Mission Investment Fund of the ELCA

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Ms. Eva M. Roby, *president and chief executive officer*

Mission Investment Fund (MIF), the lending ministry of the ELCA, helps build the Evangelical Lutheran Church in America and advance God's mission by providing ministry loans and investment opportunities for ELCA members, congregations, ministries, and ecumenical partners. MIF provides low-interest loans to established ELCA congregations, new-start congregations, and ELCA-related ministries. The governing description of this separately incorporated ministry appears in provision 17.30. and the accompanying bylaws and continuing resolution of the *Constitution, Bylaws, and Continuing Resolutions of the ELCA*.

Report of work for 2019–2022

In 2019, MIF celebrated 150 years of ministry. MIF and its predecessor organizations have been assisting people in building, expanding, renovating, and restoring Lutheran churches and other ministries since 1869. MIF continues to grow its longstanding tradition of financial strength and stability in service to the church.

Work in 2019 began with a focus on implementing the objectives of MIF's strategic plan. Key objectives of the plan included continued growth of loans and investment obligations; ongoing commitment to financial strength and stability as a foundation for growth and service to the ELCA; deepening MIF's partnership with the ELCA Federal Credit Union in order to provide a broader range of products and services to ELCA members and ministries; continued support for the transformative work of congregations, ministries, and ecumenical partners; and enhanced organizational capabilities to optimize performance.

To gain a greater understanding of customers, MIF conducted in-depth market research studies, with participation by current customers and other members and ministries of the ELCA. These studies revealed that customers choose MIF for shared values and financial expertise. Building upon these strengths, MIF strives every day to be a true financial services ministry partner. Staff have continued to conduct surveys of congregations and individuals to learn how MIF can further serve the emerging needs of this church.

Throughout this triennium, MIF continued to work in partnership across the church, providing significant funding for key leadership and church vitality initiatives of the churchwide organization, congregations, and related ministries. Annual support of the ELCA New Congregations initiative bolsters innovative ministries and grassroots efforts that invite new, young, and diverse people to experience God's grace in action. MIF's ongoing participation in the ELCA's Resourceful Servants program strengthens the financial wellness of rostered ministers across this church. MIF also works in partnership with the church extension funds of the ELCA's ecumenical partners, participating in loans with The Episcopal Church Building Fund and others.

In 2020, with the emergence of the COVID-19 pandemic, MIF responded quickly to the needs of customers—individuals and congregations and ministries alike—that were experiencing financial hardship during an uncertain time. MIF offered special, temporary relief to borrowers and provided interest-only and deferred-payment arrangements to congregations and ministries. For individuals needing access to their investments, early withdrawal

of funds was allowed without penalty. Throughout the pandemic, MIF's business operations continued uninterrupted and successfully served our customers.

MIF's relationship with its financial partner, the ELCA Federal Credit Union, deepened during the pandemic as the organizations worked closely to provide 360 loans, totaling $13.9 million, to congregations and other ministries through the Paycheck Protection Program (PPP). Covering payroll and operating expenses, these PPP loans proved to be a lifeline to a number of ministries in need, particularly smaller congregations that did not qualify for loans from local or national banks. MIF provided strategic guidance, operational support, and initial funding for this PPP effort.

MIF devoted much of its effort in 2021 to examining its capability for future success, focusing on people, processes, and technologies. It looked closely at how its information systems align with strategic business needs, focusing specifically on creating an integrated digital-customer experience and enhancing operational efficiencies. Incorporating current best practices, the organization is now setting out on a path toward modernization. MIF aspires to be a growing, valued, and trusted financial services ministry marked by outstanding collaboration and connection, premier customer service, and optimal productivity. The modernization efforts will position both MIF and its members and ministries to expand the financial well-being of this entire church community, investing in the growth of this church and advancing the mission of the ELCA.

Financial summary

MIF continued to deliver strong performance over the past three years, maintaining the strength and stability that are a hallmark of our financial organization. MIF ended 2021 with a capital ratio of 27.5%, a strong standing for any financial institution.

MIF loans to congregations and ministries rose to $575.4 million at year-end 2021, with 820 loans outstanding. We manage a high-quality loan portfolio with a minimal delinquency ratio of 1.8%.

Investment obligations rose to $575.4 million at year-end 2021. MIF had 12,859 investors, including 8,950 individuals, 3,326 congregations, and 583 ELCA-related ministries.

MIF's total assets increased to $822 million at year-end 2021, and net assets rose to $226.4 million.

Major directions for 2022–2025

MIF is developing a new strategic plan for 2023–2026. It will continue to prioritize modernization, providing excellent products and service for the ELCA, maintaining strong financial performance, and building partnerships to support the transformative work underway in this church and its communities.

Mr. Paul M. Opgrande, *board chair*
Ms. Eva M. Roby, *president and chief executive officer*

MISSION INVESTMENT FUND
OF THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA

FINANCIAL STATEMENTS

December 31, 2021 and 2020

MISSION INVESTMENT FUND
OF THE EVANGELICAL LUTHERAN
CHURCH IN AMERICA

FINANCIAL STATEMENTS
December 31, 2021 and 2020

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Crowe

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mission Investment Fund of the Evangelical Lutheran Church in America ("MIF"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of income, expenses and changes in net assets, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mission Investment Fund of the Evangelical Lutheran Church in America as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the three years in the period ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Crowe LLP

