MENNONITE BRETHREN LOAN FUND
OFFERING OF DEBT SECURITIES

MB FOUNDATION
Giving Meaning to Money®

A higher standard.
A higher purpose.

200 East D St
PO Box 220
Hillsboro, Kansas 67063
800.551.1547
www.mbfoundation.com

We—Mennonite Brethren Loan Fund (sometimes "**MBLF**")—are offering up to $100,000,000 of unsecured debt securities in the types listed below ("**Certificates**"). The primary purpose of our offering is to make loans and grants primarily to churches, institutions, schools, agencies or committees that are controlled by, subject to the authority of, have a programmatic relationship with, or are otherwise affiliated with the U.S. Conference of Mennonite Brethren Churches (each an "**MB Organization**"), including Mennonite Brethren Foundation ("**MB Foundation**"), and to qualified employees of churches, district conferences, the U.S. Conference or MBLF, for the acquisition, construction, renovation, maintenance, operation and improvement of churches, real property, facilities and equipment. This offering runs from the date of this Offering Circular until the expiration of the periods of time authorized in the various states in which we offer, which is typically twelve months. All of our Certificates have variable interest rates that may change during the term of the Certificate, though we may on occasion be willing to agree on a fixed interest rate for a Negotiated Certificate. The enclosed rate sheet indicates our interest rates as of the date we sent you this Offering Circular. Please call us to obtain our current interest rates or visit our website at www.mbfoundation.com. Certificates are not available in all states, and may be subject to special terms in certain states described in "State Specific Information" below.

Type of Certificate	Available to	Minimum Investment	Maturity
Demand Certificate	Individuals and Organizations	$100	On demand*
Advantage Certificate	MB Organizations and certain employees of MB Organizations	$100	On demand*
Term Certificate	Individuals and Organizations	$1,000	1, 2, 3, 4 or 5 years
Negotiated Certificate	Individuals and Organizations	$250,000	Negotiated
Preferred Certificate	MB Foundation	$5,000,000	On demand
*Subject to minimum redemption of $50 and maximum of two redemptions per month.			

We do not use underwriters or outside selling agents to sell our Certificates. We will not pay any commissions for the sale of our Certificates. After paying the offering expenses, which we expect to be less than one percent **(1%)** of the total offering amount, we will receive 100% of the proceeds from the sale of Certificates.

You are encouraged to consider the concept of investment diversification when determining the amount of Certificates that would be appropriate for you to purchase in relation to your overall investment portfolio, risk tolerance and personal financial needs. You should make an independent decision about whether purchasing Certificates will aid you in accomplishing your investment objectives and whether the Certificates fit within your financial risk tolerance.

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

THIS OFFERING IS SUBJECT TO CERTAIN RISKS. A DESCRIPTION OF THESE RISKS BEGINS ON PAGE 2.

This Offering Circular is dated April 30, 2020.

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

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

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

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

THE CERTIFICATES 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 CERTIFICATES IS DEPENDENT UPON OUR FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW OUR FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE CERTIFICATES ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY, THE U.S. CONFERENCE OF MENNONITE BRETHREN CHURCHES, MB FOUNDATION, OR BY ANY CHURCH, CONFERENCE, INSTITUTION OR AGENCY AFFILIATED WITH THE U.S. CONFERENCE OF MENNONITE BRETHREN CHURCHES.

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

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

State Specific Information

We only sell our Certificates in certain states. If you purchase a Certificate and then move to a state in which we are not registered to sell Certificates or are not exempt from registration, you will not be allowed to purchase another Certificate or add principal to an existing Certificate.

California and Oregon. Automatic renewal upon maturity of a Term Certificate, as provided in our Offering Circular (see “Description of Our Certificates—Term Certificates—Maturity” on page 9), is not available to investors who are California or Oregon residents. Like investors in other states, you will receive a maturity notice and—if you have not already received one—a copy of our current Offering Circular within thirty days of the maturity date of your Certificate. But to renew your Certificate, you must sign and return the renewal instructions form included with the maturity notice. You must also sign and return the renewal instructions form to redeem your Certificate. If you fail to return your form, the Certificate’s outstanding principal and accrued interest as of the maturity date will be treated and earn interest as if they are invested in a Demand Certificate. Therefore, after the maturity date, your investment would be redeemable with appropriate notice on demand, and without penalty.

Oregon. We have registered an aggregate amount of $1,000,000 in Certificates to be offered in Oregon.

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

Washington. In Washington, Certificates are offered and sold only to persons who, prior to their solicitation for the purchase of Certificates, were members of, contributors to, or listed as participants in, MBLF, or their relatives. MBLF includes in its list of participants all former and existing investors and borrowers. The Washington Department of Financial Institutions, Securities Division has declined to take a position on whether any of the foregoing are participants in MBLF.

California. California requires the following copy of section 260.141.11 to be delivered to each issuee of our Certificates:

260.141.11 Restriction on Transfer

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

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

- (1) to the issuer;
- (2) pursuant to the order or process of any court;
- (3) to any person described in Subdivision (i) of Section 25102 of the Code or Section 260.105.14 of these rules;
- (4) to the transferor's ancestors, descendants or spouse, or any custodian or trustee for the account of the transferor or the transferor's ancestors, descendants, or spouse; or to a transferee by a trustee or custodian for the account of the transferee or the transferee's ancestors, descendants or spouse;
- (5) to holders of securities of the same class of the same issuer;
- (6) by way of gift or donation inter vivos or on death;
- (7) by or through a broker-dealer licensed under the Code (either acting as such or as finder) to resident of a foreign state, territory or country who is neither domiciled in this state to the knowledge of the broker-dealer, nor actually present in this state if the sale of such securities is not in violation of any securities law of the foreign state, territory or country concerned;
- (8) to a broker-dealer licensed under the Code in a principal transaction, or as an underwriter or member of an underwriting syndicate or selling group;
- (9) if the interest sold or transferred is a pledge or other lien given by the purchaser to the seller upon a sale of the security for which

the Commissioner's written consent is obtained or under this rule not required;

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

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

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

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

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

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

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

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

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

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

Summary of the Offering

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

<u>MB Foundation's mission</u> is to encourage and assist individuals, congregations, and ministries in the Mennonite Brethren community with Biblical financial stewardship solutions.

<u>Mennonite Brethren Loan Fund</u> achieves this by:

- Raising capital through the sale of Certificates
- Providing financing on favorable terms to primarily MB Organizations for capital improvement projects.

<u>Certificate Program</u>: We sell five types of Certificates:

Demand Certificates

- Payable on demand
- Variable interest rate
- $100 minimum initial investment
- $50 minimum for each additional investment
- $50 minimum for each redemption
- Limit of two redemptions per month

Advantage Certificates

- Same terms as Demand Certificates with higher interest rate
- Available only to MB Organizations, Mennonite Brethren pastors and missionaries, and eligible employees of conference ministries

Term Certificates

- Payable at maturity of 1, 2, 3, 4 or 5-year term
- Variable interest rate
- Interest compounds monthly unless paid
- Interest payable by ACH monthly at investor's option
- $1,000 minimum initial investment
- $50 minimum for each additional investment
- Early redemption penalty

Negotiated Certificate

- Payable at maturity of negotiated term
- Negotiated interest rate
- $250,000 minimum initial investment
- Early redemption penalty

Preferred Certificate

- Payable on demand
- Variable interest rate
- Available only to MB Foundation

Individual Retirement Account (IRA) program

Certificates are available for the IRA program described on page 6. *IRA additions and withdrawals are subject to IRS regulations.*

<u>Use of Proceeds</u>: We expect to use the proceeds from the sale of the Certificates to make loans primarily to MB Organizations and their eligible employees, to make select grants, to maintain liquidity, to pay our operating expenses, including the expenses of this offering, to pay interest and principal on Certificates, and to make investments to the extent the proceeds are not immediately needed for these purposes.

<u>Loan Program</u>: While each of our borrowers has its own unique circumstances and loan terms, our loans typically include the following terms:

- Secured by a first mortgage
- Variable interest rate set by our Board of Directors
- 15-year term for MB Organization loans, and 30-year term for Home Loans
- 1% interest premium during construction

<u>Summary Financial Information</u>: The following chart summarizes certain financial information as of and for the fiscal year ended December 31, 2019, and should be read in conjunction with our Financial Statements.

Cash and cash equivalents	$	918,674
Investments		36,285,376
Loans receivable, net*		82,039,932
Property and Equipment, net		2,027,315
Other assets		753,165
Total assets	**$**	122,024,462
Accounts payable and accrued expenses	$	21,467
Investment certificates		109,306,944
Total liabilities	**$**	109,328,411
Net Assets, beginning of year	$	11,366,316
Net Assets, end of year		12,696,051
Change in net assets	**$**	1,329,735
Proceeds from certificates	$	56,422,550
Interest reinvested in certificates	$	2,931,096
Matured certificates reinvested	$	17,189,842
Redemptions of certificates	$	49,533,979

*As of December 31, 2019, we had one delinquent loan with a principal balance of $1,551,221; our loan loss reserve was $2,717,612; and we had $0 outstanding in unsecured loans.

After reading this Offering Circular, if you want to purchase a Certificate, please complete and sign the appropriate Purchase Application and Agreements attached to this Offering Circular, and return it to us with a check for the amount you want to invest. If purchasing a Certificate through the IRA Program (see page 6), please make checks payable to GoldStar Trust Company.

- **Not FDIC or SIPC Insured** • **Not a Bank Deposit** • **No U.S. Conference Guarantee** • **No MB Foundation Guarantee**

PLEASE CAREFULLY READ THE <u>RISK FACTORS</u> BEGINNING ON THE NEXT PAGE.

RISK FACTORS

Purchasing Certificates involves certain risks. Please carefully consider the following risk factors before deciding to purchase a Certificate.

Not FDIC or SIPC Insured. Our Certificates are not bank deposits. They are not issued by, and are not obligations of, a bank. They are not FDIC or SIPC insured.

No Guarantee by the U.S. Conference or MB Foundation. Neither the U.S. Conference, MB Foundation nor any other MB Organization has guaranteed the repayment of our Certificates. You must rely solely on MBLF for repayment.

Your Inability to Demand Redemption. We are not obligated to redeem Term or Negotiated Certificates until they mature. Consequently, you may be unable to redeem your Certificate in the event of an emergency or for any other reason. If we choose to accommodate a request to redeem part or all of a Certificate before it matures, we may assess a penalty. See "Description of Our Certificates" on page 6.

MB Foundation's Fiduciary Responsibilities May Conflict with Our Interests. MB Foundation's responsibilities include managing funds held in trust or in endowments on behalf of other MB Organizations. MB Foundation allocates a portion of the principal balance of its Preferred Certificate to trusts or endowments that it manages. At some point, MB Foundation may decide that its duties as manager or trustee of these funds require it to demand payment of some or all of the principal of its Preferred Certificate even if doing so would have adverse consequences for us. See "Description of Our Certificates—Preferred Certificate" on page 10 for more information on the Preferred Certificate.

Redemption Requests Could Exceed Available Funds. As of December 31, 2019, we had funds available in cash, cash equivalents and readily marketable securities in an amount equal to \$37,204,050. This amount represents 34% of the total principal amount we are obligated to pay on the outstanding Certificates (\$109,306,944 at December 31, 2019). In 2020, a total of \$39,442,350 in outstanding Certificates will mature or are payable on demand based on Demand and Advantage Certificates outstanding as of December 31, 2019. In addition, MB Foundation has the right at any time to redeem its Preferred Certificate, which had a principal balance of \$34,440,334 as of December 31, 2019. If the combined total of redemption requests exceeds our available funds, we might be required to sell or liquidate some or all of our assets. We cannot assure you that proceeds from selling our assets would be sufficient to fund all redemption requests. See "Certificate Program—Liquidity and Investments" on page 12.

Unsecured Debt Obligations. The Certificates are unsecured general debt obligations of MBLF, and you will be dependent solely on our financial condition and operations for repayment. As a holder of an unsecured obligation, you will have a claim on our assets equal to those of our other unsecured creditors. But the claims of any secured creditors will have priority over your claim. See "Certificate Program—Possible Secured Debt" on page 12.

Certificates May Be Subordinated. Our Certificates may in the future be subordinated to senior secured indebtedness. Although we have no senior secured indebtedness as of the date of this Offering Circular, we may pledge assets to secure loans we obtain from banks or other lenders in the future. Because our Certificates are unsecured, secured lenders that we may have in the future will have the right to be paid from our assets that are pledged to them before you and the rest of our Certificate holders. It is our current policy, however, subject to certain exceptions, to limit the amount of senior secured indebtedness to no more than 10% of our tangible assets on the date of the pledge. See "Certificate Program—Possible Secured Debt" on page 12.

Not a Commercial Lender. WE CANNOT BE COMPARED TO A COMMERCIAL LENDER. We may make loans to borrowers that cannot get financing from commercial sources. In addition, because of our relationship with our borrowers, our loan policies may be less stringent than commercial lenders and we may accommodate partial, deferred or late payments from some of our borrowers. See "Loan Program—Loan Policies" on page 15.

Regulatory Environment Could Change. If state or federal laws, rules, or requirements regarding the sale of debt obligations of charitable or other non-profit organizations change, it may become more difficult or costly to offer and sell Certificates. To the extent that we rely upon investors to renew their outstanding Certificates, an end to our ability to sell Certificates or permit renewals in some or all states could lead to a situation in which we may have insufficient liquid funds to repay all investors at maturity or upon demand according to the terms of their Certificates.

Automatic Reinvestment at Maturity. Our Term Certificates renew automatically when they mature. Although we will notify you when your Term Certificate is about to mature, if you do not inform us in writing before it matures that you want to redeem the Certificate, the principal and accrued interest will automatically reinvest for another term equal to the original term (**1, 2, 3, 4 or 5 years**) at the interest rate then in effect for new Certificates of that term. You will not be able to redeem these reinvested funds without penalty or permission until the end of the new term. See "Description of Our Certificates—Term Certificates" on page 9.

Informal Appraisals. We do not always require appraisals on our collateral as part of the loan application process. Even when we do, we do not always obtain *formal* appraisals. Therefore, the value of a specific secured property could be less than we believe. Similarly, the amount outstanding with respect to a specific loan could exceed the value of the property securing it. Although we typically do conduct a site inspection for loans of significant size, there can be no assurance that we will do so in all cases.

Transfer of Certificates Prohibited. You may not transfer our Certificates without our consent; they are not negotiable and there is not now, nor will there be, a public market for them. Therefore, you should expect to hold a Certificate for its entire term.

Our Right to Redeem Certificates. We may redeem any Certificate, in whole or in part, at any time upon 30 days' prior written notice, without your consent. We may redeem Demand Certificates and Advantage Certificates with principal balances of less than the $100 minimum initial investment. See "Description of Our Certificates—General Terms—Our Redemption Right" on page 7.

