio	35%

The Statement of Policy requires that an issuer's cash, cash equivalents, readily marketable securities, and available lines of credit shall have a value of at least 8% of the principal balance of its total outstanding investment obligations, except that the value of available lines of credit for meeting this standard shall not exceed 2% of the principal balance of its total outstanding investment obligations. At December 31, 2022, MIF's cash, cash equivalents, readily marketable securities, and qualified available lines of credit were 35% of total outstanding investment obligations, exceeding the Statement of Policy requirement. For purposes of this calculation, the value of MIF's available lines of credit does not exceed 2% of the principal balance of its total outstanding investment obligations.

Cash Flow Performance

For the three years ended December 31, 2022, the coverage ratio of available cash to cash redemptions of investment obligations was as follows (in thousands):

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Cash provided by operations	\$6,633	\$9,775	\$(5,340)
Liquid assets – beginning of year	127,514	169,329	236,538
Net loan principal repayments (advances)	(19,519)	20,922	(6,672)
Sale of investment obligations	191,097	176,037	164,722
Line of credit	<u>20,000</u>	<u>20,000</u>	<u>40,000</u>
Total	325,725	396,063	429,248
Investment obligation redemptions	\$141,345	\$143,757	\$180,742
Ratio	2.30:1	2.76:1	2.37:1

The Statement of Policy requires that for three of the most recent fiscal years, its coverage ratio of available cash as compared to redemption of notes shall be at least a 1:1 ratio. For the past 3 years, MIF's coverage ratio has exceeded the Statement of Policy requirement.

Loan Quality

The Statement of Policy requires that loan delinquencies not be excessive and allow the issuer to maintain capital adequacy, liquidity, and cash flow requirements, and that material loan delinquencies of over 10% of the total loan portfolio be disclosed. At December 31, 2022, MIF's loan delinquency rate was 1.86%, below the materiality threshold.

Change in Net Assets

The Statement of Policy requires that the change in net assets of the issuer be positive at least 3 out of the last 5 fiscal years. MIF's change in net assets was positive 3 out of the last 5 fiscal years, meeting the Statement of Policy requirement.

DESCRIPTION OF THE INVESTMENTS

The following is a summary of the terms of the Investments offered by MIF. *For the complete terms, see pages 24 to 30.*

Demand Investments

No stated maturity - redeemable on demand at any time. Minimum required initial investment is \$100. Additions to Investments may be made in any amount at any time. Interest rates are adjustable monthly at the discretion of MIF based on minimum balances as may be found on the rate sheets on the MIF website at www.mif.elca.org, with the applicable rate depending on the investor's Demand Investment account balance. MIF may also offer Demand Investments with interest rates based on other criteria, such as number of transactions in specified periods, or other characteristics of the Investment account. When setting interest rates, MIF will consider interest rates paid by other comparable instruments, market conditions and any other relevant factors. Interest is reinvested monthly. Depending on elections made by purchaser on the Purchase Application, Demand Investments may permit partial redemption by check written by purchaser, by online bill paying, and by debit card use. Checks are available for purchase. *See complete terms, page 24.*

Term Investments

Investments may be offered with terms of 6 months to 10 years. Minimum investment and balance may vary but is not less than \$1,000. Interest rates are fixed or adjustable and interest is paid or reinvested every three months. *For fixed rate Investments*, when setting interest rates, MIF will consider interest rates paid by other comparable instruments, market conditions, and any other relevant factors. *For adjustable rate Investments*, interest rates are adjustable monthly, but not lower than the rate which equals the yield to maturity on U.S. Treasury securities having a term which corresponds to the term of the Investment. *For fixed rate Investments*, no additions to principal may be made. *For adjustable rate Investments*: for terms of 3 years or less, no additions to principal may be made after initial purchase; for terms longer than 3 years, additions to principal may be made at any time prior to 2 years before maturity; minimum additions to principal may vary but will not be less than \$100. *See complete terms, page 26.*

MIF4KIDZ Investments (custodian for minor only)

Matures at the age of majority of the minor as defined by the Uniform Transfer to Minors Act in the state designated as the address of the minor on the application form. Minimum initial investment is \$50 and minimum additions to principal are \$25. Interest is adjustable monthly, but not below the lowest tier of the Demand Investment rates. Interest is reinvested every three months. *See complete terms, page 28.*

Investments available for IRA/CESA/HSA program

All Term Investments and certain Demand Investments are also available for Individual Retirement Accounts (IRA) and for Coverdell Education Savings Accounts (CESA), and certain Demand Investments may be held as investments for Health Savings Accounts (HSA), through the program described at page 29. IRA/CESA/HSA additions and withdrawals are subject to IRS regulations.

GENERAL

MIF's Investments are not secured by the pledge of any assets of MIF, and purchasers of the Investments will therefore share equally with other general creditors of MIF in any liquidation or distribution of assets in the event of any bankruptcy, reorganization, or similar proceedings with respect to MIF. There is no trust indenture or sinking fund to ensure payment of the principal or interest on the Investments.

MIF from time to time may offer additional Investments or other evidences of indebtedness for sale in amounts it may choose without notifying or obtaining the consent of any of the purchasers of Investments. However, MIF will not create, incur, or voluntarily permit any material lien upon any of its assets or otherwise incur material indebtedness having a prior claim to its assets or otherwise senior to the Investments except for: (i) liens or charges for current taxes, assessments, or other governmental charges which are not delinquent or which remain payable without penalty or the validity of which are contested in good faith; (ii) liens made to secure statutory obligations, surety or appeal bonds or bonds for the release of attachments or for stay of execution; (iii) purchase money security interests for property hereafter acquired; or (iv) judgment liens. For purposes of the preceding sentence, the term "material" shall mean an amount which equals or exceeds 10% of the net assets of MIF. In any event, the amount of any senior secured indebtedness to which the Investments are or will be subordinated will not exceed 10% of the tangible assets of MIF.

MIF Investments may qualify as unclaimed property if the date from the last investor-initiated contact exceeds the applicable state-defined dormancy period. Dormancy periods generally range from three to five years. To comply with unclaimed property law, MIF is required to perform certain due diligence procedures.

As required by government regulations, MIF may require additional information to verify an Investor's identity.

MIF's Funds Availability Policy is as follows: The Mission Investment Fund will consider the day of an investor's deposit to be the business day the investor's deposit is received at our processing facility. The deposit must be received by 3:00 p.m. CST on a business day to be considered received on that day. The Mission Investment Fund will make the first \$200 of check deposits available to investors on the first business day after the day MIF receives the deposit. The remaining funds will be available on the second business day after the day MIF receives the deposit. Electronic direct deposits will be available on the day MIF receives the deposit. For determining the availability of deposits, every day is a business day, except Saturdays, Sundays, federal holidays and days MIF has provided prior notice of closure. Longer delays may apply. MIF will notify an investor if MIF delays the ability to withdraw funds for any other reasons, and MIF will tell the investor when the funds will be available. Funds deposited by check may be delayed for a longer period, generally no later than five business days after the day of deposit. Availability of funds may be delayed for these reasons:

- Investor is a new customer (first 30 days from account opening).
- Investor deposits checks totaling more than \$5,000 on any one day.
- MIF believes a check an investor deposits will not be paid.
- Investor redeposits a check that has been returned unpaid.
- Investor has overdrawn his/her/its account repeatedly in the last six months.
- There is a business interruption, such as failure of computer or communications equipment.

MIF will notify an investor if it delays the investor's ability to withdraw funds for any of these reasons, and MIF will tell the investor when his/her/their/its funds will be available.

The complete terms and conditions of the Investments offered by MIF are set forth below. Written confirmation of the initial purchase is provided to the investor. MIF does not issue a separate certificate representing the Investment. MIF reserves the right to change the financial institution through which it processes account transactions. MIF reserves the right to change its correspondent banking relationship with advance notice to its customers.

Demand Investments

Adjustable rates

No stated maturity; redemption on request. Demand Investments do not have a stated maturity but may be redeemed at any time, in whole or in part, upon request by the purchaser, as shown under "Redemption Procedures" below.

Purchase of Investment. Minimum required initial investment amount is \$100. Date of purchase is the date MIF receives a completed Purchase Application and payment from an eligible purchaser, as that date is recorded on the books of MIF.

Available for IRA/CESA/HSA program. Certain Demand Investments, as shown on the Purchase Application, are also available for purchase for the IRA/CESA/HSA program for which UMB Bank, Kansas City, Missouri, is custodian. See "IRA/CESA/HSA Program" (page 29), "Supplemental Terms and Conditions specific to Investments held for IRA/CESA Accounts" (page 29), and "Supplemental Terms and Conditions specific to Investments held for HSA Accounts" (page 30). *Additions to and withdrawals from IRA, CESA, and HSA accounts are subject to IRS regulations, and special provisions apply to Investments held for those accounts.*

Adjustable interest rates. Interest rates are variable, adjusted at MIF's discretion, and subject to change without notice. The applicable rate will depend on the minimum investment balance. Purchasers may call MIF or access MIF's website at any time to be advised of the various minimum account balance requirements and interest rates then in effect. At any time in its discretion MIF may change the required minimum account balances and interest rates which apply to each minimum account balance and may add or eliminate minimum account balance requirements. MIF may also offer Demand Investments with interest rates based on other criteria, such as number of transactions in specified periods, or other characteristics of the investment. In adjusting interest rates and revising minimum account balance requirements, MIF will consider interest rates paid by other comparable instruments, market conditions and any other relevant factors. Notice of any changes in minimum account balance requirements or other criteria will be provided to investors with the investor's next monthly statement.

Reinvestment of interest. Interest will be reinvested monthly as an addition to the principal of the Investment. Interest will not be separately paid to the purchaser.

Minimum principal balance. In its discretion, MIF may decline to permit Demand Investments to be maintained in principal amounts less the minimum elected by the purchaser on the Purchase Application. If at any time the principal balance is below that minimum, the purchaser may be so notified. If the purchaser does not make, within thirty days after the giving of that notice, an addition to

principal sufficient to bring the principal amount of the Investment to at least that minimum, MIF, in its discretion, may terminate the Investment, and will then forward payment to the purchaser in the amount of the entire remaining principal balance of the Investment with all interest accrued to date.

Initial investments and additions to principal. A purchaser may make additions to principal of a Demand Investment at any time in any amount. An initial investment or addition to principal may be made by check, money order, or wire transfer, or by automatic transfers from the purchaser's checking or savings account. A purchaser may also elect to have interest earned on Term Investments or previously issued Investment Obligations applied as an addition to principal of an existing Demand Investment. Checks or money orders for initial investments should be sent to MIF, together with the Purchase Application. Checks or money orders for additions to principal should be sent to MIF, together with a form provided by MIF or other statement identifying the purchaser's Demand Investment account number. Funds received by check or money order on a business day before 8:00 AM Central Time will be invested on that business day; funds received by check or money order after that time will be invested not later than the next business day.

A purchaser wishing to make an initial investment or addition to principal by wire transfer must contact MIF to receive wire transfer instructions. Wired funds for initial investments and additions to principal that are received on a business day by 1:00 PM Central Time will be invested on the day of receipt. Wired funds that are received after 1:00 PM Central Time will be invested not later than the next business day.

A purchaser wishing to make initial investments or additions to principal by automatic transfers from a checking or savings account must complete the required information on the Purchase Application, or otherwise in writing to MIF, which authorizes MIF to initiate transfers (at the amount elected by the purchaser on the Purchase Application) from the purchaser's checking or savings account on an automatic monthly basis. By written notice to MIF, the purchaser may cancel or change the authorization for additions to principal by automatic transfers.

Initial investments and additions to principal may also be made by following the applicable instructions on MIF's website at www.mif.elca.org.

Redemption procedures. Full or partial redemption is permitted. If any redemption request (including presentation of a check for partial redemption) would call for redemption of all or any part of an Investment which had been purchased by check or money order within five business days of MIF's receipt of the redemption request, the redemption request may be deemed received not later than the 5th business day following the purchase.

Full redemption. Request for full redemption shall be made in writing. On receipt of written request for full redemption, MIF will redeem the Investment. Redemption payment will be made by check issued payable to the purchaser and mailed to the address of the purchaser last appearing on the books of MIF, or, if requested by the purchaser, by wire transfer or ACH process. See procedures for wire transfers and ACH transactions, below.

Partial redemption. Depending on elections made by purchaser on the Purchase Application, partial redemption may be by check written by the purchaser, by online bill paying by the purchaser, by debit card use by an individual purchaser, or by request for wire transfer, check, or ACH transaction. (Partial redemption by check, by online bill payment, or by debit card is not available for Demand Investments for which check writing is not offered. Partial redemptions on such accounts without check writing are limited to one per month.) See additional partial redemption procedures below. MIF reserves the right at any time to modify its procedures for partial redemption.

Partial redemption by online bill paying - if available under the elected terms of the Investment. Individual purchasers may redeem Investments in part by arranging for payment of bills through MIF's online bill paying service. For information, access MIF's website at www.mif.elca.org.

