



P.O. Box 5606, Glen Allen, Virginia 23058 • (804) 521-1150 • www.vaumdevco.org

AMENDED AND RESTATED OFFERING CIRCULAR

\$75,000,000

We – the Virginia United Methodist Development Company, LLC (or the “Fund”) – are offering up to \$75,000,000 in Certificates, which are our unsecured debt securities (the “Certificates”). We are offering three types of Certificates – Investment Certificates, Savings Certificates and IRA Retirement Certificates. Our Investment Certificates are fixed term investments, payable at maturity if not automatically or otherwise reinvested, and earn interest at the rate in effect when purchased or renewed. Our Savings Certificates do not have a fixed term and may be redeemed by you, in whole or in part, upon at least 30 days’ prior written notice to us, and earn interest at a rate that varies periodically. Our IRA Retirement Certificates have a fixed term of five years and earn interest at the rate in effect when purchased or renewed. Interest rates offered on Certificates may change at any time, and as often as daily. The interest rates set forth on the enclosed rate sheet are current as of the date we sent you this Amended and Restated Offering Circular (this “Offering Circular”). Current interest rates may be obtained by calling us at (804) 521-1150, emailing us at devco@vaumc.org, or visiting our website at www.vaumdevco.org.

INVESTMENT CERTIFICATES						
Maturity Period	6 mos.	12 mos.	24 mos.	36 mos.	48 mos.	60 mos.
Minimum Investment	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

SAVINGS CERTIFICATES		
	Statement	Congregation
Minimum Investment	\$1,000	\$1,000
Interest Rate Varies	Daily	Daily

IRA RETIREMENT CERTIFICATES ¹		
Minimum Investment	\$5,000	Maturity = 60 months

We make this offering only to individuals (and their relatives), churches, organizations and other entities domiciled in Virginia who are constituents of, participants in, supporters of, volunteers with and/or contributors to the Fund, the United Methodist Church, Board of Trustees of the Virginia Annual Conference of The United Methodist Church, Incorporated (the “Conference”) or any of their affiliated agencies, ministries, schools, living facilities or other organizations.

This offering is not underwritten and we do not compensate any individual in connection with their participation in the offer or sale of Certificates by the payment of commissions or other remuneration based, directly or indirectly, on the offer or sale of the Certificates. Accordingly, we will receive 100% of the proceeds from the sales of the Certificates and will bear all expenses incurred in the offering, which are anticipated to be approximately \$150,000.

THIS OFFERING INVOLVES CERTAIN RISKS. SEE “RISK FACTORS” BEGINNING ON PAGE 6. TO READ ABOUT IMPORTANT FACTORS YOU SHOULD CONSIDER BEFORE BUYING THE CERTIFICATES. IN MAKING AN INVESTMENT DECISION, YOU MUST RELY ON YOUR OWN EXAMINATION OF THE FUND AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURE, MERITS AND RISKS INVOLVED. AN INVESTMENT IN THE CERTIFICATES DOES NOT QUALIFY AS A DEDUCTIBLE CHARITABLE CONTRIBUTION UNDER THE FEDERAL TAX LAWS.

NO FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS APPROVED, DISAPPROVED, ENDORSED OR RECOMMENDED THE CERTIFICATES OR THIS OFFERING, DETERMINED WHETHER THIS OFFERING CIRCULAR IS ACCURATE, ADEQUATE, TRUTHFUL OR COMPLETE, OR HAS PASSED UPON THE MERIT OR VALUE OF THE CERTIFICATES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE CERTIFICATES HAVE NOT BEEN, NOR WILL THEY BE, REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). THE FUND IS NOT REGISTERED AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE FUND’S MANAGERS, OFFICERS AND PERSONNEL ARE NOT REGISTERED AS INVESTMENT ADVISERS UNDER THE INVESTMENT ADVISERS ACT OF 1940, AS AMENDED, OR AS BROKER-DEALERS UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

The date of this Offering Circular is October 14, 2021.

¹ GoldStar Trust Company serves as our designated third-party custodian for IRA Retirement Certificates. Annual administrative fee of \$55 applies.

NOTICES TO INVESTORS

THE CERTIFICATES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(a)(4) OF THE SECURITIES ACT, AND A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 13.1-514.1(B) OF THE VIRGINIA SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THE CERTIFICATES HAS NOT BEEN FILED WITH EITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR THE VIRGINIA STATE CORPORATION COMMISSION. A COPY OF THE OFFERING CIRCULAR HAS BEEN FILED WITH THE VIRGINIA STATE CORPORATION COMMISSION IN CONNECTION WITH THE FUND'S CLAIM OF EXEMPTION UNDER THE VIRGINIA SECURITIES ACT.

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 THE CERTIFICATES, OR APPROVED, DISAPPROVED OR ENDORSED THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE CERTIFICATES ARE UNSECURED GENERAL DEBT OBLIGATIONS OF THE FUND. THEY ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK, AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE SECURITIES INVESTMENT PROTECTION CORPORATION, ANY STATE BANK INSURANCE FUND OR OTHER FEDERAL OR STATE OR GOVERNMENTAL AGENCY OR ANY OTHER ENTITY. 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 CONFERENCE, THE UNITED METHODIST CHURCH, THE UNITED METHODIST FOUNDATION OF THE VIRGINIA CONFERENCE, INC. (THE "FOUNDATION") OR ANY CHURCH, ORGANIZATION OR AGENCY AFFILIATED WITH THE CONFERENCE, THE UNITED METHODIST CHURCH OR THE FOUNDATION. AN INVESTMENT IN THE CERTIFICATES DOES NOT QUALIFY AS A DEDUCTIBLE CHARITABLE CONTRIBUTION UNDER THE FEDERAL TAX LAWS.

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

NEITHER THE FUND NOR ITS PARENT, THE FOUNDATION, IS REQUIRED TO BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, AND, THEREFORE, IS NOT SUBJECT TO COMPLIANCE WITH THE REQUIREMENTS OF SUCH ACT.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENT OF THIS OFFERING CIRCULAR OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS RELATED TO THE CERTIFICATES AS LEGAL OR TAX ADVICE OR AS INFORMATION NECESSARILY APPLICABLE TO A PROSPECTIVE INVESTOR'S PARTICULAR FINANCIAL SITUATION. EACH INVESTOR SHOULD CONSULT HIS OR HER OWN FINANCIAL ADVISOR, LEGAL COUNSEL AND ACCOUNTANT AS TO TAX, LEGAL AND RELATED MATTERS CONCERNING HIS OR HER INVESTMENT.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS RELATING TO THIS OFFERING ON BEHALF OF THE FUND, OTHER THAN AS INCLUDED IN THIS OFFERING CIRCULAR AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE BY THE FUND.

THIS OFFERING CIRCULAR HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF PERSONS INTERESTED IN AN INVESTMENT IN THE CERTIFICATES, AND ANY REPRODUCTION, DISTRIBUTION OR DISCLOSURE OF ANY OF THE CONTENT OF THIS OFFERING CIRCULAR IN WHOLE OR IN PART WITHOUT THE PRIOR WRITTEN CONSENT OF THE FUND IS PROHIBITED.

THE CERTIFICATES ARE OFFERED WHEN, AS AND IF ISSUED, SUBJECT TO THE RIGHT OF THE FUND, IN ITS SOLE DISCRETION, TO REJECT ANY OFFER TO PURCHASE THE CERTIFICATES, IN WHOLE OR IN PART. AN OFFER TO PURCHASE THE CERTIFICATES CAN BE MADE ONLY BY DELIVERY OF (i) AN EXECUTED INVESTMENT APPLICATION FOR USE BY PROSPECTIVE INVESTORS, WHICH ACCOMPANIES THIS OFFERING CIRCULAR AS THE "INVESTMENT APPLICATION", AND (ii) THE ACCOMPANYING PAYMENT FOR THE CERTIFICATES.

CERTAIN PROVISIONS OF RELEVANT DOCUMENTS RELATING TO THE CERTIFICATES HAVE BEEN SUMMARIZED IN THIS OFFERING CIRCULAR. SUCH SUMMARIES DO NOT PURPORT TO BE COMPLETE AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS. EACH PROSPECTIVE INVESTOR WILL BE AFFORDED THE OPPORTUNITY TO OBTAIN COPIES OF SUCH DOCUMENTS AND ALL ADDITIONAL INFORMATION WHICH SUCH PROSPECTIVE INVESTOR MAY REASONABLY REQUEST RELATING TO THIS OFFERING BY CONTACTING THE FUND, P.O. BOX 5606, GLEN ALLEN, VIRGINIA 23058, ATTENTION: OPERATIONS MANAGER, TELEPHONE: (804) 521-1150.

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

ABOUT THIS OFFERING CIRCULAR

You should rely only on the information contained in or incorporated by reference in this Offering Circular, in any supplement to this Offering Circular and the interest rate terms set forth on the enclosed rate sheet or otherwise provided by us. We have not authorized anyone to provide you with other information, or to make any representation in connection with this offering other than that contained in this Offering Circular, and if given or made, such information or representation must not be relied upon as having been made by us. We take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you.

Unless another time is specified, the information in this Offering Circular is as of the date printed on the bottom of the cover page. You should not assume that this information is accurate as of any later date, as subsequent events may change the circumstances surrounding this offering. We reserve the right to change our loan policies, investment policies and other policies and procedures at any time, in our discretion.

This Offering Circular does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction other than the Commonwealth of Virginia. This Offering Circular does not constitute an offering by a broker-dealer.

The Certificates are subject to certain risks, some of which are discussed in this Offering Circular.

You should not rely on the contents of the Offering Circular or any other information from us as legal, investment or professional tax advice. For information about the legal, investment or tax consequences of investing in the Certificates, you should consult your own attorney, accountant or investment advisor.

The terms “we,” “us,” “our” and the “Fund” refer to Virginia United Methodist Development Company, LLC. The term “The Foundation” refers to The United Methodist Foundation of the Virginia Conference, Inc. and the “Conference” refers to Board of Trustees of the Virginia Annual Conference of The United Methodist Church, Incorporated.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS.....1
SUMMARY.....2
RISK FACTORS.....6
THE OFFERING16
DESCRIPTION OF THE CERTIFICATES18
ABOUT THE FUND AND THE FOUNDATION.....27
SELECTED FINANCIAL INFORMATION29
OUTSTANDING CERTIFICATES AND OTHER INDEBTEDNESS30
LENDING ACTIVITIES.....32
INVESTMENT ACTIVITIES.....39
MANAGEMENT.....41
RELATED PARTY TRANSACTIONS47
USE OF PROCEEDS.....47
PLAN OF DISTRIBUTION.....48
LEGAL MATTERS48
TAX MATTERS.....48
ADDITIONAL INFORMATION 49

APPENDIX A AUDITED FINANCIAL STATEMENTS, INCLUDING (I) STATEMENTS OF FINANCIAL POSITION FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019, (II) STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019, (III) STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019, AND (IV) STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements” that involve substantial risks and uncertainties. All statements, other than statements of historical facts, regarding our business plan, future strategy, results of operations, financial position, projected costs, projected expenses, prospects and plans and objectives for management are forward-looking statements. These forward-looking statements represent plans, estimates, objectives, goals, guidelines, expectations, intentions, projections and statements of our beliefs concerning future events, business plans, objectives, expected operating results and the assumptions upon which those statements are based. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and are typically identified with words such as “anticipates,” “believes,” “hopes,” “estimates,” “projects,” “seeks,” “expects,” “plans,” “targets,” “potential,” “approximately,” “may,” “will,” “should,” “likely,” “possibly,” “intends” or the negative of such terms and other similar expressions. You should not place undue reliance on these forward-looking statements, which speak only as of the date made. You should also know that such statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions. These factors include, but are not limited to, those risks described in detail in the section herein captioned “Risk Factors,” beginning on page 6, and other information set forth in this Offering Circular. Should any of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may differ materially from those included within these forward-looking statements. We undertake no obligation to update or revise forward-looking statements.

Nothing contained in this Offering Circular is, or should be relied upon as, a promise or representation as to our current or future performance, or any factor of return on an investment in the Certificates. We urge you to carefully consider the “Risk Factors” and other information contained herein in evaluating the forward-looking statements contained in this Offering Circular.

SUMMARY

The following is a summary of the terms and conditions of the offering of the Certificates of the Virginia United Methodist Development Company, LLC (the "Fund") and does not contain all of the information that may be important to prospective investors (the "Investors"). As such, Investors should read this entire Offering Circular carefully, and the Investment Application accompanying this Offering Circular, before deciding to participate in the offering.

About the Fund and The Foundation

We were formed as a Virginia limited liability company in June 2014 by our sole member, The United Methodist Foundation of the Virginia Conference, Inc. ("The Foundation"). We were organized and are operated exclusively for charitable and religious purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Our income is not subject to federal or Virginia income tax because for tax purposes, we are a disregarded entity and are treated as a branch or division of The Foundation, which is exempt from federal and Virginia income tax because it is an organization described in section 501(c)(3) of the Internal Revenue Code. For federal tax purposes, The Foundation is a supporting organization to Board of Trustees of the Virginia Annual Conference of The United Methodist Church, Incorporated (the "Conference"). We are managed by a Board of Managers (the "Board"), as more fully described under "Management," and our affairs are governed by our Operating Agreement, as amended to date (the "Operating Agreement"). The debts and liabilities of the Fund are solely our debts and liabilities and are not direct or indirect obligations of, nor guaranteed by, The Foundation or the Conference, or any other person. Accordingly, only our assets, and not those of The Foundation or the Conference, will be used to satisfy our obligations under the Certificates.

Summary of Offering

We are offering eligible Investors the opportunity to purchase up to \$75,000,000 in Investment Certificates, Savings Certificates, and IRA Retirement Certificates (collectively, the "Certificates"), which are our unsecured general debt obligations, under the terms and in the manner set forth in this Offering Circular. We are offering Certificates only to individuals (and their relatives), organizations and other entities domiciled in Virginia who are constituents of, participants in, supporters of, volunteers with and/or contributors to the Fund, the United Methodist Church, the Conference or any of their affiliated agencies, ministries, schools, living facilities or other organizations.

The Investment Certificates have maturity periods ranging from six months to five years, to be selected by the Investor, and are payable at maturity if not automatically or otherwise reinvested. The interest rates offered on new Investment Certificates may vary depending on the maturity period and/or the amounts invested, and are fixed for the term of the Investment Certificate. Interest on Investment Certificates is paid quarterly on the last day of each quarter or, at the election of any holder, may be added to the outstanding balance of the Investment Certificate or a specified outstanding Savings Certificate. The minimum investment amount for any Investment Certificate is \$1,000, subject to our right to accept investments of lesser amounts in our sole discretion. Automatic renewal may occur at maturity. For more information about the Investment Certificates, see "Description of the Certificates—Investment Certificates" on page 20. Savings Certificates have no fixed term and may be redeemed by Investors, in whole or in part, at any time upon at least 30 days' prior written notice to us, and earn interest at a rate that varies periodically. Interest accrued on Savings Certificates compounds monthly, and is added to the principal amount of the Savings Certificate on the last day of each month. The minimum investment amount for any Savings Certificate is \$1,000, subject to our right to accept investments of lesser amounts in our sole discretion. We are offering two types of Savings Certificates: Statement Savings Certificates and Congregation Savings Certificates. For more information about the Savings Certificates, see "Description of the Certificates—Savings

Certificates” on page 22. IRA Retirement Certificates have a maturity period of five years and are payable at maturity if not automatically or otherwise reinvested. The interest rates offered on new IRA Retirement Certificates are fixed for the five-year term. Interest accrued on IRA Savings Certificates compounds quarterly, and is added to the principal amount of the IRA Retirement Certificate on the last day of each quarter. GoldStar Trust Company serves as our designated third-party custodian for IRA Retirement Certificates. The minimum investment amount for any IRA Retirement Certificate is \$5,000, subject to our right to accept investments of lesser amounts in our sole discretion. For more information about the IRA Retirement Certificates, see “Description of the Certificates—IRA Retirement Certificates” on page 23. Interest rates offered on Certificates may change at any time, and as often as daily, in our sole discretion. Current interest rates may be obtained by calling us at (804) 521-1150, emailing us at devco@vaumc.org, or visiting our website at www.vaumdevco.org.

The principal amount of any Certificates we redeem or repay will be added to the amount of the Certificates available for issuance in the offering, and there is no maximum term during which the Certificates can be offered. No underwriters are participating in the distribution of our Certificates and no direct or indirect underwriting discounts or commissions will be paid to anyone in connection with this offering. Sales of our Certificates will be made solely through our officers, managers and other personnel. We reserve the right to change the terms and conditions of the offering or terminate the offering at any time, and may reject any offers to purchase the Certificates, in whole or in part, at any time, in our sole discretion.

Summary of Use of Proceeds

We expect expenses for the offering to total approximately \$150,000. The net proceeds we receive from the offering are added to our general funds, which we use primarily to make loans (the “Loans”) to United Methodist churches, institutions and other related organizations within Virginia, which may include retirement communities, colleges and other affiliates of the United Methodist Church (the “Borrowers”) for building programs, capital improvements or acquisitions. Some funds that are not used to make Loans are used in our general operations, or used to maintain liquidity or make interest and principal payments on the Certificates. We maintain a reserve of cash, cash equivalents and readily marketable securities for liquidity purposes in an amount that is a minimum of 10% to 25% of the outstanding principal amount of our Certificates, the exact minimum to be determined from time to time by the Board. See “Use of Proceeds” on page 47 and “Investment Activities” on page 39.