Historical Reinvestment Rates May Change. In 2019, 2018 and 2017, investors in our Term Certificates reinvested approximately 92%, 95%, and 95%, respectively, in principal amount of Certificates at maturity. We cannot assure that this rate of reinvestment will continue. A significant reduction in the rate of reinvestment could negatively affect our ability to repay maturing Certificates when due.

No Trust Indenture. We do not intend to arrange for a trust indenture to provide for the payment of principal on our Certificates. Therefore, no trustee will monitor our ongoing affairs on your behalf. There is no agreement providing for joint action by investors in the event we default on our Certificates. In addition, except as provided by law, our failure to pay the interest or principal on one Certificate will not be a default of other Certificates. Finally, you will have none of the other protections a trust indenture might provide.

Individual Retirement Accounts. A self-directed IRA may invest in Certificates if permitted by the IRA trustee or custodian. A self-directed IRA is an individual retirement account that allows the holder the option of selecting investment vehicles for the IRA account. Investors who invest through their IRA should consider whether the investment is in accordance with the documents and instruments governing the IRA; whether there is sufficient liquidity in the IRA should the IRA's beneficiary need to take a mandatory distribution; and whether the investment could constitute a non-exempted prohibited transaction under applicable law. Consultation with a competent financial and tax adviser is recommended. See "Description of Our Certificates – IRA Program" on page 6.

No Sinking Fund or Escrow. We have not set up a sinking fund or escrow to help pay principal and interest on our Certificates; nor will we. Accordingly, we do not have funds set aside specifically for repayment of Certificates and offering proceeds will not be segregated from our other assets. Our ability to repay a Certificate will, therefore, be solely dependent on our financial condition and liquidity at the time the Certificate must be paid.

Tax Consequences. There are no income tax benefits with respect to investments in the Certificates. Interest on your Certificate will be taxable as ordinary income to you regardless of whether accrued interest is paid to you or added to the principal of your Certificate, unless the Certificate was purchased for an IRA account. You cannot claim a charitable tax deduction for the purchase of your Certificate. If interest paid is below market interest, the Internal Revenue Service may, in some circumstances, impute income up to the market interest level. We may be subject to certain reporting and withholding requirements as are other interest payers. See "Tax Aspects of Owning Certificates" on page 16.

Nature of Borrowers. We make most of our loans to Mennonite Brethren churches, conferences, institutions and agencies. Their ability to repay these loans often depends on contributions they receive from their members. If a borrower's members make fewer contributions than expected, the organization may have difficulty repaying its loan. The inability of a borrower to make timely payments on its loan could adversely affect our ability to make interest and principal payments on Certificates. See "Loan Program" on page 13.

Special Purpose Properties. The real property securing our loans is generally considered special purpose property and typically has a very limited market. If we were to foreclose on any real property securing a loan, we may not be able to sell the property at a price at least equal to the amount of the loan.

Lack of Environmental Audits. We do not typically conduct an environmental audit before approving a loan. If environmental pollution or other contamination is found on or near property securing a loan, we could, in some cases, face environmental liability or our security for the loan could be impaired.

Geographic Concentration of Borrowers. The aggregate amount of our loans receivable from borrowers in California, Washington, Utah, Colorado, Oregon, and Arizona is approximately 23%, 16%, 11%, 10%, 9%, and 6%, respectively, of our total loans receivable as of December 31, 2019. Adverse economic conditions, a reduction in population, or the loss of purchasing power by residents in any of these states, or the Western region of the United States generally, could correspondingly reduce the amount of contributions borrowing churches and organizations receive from their members. This could, in turn, adversely affect the ability of these borrowers to repay their loans. In addition, if real estate values were to decline in these areas, it could adversely affect the value of the properties serving as collateral for our loans. See "Loan Program—Loans Receivable" on page 13.

Geographic Concentration of Investors. As of December 31, 2019, approximately 57%, 26% and 7% of the outstanding principal amount of our Certificates were owned by investors in Kansas, California, and Oklahoma, respectively. This includes the Preferred Certificate held by MB Foundation in Kansas, which represented 31.5% of total outstanding Certificates. Adverse economic conditions in Kansas, California or Oklahoma could correspondingly result in increased redemptions of Demand Certificates, increased requests for redemptions of Term and Negotiated Certificates, and decreased reinvestment rates for maturing Term and Negotiated Certificates owned by investors in these states. This could, in turn, adversely affect our liquidity, our ability to operate our programs, and ultimately our ability to repay Certificates. See "Description of Our Certificates" on page 6.

Concentration of Loans Receivable in Limited Number of Borrowers. Of our $84,757,544 in total loans receivable at December 31, 2019, $40,697,507 or approximately 48%, was owed by 13 borrowers. At December 31, 2019, there was one individually significant borrower whose balance totaled $8,690,318. If one or more of these borrowers is unable to repay their loans, our own ability to make interest and principal payments on Certificates could be adversely affected. It is our current policy, subject to certain exceptions, that no more than 50% of our net assets may be loaned to any one borrower. See "Loan Program—Loans Receivable" on page 13.

Unsecured Loans. Typically, our loans are secured by real property or other collateral or by third party guarantees. However, we do make some unsecured loans. We may not be able to recover all of the principal and interest on an unsecured loan if a borrower defaults.

Construction and Renovation Loan Risks. Our borrowers often use our loans to construct new facilities or renovate existing facilities. If any of the following risks associated with construction and renovation are realized, they, among other risks, could adversely affect a borrower's ability to repay its loan by increasing construction costs or delaying or preventing completion:

- The borrower and its contractor may not sign a fixed-price construction contract.
- The contractor may not post a completion bond.
- Completion may be delayed due to, among other things, shortages of materials, strikes, acts of nature, delays in obtaining necessary building permits or architectural certificates, environmental regulations or fuel or energy shortages.

In addition, we may disburse some construction payments without first obtaining architectural certification, relying instead on the representations of the borrower. If these representations are incorrect, we may advance more money than is warranted by the state of construction completed. See "Loan Program—Loan Policies" on page 15.

Liability for U.S. Conference and MB Foundation Debts. Because we are incorporated separately from the U.S. Conference and MB Foundation, we are generally not liable for claims against them or their affiliates. Nevertheless, our affiliation with them could lead to claims against us for matters involving them or their affiliates. If a claim like this were made, it would adversely affect our financial condition.

Inability to Reinvest. While we intend to maintain all required registrations and exemptions in the states where we offer our Certificates for sale, we may not always be able to do so. If we are unable to maintain the appropriate registrations or exemptions in your home state, you may be unable to reinvest the proceeds of your Certificate, make additional investments in it, or purchase new Certificates. In addition, we are not registered or exempt from registration in all states, so if you move to another state you may be unable to reinvest the proceeds of your Certificate, make additional investments in it, or purchase new Certificates.

Right to Change Policies. At various points in this Offering Circular, we describe our policies, such as our loan policies described on page 15, and our investment policies described on page 19. These descriptions are intended to help you understand our current operations. We reserve the right to change our policies, including our loan and investment policies and other policies and procedures in the future.

We May Sell Additional Certificates in Other Offerings. We expect to sell additional Certificates and/or other types of debt securities in other offerings. The total amount of $100,000,000 to be sold in this offering is not a limitation on the amount of Certificates or other debt securities we may sell in other offerings we may conduct at any time. We have sold our Certificates in other offerings in prior years and anticipate that we will continue to sell additional Certificates or other debt securities as part of this continuous offering process.

Management of MBLF. Control of MBLF is exercised by our Board of Directors. You will not have voting rights or other rights to participate in the management of MBLF or any of its affiliates by virtue of an investment in the Certificates.

Our Investments Are Subject to Market Risks. We may invest some of our liquid assets in marketable securities, which are subject to various market risks that could result in losses if market values decline. In addition, our investments may exceed FDIC and SIPC limits and may not, therefore, be protected by those programs.

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

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

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

We Could Experience Conflicts of Interest. Due to our close relationship with the U.S. Conference, MB Foundation and MB Organizations, we may be subject to conflicts of interest that potentially could be adverse to investors. See "Our Organization and Its History" on page 10 and "Financial Discussion and Analysis—Related Party Transactions" on page 18.

Our Collateral May Be Uninsured or Inadequately Insured. As a result, if fire or other casualty damages our collateral, we may not be able to recover against it.

We Utilize Digital Technologies In Our Operations. We utilize digital and cloud-based technologies and services in our operations, many of which are provided by third party vendors. We rely upon these vendors and these technologies and services for maintaining, processing, delivering, and storing proprietary data and other records related to our business. This data includes confidential customer information. Storing and delivering electronic data has inherent risks, including, without limit, unauthorized access to data, data theft, temporary or permanent loss of data, and hardware and software failure. While we and our vendors have taken steps to protect against these risks, there is no guarantee these measures will be 100% effective in safeguarding the electronic data we maintain or the services we utilize. If you choose to utilize our digital services, including our online account access portal, we can offer no assurances or make any warranties as to the accuracy and availability of such technologies or the data contained therein.

The outbreak of the novel strain of coronavirus, SARS-CoV-2, which causes COVID-19, could adversely impact our business. The coronavirus situation and the related warnings, advice, guidance, and mandates of government authorities and infection disease experts, including to avoid travel and in-person meetings and preferential or protective government actions, could interrupt our key activities, limit our employee resources, increase our use of digital technologies and the risks associated with them, and have a material adverse impact on our operations (including operations provided by third-party vendors), financial condition (including cash flow, liquidity, loan repayments, collateral values, loan defaults, loan loss reserves, and investment performance), compliance with loan covenants, and financial results. The coronavirus situation has resulted in significant financial market volatility and uncertainty, and we are exposed to the risks of an economic recession, market volatility, and economic and financial crisis. The coronavirus situation and any resultant economic recession or other severe economic disruption in the U.S. or a particular region may also result in decreased contributions to our borrowers, with whom we have a relationship that may differ from commercial lenders, and could adversely affect their ability to fulfill their obligations to us and the value of our collateral. We may make loan modifications, including loan payment deferment or forbearance, to accommodate our borrowers, and these accommodations could negatively impact our operations.

Due to the speed with which the coronavirus situation is developing and the unknown duration and severity of the event, the extent to which the event may impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions and actions to contain the outbreak or treat its impact, such as social distancing and quarantines or lock-downs, business closures or business disruptions, the effectiveness of actions taken to contain and treat the disease, and the overall impact on the economy as well as on our borrowers and investors.

This Offering Circular may contain forward-looking statements about our plans, strategies, objectives, goals, and expectations. These forward-looking statements are identifiable by words or phrases indicating that we "expect," "anticipate," "project," "plan," "believe," or "intend" that a particular event may or will occur in the future or similarly stated expectations. These forward-looking statements are subject to many factors, including the above Risk Factors and the other information contained in this Offering Circular that could cause actual results to differ materially from the stated expectations. We undertake no obligation to update or revise any forward-looking statements to reflect developments or information obtained after the date of this Offering Circular.

Description of Our Certificates

We are offering up to $100,000,000 in unsecured Certificates on a national basis. This section describes the terms of our Certificates, subject to any state-specific requirements set forth in "State Specific Information" on page iii.

General Terms

Our Demand, Advantage, and Term Certificates share the features and terms described in this subsection. Our Negotiated Certificates share the features and terms described in this subsection unless otherwise agreed by us and the investor. For information on the terms of the Preferred Certificate, see "Preferred Certificate" below.

Plan of Distribution

We sell our Certificates only through our officers and employees, and only by this Offering Circular. We do not use underwriters or outside selling agents, and no direct or indirect commissions or other remuneration will be paid in connection with the offer and sale of the Certificates. If you wish to purchase a Certificate, please complete the Purchase Application and Agreement attached to this Offering Circular and return it with a check in the amount of your investment. We accept only cash, checks, money orders and similar cash payments in exchange for Certificates. We do not accept third party checks. Certificates are issued for 100% of the principal amount invested.

IRA Program

Certificates may be held as investments for Individual Retirement Accounts ("**IRAs**") under arrangements made with GoldStar Trust Company of

Canyon, Texas. Under these arrangements, GoldStar Trust Company acts as the trustee or custodian of a self-directed IRA, and invests the IRA's funds in the Certificates as directed by the investor. We do not regard these arrangements with GoldStar Trust Company, or the separate IRA accounts for which GoldStar acts as trustee or custodian, as securities, and no separate securities registration or filing has been made with respect to them. These arrangements are merely a method by which you can provide for the investment of funds in the Certificates offered by this Offering Circular through your IRA. More information on these arrangements for IRAs is available upon request.

Please be aware that GoldStar Trust Company may assess fees, including a processing fee for annual distributions or closure of an IRA account, and you will need to enter into a separate and independent account agreement with GoldStar Trust Company.

No penalty will be assessed for early redemption of a Term Certificate held by an IRA if the early redemption is required to meet a required minimum disbursement of the IRA.

Interest Rates

Our Demand, Advantage, and Term Certificates have a variable interest rate, which is set by our Board of Directors from time to time based on market conditions, prevailing interest rates and other applicable indicators. Negotiated Certificates may have either a variable interest rate or a fixed interest rate, depending on the agreement made with the investor. You will be notified in writing of any change to the interest rate on your Certificate. Generally, no change will be effective earlier than 30 days after we have mailed you the notice though we may waive this limitation in the event of an increase in the interest rate that would benefit investors. A change in the interest rate of a Term or Negotiated Certificate will not give you any additional right to redeem the Certificate before it matures.

Interest on our Term Certificates accrues daily and is added to the principal balance (compounded) on the last day of each month, and at maturity if a Term Certificate is renewed for an additional term. Investors may elect to have accrued interest in excess of $25 paid to them monthly by ACH transfer to the investor's bank account. Currently, ACH transfers of interest are made on the third day of the applicable month. Principal and interest due at maturity is not paid by ACH transfer.

General Debt Obligations

The Certificates are our unsecured general debt obligations, and you will be dependent solely on our financial condition and operations for repayment. As a holder of an unsecured obligation, you will have a claim on our assets equal to those of our other unsecured creditors. But the claims of any secured creditors will have priority over your claim. See "Certificate Program—Possible Secured Debt" on page 12.

Transferability

Our Certificates are not transferable without our consent. You may not sell them, pledge them as collateral, or give them away without our express written consent.

Our Redemption Right

We may redeem any Certificate, in whole or in part, at any time upon 30 days' prior written notice, without your consent. We reserve the right to redeem Demand Certificates, Advantage Certificates, and Term Certificates with principal balances of less than the minimum initial investment.

Ownership

You may purchase and hold our Certificates in one of four ways:

- **Individually.** Owned by a single individual or entity.
- **Joint tenant with right of survivorship.** The surviving Certificate owner becomes the sole owner upon the death of the other owner.
- **Trusts.** Certificates may be purchased in the name of trusts, both revocable and irrevocable. When Certificates are purchased in this form, they will be issued in the name of the trust listed on the Purchase Application & Agreement. We reserve the right to request trust and other documents we deem necessary to confirm the identity and powers of the trustee(s).
- **IRAs.** Certificates may be purchased through IRAs. See "IRA Program" above.