Partial redemption by debit card - if available under the elected terms of the Investment. Individual purchasers may redeem Investments in part by using a Visa® debit card. Each individual purchaser who applies for and is approved to receive a debit card, will be provided a debit card through UMB Bank, n.a., under a UMB Bank debit card agreement included with the application to purchase Investments. When a debit card transaction is presented for payment, MIF will redeem a part of the purchaser's Investment sufficient to cover the amount of the debit. If the amount of the debit is greater than the individual purchaser's Investment, the redemption will not be honored, and the investor will be charged a service fee of \$25. The procedures for partial redemption by debit card will not create a debit card, bank account or depositor relationship between the purchaser and MIF. MIF reserves the right to change its debit card provider at any time.

Full or partial redemption by ACH transaction. A purchaser's written request for full or partial redemption may direct that payment be made by ACH transaction. There is no service fee for an ACH transaction. If the request for ACH transaction is received on a business day by 1:00 PM Central Time, MIF will initiate a redemption payment on the same business day to the purchaser's bank. If the completed request is received after 1:00 PM Central Time, the redemption payment will be initiated not later than the following business day. ACH funds are settled through the banking system on the second day following initiation.

Full or partial redemption by wire transfer. A purchaser's written request for full or partial redemption may direct that payment be made by wire transfer. The service fee for a domestic wire transfer is \$25 and for an international wire transfer is \$50. If the completed request for wire transfer is received on a business day by 1:00 PM Central Time, MIF will wire the redemption payment on the same business day to the purchaser's bank. If the completed request is received after 1:00 PM Central Time, the redemption payment will be wired not later than the following business day.

Partial redemption by check - if available under the elected terms of the Investment. A purchaser may redeem an Investment in part by writing a check. Checks will clear through UMB Bank n.a., under a UMB Bank check writing agreement included with the application to purchase Investments. In the case of joint purchasers, only one signature will be required on the check. The amount to be redeemed by check will continue to accrue interest until the check is presented to MIF for payment. When the check is presented for payment, MIF will redeem a part of the purchaser's Investment sufficient to cover the amount of the check. If the amount of the check is greater than the purchaser's Investment, the redemption will not be honored, the check will be returned to the payee, and the investor will be charged a service fee of \$25. The service fee for stop payment requests is \$25. The procedures for partial redemption by check will not create a checking, bank account or depositor relationship between the purchaser and MIF. MIF reserves the right to change the financial institution it uses for check clearing at any time.

Authorized signatories. Signed instructions from any one of the persons designated as owner-signatories for an Investment will be honored by MIF. Signatory designations shall be made on the Purchase Application; changes in signatory designations shall be made on signature authorization forms supplied by MIF on request and shall take effect on receipt by MIF.

Call. MIF will have the right to call any or all outstanding Investments for payment at any time on 90 days' prior written notice by tendering to the purchaser of the Investment the principal amount of the Investment including interest accrued to the date of tender. No further interest will accrue following tender.

No transferability; nonnegotiability. Investments are not transferable, except by operation of law, and are not negotiable.

Beneficiaries. Individual and joint purchasers may designate beneficiaries by using the beneficiary designation form accompanying the Purchase Application. Beneficiary designation is not available for custodian accounts. Beneficiary designations can be revoked or changed at any time before the death of the purchaser or purchasers by written notice to MIF.

Confirmation of Investment and notices; contact information. Confirmation of the initial purchase of an Investment will be promptly provided to the purchaser, and a monthly statement of activity will be provided to the purchaser. Those notices and statements will be provided by mail unless the purchaser has elected to receive them electronically. A statement of interest earned will be provided to the purchaser annually in accordance with current IRS regulations. All notices and payments will be sent to the purchaser in accordance with the contact information last appearing on the books of MIF.

Term Investments

Fixed and adjustable rates

Terms. Investments may be offered with terms from 6 months to 10 years. Term Investments are available with fixed interest rates and adjustable interest rates. Investors may access MIF's website at www.mif.elca.org for available terms and applicable minimum investments and minimum additions to principal. Term will begin on the date of purchase, which is the date MIF receives a completed Purchase Application and payment from an eligible purchaser, as that date is recorded on the books of MIF.

Available for IRA/CESA program. These Investments are also available for purchase for traditional or Roth Individual Retirement Accounts (IRA) or Coverdell Education Savings Accounts (CESA) under the IRA/CESA program for which UMB Bank, Kansas City, Missouri, is custodian. See "IRA/CESA/HSA Program" and "Supplemental Terms and Conditions specific to Investments held for IRA/CESA Accounts" at page 29. *Additions to and withdrawals from IRA and CESA accounts are subject to IRS regulations, and special provisions apply to Investments held for those accounts.*

Interest rates.

For fixed rate Investments. Interest rate is fixed at the commencement of the term and will remain at that rate for the full term. When setting the interest rate, MIF will consider interest rates paid by other comparable instruments, market conditions and any other relevant factors. Purchasers may call MIF or access MIF's website to be advised of the fixed rate in effect at the commencement of the term.

For adjustable rate Investments. Interest rates are variable, adjusted at MIF's discretion, and subject to change without notice. MIF may take into consideration interest rates paid by other comparable instruments, market conditions and any other relevant factors. However, MIF will not reduce interest rates below rates which equal (to the nearest one-tenth of a percentage point) the representative yields to maturity of United States Treasury securities having terms corresponding as closely as possible to the terms of these Investments, e.g., Treasury securities which at the interest rate adjustment date have approximately one, three, five or seven years to maturity. Those representative yields will be determined by reference to rates published in *The Wall Street Journal* (or other selected newspaper of general circulation), on or about the 15th day of the preceding month. The good faith determination by MIF management that certain published yields are representative will be binding for all purposes. Purchasers may call MIF or access MIF's website at any time to be advised of the adjustable rates in effect.

Reinvestment or payment of interest. The purchaser may elect on the Purchase Application to have interest added to the principal of this Investment or added to the principal of a Demand Investment or MIF4KIDZ account. Alternatively, interest will be paid out to the purchaser by ACH payment every three months if elected on the Purchase Application.

Initial investment. For fixed rate and adjustable rate Investments, minimum investment is \$1,000. Selected fixed interest rate Investments require a higher minimum investment as shown on the Purchase Application.

Additions to principal.

For fixed rate Investments. No additions to principal may be made following purchase of the Investment although the principal amount will increase if the purchaser elects to have interest reinvested.

For adjustable rate Investments. For terms of 3 years or less, no additions to principal may be made after initial purchase, except for interest reinvested. For terms longer than 3 years, minimum additions to principal may vary but will not be less than \$100.

Making initial investments to fixed and adjustable rate investments and additions to principal of adjustable rate Investments. An initial investment or addition to principal may be made by check, money order, or wire transfer, or by automatic transfers from the purchaser's checking or savings account. Checks or money orders for initial investments should be sent to MIF, together with the Purchase Application. Checks or money orders for additions to principal should be sent to MIF, together with a form provided by MIF or other statement identifying the purchaser's adjustable rate Investment account number. Funds received by check or money order on a business day before 8:00 AM Central Time will be invested on that business day; funds received by check or money order after that time will be invested not later than the next business day.

A purchaser wishing to make an initial investment or addition to principal by wire transfer must contact MIF to receive wire transfer instructions. Wired funds for initial investments and additions to principal that are received on a business day by 1:00 PM Central Time will be invested on the day of receipt. Wired funds that are received after 1:00 PM Central Time will be invested not later than the next business day.

A purchaser wishing to make initial investments or additions to principal by automatic transfers from a checking or savings account must complete the required information on the Purchase Application, or otherwise in writing to MIF, which authorizes MIF to initiate transfers (\$1,000 minimum for new investments; \$100 minimum for additions to principal) from the purchaser's checking or savings account on an automatic monthly basis. By written notice to MIF, the purchaser may cancel or change the authorization for additions to principal by automatic transfers.

Initial investments and additions to principal may also be made by following the applicable instructions on MIF's website at www.mif.elca.org.

Payment or reinvestment at maturity. MIF will provide a written notice of maturity to the Investor not less than 30 days before the maturity date. That notice will be provided by mail unless the purchaser has elected to receive the notice electronically. If at or before maturity the purchaser makes a written request to MIF for payment, then, at maturity, MIF will promptly repay the principal and all accrued interest. If a written request is not made, then on the maturity date MIF will be entitled, at its discretion, to apply the proceeds to the purchase (in the name of the purchaser) of a like Investment having the closest available term to the term of the Investment then maturing or to pay the proceeds to the purchaser. Purchasers who reinvest for a different term and amount must submit a new Purchase Application. MIF's currently effective Offering Circular will be made available to the investor before reinvestment at maturity.

Redemption before maturity. MIF may permit or deny redemption of an Investment before maturity at the discretion of MIF. If early redemption is permitted, it may be subject to conditions which may be imposed by MIF at its discretion, including, without limitation, advance notice requirements and imposition of penalties and fees. MIF may impose an early redemption penalty of 1.5% of the principal amount (including reinvested interest) redeemed before maturity. MIF's early redemption policy may be changed from time to time without notice to or consent from any purchaser and may vary depending on the category of Investment and other relevant circumstances.

Authorized signatories. Signed instructions from any one of the persons designated as owner-signatories for an Investment will be honored by MIF. Signatory designations shall be made on the Purchase Application; changes in signatory designations shall be made on signature authorization forms supplied by MIF on request and shall take effect on receipt by MIF.

Call. MIF has the right to call any or all outstanding Investments for payment at any time on 90 days prior written notice by tendering to the purchaser of the Investment the principal amount of the Investment plus interest accrued to the date of tender. No further interest will accrue following tender.

No transferability; nonnegotiability. Investments are not transferable, except by operation of law, and are not negotiable.

Beneficiaries. Individual and joint purchasers may designate beneficiaries by using the beneficiary designation form accompanying the Purchase Application. Beneficiary designation is not available for custodian accounts. Beneficiary designations can be revoked or changed at any time before the death of the purchaser or purchasers by written notice to MIF.

Confirmation of Investment and notices; contact information. Confirmation of the initial purchase of an Investment will be promptly provided to the purchaser, and a quarterly statement of activity will be provided to the purchaser. Those notices and statements will be provided by mail unless the purchaser has elected to receive them electronically. A statement of interest earned will be provided to the purchaser annually if required for tax purposes. All notices and payments will be sent to the purchaser in accordance with the contact information last appearing on the books of MIF.

MIF4KIDZ Investments

Adjustable rate

Custodian for minor. The MIF4KIDZ Investment is a term investment with an adjustable interest rate, available only for purchase by a custodian for a minor. The Investment matures at the age of majority of the minor as defined by the Uniform Transfer to Minors Act in the state designated as the address of the minor on the application form and must be purchased before the 16th birthday of the minor. The complete terms and conditions are as follows:

Term. Term will end when the minor for whom the custodian holds the investment reaches the age of majority as defined above or on the earlier death of the minor. The term will begin on the date of purchase, which is the date MIF receives a completed Purchase Application and payment from an eligible purchaser, as that date is recorded on the books of MIF.

Interest rate. All Investments will bear the same interest rate. The interest rate may be adjusted to a rate fixed by MIF in its discretion. MIF may take into consideration interest rates paid by other comparable instruments, market conditions and any other relevant factors, but will not adjust the rate below the lowest tier of the Demand Investment rates. Purchasers may call MIF or access MIF's website at any time to be advised of the adjustable rate in effect.

Reinvestment of interest. Every three months, commencing with the date three months from the date of purchase, interest will be added to the principal of the Investment. Interest will not be paid out before maturity.

Initial investment; additions to principal. The minimum investment amount is \$50. Additions to principal may be made at any time. Minimum addition to principal is \$25. An addition to principal may be made by check, money order, or wire transfer, or by automatic transfers from the custodian's checking or savings account. A custodian may also elect to have interest earned on Term Investments applied as an addition to principal of an existing MIF4KIDZ Investment. Checks or money orders for additions to principal should be sent to MIF, together with a form provided by MIF or other statement identifying the purchaser's MIF4KIDZ Investment account number. Funds received by check or money order on a business day before 8:00 AM Central Time will be invested on that business day; funds received by check or money order after that time will be invested not later than the next business day.

Payment or reinvestment at maturity. MIF will provide a written notice of maturity not less than 30 days before the maturity date, which will be sent by mail unless MIF receives a request to send it electronically. MIF's currently effective Offering Circular will also be made available. On maturity, the Investment will be applied to the purchase of a Demand Investment without check writing or debit card privileges in the name of the minor, unless the minor, within 30 days of reaching the age of majority as defined above, requests MIF to pay the Investment to the minor or to apply the Investment to the purchase of any other available Investment of MIF. If the minor makes that request for payment at maturity, MIF will promptly repay the principal and all accrued interest, subject to applicable state laws governing transfers to minors. To reinvest in any other available Investment, a minor must submit a Purchase Application. MIF's currently effective Offering Circular will be made available to the investor before reinvestment at maturity.

Redemption before maturity. The Investment may be redeemed in whole or in part at any time before maturity, by written request signed by the custodian, subject to an early redemption penalty that may be imposed of 2.0% of the principal amount (including reinvested interest) redeemed before maturity.

Call. MIF has the right to call any or all outstanding Investments for payment at any time on 90 days prior written notice by tendering to the custodian of the Investment, for the benefit of the minor, the principal amount of the Investment plus interest accrued to the date of tender. No further interest will accrue following tender. Notice of call will be provided by mail.