Crowe LLP

Louisville, Kentucky
March 24, 2022

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 18,068,432	$ 17,987,372
Investments (Notes 2 and 9)	226,761,395	158,950,910
Accrued interest receivable	3,070,360	2,805,667
Other assets (Note 1)	3,504,476	3,972,555
	251,404,663	183,716,504
Loans receivable, net (Note 3):		
Congregational and other ministry loans	575,443,487	596,365,487
Allowance for loan losses	(9,380,000)	(10,820,000)
	566,063,487	585,545,487
Real estate owned (Notes 4 and 9):		
Held for congregations	188,757	1,410,752
Held for sale	5,895,760	4,690,245
Allowance for losses on property held for sale	(1,551,000)	(1,530,000)
	4,533,517	4,570,997
Total assets	$ 822,001,667	$ 773,832,988
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other liabilities	$ 9,000,967	$ 6,804,761
Due to ELCA Churchwide Administrative Offices	9,688,300	4,110,323
Accrued interest payable	731,474	771,989
Investment obligations (Note 5)	575,392,127	543,111,602
Real estate deposits	838,559	818,706
Total liabilities	595,651,427	555,617,381
Commitments and contingencies (Notes 7 and 8)	-	-
Net assets (Note 6):		
Without donor restrictions	222,111,606	214,301,738
With donor restrictions	4,238,634	3,913,869
Total net assets	226,350,240	218,215,607
Total liabilities and net assets	$ 822,001,667	$ 773,832,988

See accompanying notes to financial statements.

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENTS OF INCOME, EXPENSES, AND CHANGES IN NET ASSETS
Years ended December 31, 2021, 2020, and 2019

	2021	2020	2019
Changes in net assets without donor restriction			
Operating income:			
Interest on loans	$ 24,463,296	$ 24,862,921	$ 23,030,470
Interest and dividends on investments	4,414,576	3,008,729	3,928,608
Total interest and dividend income	28,877,872	27,871,650	26,959,078
Interest expense	7,626,244	9,209,211	8,843,780
Net interest income	21,251,628	18,662,439	18,115,298
Operating expenses:			
General operating expenses	14,441,702	12,837,386	14,791,090
Grants to ELCA and related ministries (Note 10)	4,982,224	5,393,221	3,078,053
Provision (credit) for loan losses (Note 3)	(1,440,000)	893,391	760,165
(Recovery of) provision for real estate losses (Notes 4 and 9)	21,000	(437,886)	(1,281,000)
Total operating expenses	18,004,926	18,686,112	17,348,308
Other operating income:			
Loan fees	126,239	174,200	103,022
Gain (loss) on sale of real estate	32,877	32,877	(95,767)
Rental income	22,875	40,540	63,300
Other income	40,761	68,835	207,242
Total other operating income	222,752	316,452	277,797
Increase in net assets from operating activities	3,469,454	292,779	1,044,787
Non-operating income:			
Realized and unrealized investment return, net (Note 2)	4,287,967	5,693,007	9,186,991
Gifts (Note 6)	52,447	16,337	346,418
Non-operating income	4,340,414	5,709,344	9,533,409
Change in net assets without donor restrictions	7,809,868	6,002,123	10,578,196
Net assets without donor restrictions at beginning of year	214,301,738	208,299,615	197,721,419
Net assets without donor restrictions at end of year	222,111,606	214,301,738	208,299,615

(Continued)

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENTS OF INCOME, EXPENSES, AND CHANGES IN NET ASSETS
Years ended December 31, 2021, 2020, and 2019

	2021	2020	2019
Changes in net assets with donor restrictions:			
Investment return, net (Note 2)	$ 324,765	$ 271,055	$ 489,550
Gifts (Note 6)	-	14,372	-
Change in net assets with donor restrictions	324,765	285,427	489,550
Net assets with donor restrictions at beginning of year	3,913,869	3,628,442	3,138,892
Net assets with donor restrictions at end of year	4,238,634	3,913,869	3,628,442
Changes in total net assets:			
Change in total net assets	8,134,633	6,287,550	11,067,746
Total net assets at beginning of year	218,215,607	211,928,057	200,860,311
Total net assets at end of year	$ 226,350,240	$ 218,215,607	$ 211,928,057

See accompanying notes to financial statements.

MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA
STATEMENTS OF CASH FLOWS
Years ended December 31, 2021, 2020, and 2019

	2021	2020	2019
Cash flows from operating activities:			
Change in net assets	$ 8,134,633	$ 6,287,550	$ 11,067,746
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	529,526	505,865	241,514
(Credit) provision for loan losses	(1,440,000)	893,391	760,165
(Recovery of) provision for real estate losses	21,000	(437,886)	(1,281,000)
Restricted and designated gifts	(52,447)	(30,709)	(346,418)
(Gain) loss on sale of real estate	(32,877)	(32,877)	95,767
Gain on investments	(4,943,336)	(6,169,681)	(9,893,905)
Changes in assets and liabilities:			
Accrued interest receivable	(264,693)	(285,590)	(122,191)
Other assets	90,018	135,881	(1,073,930)
Accounts payable and other liabilities	2,196,206	2,581,848	1,559,081
Due to ELCA Churchwide Administrative Offices	5,577,977	3,213,877	89,537
Accrued interest payable	(40,515)	(27,932)	14,487
Net cash provided by operating activities	9,775,492	6,633,737	1,110,853
Cash flows from investing activities:			
Purchases of investments	(103,128,385)	(86,643,091)	(90,378,294)
Proceeds from sales and maturities of investments	40,261,235	52,431,959	124,019,522
Purchases of real estate and fixed assets	(135,984)	(756,582)	(2,370,101)
Change in real estate deposits	19,853	(292,935)	(95,292)
Proceeds from sale of real estate	33,877	346,733	1,543,586
Loans issued	(66,927,243)	(100,821,994)	(98,621,577)
Principal collected on loans	87,849,243	81,303,408	78,276,322
Net cash (used in) provided by investing activities	(42,027,404)	(54,432,502)	12,374,166
Cash flows from financing activities:			
Restricted and designated gifts	52,447	30,709	346,418
Issuance of investment obligations	176,037,448	191,097,101	174,715,085
Redemption of investment obligations	(143,756,923)	(141,344,792)	(180,420,486)
Net cash provided by (used in) financing activities	32,332,972	49,783,018	(5,358,983)
Net increase in cash and cash equivalents	81,060	1,984,253	8,126,036
Cash and cash equivalents at beginning of year	17,987,372	16,003,119	7,877,083
Cash and cash equivalents at end of year	$ 18,068,432	$ 17,987,372	$ 16,003,119
Supplementary disclosures:			
Interest paid to investors	$ 7,666,759	$ 9,237,143	$ 8,829,293
Supplementary schedule of noncash investing activities:			
Transfer of real estate owned to/from loans	$ -	$ (1,861,583)	$ 1,089,467