If you hold your Certificate individually, you may designate that we pay the principal and any accrued interest to a specific individual or organization at your death. As a joint tenant, ownership of the entire Certificate would pass to you when the other owner dies.

To hold your Certificate as trustee of your own living trust, you must have set up a living trust. While we will facilitate the purchase of a Certificate in trust, you should contact a planned giving advisor at MB Foundation, an attorney, or a financial planner for assistance with setting up a living trust.

Donations

You may opt to donate the principal and accrued interest on your Certificate to a 501(c)(3) organization of your choice. However, we may refuse to honor a donation request, particularly if the donation is to an organization that we, in our discretion, determine to be contrary to our mission or that of the U.S. Conference.

The donation may be made effective immediately or upon your death. When a donation is effective, we will redeem your Certificate and donate the outstanding principal and accrued interest according to your written instructions. If your donation of a Certificate is effective immediately, we generally will redeem your Certificate immediately without penalty.

You may revoke a donation that is to be made effective at your death at any time. But your heirs, beneficiaries or personal representatives may not revoke a donation after you die. An immediately effective donation is not revocable.

If you would like to make a donation with regard to a Certificate, please contact us for the appropriate paperwork.

Additions to Principal

You may make additions of at least $50 to the principal of your Certificate at any time. For Certificates that are not held in an IRA, simply send us a check for the additional amount and indicate the Certificate number that it is to be added to. Please contact us regarding additions to Certificates held in IRAs. Additions to Term and Negotiated Certificates will mature at the same time the initial investment matures.

Direct Deposit

Holders of Demand, Advantage, Term or Negotiated Certificates may authorize monthly investments of $50 or more to be transferred electronically from their bank account or other account on the **5th or 20th day of each month**. You may choose to invest with direct deposit by completing a direct deposit authorization form and returning it to us along with a voided check for the account to be debited. A direct deposit authorization form is available upon request. You should allow 10 business days from the time we receive the form before the direct deposit will occur. This authority will remain in effect until we have received written notification from you to terminate or change the terms of the direct deposit. You should allow 30 days from the time we receive a notice for the change to take effect.

Direct Deposit is also available with Certificates held as IRA investments. Contact our office for details.

Book Entry System

We currently use a book entry system to record ownership of all our Certificates. Therefore, we do not expect to send you a document representing your Certificate. We will, however, send periodic statements for each Certificate you own, showing the then outstanding balance on your Certificate.

Demand Certificates

Our Demand Certificates give investors the opportunity to redeem all or part of the principal balance at any time subject to certain conditions discussed below.

Redemption

You may redeem all or part of the principal balance of a Demand Certificate at any time. However, when you do, you must redeem at least $50. In addition, you may only redeem funds up to two times each month. We will pay any redemption of your Demand Certificate to you within 30 days after we receive your request, although we generally can honor requests much more quickly. All accrued interest will be paid if the Certificate is fully redeemed.

Minimum Investment

To purchase a Demand Certificate, you must initially invest at least $100. Thereafter, you may make additions of at least $50 to the principal of your Certificate at any time. We reserve the right to redeem a Demand Certificate when its principal balance and accrued interest fall below $100.

Advantage Certificates

Our Advantage Certificates differ from our Demand Certificates in two ways. First, they typically carry a higher interest rate. Second, only MB Organizations and the following individuals may purchase an Advantage Certificate:

- Current and retired Mennonite Brethren pastors;
- Current and retired Mennonite Brethren missionaries; and
- Current employees of Fresno Pacific University, MB Foundation, Multiply, Tabor College, U.S. Conference, MB district conferences, and MB churches.

Otherwise, the terms of an Advantage Certificate are the same as those of a Demand Certificate.

Term Certificates

Our Term Certificates have terms of one, two, three, four or five years and may not be redeemed without our consent before they mature.

Like our Advantage Certificates, Term Certificates earn interest at a variable rate that is typically higher than that of Demand Certificates. At any particular time, the interest rate on new Term Certificates will exceed the interest rate then in effect for new Demand Certificates by at least—and often more than—one half of a percentage point.

Minimum Investment

To purchase a Term Certificate, you must invest at least $1,000. Thereafter, you may make additions of at least $50 to the principal of your Certificate at any time. We reserve the right to redeem a Term Certificate when its principal balance and accrued interest fall below $1,000.

Maturity

At the end of your Term Certificate's term, you may redeem either all or a part of the then outstanding balance and accrued interest on the Certificate. We will send you a notice at least 30 days before your Term Certificate matures. Unless you have already received one, we will also send you a current Offering Circular.

To redeem your Certificate when it matures, you must notify us in writing before the maturity date that you wish to do so. If you want to redeem less than the entire outstanding balance, your notice should also include the amount you wish to redeem. Any unredeemed portion of your Certificate will be renewed for another term equal to the term just completed, as long as it still meets the minimum balance requirements. If the unredeemed portion is less than the then current minimum investment amount, we may return the entire outstanding balance of the Certificate to you. Investors are encouraged to process redemption requests at maturity with a renewal instructions form.

If you do not notify us as described above, the entire outstanding balance and accrued interest of your Term Certificate will renew for another term equal to the term just completed. There is no limit on the number of times a Term Certificate can renew in this manner.

Early Redemption

Generally, you may not redeem a Term Certificate prior to maturity. If we allow you to do so, we reserve the right to charge you an early redemption penalty. Our current penalty as of the date of this Offering Circular is equal to the forfeiture of six months of interest calculated at the interest rate in effect on the date we receive notice of a request for early redemption. We may retain both accrued interest and outstanding principal to pay this penalty. We reserve the right to change the amount of the early redemption penalty applicable to outstanding Certificates at any time.

Negotiated Certificates

If your total investment level in our Certificates is $250,000 or more, the Certificates you purchase, subject to our agreement, may be designated as Negotiated Certificate(s). We will be amenable to negotiating the interest rate and term to maturity of Negotiated Certificates. All of the other terms of Certificates that are designated as Negotiated Certificates will be the same as the standard terms for Certificates of their respective type. Once the interest rate and term to maturity of a Negotiated Certificate are agreed upon between us, the terms of that Certificate will no longer be subject to further negotiation.

Your existing Certificates do not automatically convert to Negotiated Certificates and they will continue to be subject to all terms applicable to the standard Certificates of that type unless otherwise agreed.

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

- Certificates in your name, your spouse's name, or the name(s) of your minor children;
- Certificates in the name of your trust or your spouse's trust;
- Certificates in your IRA or your spouse's IRA; and
- Certificates in the name of a business entity that you own and control, either wholly or together with your spouse.

We may, in our sole discretion, consider Certificates held in ways not described above for purposes of determining an investor's total investment level. Certificates held jointly, in the name of a minor or in the name of a business may only be attributed to one of the parents or owners, as the case may be, in determining an investor's total investment level.

If your total investment level falls below $250,000, any Negotiated Certificate that you hold will earn interest at the standard interest rate then in effect for the applicable type of Certificate.

Preferred Certificate

Our Preferred Certificate is available only to MB Foundation, which may invest in the Preferred Certificate on its own behalf, as the manager or trustee of donated funds, or in other fiduciary capacities. The Preferred Certificate is payable upon demand by the Foundation. As of December 31, 2019, this Preferred Certificate had an outstanding principal balance of $34,440,334.

Like all our Certificates, we reserve the right to redeem the Preferred Certificate, in whole or in part, at any time upon 30 days' prior written notice.

The interest rate on the Preferred Certificate is adjusted each month based on the average rate of return on our outstanding loans and other interest-bearing assets for previous months, less 60 basis points. The rate of return is calculated using the net income before certificate interest for the month, divided by the average balance of the certificates and net assets in the month. This rate is then multiplied by 365/(days in the month). The average rate of return is calculated over the previous three (3) months with a one-month lag before applying the rate. The interest rate ranged between 3.68% and 4.53% during 2019.

USE OF PROCEEDS

We expect to use the cash proceeds from the sale of our Certificates in this offering for one or more of the following primary purposes:

- To make loans to MB Organizations and other churches and religious organizations for the acquisition, construction, renovation, maintenance, operation and improvement of churches, real property, facilities and equipment.
- To make home loans and other loans to qualified borrowers.
- To make grants to qualified MB Organizations, including MB Foundation, as our Board of Directors may occasionally determine.
- To increase, maintain or support our liquidity.
- To pay operating expenses.
- To pay the expenses of this offering, which we anticipate to be less than one percent (1%) of the total offering amount.
- To pay interest or principal on any Certificates we have issued
- To the extent we do not immediately use funds for any of the above purposes; we may add them to our general fund.

OUR ORGANIZATION AND ITS HISTORY

Our Organization

MBLF is a religious not-for-profit corporation serving the financial needs of Mennonite Brethren conferences, churches, institutions and agencies and their members. We were incorporated under the laws of the state of Kansas in 2002 and are exempt from federal income taxation under Section 501(c)(3) of the Code. Our principle business office is 200 East D St, Hillsboro, Kansas 67063.

Our primary purpose is to offer financial support through loans and grants to MB Organizations to help them achieve their established goals. To this end, we raise capital by soliciting donations and selling Certificates, including, but not limited to, the $100,000,000 of Certificates offered on a national basis by this Offering Circular. These Certificates, which provide general obligation financing for us, are not specifically secured by particular loans to specific borrowers. However, with the capital raised through selling the Certificates, we are able to make loans with competitive rates and favorable terms to MB Organizations for capital improvement projects. As with everything we do, we seek to manage funds consistent with our Christian faith—with accuracy and prudence.

Our Association with the U.S. Conference

In addition to assisting churches, institutions and other agencies related to the U.S. Conference, we are closely tied to the U.S. Conference through our Board of Directors. Each of our directors was approved by the U.S. Conference.

The U.S. Conference can trace its roots to the Mennonite Brethren Conference, which began in 1879 with a vision for mission and education. Within five years, funds had to be gathered to send missionaries to India and to start a school. Later formalized as the General Conference of Mennonite Brethren Churches, the Conference included all Mennonite Brethren church members within Canada and the United States.

In 1963, the U.S. Conference was incorporated in the state of Kansas. The vision of the U.S. Conference is (i) to provide Biblical guidance for the Mennonite Brethren Churches throughout the United States, (ii) to encourage an assertive program of evangelism and church planting, and (iii) to develop and affirm leadership in all levels of MB Organization ministry. The mission of the U.S. Conference is to be an extension of and resource to the local church in fulfilling the Great Commission in disciple making, in evangelism and in planting and nurturing churches.

Our History

Although MBLF was not incorporated until 2002, our functions originated with the General Conference of Mennonite Brethren Churches Board of Trustees in the early twentieth century. Our loan program was eventually passed to the U.S. Conference, then to MB Foundation, before coming to rest with us on December 31, 2002.

In the tradition of the organizations that previously handled the loan program, we continue to provide financing to MB Organizations and others by making loans for capital improvement projects.

Relationship with MB Foundation

We have a unique relationship with MB Foundation. MB Foundation is the "parent" organization of MBLF and exercises control over MBLF through common Boards of Directors. The members of our Board of Directors also serve on MB Foundation's Board of Directors. MB Foundation also handled the Certificate and Loan Programs prior to our incorporation and is the sole investor in the Preferred Certificate. See "Description of our Certificates—Preferred Certificate" on page 10. MB Foundation and MBLF are separate corporations and neither is liable for the obligations and indebtedness of the other. MB Foundation is not the issuer of the Certificates and has not guaranteed repayment of the Certificates.

CERTIFICATE PROGRAM

Our Certificate Program consists of our Certificate selling and repayment activities.

Outstanding Certificates

As of December 31, 2019, we had Certificates outstanding in the aggregate principal amount of $109,306,944, as follows:

Certificate Type	Principal Balance	Interest Rate at 12/31/19
Demand		
Advantage	$ 11,757,599	1.00%
Demand	3,917,989	0.50%
Preferred	34,440,334	3.91%
	50,115,922	
Term		
One year	11,373,615	2.10%
Two year	11,134,614	2.35%
Three year	6,883,974	2.65%
Four year	1,376,060	2.90%
Five year	28,422,759	3.15%
	59,191,022	
	$ 109,306,944	

These Certificates are scheduled to mature as follows:

Year of Maturity	Amount
Demand	$ 50,115,922
2020	23,766,762
2021	15,255,594
2022	8,979,979
2023	4,962,533
2024	6,226,154
	$ 109,306,944

At December 31, 2019, we had 209 investors with aggregate investment certificate balances of $100,000 or more as follows:

Certificate Balances	Number of Investors	Amount	% of Certificate Balances Outstanding
$100,000-$200,000	107	$ 14,434,232	13%
$200,001-$300,000	44	10,693,015	10%
$300,001-$500,000	34	13,173,353	12%
Greater than $500,000	21	21,202,790	19%
Related parties	3	35,334,291	32%
	209	$94,837,681	87%

As of December 31, 2019, approximately 57%, 26% and 7% of the outstanding principal amount of our Certificates were owned by investors in Kansas, California and Oklahoma, respectively. Investors from these three states aggregately represented 90% of the outstanding principal amounts of our Certificates, as of December 31, 2019.

Sales, Redemptions and Reinvestments

In 2019, we received a total of $56,422,550 in cash proceeds from sales of our Certificates, and experienced a total of $49,533,979 in Certificate redemptions. Of the $18,598,868 in principal amount of Term Certificates that matured in 2019, $17,189,842 was reinvested at maturity, resulting in a reinvestment rate of 92%.

Liquidity and Investments

As of December 31, 2019, we had $918,674 in cash and cash equivalents, and $36,285,376 in investments. Together, this represents 34% of the total principal amount we are obligated to pay on the outstanding Certificates ($109,306,944 as of December 31, 2019).

Additional information with regard to all of our assets is set forth in the "Investing Activities" section on page 19 and in the Financial Statements.

Possible Secured Debt

Currently, we have not pledged any assets as collateral for any of our outstanding indebtedness. If we did so, the assets pledged as collateral could not be used to pay off Certificates until the other indebtedness was paid in full. In other words, the Certificates would be "subordinated" to "senior secured indebtedness."

Should we subordinate your Certificate to the claims of future creditors by creating, incurring or voluntarily permitting liens upon our assets or otherwise using our assets to secure a loan or other obligation, it is our current policy that the senior secured indebtedness would not exceed 10% of our tangible assets, unless it is one of the following:

- A lien or charge for current taxes, assessments or other governmental charges that are not delinquent, that remain payable without penalty, or that are contested in good faith as invalid.
- A surety bond, an appeal bond, a bond for the release of an attachment or for stay of execution, or a lien made to secure a statutory obligation.
- A purchase money security interest for property acquired after the date of this Offering Circular.
- A judgment lien.

LOAN PROGRAM

We offer loans primarily to MB Organizations at competitive rates and on favorable terms to help them achieve their goals. We also sometimes offer home loans to qualified church, district, and conference employees. This section describes these lending activities.