No transferability; nonnegotiability. Investments are not transferable, except by operation of law, and are not negotiable.

Confirmation of Investment and notices; contact information. Confirmation of the initial purchase of an Investment will be promptly provided to the custodian, and quarterly statements of activity will be provided to the custodian. That confirmation and statements will be mailed unless the custodian has elected to receive them electronically. A statement of interest earned will be provided to the minor annually for tax purposes. All notices and payments will be sent in accordance with the contact information last appearing on the books of MIF.

Laws governing ownership by custodians for minors. The laws of each state regulate transfers to minors, under Uniform Transfers to Minors Acts and similar statutes, and the purchase and ownership of a MIF4KIDZ Investment is subject to the requirements of the applicable state laws governing transfers to minors, including the legal age for distribution of funds to the minor.

IRA/CESA/HSA PROGRAM

Under arrangements made by MIF with UMB Bank, Kansas City, Missouri, Term Investments may be held as investments for Individual Retirement Accounts (IRA) and Coverdell Education Savings Accounts (CESA), and certain Demand Investments as shown on the Purchase Application may be held as investments for Health Savings Accounts (HSA). Under these arrangements UMB Bank acts as the custodian of a self-directed IRA, CESA or HSA account, and, as directed by the investor, invests the funds in those Investments of MIF. MIF does not regard these arrangements with UMB Bank, or the separate IRA, CESA or HSA accounts for which UMB Bank acts as custodian, as securities, and no separate securities registration or filing is made with respect to them. MIF regards these arrangements as a method by which investors can provide for the investment of funds in those Investments of MIF offered by this Offering Circular. More information on these arrangements for IRA, CESA and HSA accounts is available from MIF. MIF reserves the right to designate a different financial institution to serve as custodian under the above arrangements.

Supplemental Terms and Conditions specific to Investments held for IRA/CESA Accounts.

Reinvestment of interest: Interest will be added to the principal of the Investment.

Redemption before maturity. Investments may be redeemed in whole or in part before maturity for the purpose of withdrawals from the IRA or CESA account. The Investment will be redeemed in full if the IRA or CESA account terminates or if the Investment is withdrawn from the IRA or CESA account. An early redemption penalty of 1.5% may apply, except to the extent such redemption is for the purpose of minimum required distributions under IRS rules.

Call. MIF has the right to call any or all outstanding Investments for payment at any time on 90 days prior written notice by tendering to the IRA or CESA custodian the principal amount of the Investment plus interest accrued to the date of tender. No further interest will accrue following tender. Notice of call will be provided by mail.

Beneficiaries. Beneficiaries may be designated on the IRA/CESA account documents separately provided. Beneficiary designations can be revoked or changed at any time before the death of the purchaser by written notice to MIF.

Confirmation of Investment and notices; contact information. Confirmation of the initial purchase of an Investment will be promptly provided to the purchaser, and a statement of activity will be provided to the purchaser at least annually. Those notices and statements will be provided by mail unless the purchaser has elected to receive those notices or statements electronically. A statement of interest earned will be provided to the purchaser annually for tax purposes. All notices and payments will be sent to the purchaser in accordance with the contact information last appearing on the books of MIF.

Supplemental Terms and Conditions specific to Demand Investments held for HSA Accounts.

Redemption Procedures. Investments may be redeemed in whole or in part at any time for the purpose of withdrawals from the HSA account.

Call. MIF has the right to call any or all outstanding Investments for payment at any time on 90 days prior written notice by tendering to the HSA custodian the principal amount of the Investment plus interest accrued to the date of tender. No further interest will accrue following tender. Notice of call will be provided by mail.

Beneficiaries. Beneficiaries may be designated on the HSA account documents separately provided. Beneficiary designations can be revoked or changed at any time before the death of the purchaser by written notice to MIF.

Confirmation of Investment and notices; contact information. Confirmation of the initial purchase of an Investment will be promptly provided to the purchaser, and a statement of activity will be provided to the purchaser at least annually. Those notices and statements will be provided by mail unless the purchaser has elected to receive them electronically. A statement of interest earned will be provided to the purchaser annually for tax purposes. All notices and payments will be sent to the purchaser in accordance with the contact information last appearing on the books of MIF.

INFORMATION FOR HOLDERS OF PREVIOUSLY-ISSUED INVESTMENTS

The Investments differ in their names and in some other respects from the investment obligations previously issued by MIF.

The terms and conditions of MIF's previously issued and outstanding investment obligations remain in full force and effect and are not changed in any way by the new offering of Investments unless otherwise disclosed.

THE OFFERING

Plan of Distribution

MIF intends to offer the Investments continuously for sale to eligible investors throughout the country during the period the offering remains effective under applicable state laws. The amount offered in each state will be dependent primarily on the particular state requirements governing the offer and sale of the Investments in the state and the number of eligible investors in the state.

Sales of the Investments will be made by certain employees of MIF, who will receive no commission, bonus, or other special compensation for the sales, and without the use of brokers, dealers or underwriters. From time to time, purchasers of outstanding investment obligations, other members, congregations, organizations, and institutions that are related to the ELCA may be informed of the offering by mail and by advertisements appearing in ELCA-related publications, on MIF's website, and in other media.

MIF's promotional materials include the URL to MIF's website which a prospective investor may use to access the Offering Circular and a toll-free telephone number which a prospective investor may call to request an Offering Circular. No purchase of an Investment will be accepted by MIF until MIF has received from the prospective investor a signed Purchase Application confirming receipt of an Offering Circular.

Total Anticipated Expenses of the Offering

During the offering MIF annually incurs expenses for legal and accounting services, including those directly related to the offering and for other costs of the offering. Sales of the Investments are made directly by MIF without the use of brokers, dealers, or underwriters, and MIF will not incur any underwriting expenses, discounts, or commissions. MIF estimates that its annual expenses in connection with this offering of Investments will be as follows:

Legal fees	\$80,000
Accounting fees	95,750
State registration and qualification fees	36,000
Advertising	1,513,950
Printing, mailing and other publicity	<u>6,500</u>
Total	\$1,732,200

All of these expenses will be borne by MIF. These estimated annual expenses are less than one-half of 1% of the total securities offering of \$500,000,000. These expenses are paid from the operations of MIF and are not deducted from the proceeds of this offering.

Tax Aspects

The purchase of an Investment will not entitle the purchaser to a charitable deduction for federal income tax purposes. Interest on Investments will be taxable as ordinary income to the investor in the year paid or reinvested, regardless of whether it is actually paid out to the purchaser. If interest is accrued over the life of the Investment and paid at the maturity date, the investor must report such interest as income on their federal and state income tax returns as it accrues. Transferability of the Investments is limited, and it is unlikely that there would be a sale or exchange of an Investment. Upon a sale or exchange, the investor would generally report as either a short-term or long-term gain or loss depending upon the length of time held, the gain or loss being equal to the difference between amount the investor paid for the Investment and the amount the investor received upon the sale or exchange of the Investment, less accrued interest. Investors who hold Investments until their maturity will not be taxed on the return of the principal purchase price or on previously accrued and taxed interest. Any excess will be interest income taxable in the year of maturity.

An individual investor (or a married couple together) who has (have) invested more than Two Hundred Fifty Thousand Dollars (\$250,000) in aggregate with or to MIF may be deemed to receive additional taxable interest under Section 7872 of the Internal Revenue Code. Such investors should consult their tax advisors to be informed of the special income tax rules applicable to loans and investments, in the aggregate, greater than Two Hundred Fifty Thousand Dollars (\$250,000).

The state tax treatment of Investments may vary from the federal income tax treatment referred to above. Therefore, an investor considering the purchase of an Investment may wish to consult an adviser familiar with the investor's state tax laws.

Before purchasing an Investment, the investor will be required to provide Social Security number(s) or taxpayer identification number(s). If the investor does not provide that information, interest income on the Investment will be subject to federal income tax backup withholding and the investor may be subject to a penalty. The investor will also be required to certify whether or not the investor is subject to federal income tax backup withholding. If the investor is subject to that withholding, a portion of interest paid or reinvested will be withheld by MIF as required by law.

MIF recommends that all investors consult with their tax advisers concerning investments, since each investor's situation may differ and federal, state and local tax laws are always subject to change.

GOVERNANCE

Board of Trustees

The Board of Trustees has fiduciary responsibility for the governance of MIF, serving to oversee and shape its policies. The Board of Trustees consists of nine to twelve persons elected by the Churchwide Assembly of the ELCA and holding office for six-year terms, or as otherwise set forth by the ELCA Constitution, Bylaws, and Continuing Resolutions.

The members of the Board of Trustees at the date of this Offering Circular are the following:

Paul Opgrande (*Chair of the Board of Trustees*) retired as President and CEO of Tacoma Lutheran Retirement Community, in Tacoma, Washington. He has a Bachelor of Arts from Concordia College and a Master of Business Administration from City University.

The Rev. Wm Chris Boerger (*Vice Chair of the Board of Trustees*) is the former Secretary of the Evangelical Lutheran Church in America. Prior to that, he served as Bishop of the ELCA's Northwest Washington Synod. He has a Bachelor of Arts in Communication Arts from Pacific Lutheran University and a Master of Divinity from Christ Seminary - Seminex.

Randall S. Foster is retired from his position as Vice President of Administration of Charles R. Drew University of Medicine and Science in Los Angeles. He holds a Bachelor of Business Administration degree from California State University at Northridge and a Doctorate degree in Public Administration from the University of Southern California.

Warren W. Hanson is President and CEO of the Greater Minnesota Housing Fund based in Minneapolis. He holds a Bachelor degree from Augsburg College in Minneapolis and a Master of Science degree from Pratt Institute in New York.

Nicole Hudson works as the Front Desk Manager, Operations at Lifion by ADP in New York, New York. She has a Master of Arts and a Bachelor of Arts, both from Brooklyn College, Brooklyn, New York.

Krista H. Kapp is an attorney and partner at Laurie & Brennan LLP, a Chicago-based boutique firm specializing in construction law. She received her Bachelor degree from Miami University at Oxford, Ohio, and a Juris Doctorate from Loyola University Chicago School of Law.

Joseph T. Nolte is Executive Director of International Engagement at the Iowa State University Foundation in Ames, Iowa. He received a Bachelor of Arts degree from Mount Mercy College in Cedar Rapids, Iowa, a Master of Arts from the University of Oklahoma, and a Master of Business Administration from William Penn University in Oskaloosa, Iowa.

Julie E. Swanson retired as the Chief Executive Officer of Lutheran Family Services of Virginia (now enCircle). She holds a Bachelor of Science degree from North Dakota State University and a Bachelor of Science in Business Administration from the University of South Florida.

The Rev. Ruth M. Woodliff-Stanley serves as Bishop of the Episcopal Diocese of South Carolina. She had previously served as Interim President of the Episcopal Church Building Fund. She holds a Bachelor of Arts from Swarthmore College, a Master of Science in Social Work from Columbia University and a Master of Divinity from Yale University.

Principal Officers

The principal officers of MIF are responsible for implementation of MIF policies and day-to-day operations and management of MIF. Principal officers are a President and CEO, an Executive Vice President and Chief Operations Officer, Vice Presidents, a Vice President and Chief Financial Officer, and a Secretary. The President of MIF is elected by the MIF Board of Trustees, with the concurrence of the Presiding Bishop of the ELCA, for a four-year term. The other officers of MIF are elected by the MIF Board of Trustees to serve for one-year terms.

The current principal officers of MIF are as follows:

President and CEO	Eva M. Roby has served as President and CEO of MIF since September 2011. She was Executive Vice President of MIF from May 2002 through August 2011. Prior to joining MIF, she had been President and CEO of First Financial Credit Union in Skokie, Illinois, from 1983 to May 2002 and President and CEO of Combined Insurance Credit Union in Chicago, Illinois, from 1981 to 1983.
Executive Vice President and Chief Operations Officer	Carmen M. Cobo has served as the Executive Vice President and Chief Operations Officer of MIF since September 2015. She was Director for Customer Service from 2005 to August 2015. She joined MIF in 2003 as an executive for Customer Service and was responsible for overseeing the deposit side of MIF operations. Prior to joining MIF, she served as Vice President of Member Services, for First Financial Credit Union, in Skokie, Illinois, from 1992 to 2003 and Member Service Manager from 1987-1992.
Chief Financial Officer and Vice President of Administration	The Rev. Linda O. Norman has served as Vice President of Administration since March 2018, and as Chief Financial Officer since March 2020. She previously served as Secretary for MIF. Prior to joining MIF, she had been Treasurer of the Evangelical Lutheran Church in America from September 2011 through December 2017. From 2006 until 2011, she served in other accounting roles with the ELCA Foundation and the ELCA Churchwide Organization in Chicago, Illinois. Before 2006, she worked in various full-time public accounting and ministry capacities.
Vice President of Lending	Andy Waters rejoined MIF as Vice President of Lending in November 2022. He returns to MIF after most recently serving as Managing Director of Portfolio Management and Closing at IFF, a Chicago-based community development financial institution, from 2013 to 2022. Previously, from 2008 through 2013, he was Vice President of the Religious Lending and Portfolio Management Group at RidgeStone Bank in Brookfield, Wisconsin, and Vice President for Real Estate Lending at First Midwest Bank in Itasca, Illinois, from 2006 through 2008. He served as a Church Building Consultant with the ELCA in 1993 and became Vice President for Lending at MIF from 1996 through 2006. He began his career in the 1980s as an engineer for Wyeth International.
Corporate and Compliance Counsel, Secretary	Tiffany Smith has served as Corporate and Compliance Counsel and Secretary for MIF since March 2020, and served as MIF's Director of Regulatory Compliance, Staff Counsel from September 2018 to February 2020. Prior to joining MIF, she practiced law for eleven years with the firms of Burke, Warren, MacKay & Serritella, P.C. and Kirkland & Ellis LLP in Chicago, Illinois.