See accompanying notes to financial statements.

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

Quarterly distributions from the Ministry Growth Fund are made at a rate established annually by the Trustee of the Ministry Growth Fund that reflects the Trustee's consideration of anticipated returns of the Ministry Growth Fund and anticipated changes in the purchasing power of the Ministry Growth Fund. The rate established for 2021, 2020 and 2019 was 4.00%. It was applied each year to the average unit value of the assets in the Ministry Growth Fund at December 31 of the five preceding years. The rate established for 2022 is 4.00%.

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

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

(Continued)

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

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

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

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

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

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

(Continued)

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

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

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

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

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

Other Assets: Included with other assets are office and computer equipment and software, at cost, of $7,269,106 and $7,133,122 with accumulated depreciation of $4,203,234 and $3,689,188 at December 31, 2021 and 2020, respectively. Depreciation is provided over the estimated useful lives of the respective assets which range from 3 to 10 years using the straight-line method. Amounts charged to general operating expenses for depreciation were $514,045, $485,221, and $205,711, for the years ended December 31, 2021, 2020 and 2019, respectively.

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

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

(Continued)

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

Income Taxes: MIF is an affiliated entity recognized by the CAO as being included under its Group Exemption Ruling which establishes that MIF is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 and, except for taxes pertaining to unrelated business income, is exempt from Federal and state income taxes. Accordingly, no provision for income taxes has been made in the financial statements. There were no income tax related interest or penalties recognized by MIF for each of the three years in the period ended December 31, 2021. MIF recognizes interest and penalties related to unrecognized tax benefits, if incurred, in interest and income tax expense, respectively. MIF has not been examined by any tax jurisdiction.

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

In March 2020, the World Health Organization declared novel coronavirus disease 2019 ("COVID-19") as a global pandemic. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, created significant volatility and disruption in financial markets, and increased unemployment levels. In addition, the pandemic has resulted in temporary closures of many businesses and the institution of social distancing and sheltering in place requirements in many states and communities, including those in markets in which MIF is located or does business.

The extent to which the COVID-19 pandemic impacts MIF's business, liquidity, asset valuations, results of operations, and financial condition, as well as its regulatory capital and liquidity ratios, will depend on future developments, which are uncertain, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic. Moreover, the effects of the COVID-19 pandemic may have a material adverse effect on all or a combination of valuation impairments on MIF's investments and loans.

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

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2021, and where appropriate reflected them within the audited financial statements for the year ended December 31, 2021. Management has performed their analysis through March 24, 2022, the date the financial statements were available to be issued.

(Continued)

NOTE 2 - INVESTMENTS

Investments: Investments are stated at fair value and consist of the following at December 31, 2021 and 2020:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	$ 14,004,474	$ 14,004,562	$ 15,388,176	$ 15,388,220
U.S. treasuries	10,416,074	10,347,336	7,457,397	7,757,051
U.S. sponsored agencies	6,575,798	6,534,288	6,024,267	6,100,046
U.S. government mortgage-backed	31,245,892	30,906,436	18,246,212	18,499,808
Municipal bonds	1,639,530	1,631,631	1,529,210	1,525,274
Corporate bonds	83,842,650	83,080,826	41,093,060	42,080,294
Other bonds	11,731,479	11,715,305	17,090,322	17,114,101
U.S. large-cap stocks	19,251,101	28,641,786	11,653,251	17,487,700
U.S. mid-cap stocks	6,439,846	10,333,647	4,875,860	7,996,663
U.S. small-cap stocks	5,432,762	5,976,694	2,739,405	4,007,398
Non-U.S. stocks	8,329,911	8,958,131	6,980,963	7,977,960
Beneficial Interest in ELCA Endowments	2,515,382	4,238,634	2,515,382	3,913,869
Ministry Growth Fund of the ELCA Foundation	7,081,357	10,392,119	6,558,148	9,102,526
	$ 208,506,256	$ 226,761,395	$ 142,151,653	$ 158,950,910

The following schedule summarizes the investment return reported in the statements of income, expenses, and changes in net assets for the years ended December 31, 2021, 2020, and 2019:

	Without donor restrictions		
	2021	2020	2019
Realized investment gains (losses)	$ 3,992,986	$ (65,288)	$ (1,680,638)
Unrealized investment gains	625,585	5,963,915	11,084,993
Investment management fees	(330,604)	(205,620)	(217,364)
Investment return, net	$ 4,287,967	$ 5,693,007	$ 9,186,991