Loans Receivable

As of December 31, 2019, we had 153 loans outstanding totaling $84,757,544 to 122 borrowers as follows:

Loan Balance	Number of Borrowers	Principal Outstanding	% of Loan Portfolio
$0 - $500,000	79	$ 13,372,778	16%
$500,001 - $1,000,000	17	12,939,180	15%
$1,000,001 - $1,500,000	9	11,061,917	13%
$1,500,001 - $2,000,000	4	6,686,162	8%
$2,000,001 - $2,500,000	7	16,409,485	19%
$2,500,001 - $3,000,000	3	8,275,251	10%
Over $3,000,000	3	16,012,771	19%
	122	84,757,544	100%
Less loan loss allowance		(2,717,612)	
Loans receivable, net		$ 82,039,932	

Loans receivable at December 31, 2019, will mature as follows:

Year	Amount
2020	$ 1,721,825
2021	2,222,931
2022	7,288,838
2023	7,586,915
2024	9,281,328
Thereafter	56,655,707
	$ 84,757,544

The aggregate amount of our total loans receivable from borrowers in California, Washington, Utah, Colorado, Oregon, and Arizona was approximately 23%, 16%, 11%, 10%, 9% and 6%, respectively. These six states together represented 75% of our total loan portfolio of December 31, 2019. No other state contained a concentration of greater than 5%.

Of these loans, $83,006,828 (98%) was secured by mortgages or deeds of trust; $1,750,715 (2%) was secured by collateral other than real property; $0 (0%) was secured by third party guarantees; and $0 (0%) was unsecured.

Loan Commitments

As of December 31, 2019, we had outstanding loan commitments totaling $31,648,582, which consisted of $5,296,701 in approved but unfunded loan commitments, $4,675,881 of undrawn lines of credit, and $21,676,000 in existing but unfunded construction loan commitments. Of these commitments, $600,000 would be unsecured if drawn upon. A portion of these commitments will likely expire without being fully drawn upon, so the total amount of commitments is not a direct representation of future cash requirements.

Organization Loans

Under our Loan Program, we make loans primarily to qualifying Mennonite Brethren churches and other MB Organizations (“**Organization Loans**”) primarily for the acquisition, construction, renovation, maintenance, operation and improvement of churches, real property, facilities and equipment.

For a church to qualify for a loan, we generally ask that it demonstrate fellowship and cooperation with the U.S. Conference and include approved U.S. Conference ministries in its budget. Other MB Organizations will typically qualify for Organization Loans if they demonstrate fellowship and cooperation with one or more Mennonite Brethren churches or conferences or the U.S. Conference.

At December 31, 2019, we had $84,757,544 in total loans receivable. Organization Loans constituted 65.76% of these loans. Organization Loans generally earn interest at a variable rate. At December 31, 2019, the weighted average interest rate on Organization Loans was 5.24%.

Home Loans

We also offer home loans for the purchase or construction of primary residences in the United States for qualified church, district, conference employees, and for employees of MBLF (“**Home Loans**”).

As of December 31, 2019, we had 50 outstanding Home Loans with an aggregate principal outstanding of $9,239,913 or 11% of our total loans receivable. These loans had maturity dates ranging from 2023 to 2049. Each of these loans is secured by a mortgage or deed of trust on the property. Home Loans generally have a 30-year term and earn interest at a 5-year adjustable rate. The weighted average interest rate on our outstanding Home Loans as of December 31, 2019, was 3.39%.

Other Loans

From time to time, we make loans to parties that are not affiliated with an MB Organization. It is our current policy that no more than 25% of our total assets will be loaned to non-MB organizations, although exceptions may be made by the Board of Directors or otherwise on a case-by-case basis. Typically, we charge a 1% origination fee and an interest rate 50 basis-points higher than the standard rate.

As of December 31, 2019, we had 23 loans outstanding to borrowers that were not affiliated with an MB Organization. The outstanding principal on these loans is in the aggregate amount of $19,783,898 (23% of our total loans receivable). These loans are secured by a mortgage or deed of trust. The maturity dates of these loans range from 2020 to 2028. The average interest rate on these loans was 5.4%.

Loan Delinquency and Restructuring

Due to the nature of our relationship with our borrowers, we are willing to make accommodations with borrowers whose payments are not current, so long as such accommodations do not, in our opinion, jeopardize the interests of our investors. A loan is considered impaired when, based upon current information and events, it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans are classified as delinquent when payments are 90 days overdue.

As of December 31, 2019, we had one delinquent loan with a principal balance of $1,551,221 and no impaired loans. The amount of interest and principal payments owing on this delinquent loan was $59,390 as of that same date. As of December 31, 2018 and 2017 we had no delinquent or impaired loans.

Allowance for Loan Losses

We have established an allowance for loan losses which is maintained at a level that, in management's judgment, is adequate to absorb probable loan losses. The amount is based upon an analysis of the loan portfolio by management including, but not limited to, review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This process is based on estimates and ultimate losses may vary from current estimates. In 2019, our loan loss reserve remained at $2,717,612. See Note 4 of the Financial Statements.

Participations

We may sell participation interests in our loans to third parties from time to time, including a pro-rata interest in the collateral securing the loan. When we do so, we continue to service the loans and remit a portion of each loan payment we receive from the borrowers to the buyers of the participation interest. The participations are non-recourse, which means that we will have no obligation to repurchase the portion of the loan we sold, and that the purchaser will assume the risk of loss on that portion of the loan. Accordingly, the portions of the loans we sell are not included in our outstanding loans receivable figures.

We may also purchase participation interests in individual loans from third party lenders. Under these loan participation agreements, the third-party lenders maintain all records, collect all payments and remit monthly the appropriate pro rata share of both interest and principal collected on the loans. These agreements typically provide that we will share ratably with the third-party lenders in the event of any extraordinary expenses required to preserve the collateral or enforce the lender's rights with respect to the loan. Similarly, we share ratably in the costs and proceeds in the event of any foreclosure, sale of collateral or other collection action. Our right to take any enforcement action with respect to the borrower or collateral of any of these loans is subject to the cooperation of the third-party lender who originated the loan. These purchased participation interests are included in loans receivable in the Financial Statements.

In 2016, we purchased a loan participation in the principal amount of $4,000,000 originated by Christian Financial Resources, Inc. ("**CFR**"), and in 2017 we increased our participation by $1,000,000. In 2017, we purchased a loan participation in the principal amount of $2,461,212 originated by Converge Cornerstone Fund. During 2017, we sold a loan participation in the principal amount of $2,100,000 to Church Loan Fund, Inc. In 2018, we purchased three additional loan participations: $377,711 originated by Church of God by Faith Financial Solutions, Inc., $1,721,700 originated by Baptist Foundation of California and $4,000,000 originated by CFR. These loan participations were purchased without recourse and are secured by real property. Loan servicing functions are retained by the lead lender.

At December 31, 2019, we owned $8,056,807 of participation interests in three loans originated by other lenders. These purchased participation interests are included in loans receivable in the Financial Statements. As of that same date, we had $1,921,592 outstanding in participation interests in one loan we made and service, but participated to other lenders.

Loan Policies

Our Board of Directors has set certain policies that govern which borrowers we lend to and the terms of our loans. In addition, the Board of Directors generally reviews and must approve each loan application and its terms. However, an administrative committee or our Board's executive committee may approve loans up to $100,000 to borrowers that meet certain financial criteria. An administrative committee composed of officers and directors also may approve Home Loans up to $300,000.

Each loan application we receive represents a unique borrower in unique circumstances. Our Board of Directors recognizes that certain policies may not be appropriate for every borrower or every circumstance. Therefore, it may, in its discretion, decide not to follow all the loan policies described in this Offering Circular when determining whether to make a loan to a particular borrower. Due to the unique nature of each borrower and its circumstances, we cannot predict which of the following policies, if any, our Board of Directors may choose not to follow.

General Policies

We typically require borrowers to secure our loans with a first mortgage or deed of trust on the borrower's real estate. To protect this interest in the real estate, it is our policy to require borrowers to provide title insurance to us from an approved underwriter and to maintain property insurance payable to us protecting against the loss of or damage to the real estate by fire, flood or other common disaster. In addition, we often will not close on the loan or advance funds until the property has been inspected by one of our representatives.

We also may accept collateral in the form of equipment or similar property; automobiles; cash, cash equivalents and investments; and third party guarantees. We may on occasion make loans that are not secured.

Most of our loans have a variable interest rate, which is set by our Board of Directors. The Board reviews the interest rates on these loans at least twice a year and may raise or lower them as it sees fit in light of market conditions and other factors, such as the prime rate and our operational needs and financial condition. We may also adjust a borrower's monthly payments to reflect a change in the interest rate.

We rarely make MB Organization loans with a term longer than 15 years. But we may allow payments on a 25-year amortization schedule with a balloon payment of the balance due at the end of the 15-year period. Generally, borrowers may make prepayments on the principal of the loan without penalty. If a borrower defaults on a payment and fails to make the payment after receiving an overdue notice, we may accelerate the loan, making the principal and accrued interest immediately due and payable.

When we provide loans to construct new buildings, generally the borrower may not begin construction until the loan has been closed. Before we release any funds, one of our representatives typically inspects the site to confirm that the work for which the draw on the loan is being made has been completed. Finally, during construction, we often assess a one percent (1%) interest rate premium on the loan. When the borrower makes the final draw and the loan is amortized, interest on the loan begins to accrue at the then current rate.

Organization Loan Policies

When we make loans to MB Organizations, we may request a meeting with appropriate church committees or institutional boards. We use these meetings to discuss the building plans and specifications, the church or institution's role in the loan process, and our purposes and obligations in the administration of our Loan Program.

We typically ask a borrowing MB Organization to provide us with financial information that demonstrates its ability to service the debt. Examples of financial information we often consider include financial statements, written budgets and other adopted financial plans. We also examine this information for evidence that the borrowing MB Organization has consistently supported other MB Organizations such as conferences and ministries.

We typically will not make a loan to a MB Organization if the loan would cause payments on its overall debt to exceed 25% of its annual receipts for each of the past two years. MB Organizations may also have to agree that they will not incur additional debt that would cause them to exceed this limit without our written permission.

Generally, Organization Loans are not for more than 75% of the lower of aggregate cost or value of the property securing the loan. We typically obtain an appraisal or broker price opinion to verify the fair market value. If an approved guarantor guarantees the loan, we often waive this 75% limitation. We usually also consider whether a church applying for a loan is located in a community where it can realistically be maintained.

Home Loan Policies

Applications for Home Loans generally must include a credit report and a property appraisal.

A base interest rate is calculated by taking the 11th District Cost of Funds Index, which is the weighted-average interest rate paid by 11th Federal Home Loan Bank District savings institutions for savings and checking accounts, plus a margin of 2.50%. Adjustments are calculated off of the borrower's credit score and down payment or loan to value ratio.

Interest rates will not be lower than the rate offered on the 5-year Term Certificates at the time the loan is made, and are adjustable every five (5) years. Standard amortization is 30 years.

A Home Loan is generally not transferable. Therefore, it may not be assigned to or assumed by a party other than the borrower without our written consent. In addition, when the borrower sells the property, the loan often becomes immediately due and payable.

TAX ASPECTS OF OWNING CERTIFICATES

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

- Although MBLF is a 501(c)(3) organization, you will not be entitled to a charitable deduction for the Certificate you purchase.
- Any interest on your Certificate will be taxed as ordinary income in the earlier of the year it accrues or the year in which it is paid to you.
- If required, we will provide you with a Federal Income Tax Form 1099-INT or the comparable form by January 31st of each year indicating the interest earned on your Certificate(s) during the previous year.

You will not be taxed on the return of any principal amount of your Certificate or on the payment of interest that was previously taxed. In addition, if you (or you and your spouse together) have invested or loaned more than $250,000 in the aggregate with or to MBLF and other charitable organizations that control, are controlled by, or are under common control with MBLF, you may be deemed to receive additional taxable interest under Section 7872 of the Code if the interest actually accruing on your Certificate is less than the applicable federal rate. If you believe this applies to you, you should consult your tax advisor.

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

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

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

SELECTED FINANCIAL DATA

The tables below set forth selected financial information as of and for the years ended December 31, 2015, 2016, 2017, 2018 and 2019.

	2019	2018	2017	2016	2015
Assets					
Cash and cash equivalents	$ 918,674	$ 739,313	$ 730,372	$ 831,000	$ 956,561
Investments	36,285,376	20,212,996	24,478,515	26,915,830	27,994,110
Loans receivable, net	82,039,932	87,179,641	73,399,471	72,837,770	69,143,668
Property and equipment, net	2,027,315	2,078,701	2,120,443	1,024,261	33,402
Other assets	753,165	650,182	637,847	615,423	613,367
Total Assets	$122,024,462	$110,860,833	$101,366,648	$102,224,284	$ 98,737,997
Liabilities					
Accounts payable and accrued expenses	$ 21,467	$ 7,240	$ 15,405	$ 335,554	$ 10,765
Investment certificates	109,306,944	99,487,277	91,033,254	92,052,794	90,123,794
Total Liabilities	$ 109,328,411	$ 99,494,517	$ 91,048,659	$ 92,388,348	$ 90,134,559
Net Assets, end of year	**$ 12,696,051**	**$ 11,366,316**	**$ 10,317,989**	**$ 9,835,936**	**$ 8,603,438**
Revenues	$ 5,708,819	$ 4,378,446	$ 4,439,579	$ 4,574,066	$ 4,091,774
Less Expenses	4,379,084	3,330,119	3,957,526	3,341,568	3,325,902
Change in Net Assets Without Donor Restriction	**$ 1,329,735**	**$ 1,048,327**	**$ 482,053**	**$ 1,232,498**	**$ 765,872**

	2019	2018	2017	2016	2015
Supplemental Data:					
Proceeds from issuing certificates	$ 56,422,550	$ 41,933,210	$ 30,381,195	$ 23,585,070	$ 25,571,470
Interest reinvested in certificates	$ 2,931,096	$ 2,123,361	$ 1,988,153	$ 1,943,387	$ 1,772,369
Matured certificates reinvested	$ 17,189,842	$ 19,477,641	$ 19,812,090	$ 24,188,180	$ 21,860,895
Redemptions of certificates	$ 49,533,979	$ 35,602,548	$ 33,388,888	$ 23,599,457	$ 22,722,556

	Unsecured Loans		Delinquent Loans	
	Amount	% of Total Loans	Amount	% of Total Loans
2019	--	--	1,551,221	1.83%
2018	--	--	--	--
2017	$ 2,982	0.004%	--	--
2016	$ 11,853	0.02%	--	--
2015	$ 20,310	0.03%	--	--

FINANCIAL DISCUSSION AND ANALYSIS

Certificates

As of December 31, 2019, our outstanding Certificates totaled $109,306,944. This represents an increase of $9,819,667 or 9.9% above our Certificates outstanding of $99,487,277 as of December 31, 2018, which represents an increase of $8,454,023 or 9.3% above our certificates outstanding of $91,033,254 as of December 31, 2017. This change in outstanding Certificates is attributable to standard investment and reinvestment activity in our Certificates, as well as our enhanced sales activity in order to meet increased loan demand.