There are no material conflicts of interest on the part of MIF's Trustees or Officers as of the date of this Offering Circular. Trustees and Officers are subject to conflict of interest policies. In the aggregate, Trustees and Officers hold approximately \$123,627 in investments with MIF, which represents only 0.02% of the total investment obligations. Investments held by Trustees and Officers, and loans held by ministries or congregations to which they may be affiliated, are not provided special treatment or exemptions from applicable policies or underwriting standards.

Remuneration

Members of the Board of Trustees receive no remuneration for their service on the Board of Trustees but are reimbursed for their expenses incurred from attending meetings.

Pursuant to a shared services agreement, MIF contracts with the ELCA for all operations personnel and related benefits and services for an annual fee. This fee is intended to be all-inclusive and to cover compensation of all personnel and other expenses of the ELCA related to its providing of services to MIF, including, but not limited to, rent, telephone expenses, utilities, information technology services, miscellaneous administrative expenses, and other expenses related to MIF. During its year ended December 31, 2022, MIF paid total

service fees to the ELCA of approximately \$14,060,000. This compares to service fees of \$10,714,000 and \$10,256,000 in 2021 and 2020, respectively.

LEGAL PROCEEDINGS

At the date of this Offering Circular, there were no suits, actions, legal proceedings, claims, or administrative or governmental actions pending, or, to the knowledge of MIF, threatened against MIF, the adverse determination of which could have a material effect on the operations or financial condition of MIF. Based on information supplied to MIF by its Officers and Trustees, at the date of this Offering Circular there were no suits, actions or other legal proceedings or claims pending or threatened against any of the Officers or Trustees of MIF, and no Officer or Trustee has been enjoined by any court from engaging in activities associated with the offer or sale of securities.

LEGAL MATTERS

The law firm of Quarles & Brady, 135 N. Pennsylvania Street, Suite 2400, Indianapolis, Indiana 46204, has given its opinion that the Investments, when issued, will be legally issued and binding obligations of MIF in accordance with their terms.

INDEPENDENT AUDITORS

The statements of financial position as of December 31, 2022 and 2021, and the related statements of income, expenses and changes in net assets and statements of cash flows for each of the three years in the period ended December 31, 2022, included in the accompanying financial statements, have been audited by Crowe LLP as stated in their report appearing in this Circular.

REPORTS TO PURCHASERS OF INVESTMENTS

MIF will make available to each purchaser of an Investment its audited Financial Statements for its most recently completed fiscal year, within 120 days of the end of the fiscal year. MIF will also make available to each such purchaser a copy of its Offering Circular, with audited Financial Statements, by May 31 in each year. Copies of the annual audited Financial Statements will also be provided to such purchasers at any time upon request.

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Mission Investment Fund of the
Evangelical Lutheran Church in America

Opinion

We have audited the financial statements of Mission Investment Fund of the Evangelical Lutheran Church in America ("MIF"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of income, expenses and changes in net assets, and cash flows for each of the three years in the period ended December 31, 2022, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MIF's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MIF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MIF's ability to continue as a going concern for a reasonable period of time.

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

Crowe LLP

Crowe LLP

Louisville, Kentucky
March 30, 2023

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 11,686,513	\$ 18,068,432
Investments (Notes 2 and 10)	180,963,410	226,761,395
Accrued interest receivable	2,962,841	3,070,360
Other assets (Notes 1 and 5)	<u>5,535,586</u>	<u>3,504,476</u>
	<u>201,148,350</u>	<u>251,404,663</u>
Loans receivable, net (Note 3):		
Congregational and other ministry loans	582,719,403	575,443,487
Allowance for loan losses	<u>(10,157,000)</u>	<u>(9,380,000)</u>
	<u>572,562,403</u>	<u>566,063,487</u>
Real estate owned (Notes 4 and 10):		
Held for congregations	-	188,757
Held for sale	4,353,531	5,895,760
Allowance for losses on property held for sale	<u>(1,716,000)</u>	<u>(1,551,000)</u>
	<u>2,637,531</u>	<u>4,533,517</u>
Total assets	<u>\$ 776,348,284</u>	<u>\$ 822,001,667</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other liabilities	\$ 8,766,540	\$ 9,000,967
Due to ELCA Churchwide Administrative Offices	4,280,923	9,688,300
Accrued interest payable	788,052	731,474
Investment obligations (Note 6)	559,372,468	575,392,127
Real estate deposits	<u>208,350</u>	<u>838,559</u>
Total liabilities	<u>573,416,333</u>	<u>595,651,427</u>
Commitments and contingencies (Notes 8 and 9)	-	-
Net assets (Note 7):		
Without donor restrictions	199,430,797	222,111,606
With donor restrictions	<u>3,501,154</u>	<u>4,238,634</u>
Total net assets	<u>202,931,951</u>	<u>226,350,240</u>
Total liabilities and net assets	<u>\$ 776,348,284</u>	<u>\$ 822,001,667</u>

See accompanying notes to financial statements.

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENTS OF INCOME, EXPENSES, AND CHANGES IN NET ASSETS
Years ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Changes in net assets without donor restriction			
Operating income:			
Interest on loans	\$ 23,159,572	\$ 24,463,296	\$ 24,862,921
Interest and dividends on investments	4,852,968	4,414,576	3,008,729
Total interest and dividend income	<u>28,012,540</u>	<u>28,877,872</u>	<u>27,871,650</u>
Interest expense	<u>7,599,008</u>	<u>7,626,244</u>	<u>9,209,211</u>
Net interest income	<u>20,413,532</u>	<u>21,251,628</u>	<u>18,662,439</u>
Operating expenses:			
General operating expenses	15,758,962	14,441,702	12,837,386
Grants to ELCA and related ministries (Note 11)	2,466,359	4,982,224	5,393,221
Provision (credit) for loan losses (Note 3)	777,000	(1,440,000)	893,391
(Recovery of) provision for real estate losses (Notes 4 and 10)	<u>350,183</u>	<u>21,000</u>	<u>(437,886)</u>
Total operating expenses	<u>19,352,504</u>	<u>18,004,926</u>	<u>18,686,112</u>
Other operating income:			
Loan fees	171,374	126,239	174,200
Gain (loss) on sale of real estate	39,823	32,877	32,877
Rental income	7,875	22,875	40,540
Other income	<u>49,321</u>	<u>40,761</u>	<u>68,835</u>
Total other operating income	<u>268,393</u>	<u>222,752</u>	<u>316,452</u>
Increase in net assets from operating activities	<u>1,329,421</u>	<u>3,469,454</u>	<u>292,779</u>
Non-operating income:			
Realized and unrealized investment return, net (Note 2)	(24,018,116)	4,287,967	5,693,007
Gifts (Note 7)	<u>7,886</u>	<u>52,447</u>	<u>16,337</u>
Non-operating income	<u>(24,010,230)</u>	<u>4,340,414</u>	<u>5,709,344</u>
Change in net assets without donor restrictions	(22,680,809)	7,809,868	6,002,123
Net assets without donor restrictions at beginning of year	<u>222,111,606</u>	<u>214,301,738</u>	<u>208,299,615</u>
Net assets without donor restrictions at end of year	<u>199,430,797</u>	<u>222,111,606</u>	<u>214,301,738</u>

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENTS OF INCOME, EXPENSES, AND CHANGES IN NET ASSETS
Years ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Changes in net assets with donor restrictions:			
Investment return, net (Note 2)	\$ (737,480)	\$ 324,765	\$ 271,055
Gifts (Note 7)	<u>-</u>	<u>-</u>	<u>14,372</u>
Change in net assets with donor restrictions	(737,480)	324,765	285,427
Net assets with donor restrictions at beginning of year	<u>4,238,634</u>	<u>3,913,869</u>	<u>3,628,442</u>
Net assets with donor restrictions at end of year	<u>3,501,154</u>	<u>4,238,634</u>	<u>3,913,869</u>
Changes in total net assets:			
Change in total net assets	(23,418,289)	8,134,633	6,287,550
Total net assets at beginning of year	<u>226,350,240</u>	<u>218,215,607</u>	<u>211,928,057</u>
Total net assets at end of year	<u>\$ 202,931,951</u>	<u>\$ 226,350,240</u>	<u>\$ 218,215,607</u>

See accompanying notes to financial statements.

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENTS OF CASH FLOWS
Years ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:			
Change in net assets	\$ (23,418,289)	\$ 8,134,633	\$ 6,287,550
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	489,389	529,526	505,865
Provision (credit) for loan losses	777,000	(1,440,000)	893,391
(Recovery of) provision for real estate losses	350,183	21,000	(437,886)
Restricted and designated gifts	(7,886)	(52,447)	(30,709)
(Gain) loss on sale of real estate	(39,823)	(32,877)	(32,877)
(Gain) loss on investments	24,421,280	(4,943,336)	(6,169,681)
Changes in assets and liabilities:			
Accrued interest receivable	107,519	(264,693)	(285,590)
Other assets	74,882	90,018	135,881
Accounts payable and other liabilities	(2,743,823)	2,196,206	2,581,848
Due to ELCA Churchwide Administrative Offices	(5,407,377)	5,577,977	3,213,877
Accrued interest payable	56,578	(40,515)	(27,932)
Net cash (used in) provided by operating activities	<u>(5,340,367)</u>	<u>9,775,492</u>	<u>6,633,737</u>
Cash flows from investing activities:			
Purchases of investments	(116,800,572)	(103,128,385)	(86,643,091)
Proceeds from sales and maturities of investments	138,177,277	40,261,235	52,431,959
Purchases of real estate and fixed assets	(79,926)	(135,984)	(756,582)
Change in real estate deposits	(630,209)	19,853	(292,935)
Proceeds from sale of real estate	976,134	33,877	346,733
Loans issued	(99,701,616)	(66,927,243)	(100,821,994)
Principal collected on loans	93,029,133	87,849,243	81,303,408
Net cash provided by (used in) investing activities	<u>14,970,221</u>	<u>(42,027,404)</u>	<u>(54,432,502)</u>
Cash flows from financing activities:			
Restricted and designated gifts	7,886	52,447	30,709
Proceeds from borrowings	18,000,000	-	-
Payment on borrowings	(18,000,000)	-	-
Issuance of investment obligations	164,722,142	176,037,448	191,097,101
Redemption of investment obligations	(180,741,801)	(143,756,923)	(141,344,792)
Net cash (used in) provided by financing activities	<u>(16,011,773)</u>	<u>32,332,972</u>	<u>49,783,018</u>
Net (decrease) increase in cash and cash equivalents	(6,381,919)	81,060	1,984,253
Cash and cash equivalents at beginning of year	<u>18,068,432</u>	<u>17,987,372</u>	<u>16,003,119</u>
Cash and cash equivalents at end of year	<u>\$ 11,686,513</u>	<u>\$ 18,068,432</u>	<u>\$ 17,987,372</u>
Supplementary disclosures:			
Interest paid to investors	\$ 7,477,868	\$ 7,666,759	\$ 9,237,143
Supplementary schedule of noncash investing activities:			
Transfer of real estate owned to/from loans	\$ (603,433)	\$ -	\$ (1,861,583)
Lease liabilities arising from obtaining right-of-use assets	\$ 2,509,396	\$ -	\$ -

See accompanying notes to financial statements.

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: The Mission Investment Fund of the Evangelical Lutheran Church in America (MIF) was organized in March 1987 and began operations on January 1, 1988. MIF assists congregations of the Evangelical Lutheran Church in America (ELCA) in the acquisition, construction, renovation or expansion of church facilities by providing loans at favorable interest rates. MIF may also purchase property for future sale to newly organized congregations and make loans to other ELCA-related ministries. MIF's relationship with its borrowers is unlike that of a typical commercial lender. MIF may make loans to borrowers that would be unable to secure financing from commercial sources.

Net Assets: The financial statements focus on MIF as a whole and present balances and transactions classified based upon the existence or absence of donor-imposed restrictions. Net assets, revenue, expenses, gains, and losses have been classified into two net asset classes based on these donor-imposed restrictions. A description of each net asset class follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect this category of net assets include interest income, interest expense, operating income, operating expenses and gifts and investment income without donor-imposed restrictions. Certain net assets, generally set aside by Board action, function as endowments and are included in net assets without donor restrictions.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of MIF or the passage of time. Items in this net asset category are contributions and investment income whose use is limited to specific purposes by the donor. These amounts are reclassified when such restrictions are met or when time restrictions have expired.