	With donor restrictions		
	2021	2020	2019
Realized investment gains (losses)	$ -	$ -	$ -
Unrealized investment gains	324,765	271,055	489,550
Investment management fees	-	-	-
Investment return, net	$ 324,765	$ 271,055	$ 489,550

(Continued)

NOTE 3 - LOANS RECEIVABLE

Congregational and Other Ministry Loans: These loans consist of mortgage notes, loan participations, contracts for deeds, and unsecured promissory notes totaling $575,443,487 and $596,365,487 at December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, approximately $569.2 million and $592.7 million of the loans are secured by first mortgages, $3.7 million and $0.3 million are secured by second mortgages, and $2.5 million and $3.4 million are unsecured, respectively. Interest rates for congregational and other ministry loans range from 2.900% to 6.375% with a weighted average interest rate of approximately 4.188% during 2021; 3.000% to 6.625% with a weighted average interest rate of approximately 4.264% during 2020; 3.000% to 6.625% with a weighted average interest rate of approximately 4.181% during 2019.

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

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

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

	2021	2020	2019
Construction loans	$ 45,932,957	$ 35,061,608	$ 25,077,160
Standard loans	529,510,530	561,303,879	550,045,549
Allowance for loan losses	(9,380,000)	(10,820,000)	(10,064,000)
Loans receivable, net	$ 566,063,487	$ 585,545,487	$ 565,058,709

(Continued)

NOTE 3 - LOANS RECEIVABLE (Continued)

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

	Commercial real estate loans		
Allowance for Loan Losses	Construction Loans	Standard Loans	Total
Balance January 1, 2019	$ -	$ 10,050,000	$ 10,050,000
Charge-offs	-	(746,165)	(746,165)
Recoveries	-	-	-
Provision	-	760,165	760,165
Balance December 31, 2019	-	10,064,000	10,064,000
Ending balance individually evaluated for impairment	-	7,923,659	7,923,659
Ending balance collectively evaluated for impairment	-	2,140,341	2,140,341
Total	-	10,064,000	10,064,000
Charge-offs	-	(137,391)	(137,391)
Recoveries	-	-	-
Provision	127,000	766,391	893,391
Balance December 31, 2020	127,000	10,693,000	10,820,000
Ending balance individually evaluated for impairment	-	8,595,304	8,595,304
Ending balance collectively evaluated for impairment	127,000	2,097,696	2,224,696
Total	127,000	10,693,000	10,820,000
Charge-offs	-	-	-
Recoveries	-	-	-
Provision	28,000	(1,468,000)	(1,440,000)
Balance December 31, 2021	155,000	9,225,000	9,380,000
Ending balance individually evaluated for impairment	-	7,445,364	7,445,364
Ending balance collectively evaluated for impairment	155,000	1,779,636	1,934,636
Total	$ 155,000	$ 9,225,000	$ 9,380,000

(Continued)

NOTE 3 - LOANS RECEIVABLE (Continued)

Loans	Construction Loans	Standard Loans	Total
Balance December 31, 2019	$ 25,077,160	$ 550,045,549	$ 575,122,709
Allowance for loan losses	-	(10,064,000)	(10,064,000)
Carrying value	25,077,160	539,981,549	565,058,709
Ending balance individually evaluated for impairment	-	60,011,952	60,011,952
Ending balance collectively evaluated for impairment	25,077,160	490,033,597	515,110,757
Total	25,077,160	550,045,549	575,122,709
Balance December 31, 2020	35,061,608	561,303,879	596,365,487
Allowance for loan losses	(127,000)	(10,693,000)	(10,820,000)
Carrying value	34,934,608	550,610,879	585,545,487
Ending balance individually evaluated for impairment	-	48,593,289	48,593,289
Ending balance collectively evaluated for impairment	35,061,608	512,710,590	547,772,198
Total	35,061,608	561,303,879	596,365,487
Balance December 31, 2021	45,932,957	529,510,530	575,443,487
Allowance for loan losses	-	(9,380,000)	(9,380,000)
Carrying value	45,932,957	520,130,530	566,063,487
Ending balance individually evaluated for impairment	-	47,663,116	47,663,116
Ending balance collectively evaluated for impairment	45,932,957	481,847,414	527,780,371
Total	$ 45,932,957	$ 529,510,530	$ 575,443,487

(Continued)

NOTE 3 - LOANS RECEIVABLE (Continued)

Past Due Loans: Management tracks asset quality through past due loans. A summary of past due loans at December 31, 2021, 2020, and 2019 is as follows:

	December 31, 2021				
	Current (Accruing)	30-59 Days Past Due (Accruing)	60-89 Days Past Due (Accruing)	90 Days and Over (Non-Accruing)	Total
Commercial real estate loans					
Construction loans	$ 45,913,457	$ 19,500	$ -	$ -	$ 45,932,957
Standard loans	513,800,418	5,203,595	167,707	10,338,810	529,510,530
Total	$ 559,713,875	$ 5,223,095	$ 167,707	$ 10,338,810	$ 575,443,487

	December 31, 2020				
	Current (Accruing)	30-59 Days Past Due (Accruing)	60-89 Days Past Due (Accruing)	90 Days and Over (Non-Accruing)	Total
Commercial real estate loans					
Construction loans	$ 35,061,608	$ -	$ -	$ -	$ 35,061,608
Standard loans	543,612,125	4,073,225	773,252	12,845,277	561,303,879
Total	$ 578,673,733	$ 4,073,225	$ 773,252	$ 12,845,277	$ 596,365,487