As of December 31, 2019, the weighted average interest rate being paid to investors in our Certificates was 2.86%. This compares to weighted averages of

2.66% as of December 31, 2018 and 2.29% as of December 31, 2017. Interest rates offered on Certificates are based upon a number of factors, including market conditions, prevailing interest rates and other applicable indicators. Our total interest expense on our Certificates in 2019 was $3,141,696 compared to $2,259,825 in 2018 and $2,133,972 in 2017.

Other Borrowed Indebtedness

We have a $5,000,000 unsecured line of credit from Emprise Bank. As of December 31, 2019, we had no outstanding balance on this line of credit, which matures July 2, 2020.

Loans

During 2019, we approved $28,261,342 in new loans, compared with $35,276,257 in 2018 and $ 9,962,475 in 2017. We made loan advances of $9,496,836 in 2019, representing a decrease of $13,835,740 or 59% compared to loan advances of $23,332,576 in 2018, which represented an increase of $14,284,995 or 158% compared to loan advances of $9,047,581 in 2017. Similarly, our loan principal received was $14,676,854 in 2019, representing an increase of $5,064,754 or 53% compared to $9,612,100 in 2018, which represented an increase of $3,147,815 or 49% compared to $6,464,285 in 2017.

As of December 31, 2019, we had one delinquent loan with a principal balance of $1,551,221 and no impaired loans. As of December 31, 2018 and 2017, we had no delinquent or impaired loans.

We had no loan foreclosures during 2019, and had no real estate held for sale as of December 31, 2019.

During 2019, 2018 and 2017, we made no additional provision for losses.

In 2019, our loan portfolio decreased by $5,139,709, from $89,897,253 on December 31, 2018, to $84,757,544 on December 31, 2019. This represented a decrease of 6%.

As of December 31, 2019, we had outstanding loan commitments totaling $31,648,582, compared to loan commitments of $12,629,304 at December 31, 2018.

As of December 31, 2019, the interest rates on our loans receivable ranged from 2.60% to 6.75% and had a weighted average of 5.08%, compared with weighted averages 4.84% and 4.72% as of December 31, 2018 and 2017, respectively. Our interest income on loans receivable in 2019 was $4,499,180, representing a 13% increase from $3,990,403 in interest income on loans receivable in 2018, which represented a 12% increase from $3,566,678 in interest income on loans receivable in 2017.

Net Assets

During 2019, we experienced an increase in net assets of $1,329,735. This compares to increases of $1,048,327 and $482,053 in 2018 and 2017, respectively. As of December 31, 2019, net assets were $12,696,051.

Related Party Transactions

Our Board members are also MB Foundation Board members. Currently, some of our Board members also serve on the boards of U.S. Conference, Pacific District Conference and Fresno Pacific University. In addition, some of our Board members and officers may serve on boards or as pastors of their local churches, although we do not consider these affiliations to be strong enough to constitute related party transactions in either our Certificate or Loan Programs when dealing with those organizations. See "Our Organization and Its History" on page 10, and "Management" on page 20 for more detailed discussions of these relationships.

We may periodically have loans or Certificates outstanding with the U.S. Conference, MB Foundation, MB Organizations with whom Board members or officers are affiliated, or with Board members or officers themselves. We believe that these loans are extended and Certificates are offered on the same terms and conditions as other loans and Certificates, with the exception of the Preferred Certificate which is only available to MB Foundation on the terms discussed in the section entitled "Description of Our Certificates—Preferred Certificate" on page 10.

As of December 31, 2019, we had three loans with an outstanding balance totaling $356,719 with a weighted average interest rate of 3.44% with three of our officers. As of that same date, we had two loans outstanding to employees with an outstanding balance of $145,544 and a weighted average interest rate of 3.41%.

At December 31, 2019, we had seven Certificates totaling $649,528, with a weighted average interest rate of 1.57%, outstanding to two Mennonite Brethren Conferences who have board members who are also on our board. We also had four outstanding Certificates totaling $307,595, with an interest rate of 1.00%, to an educational institution that has a board member who is also on our board. At December 31, 2019, we also had two line of credit loan commitments to Mennonite Brethren Conferences for a total of $500,000 with an interest rate of 5.2%, of which $0 was funded. Details on the Preferred Certificate held by MB Foundation can be found in the section entitled "Description of Our Certificates—Preferred Certificate" on page 10.

We made grants to the MB Foundation of $325,000, $300,000, and $ 1,200,000 in 2019, 2018 and 2017, respectively.

INVESTING ACTIVITIES

Our investment policy has been established by our Board. Our general investment objectives under that policy include (1) the preservation and protection of our assets, (2) the provision of funding for our loan program, (3) the minimization of risk with regard to the investment of our liquid assets while seeking a rate of return commensurate with that of intermediate term government bonds, (4) the control of investment administration costs, (5) the maintenance of liquidity necessary to meet regulatory, short-term and emergency needs, and (6) the satisfaction of all requirements of the North American Securities Administrators Association and related state agency requirements. To this end, we seek to invest the majority of our assets in our loan program, while maintaining sufficient liquid assets (cash, interest-bearing and readily marketable securities) to provide short-term liquidity.

We believe that the liquidity necessary for ordinary operations may be facilitated through a cash management system utilizing multiple investment pools each maintaining a specified balance, risk, and maturity structure. Each of the investment pools represent progressively decreasing levels of liquidity, increased risk, and potentially increased return. The pools consist of interest bearing bank accounts (Pool I), money market mutual funds (Pool II), bank certificates of deposit (Pool III) and a short term bond fund (Pool IV).

Pool IV is limited to fixed income securities in the form of U.S. treasuries, U.S. agencies, corporate bonds and other asset backed securities. These securities must be investment grade at the time of purchase, except up to 10% of Pool IV may be in securities that are not investment grade. We seek to maintain an average maturity of 3-5 years and an average duration of 2-3 years on the fixed income securities in Pool IV.

We endeavor to invest in companies whose business is consistent with Mennonite Brethren values and beliefs. Accordingly, we seek to avoid companies associated or identified with alcoholic beverages, tobacco products, abortion, pornography, the gaming industry or the defense industry. This may impact the relative financial performance of the investment portfolio compared to performance that may have been achieved if we had not made any socially conscious investments.

Our Board has authorized our officers to carry out our financial affairs, including our investing activities. The names and background information on those individuals can be found in the section entitled "Management" on page 20. As of December 31, 2019, approximately $27.9 million of our investment portfolio was held at the full service brokerage firm Charles Schwab & Co., Inc.

We had investment income of $1,133,712, $342,280, and $858,312, for the years ended December 31, 2019, 2018, and 2017, respectively. This investment income consisted of interest, dividends, and realized gains of $906,592, $562,517, and $779,697, in each of these years, respectively, increased by unrealized gains of $227,120 in 2019, decreased by unrealized losses of $220,237 in 2018 and increased by unrealized gains of $78,615 in 2017.

As of December 31, 2019, our investments consisted of the following:

At fair value:		
Money market funds	$	9,182,346
U.S. government bonds		3,903,554
Corporate bonds		4,550,510
Certificates of deposit		2,201,085
Mutual funds		7,104,402
	$	26,941,897
At cost:		
Cash	$	1,003,522
Denominational loan fund certificates	$	8,339,957
	$	9,343,479
	$	36,285,376

The growth in our Certificate balance relative to our loan portfolio has afforded us the opportunity to have larger cash balances during difficult economic times. Historically, our liquid assets have been sufficient to meet normal Certificate repayment requests and loan commitment requirements.

Management

Board of Directors

Our Board of Directors consists of the members of MB Foundation's Board of Directors. MB Foundation's Board may have between eight and 15 members. Directors of MB Foundation are nominated by its current Board of Directors and must be approved by the U.S. Conference. The U.S. Conference Treasurer is automatically a member of our Board by virtue of holding that position. As of the date of this Offering Circular, we have eleven directors.

Each year, our Board has at least two regularly scheduled meetings. In addition, the directors may meet as needed via telephone or otherwise.

Randy Hamm, Chairman

Mr. Hamm, age 63, graduated from Tabor College in Hillsboro, Kansas. Mr. Hamm was born and raised in Enid, Oklahoma, where he still resides. Since 1984, Mr. Hamm has owned and managed his own auto dealership in Enid, Stuart Nissan. He is active in the Enid community, and has served on the Board of Directors for the Enid United Way. Mr. Hamm has served on the MB Foundation board since 2004. His current term expires in 2020.

Mike Bernardoni, Vice Chairman

Mr. Bernardoni, age 41, received a B.S. degree from California State University Fresno. He currently serves as President of a medical supply company in Fresno that specializes in meeting the needs of patients residing in Skilled Nursing Facilities. Mr. Bernardoni currently serves on the Board of Trustees at Reedley Mennonite Brethren Church where his wife and three children have been attending for 15 years. His current term expires in 2022.

Gaven Banik, Secretary

Mr. Banik, age 68, is the Fixed Operations Manager at Luxury Auto Mall of Sioux Falls in Sioux Falls, SD. He has been with the company for over 25 years. He currently attends Lincoln Hills Bible Church in Sioux Falls and serves on the elder board. His leadership board service has included Sunshine Bible Academy (Miller, SD) and the Central District Conference of Mennonite Brethren Churches Board of Trustees. His current term expires in 2022.

Mike Wall, Assistant Secretary

Mr. Wall, age 70, is a Certified Financial Planner and owns an independent financial planning business. He has been active in the local FPA chapter since 1995. He currently attends Stony Brook Church in Omaha, Nebraska and has served as an elder for 8 years. Mr. Wall has been involved with church planting and building projects in churches since 1990. He has served several terms with the Central District Conference on Board of Trustees, Faith & Life and presently Church Planting Board. His current term expires in 2020.

Aaron Erickson

Mr. Erickson, age 43, has worked in the technology industry in numerous capacities, including sales, business development, marketing, and social media. He has also provided computer software training and business research for Christian radio stations in many parts of the world. A graduate in Global Studies from the University of Northwestern - St. Paul, Mr. Erickson is currently pursuing a Masters of Biblical and Theological Studies from Dallas Theological Seminary. He is a member of South Mountain Community Church in Utah. His current term expires in 2020.

Brent Goertzen

Mr. Goertzen, age 47, is a faculty member within the Department of Leadership Studies at Fort Hays State University ("**FHSU**") since 2003. He earned his doctoral degree in Community and Human Resources with a specialization in Leadership from the University of Nebraska - Lincoln in 2003. Mr. Goertzen has facilitated numerous leadership workshops, seminars and retreats for organizations such as the FHSU Alumni Board, Northwest Kansas Mayors' Association, Kansas Environmental Leadership Program, Small Business Development Center, Garrison Workforce at Fort Riley, and his local church. He and his family are members of North Oak Community Church in Hays, Kansas where he serves on the elder board. His term expires in 2022.

Eyasu Lemma

Mr. Lemma, age 41, is a licensed architect and is employed at the U.S. Army Corps of Engineers, Kansas City District. He was born in Addis Ababa, Ethiopia. He received his bachelor's degree from the University of Kansas in 2005 and has worked for private companies on various commercial projects. Mr. Lemma and his family attend Ethiopian Christian Fellowship Church in Olathe, Kansas where he serves on the building committee board and in music ministry. His current terms expires in 2022.

Kenneth E. Neufeld

Mr. Neufeld, age 77, is a real estate broker who has been involved in the real estate industry since 1980. He earned his B.A. degree from Sir Wilfred Laurier University in Waterloo, Ontario and a Masters in Public Administration from the University of Southern California in Los Angeles. Mr. Neufeld is a current member of the National, California, and Fresno Association of Realtors. He has served two terms as President of the Fresno association and also served as treasurer for the association's Budget & Finance Committee. He has been a member of the Property & Finance Committee of Mennonite Brethren Biblical Seminary for seven years, including three years as its chair. Mr. Neufeld served on the U.S. Conference Board of Trustees from 1994 to 2002, including several terms as chair. He currently serves on the Board of Directors for Fresno Pacific University. Mr. Neufeld has served on the MB Foundation board since 1994, and as chairman from 2002 to 2007. His current term expires in 2020.

Philip Daniel Ray

Mr. Ray, age 57, received a B.S. degree from California State University Fresno. He is a Certified Financial Planner, and is the President and shareholder of Regency Investment Advisors, Inc., a U.S. Securities and Exchange Commission Registered Investment Advisory firm in Fresno, California. He brings to our board 20 plus years of professional investment experience. His history of volunteer service includes: Ten years serving as a citizen advisory member on the investment committee of the City of Fresno Retirement Systems; Past President of the Fresno Estate Planning Council; Board member and Chairman, Central California Mennonite Residential Services; and Past President, Exceptional Parents Unlimited Board of Directors. Dan currently serves on the Fresno Pacific Biblical Seminary Committee. Mr. Ray has served on the MB Foundation board since July 2000. He is an appointed member of the Board and thus serves without a term expiration.

Lynn V. Schneider

Mr. Schneider, age 72, holds a B.S. degree in Business Administration from Huron University in Huron, South Dakota, and attended the American Bankers Association and Graduate School of Banking at the University of Delaware, Newark, Delaware. He was a loan officer and branch manager for the Farm Credit System Production Credit Association for ten years and was president of the Marquette Bank of Huron, South Dakota for 15 years. He recently retired as President & CEO of American Bank & Trust in Huron where he had been employed since January 2002. He was also Vice-President and a director of Leackco Bank Holding Company, Inc., and Secretary of American Trust Insurance, LLC. Mr. Schneider has been a director and board chairman of the Greater Huron Development Corporation, the Huron Regional Medical Center Hospital, the James Valley Christian School and the Griffith Foundation. He has also served as a director for the South Dakota State University Foundation and a director and president of the South Dakota Bankers Association. He has served as director of the Federal Home Loan Bank of Des Moines. Mr. Schneider has served on MB Foundation's Board since July 2000, and as chairman from 2007 to 2014. He is an appointed member of the Board and thus serves without a term expiration.

Tharen Spahr

Mr. Spahr, age 64, earned his B.A. degree in business administration from Doane College. Later he earned his B.S. degree in accounting from Wichita State University. He is the Vice President – Finance at HOC Industries, Inc., a contract packager of liquid products, in Wichita, Kansas. From 1991 to 2001, Mr. Spahr was the Chief Financial Officer at StraightLine Manufacturing, Inc. in Newton, Kansas. He was a staff accountant with Allen, Gibbs & Houlik, CPAs in Wichita, Kansas from 1989 to 1991. He is a member and Elder of Lighthouse Community Church in Wichita, Kansas and has served on the MB Foundation board since July 2010. Mr. Spahr currently serves as Treasurer for the U.S. Conference. His current term expires in 2022.