Net assets that are subject to donor-imposed restrictions which require them to be maintained permanently by the MIF are also considered net assets with donor restrictions. Items in this net asset category include gifts wherein donors stipulate that the corpus be held in perpetuity and only the income be made available for purposes without donor restrictions or with donor restrictions (primarily gifts for endowments that will fund perpetual endowments).

Cash and Cash Equivalents: MIF considers all financial instruments with original maturity of 90 days or less held in banks and money market accounts to be cash equivalents except for such amounts held within the investment portfolio. Cash is maintained in bank deposit accounts which, at times, may exceed federal deposit insurance limits. MIF has not experienced any losses in such accounts and believes there is no significant credit risk on cash.

Investments Held for Operating Purposes: Investments, consisting primarily of money market funds, mutual funds, U.S. treasuries, U.S. sponsored agencies, U.S. government securities, government mortgage-backed securities, corporate securities, corporate bonds, municipal bonds, and other bonds are stated at fair value. Interest and dividends on investments are included in changes in net assets from operating activities. Realized and unrealized gains and losses are included in non-operating activities, net of fees.

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Investments Held in Endowment Funds: The MIF Board of Trustees directs that all gifts received by MIF that are donor-restricted be invested in the Mission Investment Fund Endowment at the ELCA and that all gifts without restrictions by the donor be designated for investment in the Mission Investment Fund Gift Fund at the ELCA. MIF is also the beneficiary of other endowment funds held by the ELCA Foundation. Investments held in endowment funds are stated at net asset value. The distributed income from these endowment funds is used annually by MIF to fund grants or loans to congregations or other ministries. All such endowment funds are classified by the ELCA Foundation as "Funds Held for Others" or "Funds Held for Others in Perpetuity" and are invested in the Ministry Growth Fund of the ELCA Foundation ("Ministry Growth Fund") administered under the terms of that Trust by its Trustee.

The Ministry Growth Fund investment objective is to provide participants with a stable stream of distributable investment income with long-term capital appreciation, while assuming a moderate level of investment risk. The assets of the Ministry Growth Fund are invested in a diversified portfolio that places an emphasis on equity-based and fixed income investments selected in accordance with the criteria of social responsibility that is consistent with the values and programs of the ELCA.

The target asset allocation ranges are 22% to 32% in U.S. equity securities, 25% to 35% in Non-U.S. equity securities, 4% to 14% in investment grade fixed income securities, 0% to 10% in high yield fixed income securities, 0% to 10% in global real estate securities, 0% to 10% in U.S. inflation-indexed securities, 0% to 8% in hedge funds, 0% to 8% in absolute return, 0% to 8% in infrastructure and 0% to 20% in private markets with the balance in cash and cash equivalents.

Ownership interests in the Ministry Growth Fund are initially assigned through unitization of participants' investment additions. The total value of the Ministry Growth Fund net assets at the end of each month is used to determine the number of units allocated to participants' additions placed in the Ministry Growth Fund and to value withdrawals from the pool. Distributions from the pool are first made from dividend and interest income and net realized gains. If distributions exceed the actual dividends, interest, and net realized gains, the excess is distributed first from accumulated undistributed earnings and gains, then from capital.

Quarterly distributions from the Ministry Growth Fund are made at a rate established annually by the Trustee of the Ministry Growth Fund that reflects the Trustee's consideration of anticipated returns of the Ministry Growth Fund and anticipated changes in the purchasing power of the Ministry Growth Fund. The rate established for 2022, 2021 and 2020 was 4.00%. It was applied each year to the average unit value of the assets in the Ministry Growth Fund at December 31 of the five preceding years. The rate established for 2023 is 4.00%.

MIF has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, MIF classifies the endowment funds holding the contributed value of donor-restricted gifts, and related undistributed earnings and unrealized appreciation, as net assets with donor restrictions. The endowment fund holding the contributed value of MIF board-designated gifts, and related undistributed earnings and unrealized appreciation, is classified as net assets without donor restrictions.

All other net assets of MIF that do not have donor-imposed restrictions are included in net assets without donor restrictions.

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Loans Receivable: Loans that management has the ability and intent to hold for the foreseeable future are recorded at the principal balance outstanding, less the allowance for loan losses. Interest income is accrued on loans and credited to income on the principal amount outstanding. Accrual of interest is ceased on loans and the loans are moved to non-accrual status when payment is 90 days or more past due. MIF determines whether a loan is past due based on the contractual terms of the loan. Interest accrued, but not collected, at the date a loan is placed on non-accrual status is reversed and charged against income. Interest received on such loans is accounted for using the cost-recovery method until the loan is returned to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are less than 90 days past due and future payments are reasonably assured.

The loan portfolio consists of one segment – commercial real estate loans with two classes of loans – standard loans and construction loans. Construction loans are loans in the construction stage and are not completed to the point where permanent occupancy is permitted. Some risk characteristics of construction loans are different from standard loans due to uncertainty inherent in the construction phase of projects including the potential for cost overruns or other circumstances detrimental to the collectability of the loan that are not present with standard loans. When there is a construction phase, both the construction and permanent financing phases of loans are underwritten and the resultant loan documentation is prepared in a single step and therefore MIF considers the underwriting risk factors for both classes of loans to be the same.

Allowance for Loan Losses: The allowance for loan losses is a valuation allowance for probable incurred credit losses. The allowance for loan losses is increased by a provision for losses charged to expense and reduced by loans charged off, net of recoveries. The allowance, for both construction loans and standard loans, is maintained at a level considered adequate to provide for probable incurred loan losses based on management's evaluation of the anticipated impact on the loan portfolio of current economic conditions, changes in the character and size of the portfolio, past loan loss experience, probable future losses on loans to specific borrowers, the financial condition of the borrower, and other pertinent factors that management believes require current recognition in estimating probable loan losses. Loan losses are charged against the allowance when management believes the loan balance is uncollectible. Subsequent recoveries, if any, are credited to the allowance. Specific reserves are established for any impaired loan for which the recorded investment in the loan exceeds the fair value of the loan. Both construction loans and standard loans use the same risk categories for credit quality indicators.

A loan is considered impaired when it is probable that all principal and interest amounts due will not be collected in accordance with the loan's contractual terms. Loans that experience insignificant delays and temporary payment shortfalls generally are not classified as impaired. Impairment is measured on a loan-by-loan basis by the value of either the expected future cash flows or the loan's underlying collateral.

The recorded investment in impaired loans is periodically adjusted to reflect cash payments and revised estimates of future cash flows. Cash payments are reported as reductions in the recorded investment. Other cash payments representing interest income are reported as such. Increases or decreases due to changes in estimates of future payments are considered in relation to the overall adequacy of the allowance for loan losses.

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

A troubled debt restructuring exists when MIF has granted a concession to a borrower that is in financial difficulty. Troubled debt restructurings are separately identified for impairment disclosures and are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a troubled debt restructuring is collateral dependent, the loan is reported at the fair value of collateral. For troubled debt restructurings that subsequently default, MIF determines the amount of allowance for loan losses in accordance with its accounting policy for such losses.

Real Estate: Real estate held for congregations, excluding any properties for which impairment has been recognized, is reported at cost and consists of land and buildings acquired for future sale to new congregations. MIF typically sells the property to congregations at its carrying value plus expenses incurred during ownership and usually issues a loan to finance the cost of the property and any related construction costs for a physical facility. Real estate no longer needed for future congregational use, which has been designated for sale to third parties, is reported at the lower of the carrying amount or fair value, less estimated selling costs.

Real estate properties are transferred from loans at the fair value of the properties, less estimated selling costs, establishing a new cost basis. The assets are subsequently carried at the lower of cost or fair value less estimated selling costs. Any write-down in the carrying value of a property at the time of acquisition is charged to the allowance for loan losses. Any subsequent declines in fair value, as well as losses on disposition, are reflected in the real estate valuation allowance recorded through expense. Expenses for maintaining such properties are expensed as incurred.

MIF reviews its long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such assets are considered impaired, the impairment recognized is equal to the amount by which the carrying amount of the assets exceeds the fair value of the assets, less estimated selling costs. Fair value is generally based on real estate appraisals which are updated no less frequently than triennially. Other qualified evaluations may be obtained more frequently if conditions suggest impairment may exist.

Other Assets: Included with other assets are office and computer equipment and software, at cost, of \$7,349,032 and \$7,269,106 with accumulated depreciation of \$4,686,565 and \$4,203,234 at December 31, 2022 and 2021, respectively. Depreciation is provided over the estimated useful lives of the respective assets which range from 3 to 10 years using the straight-line method. Amounts charged to general operating expenses for depreciation were \$483,331, \$514,045, and \$485,221, for the years ended December 31, 2022, 2021 and 2020, respectively.

Operations: Operating results in the statements of income, expenses, and changes in net assets reflect all transactions increasing and decreasing net assets without donor restrictions except for gains and losses on investments, as well as gifts, which have been classified as non-operating.

General Operating Expenses: Certain general operating expenses of MIF are disbursed by the ELCA Churchwide Administrative Offices ("CAO"). These payments for general operating expenses are reimbursed by MIF on a monthly basis.

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Income Taxes: MIF is an affiliated entity recognized by the CAO as being included under its Group Exemption Ruling which establishes that MIF is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 and, except for taxes pertaining to unrelated business income, is exempt from Federal and state income taxes. Accordingly, no provision for income taxes has been made in the financial statements. There were no income tax related interest or penalties recognized by MIF for each of the three years in the period ended December 31, 2022. MIF recognizes interest and penalties related to unrecognized tax benefits, if incurred, in interest and income tax expense, respectively. MIF has not been examined by any tax jurisdiction.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates also affect the reported amounts of income, expenses, gains, and losses during the period. Actual results could differ from these estimates.

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance sheet credit instruments, such as commitments to make loans. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Adoption of New Accounting Standard: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. MIF has implemented this ASU for the year ended December 31, 2022, using the modified retrospective approach. MIF elected the optional practical expedient package which, among other things, includes the historical classification of leases.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2022, and where appropriate reflected them within the audited financial statements for the year ended December 31, 2022. Management has performed their analysis through March 30, 2023, the date the financial statements were available to be issued.

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 2 - INVESTMENTS

Investments: Investments are stated at fair value and consist of the following at December 31, 2022 and 2021:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents (T-bill)	\$ 1,598,469	\$ 1,598,469	\$ 943,576	\$ 943,576
Certificates of deposit	19,825,097	19,825,097	17,346,645	17,346,645
Money market	1,307,382	1,307,382	5,417,817	5,417,905
Mutual funds	51,869	51,869	-	-
U.S. treasuries	6,604,709	6,310,631	10,416,074	10,347,336
U.S. sponsored agencies	6,722,618	6,188,639	6,575,798	6,534,288
U.S. government mortgage-backed	31,368,124	27,404,480	31,245,892	30,906,436
Municipal bonds	1,207,904	1,108,651	1,639,530	1,631,631
Corporate bonds	71,489,567	66,346,377	83,842,650	83,080,826
Other bonds	707,139	673,683	2,027,915	2,011,741
U.S. large-cap stocks	18,821,651	20,144,058	19,251,101	28,641,786
U.S. mid-cap stocks	6,913,890	7,564,535	6,439,846	10,333,647
U.S. small-cap stocks	4,112,721	3,307,067	5,432,762	5,976,694
Non-U.S. stocks	6,713,569	6,537,917	8,329,911	8,958,131
Beneficial Interest in ELCA Endowments	2,515,382	3,501,154	2,515,382	4,238,634
Ministry Growth Fund of the ELCA Foundation	7,608,679	9,093,401	7,081,357	10,392,119
	<u>\$ 187,568,770</u>	<u>\$ 180,963,410</u>	<u>\$ 208,506,256</u>	<u>\$ 226,761,395</u>

The following schedule summarizes the investment return reported in the statements of income, expenses, and changes in net assets for the years ended December 31, 2022, 2021, and 2020:

	<u>Without donor restrictions</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Realized investment gains (losses)	\$ 1,238,361	\$ 3,992,986	\$ (65,288)
Unrealized investment gains (losses)	(24,922,161)	625,585	5,963,915
Investment management fees	<u>(334,316)</u>	<u>(330,604)</u>	<u>(205,620)</u>
Investment return, net	<u>\$ (24,018,116)</u>	<u>\$ 4,287,967</u>	<u>\$ 5,693,007</u>
	<u>With donor restrictions</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Realized investment gains (losses)	\$ -	\$ -	\$ -
Unrealized investment gains (losses)	(737,480)	324,765	271,055
Investment management fees	<u>-</u>	<u>-</u>	<u>-</u>
Investment return, net	<u>\$ (737,480)</u>	<u>\$ 324,765</u>	<u>\$ 271,055</u>

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 3 - LOANS RECEIVABLE

Congregational and Other Ministry Loans: These loans consist of mortgage notes, loan participations, contracts for deeds, and unsecured promissory notes totaling \$582,719,403 and \$575,443,487 at December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021, approximately \$558.0 million and \$569.2 million of the loans are secured by first mortgages, \$22.3 million and \$3.7 million are secured by second mortgages, and \$2.4 million and \$2.5 million are unsecured, respectively. Interest rates for congregational and other ministry loans range from 2.900% to 6.375% with a weighted average interest rate of approximately 4.221% during 2022; 2.900% to 6.375% with a weighted average interest rate of approximately 4.188% during 2021; 3.000% to 6.625% with a weighted average interest rate of approximately 4.264% during 2020.