Summary of Outstanding Loans

The following table summarizes the Loans outstanding as of December 31, 2020:

Types of Loan	Number of Borrowers	Principal Outstanding
Amortized	35	\$37,539,047
Non-Revolving Line of Credit	5	1,686,279
Subtotal	40	\$39,225,326
Amortized Loan Participations	3	6,659,228
Total Less Participation		\$32,566,098

Summary of Outstanding Certificates

As of December 31, 2020, we had the following Certificates outstanding:

Certificates as of 12/31/2020

<u>Certificate Types</u>	<u>Number of Certificates</u>	<u>Balance Payable</u>	<u>Weighted Average Interest</u>
Savings Certificates			
Statement	32	\$ 1,047,260	0.65
Congregational	132	14,768,218	0.65
Total	164	\$ 15,815,478	
Investment Certificates			
6 Month	37	\$ 2,211,247	0.91
12 Month	109	3,284,125	1.40
24 Month	83	2,599,826	2.19
36 Month	90	1,602,589	2.54
48 Month	66	1,351,963	2.77
60 Month	322	13,741,325	3.43
Total	707	\$ 24,791,075	
IRA Retirement Certificates			
60 Month IRA	20	\$ 369,635	3.21
Total	891	\$ 40,976,188	

Summary of Selected Financial Information

For the year ended December 31, 2020, the Summary of Selected Financial Information is as follows:

ASSETS	
Total Cash and Cash Equivalents	\$ 9,821,009
Commercial Church Loans Serviced	\$ 37,539,047
Less: Participations sold	\$ (6,659,228)
Net Commercial Loans	\$ 30,879,819
Construction and Renovation Loans	\$ 1,686,279
Total Loans	\$ 32,566,098
Less: Allowance for Loan Losses	\$ (228,000)
Total Net Loans	\$ 32,338,098
Capitalized Costs	\$ 34,705
Accrued Interest	\$ 133,731
Other Assets	\$ 48,901
Total Assets	\$ 42,376,444
LIABILITIES and NET ASSETS	
Total Saving Certificiates Outstanding	\$ 15,815,478
Total Investment Certificiates Outstanding	\$ 25,160,710
Other Liabilities	\$ 1,617
Total Liabilities	\$ 40,977,805
Unrestricted Net Assets	\$ 1,398,639
Total Liabilities and Net Assets	\$ 42,376,444

Revenues	\$ 1,621,194
Expenses	\$ 1,548,777
Change in Net Assets	\$ 72,417
Certificates issued	\$ 10,283,129
Certificates redeemed	\$ 14,888,756
Certificates renewed	\$ 6,237,827

RISK FACTORS

Investors should carefully consider all of the risk factors outlined in this Offering Circular in determining whether an investment in the Fund is suitable in light of the Investor's particular investment objectives and risk tolerance. As the Fund develops over time, an investment in the Fund may be subject to additional risk factors not described in this Offering Circular.

The risk factors described below cover important risks associated with an investment in the Fund but are not, nor are they intended to be, a complete enumeration or explanation of all risks involved with an investment in the Fund. Investors should read this entire Offering Circular and consult with their own independent advisors before deciding to invest in the Fund.

We have a limited operating history as a loan extension fund.

We were formed as a limited liability company in 2014 and have a limited operating history as an extension loan fund. From when we began operations through December 31, 2020, we have generated \$6,624,986 in total revenues and \$341,388 in net revenues over expenses, with \$1,621,191 and \$72,417 in total and net revenues for the year ended December 31, 2020, respectively, and \$2,013,317 and \$195,381 in total and net revenues for the year ended December 31, 2019, respectively. We anticipate generating increased revenue if we are able to continue successfully raising capital in this offering and closing church extension loans. Our business is dependent on the implementation of our business plan. We primarily generate revenue from making Loans to Borrowers; however, there can be no assurance that we will generate sufficient revenues or profits. There is no assurance that you will not lose your entire investment in the Certificates.

This investment opportunity must be considered in light of the risks and uncertainties encountered by an early-stage company and in rapidly evolving markets. Some of these risks relate to our potential inability to effectively manage our business and operations, develop and maintain key strategic relationships, recruit and retain key personnel, manage growth in personnel and operations, and successfully address the other risks described throughout this Offering Circular. If we cannot successfully address these risks, our business and the results of our operations and financial position will suffer.

Our financial results are expected to fluctuate and may be difficult to forecast.

Our quarterly revenues, expenses and operating results are unpredictable. Our financial results have fluctuated in the past and we expect that our operating results will fluctuate significantly in the future due to a number of factors, some of which are beyond our control. These factors include:

- our ability to grow our operations, including the amount and timing of costs relating to our growth;
- the interest rate environment;
- our ability to attract investors in the Certificates;
- our ability to originate Loans to Borrowers;
- the financial condition of our Borrowers;
- the quality of the collateral securing the Loans;

- competitive market conditions;
- strength and stability of The United Methodist Church, particularly in the Conference; and
- additions or departures of key personnel.

The factors listed above are difficult to forecast, and these, as well as other factors, could materially adversely affect our quarterly or annual operating results which may impact our ability to fund all redemptions and interest payments on outstanding Certificates.

The Certificates are unsecured debt obligations and holders of the Certificates have no direct interest in the Loans through which any losses may be recovered.

The Certificates are our unsecured general debt obligations and you will be dependent solely upon our financial condition and operations for repayment of principal and interest. No collateral will be specifically pledged, assigned or otherwise set aside to secure the obligations of the Certificates, and if we default on a Certificate, the holder of that Certificate will not be entitled to foreclose on any of our assets. As a holder of Certificates, you will have a claim to our assets equal to those of our other unsecured creditors, including our other Certificate holders. However, the claims of any secured creditors will have priority over claims of the holders of the Certificates. Investors have no direct interest, either individually or as a group, in the Loans and have no right to foreclose upon the deeds of trust or mortgages relating to the Loans, as applicable, for the benefit of the Fund. Therefore, if an Investor suffers a loss, he or she does not have the right to recover such loss from the Loans. The Fund may, in its discretion, grant extensions of time for the repayment of any Loans and will make all other decisions regarding collection, amendment, enforcement and management of the Loans.

The Certificates are not bank instruments, are not protected by the SIPC and are not insured by the FDIC.

The Certificates are not bank deposits. They are neither issued by, nor obligations of, a bank; therefore, they are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other agency. In addition, they are not protected by the Securities Investor Protection Corporation (SIPC). Any loss from an investment in the Certificates cannot be recovered, as would a loss in a deposit account or similar arrangement with a bank or other financial institution. Because the Certificates are not regulated by any federal or state governmental authority and are not guaranteed by any person or entity, you could lose your entire investment.

The Certificates are not direct or indirect obligations of, nor are they guaranteed by, The Foundation, the Conference, the United Methodist Church or any other person.

Although we may receive support, including funds, from our sole Member, The Foundation, its affiliates and other entities or persons, none of The Foundation, the Conference, the United Methodist Church, any of their affiliates, or any other entities or persons has any direct or indirectly obligation for, nor has guaranteed, repayment of the Certificates. Therefore, funds are not available from The Foundation, the Conference, the United Methodist Church, their affiliates, or any other entities or persons, even if we need them to make principal and interest payments on our Certificates. You must rely solely on the Fund for repayment.

We have not established a trust indenture and no trustee or other agent has been appointed to represent the interests of the Investors.

We have not established a trust indenture to provide for repayment of the principal amount of the Certificates, nor do we intend to do so. The Certificates are not issued pursuant to any trust or similar agreement, and no trustee or other agent has been appointed to represent the interests of Investors. There is no agreement to provide for joint action by the Investors if we default on the Certificates. Except as provided by law, our failure to pay the interest or principal on one Certificate will not be a default on other Certificates. Further, you will not have any of the other protections a trust indenture may provide.

We will not set up a sinking fund or escrow.

We have not and do not intend to set up a sinking fund or escrow to help pay principal and interest on our Certificates. Accordingly, we do not have funds set aside specifically for their repayment, and offering proceeds will not be segregated from our other assets. Our ability to repay your Certificate will therefore be solely dependent on our financial condition and liquidity at the time the Certificate must be paid.

Our ability to repay the Certificates will be subject to the adequacy of cash flows and the overall availability of funds.

If we have insufficient cash or other liquid assets to repay or redeem your Certificate, you will not be repaid unless and until we have sufficient cash to do so. At any given time, a substantial portion of our assets could be invested in Loans, which have an average term to maturity that is significantly longer than the average maturity term of our Investment Certificates or the term of our IRA Retirement Certificates. As a result, the liquidity of our assets is not matched to the potential liquidity demands necessary for the repayment of our Certificates. If a significant number of Investors do not reinvest their Investment Certificates or IRA Retirement Certificates upon maturity, and/or if a significant amount of Savings Certificates are redeemed within a short amount of time, we could have difficulty repaying or redeeming our Certificates, or making interest payments when due. We rely significantly upon the principal and interest payments received from Borrowers to fund the interest payments and cash redemptions of the Certificates. We also may utilize other sources of cash, including proceeds from the issuance of the Certificates or other borrowings, for this purpose.

For the year ended December 31, 2020, the Fund received payments of principal and interest on Loans totaling \$9,573,957. These payments were comprised of principal payments of \$8,017,266 and interest payments of \$1,556,691. For the same period, the Fund experienced cash redemptions of the Certificates totaling \$7,642,409 and made interest payments on the Certificates totaling \$83,089. If the Fund were to maintain a level of cash redemptions of Certificates that exceeds the amount of principal and interest received on Loans, or experience an increase in the Certificate redemptions at maturity or on demand, a decrease in new Certificates purchased, and/or a decrease in receipts of principal and interest payments from Borrowers, it could have a material adverse impact on the adequacy of the Fund's cash flows to fund all redemptions and interest payments on outstanding Certificates.

Changes in interest rates may adversely affect our ability to repay the Certificates.

Interest rates are subject to significant fluctuations depending upon various economic and market factors over which we have no control. Interest rate fluctuations can adversely affect our profitability if we are unable to maintain a sufficient spread between the interest rates we pay on our Certificates and any borrowed funds and the interest rates we charge on our outstanding Loans and earn on our investments. In particular, rapid changes in interest rates could significantly and adversely affect our profitability, which in turn, could adversely affect our ability to repay or redeem the Certificates.

The interest rate earned on the Savings Certificates is variable and there is no minimum interest rate that must be paid.

We may adjust the rates of interest earned on the Savings Certificates (and on the different types of Savings Certificates) at any time and as often as daily, in our sole discretion. The adjustments may, but are not required to, be based on the following: the rate of interest being received on the Loans and the short-term investment of unloaned funds; the then-prevailing rate of interest being paid on similar investments; the budgets and goals set by the Board; the costs and expenses of operating and maintaining the Fund; and such other considerations as we deem relevant. No assurance of a fixed rate of return is possible, and there is no minimum interest rate that we must pay on the Savings Certificates.

Sales of the Certificates are limited to Investors domiciled in Virginia.

We offer and sell Certificates only in the Commonwealth of Virginia. Adverse economic conditions in Virginia could correspondingly result in increased redemptions of Savings Certificates, and decreased reinvestment rates for maturing Investment Certificates. This could, in turn, adversely affect our liquidity, our ability to operate, and ultimately our ability to repay or redeem Certificates.

All of our Borrowers are located in Virginia.

We only make Loans to Borrowers in Virginia. Adverse economic conditions in Virginia could correspondingly result in increased defaults by our Borrowers. This could, in turn, adversely affect our liquidity, our ability to operate our programs, and ultimately our ability to repay or redeem Certificates.

Any change in our operations or The Foundation's nonprofit status could negatively impact our ability to sell the Certificates and/or our ability to meet our obligations under the Certificates.

We were organized and will be operated exclusively for charitable and religious purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. Our income is not subject to federal or Virginia income tax because the Fund is a disregarded entity for tax purposes, and as such, it is treated as a branch or division of The Foundation, which is exempt from federal and Virginia income tax because it is an organization described in section 501(c)(3) of the Internal Revenue Code. If The Foundation's status as a section 501(c)(3) organization were to change or be revoked, our income could be taxable. This could adversely affect our financial viability and cash flow, which could ultimately impair our ability to meet our obligations under the Certificates. Further, our organization and operation exclusively for charitable and religious purposes, and The Foundation's exemption from federal taxation, form part of the basis of the exemptions from securities registration that we claim. Accordingly, if we were to change our operations or if The Foundation were to lose its tax-exempt status, we might not qualify for the relevant exemptions from registration, which could have adverse consequences.

We will not seek confirmation from the SEC relating to our exemption from federal securities registration.

We are not required to make a filing with the SEC in connection with the exemption from federal securities registration that we claim in making this offering of Certificates, Section 3(a)(4) of the Securities Act. Generally, an issuer claiming an exemption under the Securities Act has the burden of establishing the availability of the exemption. Although some issuers choose to seek formal interpretive guidance or request no action letters from the SEC in order to obtain more certainty regarding the availability of their exemptions claimed, we have not and do not intend to seek formal interpretive guidance or a no action letter from the SEC. Positions we take as to the federal securities exemption may differ from positions ultimately

taken by the SEC. If the SEC were to disagree with our position relating to the availability of the Section 3(a)(4) securities exemption, we could be viewed as having made sales of securities that were not registered or exempt from registration under the federal securities laws. Any such violation of the securities laws could result in a number of consequences, including rescission of the sales (and return of the purchase price to Investors), injunctions, cease and desist orders and civil penalties.

Borrowers may be unable to meet their obligations under the Loans if sufficient voluntary contributions are not received from their members.

We plan to make Loans primarily to United Methodist churches, institutions and other related organizations within Virginia. The financial stability of those Borrowers and their ability to make payments of principal and interest on the Loans will be primarily dependent on the voluntary gifts and contributions of their members and supporters. Gifts and contributions may fluctuate for a number of reasons, including but not limited to, the strength of the economy, the economic health of major employers in the area or population shifts in the area where the Borrower is located. Similarly, churches and other related organizations may experience decreases in both membership and contributions as a consequence of a wide variety of factors, including public perception of and public interest in churches and religion, negative publicity surrounding the organization, loss of popular leaders or a conflict or division within the organization. Because membership and attendance may be adversely affected by a variety of factors outside of the control of a Borrower, it is possible that the Borrower will not receive sufficient voluntary gifts and contributions to allow it to meet its obligations under its Loan. The terms of the security documents and applicable provisions of law limit our remedies against a Borrower that defaults on a Loan. Neither the trustees nor any other members of a Borrower will be required to personally guarantee any Loan. Therefore, there can be no guarantee that we will be able to collect the principal and interest coming due on any particular Loan. These Borrower defaults could adversely affect our ability to pay the interest due on the Certificates and to repay or redeem Certificates.

If foreclosure on a Loan is necessary, we may not be able to sell mortgaged property for an amount sufficient to repay the Loan secured by such property.

We do not always require appraisals on our collateral as part of the Loan application process. This is because the market value of a project is generally less than the cost of constructing or remodeling given the limited market for facilities of the type constructed and used by the Borrowers. Also, the property securing our Loans is generally considered special purpose property and typically has a very limited market. Therefore, in the event of a foreclosure of a Loan, there is no guarantee that we will be able to sell the mortgaged property for an amount sufficient to repay the Loan secured by such property. This could adversely affect our ability to pay the interest due on the Certificates and to repay or redeem Certificates.

We may make unsecured Loans.

Most of our Loans are or will be secured by first lien deeds of trust or mortgages on the real property purchased, constructed or improved with the Loan proceeds. However, some of our Loans may be unsecured or may be secured by a pledge of the Borrower's personal property or by a second lien deed of trust or mortgage. The absence of adequate collateral for these Loans may increase the likelihood that we may not be able to collect all amounts outstanding on them in full. See "Lending Activities" beginning on page 32.

A portion of our Loan portfolio may consist of loan participations, which may have higher risk of loss than loans we originate.

We may occasionally participate in loans with other financial institutions. The agreements documenting these transactions typically provide for retention by the lead lender of the servicing of the participated loans. If the servicing institution fails to administer loans in accordance with our loan policies and practices, for example, by neglecting to enforce lender's rights and remedies against a defaulting borrower, or by waiving or modifying loan terms without our consent, we could incur significant losses, including loss of the outstanding principal balance. Additionally, we typically do not have a direct contractual relationship with the Borrowers in these participated loans, and therefore we may not be able to maintain a direct claim against such Borrower or any collateral securing the loan.

We cannot be compared to a commercial lender.

We may make Loans to Borrowers that typically cannot obtain financing from commercial sources. The interest rates for those Loans may be at or below the rate of interest charged by commercial lenders at the time of the Loan. In addition, because of our relationship with our Borrowers, we may accommodate partial, deferred or late payments from some of our Borrowers. Also, generally our Loan Policy is less stringent than the loan policies of commercial lenders.

We may make alternative investments with our capital that is not loaned to Borrowers, which could affect our ability to satisfy redemption requests.

Under our current policies, we may loan to Borrowers, in the aggregate, up to between 75% to 90% of the outstanding principal amount of the Certificates, the exact amount to be determined from time to time by the Board; however, there can be no assurance that the demand for Loans will be sufficiently strong to allow this entire amount to be used for Loans. We may invest our cash and cash equivalents until those funds are needed to meet demands for Loans or to make payments on the Certificates. We may not always be able to obtain an average return on our investments that is greater than our average interest obligations on our Certificates. Further, our investments are subject to market risks and their value may decline. If our investments generate a lower return than the expected returns from Loans, we could have insufficient capital to pay the interest due on the Certificates or to repay or redeem Certificates. See "Investment Activities" on page 39 for more information about our investment policies.

Only a limited number of our managers, officers, Loan Committee members and personnel have commercial lending experience.

Because only a limited number of our managers, officers, Loan Committee members and personnel have commercial lending experience, their evaluation of the fitness of prospective Borrowers, the terms of the Loans, the collection, amendment, and enforcement of the Loans and other aspects of Loan management may be less sophisticated than that of their counterparts in commercial lending institutions.

You have no right to redeem an Investment Certificate before it matures.

We are not obligated to redeem Investment Certificates or IRA Retirement Certificates until they mature. Consequently, you may be unable to redeem your Investment Certificate or IRA Retirement 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 an Investment Certificate or an IRA Retirement Certificate before it matures, we may assess a penalty. See "Description of the Certificates" on page 18.