Officers

Jon C. Wiebe, President and CEO

Mr. Wiebe, age 56, earned a B.A. degree from Tabor College, Hillsboro, Kansas and an M.B.A. from the University of Denver, Denver, Colorado. He was a youth pastor for four years at Belleview Acres Mennonite Brethren Church before joining Andersen Consulting as a Staff Consultant and then Norwest Bank as a Financial Analyst. Mr. Wiebe has served in a number of positions within the local church and, while in Denver, was on the Board of More For Less, a local self-help retail store. His involvement included several years as Chair. Mr. Wiebe is currently a member of Parkview Mennonite Brethren Church and has formerly served as Sunday school teacher, youth sponsor, Council Chair, Elder Chair, Moderator and as Chair of Southern District Conference and currently serves on the board of Salem Home (Hillsboro, KS) as Vice Chair. Mr. Wiebe started with MB Foundation as a Vice President in 1996 and was promoted to President on January 1, 1998, where he continues to serve.

Tracy Halydier, Chief Operations Officer

Mr. Halydier, age 56, earned a B.S. degree from Howard Payne University, Brownwood, Texas, and an M.A. from Southwestern Baptist Theological Seminary, Fort Worth, Texas. He is a licensed and ordained minister who has served as Associate Pastor of Administration and Evangelism, as well as a Church Financial Administrator at several Southern Baptist churches. While serving as Vice President for Consumer Credit Counseling Service in Fort Worth, Tracy oversaw an aggressive expansion project expanding their reach in Texas, New Mexico and into the Country of Mexico. In 2007, he became Senior Business administrator at an engineering firm in Houston, Texas, and oversaw the merger of this company with another engineering firm located in Georgia. Mr. Halydier joined the MBLF staff in December of 2018. He is also co-founder and volunteer business administrator of Abiding Truth Ministry, Inc., a non-profit Christian organization.

Joel D. Soo Hoo, Vice President and Treasurer

Mr. Soo Hoo, age 43, received a B.A. in Business Administration from Tabor College in Hillsboro, Kansas, in 1999. After graduation, Mr. Soo Hoo worked at Midland National Bank in the operations department and as a Staff Accountant for Claassen Financial Services prior to joining the staff of MB Foundation and MBLF as a Staff Accountant in March of 2001. Mr. Soo Hoo was promoted to Treasurer of both organizations in August of 2003, and to Vice President on January 1, 2007. Mr. Soo Hoo has served on the Leadership Marion County Board. He is a member of Parkview Mennonite Brethren Church, where he serves on the Financial Review Committee and has served on Board of Trustees, Coordinating Council, and as Treasurer. He has also served as a high school youth sponsor.

Bruce Jost, Vice President

Mr. Jost, age 45, received a B.A. in Business Administration from Tabor College in Hillsboro, Kansas, in 1997. Mr. Jost worked at Tabor College as the Director of Student Financial Assistance prior to joining the MBLF team in December 2006. He was promoted to Vice President in January 2015. Mr. Jost is a member of Ebenfeld Mennonite Brethren Church and served as the church moderator from 2014-2016.

Compensation

Members of our Board of Directors are reimbursed for their out-of-pocket expenses for attending meetings, but receive no other compensation. As officers of both MB Foundation and MBLF, our officers received compensation, including health and retirement benefits, from both organizations. During 2019, we paid total officer and director compensation of $282,720.

LEGAL MATTERS

As of the date of this document, there were no suits, actions or other legal proceedings or claims pending or, to our knowledge, threatened against us or any individual in his or her capacity as our officer or director.

AUDITORS

Our Financial Statements for December 31, 2019, have been audited by Capin Crouse LLP, independent auditors, whose address is 55 Shuman Blvd, Suite 300, Naperville, IL 60563.

ADDITIONAL INFORMATION

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

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

General Information

Our Team

Jon C. Wiebe
President and CEO

Tracy Halydier
Chief Operations Officer

Bruce Jost
Vice President

Joel D. Soo Hoo
Vice President and Treasurer

Danielle Bartel
Executive Assistant

Samantha Cunningham
Staff Accountant

Pam Franz
IT, Database & Compliance Coordinator

Brenda Hamm
Marketing Associate

Roman Hofer
Account Administrator

Jeff Jorgenson
Director of Financial Services

Bruce Porter
Planned Giving Advisor

Sherry Rempel
Administrative Assistant

Krista Richert
Administrative Assistant

Garvie Schmidt
Planned Giving Advisor

Andy Shewey
Planned Giving Advisor

Shawna L. Vogt
Account Administrator

Offices

Corporate Headquarters

200 East D St
PO Box 220
Hillsboro, Kansas 67063

Phone	620.947.3151
Fax	620.947.3266
Toll-free	800.551.1547

California Office

1318 E Shaw Ave
Ste 313
Fresno, California 93710

Phone	559.458.7208
Toll-free	800.551.1547

Regular Hours

- You may contact our office during the following regular business hours:

  Monday through Friday
  8:00 a.m. to 5:00 p.m.
- Investments received at our main office by noon will generally be credited to the investor that day.
- Redemption requests received at our main office before 2:00 p.m. generally will be honored the same day.

Upcoming Holidays

Our offices will be closed on the following days:

Memorial Day ..... May 25, 2020
Independence Day .... July 3, 2020
Labor Day .... Sept. 7, 2020
Thanksgiving .... Nov. 26 & 27, 2020
Christmas .... Dec. 25, 2020
New Year's .... Jan. 1, 2021
Good Friday……. April 2, 2021

TABLE OF CONTENTS

A higher standard.
A higher purpose.

MENNONITE BRETHREN LOAN FUND

Financial Statements
With Independent Auditors' Report

December 31, 2019, 2018 and 2017

CAPINCROUSE LLP

MENNONITE BRETHREN LOAN FUND

Table of Contents

CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT

Board of Directors
Mennonite Brethren Loan Fund
Hillsboro, Kansas

We have audited the accompanying financial statements of Mennonite Brethren Loan Fund, which comprise the statements of financial position as of December 31, 2019, 2018 and 2017, and the related statements of activities and cash flows for the three years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mennonite Brethren Loan Fund as of December 31, 2019, 2018 and 2017, and the changes in its net assets and cash flows for each of the three years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Naperville, Illinois
March 17, 2020

55 Shuman Blvd, Suite 300
Naperville, IL 60563
630.682.9797
capincrouse.com

MENNONITE BRETHREN LOAN FUND

Statements of Financial Position

	December 31,		
	2019	2018	2017
ASSETS:			
Cash and cash equivalents	$ 918,674	$ 739,313	$ 730,372
Investments	36,285,376	20,212,996	24,478,515
Accrued interest receivable	389,750	277,957	264,217
Prepaid expenses	363,415	372,225	373,630
Loans receivable, net	82,039,932	87,179,641	73,399,471
Property and equipment, net	2,027,315	2,078,701	2,120,443
	$ 122,024,462	$ 110,860,833	$ 101,366,648
LIABILITIES AND NET ASSETS:			
Liabilities:			
Accounts payable and accrued expenses	$ 21,467	$ 7,240	$ 15,405
Investment certificates	109,306,944	99,487,277	91,033,254
	109,328,411	99,494,517	91,048,659
Net assets:			
Net assets without donor restrictions	12,696,051	11,366,316	10,317,989
	$ 122,024,462	$ 110,860,833	$ 101,366,648

See notes to financial statements

MENNONITE BRETHREN LOAN FUND

Statements of Activities

	Year Ended December 31,		
	2019	2018	2017
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:			
Revenues:			
Interest on loans receivable	$ 4,499,180	$ 3,990,403	$ 3,566,678
Contributions	14,738	-	-
Investment income	1,133,712	342,280	858,312
Other	61,189	45,763	14,589
	5,708,819	4,378,446	4,439,579
Expenses:			
Program services:			
Interest on investment certificates	3,141,696	2,259,825	2,133,972
Grant to Mennonite Brethren Foundation	325,000	300,000	1,200,000
Other operating expenses	503,084	478,209	483,990
	3,969,780	3,038,034	3,817,962
Management and general	409,304	292,085	139,564
	4,379,084	3,330,119	3,957,526
Change in Net Assets Without Donor Restrictions	1,329,735	1,048,327	482,053
Net Assets, Beginning of Year	11,366,316	10,317,989	9,835,936
Net Assets, End of Year	$ 12,696,051	$ 11,366,316	$ 10,317,989

See notes to financial statements

MENNONITE BRETHREN LOAN FUND

Statements of Cash Flows

	Year Ended December 31, 2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	$ 1,329,735	$ 1,048,327	$ 482,053
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation	51,386	50,441	25,076
Net unrealized (gains) losses on investments	(227,120)	220,237	(78,615)
Interest reinvested in investment certificates	2,931,096	2,123,361	1,988,153
Changes in:			
Accrued interest receivable	(111,793)	(13,740)	(18,491)
Prepaid expenses and other assets	8,810	1,405	(3,933)
Accounts payable and accrued expenses	14,227	(8,165)	5,608
Net Cash Provided by Operating Activities	3,996,341	3,421,866	2,399,851
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(63,791,842)	(36,065,852)	(33,298,779)
Proceeds from sales and maturities of investments	47,946,582	40,111,134	35,814,709
Purchase of real estate	-	(8,699)	(1,447,015)
Loan advances	(9,496,836)	(23,332,576)	(9,047,581)
Loan principal received	14,676,854	9,612,100	6,464,285
Net Cash Used by Investing Activities	(10,665,242)	(9,683,893)	(1,514,381)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from sale of loan participation interest	-	-	2,100,000
Principal payments on loan participation interest	(40,309)	(59,694)	(78,405)
Proceeds from issuance of investment certificates	56,422,550	41,933,210	30,381,195
Redemptions of investment certificates	(49,533,979)	(35,602,548)	(33,388,888)
Net Cash Provided (Used) by Financing Activities	6,848,262	6,270,968	(986,098)
Change in Cash and Cash Equivalents	179,361	8,941	(100,628)
Cash and Cash Equivalents, Beginning of Year	739,313	730,372	831,000
Cash and Cash Equivalents, End of Year	$ 918,674	$ 739,313	$ 730,372
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Matured investment certificates reinvested	$ 17,189,842	$ 19,477,641	$ 19,812,090
Cash paid for interest	$ 210,599	$ 136,464	$ 145,819

See notes to financial statements

MENNONITE BRETHREN LOAN FUND

Notes to Financial Statements
December 31, 2019, 2018 and 2017

1. NATURE OF ORGANIZATION:

Mennonite Brethren Loan Fund (Fund) is a nonprofit, tax-exempt corporation, which is a separate legal entity affiliated with the Mennonite Brethren Foundation (Foundation). Its primary mission is to serve the financial needs of the Mennonite Brethren conference, churches, institutions and agencies. Activities include loaning funds primarily to Mennonite Brethren organizations for purchase or construction of facilities or for operations and to qualified workers of Mennonite Brethren churches for the purpose of purchasing their residences; raising capital from Mennonite Brethren organizations and individuals; and expressing generosity by making grants from earnings to the Foundation. The Fund's primary means of obtaining funds has been through the issuance of investment certificates.

The Fund shares a common board of directors with the Foundation whose consolidated financial statements include the accompanying Fund financial statements.

The Fund is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Fund has been classified as an organization that is not a private foundation under IRC Section 509(a)(1).

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements of the Fund have been prepared using the accrual basis of accounting. The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking accounts and sweep accounts. Other accounts such as money market accounts are considered investments regardless of their original maturity. Cash held as part of a larger investment portfolio is included in investments. At December 31, 2019, 2018 and 2017, the Fund's cash balances exceeded federally insured limits by $734,131, $492,680 and $748,776, respectively. The Fund has not experienced any losses on these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

INVESTMENTS

Investments are reported at fair value. Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Realized and unrealized gains and losses are reported as net investment gains and losses in the statements of activities.

CLASSES OF NET ASSETS

The financial statements report amounts by classification of net assets. Net assets without donor restriction are those currently available at the discretion of the Board for use in the organization's operations, those designated by the Board for specific purposes and those resources invested in property and equipment. At December 31, 2019, 2018 and 2017, the Fund had no net assets with donor restrictions.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT
Property and equipment purchases in excess of $2,000 are capitalized at cost and depreciated on the straight line method over the estimated useful lives of the related assets, which range from one to forty years.

LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES
Loans receivable consist of loans primarily to Mennonite Brethren churches, organizations and qualified church workers, primarily secured by real estate mortgages, although the Fund does make some unsecured loans and some loans that are secured by third-party guarantees and other forms of collateral. Most of the loans are originally set up for a term of ten or fifteen years. Loans are reported at their outstanding principal balances net of loan participation interests sold and allowance for loan losses.

The allowance for loan losses is maintained at a level that, in management's judgment, is adequate to absorb probable loan losses. The amount is based upon an analysis of the loan portfolio by management including, but not limited to, review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This process is based on estimates and ultimate losses may vary from current estimates. As changes in estimates occur, adjustments to the level of the allowance are recorded in the provision for potential loan losses in the period in which they become known.

Due to the nature of the relationship with its borrowers, the Fund is willing to make accommodations with borrowers whose payments are not current, so long as such accommodations do not jeopardize the interests of the Fund's investors. A loan is considered impaired when, based upon current information and events, it is probable that the Fund will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans are classified as delinquent when payments are 90 days overdue. Delinquent and impaired loans continue to accrue interest. Payments on delinquent and impaired loans are recorded first as interest income and then as a reduction in principal. The accrual of interest income is discontinued when, in management's judgment, the scheduled interest may not be collectable within the stated term of the loan. Interest income is recognized on a cash basis for loans classified as nonaccrual loans, with subsequent payments applied first to interest and fees, if any, and then to principal. Loans classified as nonaccrual loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

During 2018, the Fund purchased loan participations originated by Church of God by Faith Financial Solutions, The Baptist Foundation of California and Christian Financial Resources. During 2017, the Fund purchased a loan participation originated by Converge Cornerstone Fund. All of the loan participations were purchased without recourse and are secured by real property. Loan servicing functions on these loans are retained by the originator.

During 2017, the Fund sold a non-recourse participation interest in a loan to Church Loan Fund. The Fund collected all payments on the loan and remits proportionate amounts to the participant. Loans receivable at December 31, 2019, 2018 and 2017, are reported net of participation interests sold.

MENNONITE BRETHREN LOAN FUND

Notes to Financial Statements
December 31, 2019, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES
Expenses are recognized when incurred in accordance with the accrual basis of accounting. The costs of providing program services and supporting activities have been allocated on a functional basis, determined by use of the facilities, level of support effort, and relative program benefited.

RECENTLY ISSUED ACCOUNTING STANDARDS
In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers.* The Fund adopted the provisions of this new standard during the year ended December 31, 2019. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had no effect on change in net assets or net assets in total.