MIF makes loans to congregations and other ministries. Because of the financial uniqueness of this market, MIF's relationship with its borrowers is different from that of a typical commercial lender. MIF may make loans to borrowers which may not be able to secure financing from commercial sources. The ability of each borrower to pay MIF may depend on contributions received. Therefore, payments to MIF may depend on the membership levels of the borrower congregations, and on the maintenance of adequate contributions by individual members to their congregations, on prudent management by those congregations of their finances, and on general economic conditions. In the event of default, ultimate repayment of loans secured by first and second mortgages may depend on the proceeds from the sale of the underlying collateral. The underlying collateral for first and second mortgages generally consists of real estate used for congregational needs, such as church facilities. This real estate often has limited uses which could negatively impact its salability and ultimate repayment of the loans.

MIF may also permit payment accommodations more readily than commercial lenders. These loan practices may result in less money being collected on delinquent loans than a commercial lender would normally collect and may result in a higher loan delinquency rate.

Components of congregational and other ministry loans, net at December 31 are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Construction loans	\$ 41,484,158	\$ 45,932,957	\$ 35,061,608
Standard loans	541,235,245	529,510,530	561,303,879
Allowance for loan losses	<u>(10,157,000)</u>	<u>(9,380,000)</u>	<u>(10,820,000)</u>
Loans receivable, net	<u>\$ 572,562,403</u>	<u>\$ 566,063,487</u>	<u>\$ 585,545,487</u>

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 3 - LOANS RECEIVABLE (Continued)

Allowance for Loan Losses and Related Loans: A summary of the activity in the allowance for loan losses by class of loan is as follows:

Allowance for Loan Losses	Commercial Real Estate Loans		
	Construction <u>Loans</u>	Standard <u>Loans</u>	<u>Total</u>
Balance January 1, 2020	\$ -	\$ 10,064,000	\$ 10,064,000
Charge-offs	-	(137,391)	(137,391)
Recoveries	-	-	-
Provision	127,000	766,391	893,391
Balance December 31, 2020	127,000	10,693,000	10,820,000
<hr/>			
Ending balance individually evaluated for impairment	-	8,595,304	8,595,304
Ending balance collectively evaluated for impairment	127,000	2,097,696	2,224,696
Total	127,000	10,693,000	10,820,000
<hr/>			
Charge-offs	-	-	-
Recoveries	-	-	-
Provision	28,000	(1,468,000)	(1,440,000)
Balance December 31, 2021	155,000	9,225,000	9,380,000
<hr/>			
Ending balance individually evaluated for impairment	-	7,445,364	7,445,364
Ending balance collectively evaluated for impairment	155,000	1,779,636	1,934,636
Total	\$ 155,000	\$ 9,225,000	\$ 9,380,000
<hr/>			
Charge-offs	-	-	-
Recoveries	-	-	-
Provision	91,000	686,000	777,000
Balance December 31, 2022	246,000	9,911,000	10,157,000
<hr/>			
Ending balance individually evaluated for impairment	-	8,887,018	8,887,018
Ending balance collectively evaluated for impairment	246,000	1,023,982	1,269,982
Total	\$ 246,000	\$ 9,911,000	\$ 10,157,000

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 3 - LOANS RECEIVABLE (Continued)

<u>Loans</u>	<u>Construction Loans</u>	<u>Standard Loans</u>	<u>Total</u>
Balance December 31, 2020	\$ 35,061,608	\$ 561,303,879	\$ 596,365,487
Allowance for loan losses	<u>(127,000)</u>	<u>(10,693,000)</u>	<u>(10,820,000)</u>
Carrying value	34,934,608	550,610,879	585,545,487
<hr/>			
Ending balance individually evaluated for impairment	-	48,593,289	48,593,289
Ending balance collectively evaluated for impairment	<u>35,061,608</u>	<u>512,710,590</u>	<u>547,772,198</u>
Total	35,061,608	561,303,879	596,365,487
<hr/>			
Balance December 31, 2021	45,932,957	529,510,530	575,443,487
Allowance for loan losses	<u>-</u>	<u>(9,380,000)</u>	<u>(9,380,000)</u>
Carrying value	45,932,957	520,130,530	566,063,487
<hr/>			
Ending balance individually evaluated for impairment	-	47,663,116	47,663,116
Ending balance collectively evaluated for impairment	<u>45,932,957</u>	<u>481,847,414</u>	<u>527,780,371</u>
Total	45,932,957	529,510,530	575,443,487
<hr/>			
Balance December 31, 2022	41,484,158	541,235,245	582,719,403
Allowance for loan losses	<u>-</u>	<u>(10,157,000)</u>	<u>(10,157,000)</u>
Carrying value	41,484,158	531,078,245	572,562,403
<hr/>			
Ending balance individually evaluated for impairment	-	52,061,047	52,061,047
Ending balance collectively evaluated for impairment	<u>45,932,957</u>	<u>484,725,399</u>	<u>530,658,356</u>
Total	\$ 45,932,957	\$ 536,786,446	\$ 582,719,403

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 3 - LOANS RECEIVABLE (Continued)

Past Due Loans: Management tracks asset quality through past due loans. A summary of past due loans at December 31, 2022, 2021, and 2020 is as follows:

	December 31, 2022				
	Current (Accruing)	30-59 Days Past Due (Accruing)	60-89 Days Past Due (Accruing)	90 Days and Over (Non-Accruing)	Total
Commercial real estate loans					
Construction loans	\$ 41,484,158	\$ -	\$ -	\$ -	\$ 41,484,158
Standard loans	<u>525,231,021</u>	<u>4,802,305</u>	<u>341,450</u>	<u>10,860,469</u>	<u>541,235,245</u>
Total	<u>\$ 566,715,179</u>	<u>\$ 4,802,305</u>	<u>\$ 341,450</u>	<u>\$ 10,860,469</u>	<u>\$ 582,719,403</u>
	December 31, 2021				
	Current (Accruing)	30-59 Days Past Due (Accruing)	60-89 Days Past Due (Accruing)	90 Days and Over (Non-Accruing)	Total
Commercial real estate loans					
Construction loans	\$ 45,913,457	\$ 19,500	\$ -	\$ -	\$ 45,932,957
Standard loans	<u>513,800,418</u>	<u>5,203,595</u>	<u>167,707</u>	<u>10,338,810</u>	<u>529,510,530</u>
Total	<u>\$ 559,713,875</u>	<u>\$ 5,223,095</u>	<u>\$ 167,707</u>	<u>\$ 10,338,810</u>	<u>\$ 575,443,487</u>
	December 31, 2020				
	Current (Accruing)	30-59 Days Past Due (Accruing)	60-89 Days Past Due (Accruing)	90 Days and Over (Non-Accruing)	Total
Commercial real estate loans					
Construction loans	\$ 35,061,608	\$ -	\$ -	\$ -	\$ 35,061,608
Standard loans	<u>543,612,125</u>	<u>4,073,225</u>	<u>773,252</u>	<u>12,845,277</u>	<u>561,303,879</u>
Total	<u>\$ 578,673,733</u>	<u>\$ 4,073,225</u>	<u>\$ 773,252</u>	<u>\$ 12,845,277</u>	<u>\$ 596,365,487</u>

Impaired Loans and Related Allowances for Losses: The following is a summary of information pertaining to impaired loans as of December 31:

<u>Commercial real estate loans</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Standard loans</u>			
<u>With an allowance recorded</u>			
Carrying value	\$ 43,174,029	\$ 40,217,752	\$ 39,997,985
Unpaid principal balance	52,061,047	47,663,116	48,593,289
Related allowance	8,887,018	7,445,364	8,595,304
Average recorded investment during the	41,695,891	40,107,869	46,043,139
Interest income recognized and (including performing troubled debt res)	1,813,668	1,442,940	1,419,658

There were no impaired construction loans during the years ended December 31, 2022, 2021, or 2020.

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 3 - LOANS RECEIVABLE (Continued)

Impaired loans had a principal balance of \$52,061,047, with a valuation allowance of \$8,887,018 at December 31, 2022, resulting in an increase in provision for loan losses of \$1,441,655 for the year ended December 31, 2022. Impaired loans had a principal balance of \$47,663,116, with a valuation allowance of \$7,445,364 at December 31, 2021, resulting in a reduction in provision for loan losses of (\$1,149,940) for the year ended December 31, 2021. Impaired loans had a principal balance of \$48,593,289, with a valuation allowance of \$8,595,304 at December 31, 2020, resulting in an increase in provision for loan losses of \$671,645 for the year ended December 31, 2020. Impaired loans with specific allocations of the allowance for loan losses are based on expected future cash flows.

Troubled debt restructurings

MIF has allocated \$854,972 and \$929,290 of the allowance for loan losses, relating to balances of \$13,971,586 and \$14,719,132, for five customers whose loan terms have been modified in troubled debt restructurings as of December 31, 2022 and 2021, respectively. The concessions giving rise to the troubled debt restructurings totaled approximately \$3,093,000 for the years ended December 31, 2022 and 2021, respectively, and were in the form of matching grants to encourage timely monthly payments and temporary interest rate reductions. There were no loans modified in troubled debt restructurings during the years ended December 31, 2022 and 2021. None of the troubled debt restructurings have subsequently defaulted during the years ended December 31, 2022 or 2021. There are no troubled debt restructurings related to construction loans. There are no commitments to lend additional amounts to troubled debt restructurings during the year ended December 31, 2022.

The terms of certain other loans were modified during the years ending December 31, 2022 and 2021, which did not meet the definition of a troubled debt restructuring. These loans have a total recorded investment as of December 31, 2022 and 2021, of \$11,430,254 and \$24,116,763, respectively. The modifications of these loans involved temporary delays in payments that were considered to be insignificant and did not result in concessions to the borrowers.

Credit quality and non-accrual loans

Each month MIF divides the loan portfolio into two credit quality categories based upon their payment records – performing loans and non-performing loans. Non-performing loans, or those that are in non-accrual status, are loans which are past due 90 days or more. At December 31, 2022 and 2021, loans in non-accrual status were \$10,860,469 and \$10,338,810, respectively, none of which were construction loans.

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 3 - LOANS RECEIVABLE (Continued)

Concentration of Credit Risk: MIF's lending activities are primarily conducted with congregations and other ministries related to the ELCA throughout the United States. The ELCA has identified nine geographical regions, which are comprised of 65 synods and their related congregations. The following is a summary of loans by region for years ended December 31:

	<u>2022</u>	<u>2021</u>
Region 1 - Northwest area	\$ 48,977,062	\$ 51,319,024
Region 2 - Southwest area	63,264,797	93,730,280
Region 3 - Northwest Mid-West area	88,552,261	81,306,288
Region 4 - Southwest Mid-West area	48,580,367	42,311,666
Region 5 - Northeast Mid-West area	126,636,548	135,891,416
Region 6 - Southeast Mid-West area	46,765,047	40,882,316
Region 7 - Northeast area	24,619,170	23,883,946
Region 8 - East area	41,639,289	41,143,595
Region 9 - Southeast area	58,796,105	44,333,081
Other	<u>34,888,757</u>	<u>20,641,875</u>
Total loans	<u>\$ 582,719,403</u>	<u>\$ 575,443,487</u>

NOTE 4 - REAL ESTATE

Real Estate Held for Congregations: Through its congregational development program, MIF may buy and manage real estate for future sale to new congregations.

MIF may acquire property and subsequently enter into lease arrangements with congregations regarding such property. The net carrying value of leased property was \$0 and \$188,757 at December 31, 2022 and 2021, respectively. Accumulated depreciation on this leased property was \$0 and \$247,794 at December 31, 2022 and 2021, respectively. Additionally, MIF has accumulated depreciation on properties that were formerly leased of \$0 and \$112,246 at December 31, 2022 and 2021, respectively. Depreciation expense on buildings under lease is included in general operating expenses and amounted to \$6,058, \$15,481, and \$20,644, for years ended December 31, 2022, 2021 and 2020, respectively.

Real Estate Held for Sale: MIF actively reviews its property holdings to identify properties no longer required for congregational development. These properties are then considered to be excess real estate and are actively marketed for sale to third parties. The carrying value of real estate held for sale is net of allowances of approximately \$1.7 million and \$1.6 million at December 31, 2022 and 2021, respectively.

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 4 - REAL ESTATE (Continued)

A summary of the activity in the allowance for losses on property held for sale is as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 1,551,000	\$ 1,530,000	\$ 2,079,000
Provision for (recovery of) real estate losses	350,183	21,000	(437,886)
Charge off on sales of real estate	<u>(185,183)</u>	<u>-</u>	<u>(111,114)</u>
Balance at end of year	<u>\$ 1,716,000</u>	<u>\$ 1,551,000</u>	<u>\$ 1,530,000</u>

NOTE 5 - LEASES

Operating Leases

Operating leases are included within other assets and other liabilities in the statement of financial position. MIF enters into a lease for office locations in the normal course of business. The lease has a remaining term of 1 month, which includes a renewal option to extend the lease for up to 10 years with the approval of both the lessor, ELCA, and the lessee. MIF has determined that the option to renew is sufficiently assured and as such has included the calculation of this lease asset and liability within the 'other assets' and 'other liabilities' line items, respectively, of the statements of financial position. MIF determines if an arrangement is a lease at inception.