We have the right to redeem Certificates at any time.

We may redeem any Certificate, in whole or in part, at any time upon 30 days' prior written notice, without your consent. See "Description of the Certificates" beginning on page 18.

Investment Certificates renew automatically at maturity if not redeemed and could bear a lower interest rate upon renewal.

Each of our Investment Certificates and IRA Retirement Certificates will be renewed for an additional term at maturity unless we or GoldStar Trust Company receive a written request for payment from the Investor. We send maturity notices and current interest rate information to Investors approximately 45 days prior to maturity of their Certificates. If you want to redeem your Investment Certificate or IRA Retirement Certificate, we or GoldStar Trust Company, as applicable, must receive your written request no later than two business days prior to the maturity date. If you do not provide timely notice of your desire to redeem your Investment Certificate or IRA Retirement Certificate, the Certificate will automatically renew for an additional term on the terms set forth in the then-current Offering Circular. Upon renewal, your Investment Certificate or IRA Retirement Certificate will earn interest at the rate in effect on the maturity date of the Certificate, which could be lower than the interest rate your Investment Certificate or IRA Retirement Certificate previously earned and/or lower than the interest rate indicated in the information accompanying your maturity notice. See "Description of the Certificates" on page 18.

You may earn a lower rate of interest on the Certificates compared to other securities that bear a similar degree of risk.

The interest rates earned on the Certificates are set at a relatively low level to allow us to achieve our charitable and religious objectives. As a result, the risks associated with an investment in the Certificates may be greater than that implied by the relatively low interest rates. In other words, the Certificates may bear more risk than securities offered by financial institutions or other for-profit entities that earn similar interest rates (or otherwise provide similar rates of return). It also means that you may be able to earn higher interest rates on other securities that carry an equal degree of risk as the Certificates.

Interest you earn on a Certificate is taxable as ordinary income.

Interest earned on your Certificates is not exempt from federal or state income tax and will be subject to tax as ordinary income in the year it accrues or is paid to you. For a more detailed discussion of additional tax considerations and consequences of owning Certificates, see "Tax Matters" on page 48.

We are engaged in a continuous offering of securities and expect to sell additional Certificates and other debt securities in future offerings.

We have already offered, and anticipate offering in the future, certificates that are of equal standing and priority with the Certificates offered in this offering. This includes the issuance of other debt securities in future offerings. We reserve the right to offer additional Certificates or other debt securities that have a higher rate of return and/or that provide greater security and less risk than the Certificates. The total amount of up to \$75,000,000 to be sold in this offering is not a limitation on the number or amount of Certificates or other debt securities that we may sell in future offerings. We also have the right to increase the size of the offering and issue additional Certificates pursuant to a supplement, amendment or dissemination of an updated Offering Circular.

There is no minimum amount required to be raised in this offering, nor is there a firm underwriting commitment for this offering.

We are offering the Certificates directly and without a minimum offering amount, nor a firm underwriting commitment. No assurance can be given as to the principal amount of Certificates that will be sold and whether the proceeds will be sufficient to accomplish the purposes of the offering.

Certificates are subordinated to the Fund's Line of Credit and may be subordinated to other future senior secured indebtedness.

As of the date of this Offering Circular, the Fund has a \$3,000,000 Line of Credit with the Texas Methodist Foundation, which secured by Loan receivables, and which ranks senior to the Certificates. In addition, we may pledge assets as collateral for future indebtedness we incur from a bank or otherwise. In that case, and in the case of the Line of Credit, the secured lender will have the right to be paid from those pledged assets before you and the rest of our Certificate holders.

Our Borrowers may be subject to risks associated with construction which could affect the Borrowers' ability to repay the related Loans.

We anticipate that many of the Loans we make will be used for the construction of new facilities or the renovation of existing facilities. There may not be a fixed-price construction contract for this work and the contractor may not post a completion bond. In addition, possible delays in completion may occur due to, among other things, shortages of materials, possible strikes, acts of nature, delays in obtaining necessary building permits or architectural certificates, environmental regulations or fuel or energy shortages. We may not obtain architectural certifications, or lien waivers for smaller Loans, prior to the disbursement of partial or final construction payments, and we may rely instead on the representations of the Borrower. If these representations are incorrect, we may advance more money than is warranted by the construction completed or the lien waivers obtained. Substantial increases in construction costs or delays in or failure to complete construction could adversely affect the Borrower's ability to repay its Loan and the value of the collateral securing the Loan.

Our ability to foreclose on collateral may be limited.

Our remedies as a creditor upon default by any of our Borrowers are subject to limitations and borrower protections imposed under various laws, regulations and legal principles that provide protection to borrowers. Our legal and contractual remedies, including those specified in our commitment letters, promissory notes 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 commitment letters, promissory notes 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 commitment letters, promissory notes 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 documents.

Our collateral may be impaired.

The various security interests established under our commitment letters, mortgages and deeds of trust may 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 imposed or conferred by any state or federal court; and bankruptcy or receivership laws affecting amounts earned by the Borrower after the institution of bankruptcy or receivership proceedings by or against the Borrower.

Our collateral may be uninsured or inadequately insured.

It is generally our policy to require evidence of liability insurance in an amount sufficient to cover our Loans at the time they are made. There is a chance, however, that continuing insurance coverage may become unavailable or prohibitively expensive, may be limited, or may be terminated or lapse. As a result, the buildings and other improvements that secure our Loans may be uninsured or inadequately insured by the Borrower. Accordingly, if fire or other casualty damages our collateral, we may not be able to recover against it.

There is potential environmental liability associated with real estate that we may obtain upon foreclosure.

We do not always require an environmental audit before approving a Loan secured by real property. If environmental pollution or other contamination is found on or near property that secures a Loan, our security for the Loan could be impaired. In addition, changes in environmental regulations could require the Borrower to incur substantial unexpected expenses to comply with such regulations, and this could impair both the value of the collateral on our Loans and the Borrower's ability to repay us for their Loans.

Claims could be made against us with respect to matters involving The Foundation or the Conference.

Because we are organized separately from The Foundation and the Conference, we are generally not liable for claims against them. Nevertheless, the fact that we are a wholly-owned subsidiary of The Foundation and have a close affiliation with the Conference could lead to claims against the Fund for matters involving The Foundation, the Conference or their affiliates. See "About the Fund and the Foundation" on page 27. This could adversely affect our financial condition.

We reserve the right to change policies.

At various points in this Offering Circular, we describe our policies, such as our loan policies described beginning on page 34 and our investment policies described on page 39. These descriptions are intended to help you understand our operations. We reserve the right to change our policies, including our loan and investment policies, and other policies and procedures in the future, and without further notice to you.

Our purpose is tied to objectives of the United Methodist Church and changes in the United Methodist tenants or methodologies may affect us.

While we are a separate entity, we are closely affiliated with the United Methodist Church and our Loan Policy was developed in accordance with The 2016 Book of Discipline of the United Methodist Church. Most Investors in our Certificates, at the time of their investment, are affiliated with the United Methodist Church or the Conference. In addition, the Borrowers that we lend to are United Methodist churches, institutions and other related organizations within Virginia. The United Methodist Church, like all denominations, may experience fluctuations or declines, from time to time, in church membership and attendance due to changes in the tenants or methodologies of the United Methodist Church, or differences of opinion on theological matters, among other reasons. Any such changes in membership in the United Methodist Church, or changes in individuals' or organizations' affiliations with the United Methodist Church or other United Methodist organizations, may impact our Investors' decisions to maintain their investments in the Certificates, or may impact our Borrowers' ability to repay their Loans, any of which could have an adverse effect on our financial condition and results of operations.

You will have no rights to participate in the management of the Fund.

Control of the Fund is exercised by its Board of Managers. You will not have voting rights or other rights to participate in the management of the Fund.

Changes in federal or state securities laws could affect our ability to offer and sell debt securities in the future.

Future changes in federal or state laws, rules or regulations regarding the sale of debt obligations of religious, charitable or other nonprofit organizations may make it more difficult, costly, or even impossible for us to offer and sell our Certificates or other debt securities in the future. This could limit or eliminate your ability to buy our Certificates or reinvest the proceeds of your maturing Certificate, and, consequently, our ability to repay our maturing Certificates could be adversely affected. Further, while we strive to comply with all applicable laws, if we find that we have not done so in all cases, it is possible that we may be subject to future regulatory actions, which could include fines, orders or the rescission of Certificate sales.

The transferability of the Certificates is restricted.

There is no public trading market for the Certificates, and no trading market is ever likely to develop. Furthermore, transfer of the Certificates is limited by the terms of the particular type of Certificate as described in this Offering Circular. See "Description of the Certificates" on page 18. Therefore, you may be unable to sell or transfer any of your Certificates for an indefinite period of time, if at all.

There is limited information available publicly relating to the Fund.

We do not, and we are not required to, file annual, periodic or other reports with the SEC. Consequently, there is limited information relating to the Fund that is publicly available.

THE OFFERING

We are offering up to \$75,000,000 in Certificates to eligible Investors. The principal amount of any Certificates we redeem or repay will be added to the amount of the Certificates available for issuance in the offering.

The Certificates are offered in three types—Investment Certificates, Savings Certificates and IRA Retirement Certificates. The minimum investment amount for each Investment Certificate and Savings Certificate is \$1,000, and for each IRA Investment Certificate \$5,000, in each case subject to our right to accept investments of lesser amounts in our sole discretion. The Investment Certificates have maturity periods ranging from six months to five years, to be selected by the Investor, and are payable at maturity if not automatically or otherwise reinvested. Interest rates offered on new Investment Certificates may vary depending on the maturity period and/or the amounts invested, and are fixed for the term of the Investment Certificate. Interest on Investment Certificates is paid quarterly on the last day of each quarter or, at the election of any holder, may be added to the outstanding balance of the Investment Certificate or a specified outstanding Savings Certificate. Savings Certificates may be redeemed by you, in whole or in part, at any time upon at least 30 days' prior written notice to us, and earn interest at a rate that varies periodically. Interest accrued on a Savings Certificate is compounded monthly, and is added to the principal amount of the Savings Certificate on the last day of each month. The IRA Retirement Certificates have a maturity period of five years and are payable at maturity if not automatically or otherwise reinvested. Interest rates offered on IRA Retirement Certificates are fixed for the five-year term. Interest accrued on IRA Savings Certificates compounds quarterly, and is added to the principal amount of the IRA Retirement Certificate on the last day of each quarter. GoldStar Trust Company serves as our designated third-party custodian for IRA Retirement Certificates. The minimum investment amount for any IRA Retirement Certificate is \$5,000, subject to our right to accept investments of lesser amounts in our sole discretion. Interest rates offered on Certificates may change at any time, and as often as daily, in our sole discretion. Also, we may redeem a Certificate at any time, upon 30 days' prior written notice to the Investor. The terms and conditions of the Certificates are further discussed under "Description of the Certificates" on page 18.

We are offering the Certificates only to eligible Investors who make the representations contained in the Investment Application accompanying this Offering Circular, and who otherwise comply with the investment procedures we establish from time to time. Eligible Investors include individuals (and their relatives), organizations and other entities domiciled in Virginia who are constituents of, participants in, supporters of, volunteers with and/or contributors to the Fund, the United Methodist Church, the Conference or any of their affiliated agencies, ministries, schools, living facilities or other organizations.

Transfers on the Certificates are limited and may only be made in accordance with the terms of the particular type of Certificate as described under "Description of the Certificates." However, an individual Investor may elect to have his or her Certificate transferred upon death to a beneficiary designated by the Investor on the Investment Application, by completing a Beneficiary Designation Form at the time of his or her investment or, in the case of an IRA Retirement Certificate, by making such election through GoldStar. The Investor has the ability to change the beneficiary or terminate the "Transfer-on-Death" arrangement at any time during the Investor's life.

All investments will be confirmed in writing by us, or in the case of the IRA Retirement Certificates, investments will be confirmed in writing by GoldStar Trust Company. Investors will not receive physical certificates representing their Certificates, as we use a book entry system to record ownership and investment balances. We will furnish periodic statements to each Investor no less often than monthly on Savings Certificates and quarterly on Investment Certificate reflecting the balance of the Certificate, interest earned and transactions for the period. For IRA Retirement Certificates, GoldStar will furnish periodic statements to Investors no less often than semi-annually.

Investments in the Certificates may be made by payment of cash or by check, electronic funds transfer (EFT) or wire transfer, unless we authorize another payment method in our sole discretion. Participants who wish to transfer funds electronically or by wire transfer should request instructions from, and provide notification to, us at least two business days before funds are transferred or wired.

Both the Investment Application and accompanying payment must be sent to Virginia United Methodist Development Company, LLC, P.O. Box 5606, Glen Allen, Virginia 23058, Attention: Operations Manager. Checks should be made payable to "Virginia United Methodist Development Company, LLC." No offer to purchase Certificates (through the Investment Application) will be accepted without receipt of full payment.

There is no maximum term during which the Certificates can be offered. We reserve the right to change the terms and conditions of the offering at any time and may reject any offer to purchase Certificates, in whole or in part, at any time, in our sole discretion. We further reserve the right to limit the number or amount of Certificates that may be purchased by any person at any time. There is no minimum amount of Certificates that must be sold, and the offering may be terminated or limited, and the acceptance of investments suspended, at any time.

DESCRIPTION OF THE CERTIFICATES

This section describes the terms and conditions of our Certificates, which are offered in three types—Investment Certificates, Savings Certificates and IRA Retirement Certificates.

General

All of our Certificates are subject to the terms described below, except as otherwise expressly provided herein with respect to the IRA Retirement Certificates.

Priority Relative to Other Debt

The Certificates represent our unsecured general debt obligations. Certificates purchased in this offering will be of equal rank with other unsecured debt that we may issue. Because our Certificates are unsecured, however, your Certificate will be of lesser rank (or lower priority) than any secured debt we have incurred, including our \$3,000,000 Line of Credit with the Texas Methodist Foundation, or may incur in the future. This means that if our assets were distributed to our creditors or sold to pay creditors (for instance, due to financial insolvency, bankruptcy or liquidation), our secured creditors would be paid before our Certificate holders. Once our secured creditors were paid, our remaining assets could then be used to pay our general creditors, including our Certificate holders. Because our Certificates are of equal rank, if we do not have sufficient assets to repay all of the Certificates in full, each Certificate holder would receive a *pro rata* payment based on the outstanding balance of each Certificate held.

As of the date of this Offering Circular, our only unsecured debt obligations are Certificates and our only secured debt is the \$3,000,000 Line of Credit with the Texas Methodist Foundation.

Interest Rates

Interest rates offered on Certificates may change at any time, and as often as daily, in our sole discretion. In setting the interest rates offered for Certificates, we may consider the rate of interest we are receiving on the Loans and the short-term investment of unloaned funds, interest rates on comparable instruments, market conditions, market indices, the budget and goals set by the Board, the costs and expenses of operating the Fund and other applicable indicators. Current interest rates may be obtained by calling us at (804) 521-1150, emailing us at devco@vaumc.org, or visiting our website at www.vaumdevco.org. For more information on how interest is earned and paid on the Investment Certificates, or compounded on the Savings Certificates and the the IRA Retirement Certificates, see “Investment Certificates—Fixed Interest Rate” and “—Payment of Interest,” “IRA Retirement Certificates – Fixed Interest Rate” and “—Compounded Interest; No Interest Payments” or “Savings Certificates—Variable Interest Rate” and “—Compounded Interest; No Interest Payments” below.

Redemption of Certificates by Us

We may redeem all or a part of the outstanding balance of your Certificate at any time upon 30 days' prior written notice, subject to the availability of the necessary funds. We do not need your consent to redeem Certificates in this manner. Any unredeemed part of a Certificate will continue to earn interest and be subject to its original terms. If we elect to redeem Certificates, we will select the Certificates to be redeemed in our sole discretion, subject to applicable law.

Limited Transfer of Certificates; Transfer-on-Death Arrangements

You may not transfer your Certificate to another person without our prior approval. In order to request such a transfer, you must send us a letter stating your request and referencing the Certificate you wish to transfer. The request should specify the requested date of transfer, the name and address of the person to whom you are requesting to transfer the Certificate (the “transferee”) and a statement of the potential transferee’s qualification as an eligible transferee (see below). The request must be signed by the holder of the Certificate and we may require verification of the signature. See “—Verification of Signatures and Ownership” below.

We will not approve a transfer to any person who is not eligible to purchase a Certificate in this offering and we may require documentation from the potential transferee to confirm the person’s qualifications, including that such person is domiciled in Virginia. In addition, we reserve the right to refuse any transfer for any reason, in our sole discretion.

An individual Investor may elect to have his or her Certificate transferred upon death to a beneficiary designated by the Investor on the Investment Application or by completing a Beneficiary Designation Form at the time of his or her investment. The Investor has the ability to change the beneficiary or terminate the “Transfer-on-Death” arrangement at any time during the Investor’s life.

The Certificates are not negotiable and may not be transferred, pledged or otherwise encumbered except pursuant to the foregoing transfer provisions.

Verification of Signatures and Ownership

Prospective Investors that are organizations or other entities must provide a completed Investment Application, which includes information about authorized signatories upon which we will rely in administering their investments in the Certificates. In addition, before we redeem a Certificate or approve a transaction directive, we may require an Investor to verify the authorizing signature. In the event an owner is deceased, the owner’s name has changed or the owner’s identity is otherwise uncertain, we may also require satisfactory documentation of that owner’s death, identity or ownership of the Certificate.

Method of Payment for Certificates

Investments in the Certificates may be made by payment of cash or by check, electronic funds transfer (EFT) or wire transfer, unless we authorize another payment method in our sole discretion. Participants who wish to transfer funds electronically or by wire transfer should request instructions from, and provide notification to, us at least two business days before funds are transferred or wired. Checks should be made payable to “Virginia United Methodist Development Company, LLC.”