	December 31, 2019				
	Current (Accruing)	30-59 Days Past Due (Accruing)	60-89 Days Past Due (Accruing)	90 Days and Over (Non-Accruing)	Total
Commercial real estate loans					
Construction loans	$ 25,077,160	$ -	$ -	$ -	$ 25,077,160
Standard loans	528,983,793	6,126,986	677,989	14,256,781	550,045,549
Total	$ 554,060,953	$ 6,126,986	$ 677,989	$ 14,256,781	$ 575,122,709

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

Commercial real estate loans	2021	2020	2019
Standard loans			
With an allowance recorded			
Carrying value	$ 40,217,752	$ 39,997,985	$ 52,088,293
Unpaid principal balance	47,663,116	48,593,289	60,011,952
Related allowance	7,445,364	8,595,304	7,923,659
Average recorded investment during the year	40,107,869	46,043,139	45,824,623
Interest income recognized and collected while impaired (including performing troubled debt restructuring)	1,442,940	1,419,658	1,753,063

There were no impaired construction loans during the years ended December 31, 2021, 2020, or 2019.

(Continued)

NOTE 3 - LOANS RECEIVABLE (Continued)

Impaired loans had a principal balance of $47,663,116, with a valuation allowance of $7,445,364 at December 31, 2021, resulting in a reduction in provision for loan losses of ($1,440,000) for the year ended December 31, 2021. Impaired loans had a principal balance of $48,593,289, with a valuation allowance of $8,595,304 at December 31, 2020, resulting in an increase in provision for loan losses of $671,645 for the year ended December 31, 2020. Impaired loans had a principal balance of $60,011,952, with a valuation allowance of $7,923,659 at December 31, 2019, resulting in a reduction in provision for loan losses of ($10,135) for the year ended December 31, 2019. Impaired loans with specific allocations of the allowance for loan losses are based on expected future cash flows.

Troubled debt restructurings

MIF has allocated $929,290 and $973,555 of the allowance for loan losses, relating to balances of $14,719,132 and $15,773,241, for five and seven customers whose loan terms have been modified in troubled debt restructurings as of December 31, 2021 and 2020, respectively. The concessions giving rise to the troubled debt restructurings totaled approximately $3,093,000 and $3,091,000 for the years ended December 31, 2021 and 2020, respectively, and were in the form of matching grants to encourage timely monthly payments and temporary interest rate reductions. There were no loans modified in troubled debt restructurings during the years ended December 31, 2021 and 2020. None of the troubled debt restructurings have subsequently defaulted during the years ended December 31, 2021 or 2020. There are no troubled debt restructurings related to construction loans.

The terms of certain other loans were modified during the years ending December 31, 2021 and 2020, which did not meet the definition of a troubled debt restructuring. These loans have a total recorded investment as of December 31, 2021 and 2020, of $24,116,763 and $5,436,245, respectively. The modifications of these loans involved temporary delays in payments that were considered to be insignificant and did not result in concessions to the borrowers.

Credit quality and non-accrual loans

Each month MIF divides the loan portfolio into two credit quality categories based upon their payment records – performing loans and non-performing loans. Non-performing loans, or those that are in non-accrual status, are loans which are past due 90 days or more. At December 31, 2021 and 2020, loans in non-accrual status were $10,338,810 and $12,845,277, respectively, none of which were construction loans.

(Continued)

NOTE 3 - LOANS RECEIVABLE (Continued)

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

	2021	2020
Region 1 - Northwest area	$ 51,319,024	$ 52,524,062
Region 2 - Southwest area	93,730,280	102,686,150
Region 3 - Northwest Mid-West area	81,306,288	97,004,391
Region 4 - Southwest Mid-West area	42,311,666	42,216,513
Region 5 - Northeast Mid-West area	135,891,416	124,677,305
Region 6 - Southeast Mid-West area	40,882,316	43,589,775
Region 7 - Northeast area	23,883,946	26,011,985
Region 8 - East area	41,143,595	45,738,997
Region 9 - Southeast area	44,333,081	46,199,583
Other	20,641,875	15,716,726
Total loans	$ 575,443,487	$ 596,365,487

NOTE 4 - REAL ESTATE

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

MIF may acquire property and subsequently enter into lease arrangements with congregations regarding such property. The net carrying value of leased property was $188,757 and $592,047 at December 31, 2021 and 2020, respectively. Accumulated depreciation on this leased property was $247,794 and $232,313 at December 31, 2021 and 2020, respectively. Additionally, MIF has accumulated depreciation on properties that were formerly leased of $112,246 and $0 at December 31, 2021 and 2020, respectively. Depreciation expense on buildings under lease is included in general operating expenses and amounted to $15,481, $20,644, and $35,803, for years ended December 31, 2021, 2020 and 2019, respectively.

Real Estate Held for Sale: MIF actively reviews its property holdings to identify properties no longer required for congregational development. These properties are then considered to be excess real estate and are actively marketed for sale to third parties. The carrying value of real estate held for sale is net of allowances of approximately $1.6 million and $1.5 million at December 31, 2021 and 2020, respectively.