Right-of-use assets and lease liabilities by lease type, and the associated balance sheet classifications, are as follows at December 31, 2022:

Right-of-use assets:	
Operating leases	<u>\$ 2,509,396</u>
Lease liabilities:	
Operating leases	<u>\$ 2,509,396</u>

The components of total lease cost were as follows for the period ending December 31, 2022:

Operating lease cost	<u>\$ 311,496</u>
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(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 5 - LEASES (Continued)

Lease Obligations

Future undiscounted lease payments for the operating lease as of December 31 is as follows:

Year ending December 31,		
2023	\$	311,496
2024		311,496
2025		311,496
2026		311,496
2027		311,496
2028 and thereafter		<u>1,271,942</u>
Total undiscounted lease payments	\$	2,829,422
Less: imputed interest		<u>(320,026)</u>
Net lease liabilities	\$	<u><u>2,509,396</u></u>

Supplemental Lease Information

Operating lease remaining lease term (years)	9.08
Operating lease discount rate	2.25%
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	<u>\$ 311,496</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	
	<u>\$ 2,509,396</u>

NOTE 6 - INVESTMENT OBLIGATIONS

MIF sells term and demand investment obligations (“Investments” or “Obligations”) for the purpose of raising funds for its congregational and other ministry loan programs. Details relating to Obligations outstanding at December 31, 2022 and 2021, are as follows:

<u>Type of Obligation</u>	Amount	
	2022	2021
Demand	\$ 286,896,932	\$ 295,133,887
Term	265,865,627	273,575,420
Term - MIF4KIDZ	<u>6,609,909</u>	<u>6,682,820</u>
	<u>\$ 559,372,468</u>	<u>\$ 575,392,127</u>

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 6 - INVESTMENT OBLIGATIONS (Continued)

MIF has the right to call all investments for prepayment prior to maturity at any time on 90 days prior written notice by tendering to the owner of the investment the principal amount of the investment plus interest accrued to the date of tender. No further interest will accrue following tender. The CAO held investments of \$7,356,891 and \$5,785,400 at December 31, 2022 and 2021, respectively. Board members and MIF personnel held investments of \$1,285,567 and \$1,382,282 at December 31, 2022 and 2021, respectively.

a. Demand Investments:

MIF offers and sells demand investments which do not have a fixed term and may be redeemed by the owner at any time in whole or in part, including by writing a check or using a debit card. Interest rates may be adjusted to reflect market conditions at any time. Interest rates based on tiered account balances ranged from 0.399% to 0.797% in 2022 and 0.499% to 0.995% in 2021. These investments totaled \$275,916,259 and \$285,799,993 at December 31, 2022 and 2021, respectively.

MIF also offers and sells demand investments which do not have a fixed term and may be redeemed by the owner at any time in whole or in part but limited to one redemption per month by request to MIF. Interest rates may be adjusted monthly to reflect market conditions. In 2022, the rate was 0.499% from January 1 to February 28 and 0.399% from March 1 to December 31. In 2021, the rate was 0.549% from January 1 to February 28 and 0.499% from March 1 to December 31. These investments totaled \$10,980,672 and \$9,333,894 at December 31, 2022 and 2021, respectively.

b. Term Investments:

MIF offers and sells adjustable and fixed rate term investments. Adjustable rate term investments were available for sale during 2022 and 2021, with 1, 3, 5, and 7 year term maturities. Interest rates may be adjusted monthly to reflect market conditions, but not lower than the representative yields on United States Government Treasury securities with terms corresponding to those of the investments. Interest rates ranged from 0.996% to 4.397% for the year ended December 31, 2022 and 0.160% to 1.472% for the year ended December 31, 2021. The average interest rates were 2.697% and 0.816% for the years ended December 31, 2022 and 2021, respectively. These investments totaled \$38,935,519 and \$24,054,812 at December 31, 2022 and 2021, respectively.

Fixed rate term investments were available for sale during 2022 and 2021, with 1, 2, 4, and 6 year maturities. The interest rate, which is set by MIF and may be adjusted from time to time, is fixed at the beginning of the term and remains at that rate for the full term. Interest rates ranged from 0.399% to 3.455% for the year ended December 31, 2022 and 0.499% to 2.280% for the year ended December 31, 2021. The average interest rates were 1.927% and 1.390% for the years ended December 31, 2022 and 2021, respectively. These investments totaled \$218,135,794 and \$238,249,278 at December 31, 2022 and 2021, respectively.

MIF also offers and sells term investments with 1, 2, and 3 year maturities and a minimum balance of \$250,000. The interest rate, which is set by MIF and may be adjusted from time to time, is fixed at the beginning of the term and remains at that rate for the full term. Interest rates ranged from 0.499% to 3.016% for the year ended December 31, 2022 and 0.499% to 1.590% for the year ended December 31, 2021. The average interest rate was 1.758% and 1.045% for the years ended December 31, 2022 and 2021. These investments totaled \$8,794,315 and \$11,271,330 at December 31, 2022 and 2021, respectively.

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 6 - INVESTMENT OBLIGATIONS (Continued)

Redemption of term investments prior to maturity may be permitted or denied at the discretion of MIF and may require an early redemption penalty of 1.500% of the principal amount redeemed prior to maturity.

Aggregate maturities of term investments outstanding at December 31, 2022, are shown below. Amounts indicated as maturing in the various years will not necessarily correspond to cash redemptions because of renewals.

<u>Year ending December 31</u>	<u>Fixed Rate</u>	<u>Adjustable Rate</u>	<u>Total</u>
2023	\$ 85,405,164	\$ 4,085,911	\$ 89,491,075
2024	49,006,451	5,431,339	54,437,790
2025	47,066,216	21,174,106	68,240,322
2026	16,907,275	2,982,065	19,889,340
2027	9,200,868	1,357,179	10,558,047
2028 and thereafter	19,344,134	3,904,919	23,249,053
	<u>\$ 226,930,108</u>	<u>\$ 38,935,519</u>	<u>\$ 265,865,627</u>

c. Term Investments - MIF4KIDZ:

MIF offers and sells MIF4KIDZ investments only to custodians for minors who are less than 16 years of age. The investment matures at the age of majority of the minor as defined by the Uniform Transfer to Minors Act in the state designated as the address of the minor on the application form. Interest rates may be adjusted monthly, but not below the lowest tier of the Demand Investment rates. Interest rates range from 0.399% to 0.499% for the year ended December 31, 2022 and 0.499% to 0.837% for the year ended December 31, 2021. The average interest rates were 0.449% and 0.668% for years ended December 31, 2022 and 2021, respectively. These investments totaled \$6,609,909 and \$6,682,820 at December 31, 2022 and 2021, respectively.

Redemption of MIF4KIDZ investments prior to maturity is permitted and may require an early redemption penalty of 2.000% of the principal amount redeemed prior to maturity.

Aggregate maturities of MIF4KIDZ investments outstanding at December 31, 2022, are shown below:

<u>Year ending December 31</u>	<u>MIF4KIDZ</u>
2023	\$ 180,992
2024	509,197
2025	523,009
2026	628,788
2027	855,146
2028 and thereafter	3,912,777
	<u>\$ 6,609,909</u>

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
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December 31, 2022 and 2021

NOTE 6 - INVESTMENT OBLIGATIONS (Continued)

Concentration of Risk: MIF's investment activities are primarily conducted with the ELCA's members, congregations, and related ministries throughout the United States. The ELCA has identified nine geographical regions, which are comprised of 65 synods and their related congregations.

The following is a summary of investments by region for years ended December 31:

	<u>2022</u>	<u>2021</u>
Region 1 - Northwest area	\$ 50,701,186	\$ 52,977,246
Region 2 - Southwest area	59,250,993	64,374,935
Region 3 - Northwest Mid-West area	88,186,649	92,835,859
Region 4 - Southwest Mid-West area	50,970,728	52,186,904
Region 5 - Northeast Mid-West area	108,939,462	110,067,618
Region 6 - Southeast Mid-West area	35,034,858	37,178,869
Region 7 - Northeast area	53,258,416	59,873,557
Region 8 - East area	59,867,791	61,964,966
Region 9 - Southeast area	51,306,015	42,204,658
Other	1,856,370	1,727,515
	<u>\$ 559,372,468</u>	<u>\$ 575,392,127</u>

NOTE 7 - NET ASSETS

The following schedules summarize the balance and activity in the Endowment Funds by net asset class for the years ended December 31, 2022 and 2021:

Classification by net asset class:

<u>December 31, 2022:</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor Restricted	\$ -	\$ 3,501,154	\$ 3,501,154
Board Designated	<u>3,361,802</u>	<u>-</u>	<u>3,361,802</u>
	<u>\$ 3,361,802</u>	<u>\$ 3,501,154</u>	<u>\$ 6,862,956</u>
 <u>December 31, 2021:</u>			
Donor Restricted	\$ -	\$ 4,238,634	\$ 4,238,634
Board Designated	<u>4,053,047</u>	<u>-</u>	<u>4,053,047</u>
	<u>\$ 4,053,047</u>	<u>\$ 4,238,634</u>	<u>\$ 8,291,681</u>

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - NET ASSETS (Continued)

Activity by net asset class:

	Without Donor Restriction	With Donor Restriction	Total
Balance January 1, 2020	\$ 3,430,284	\$ 3,628,442	\$ 7,058,726
Investment income	123,094	130,696	253,790
Unrealized gain	249,087	271,055	520,142
New gifts	16,337	14,372	30,709
Withdrawals	<u>(123,094)</u>	<u>(130,696)</u>	<u>(253,790)</u>
Balance December 31, 2020	3,695,708	3,913,869	7,609,577
Investment income	129,939	140,370	270,309
Unrealized gain	304,892	324,765	629,657
New gifts	52,447	-	52,447
Withdrawals	<u>(129,939)</u>	<u>(140,370)</u>	<u>(270,309)</u>
Balance December 31, 2021	4,053,047	4,238,634	8,291,681
Investment income	141,702	148,886	290,588
Unrealized loss	(699,131)	(737,480)	(1,436,611)
New gifts	7,886	-	7,886
Withdrawals	<u>(141,702)</u>	<u>(148,886)</u>	<u>(290,588)</u>
Balance December 31, 2022	<u>\$ 3,361,802</u>	<u>\$ 3,501,154</u>	<u>\$ 6,862,956</u>

At December 31, 2022 and 2021, there were no aggregate amounts of funds for which the fair value of the assets held is less than the level required by donor stipulation or law.

NOTE 8 - LINE OF CREDIT

At December 31, 2022, MIF had a \$20 million committed line of credit and a \$20 million unconditionally cancelable line of credit with UMB Bank, n.a., at a variable interest rate of prime less 1.00% and a maturity date of December 31, 2023. There were no borrowings outstanding under the lines of credit at December 31, 2022 and 2021. During the year 2022, MIF borrowed \$18 million which was repaid during the year. There were no borrowings during the year 2021. The interest rate on the lines of credit were 6.50% and 2.25% for the year ended December 31, 2022 and 2021, respectively. The lines of credit have been renewed through December 31, 2023.

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 9 - FINANCIAL COMMITMENTS AND AGREEMENTS WITH OFF-BALANCE-SHEET RISK

MIF is a party to financial commitments and agreements with off-balance-sheet risk in the normal course of its business. These commitments and agreements include credit and interest rate risk in excess of the amount recognized in the statements of financial position.

The following table summarizes the contractual amounts of off-balance-sheet financial commitments outstanding at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Commitments to originate and disburse loans	\$ 58,050,643	\$ 69,893,471

NOTE 10 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time MIF's entire holdings of a particular financial instrument. Because no market exists for a significant portion of MIF's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

U.S. GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The principal describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other 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.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practical to estimate that value:

Cash and Cash Equivalents: The fair values of cash and cash equivalents are estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable (Level 1 and Level 2 inputs).

Certificates of Deposit: The fair values of certificates of deposit are estimated using the rates of currently offered deposits of similar maturities (Level 2 inputs).

Money Market: The fair values of money market funds is based on quoted prices in active markets (Level 1 inputs).

Mutual Funds: The fair values of mutual fund investments that are readily marketable are determined by obtaining quoted prices on nationally-recognized securities exchanges (Level 1 inputs).

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 10 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Investments: The fair values of debt and equity investments, that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates (U.S. treasuries) (Level 2 inputs). The fair values of other debt instruments (U.S. sponsored agencies, government mortgage backed securities, corporate bonds, municipal bonds and other bonds) are determined by obtaining valuations from third parties based on matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

MIF has the ability to redeem their investment with the Ministry Growth Fund of the ELCA Foundation at any time at the monthly per unit net asset value (NAV). The Ministry Growth Fund of the ELCA Foundation has observable inputs and market activity that allow for fair values based on the underlying market prices of the securities in the Trust. MIF generally uses the most recent NAV information provided by the investment manager, which approximates fair value.