Book Entry System; No Physical Certificates

We use a book entry system to record ownership and invested balances for all of our Certificates. Under this system, we keep an electronic record of your investments in the Certificates. The actual terms of your Certificate will be as set forth in the Offering Circular that is effective as of the date of your initial investment, or the date of renewal for a maturing Investment Certificate, whichever is later. Instead of a paper certificate, we send you confirmation of your initial investment. From time to time and on a case-by-case basis, we may issue a physical Certificate to an Investor.

Discontinued Certificates

We may, on occasion, discontinue certain types of Certificates. When a discontinued Certificate matures, we expect to give Investors the option of redeeming the Certificate or reinvesting in another then-currently offered debt security.

Notices

We will send all notices to the Investor at the address set forth on the Investment Application, or other address designated in writing by the Investor. All notices of change of address or other information or transfer requests must be in writing and addressed to Virginia United Methodist Development Company, LLC, P.O. Box 5606, Glen Allen, Virginia 23058, Attention: Operations Manager, or such other address as may be provided to you in writing by us.

Investment Certificates

Our Investment Certificates have set maturity periods and fixed interest rates. Our Investment Certificates are subject to the terms and conditions described below, as well as those described under “Description of the Certificates—General” above.

Minimum Investment Amount

The minimum amount that may be invested in an Investment Certificate is \$1,000, subject to our right to accept investments of lesser amounts in our sole discretion.

Maturity Period

We offer Investment Certificates with six different maturity periods: 6 months, 12 months, 24 months, 36 months, 48 months and 60 months. The maturity period is selected by the Investor at the time of investment. The maturity date corresponds to the last day of the month in which the investment was made (except in the case of a 6-month Certificate, in which case the maturity date is the last day of the sixth month after the investment or renewal date).

Fixed Interest Rate

The interest rate on each of our Investment Certificates is fixed for the duration of the stated maturity period at the rate in effect at the time of purchase. The interest rates offered on new Investment Certificates may vary depending on the maturity period and/or the amounts invested. The interest rates offered for new Investment Certificates are subject to change at any time, and as often as daily, in our sole discretion. You may obtain the current interest rates by calling us at (804) 521-1150, emailing us at devco@vaumc.org, or visiting our website at www.vaumdevco.org.

Payment of Interest

We pay accrued interest on Investment Certificates quarterly on March 31, June 30, September 30 and December 31. As such, the first and final interest accrual periods may be of a different length than the other accrual periods, based on the investment date, and the amount of interest paid with respect to such periods will be adjusted so as to account for the length of such periods. We expect to make interest payments within five business days after an interest payment date.

You can choose from three options for the payment of interest on an Investment Certificate. Accrued interest may be:

- paid directly to you by check (sent to the address that we have on record) or by electronic funds transfer (EFT) to a savings or checking account designated by you;
- added to the outstanding principal of the Investment Certificate; or
- added to the outstanding principal of a Savings Certificate you specify.

The election for your interest payout option is made on your Investment Application, but you may change your interest payout option at any time. Such change will take effect at the time of the next interest payment date, provided your request is received at least five business days before that date. All requests must be received in writing.

No-Interest Certificates

If you would like to provide additional support to our cause, you may request a zero-interest Investment Certificate. A zero-interest Investment Certificate will not earn any interest.

Renewal and Redemption at Maturity

Unless redeemed in accordance with the procedures described below, our Investment Certificates automatically renew at maturity for an additional term. We send maturity notices with then-current interest rate information to Investors approximately 45 days prior to maturity of their Investment Certificates.

To redeem your Investment Certificate at maturity, we must receive a written request for payment no later than two business days prior to the maturity date. Within five business days of the maturity date, we will pay you the outstanding principal and accrued interest on your Investment Certificate as of the maturity date.

If you do not timely request payment at maturity, your Investment Certificate will renew for an additional term on the terms set forth in the then-current Offering Circular. A copy of the then-current Offering Circular will accompany the maturity notice, or the maturity notice will provide instructions on how you can obtain a copy of the Offering Circular online through our website (www.vaumdevco.org) or by calling (804) 521-1150. Upon renewal, your Investment Certificate will earn interest at the rate in effect on the maturity date of the certificate, which could be lower than the interest rate your Investment Certificate previously earned and/or lower than the interest rate indicated in the information accompanying your maturity notice.

There is no limit on the number of times an Investment Certificate will automatically renew at maturity.

Early Redemption

Generally, you may not require us to redeem an Investment Certificate (in whole or in part) before it matures without penalty. If you wish to redeem an Investment Certificate (in whole or in part) before it matures, you must send us a written request. All such requests will be reviewed on a case-by-case basis and will be subject to refusal in our sole discretion, for any reason.

While we have no obligation to honor requests for early redemption, for any such requests that are honored,

the redemption price will be equal to the portion of the principal amount of the Investment Certificate actually redeemed plus the amount of any accrued unpaid interest on such portion of the principal amount redeemed up to, but excluding, the redemption date, less any applicable penalty. A penalty of up to three months of interest may be charged on any Investment Certificate redeemed early, in our sole discretion.

Periodic Statements

We furnish periodic statements to each Investor holding an Investment Certificate no less often than quarterly. These statements reflect the balance of the Investment Certificate, and interest earned and transactions for the statement period.

Savings Certificates

Our Savings Certificates do not have a fixed term and earn interest at a rate that varies periodically. Our Savings Certificates are subject to the terms and conditions described below, as well as those described under “Description of the Certificates—General” above.

Types of Savings Certificates

We offer two types of Savings Certificates: Congregation Savings Certificates and Statement Savings Certificates. The terms and conditions of the Congregation Savings Certificates and the Statement Savings Certificates are identical, except as otherwise described in this Offering Circular and with respect to the relevant interest rates that may be offered on each type of Savings Certificate from time to time.

Congregation Savings Certificates. Congregation Savings Certificates are offered to churches and other organizations that meet the standards for eligible Investors described in this Offering Circular.

Statement Savings Certificates. Statement Savings Certificates are offered to individuals who meet the standards for eligible Investors described in this Offering Circular.

Minimum Investment Amount

The minimum amount that may be invested in a Savings Certificate is \$1,000, subject to our right to accept investments of lesser amounts in our sole discretion.

Variable Interest Rate

The interest rate earned on our Savings Certificates varies periodically and may change at any time, as often as daily, in our sole discretion. In addition, the interest rate may vary based on the type of Savings Certificate outstanding (Congregation Savings Certificates and Statement Savings Certificates). We do not send notices with regard to interest rate changes on Savings Certificates, but the periodic statements we provide to Investors will reflect the amount of interest earned on the Savings Certificate in the applicable statement period. Current interest rates may be obtained by calling us at (804) 521-1150, emailing us at devco@vaumc.org, or visiting our website at www.vaumdevco.org.

Compounded Interest; No Interest Payments

Interest accrued on a Savings Certificate is compounded monthly, and is added to the principal amount of the Savings Certificate on the last day of each month. No payments of accrued interest will be made to an Investor except upon redemption of the Savings Certificate, as described under “Redemption Upon Notice”

below.

No-Interest Certificates

If you would like to provide additional support to our cause, you may request a zero-interest Savings Certificate. A zero-interest Savings Certificate will not earn any interest.

No Maturity

The Savings Certificates do not have a fixed term. Therefore, the Savings Certificates will remain outstanding until they are redeemed by you in accordance with the procedure described below under “Redemption Upon Notice” or until they are first redeemed by us. See “Description of the Certificates” for more information about our right to redeem your Savings Certificates.

Redemption Upon Notice

You may redeem all or part of the outstanding principal and accrued interest on a Savings Certificate at any time upon at least 30 days’ prior written notice to us on forms approved by us. Upon a partial or complete redemption, the principal amount requested by the holder, up to the full principal amount of the Savings Certificate, together with any accrued and unpaid interest, will be paid by us to the holder within 30 days of our receipt of a proper redemption request. A check for the redemption amount will be sent to the Investor at the address that we have on record unless the Investor has elected to have the amount delivered to its bank through electronic funds transfer (EFT) and has delivered to the Fund the proper authorization and documentation therefor. We will not charge a processing fee for the reasonable handling of any request for redemption. There will be a charge for delivery of funds by wire transfer, as well as for the overnight or expedited delivery of checks.

Additions to Principal

You may add to the principal of a Savings Certificate at any time. All proposed additions to the principal are subject to our approval, which we may withhold for any reason. To make an addition to principal, please send us a completed transaction directive, which you can obtain from us, together with a check for the additional amount to be invested. We can also accept additions to Savings Certificates by electronic funds transfer (EFT) upon completion of the appropriate authorization form.

Periodic Statements

We furnish periodic statements to each Investor holding a Savings Certificate no less often than monthly. These statements reflect the balance of the Savings Certificate, and interest earned and transactions for the statement period.

IRA Retirement Certificates

Our IRA Retirement Certificates may be purchased to hold an individual retirement account (IRA), which are subject to IRS Code and Regulations, for individuals who meet the standards for eligible Investors described in this Offering Circular. The IRA Retirement Certificates have a set maturity period of five years and fixed interest rates. The Investor should consult their tax advisor prior to purchasing an IRA Retirement Certificate. Our IRA Retirement Certificates are subject to the terms and conditions described below, as well as those described under “Description of the Certificates—General” above.

Custodian

In connection with an investment in an IRA Retirement Certificate, you will be required to open an IRA account with a third-party custodian designated by us, currently GoldStar Trust Company. As of the date of this Offering Circular, we have an arrangement with GoldStar to act as the custodian for IRAs holding IRA Retirement Certificates. We reserve the right to change the designated third-party custodian in the future. Your rights and responsibilities with respect to your IRA will be determined by your direct agreement with the custodian. As of the date of this Offering Circular, GoldStar charges an annual IRA maintenance fee of \$55.

All transaction directives with respect to your IRA Retirement Certificate must be coordinated through GoldStar Trust Company, including redemption of your IRA Retirement Certificate. Information in this Offering Circular concerning GoldStar's processes, procedures and policies are subject to change at any time by GoldStar. Please contact GoldStar for further information and instructions regarding your IRA Retirement Certificate at P.O. Box 719 Canyon, TX 79015, Telephone: (800) 486-6888.

Minimum Investment Amount

The minimum amount that may be invested in an IRA Retirement Certificate is \$5,000, subject to our right to accept investments of lesser amounts in our sole discretion.

Maturity Period

The maturity period for an IRA Retirement Certificate is five years.

Fixed Interest Rate

The interest rate on each of our IRA Retirement Certificates is fixed for the duration of the maturity period. The interest rates offered for new IRA Retirement Certificates are subject to change at any time, and as often as daily, in our sole discretion. You may obtain the current interest rates by calling us at (804) 521-1150, emailing us at devco@vaumc.org, or visiting our website at www.vaumdevco.org.

Compounded Interest; No Interest Payments

Interest accrued on an IRA Retirement Certificate is compounded quarterly, and is added to the principal amount of the IRA Retirement Certificate on March 31, June 30, September 30 and December 31. As such, the first and final interest accrual periods may be of a different length than the other accrual periods, based on the investment date, and the amount of interest paid with respect to such periods will be adjusted so as to account for the length of such periods.

Renewal and Redemption at Maturity

Unless redeemed in accordance with the procedures described below, IRA Retirement Certificates automatically renew at maturity for another five-year period. We send maturity notices with the then-current interest rate information to Investors approximately 45 days prior to maturity of the IRA Retirement Certificates. Unless you have already received one, a current Offering Circular will be included with the maturity notice or the maturity notice will provide instructions on how you can obtain a copy of the Offering Circular online through our website (www.vaumdevco.org) or by calling (804) 521-1150.

To redeem your IRA Retirement Certificate at maturity, you must notify GoldStar Trust Company in

writing no later than the maturity date. Upon GoldStar's receipt of that notice, we will promptly pay GoldStar the outstanding principal and accrued interest on the IRA Retirement Certificate as of the maturity date.

If you do not request payment at maturity, your IRA Retirement Certificate will renew automatically for an additional term of five years on the terms set forth in the then-current Offering Circular. Upon renewal, your IRA Retirement Certificate will earn interest at the then-current interest rate for IRA Retirement Certificates, which could be lower than the interest rate your IRA Retirement Certificate previously earned.

There is no limit on the number of times an IRA Retirement Certificate will renew automatically at maturity.

Required Minimum Distributions

The Required Minimum Distribution (RMD) is the amount that you must withdraw from your IRA or retirement plan each year as required by the Internal Revenue Code and related regulations. The Fund does not impose an early withdrawal penalty if an investor chooses to receive payment directly for some or all of the principal or interest earned as part of the RMD. If requesting to withdraw as part of an RMD, the Investor must send a written request to GoldStar Trust Company.

Early Redemption

Generally, you may not redeem an IRA Retirement Certificate before it matures without penalty, except as part of an RMD under applicable Internal Revenue Code provisions and regulations. If an Investor chooses to redeem some or all of an IRA Retirement Certificate before it matures (other than as part of an RMD), the Investor must send GoldStar Trust Company a written request. All such requests will be reviewed by us on a case-by-case basis and will be subject to refusal in our sole discretion, for any reason.

We may impose an early redemption penalty for any redemption of principal not required by the Internal Revenue Code and related regulations. The early redemption penalty may be up to three months of interest earned. In addition, we may elect to redeem an IRA Retirement Certificate if its outstanding balance falls below the minimum investment amount.

In addition to a possible early redemption penalty imposed by us, the Internal Revenue Code and related regulations may impose other limitations and penalties on early redemptions (except as part of an RMD). The Investor should consult their own tax advisor prior to purchasing or making a redemption of an IRA Retirement Certificate.

Transfer-On-Death Arrangements

An IRA Retirement Certificate is only transferable upon the death of the certificate owner and only to named beneficiaries of the IRA who are eligible to purchase Certificates in this offering. An Investor may elect to have his or her IRA Retirement Certificate transferred upon death to a beneficiary designated by the Investor through GoldStar. We may require documentation from the potential transferee to confirm the person's qualifications, including that such person is domiciled in Virginia. We also reserve the right to redeem an IRA Retirement Certificate and distribute cash to designated beneficiaries of the IRA in place of transferring the IRA Retirement Certificate to them. The Investor has the ability to change the beneficiary or terminate the "Transfer-on-Death" arrangement at any time during the Investor's life.

Communications from GoldStar and Periodic Statements

GoldStar Trust Company will send the Investor a confirmation of the initial investment and any redemptions. GoldStar Trust Company will send semi-annual statements showing to each holder of an IRA Retirement Certificate reflecting the amount invested with the Fund, and interest earned and transactions for the statement period. GoldStar Trust Company may initiate other communications with the Investors from time to time.

ABOUT THE FUND AND THE FOUNDATION

Virginia United Methodist Development Company, LLC

We –Virginia United Methodist Development Company, LLC (the “Fund”) – were formed on June 4, 2014 under the Virginia Limited Liability Company Act by our sole member, The United Methodist Foundation of the Virginia Conference, Inc. (“The Foundation”). We were organized and are operated exclusively for charitable and religious purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. We are managed by a Board of Managers (the “Board”), as more fully described under “Management” and our affairs are governed by our Operating Agreement (as amended from time to time), which was adopted by The Foundation as our sole member. Our income is not subject to federal or Virginia income tax because we are a disregarded entity for tax purposes, and as such, we are treated as a branch or division of The Foundation, which is exempt from federal and Virginia income tax because it is an organization described in section 501(c)(3) of the Internal Revenue Code.

We were established as a financial service ministry of The Foundation to provide a funding source for Loans to United Methodist churches, institutions and other related organizations within Virginia, which may include retirement communities, colleges and other affiliates of the United Methodist Church (the “Borrowers”). These Loans may include, but are not solely limited to, mortgage loans, renovation and construction loans, building and land acquisition loans, and other capital investment loans. We may also refinance existing debt of Borrowers in circumstances where such refinancing would be consistent with our goals and be of benefit to the Borrowers. Most Loans we originate are secured by first lien deeds of trust or mortgages, as applicable, on the Borrower’s real property. The Loans are made pursuant to our Loan Policy (the “Loan Policy”), adopted by the Board, and implemented by the Loan Committee established by the Board (the “Loan Committee”). Our Loan Policy is subject to change from time to time; a copy of our current Loan Policy is available upon request. See “Lending Activities” below for more information on the Loans and the Loan process.

The Certificates are our unsecured general debt obligations and no Loans or other collateral are or will be specifically pledged, assigned or otherwise set aside to secure the obligations of the Certificates. The debts and liabilities of the Fund are solely our debts and liabilities and are not direct or indirect obligations of, nor guaranteed by, The Foundation or the Board of Trustees of the Virginia Annual Conference of The United Methodist Church, Incorporated (the “Conference”), or any other person. Accordingly, only our assets, and not those of The Foundation or the Conference, will be used to satisfy our obligations under the Certificates. Likewise, we do not guarantee the debts and liabilities of any other person. Upon dissolution, our assets will be distributed to The Foundation, after payment of all our creditors.

The Fund operates from its offices located at 10330 Staples Mill Road, Glen Allen, Virginia 23060, Telephone: (804) 521-1150.

The United Methodist Foundation of the Virginia Conference, Inc.

The Foundation, a Virginia nonstock corporation formed in 1971, provides stewardship education and manages assets for local churches, districts and agencies of the Conference. Its specific activities include receiving, accepting, promoting and encouraging gifts, donations, contributions, bequests and devises for the use and benefit of the United Methodist Church, the Conference, and the institutions, agencies, boards, churches, schools and other entities thereof, and the programs, initiatives, and missions supported or sponsored by or affiliated with the United Methodist Church or the Conference.