(Continued)

NOTE 4 - REAL ESTATE (Continued)

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

	2021	2020	2019
Balance at beginning of year	$ 1,530,000	$ 2,079,000	$ 3,360,000
Provision for (recovery of) real estate losses	21,000	(437,886)	(1,281,000)
Charge off on sales of real estate	-	(111,114)	-
Balance at end of year	$ 1,551,000	$ 1,530,000	$ 2,079,000

NOTE 5 - INVESTMENT OBLIGATIONS

MIF sells term and demand investment obligations ("Investments" or "Obligations") for the purpose of raising funds for its congregational and other ministry loan programs. Details relating to Obligations outstanding at December 31, 2021 and 2020, are as follows:

	Amount	
Type of Obligation	2021	2020
Demand	$ 295,133,887	$ 261,533,023
Term	273,575,420	275,074,984
Term - MIF4KIDZ	6,682,820	6,503,595
	$ 575,392,127	$ 543,111,602

MIF has the right to call all investments for prepayment prior to maturity at any time on 90 days prior written notice by tendering to the owner of the investment the principal amount of the investment plus interest accrued to the date of tender. No further interest will accrue following tender. The CAO held investments of $5,785,400 and $4,022,344 at December 31, 2021 and 2020, respectively. Board members and MIF personnel held investments of $1,382,282 and $1,523,654 at December 31, 2021 and 2020, respectively.

a. Demand Investments:

MIF offers and sells demand investments which do not have a fixed term and may be redeemed by the owner at any time in whole or in part, including by writing a check or using a debit card. Interest rates may be adjusted to reflect market conditions at any time. Interest rates based on tiered account balances ranged from 0.499% to 0.995% in 2021 and 0.698% to 1.539% in 2020. These investments totaled $285,799,993 and $254,342,644 at December 31, 2021 and 2020, respectively.

MIF also offers and sells demand investments which do not have a fixed term and may be redeemed by the owner at any time in whole or in part but limited to one redemption per month by request to MIF. Interest rates may be adjusted monthly to reflect market conditions. In 2021, the rate was 0.549% from January 1 to February 28 and 0.499% from March 1 to December 31. In 2020, the rate was 1.094% from January 1 to March 31 and 0.797% from April 1 to October 31 and 0.698% from November 1 to December 31. These investments totaled $9,333,894 and $7,190,379 at December 31, 2021 and 2020, respectively.

(Continued)

NOTE 5 - INVESTMENT OBLIGATIONS (Continued)

b. Term Investments:

MIF offers and sells adjustable and fixed rate term investments. Adjustable rate term investments were available for sale during 2021 and 2020, with 1, 3, 5, and 7 year term maturities. Interest rates may be adjusted monthly to reflect market conditions, but not lower than the representative yields on United States Government Treasury securities with terms corresponding to those of the investments. Interest rates ranged from 0.160% to 1.472% for the year ended December 31, 2021 and 0.160% to 1.808% for the year ended December 31, 2020. The average interest rates were 0.816% and 0.984% for the years ended December 31, 2021 and 2020, respectively. These investments totaled $24,054,812 and $29,154,403 at December 31, 2021 and 2020, respectively.

Fixed rate term investments were available for sale during 2021 and 2020, with 1, 2, 4, and 6 year maturities. The interest rate, which is set by MIF and may be adjusted from time to time, is fixed at the beginning of the term and remains at that rate for the full term. Interest rates ranged from 0.499% to 2.280% for the year ended December 31, 2021 and 0.897% to 3.309% for the year ended December 31, 2020. The average interest rates were 1.390% and 2.103% for the years ended December 31, 2021 and 2020, respectively. These investments totaled $238,249,278 and $232,790,576 at December 31, 2021 and 2020, respectively.

MIF also offers and sells term investments with 1, 2, and 3 year maturities and a minimum balance of $250,000. The interest rate, which is set by MIF and may be adjusted from time to time, is fixed at the beginning of the term and remains at that rate for the full term. Interest rates ranged from 0.499% to 1.590% for the year ended December 31, 2021 and 1.046% to 2.722% for the year ended December 31, 2020. The average interest rate was 1.045% and 1.884% for the years ended December 31, 2021 and 2020. These investments totaled $11,271,330 and $13,130,005 at December 31, 2021 and 2020, respectively.

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

Aggregate maturities of term investments outstanding at December 31, 2021, are shown below. Amounts indicated as maturing in the various years will not necessarily correspond to cash redemptions because of renewals.

Year ending December 31	Fixed Rate	Adjustable Rate	Total
2022	$ 105,484,358	$ 4,085,663	$ 109,570,021
2023	62,493,395	4,178,577	66,671,972
2024	38,622,156	5,629,702	44,251,858
2025	21,232,360	3,762,331	24,994,691
2026	12,305,819	2,914,794	15,220,613
2027 and thereafter	9,382,520	3,483,745	12,866,265
	$ 249,520,608	$ 24,054,812	$ 273,575,420

(Continued)

NOTE 5 - INVESTMENT OBLIGATIONS (Continued)

c. Term Investments - MIF4KIDZ:

MIF offers and sells MIF4KIDZ investments only to custodians for minors who are less than 16 years of age. The investment matures at the age of majority of the minor as defined by the Uniform Transfer to Minors Act in the state designated as the address of the minor on the application form. Interest rates may be adjusted monthly to reflect market conditions, but not lower than the representative yields to maturity on United States Government Treasury securities which at the interest rate adjustment date have approximately five years to maturity. Beginning in 2021, the interest rate was adjustable monthly, but not below the lowest tier of the Demand Investment rates. Interest rates range from 0.499% to 0.837% for the year ended December 31, 2021 and 0.290% to 1.729% for the year ended December 31, 2020. The average interest rates were 0.668% and 1.010% for years ended December 31, 2021 and 2020, respectively. These investments totaled $6,682,820 and $6,503,595 at December 31, 2021 and 2020, respectively.