The fair value of the Beneficial Interest in ELCA Endowments, which is invested in the Ministry Growth Fund of the ELCA Foundation, was determined based upon the fair value of the underlying assets at December 31, 2022. This valuation method has been estimated to represent the present value of future distributed income (Level 3 inputs). This value is determined by a third party without adjustments from MIF.

Assets measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at December 31, 2022 Using			NAV	Total
	Quoted Prices In Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs		
	(Level 1)	(Level 2)	(Level 3)		
Assets:					
Cash and cash equivalents (T-bill)	\$ -	\$ 1,598,469	\$ -	\$ -	\$ 1,598,469
Certificates of deposit	-	19,825,097	-	-	19,825,097
Money market	1,307,382	-	-	-	1,307,382
Mutual funds	51,869	-	-	-	51,869
U.S. treasuries	-	6,310,631	-	-	6,310,631
U.S. sponsored agencies	-	6,188,639	-	-	6,188,639
U.S. government mortgage-backed	-	27,404,480	-	-	27,404,480
Municipal bonds	-	1,108,651	-	-	1,108,651
Corporate bonds	-	66,346,377	-	-	66,346,377
Other bonds	-	673,683	-	-	673,683
U.S. large-cap stocks	20,144,058	-	-	-	20,144,058
U.S. mid-cap stocks	7,564,535	-	-	-	7,564,535
U.S. small-cap stocks	3,307,067	-	-	-	3,307,067
Non-U.S. stocks	6,537,917	-	-	-	6,537,917
Beneficial Interest in ELCA Endowments	-	-	3,501,154	-	3,501,154
Ministry Growth Fund of the ELCA Foundation	-	-	-	9,093,401	9,093,401
Total	\$ 38,912,828	\$ 129,456,027	\$ 3,501,154	\$ 9,093,401	\$ 180,963,410

(Continued)

MISSION INVESTMENT FUND OF THE
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NOTE 10 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	Fair Value Measurements at December 31, 2021 Using			NAV	Total
	Quoted Prices In Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs		
	(Level 1)	(Level 2)	(Level 3)		
Assets:					
Cash and cash equivalents (T-bill)	\$ -	\$ 943,576	\$ -	\$ -	\$ 943,576
Certificates of deposit	-	17,346,645	-	-	17,346,645
Money market	5,417,905	-	-	-	5,417,905
U.S. treasuries	-	10,347,336	-	-	10,347,336
U.S. sponsored agencies	-	6,534,288	-	-	6,534,288
U.S. government mortgage-backed	-	30,906,436	-	-	30,906,436
Municipal bonds	-	1,631,631	-	-	1,631,631
Corporate bonds	-	83,080,826	-	-	83,080,826
Other bonds	-	2,011,741	-	-	2,011,741
U.S. large-cap stocks	28,641,786	-	-	-	28,641,786
U.S. mid-cap stocks	10,333,647	-	-	-	10,333,647
U.S. small-cap stocks	5,976,694	-	-	-	5,976,694
Non-U.S. stocks	8,958,131	-	-	-	8,958,131
Beneficial Interest in ELCA Endowments	-	-	4,238,634	-	4,238,634
Ministry Growth Fund of the ELCA Foundation	-	-	-	10,392,119	10,392,119
Total	<u>\$ 59,328,163</u>	<u>\$ 152,802,479</u>	<u>\$ 4,238,634</u>	<u>\$ 10,392,119</u>	<u>\$ 226,761,395</u>

The table below presents a reconciliation for beneficial interests in ELCA endowments measured at fair value on a recurring basis using significant unobservable inputs (Level 3-income approach).

	Beneficial Interest in ELCA Endowments
Balance, ending January 1, 2021	\$ 3,913,869
Increase in fair value of beneficial interest in ELCA endowments	324,765
Gifts	-
Balance, ending December 31, 2021	4,238,634
Decrease in fair value of beneficial interest in ELCA endowments	(737,480)
Gifts	-
Balance, ending December 31, 2022	<u>\$ 3,501,154</u>

All unrealized gains/losses presented in the table relate to assets still held at December 31, 2022 and 2021.

There was no real estate for sale valued at fair value at December 31, 2022 and 2021.

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NOTE 11 - RELATED-PARTY TRANSACTIONS

MIF provided support to the ELCA Churchwide Administrative Office for new start congregations in the amount of \$1,500,000 in 2022, 2021 and 2020, respectively. Other grants to the ELCA-related ministries totaled approximately \$966,000, \$3,482,000, and \$3,893,000, for the years ended December 31, 2022, 2021 and 2020, respectively.

Pursuant to a shared services agreement, MIF contracts with the ELCA for all operations personnel and related benefits and services for an annual fee. This fee is intended to be all-inclusive and to cover compensation of all personnel and other expenses of the ELCA related to its providing of services to MIF, including, but not limited to, rent, telephone expenses, utilities, office furniture, information technology services, miscellaneous administrative expenses, and other expenses related to MIF. During its year ended December 31, 2022, MIF paid total service fees to the ELCA of approximately \$14,060,000. This compares to service fees of approximately \$10,714,000 and \$10,256,000 in 2021 and 2020 respectively.

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN

Substantially all active employees of ELCA are enrolled in an ELCA defined contribution pension plan administered by Portico (previously known as the Board of Pensions of the Evangelical Lutheran Church in America). MIF's portion of the cost for the plan for the years ended December 31, 2022, 2021, and 2020, was approximately \$598,000, \$611,000, and \$543,000, respectively. All contributions to the plan are funded on a current basis.

NOTE 13 - FUNCTIONAL EXPENSES BY NATURE

The statements of income, expense and changes in net assets report operating expenses which are attributable to one or more programs or supporting functions of the organization. Program activities include issuing loans and soliciting investment obligations and providing grants to the ELCA and its affiliated ministries. Supporting activities include marketing of loans and investment obligations; management and general activities that are indispensable to the operation of the organization but are not identifiable with a specific program; and other supporting activities which include accounting and compliance functions.

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NOTE 13- FUNCTIONAL EXPENSES BY NATURE (Continued)

The table below presents expenses by both their nature and function for the year ended December 31, 2022, 2021 and 2020:

	2022							
	Program Activities			Supporting Activities				
	Loan and Investment Obligation	Grants	Total Programs	Management and General	Marketing	Other Supporting	Total Supporting	Total
Salaries and benefits	\$ 4,103,406	\$ 246,636	\$ 4,350,042	\$ 3,325,582	\$ 986,527	\$ 1,217,280	\$ 5,529,389	\$ 9,879,431
Grants to ELCA and related ministries	-	2,466,359	2,466,359	-	-	-	-	2,466,359
Advertising, publications, and events	-	-	-	-	1,469,837	-	1,469,837	1,469,837
Computer systems	1,098,625	-	1,098,625	129,941	195,101	221,619	546,661	1,645,286
Office and occupancy	566,549	-	566,549	67,009	100,611	114,287	281,907	848,456
Professional fees	-	-	-	1,220,650	-	-	1,220,650	1,220,650
Investor obligation compliance	189,055	-	189,055	159,757	-	-	159,757	348,812
Provision for loan and real estate losses	1,127,183	-	1,127,183	-	-	-	-	1,127,183
Travel and meeting	125,690	-	125,690	99,690	3,091	10,785	113,566	239,256
Real estate expenses	107,234	-	107,234	-	-	-	-	107,234
	<u>\$ 7,317,742</u>	<u>\$ 2,712,995</u>	<u>\$ 10,030,737</u>	<u>\$ 5,002,629</u>	<u>\$ 2,755,167</u>	<u>\$ 1,563,971</u>	<u>\$ 9,321,767</u>	<u>\$ 19,352,504</u>

	2021							
	Program Activities			Supporting Activities				
	Loan and Investment Obligation	Grants	Total Programs	Management and General	Marketing	Other Supporting	Total Supporting	Total
Salaries and benefits	\$ 4,359,455	\$ 500,030	\$ 4,859,485	\$ 2,600,340	\$ 729,550	\$ 1,165,740	\$ 4,495,630	\$ 9,355,115
Grants to ELCA and related ministries	-	4,982,224	4,982,224	-	-	-	-	4,982,224
Advertising, publications, and events	-	-	-	-	1,439,565	-	1,439,565	1,439,565
Computer systems	940,028	25,675	965,703	315,260	144,512	164,154	623,926	1,589,629
Office and occupancy	393,311	10,719	404,030	131,621	60,334	68,534	260,489	664,519
Professional fees	-	-	-	923,512	-	-	923,512	923,512
Investor obligation compliance	163,203	-	163,203	143,260	-	-	143,260	306,463
Provision for loan and real estate losses	(1,419,000)	-	(1,419,000)	-	-	-	-	(1,419,000)
Travel and meeting	34,020	-	34,020	2,941	280	648	3,869	37,889
Real estate expenses	125,010	-	125,010	-	-	-	-	125,010
	<u>\$ 4,596,027</u>	<u>\$ 5,518,648</u>	<u>\$ 10,114,675</u>	<u>\$ 4,116,934</u>	<u>\$ 2,374,241</u>	<u>\$ 1,399,076</u>	<u>\$ 7,890,251</u>	<u>\$ 18,004,926</u>

	2020							
	Program Activities			Supporting Activities				
	Loan and Investment Obligation	Grants	Total Programs	Management and General	Marketing	Other Supporting	Total Supporting	Total
Salaries and benefits	\$ 3,428,841	\$ 540,609	\$ 3,969,450	\$ 2,471,642	\$ 362,063	\$ 1,041,177	\$ 3,874,882	\$ 7,844,332
Grants to ELCA and related ministries	-	5,393,221	5,393,221	-	-	-	-	5,393,221
Advertising, publications, and events	-	-	-	-	1,225,168	-	1,225,168	1,225,168
Computer systems	1,043,870	18,501	1,062,371	325,090	171,756	185,011	681,857	1,744,228
Office and occupancy	486,986	9,677	496,663	170,032	69,119	96,766	335,917	832,580
Professional fees	-	-	-	608,886	-	-	608,886	608,886
Investor obligation compliance	141,053	-	141,053	262,286	-	-	262,286	403,339
Provision for loan and real estate losses	455,505	-	455,505	-	-	-	-	455,505
Travel and meeting	55,726	-	55,726	9,801	2,130	330	12,261	67,987
Real estate expenses	110,866	-	110,866	-	-	-	-	110,866
	<u>\$ 5,722,847</u>	<u>\$ 5,962,008</u>	<u>\$ 11,684,855</u>	<u>\$ 3,847,737</u>	<u>\$ 1,830,236</u>	<u>\$ 1,323,284</u>	<u>\$ 7,001,257</u>	<u>\$ 18,686,112</u>

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NOTE 13 - FUNCTIONAL EXPENSES BY NATURE (Continued)

Certain expenses, such as grants, advertising, publications, and events, professional fees, investor obligation compliance, provision for loan and real estate losses, travel and meeting, and real estate expenses were specifically identified for the specific program or support activity. Expenses attributable to more than one program or supporting activity are allocated. Allocated expenses include salaries and benefits which are allocated based on employee job responsibilities related to the specific program or supporting activity. Computer systems and office and occupancy are allocated based on the equivalent employee head count identified for the specific program or supporting activity.

NOTE 14 - LIQUIDITY AND AVAILABILITY

MIF's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 11,686,513	\$ 18,068,432
Mutual funds, certificates of deposit, T-Bills and money market accounts	16,700,720	14,004,562
Investment maturities and principal paydowns	14,461,243	13,986,727
Investment interest receivable	<u>2,777,850</u>	<u>2,795,658</u>
	<u>\$ 45,626,326</u>	<u>\$ 48,855,379</u>

As part of MIF's liquidity management, MIF invests its financial assets to remain available for its program operations and its general expenditures, liabilities, and other obligations as they come due.

To maintain liquidity for program operations, MIF holds a portion of its assets in cash, cash equivalents, and readily marketable securities. MIF manages its liquidity through an Asset/Liability Management Committee (ALCO) which reviews cash flow projections from scheduled loan payments and anticipated prepayments and investment obligations scheduled to mature. The ALCO committee, which meets no less frequently than monthly, also reviews and sets interest rates on loans and investment obligations based on market conditions and MIF's liquidity needs.

To further manage any unanticipated liquidity needs that may arise, MIF has a committed line of credit in the amount of \$20 million and a \$20 million unconditionally cancelable line of credit from which it could draw upon. The use of these lines of credit are generally restricted to the extent that MIF requires additional liquidity to fund program-related obligations.

MIF's liquidity policy requires a minimum of 8% of outstanding investment obligations to be held as a combination of liquid assets, which include cash, cash equivalents, and readily marketable securities, and a committed line of credit. As of December 31, 2022 and 2021, 8% of investment obligations was approximately \$44.7 million and \$46.0 million, respectively.

In addition to MIF's financial assets whose cash flow is available within one year, MIF holds an additional \$149,653,000 and \$190,512,000 of readily marketable stocks and bonds at December 31, 2022 and 2021 that can be sold for liquidity purposes.