The Foundation’s Board of Directors, a majority of which is appointed by the Conference, is comprised of

committed United Methodists dedicated to carrying out the shared vision of endowing Methodism throughout the Conference. The Foundation seeks to accomplish this goal by acting as a resource to aid the financial development of ministries of local churches, agencies and individual members. The Foundation provides charitable gift planning and endowment development assistance for local churches and church-related organizations, and fosters opportunities for individual planned giving through gift annuities, charitable remainder trusts, charitable lead trusts, charitable bequests through a will, trust or individual retirement accounts, appreciated assets, and permanently restricted endowment funds. In addition, The Foundation invests monies for local churches or Conference agencies in accordance with Socially Responsible Investment principles of The 2016 Book of Discipline of the United Methodist Church. The Foundation also manages various funds that allow the local churches or Conference agencies to select the style of money management that fits their investment goals and objectives; these funds include a bond fund, a stock fund, a balanced fund and a balanced plus fund. As of December 31, 2020, The Foundation manages approximately \$79 million total in assets.

The Foundation formed the Fund as a wholly-owned subsidiary in June 2014. The Fund was established because The Foundation believes that population growth and outreach ministry opportunity throughout Virginia will far exceed the ability of the Conference, its local districts and churches, agencies, entities and organizations to fund new church planting ministries and mission efforts solely through traditional donation mechanisms. The Fund is intended to generate additional resources and funding streams for critical needs in fulfilling the Conference's overall church mission. The Foundation has no personal obligation for any liabilities of the Fund solely by reason of being its sole member, except as provided by law.

The Foundation is exempt from federal and Virginia income tax because it is an organization described in section 501(c)(3) of the Internal Revenue Code. The Foundation has been classified as a public charity (and not a private foundation within the meaning of section 509(a) of the Internal Revenue Code) because it is a supporting organization to the Conference within the meaning of section 509(a)(3) of the Internal Revenue Code. Contributions to The Foundation are deductible as charitable contributions to a public charity under section 170(b)(1)(A)(viii) of the Internal Revenue Code. **However, participation in this offering is not a charitable contribution to The Foundation and does not qualify for a federal income tax charitable deduction under section 170 of the Internal Revenue Code. See "Tax Matters" on page 48.**

The Foundation operates from its offices located at 10330 Staples Mill Road, Glen Allen, Virginia 23060, Telephone: (804) 521-1121.

SELECTED FINANCIAL INFORMATION

As of December 31, 2020, the Fund had aggregate assets of \$42,376,444 and liabilities of \$40,977,805, leaving a Net Assets Without Restrictions balance aggregating \$1,398,639. On that same date, \$9,071,009 of the Fund's assets were in the form of cash and cash equivalents. All of the Fund's liabilities as of December 31, 2020 represented amounts due on Certificates. Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in asset values, the allowance for loan losses or net assets.

The following table summarizes selected financial information of the Fund for the periods and as of the dates indicated, and has been derived from the Fund's financial statements for the years ended December 31, 2020, 2019, 2018, 2017, 2016 and 2015. You should not assume the results of operations for prior periods indicate results for any future period.

You should read this information in conjunction with the Fund's audited financial statements attached as Appendix A hereto.

	Year Ended December 31,					
	2020	2019	2018	2017	2016	2015
ASSETS						
Cash and Cash Equivalents	\$ 9,071,009	\$ 6,030,996	\$ 4,542,028	\$ 2,761,264	\$ 1,587,707	\$ 4,333,917
Certificates of Deposit	750,000	3,000,000	2,700,000	234,413	1,088,813	-
Loans Receivable, net	32,338,098	36,877,103	36,734,641	27,344,310	17,307,945	6,115,815
Other Assets	217,337	231,137	188,776	108,576	91,802	459,188
Total Assets	\$ 42,376,444	\$ 46,139,236	\$ 44,165,445	\$ 30,448,563	\$ 20,076,267	\$ 10,908,920
LIABILITIES						
Certificates	40,976,188	44,772,723	42,118,745	29,552,170	19,337,566	10,862,364
Other Liabilities	1,617	40,291	915,859	8,146	10,209	13,049
Total Liabilities	\$ 40,977,805	\$ 44,813,014	\$ 43,034,604	\$ 29,560,316	\$ 19,347,775	\$ 10,875,413
 Member's Equity	 1,398,639	 1,326,222	 1,130,841	 888,247	 728,492	 33,507
Total Liabilities and Member's Equity	\$ 42,376,444	\$ 46,139,236	\$ 44,165,445	\$ 30,448,563	\$ 20,076,267	\$ 10,908,920

OUTSTANDING CERTIFICATES AND OTHER INDEBTEDNESS

Outstanding Certificates

Recent Sales and Redemptions

During the year ended December 31, 2020, we received \$10,283,129 in cash from sales of new Certificates and additions of principal to existing Certificates. During the same period, we had cash redemptions totaling \$14,888,756 in principal amount of Certificates, including \$7,642,409 of Investment Certificates and \$7,246,347 of Savings Certificates.

Interest on Certificates

The annual average interest rate paid on outstanding Certificates was 1.92%, 2.48% and 2.10% for the years ended December 31, 2020, 2019 and 2018, respectively. We incurred \$892,181, \$1,137,983 and \$792,308 in interest expense on our Certificates for those same years, respectively.

Summary of Outstanding Certificates

The following table sets forth the number of Certificates, by type of Certificate, and the Certificate balances payable for which the Fund was liable, as of December 31, 2020, 2019 and 2018:

Certificate Types	Certificates as of 12/31/2020			Certificates as of 12/31/2019			Certificates as of 12/31/2018		
	Number of Certificates	Balance Payable	Weighted Average Interest	Number of Certificates	Balance Payable	Weighted Average Interest	Number of Certificates	Balance Payable	Weighted Average Interest
Savings Certificates									
Statement	32	\$ 1,047,260	0.65	36	\$ 1,023,428	1.60	65	\$ 1,219,789	1.70
Congregational	132	14,768,218	0.65	133	16,742,811	1.60	168	18,038,951	1.70
Total	164	\$ 15,815,478		206	\$ 17,766,239		233	\$ 19,258,740	
Investment Certificates									
6 Month	37	\$ 2,211,247	0.91	42	\$ 1,522,686	1.70	158	\$ 3,188,530	2.85
12 Month	109	3,284,125	1.40	137	6,893,150	1.87	177	5,291,401	2.36
24 Month	83	2,599,826	2.19	85	2,265,790	2.10	109	2,333,092	2.53
36 Month	90	1,602,589	2.54	102	1,982,023	2.39	102	1,832,561	2.56
48 Month	66	1,351,963	2.77	69	1,242,943	2.61	66	1,140,941	2.69
60 Month	322	13,741,325	3.43	289	12,716,885	2.91	219	8,708,075	3.31
Total	707	\$ 24,791,075		724	\$ 26,623,477		831	\$ 22,494,600	
IRA Retirement Certificates									
60 Month IRA	20	\$ 369,635	3.15	21	\$ 383,007	3.13	20	\$ 365,405	3.15
Total of Certificates	891	\$ 40,976,188		951	\$ 44,772,723		1084	\$ 42,118,745	

Maturity Information

Assuming outstanding Investment Certificates are not renewed and interest payable on these Certificates is not reinvested to increase the outstanding principal amount of the Certificates, the following table reflects approximate Investment Certificate maturities by year as of December 31, 2020:

Investment Certificates by Maturity Year

Maturity Year		Balance Payable
2021	\$	8,433,618
2022		5,331,864
2023		5,002,244
2024		4,230,370
2025		2,162,615
	\$	<u>25,160,711</u>

The Savings Certificates are payable upon demand by the holders thereof. As of December 31, 2020, \$13,474,003 in Savings Certificates were outstanding.

Line of Credit

On April 15, 2019, the Fund and The Foundation (collectively, the "Loan Parties") executed a promissory note and entered into a commercial pledge agreement and related ancillary agreements with the Texas Methodist Foundation (the "Lender") relating to a \$3,000,000 revolving line of credit to provide additional funding to the Loan Parties for working capital and general corporate purposes (the "Line of Credit"). The Line of Credit has a term of approximately one year that expires July 7, 2022, and we expect that it will be renewed annually. Borrowings under the Line of Credit may be made by the Loan Parties, from time to time during the term, through requests in writing to the Lender. The Line of Credit bears interest at a variable rate equal to the Prime Rate published by the Wall Street Journal Prime 3.75% at inception) on outstanding borrowings under the Line of Credit. The Loan Parties may make prepayments against outstanding borrowings under the Line of Credit at any time without penalty. Borrowings under the Line of Credit are secured by note receivables due under the Loans from Borrowers.

There have been no borrowings under the Line of Credit from April 15, 2019 (inception) through December 31, 2020

LENDING ACTIVITIES

General

Our overall strategy is to promote the growth and development of the United Methodist Church by lending funds to creditworthy Borrowers. These Loans include, but are not solely limited to, mortgage loans, renovation and construction loans, building and land acquisition loans, and other capital investment loans. We may also refinance existing debt of Borrowers in circumstances where such refinancing would be consistent with our goals and be of benefit to the Borrowers. We make Loans only to United Methodist churches, institutions and other related organizations within Virginia, which may include retirement communities, colleges and other affiliates of The United Methodist Church (the Borrowers). We may make direct Loans to Borrowers or participate with financial institutions or other not-for-profit corporations in making joint Loans. Our Loan Committee administers loan origination, negotiation and compliance.

Our policies (including the Loan Policy) and practices for reviewing and processing loan applications, originating and servicing Loans and establishing interest rates have been established by the Board. They may be changed by the Board at any time, and exceptions to the policies may be made by the Board, or by the Loan Committee pursuant to specific authority granted by the Board, on a case-by-case basis. The Loan Committee reviews our loan policies at least quarterly and may recommend changes to the Board. A copy of our current Loan Policy is available upon request. The Loan Policy was developed in accordance with The 2016 Book of Discipline of The United Methodist Church (“The Book of Discipline”); however, to the extent of a discrepancy between the Loan Policy and The Book of Discipline, The Book of Discipline will govern and control.

Under our current policies, the aggregate amount of funds that may be loaned to Borrowers is limited to between 75% to 90% of the principal amount of our Certificates, with the exact limit to be determined from time to time by the Board. As of the date of this Offering Circular, the Board has limited the amount of funds that may be loaned to Borrowers to 90% of the outstanding principal amount of the Certificates. The foregoing limitation is measured at the time a Loan commitment letter is issued, and any decrease in outstanding Certificates after that time will not affect any outstanding Loans or Loan commitments.

Our revenues are expected to be primarily derived from the interest earned on the Loans. We may also derive revenue from interest paid on cash, cash equivalents and marketable securities that are held awaiting Loan opportunities or that are held in reserve for liquidity purposes. Such excess monies may be put into alternative investments consistent with guidelines established by our Board. See “Investment Activities” on page 39 for more information.

Our Loan Portfolio

Outstanding Loans

As of December 31, 2020, the Fund had 40 outstanding Loans with principal balances receivable aggregating \$ 32,566,098. All of these outstanding Loans were with Virginia churches, and were secured by first liens.

The following summarizes our outstanding Loans as of December 31, 2020:

Principal Loan Balance	Number of Borrowers	Principal Outstanding	Percent of Loan Portfolio
\$0-\$250,000	15	\$ 1,751,566	5.4%
\$250,001-\$500,000	8	2,903,867	8.9%
\$500,001-\$999,999	7	4,538,741	13.9%
\$1,000,000+	10	23,371,924	71.8%
Total	40	\$ 32,566,098	100.0%
Loan participations	3	\$ 6,659,228	

Approved and Pending Loan Commitments

Outstanding pending and approved Loan commitments may result in amounts being loaned to these potential Borrowers. The aggregate amount of Loan commitments approved but not yet advanced to Borrowers at December 31, 2020 was \$ 1,577,098.

Interest Rates

The average interest rate earned on Loans was 4.56%, 4.69%, and 4.74% for the years ended December 31, 2020, 2019, and 2018, respectively.

Payments on Outstanding Loans

As of December 31, 2020, the principal balances of our outstanding Loans were scheduled to mature as follows:

Fiscal Year Ending	Number of Borrowers	Aggregate Principal Maturing
2021	8	\$ 3,223,930
2022	4	\$ 3,243,962
2023	9	\$ 5,670,907
2024	6	\$ 5,298,825
2025	13	\$ 15,128,474
Total	40	\$ 32,566,098

Allowance for Loan Loss

The collectability of Loans is dependent upon the success of the Borrower or the value of the collateral securing them. The allowance for Loan losses is maintained at a level considered adequate to provide for probable and inherent Loan losses based on management's evaluation of the anticipated impact on the Loan portfolio of current economic conditions, changes in the character and size of the portfolio, past Loan loss experience, the financial condition of the Borrower, and other pertinent factors that management believes require current recognition in estimating probable Loan losses. Specific reserves are established for any impaired Loan for which the recorded investment in the Loan exceeds the liquidation value of the Loan, less estimated costs to sell. While management uses available information to estimate probable losses, future changes to the allowances may be necessary based on changes in economic conditions. At December 31, 2020, our Loan loss allowance was \$228,000, which was approximately 0.66% of the total balance of our outstanding Loans as of that date.

Changes in the Loan loss allowance are primarily attributable to management's evaluation of outstanding loans. The activity in our Loan loss allowance during the past three fiscal years was as follows:

		For the years ended December 31,		
		2020	2019	2018
Beginning Bal	\$	143,000.00	\$ 108,000.00	\$ 69,000.00
Provision for Loan loss	\$	85,000.00	\$ 35,000.00	\$ 39,000.00
charge offs			\$ -	\$ -
Ending Balance	\$	228,000.00	\$ 143,000.00	\$ 108,000.00

Loan Application and Approval Process

Potential Borrowers interested in obtaining a Loan from the Fund must make an initial inquiry to the Fund staff and will be required to complete a Loan application. A Loan application will be considered complete when all required and/or requested documentation has been submitted for review. A site visit must be conducted by a Lending Relationship Manager or another authorized representative of the Fund prior to the Loan approval.

Loans are considered on a case-by-case basis. If the Fund's staff determines the proposed Loan is acceptable and we have sufficient Funds to make the Loan under our current loan and investment policies, the Loan application will be formally presented to the Loan Committee for approval. The Loan Committee is authorized to approve Loans with a principal amount of up to \$1,000,000, with the recommendation of the Chair. Loans for more than \$1,000,000 in principal amount must be approved by the Board, with a recommendation from the Loan Committee.

Upon approval of a Loan, we will issue a written commitment letter to the Borrower setting forth the terms and conditions of the Loan. The commitment letter will expire unless accepted by the potential Borrower within 15 days after its issuance. If the terms of the Loan commitment are accepted by the potential Borrower, the commitment letter will be valid for 60 days from the date of acceptance. Extensions of the validity of the commitment letter may only be granted upon request of the potential Borrower and approval of the Board. The Fund reserves the right to charge up to a 1% commitment fee on any Loan originated by the Fund. The Fund also reserves the right to void any commitment letter should any of the following events occur: (i) a material adverse change in the Borrower's financial condition; (ii) a default by the Borrower on any other obligation it may have for money borrowed; (iii) the imposition on the Fund of an obligation, fee, liability, loss, claim, cost, expense, or damage under any law or regulation affecting the Fund entering into

the financing transactions contemplated hereby, which is not contemplated herein; or (iv) any violation or breach by the Borrower of the terms of the commitment letter.

Loan documents will be prepared by the Fund and its counsel unless waived by the Board. All costs associated with the funding and settling of the Loan, whether the Loan is funded or not, are the responsibility of the Borrower once the commitment letter has been accepted and returned to the Fund by the Borrower. Loans will be serviced and administered, including billing, by the Fund after Loan funds have been disbursed.

Borrowers are required to follow certain procedures to authorize the purchase of property, construction or remodeling of buildings and the borrowing of funds, including provisions found within The Book of Discipline and our Loan Policy.

An annual site visit and Loan review will be required by the Fund for outstanding Loans. Also, the Borrower must submit updated annual financial statements and any other documents deemed necessary, during the life of the Loan.

General Loan Terms and Conditions

A Loan originated by the Fund will generally be subject to the following terms and conditions:

- Loans made by the Fund will be secured by a first lien credit line deed of trust. In certain situations, Loans may be secured by a second lien credit line deed of trust or Certificates in the Fund. Loans originated by the Fund may not be assigned by the Borrower or assumed by any third party.
- The Borrower must exhibit a debt service coverage of 1.20 or higher, unless otherwise approved by the Board. The ratio will be calculated as follows: (i) total prior year (or preceding 12 months) revenue *minus* all operating expenses, apportionments, ongoing ministry expenses, *divided by* (ii) total projected debt service. Debt service should be added back to available cash to be used to calculate cash flow coverage. Real estate secured indebtedness of any kind may not be incurred by the Borrower during the life of the Loan except with the written consent of the Fund.
- Further indebtedness secured by real estate may not be incurred by the Borrower during the life of the Loan except with the written consent of the Fund.
- The Fund reserves the right to request, review and reject any agreements between the Borrower and a contractor or third party related to the scope of work on the project for which the Loan is being requested.
- The Fund reserves the right to approve the general contractor and/or trades involved in the project.
- Loans may be prepaid without penalty.
- Loans may not be assigned or assumed without prior consent of the Fund.

Loan Offerings and Characteristics by Type of Loan

We offer two types of Loans: Amortized Loans and Non-Revolver Lines of Credit (NRLC). We may also refinance existing debt of Borrowers in certain circumstances. A Loan for construction, building renovation, building improvement, building remodeling, and/or a capital improvement project will be treated as a NRLC. The Fund will not offer revolving lines of credit and will not initiate a Loan that will have the effect of establishing a revolving line of credit for a Borrower.