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

Aggregate maturities of MIF4KIDZ investments outstanding at December 31, 2021, are shown below:

Year ending December 31	MIF4KIDZ
2022	$ 241,842
2023	207,526
2024	522,577
2025	664,286
2026	609,765
2027 and thereafter	4,436,824
	$ 6,682,820

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

(Continued)

NOTE 5 - INVESTMENT OBLIGATIONS (Continued)

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

	2021	2020
Region 1 - Northwest area	$ 52,977,246	$ 52,077,775
Region 2 - Southwest area	64,374,935	54,370,590
Region 3 - Northwest Mid-West area	92,835,859	90,785,002
Region 4 - Southwest Mid-West area	52,186,904	49,348,593
Region 5 - Northeast Mid-West area	110,067,618	103,495,285
Region 6 - Southeast Mid-West area	37,178,869	35,682,755
Region 7 - Northeast area	59,873,557	55,289,786
Region 8 - East area	61,964,966	58,748,379
Region 9 - Southeast area	42,204,658	41,629,902
Other	1,727,515	1,683,535
	$ 575,392,127	$ 543,111,602

NOTE 6 - NET ASSETS

The following schedules summarize the balance and activity in the Endowment Funds by net asset class for the years ended December 31, 2021 and 2020:

Classification by net asset class:

December 31, 2021:	Without Donor Restriction	With Donor Restriction	Total
Donor Restricted	$ -	$ 4,238,634	$ 4,238,634
Board Designated	4,053,047	-	4,053,047
	$ 4,053,047	$ 4,238,634	$ 8,291,681

December 31, 2020:	Without Donor Restriction	With Donor Restriction	Total
Donor Restricted	$ -	$ 3,913,869	$ 3,913,869
Board Designated	3,695,708	-	3,695,708
	$ 3,695,708	$ 3,913,869	$ 7,609,577

(Continued)

NOTE 6 - NET ASSETS (Continued)

Activity by net asset class:

	Without Donor Restriction	With Donor Restriction	Total
Balance January 1, 2019	$ 2,656,153	$ 3,138,892	$ 5,795,045
Investment income	117,729	285,429	403,158
Unrealized gain	427,713	489,550	917,263
New gifts	346,418	-	346,418
Withdrawals	(117,729)	(285,429)	(403,158)
Balance December 31, 2019	3,430,284	3,628,442	7,058,726
Investment income	123,094	130,696	253,790
Unrealized gain	249,087	271,055	520,142
New gifts	16,337	14,372	30,709
Withdrawals	(123,094)	(130,696)	(253,790)
Balance December 31, 2020	3,695,708	3,913,869	7,609,577
Investment income	129,939	140,370	270,309
Unrealized gain	304,892	324,765	629,657
New gifts	52,447	-	52,447
Withdrawals	(129,939)	(140,370)	(270,309)
Balance December 31, 2021	$ 4,053,047	$ 4,238,634	$ 8,291,681

At December 31, 2021 and 2020, there were no aggregate amounts of funds for which the fair value of the assets held is less than the level required by donor stipulation or law.

NOTE 7 - LINE OF CREDIT

At December 31, 2021, MIF had a $20 million unsecured committed line of credit with UMB Bank, n.a., at a variable interest rate of prime less 1% and a maturity date of December 31, 2021. There were no borrowings outstanding under the line of credit at December 31, 2021 and 2020, or during the years then ended. The interest rate on the line of credit was 1% for the year ended December 31, 2021 and 2020. The line of credit has been renewed through December 31, 2022.

(Continued)

NOTE 8 - FINANCIAL COMMITMENTS AND AGREEMENTS WITH OFF-BALANCE-SHEET RISK

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

The following table summarizes the contractual amounts of off-balance-sheet financial commitments outstanding at December 31, 2021 and 2020:

	2021	2020
Commitments to originate and disburse loans	$ 69,893,471	$ 75,468,766

NOTE 9 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

> Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
>
> Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
>
> Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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

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

(Continued)

NOTE 9 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

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

The fair value of the Beneficial Interest in ELCA Endowments, which is invested in the Ministry Growth Fund of the ELCA Foundation, was determined based upon the fair value of the underlying assets at December 31, 2021. This valuation method has been estimated to represent the present value of future distributed income (Level 3 inputs). This value is determined by a third party without adjustments from MIF.

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

	Fair Value Measurements at December 31, 2021 Using				
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV	Total
Assets:					
Cash and cash equivalents	$ -	$ 14,004,562	$ -	$ -	$ 14,004,562
U.S. treasuries	-	10,347,336	-	-	10,347,336
U.S. sponsored agencies	-	6,534,288	-	-	6,534,288
U.S. government mortgage-backed	-	30,906,436	-	-	30,906,436
Municipal bonds	-	1,631,631	-	-	1,631,631
Corporate bonds	-	83,080,826	-	-	83,080,826
Other bonds	-	11,715,305	-	-	11,715,305
U.S. large-cap stocks	28,641,786	-	-	-	28,641,786
U.S. mid-cap stocks	10,333,647	-	-	-	10,333,647
U.S. small-cap stocks	5,976,694	-	-	-	5,976,694
Non-U.S. stocks	8,958,131	-	-	-	8,958,131
Beneficial Interest in ELCA Endowments	-	-	4,238,634	-	4,238,634
Ministry Growth Fund of the ELCA Foundation	-	-	-	10,392,119	10,392,119
Total	$ 53,910,258	$ 158,220,384	$ 4,238,634	$ 10,392,119	$ 226,761,395

(Continued)