3. INVESTMENTS:
Investments consist of:

	December 31, 2019	December 31, 2018	December 31, 2017
At fair value:			
Money market funds	$ 9,182,346	$ -	$ 6,407
U.S. Government bonds	3,903,554	2,079,413	2,086,495
Corporate bonds	4,550,510	2,954,036	4,282,488
Certificates of deposit	2,201,085	495,301	1,238,600
Mutual Fund	7,104,402	1,799,063	4,425,818
	$ 26,941,897	$ 7,327,813	$ 12,039,808
At cost:			
Cash	$ 1,003,522	$ 6,784,591	$ 389,795
Denominational loan fund certificates	8,339,957	6,100,592	11,775,304
Certificates of deposit	-	-	273,608
	9,343,479	12,885,183	12,438,707
	$ 36,285,376	$ 20,212,996	$ 24,478,515

Investment income consists of:

	2019	2018	2017
Interest and dividends	$ 906,592	$ 562,517	$ 779,697
Unrealized gains (losses)	227,120	(220,237)	78,615
	$ 1,133,712	$ 342,280	$ 858,312

MENNONITE BRETHREN LOAN FUND

3. INVESTMENTS, continued:

At December 31, 2019, the certificates of deposit, U.S. Government bonds and corporate bonds mature as follows:

Within one year	$ 11,580,893
After one year through five years	7,414,213
	$ 18,995,106

4. LOANS RECEIVABLE, NET:

A summary of loans receivable classified by interest rates is as follows:

	December 31,		
	2019	2018	2017
4.5% or less	$ 11,652,636	$ 12,490,782	$ 8,267,774
over 4.5 to 5.5%	60,806,592	74,728,003	63,544,882
over 5.5 to 6.5%	11,341,269	2,678,468	4,304,427
over 6.5 to 6.75%	957,047	-	-
	84,757,544	89,897,253	76,117,083
Allowance for losses	(2,717,612)	(2,717,612)	(2,717,612)
	$ 82,039,932	$ 87,179,641	$ 73,399,471
Allowance for losses:			
Beginning of year	$ 2,717,612	$ 2,717,612	$ 2,717,612
Write-downs	-	-	-
End of year	$ 2,717,612	$ 2,717,612	$ 2,717,612

The Fund evaluates loans for impairment on an individual basis if the loan is more than 90 days delinquent. These loans are then given a specific allowance based on the estimated net realizable value of property serving as collateral. All other loans are evaluated for allowance on a collective basis. At December 31, 2019, one loan receivable totaling $1,551,221, with an allowance totaling $42,659, was evaluated individually for impairment. All other loans were collectively evaluated and no impairment was noted.

4. LOANS RECEIVABLE, NET, continued:

Status for performing and nonperforming real estate loans is based on payment activity for the year. Payment activity is reviewed by management on a monthly basis to determine how loans are performing. Loans are considered to be nonperforming when days delinquent is greater than 60 days in the previous month. The following table presents credit exposure by performance status for the years ended December 31, 2019, 2018 and 2017:

	December 31,		
	2019	2018	2017
Performing	$ 83,206,323	$ 89,897,253	$ 76,117,083
Nonperforming	1,551,221	-	-
	$ 84,757,544	$ 89,897,253	$ 76,117,083

An aging analysis of the principal of past due loans receivable is as follows:

	December 31,		
	2019	2018	2017
Past due:			
Greater than 90 days	$ 1,551,221	$ -	$ -
Current	83,206,323	89,897,253	76,117,083
	$ 84,757,544	$ 89,897,253	$ 76,117,083

At December 31, 2019, the Fund had one delinquent loan with a principal balance of $1,551,221. The amount of interest and principal payments owing on this delinquent loan was $59,390. Interest income recognized on this delinquent loan during 2019 was $97,070. The Fund believes that the collateral related to the delinquent loan will be sufficient to repay the loan balance.

The delinquent loan totaling $1,551,221 was 1.8% of the Fund's aggregate principal balance of total loans outstanding at December 31, 2019.

MENNONITE BRETHREN LOAN FUND

4. LOANS RECEIVABLE, NET, continued:

Loans receivable at December 31, 2019, will mature as follows:

Year	Amount
2020	$ 1,721,825
2021	2,222,931
2022	7,288,838
2023	7,586,915
2024	9,281,328
Thereafter	56,655,707
	$ 84,757,544

As of December 31, 2019, the Fund had no unsecured loans and three loans totaling $1,750,715 secured by other assets. The loans receivable earn interest at fixed or variable rates which ranged from 2.60 percent to 6.75 percent at December 31, 2019.

The Fund had 153 loans at December 31, 2019. Although the Fund has no geographic restrictions within the United States on where loans are made, aggregate loans in excess of five percent of total balances at December 31, 2019, were located in the following states:

State	Number of Loans	Principal Outstanding	Percent of Loan Portfolio
California	54	$ 19,244,300	23%
Washington	16	13,437,333	16%
Utah	5	9,013,562	11%
Colorado	7	8,111,964	10%
Oregon	8	7,793,111	9%
Arizona	8	5,389,005	6%
	98	$ 62,989,275	75%

MENNONITE BRETHREN LOAN FUND

Notes to Financial Statements
December 31, 2019, 2018 and 2017

4. LOANS RECEIVABLE, NET, continued:

At December 31, 2019, the Fund had 122 borrowers with balances as follows:

Loan Balance	Number of Borrowers	Principal Outstanding	Percent of Loan Portfolio
$ 0 - $500,000	79	$ 13,372,778	16%
$ 500,001 - $1,000,000	17	12,939,180	15%
$1,000,001 - $1,500,000	9	11,061,917	13%
$1,500,001 - $2,000,000	4	6,686,162	8%
$2,000,001 - $2,500,000	7	16,409,485	19%
$2,500,001 - $3,000,000	3	8,275,251	10%
Over $3,000,000	3	16,012,771	19%
	122	$ 84,757,544	100.0%

Although the Fund has a diverse portfolio of loans to Mennonite Brethren churches, organizations and qualified church workers, concentrations of credit risk exist with respect to individually significant borrowers, which are defined as those exceeding five percent of the total loan portfolio. At December 31, 2019, there was one individually significant borrower whose balance totaled $8,690,318.

5. PROPERTY AND EQUIPMENT, NET:

Property and equipment consists of:

	December 31, 2019	December 31, 2018	December 31, 2017
Land	$ 132,778	$ 132,778	$ 132,778
Building	2,021,440	2,021,440	2,012,741
	2,154,218	2,154,218	2,145,519
Accumulated depreciation	(126,903)	(75,517)	(25,076)
	$ 2,027,315	$ 2,078,701	$ 2,120,443

6. INVESTMENT CERTIFICATES:

The Fund issues certificates, which are the Fund's unsecured debt securities, to Mennonite Brethren churches, organizations and individuals that invest in the Fund. Certificates are redeemable at end of terms ranging from one to five years or on demand and earn interest at variable rates (from 0.5% to 3.15% at December 31, 2019). The Fund was indebted on investment certificates as summarized below:

	December 31,		
	2019	2018	2017
Demand:			
Advantage	$ 11,757,599	$ 8,509,853	$ 10,682,712
Demand	3,917,989	5,789,207	3,247,771
Preferred	34,440,334	34,802,877	27,442,838
	50,115,922	49,101,937	41,373,321
Term:			
One year	11,373,615	9,639,175	10,110,677
Two year	11,134,614	10,209,382	9,332,976
Three year	6,883,974	5,321,605	5,980,796
Four year	1,376,060	866,887	750,658
Five year	28,422,759	24,348,291	23,484,826
	59,191,022	50,385,340	49,659,933
	$ 109,306,944	$ 99,487,277	$ 91,033,254

Amounts are presented in the schedule below based on the year in which the investment certificates are scheduled to mature. Notwithstanding the foregoing, the Fund will pay any redemption of an investor's demand certificate within 30 days after receiving the request, although the Fund generally can honor requests much more quickly; term certificates may not be redeemed without the Fund's consent before they mature and any redemptions prior to maturity are subject to substantial penalties.

Year of Maturity	Amount
Demand	$ 50,115,922
2020	23,766,762
2021	15,255,594
2022	8,979,979
2023	4,962,533
2024	6,226,154
	$ 109,306,944

MENNONITE BRETHREN LOAN FUND

Notes to Financial Statements
December 31, 2019, 2018 and 2017

6. INVESTMENT CERTIFICATES, continued:

At December 31, 2019, the Fund had a total of 209 investors with aggregate investment certificate balances of $100,000 or more as follows:

Certificate Balances	Number of Investor Households	Amount	Percent of Certificate Balances Outstanding
$100,000 - $200,000	107	$ 14,434,232	13%
$200,001 - $300,000	44	10,693,015	10%
$300,001 - $500,000	34	13,173,353	12%
Greater than $500,000	21	21,202,790	19%
Related parties (Note 8)	3	35,334,291	32%
	209	$ 94,837,681	87%

At December 31, 2019, the Fund had 1,620 certificates, with the primary concentrations by state as follows:

State	Number of Certificates	Amount	Percent of Certificate Balances Outstanding
Kansas	676	$ 62,791,386	57%
California	460	28,696,043	26%
Oklahoma	214	8,161,765	7%
	1,350	$ 99,649,194	90%

7. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions consist of:

	December 31, 2019	December 31, 2018	December 31, 2017
Undesignated	$ 6,594,828	$ 5,823,274	$ 5,024,657
Capital adequacy reserve	6,101,223	5,543,042	5,068,332
Board designated for administration	-	-	225,000
Total net assets without donor restrictions	$ 12,696,051	$ 11,366,316	$ 10,317,989

MENNONITE BRETHREN LOAN FUND

Notes to Financial Statements
December 31, 2019, 2018 and 2017

8. <u>RETIREMENT PLAN:</u>

The Fund matches up to 6% of annual compensation for all eligible employees working 20 hours or more a week to a 403(b) plan sponsored by the Foundation. Employer contributions totaled $23,059, $18,076 and $18,966 during 2019, 2018 and 2017, respectively.

9. <u>RELATED PARTY TRANSACTIONS:</u>

As described in Note 1, the Fund is affiliated with the Foundation. The Fund's Board members are also Foundation Board members. The Foundation has agreed to provide management and accounting services to the Fund at a fee to be determined periodically. Management fees paid by the Fund to the Foundation during 2019, 2018 and 2017 totaled $43,980, $46,200 and $56,375, respectively. In addition, the Fund made a grant to the Foundation of $325,000, $300,000, and $1,200,000 in 2019, 2018 and 2017, respectively. One preferred demand certificate held by the Foundation bears interest at a variable rate. The balance on this certificate as of December 31, 2019, 2018 and 2017, was $34,440,334, $34,802,877, and $27,442,838, respectively.

Some of the Fund's board members also serve on the board of the U.S. Conference of Mennonite Brethren Churches (U.S. Conference), boards of the district conferences and boards of Mennonite Brethren educational institutions. From time to time the Fund may have loans or certificates outstanding with the U.S. Conference, district conferences, or Mennonite Brethren educational institutions.

The Fund offers a Home Loan program in which loans are available for the purchase or construction of primary residences in the United States for qualified church, district and conference employees. In addition, it is available to the Fund's staff as a benefit of employment. Board members, who are otherwise eligible, may participate in the Home Loan program. At December 31, 2019, the Fund had three loans with an outstanding combined balance of $356,719, with a weighted average interest rate of 3.44%, with three officers. As of that same date, the Fund had two loans outstanding to two employees with an outstanding combined balance of $145,544 with an interest rate of 3.41%. At December 31, 2018, the Fund had seven certificates totaling $649,528, with an average interest rate of 1.57%, to two Mennonite Brethren Conferences who have board members also on the Fund’s board. The fund also has four certificates totaling $307,595 with an interest rate of 1.00%, to an educational institution who has a board member also on the Fund’s board. At December 31, 2019, the Fund also had two line of credit loan commitments to Mennonite Brethren Conferences for a total of $500,000 with an interest rate of 5.2%, of which both are unfunded.

At December 31, 2018, the Fund had three loans with an outstanding combined balance of $373,221, with a weighted average interest rate of 3.44%, with three officers. As of that same date, the Fund had two loans outstanding to two employees with an outstanding combined balance of $152,170 with an interest rate of 3.40%. At December 31, 2018, the Fund had three certificates totaling $320,919, with an interest rate of 0.85%, to two Mennonite Brethren Conferences who have board members also on the Fund’s board. The fund also has four certificates totaling $284,168 with an interest rate of 0.85%, to an educational institution who has a board member also on the Fund’s board. At December 31, 2018, the Fund also had two line of credit loan commitments to Mennonite Brethren Conferences for a total of $500,000 with an interest rate of 4.95%, of which both are unfunded.

9. RELATED PARTY TRANSACTIONS, continued:

At December 31, 2017, the Fund had two loans with an outstanding combined balance of $159,015, with a weighted average interest rate of 2.96%, with two officers. As of that same date, the Fund had one loan outstanding to one employees with an outstanding balance of $30,305 with an interest rate of 2.95%. At December 31, 2017, the Fund had three certificates totaling $481,865, with an interest rate of 0.75%, to two Mennonite Brethren Conferences who have board members also on the Fund's board. The fund also has four certificates totaling $257,952, with an interest rate of 0.75%, to an educational institution who has a board member also on the Fund's board. At December 31, 2017, the Fund also had two line of credit loan commitments to Mennonite Brethren Conferences for a total of $500,000 with an interest rate of 4.70%, of which $2,982 was funded. At December 31, 2017, the Fund had two loans with an outstanding balance of $645,245, with an interest rate of 4.70%, to a church whose pastor was also on the Fund's board.

10. CONCENTRATION OF CREDIT RISK:

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

From time to time, cash deposits are in excess of the FDIC insured limits; while management is mindful of the FDIC limits, they realize that cash balances generated in the ordinary course of business will generally exceed FDIC insured limits. At December 31, 2019, approximately $27.9 million of the Fund's assets were held at the full service brokerage firm, Charles Schwab & Co., Inc., member SIPC. The Fund has not experienced any losses on these accounts and does not believe it is exposed to any significant risk of loss related to these funds.

Concentrations of credit risk with respect to loans receivable are limited to a certain extent by the secured position of the Fund in most instruments, the number of organizations comprising the Fund's loans receivable base and their dispersion across geographic areas, and the Fund's policy of limiting the maximum loan amount to any one borrower. As described in Note 4, the Fund's policy is to limit loans primarily to Mennonite Brethren churches, organizations and qualified church workers. At December 31, 2019, approximately 66% of the loans were to qualified organizations, 11% were to qualified church workers and 23% were to other organizations. Loans made by the Fund are typically secured by first mortgages and are normally limited to 75% of the aggregate cost or value of the property securing the loan. As described in Note 4, the Fund also had $1,750,715 in unsecured loans, loans secured by third party guarantees or other sources. While the Fund may be exposed to credit losses in the event of nonperformance by the above contracting parties, management has established an allowance for potential loan losses, which it believes is adequate to cover any such losses.

A substantial portion of the investment certificates issued by the Fund are demand instruments or will be maturing within the next two years. In addition, all demand investment certificates are payable upon 30 days written notice subject to availability of funds. The Fund has insufficient liquid assets to satisfy repayment of this amount. Management anticipates, similar to past history, that a substantial portion of these certificates will be reinvested or rolled over into new certificates with the Fund.