Generally, the limitation on the amount of a Loan will depend upon the purpose of the Loan:

- Loans may be made for up to 100% of the costs for capital improvements or the amount of the debt refinanced.
- Loan amounts will be limited to not more than 80% of the cost of new construction, unless approved by the Board. A retainage fee may be withheld from all construction Loan disbursements, and will not be paid until after the final inspection. Documentation will be required to demonstrate that a minimum of 10% of the cost of the project is on hand or has been expended on the project.
- Loan amounts will be limited to 80% of the purchase price of real estate, unless approved by the Board. In a land purchase situation, documentation will be required to demonstrate that a minimum of 10% of the purchase cost is on hand for a portion of the down payment or has been expended on the purchase.

Amortized Loans

Amortized Loans originated by the Fund are described below.

- All amortized Loans originated by the Fund shall have a maturity date not to exceed 5 years (60 months), except as may be approved by the Board on a case by case basis.
- Amortization periods will not exceed 30 years and amortization schedules established by the Loan Committee may include balloon payment provisions.
- Loans with an outstanding principal balance at maturity may be renewed for up to an additional sixty (60) months, subject to a review of the Loan and Board approval.
- Principal and interest will be included in the monthly payment, which will be due on the first day of each month.
- The interest rate for all amortized loans originated by the Fund will be fixed for the term of the Loan. A rate reset by the Borrower may be requested, but will be subject to review of the Loan and Board approval.
- All Loan proceeds, including lump sum payments, will be disbursed in a manner agreed upon by the Borrower and the Fund.

Non-Revolving Lines of Credit

Non-revolving lines of credit (NRLC) originated by the Fund are described below.

- Any NRLC originated by the Fund for a construction Loan will be set for an initial term of one year (12 months).
- An NRLC will bear interest at a variable rate as determined by the Board.
- Interest will accrue on the disbursed principal amount under the NRLC, and monthly interest payments will be due on the first day of each month.
- Any request for disbursement or inspection must be made by the Borrower at least two weeks prior to disbursement of any funds.
- An NRLC may be renewed for up to an additional 12 months with Board approval.
- Within thirty (30) days of project completion, the Loan will be reviewed and, upon approval of the Loan Committee, will be modified and converted into an amortized Loan.
- An NRLC with an outstanding balance that has been inactive for at least 90 consecutive days, may be deemed inactive and closed. Once closed, within 30 days, the outstanding balance will become due and payable; or, if approved as an amortized Loan, the Borrower will be required to begin making monthly payments of principal and interest.

Closing Conditions

Conditions to closing a Loan include the following:

- A deed of trust in a form acceptable to the Fund must be recorded and must include language prohibiting the assumption of additional debt by the Borrower that is collateralized by real estate. Any exceptions will require written approval of the Board.
- If the Loan is being used to purchase land and/or a building, an independent appraisal and/or a survey (each no more than 90 days old) may be required as a condition of funding.
- If real property is being pledged as collateral for a Loan, an environmental audit may be required as a condition of funding. The audit must be conducted by a firm acceptable to the Fund and will be reviewed by the Fund prior to Loan closing.
- If the Loan is to be secured by real property, a title insurance policy acceptable to the Fund will be required. The policy must name the Fund as the holder of the first or second lien on the encumbered property, as applicable. The deed under which the title is held must contain the reversion trust clause as set forth in The Book of Discipline. The title insurance policy must also insure against possible mechanics liens and contain no general survey exceptions. Any exceptions will require written approval of the Board.
- All real property that is pledged as collateral for the Loan must be covered by adequate hazard insurance with the Fund named as mortgagee insured.

- The Fund must be listed as an additional insured and loss payee on the Borrower's liability policy. In addition, the Fund may require that the policy include a provision requiring the insurance carrier to provide at least 30 days' written notice to the Fund before any change or cancellation of coverage. The insurance must be written through an insurance company satisfactory to the Fund, with a mortgage clause attached to the policy making the loss, if any, payable to the Fund, as its interest may appear.

Loan Delinquencies

- Loan payments are due on the first day of the month. The Borrower has until the 15th of the month (the "grace period") to make its Loan payment without penalty. After the 15th of the month, a late fee of 5% of the monthly payment will be charged on the Loan payment due. In the event payment is not made by the end of the grace period, a Lending Relationship Manager or another authorized representative of the Fund will contact the appropriate Borrower representative to inquire about the status of the Loan repayment.
- We will consider a Loan to be in default when Loan payments have been delinquent for more than 60 days following the due date (*i.e.*, not including the grace period). Under our Loan Policy, once a Borrower defaults on a Loan, our Chair will contact the appropriate Borrower representative to discuss ways to make the Loan current. If the Loan has not been made current within 60 days of the date of default, the Chair will meet with the Borrower representative and other appropriate District or Conference officers to determine what steps, if any, can be taken to avoid foreclosure. Foreclosure will only occur upon the recommendation of the Chair and approval by the Board. Because of our relationship with the Borrowers, we may accommodate extensions of time for repayment of Loans or the Board may waive late fees. Our delinquency practices and policies, therefore, cannot be compared with a commercial lender.
- As of December 31, 2020, the Fund had no delinquent Loans and no Loans in default. As of the date of this Offering Circular, the Fund has never experienced a loss based on a Loan default and has never restructured any Loans. Past performance is no guarantee of future results.

INVESTMENT ACTIVITIES

General

It is our policy to maintain cash, cash equivalents and marketable securities in an amount reasonably expected to be sufficient to meet our interest and principal payment obligations on our outstanding Investment Certificates, the redemption payment obligations on our outstanding Savings Certificates, and to support our loan program. The Fund's investment policy has three major objectives:

- to ensure that the investment of funds is accomplished in a prudent manner, particularly with respect to limiting the exposure of the Fund to unnecessary risk;
- to provide adequate liquidity to meet the Fund's interest and principal payment obligations on outstanding Certificates and to fund our Loan commitments; and
- to structure an investment portfolio that will provide liquidity and competitive yields to Certificate holders while maintaining sound investment criteria.

Investment Policy

Under our current policies, we must maintain a reserve of cash, cash equivalents and readily marketable securities in an amount that is at least 10% to 25% of the outstanding principal amount of our Certificates, the exact minimum to be determined from time to time by the Board. The Board has currently set the minimum reserve amount at 10% of the outstanding principal amount of our Certificates.

Our policy requires that we maintain a portion of our assets in investments that are liquid, or easily liquidated, consisting primarily of marketable interest-bearing securities, including U.S. Government obligations and corporate bonds. We must maintain a reserve of cash and securities that mature in one year or less in an amount no less than the sum of (i) \$100,000, plus (ii) 5% of the aggregate principal amount of Certificates outstanding in excess of \$1,000,000.

Under our investment policy, the Fund will consider diversification of investments for prudent management of funds. In addition, our investment policy prohibits investments in foreign denominated securities, commodities or commodity contracts (including futures contracts), purchase foreign currency exchange contracts or exchange-related securities, derivative securities, or directly in equity securities.

Our Board sets our investment policies, which are reviewed by the Finance Committee of the Board quarterly and are implemented by our Chair and our Treasurer on a day-to-day basis. Information about these individuals is contained in the "Management" section starting on page 41. A copy of the Investment Policy is available upon request.

As of December 31, 2020, the Fund had \$9,821,009 in cash and cash equivalents, including \$9,000,000 invested in a money market account with a commercial bank and \$750,000 in Certificates of Deposit with a commercial bank, both of which are classified as cash equivalents. The money market account is interest-bearing, payable on demand and insured up to the applicable FDIC limits. The Fund maintains this asset to provide necessary liquidity and in anticipation of future lending activities. For the period from inception through December 31, 2020, the Fund earned investment income of \$55,565.

Investment Balances through 12/31/2020

Money Market Account	9,000,000
Certificates of Deposit	750,000
Total Investments	9,750,000
Investment Income	55,565
Cash and Cash Equivalents	9,821,009

MANAGEMENT

Our officers and managers are listed below with the positions set forth opposite their names.

Name	Position	Committee Membership	Board Term Expires
Rev. Dr. Thomas E Frost	Chair Manager	Finance Committee Loan Committee	2022
Ralph H. Bowden, Jr.	President		
David D. Dommissie	Treasurer Manager	Finance Committee	2022
S. Craig Lane	Secretary Manager	Loan Committee, Chair	2023
William Coppa	Manager	Loan Committee	2023
Larry Davies	Manager	Loan Committee	2021
Elizabeth Godwin-Jones	Manager	Loan Committee	2021
Kevin Humphries	Manager	Finance Committee	2023
Rev. Dr. Steven R. Jones	Manager	Loan Committee	2021
Carl L. Moravitz	Manager	Finance Committee	2023
Hiawatha Nicely, Jr.	Manager	Loan Committee	2021
Lorilei J. Roberts	Manager	Finance Committee, Chair	2023
Bonnie Whitehurst	Manager	Finance Committee	2021
Rev. Jeffrey A. Witt	Manager	Finance Committee	2022

Board of Managers

Our Board of Managers has full responsibility for, and all rights and powers relating to, the management of our business and affairs. Under our Operating Agreement, the Board has all of the powers legally afforded to a limited liability company under the Virginia Limited Liability Company Act in carrying out our business and affairs, except that only The Foundation, as our sole member, may approve a plan of merger or consolidation, a plan of dissolution, or the sale, lease or exchange, or the mortgage, pledge or other disposition, of all or substantially all of our assets.

Under our Operating Agreement, the Board must have a minimum of six and not more than 17 managers. As of the date of this Offering Circular, there are 12 appointed managers that serve on the Board. Managers have staggered three-year terms and may serve up to three successive terms. All managers are appointed by our sole member, The Foundation. The act of a majority of the managers at a meeting at which a quorum is present is an act of the Board. The Board meets at least quarterly and maintains certain committees, including a Loan Committee and a Finance Committee. Managers are not currently compensated for their services as a manager of the Fund.

Certain biographical information for the officers and managers is provided below.

Rev. Dr. Thomas E. Frost

Palmyra, VA
Age 68

Chair

Term expires: 2022

Rev. Frost has served as Chair of the Board since 2018. Rev. Frost was ordained as a member in full connection with the Virginia Conference of the United Methodist Church in 2012 and retired from full-time ministry in 2019. Rev. Frost served as pastor of Cunningham United Methodist Church in Palmyra, Virginia from 2009 through 2019. He entered the ministry after a 27-year career as a real estate and corporate attorney, most of which was spent in the real estate development industry. He has a Bachelor of Arts degree from Miami University (Oxford, OH), a Juris Doctorate degree from the University of Akron (Akron, OH), and Master of Divinity and Doctor of Ministry degrees from Wesley Theological Seminary (Washington, DC). Rev. Frost has served on the Board since 2016.

Ralph H. Bowden, Jr.

Richmond, VA
Age 56

President

Mr. Bowden was elected President of the Fund by the Board in June 2019, immediately following his appointment as President of The Foundation by its Board of Directors. He received a Bachelor of Science degree in Business Administration from the University of North Carolina at Chapel Hill, and a Master of Business Administration with distinction from Wake Forest University. He was previously an Area Executive of a large regional commercial bank, working in various positions in Virginia, North Carolina and South Carolina for twenty-two years. He is a member of Reville United Methodist Church in Richmond, where he formerly served as its Lay Leader and Chair of its Finance Committee. He has served on several not-for-profit boards in central Virginia.

David D. Dommissie

Montpelier, VA
Age 53

Treasurer

Term expires: 2022

Mr. Dommissie has served as Treasurer of the Fund since June 2014. Since 2009, he has served as the Treasurer and Business Administrator of the Conference, which is the chief financial officer. In that role, he serves on numerous Conference boards with extensive leadership responsibilities and has a pulse of what is transpiring in districts, agencies and churches across the Conference. Immediately prior to beginning this work, Mr. Dommissie served as controller for a large, regional staffing company headquartered in Richmond, Virginia. He also worked as a CPA for a public accounting firm where he focused on non-profit organizations and bank audits, as well as corporate and individual taxes. Mr. Dommissie graduated in 1990 from Virginia Commonwealth University with a Bachelor's degree in Accounting. He is an active member of Good Shepherd United Methodist Church in Henrico, Virginia.

S. Craig Lane
Chesterfield, VA
Age 68

Secretary

Term expires: 2023

Mr. Lane is a senior Partner with and President of the law firm of Lane & Hamner, P.C. in Richmond, Virginia. He graduated with honors from the University of Virginia with a Bachelor of Arts in Psychology and Religious Studies. He received a Juris Doctorate degree from the Marshall-Wythe School of Law at the College of William & Mary. Mr. Lane is a member of the Virginia State Bar and the Chesterfield-Colonial Heights Bar Association. He has served as a volunteer legal advisor to the Virginia Association of Volunteer Rescue Squads since 1981-2017 and as both legal counsel and membership vice president to the Virginia Junior Chamber of Commerce. Mr. Lane has also served on the Richmond District UMC Trustees and Finance Committee and has served on the Bishop's Parsonage Building Committee for the Conference. He previously served as Chair of the Board of Management for the Manchester Family YMCA. Mr. Lane has served on the Board since 2014.

William Coppa
Manassas, VA
Age 54

Term expires: 2023

Mr. Coppa is a federally authorized tax practitioner and a licensed insurance agent. He currently serves as the Executive Director of the Brethren Housing Corporation, as well as President of the Northern Virginia Taxpayer Resource Center and a managing member of Linton Business Services LLC. Mr. Coppa has held an active real estate license within the Commonwealth of Virginia for over fifteen years. Additionally, he has extensive experience in public service having served on multiple community boards. Mr. Coppa received his formal education from George Mason University. Mr. Coppa has served on the Board since 2018.

Larry Davies
Fredericksburg, VA
Age 67

Term expires: 2021

Mr. Davies has served as clergy for 32 years at the church and district levels. He has experience as a District Superintendent where he had oversight of multiple churches and sat on the Board of Ordained Ministry at the Virginia Conference level. He has also served at the community service level as a member of the United Methodist Family Services Board. He has a Bachelor of Arts from Virginia Tech and a Master degree from the Duke Divinity School. Mr. Davies has served on the Board since 2018.

Elizabeth Godwin-Jones
Richmond, VA
Age 67

Term expires: 2021

Ms. Godwin-Jones is a Partner with the law firm of Godwin-Jones & Price, P.C., in Richmond, Virginia. She graduated with honors from Iowa State University with a Bachelor of Arts in German, and was inducted into Phi Beta Kappa. Ms. Godwin-Jones received a Juris Doctorate degree from Georgetown University, a Master degree in German linguistics from the University of Illinois and studied as a Fulbright scholar at the University of Munster, Germany. She studied law for one year at the Universite de Pau in France. Ms. Godwin-Jones is a member of the Virginia State Bar, the Virginia Creditors' Bar Association, the Central Virginia Apartment Association and the Richmond Apartment Owners Association. She serves on the Legislation Committee of the Virginia Apartment Management Association and is a past president of the Virginia Creditors' Bar Association. She has lectured for the National Business Institute, the Virginia CLE and the Central Virginia Apartment Association. She is a member of Corinth United Methodist Church in Sandston, Virginia. Ms. Godwin-Jones has served on the Board since 2014.

Kevin Humphries

Harrisonburg, VA
Age 61

Term expires: 2023

Mr. Humphries has spent 40 years in the accounting profession. He is a CPA and is currently a partner with a top 100 accounting firm. Additionally, he is the Finance Chair and Treasurer for the Virginia Mennonite Retirement Community. Formerly, he has served as Chief Financial Officer for two large not-for-profit organizations. Mr. Humphries also holds credentials in business valuation and financial forensics. He received a Bachelor of Science degree in Accounting and Business from Washington and Lee University and a Master in Business Administration from Eastern Mennonite University. Mr. Humphries is active in the community, serving on local, statewide and national boards and committees and volunteering with his church and a local food bank. Mr. Humphries has served on the Board since 2018.

Rev. Dr. Steven R. Jones

Virginia Beach, VA
Age 70

Term expires: 2021

Rev. Jones is currently a retired clergy after serving as a local church pastor or superintendent for 42 years. Prior to retirement, he served for eight years as the Richmond District Superintendent, overseeing the work of 85 clergy serving in 69 congregations. Additionally, he served as the District Superintendent in the Arlington District. Mr. Jones has participated in financial leadership both at the local church level and throughout the denomination. He has served as a member of the United Methodist Church's General Council on Finance and Administration, overseeing the financial life of the world-wide denomination. Mr. Jones also served as the Chair of the denomination's Episcopal Fund, which provides for budgeting and support of all of United Methodist Bishops. He was a member of the Virginia Conference Council on Finance and the Virginia Conference Board of Pensions. He now serves on the Board of Pinnacle Living (which operates several CCRCs in Virginia). Mr. Jones is a graduate of Colgate University, Yale Divinity School and earned his Doctor of Ministry at the McCormick Theological Seminary. He has served on the Board since 2015.

Carl L. Moravitz

Fairfax, VA
Age 75

Term expires: 2023

Mr. Moravitz currently supports the Federal Government's Budget Line of Business, providing direct in-person training for federal budget and financial professionals, as well as convening and moderating monthly panels and roundtables. He has more than 35 years of experience in managing and directing Federal budgets, including multiple and geographic financial plans at the Treasury Department, the Internal Revenue Service, and Voice of America. His experience also extends to state and local budgeting, as well as international best practices in budgeting and performance shared around the world. Mr. Moravitz also spent 12 years as a performance management and budget specialist with IBM. He has extensive knowledge and understanding of federal budgets, financial management, and general management programs and issues, and is a thought leader in the area of performance-based budgeting, including the development of best practices and budget office improvements. While at the Department of the Treasury, Mr. Moravitz served 18 months as Acting Deputy Assistant Secretary for Strategy and Finance. He is a graduate of Virginia Tech with Bachelor's and Master's degrees in Economics. Mr. Moravitz is a member of Fairfax United Methodist Church and has served at the local, district, and Conference levels of the church, and as a Virginia Conference delegate to the 2012 and 2021 Jurisdiction Conferences. He is currently Alexandria District Treasurer and active in finance and stewardship

at his local church. Mr. Moravitz has also served as President of the Virginia Annual Conference Council on Finance and Administration (2000-2006), and is currently President of the Conference's Board of Trustees. He is a certified lay speaker and leads both District and Conference training sessions in areas of church finance and stewardship. He was also an official delegate from the Conference to the World Methodist Council, which met in South Korea in 2006 and in Durban, South Africa in 2011. Mr. Moravitz has served on the Board since 2014.