NOTE 9 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	Fair Value Measurements at December 31, 2020 Using				
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV	Total
Assets:					
Cash and cash equivalents	$ -	$ 15,388,220	$ -	$ -	$ 15,388,220
U.S. treasuries	-	7,757,051	-	-	7,757,051
U.S. sponsored agencies	-	6,100,046	-	-	6,100,046
U.S. government mortgage-backed	-	18,499,808	-	-	18,499,808
Municipal bonds	-	1,525,274	-	-	1,525,274
Corporate bonds	-	42,080,294	-	-	42,080,294
Other bonds	-	17,114,101	-	-	17,114,101
U.S. large-cap stocks	17,487,700	-	-	-	17,487,700
U.S. mid-cap stocks	7,996,663	-	-	-	7,996,663
U.S. small-cap stocks	4,007,398	-	-	-	4,007,398
Non-U.S. stocks	7,977,960	-	-	-	7,977,960
Beneficial Interest in ELCA Endowments	-	-	3,913,869	-	3,913,869
Ministry Growth Fund of the ELCA Foundation	-	-	-	9,102,526	9,102,526
Total	$ 37,469,721	$ 108,464,794	$ 3,913,869	$ 9,102,526	$ 158,950,910

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

	Beneficial Interest in ELCA Endowments
Balance, ending January 1, 2020	$ 3,628,442
Increase in fair value of beneficial interest in ELCA endowments	271,055
Gifts	14,372
Balance, ending December 31, 2020	3,913,869
Increase in fair value of beneficial interest in ELCA endowments	324,765
Gifts	-
Balance, ending December 31, 2021	$ 4,238,634

All unrealized gains/losses presented in the table relate to assets still held at December 31, 2021 and 2020.

There was no real estate for sale valued at fair value at December 31, 2021 and 2020.

(Continued)

NOTE 10 - RELATED-PARTY TRANSACTIONS

MIF provided support to the ELCA Churchwide Administrative Office for new start congregations in the amount of $1,500,000 in 2021, 2020 and 2019, respectively. Other grants to the ELCA-related ministries totaled approximately $3,482,000, $3,893,000, and $1,578,000, for the years ended December 31, 2021, 2020 and 2019, respectively.

Pursuant to a shared services agreement, MIF contracts with the ELCA for all operations personnel and related benefits and services for an annual fee. This fee is intended to be all-inclusive and to cover compensation of all personnel and other expenses of the ELCA related to its providing of services to MIF, including, but not limited to, rent, telephone expenses, utilities, office furniture, information technology services, miscellaneous administrative expenses, and other expenses related to MIF. During its year ended December 31, 2021, MIF paid total service fees to the ELCA of approximately $10,714,000. This compares to service fees of approximately $10,256,000 and $9,994,000 in 2020 and 2019 respectively.

NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN

Substantially all active employees of ELCA are enrolled in an ELCA defined contribution pension plan administered by Portico (previously known as the Board of Pensions of the Evangelical Lutheran Church in America). MIF's portion of the cost for the plan for the years ended December 31, 2021, 2020, and 2019, was approximately $611,000, $543,000, and $517,000, respectively. All contributions to the plan are funded on a current basis.

NOTE 12 - FUNCTIONAL EXPENSES BY NATURE

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

(Continued)

NOTE 12 - FUNCTIONAL EXPENSES BY NATURE (Continued)

The table below presents expenses by both their nature and function for the year ended December 31, 2021, 2020 and 2019:

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

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

2019	Program Activities			Supporting Activities				
	Loan and Investment Obligation	Grants	Total Programs	Management and General	Marketing	Other Supporting	Total Supporting	Total
Salaries and benefits	$ 4,188,264	$ 309,249	$ 4,497,513	$ 2,341,800	$ 594,586	$ 1,181,525	$ 4,117,911	$ 8,615,424
Grants to ELCA and related ministries	-	3,078,053	3,078,053	-	-	-	-	3,078,053
Advertising, publications, and events	-	-	-	-	2,359,357	-	2,359,357	2,359,357
Computer systems	748,220	13,541	761,761	237,930	88,207	116,064	442,201	1,203,962
Office and occupancy	467,209	8,776	475,985	154,199	50,146	75,219	279,564	755,549
Professional fees	-	-	-	912,134	-	-	912,134	912,134
Investor obligation compliance	143,845	-	143,845	211,232	-	-	211,232	355,077
Provision for loan and real estate losses	(520,835)	-	(520,835)	-	-	-	-	(520,835)
Travel and meeting	327,349	-	327,349	170,734	13,352	19,365	203,451	530,800
Real estate expenses	58,787	-	58,787	-	-	-	-	58,787
	$ 5,412,839	$ 3,409,619	$ 8,822,458	$ 4,028,029	$ 3,105,648	$ 1,392,173	$ 8,525,850	$ 17,348,308

(Continued)

NOTE 12 - FUNCTIONAL EXPENSES BY NATURE (Continued)

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

NOTE 13 - LIQUIDITY AND AVAILABILITY

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

	2021	2020
Cash and cash equivalents	$ 18,068,432	$ 17,987,372
Commercial paper and money market accounts	14,004,562	15,388,220
Investment maturities and principal paydowns	13,986,727	21,648,692
Investment interest receivable	2,795,658	1,672,245
	$ 48,855,379	$ 56,696,529

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

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

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

MIF's liquidity policy requires a minimum of 8% of outstanding investment obligations to be held as a combination of liquid assets, which include cash, cash equivalents, and readily marketable securities, and a committed line of credit. As of December 31, 2021 and 2020, 8% of investment obligations was approximately $46.0 million and $43.4 million, respectively.

In addition to MIF's financial assets whose cash flow is available within one year, MIF holds an additional $190,511,836 and $112,737,263 of readily marketable stocks and bonds at December 31, 2021 and 2020 that can be sold for liquidity purposes.

(Continued)

NOTE 14 - SUBSEQUENT EVENT

MIF has determined there are no other subsequent events to disclose. MIF has performed their analysis through March 24, 2022, the date that the financial statements were available to be issued.