11. LOAN COMMITMENTS:

In the normal course of business, the Fund makes commitments to extend loans to meet the financing needs of Mennonite Brethren churches, organizations and qualified church workers. At December 31, 2019, the Fund had outstanding commitments of approximately $31,649,000 to fund construction in progress, undrawn lines of credit and real estate mortgages.

Outstanding commitments are letters that outline the terms and conditions of the mortgage to be granted. The total commitment amount does not necessarily represent future cash requirements since construction costs may not total the amount the Fund agreed to lend or the commitments may expire without being fully drawn upon. The Fund's exposure to credit loss, in the event of nonperformance by the churches to which it has extended commitments, is limited to the amount of the commitment. The Fund controls the credit risk of its commitments through credit approvals, limits and monitoring procedures.

12. FAIR VALUE MEASUREMENTS AND DISCLOSURES:

The Fund uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Fund measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available. The valuations for each of these levels are determined as follows:

Level 1 - Quoted prices for identical instruments traded in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets or model-based valuations where significant assumptions are observable.

Level 3 - Model-based techniques using significant assumptions that are not observable. These unobservable assumptions reflect estimates of assumptions that market participants would use.

12. FAIR VALUE MEASUREMENTS AND DISCLOSURES, continued:

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2019:

	Total	Level 1	Level 2	Level 3
Money market funds	$ 9,182,346	$ 9,182,346	$ -	$ -
Mutual funds	7,104,402	7,104,402	-	-
Certificate of deposits	2,201,085	-	2,201,085	-
U.S. Government bonds	3,903,554	-	3,903,554	-
Corporate bonds:				
AAA	58,661	-	58,661	-
AA	212,595	-	212,595	-
A	1,361,522	-	1,361,522	-
BBB	2,830,732	-	2,830,732	-
BB+ or below	87,000	-	87,000	-
	4,550,510	-	4,550,510	-
	$ 26,941,897	$ 16,286,748	$ 10,655,149	$ -

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2018:

	Total	Level 1	Level 2	Level 3
Mutual funds	$ 1,799,063	$ 1,799,063	$ -	$ -
Certificate of deposits	495,301	-	495,301	-
U.S. Government bonds	2,079,413	-	2,079,413	-
Corporate bonds:				
AA	44,574	-	44,574	-
A	925,285	-	925,285	-
BBB	1,984,177	-	1,984,177	-
	2,954,036	-	2,954,036	-
	$ 7,327,813	$ 1,799,063	$ 5,528,750	$ -

12. FAIR VALUE MEASUREMENTS AND DISCLOSURES, continued:

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2017:

	Total	Level 1	Level 2	Level 3
Money market funds	$ 6,407	$ 6,407	$ -	$ -
Mutual funds	4,425,818	4,425,818	-	-
Certificate of deposits	1,238,600	-	1,238,600	-
U.S. Government bonds	2,086,495	-	2,086,495	-
Corporate bonds:				
AA	281,313	-	281,313	-
A	1,321,804	-	1,321,804	-
BBB	2,679,371	-	2,679,371	-
	4,282,488	-	4,282,488	-
	$ 12,039,808	$ 4,432,225	$ 7,607,583	$ -

The following methods and assumptions were used by NCP to estimate the fair value of each class of financial instruments at December 31, 2019, 2018 and 2017:

Investments - The fair values for money market funds, equity mutual funds and bond funds are determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of certificates of deposit, government bonds and corporate bonds are based on yields currently available on comparable securities of issuers with similar credit ratings.

MENNONITE BRETHREN LOAN FUND

Notes to Financial Statements
December 31, 2019, 2018 and 2017

13. FUNCTIONAL ALLOCTION OF EXPENSES:

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Fund, which are primarily allocated on estimates of time and effort. The following tables presents the functional allocation of expenses for the years ended December 31, 2019 and 2018, with comparative totals for 2017.

	For the Year Ended December 31, 2019		
	Program Services	General and Administrative	Total
Interest on certificates	$ 3,141,696	$ -	$ 3,141,696
Salaries and benefits	323,284	282,620	605,904
Grant to the Foundation	325,000	-	325,000
Professional fees	33,960	29,040	63,000
Depreciation	12,952	38,434	51,386
Travel	25,805	-	25,805
Office expenses and other	107,083	59,210	166,293
Total	$ 3,969,780	$ 409,304	$ 4,379,084

	For the Year Ended December 31, 2018			
	Program Services	General and Administrative	Total	2017 Total
Interest on certificates	$ 2,259,825	$ -	$ 2,259,825	$ 2,133,972
Salaries and benefits	292,302	174,602	466,904	393,639
Grant to the Foundation	300,000	-	300,000	1,200,000
Professional fees	37,985	46,972	84,957	50,111
Depreciation	20,377	30,064	50,441	25,076
Travel	24,588	-	24,588	9,607
Office expenses and other	102,957	40,447	143,404	145,121
Total	$ 3,038,034	$ 292,085	$ 3,330,119	$ 3,957,526

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which are allocated on a square footage basis, as well as salaries and benefits, and certain office expenses, which are allocated on the basis of estimates of time and effort.

14. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Fund's financial assets as of December 31, 2019, 2018 and 2017, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, unfunded portions of line of credit commitments, or liquidity reserve limits required for church extension funds.

	December 31, 2019	December 31, 2018	December 31, 2017
Financial assets:			
Cash and cash equivalents	$ 918,674	$ 739,313	$ 730,372
Investments	36,285,376	20,212,996	24,478,515
Accrued interest receivable	389,750	277,957	264,217
Loans receivable, net	82,039,932	87,179,641	73,399,471
Financial assets, at year -end	119,633,732	108,409,907	98,872,575
Less those unavailable for general expenditure within one year, due to:			
Loans receivable collectible beyond one year	(83,035,719)	(86,572,108)	(72,111,544)
Unfunded line of credit commitments	(4,675,881)	(3,206,562)	(2,978,236)
Church extension fund required liquidity reserves*	(4,491,997)	(3,881,064)	(5,087,233)
Financial assets available to meet cash needs for general expenditures within one year	$ 27,430,135	$ 14,750,173	$ 18,695,562

The Fund structures its financials assets to be available as its general expenditures, liabilities, and other obligations come due. The Fund also entered into a revolving line of credit agreement with a bank during 2018, allowing for maximum borrowings of $5,000,000, of which $0 was outstanding at December 31, 2019 and 2018. Interest on the line credit is paid monthly at the prime rate plus 0.125% (prime was 5.0% at December 31, 2019). This line of credit is unsecured and is renewable on an annual basis. It currently expires in July 2020. No funds were borrowed under this agreement during the years ending December 31, 2019 and 2018. At December 31, 2017, the Board had $225,000 in funds designated for administration that could be drawn upon to meet its general expenditures if the board approved of such action.

* The North American Securities Administrators Association's statement of policy regarding church extension fund securities states that at the end of its most recent fiscal year as reported in its audited financial statements, the church extension fund'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 certificates, 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 certificates.

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 17, 2020, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

MB LOAN FUND
PURCHASE APPLICATION AND AGREEMENT

SECTION I: CERTIFICATE OPTIONS

☐ Demand Certificate

☐ Advantage Certificate*

☐ Term Certificate

Term: ☐1-yr ☐2-yrs ☐3-yrs ☐4-yrs ☐5-yr

INITIAL INVESTMENT: $______________(At least $100 for Demand and Advantage Certificates, and $1,000 for a Term Certificate.)

** Advantage Certificate available only to MB Organizations, past and present MB pastors and missionaries, and employees of Fresno Pacific University, MB Foundation, Multiply, Tabor College, USMB, district conferences and MB churches.*

INTEREST REDEMPTION: Interest accrues daily and may be added to your Certificate principal monthly OR automatically remitted to you. Amount of payable interest must exceed a minimum of $50 per remittance.

☐ Reinvest interest to principal.
☐ Pay interest automatically monthly (please complete #9 on back):

SECTION II: APPLICANT AND OWNERSHIP INFORMATION

Primary Applicant's Full Name or Organization's Name

Social Security No. Date of Birth Main Phone

Street Address

E-mail Address

Mailing Address (if different than above)

Current Church

City, State & Zip

Employer (if you are an individual purchasing an Advantage Certificate)

☐ **JOINT OWNERSHIP** If you check this box, the Certificate will be issued to the Primary Applicant and Joint Applicant as joint tenants with the right of survivorship. MBLF will report interest to the Primary Applicant. If the Joint Applicant is a minor, the parent or guardian of the minor must sign this application on the applicant's behalf.

Joint Applicant's Full Name

Social Security No. Date of Birth

☐ **TRUST OWNERSHIP** If you check this box, the Certificate will be issued to the Primary Applicant as trustee(s) of the trust identified below.

Name of Trust

Trust EIN Date of Trust Agreement

SECTION III: PAY ON DEATH (OPTIONAL)

☐ **PRIMARY BENEFICIARY.** By checking this box, you authorize MBLF to pay the principal and accrued interest on your Certificate to the 501(c)(3) tax-exempt organization or beneficiaries identified below at your death.

Name of tax-exempt organization or individual beneficiary

Address

City, State and Zip

Social Security No. or EIN Main Phone

☐ **CONTINGENT BENEFICIARY.** You may designate a contingent beneficiary to receive the principal and accrued interest on your Certificate at your death, in the event that the designated beneficiary predeceases you.

Name of contingent beneficiary

Address

City, State and Zip

Social Security No. or EIN Main Phone

If you have completed Section III, please review Paragraph 7 of Section IV (on the other side of this page) carefully and complete it as necessary.

SECTION IV: REPRESENTATIONS AND AGREEMENT

BY SIGNING BELOW, YOU REPRESENT AND AGREE TO THE FOLLOWING:

1. **Purchase of Certificate Applied for**. You agree to purchase the Certificate indicated in this Purchase Application and Agreement.

2. **Terms of Certificate**. You have received and read the MBLF Offering Circular dated April 30, 2020 and the MBLF financial statements included in it. You understand and agree to the terms of the Certificate you are applying for.

3. **Affiliation with Mennonite Brethren Organization**. Before receiving the Offering Circular, you were a member of, contributor to (including as an investor), or a participant in a church, institution, or agency related to the U.S. Conference of Mennonite Brethren Churches, including Mennonite Brethren Foundation and MBLF, or you are an ancestor or descendant of such a person. If you are an organization, corporate entity or institution, you are affiliated with the U.S. Conference of Mennonite Brethren Churches.

4. **Liability of Joint Applicants**. If a Certificate is being purchased for joint ownership, both the Primary Applicant and the Joint Applicant must sign below. In that case, "you" shall refer to both applicants, and they shall be jointly and severally liable under this Purchase Application and Agreement. MBLF is authorized to act upon the instructions and directions of either applicant in all matters, except changing ownership.

5. **Certification of Trust**. If a Certificate is being purchased for ownership in trust, each trustee identified as a Primary Applicant must sign below. In that case, "you" shall refer to all trustees. By signing below, you certify that the trust identified in Section II has not been revoked, modified, or amended in any manner that would cause this certification of trust to be incorrect.

6. **Withholding Certification**. Under penalties of perjury, each undersigned Applicant certifies that:

   (a) the Social Security or Federal Identification Number listed under your name in Section II is correct; and

   (b) you are either exempt from withholding or otherwise not subject to backup withholding. The IRS has not notified you that part of your dividend and interest is to be withheld as a result of your failure to report all dividend and interest income. **Please draw an "X" through this paragraph if you ARE subject to backup withholding**.

7. **Beneficiaries**. If you have completed Section III, you authorize MBLF to pay the outstanding principal and accrued interest on your Certificate to the primary beneficiary or contingent beneficiary at your death. MBLF may make this payment to the contingent beneficiary if the primary beneficiary is an individual who predeceases you or an organization that no longer functions as a qualified 501(c)(3) organization with a mission purpose consistent with your intended donation. MBLF reserves the right to refuse a donation request to an organization that, in MBLF's discretion, is contrary to the mission of the U.S. Conference. You may change or revoke any beneficiary designation in Section III at any time. But a beneficiary designation and this Purchase Application and Agreement shall be binding on your heirs, beneficiaries and legal representatives. **In addition, you represent either (i) that you are unmarried, or (ii) that your spouse has signed either this Purchase Application and Agreement as an Applicant, or the following Spousal Consent:**

I am the spouse of the Primary Applicant or Joint Applicant identified in Section II of this Purchase Application and Agreement. I give to my spouse any interest I have in the funds to be invested in the Certificate applied for in this Purchase Application and Agreement. I agree to my spouse naming a beneficiary other than myself. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. I shall have no claim against MBLF or any beneficiary designated under this Purchase Application and Agreement for any payment made to the beneficiary.

Signature of Spouse of Primary Applicant ______ Date ______

Signature of Spouse of Joint Applicant ______ Date ______

8. **Authority of MB Organization**. If you are an MB Organization, you represent that you have been duly authorized to purchase the Certificate indicated in this Purchase Application and Agreement, and that the undersigned signatory has been authorized to sign on your behalf.

9. **Automatic Interest payment ACH Authorization**. Automatic interest payments will only be sent electronically and the following information must be completed for processing:
I authorize Mennonite Brethren Loan Fund to initiate electronic debits or credits to my account that may be necessary to make deposits I have selected in this Purchase Application and Agreement.

Account Number ______

Routing Number (from lower left hand corner of check) ______

Name of Financial Institution where you maintain the account ______

For ACH Authorization please include voided check.

10. **Paper Statements**.

☐ Please send my statements by mail to the mailing address listed in Section II of this application.

SIGNATURES

MBLF will not process your application until you have completed Sections I and II and signed below. If you are signing on behalf of an MB Organization, print your name and title on the provided line. A parent or guardian must sign on behalf of a minor.

Primary Applicant's Signature ______ Date ______	Additional Signature (if necessary) ______ Date ______
Print Name (and Title of signatory if on behalf of MB Organization)	Print Name (and Title of signatory if on behalf of MB Organization)
Joint Applicant's Signature ______ Date ______	Additional Signature (if necessary) ______ Date ______
Print Name (and Title of signatory if on behalf of MB Organization)	Print Name (and Title of signatory if on behalf of MB Organization)

Please return this Purchase Application and Agreement with a check payable to MB LOAN FUND.

MB FOUNDATION
Giving Meaning to Money®

MB LOAN FUND
CERTIFICATE RATE SHEET

INTEREST RATES EFFECTIVE SEPTEMBER 1, 2020

	Nominal Rate	APY
Demand Certificate	0.25%	0.25%
Advantage Certificate	0.50%	0.50%
Term Certificates:		
1 Year	1.35%	1.36%
2 Year	1.60%	1.61%
3 Year	1.90%	1.92%
4 Year	2.15%	2.17%
5 Year	2.40%	2.43%

ALL RATES ARE VARIABLE