Hiawatha Nicely, Jr.

Daleville, VA
Age 71

Term expires: 2021

Throughout his professional career, Mr. Nicely has served as the Executive Vice-President of five manufacturing companies, as well as Chief Operating Officer for Goodwill Industries of the Valleys. For over twenty years, he has performed a variety of executive leadership functions within the banking industry, including but not limited to Chairman and President of CNB Holdings and CEO of Community National Bank. Mr. Nicely has served as an organizing member, past Executive Director and President of the New River Valley Economic Development Alliance. Additionally, his experience includes terms as the past President of the Woodrow Wilson Foundation, the New River Community College Foundation, the State Rehabilitation Council, and the State Workforce Council. Public service commissions include presidential terms for the Pulaski County Chamber of Commerce and the Pulaski Rotary Club, as well as the Foundation of Botetourt Kiwanis Club. Mr. Nicely has served on the Board since 2018.

Lorlei J. Roberts,
CPA, MSBA, CGMA

Springfield, VA
Age 63

Term expires: 2023

Ms. Roberts is a Director with PBMares, LLP where she leads the firm's state and local tax practice. She graduated from Northern Illinois University with a Bachelor's degree in Accounting and later received a Master of Science, Business Administration from Boston University. Ms. Roberts is a member of the American Institute of CPAs and the Virginia Society of CPAs where she serves as a member of the Tax Advisory Committee providing technical taxation insight to members of the Virginia Legislature. She served on the Virginia United Methodist Foundation Board of Directors from 2007-2016 and served as Chair from 2010-2013. She has been serving on Church and District Finance committees for the past 30 years and currently serves on the Northern Virginia Board of Missions as Finance Chair and on the Alexandria District Finance Committee; Ms. Roberts has served on the Board since 2018.

Bonnie Whitehurst

Portsmouth, VA
Age 62

Term expires: 2021

Mrs. Whitehurst is a financial advisor with Wells Fargo Advisors and has 20 years' experience serving as a financial advisor. She obtained her degree from the University of North Carolina – Chapel Hill. Mrs. Whitehurst is an active member of the United Methodist Church in the Elizabeth River District where she serves as a lay supply pastor. Mrs. Whitehurst serves on the Board of Directors for the Virginia Children's Chorus in Norfolk. Mrs. Whitehurst has served on the Board since 2018.

Rev. Jeffrey A. Witt

Winchester, VA

Age 61

Term expires: 2022

Rev. Witt has served as pastor and spiritual director of United Methodist Church in Virginia Beach, Virginia since 2016. This is his fourth church assignment since entering the ministry in 1987, after a career of small business ownership and management in sales. He has a Bachelor of Science degree in Economics and Business Management from Radford University. Rev. Witt graduated with his Master of Divinity summa cum laude from the School of Theology at Virginia Union University, Richmond, Virginia in 1999. He has served districts in financial leadership positions and taught district classes on church finance, and the positions of treasurer and stewardship. Rev. Witt retired from serving on the Board of Directors of The Foundation after having served for 12 years. Rev. Witt was appointed has served on the Board since 2014.

Officers

Our officers as of the date of this Offering Circular are listed on page 41, and the biographical information for our officers is provided above under the caption "Management—Board of Managers," as our officers also serve as managers of the Fund. Officers are elected by the Board and serve at the discretion of the Board. Officers hold office for a term of one year or until their successors are elected, unless earlier removed. None of our officers receive compensation from the Fund for their services as officers of the Fund. Our President is an employee of The Foundation and receives compensation from The Foundation in such capacity. Our Treasurer is an employee of the Conference and receives compensation from the Conference in such capacity.

Limitations on Liability & Indemnification

Our Operating Agreement limits and eliminates the liabilities of our member and managers to the fullest extent permitted under the Virginia Limited Liability Company Act. The Virginia Limited Liability Company Act permits the elimination of liability of member and managers except for liabilities for actions that constitute willful misconduct or knowing violations of criminal law. Also, under the Operating Agreement, we have agreed to indemnify our managers and officers that are, were or are threatened to be made party to a civil, criminal, administrative, investigative or other proceeding against all liabilities and reasonable expenses incurred in connection with the proceeding, except such liabilities and expenses as are incurred because of such individual's willful misconduct or knowing violation of the criminal law. Unless a determination has been made that indemnification is not permissible, we are required to make advances and reimbursements for expenses incurred by a manager or officer in a proceeding upon receipt of an undertaking from such person to repay the same if it is ultimately determined that such manager or officer is not entitled to indemnification.

RELATED PARTY TRANSACTIONS

Since our inception, The Foundation has contributed \$940,000 in cash as irrevocable contributions of capital. The aggregate funds from The Foundation were used to pay start-up expenses, operating expenses and certain expenses in connection with this offering.

The Foundation, as our sole member, provides certain administrative and personnel services to us and shares other resources with us, under a management agreement. As of the date of this Offering Circular, the management fee payable by the Fund to The Foundation is \$35,000 per month, which includes reimbursement for salary expenses of certain personnel of the Fund who are employed by The Foundation. The aggregate amount paid to The Foundation under the management agreement was \$420,000, \$480,000 and \$300,000 for the year ended December 31, 2020, 2019, and 2018, respectively.

In addition, the Fund has engaged the Conference to provide back office administration and accounting services at the cost of \$3,000 per month. The Fund paid the Conference an aggregate of \$36,000, \$42,000 and \$36,000 for back office administration and accounting during the years ended December 31, 2020, 2019, 2018, respectively.

The Foundation, the Conference, members of our Board, our officers and employees may purchase Certificates in the offering on the same terms as the other Investors. As of December 31, 2020, the Conference held \$2,022,279 in Certificates. Our members of our Board (as a group, which includes our managers who also serve as officers) and employees held \$1,144,667 in Certificates. The Foundation held no Certificates as of that date.

USE OF PROCEEDS

The total amount of this offering is \$75,000,000, which includes new Certificates we may sell in the offering and the amount that Investors may add to their Savings Certificates. The principal amount of any Certificates we redeem or repay will be added to the amount of the Certificates available for issuance in the offering. In addition to proceeds from the sale of Certificates, we also receive funds from the payment of principal and interest on our Loans to United Methodist churches, institutions and other related organizations within Virginia, as well as from investments and donations.

We expect expenses for the offering, since its commencement in 2014, to total approximately \$150,000. The net proceeds we receive from the offering are added to our general funds, which we use primarily to make Loans to Borrowers within Virginia for building programs, capital improvements or acquisitions, and to pay our operating costs. We maintain a reserve of cash, cash equivalents and readily marketable securities for liquidity purposes in an amount that is a minimum of 10% to 25% of the outstanding principal amount of our Certificates, the exact minimum to be determined from time to time by the Board. Accordingly, we may use a portion of the proceeds of this offering or additional offerings of Certificates to meet interest and principal payments on the Certificates; this could be necessary if, for instance, revenues from our Loans receivable are less than we anticipate, if repayment demands on maturing Certificates exceed the amount of our revenues, or if other available funds are insufficient to satisfy these obligations. There can be no assurance that this offering or additional offerings will be successful.

No underwriter is participating in this offering, and we do not compensate any individual in connection with their participation in the offer or sale of Certificates by the payment of commissions or other remuneration based, directly or indirectly, on the offer or sale of the Certificates. We are responsible for payment of all expenses of this offering, including printing and mailing expenses, attorneys' and

accountants' fees, and costs related to securities law compliance.

PLAN OF DISTRIBUTION

The primary means of soliciting potential Investors is through the use and distribution of this Offering Circular, which is typically delivered in response to inquiries from individuals, churches or other organizations connected to the Fund, the United Methodist Church, the Conference or any of their affiliated agencies, ministries, schools, living facilities or other organizations. Inquiries may come from prospective Investors through the websites or offices of the Conference, The Foundation or the Fund, or in response to advertisements or targeted presentations. We may use brochures or other advertising materials to promote the sale of the Certificates for distribution or posting at churches, assemblies, conferences, conventions, seminars, construction sites and other meetings of persons associated with the United Methodist Church or through direct mailings to current, past and prospective Investors. From time to time, we place advertisements in local or regional publications of the Conference, The Foundation or various related districts.

Prospective Investors may obtain an Offering Circular, an Investment Application and related materials by requesting them from our office at P.O. Box 5606, Glen Allen, Virginia 23058, Attention: Operations Manager, Telephone: (804) 521-1150. The Offering Circular and the Investment Application may also be downloaded from our website at www.vaumdevco.org.

To purchase a Certificate, an Investor must complete an Investment Application and send it, along with any other required documentation, together with payment by check (if not made by wire or electronic funds transfer (EFT)) made payable to "Virginia United Methodist Development Company, LLC" to Virginia United Methodist Development Company, LLC, P.O. Box 5606, Glen Allen, Virginia 23058, Attention: Operations Manager. If we accept the potential Investor's offer to purchase, the Investor is notified and an investment confirmation will be sent to the Investor reflecting the amount of the investment.

No underwriting or selling agreements exist, and no direct or indirect commissions or other compensation will be paid to any person in connection with the offer and sale of our Certificates. We offer and sell Certificates solely through our officers, managers and personnel who are authorized to engage in such activities in the Commonwealth of Virginia; there are no outside selling agents involved in this offering.

LEGAL MATTERS

As of the date of this Offering Circular, there were no known material suits, actions, or other legal proceedings or claims pending against us. To our knowledge, there is no known litigation, actual or threatened, against any person in his or her capacity as an officer or manager of the Fund, or against any of our affiliates, that is related to our offering of Certificates or that we reasonably anticipate to have a material adverse effect on us.

TAX MATTERS

The following general discussion sets forth certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Certificates. This summary is based on the Internal Revenue Code of 1986, as amended, the regulations promulgated under the Internal Revenue Code, and administrative and court decisions as of the date of this Offering Circular. If the relevant tax laws change, the provisions of this discussion could become inaccurate and these changes could be prospective or retroactive. The discussion below does not purport to address all aspects of the tax law that may be relevant to particular Investors in light of their individual circumstances or to certain Investors subject to special

treatment under the federal tax laws. For instance, if an Investor is purchasing IRA Savings Certificates, special rules apply to the Investor's account and those rules are not described in this summary. Moreover, there can be no assurance that the Internal Revenue Service would not take contrary positions to those positions expressed below. Investors are advised to consult their own tax advisor regarding the federal income tax consequences of the purchase, ownership or disposition of Certificates, as well as any tax consequences arising under the laws of the Commonwealth of Virginia, any local government or any foreign government.

The Fund, as a single member limited liability company, is a disregarded entity for federal tax purposes and its sole member, The Foundation, is exempt from federal income tax under section 501(a) of the Internal Revenue Code because it is an organization described in section 501(c)(3) of the Internal Revenue Code. However, an investment in Certificates is not a charitable contribution and does not entitle the Investor to an income tax charitable deduction under Section 170 of the Internal Revenue Code.

Any interest on a Certificate will be taxable as ordinary income in the year it accrues or is paid to the Investor (unless the Investor is exempt from federal income tax under section 501(a) or some other provision of the Internal Revenue Code).

Unless an exception to the reporting requirement applies, we will provide to Investors a federal Form 1099-INT by January 31st of each year reporting the interest earned on Certificates during the prior year. Any return of the principal amount of the Certificates to Investors will not be subject to income tax. Investors will be required to certify the accuracy of their social security numbers, that they are not subject to backup withholding, and that they are U.S. residents.

In addition, if the Investor or the Investor and the Investor's spouse have invested more than \$250,000 in the aggregate with us, the Investor may be deemed to receive additional taxable interest under section 7872 of the Internal Revenue Code if the interest paid to the Investor is below the applicable federal rate. In this event, the Investor may have imputed income up to that applicable federal rate. If an Investor believes this applies to him, the Investor should consult his tax advisor.

This discussion does not address every aspect of the tax laws that could be of significance to a particular Investor. For instance, if an Investor is purchasing an IRA Retirement Certificate, special rules apply to the Investor's account and those rules are not described in this summary. This summary also does not address special rules that may apply if the Investor is a financial institution or tax-exempt organization or if the Investor is not a citizen or resident of the United States. This summary also does not address any aspect of state or local tax law that may apply to the Investor. This discussion of federal income tax consequences was prepared to support the marketing of Certificates and is not intended or written to be used, and cannot be used, by any taxpayer as tax advice or for the purpose of avoidance of tax penalties. All Investors should consult their tax advisors to determine the particular federal, state, local, or foreign income or other tax consequences particular to their investments in Certificates.

ADDITIONAL INFORMATION

Prospective Investors may obtain additional information regarding us, our activities, and any other matter discussed in this Offering Circular, including our most recent annual report and audited financial statements, which will be available within 120 days of the end of each calendar year (subject to reasonable delays), by contacting us at P.O. Box 5606, Glen Allen, Virginia 23058, Attention: Operations Manager, Telephone: (804) 521-1150. Our most recent annual report is also available on our website at www.vaumdevco.org.

Any statements contained herein concerning the provisions of any document are not necessarily complete,


and in each such instance reference is made to the copy of such document accompanying this Offering Circular or otherwise available from us. Each such statement is qualified in its entirety by such reference. The information found on our website is not part of this Offering Circular.



Virginia United Methodist Development Company, LLC

Independent Auditor's Report and Financial Statements

December 31, 2023 and 2022



Virginia United Methodist Development Company, LLC
Contents
December 31, 2023 and 2022

Contents

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7



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Independent Auditor's Report

Board of Managers
Virginia United Methodist Development Company, LLC
Glen Allen, Virginia

Opinion

We have audited the financial statements of Virginia United Methodist Development Company, LLC, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Virginia United Methodist Development Company, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2 to the financial statements, Virginia United Methodist Development Company, LLC adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, effective January 1, 2023. This standard was adopted using the modified retrospective method, which applies Topic 326 at the beginning of the period in which it is adopted. Prior period amounts continue to be reported in accordance with previously applicable generally accepted accounting principles. Prior period amounts have not been adjusted in connection with adoption of this standard. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Virginia United Methodist Development Company, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

FORVIS,LLP

Richmond, Virginia
April 10, 2024

Virginia United Methodist Development Company, LLC
Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents		
Noninterest bearing	\$ 173,212	1,025,805
Interest bearing	4,750,000	2,000,000
Total cash and cash equivalents	4,923,212	3,025,805
Certificates of deposit	3,600,000	3,600,000
Accrued interest receivable	254,705	164,372
Prepaid expenses	44,235	45,627
Loans receivable, net, current portion	866,427	967,052
Total current assets	9,688,579	7,802,856
Loans receivable, net, less current portion	35,186,095	33,754,684
Capitalized costs, net	-	20,119
Total assets	<u>\$ 44,874,674</u>	<u>\$ 41,577,659</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 293	\$ 795
Investment certificates, current portion		
Statement savings certificates	681,731	633,007
Congregational savings certificates	18,556,154	14,919,471
Investment certificates	13,085,014	11,227,456
Total current liabilities	32,323,192	26,780,729
Investment certificates, less current portion	10,674,695	13,092,570
Total liabilities	42,997,887	39,873,299
Net assets without donor restrictions	1,876,787	1,704,360
Total liabilities and net assets	<u>\$ 44,874,674</u>	<u>\$ 41,577,659</u>

Virginia United Methodist Development Company, LLC
Statements of Activities
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Interest Income		
Interest income, loans	\$ 1,625,934	\$ 1,517,209
Interest income, other	409,381	87,990
Total interest income	2,035,315	1,605,199
Interest Expense	1,277,401	715,647
Net Interest Income	757,914	889,552
Provision for credit losses	50,000	50,000
Net Interest Income After Provision for Loan Losses	707,914	839,552
Noninterest Income, Servicing Fees	13,626	2,892
Noninterest Expenses		
Contracted services	360,000	420,000
Software support	52,013	54,971
Insurance	46,498	49,102
Office administration	36,000	36,000
Professional fees	30,783	69,809
Depreciation and amortization	20,119	22,384
Other	3,700	6,178
Total noninterest expenses	549,113	658,444
Change in Net Assets	172,427	184,000
Net Assets, Beginning of Year	1,704,360	1,520,360
Net Assets, End of Year	<u>\$ 1,876,787</u>	<u>\$ 1,704,360</u>

Virginia United Methodist Development Company, LLC
Statements of Functional Expenses
Years Ended December 31, 2023 and 2022

	2023		
	Program Services	Management and General	Total
Contracted services	\$ 221,400	\$ 138,600	\$ 360,000
Software support	-	52,013	52,013
Insurance	-	46,498	46,498
Office administration	-	36,000	36,000
Professional fees	-	30,783	30,783
Amortization	20,119	-	20,119
Other	1,326	2,374	3,700
	<u>\$ 242,845</u>	<u>\$ 306,268</u>	<u>\$ 549,113</u>

	2022		
	Program Services	Management and General	Total
Contracted services	\$ 281,400	\$ 138,600	\$ 420,000
Professional fees	-	69,809	69,809
Software support	-	54,971	54,971
Insurance	-	49,102	49,102
Office administration	-	36,000	36,000
Depreciation and amortization	22,384	-	22,384
Other	1,230	4,948	6,178
	<u>\$ 305,014</u>	<u>\$ 353,430</u>	<u>\$ 658,444</u>

Virginia United Methodist Development Company, LLC
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Activities		
Change in Net Assets	\$ 172,427	\$ 184,000
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Reinvested interest on investment certificates	1,177,723	646,305
Credit loss provision	50,000	50,000
Depreciation and amortization	20,119	22,384
Change in assets and liabilities		
Accrued interest receivable	(90,333)	(46,542)
Prepaid expenses	1,392	3,575
Accounts payable	(502)	581
Net cash provided by operating activities	<u>1,330,826</u>	<u>860,303</u>
Investing Activities		
Purchase of certificates of deposit	-	(3,600,000)
Advances made on loans receivable	(3,559,571)	(5,075,666)
Repayments made on loans	2,178,785	1,967,458
Net cash used by investing activities	<u>(1,380,786)</u>	<u>(6,708,208)</u>
Financing Activities		
Proceeds from issuance of investment certificates	6,771,783	2,515,891
Repayment of investment certificates	(7,991,019)	(4,742,303)
Proceeds from issuance of congregational savings certificates	7,975,355	5,115,125
Repayment of congregational savings certificates	(4,839,579)	(5,172,965)
Proceeds from issuance of statement savings certificates	110,193	826,505
Repayment of statement savings certificates	(79,366)	(1,358,583)
Net cash provided (used) by financing activities	<u>1,947,367</u>	<u>(2,816,330)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>1,897,407</u>	<u>(8,664,235)</u>
Cash and Cash Equivalents, Beginning of Year	<u>3,025,805</u>	<u>11,690,040</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,923,212</u>	<u>\$ 3,025,805</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 99,678</u>	<u>\$ 69,342</u>

Note 1. Organization and Nature of Activities

Virginia United Methodist Development Company, LLC (the Company) is a not-for-profit limited liability company which supports its sole member, The United Methodist Foundation of the Virginia Conference, Inc. (the Foundation). The Company, which was formed on June 4, 2014 (date of inception), manages and operates a church extension loan fund to provide a source of funding for loans to United Methodist churches, institutions, and other related organizations within Virginia for the acquisition, development, construction, refinancing, expansion or renovations of buildings and facilities.

The Company raises capital to fund these loans by offering savings and investment certificates. The Company is subject to provisions of an offering circular filed with the State Corporation Commission of the Commonwealth of Virginia (SCC). During 2021, the Company filed an updated offering circular with the SCC (Note 7).

The Company is governed by a Board of Managers appointed by the Foundation. The Company pays a management fee to the Foundation for personnel, office and occupancy related expenses. This fee is reported on the statements of activities and functional expenses as contracted services. The Foundation's consolidated financial statements include the accompanying financial statements.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Classes of Net Assets

The financial statements of the Company have been prepared in accordance with U.S. GAAP, which require the Company to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Company's management and the board of managers for use in the Company's operations.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Company or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

At December 31, 2023 and 2022, the Company had no net assets with donor restrictions.

Virginia United Methodist Development Company, LLC
Notes to Financial Statements
December 31, 2023 and 2022

Revenue Recognition

Substantially all of the Company's revenue is derived from interest income on its loan portfolio, which is recognized as earned over time.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company's definition of cash and cash equivalents includes items such as short-term, highly liquid investments with maturities of three months or less at the date of purchase.

Cash equivalents include \$4,750,000 and \$2,000,000 at December 31, 2023 and 2022, respectively, in a money market fund which is reported at fair market value. This value is based on the closing price reported on the active market which is considered a level 1 classification in the fair value hierarchy.

Certificates of Deposit

Certificates of deposit are reported at face value, as reported by the issuing institutions.

Loans Receivable

Loans receivable are stated at their principal amount outstanding less the related allowance for loan losses and are collateralized by buildings, land, and assigned cash collateral. Interest rates on loans are subject to review and may be subject to adjustment on a periodic basis. The Company has two major loan types. One type is construction/renovation lines of credit for which interest only payments are required over the term. The second type is traditional mortgage loans for which principal and interest payments are required on a monthly basis. Mortgage loans will typically be amortized over a period of thirty years with a five-year balloon.

Change in Accounting Principle

On January 1, 2023, the Company adopted ASU 2016-13: *Financial Instruments – Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The Company adopted ASC 326 using a modified retrospective method for all financial instruments measured at amortized cost and off-balance-sheet credit exposures. Reporting periods beginning after January 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable generally accepted accounting principles. The Company determined there to be no material impact to net assets as of January 1, 2023 for the cumulative effect of adopting ASC 326.

The allowance for credit losses is established for current expected credit losses on the Company's loan receivable portfolio. Prior to January 1, 2023, the allowance for credit losses was established based on an incurred loss model. There were no changes to loan classification and segmentation categories reflected in disclosures as a result of implementation of the standard.

Virginia United Methodist Development Company, LLC
Notes to Financial Statements
December 31, 2023 and 2022

Allowance for Credit Losses – Loans

The allowance for credit losses is established as losses are expected to occur through a provision for credit losses charged to income. Credit losses are charged against the allowance when management believes a loan balance becomes uncollectable. Subsequent recoveries, if any, are credited to the allowance.

The allowance for credit losses is evaluated on a regular basis by management. The Company's loan portfolio shares similar characteristics. All of its borrowers are members of the Virginia Annual Conference. All loans in the portfolio as of December 31, 2023 are secured by a first position deed of trust.

An estimated loan loss method is used for each loan in the portfolio. The analysis produces expected default rates for each loan in the portfolio by applying risk criteria based upon (A) current cash flow coverage of debt service calculated from the most recent available year-end financial statement supplied by the borrower, and (B) the local unemployment rate where the borrower operates. The final criterion is an estimate of expected loss upon default (C), which is based upon the loan-to-value ratio, to estimate the amount of recovery in the event collateral were liquidated.

The Company has never experienced any loan losses, so past history does not provide an adequate indicator of potential for loan losses. Management recognizes that there may arise risk factors outside of its analysis that could diminish an individual borrower's ability to repay.

The Company also makes qualitative adjustments to its estimates of expected loan loss. These may include risk factors that are not considered within the modeling processes but are nonetheless relevant in assessing the expected credit losses within the portfolio. These qualitative factors and other qualitative adjustments may increase or decrease the Company's estimate of expected credit losses by a calculated percentage or amount based upon the estimated level of risk. The various risks that may be considered in making qualitative adjustments include, among other things, the impact of:

- (i) Changes in lending policies and procedures, including changes in underwriting standards and practices for collections, write-offs, and recoveries
- (ii) Actual and expected changes in international, national, regional, and local economic and business conditions and developments that affect the collectability of the loan pools
- (iii) Changes within the United Methodist Church or the Virginia Annual Conference that could affect a Borrower's number of giving units
- (iv) Changes in the experience, ability, and depth of our lending management and staff
- (v) Changes in volume and severity of past due financial assets, the volume of non-accrual assets, and the volume and severity of adversely classified or graded assets
- (vi) Changes in the quality of our credit review function
- (vii) Changes in the value of the underlying collateral for loans
- (viii) The existence, growth, and effect of any concentrations of credit
- (ix) Other factors such as the regulatory, legal and technological environments; competition; and events such as natural disasters or health pandemics

Virginia United Methodist Development Company, LLC
Notes to Financial Statements
December 31, 2023 and 2022

As loans are individually evaluated, the allowance for credit losses increases as the borrower's measured cash flow coverage diminishes and collateral value decreases. Any additional qualitative component, if applied, covers nonclassified loans and is estimated using relevant available information from internal and external sources, related to past events, current conditions, and reasonable and supportable forecasts. If a loan were to go into default, a loan-specific evaluation may render additional criteria that would factor into the estimate of expected loan loss.

Prior to January 1, 2023, the allowance for doubtful loans was maintained at a level that, in management's judgment, was adequate to absorb probable loan losses. The amount was based upon an analysis of the loan portfolio by management including, but not limited to, review of the collectability 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. The analysis was also based on a periodic review of payments and other factors based on the Company's historical experiences, collateral value, and economic conditions. This process was based on estimates and ultimate losses may vary from estimates. As changes in estimates occur, adjustments to the level of the allowance were recorded in the provision for credit losses in the period in which they become known. In addition, the net realizable value of the property serving as collateral for delinquent loans was assessed on an annual basis.

At December 31, 2023 and 2022, the Company has no loans in default. The allowance for credit losses is \$378,000 and \$328,000 at December 31, 2023 and 2022, respectively.

Property and Equipment

Property and equipment is stated at cost and comprised of computer equipment and software. The Company computes depreciation expense using the straight-line method over the estimated life, which is five years for computer equipment and three years for its investment on computer software.

Property and equipment was fully depreciated as of December 31, 2023. Depreciation expense for 2022 was \$436.

Maintenance, repairs, and minor renewals are expensed when incurred. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in the current year's operations.

Amortization of Capitalized Costs

The Company amortizes its investment in the offering circular over two years using the straight-line method. As discussed in Note 7, the Company received approval for an amended and restated offering circular in October 2021 at which time the accumulated capitalized costs began to be amortized. Amortization expense was \$20,119 and \$21,948 at December 31, 2023 and 2022, respectively.

Servicing

Servicing assets are recognized as separate assets when rights are acquired through purchase or through sale of financial assets. Servicing rights resulting from the sale of loans originated by the Company are initially measured at fair value at the date of transfer. The Company subsequently measures the loan servicing rights using the amortization method. Under the amortization method, servicing rights are amortized in proportion to and over the period of estimated net servicing income. No servicing asset has been recorded as the amount is determined to be immaterial to the financial statements.

Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal; or a fixed amount per loan and are recorded as income when earned.

Virginia United Methodist Development Company, LLC
Notes to Financial Statements
December 31, 2023 and 2022

Advertising Costs

Advertising costs are expensed when incurred.

Income Taxes

The Company is a not-for-profit organization and is exempt from federal and state income taxes as part of the United Methodist Church Group Tax Exemption Ruling. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Company has determined that there are no material unrecognized tax benefits or obligations as of December 31, 2023 and 2022.

Concentration

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and loans receivable. As of December 31, 2023, cash and cash equivalents exceeded insured limits in the amount of \$4,505,427. See Note 4 regarding the concentration of credit risk with respect to loans receivable.

Functional Expenses

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a square footage basis; and other costs are allocated based on management's estimate regarding usage.

Note 3. Availability and Liquidity of Financial Assets

The following represents the Company's financial assets at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,923,212	\$ 3,025,805
Certificates of deposit	3,600,000	3,600,000
Accrued interest receivable	<u>254,705</u>	<u>164,372</u>
	8,777,917	6,790,177
Less 10% of the outstanding principal amount of issued investment certificates	<u>4,299,759</u>	<u>3,987,250</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,478,158</u>	<u>\$ 2,802,927</u>

The Company's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. The Company has invested in certificates of deposit with varying maturities no longer than one year. Additionally, as described in Note 7, the Company is required to maintain a minimum cash reserve of at least 10% of the outstanding principal amount of issued investment certificates.

Virginia United Methodist Development Company, LLC
Notes to Financial Statements
December 31, 2023 and 2022

Note 4. Loans Receivable

The Company approves loans based upon specific Board of Managers approved criteria, and all loans are secured by the individual entity's land, buildings, equipment, and assigned cash collateral. Deeds are held in trust by the Trustees for the benefit of the Church pursuant to the governing documents of the Church and are subject to limitations and stipulations set forth by the General Conference and the Virginia Annual Conference of the United Methodist Church. In accordance with the provisions of the offering circular described in Note 7, the Company will only make loans to borrowers in Virginia. Adverse economic conditions in Virginia could correspondingly result in defaults by these borrowers. This could, in turn adversely affect the Company's liquidity, ability to operate programs, and ultimately the ability to repay or redeem investment certificates.

Company loans consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Construction/renovation loans, interest only	\$ 1,891,296	\$ 1,121,598
Mortgage loans, net of loan participations sold of \$5,924,382 and \$6,068,602 in 2023 and 2022, respectively	34,539,226	33,928,138
Allowance for credit losses	<u>(378,000)</u>	<u>(328,000)</u>
Total	36,052,522	34,721,736
Current portion	<u>(866,427)</u>	<u>(967,052)</u>
Long-term portion	<u>\$ 35,186,095</u>	<u>\$ 33,754,684</u>
Fixed rate (3.30% to 7.20% 2023; 2.55% to 5.60% 2022)	\$ 36,430,522	\$ 35,049,736
Allowance for loan losses	<u>(378,000)</u>	<u>(328,000)</u>
Total	<u>\$ 36,052,522</u>	<u>\$ 34,721,736</u>

Outstanding loan commitments at December 31, 2022 were in the amount \$2,822,874. There are no outstanding loan commitments as of December 31, 2023.

The Company has entered into loan participation agreements to sell a portion of loans to other financial institutions in connection with three of its outstanding mortgage loans receivable. The loan participations were sold without recourse and are secured by real property. Loan servicing functions on these loans receivable are retained by the Company.

As of December 31, 2023, two debtors comprised approximately 26% of loans receivable, net of participations.

Note 5. Savings and Investment Certificates

The Company issues statement savings certificates to individuals meeting the terms of the offering circular. These certificates have no maturity date and the interest rate is subject to change daily. The interest rate for 2023 ranged from 2.50% to 3.00%. The interest rate in 2022 ranged from 0.35% to 2.50%.

The Company issues congregational savings certificates to Virginia United Methodist churches and affiliated entities. These certificates have no maturity date and the interest rate is subject to change daily. The interest rate for 2023 ranged from 2.50% to 3.00%. The interest rate for 2022 ranged from 0.35% to 2.50%.

Virginia United Methodist Development Company, LLC
Notes to Financial Statements
December 31, 2023 and 2022

The Company issues investment certificates to individuals meeting the terms of the offering circular, Virginia United Methodist churches and affiliated entities. These certificates have maturity dates ranging from six months to five years with interest rates ranging from 0.80% to 4.35% during 2023 and from 0.50% to 4.15% in 2022, depending upon the term of the certificate.

At December 31, 2023 and 2022, the Company had investment certificates outstanding as summarized below:

<u>Original Term</u>	<u>2023</u>	<u>2022</u>
Six Month	\$ 2,418,746	\$ 1,966,562
One Year	7,520,680	3,527,831
Two year	1,666,865	2,250,163
Three Year	1,025,632	1,625,671
Four Year	295,741	737,253
Five Year	<u>10,832,045</u>	<u>14,212,546</u>
Total	<u>\$ 23,759,709</u>	<u>\$ 24,320,026</u>

In 2016, the Company began issuing retirement savings certificates to individuals meeting the terms of the offering circular. These certificates have a five year term with an interest rate ranging from 1.75% to 4.00% during 2023 and 1.75% to 4.00% during 2022. The Company has a contract with a third party to manage the terms and conditions for appropriate tax qualified accounts known as IRAs ("Individual Retirement Accounts"), whether classified as a Roth IRA or Traditional IRA. At December 31, 2023 and 2022, the Company has \$208,449 and \$224,417, respectively, in retirement certificates outstanding which are included in the five year term above as investment certificates.

The investment, savings and retirement certificates are unsecured obligations and no loans or other collateral are specifically pledged, assigned or otherwise set aside to secure the obligations of the certificates.

The investment, savings and retirement certificates are not bank deposits. They are neither issued by, nor obligations of, a bank; therefore, they are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other agency. In addition, they are not protected by the Securities Investor Protection Corporation. The certificates are not regulated by any federal or state governmental authority and are not guaranteed by any person or entity. However, the Company is registered under the State Corporation Commission which also reviews and approves the offering circular. The Company is further required to maintain compliance with terms in the articles of organization and offering circular (see Note 7).

Note 6. Related Party Transactions

The Company has engaged the Foundation to provide day to day operational services and management of the Company. In return for these services, the Company paid the Foundation \$30,000 and \$35,000 per month in 2023 and 2022, respectively. Fees for such services amounted to \$360,000 and \$420,000 during 2023 and 2022, respectively. No amounts were due to the Foundation at December 31, 2023 and 2022.

The Company has contracted with the Virginia Annual Conference of the United Methodist Church (the Conference) to provide back-office and accounting services at the cost of \$3,000 per month in 2023 and 2022. Fees for such services paid to the Conference amounted to \$36,000 in 2023 and 2022.

Virginia United Methodist Development Company, LLC
Notes to Financial Statements
December 31, 2023 and 2022

The Conference, and Board Members and Employees of the Company and Foundation held the following investments at the Company at December 31:

	<u>Conference</u>		<u>Board Members and Employees</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Congregational savings	\$ 2,185,285	\$ 1,056,986	\$ -	\$ -
Statement savings	-	-	128,704	140,928
Investment	-	-	<u>1,325,050</u>	<u>1,400,512</u>
Total	<u>\$ 2,185,285</u>	<u>\$ 1,056,986</u>	<u>\$ 1,453,754</u>	<u>\$ 1,541,440</u>
Interest earned during year	<u>\$ 58,731</u>	<u>\$ 13,268</u>	<u>\$ 41,664</u>	<u>\$ 30,351</u>

Note 7. Offering Circular Compliance Requirements

On October 14, 2021, the Company received approval for an amended and restated offering circular which authorizes up to \$75,000,000 total certificates (see note 5). Prior to the amendment during 2021, the Company operated under an offering circular dated February 24, 2016. Both circulars include two financial related covenants among other requirements, which are as follows:

- Maintain a minimum cash reserve (includes cash, cash equivalents, and readily marketable securities) of at least 10% of the outstanding principal amount of issued investment certificates.
- Maintain a reserve of cash and securities that mature in one year or less in an amount no less than the sum of (i) 100,000, plus (ii) 5% of the outstanding investment certificates principal in excess of \$1,000,000.

The Company was in compliance with these requirements at December 31, 2023 and 2022.

Note 8. Line of Credit

The Company has a \$3,000,000 line of credit with the Texas Methodist Foundation collateralized by all notes receivable. Interest is payable at the Prime Rate stated by The Wall Street Journal less 1% (7.50% at December 31, 2023). The agreement expires in July 2024, subject to renewal. As of December 31, 2023, and 2022, the Company did not have any amounts outstanding on the line of credit.

Note 9. Subsequent Events

The preparation of the financial statements includes an evaluation of subsequent events through April 10, 2024 which is the date that the financial statements were available to be issued.