CHURCH EXTENSION PLAN
4070 27th Court SE, Suite 210
P.O. Box 12629
Salem, Oregon 97309-0629
(503) 399-0552 or (800) 821-1112

$200,000,000

VISION UNSECURED PROMISSORY NOTES

Six-months (6) to five-year (5) maturity
Interest rate: determined at time of issuance; currently ranging from .75% to 3.0%
Interest payments: monthly, quarterly, semi-annually, or annually; Investor's option
Interest may be retained or compounded

Church Extension Plan ("CEP") is hereby offering a total of $200,000,000 of its investment obligations known as Vision Investments ("Notes"), which are available exclusively to members of, contributors to (including investors), or participants in the Assemblies of God, CEP, or any program, activity or organization which constitutes a part of the Assemblies of God, CEP, or other religious organizations that have a programmatic relationship with the Assemblies of God or CEP.

	Price to Investors	Underwriting, Discounts & Commissions	Proceeds to CEP
Per Note	100%	None	100%
Total	$200,000,000	None	$200,000,000

CEP has taken or is taking all steps necessary and required under applicable state securities laws to ensure compliance with the registration or exemption provisions in all states in which it intends to offer or sell its Notes.

These securities are offered only through licensed salespersons who are salaried employees of CEP. No underwriting or selling agreements exist.

The date of this Offering Circular is April 1, 2017– March 31, 2018

<u>THIS OFFERING IS SUBJECT TO CERTAIN RISKS.</u>
(See RISK FACTORS)

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

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

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

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF CEP AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURES, MERITS, AND RISKS INVOLVED. INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF NOTES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.

THE NOTES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, ANY STATE BANK INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE NOTES IS DEPENDENT UPON CEP’S FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW CEP’S FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE NOTES ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY THE ASSEMBLIES OF GOD, OR BY ANY CHURCH, CONFERENCE, INSTITUTION OR AGENCY AFFILIATED WITH THE ASSEMBLIES OF GOD.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE BY CEP.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

STATE-SPECIFIC LIMITATIONS OR CONDITIONS

ARKANSAS:

RESTRICTION ON TRANSFER: The security represented by this certificate has been executed pursuant to an exemption from registration under the Securities Act of 1933 and the Arkansas Securities Act in reliance upon the representation of the holder hereof that the same is acquired for investment purposes. This note may accordingly not be resold or otherwise transferred or conveyed in the absence of registration of the same pursuant to the applicable securities laws or unless an opinion of counsel satisfactory to the issuer is first obtained that such is not then necessary. Any transfer contrary hereto is void.

The investment may not exceed ten percent (10%) of any unaccredited purchaser’s net worth (net worth excludes home, furnishings and automobiles).

CALIFORNIA:

Investors must have either (i) a minimum net worth of at least $70,000 and had a minimum gross income of $70,000 during the last tax year and will have (based on a good faith estimate) a minimum gross income of $70,000 during the current tax year, or in the alternative (ii) a minimum net worth of $250,000. In either case the investment shall not exceed 10 percent of the net worth of the investor. A “small investor” who, including this offering, has not purchased more than $2,500 worth of this issuer’s securities in the past twelve (12) months may also purchase the securities in this offering (up to a maximum of $2,500). Net worth shall be determined exclusive of homes, home furnishings and automobiles.

Automatic renewal upon maturity of a Note, as provided in this Offering Circular, is not available to investors who are California residents. All California investors will receive a maturity notice and a current Offering Circular within 30 days of each maturity date, and California investors will have the opportunity to notify CEP if they intend to renew their investments. If renewal is not requested, investor’s funds will be promptly returned. Renewals can be made only if CEP is qualified to make sales in the state of California.

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

KENTUCKY:

These securities are issued pursuant to a claim of exemption from registration under section KRS 292.400(9) of the Kentucky Securities Act.

MARYLAND

These securities are offered for sale in Maryland pursuant to a regulatory exemption from registration. The Division of Securities of the Office of the Attorney General of Maryland has not reviewed the information nor passed in any way upon the merits of, recommended, or given approval to the securities. Any representation to the contrary is a criminal offense.

MICHIGAN:

Sales made in the State of Michigan are restricted to those made by individuals employed by CEP on a salary.

OREGON:

Automatic renewal upon maturity of a Note, as provided in this prospectus (see “Automatic Rollover at Maturity Unless Otherwise Elected” under RISK FACTORS), is available to Oregon residents only under limited circumstances. Notes may be automatically renewed for the same term as the original Note or for a term of six (6) months, whichever is shorter. The interest rate on any Note renewed in this manner will be the rate in effect at the time of renewal, which may be higher or lower than the previous Note’s rate.

SOUTH CAROLINA:

Rights of South Carolina Note Holders in Event of Default: An act of default (“Event of Default”) occurs if CEP fails to make payment of either principal or interest on any Note within 30 days after it is due. An Event of Default with respect to any Note shall constitute a default with respect to all Notes issued to residents of South Carolina.

Rights of Note-Holders: Rights of South Carolina Note-holders upon default, in addition to conventional collection procedures, include the right to a list of names and addresses of all Note-holders in the same state, and the right of Note-holders of 25% in principal of the Notes so outstanding to declare all of said Notes due and payable.

WASHINGTON:

(i) ANY PROSPECTIVE PURCHASER IS ENTITLED TO REVIEW FINANCIAL STATEMENTS OF THE ISSUER WHICH SHALL BE FURNISHED UPON REQUEST.

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

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

WISCONSIN:

INVESTOR ALERT TO WISCONSIN RESIDENTS: PRIOR TO MAKING AN INVESTMENT DECISION, CAREFULLY WEIGH THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR.

INFORMATION IN THIS OFFERING CIRCULAR

This Offering Circular contains essential information about CEP and the securities being offered hereby. Persons are advised to read this Offering Circular carefully prior to making any decisions to purchase these securities.

Except where otherwise indicated, this Offering Circular speaks as of its date. Neither the delivery of this Offering Circular nor any investment in the Vision Unsecured Promissory Notes program as described herein shall create an implication that the affairs of CEP have continued without change since such date.

Prospective purchasers are not to construe the contents of this Offering Circular as legal or tax advice. Each purchaser should consult his or her own counsel, accountant and other advisors as to legal, tax and related matters concerning the investment described herein and its suitability for him or her.

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RIGHT OF WITHDRAWAL

Any person who accepts an offer to purchase a Vision Unsecured Promissory Note shall have the right within three (3) business days after the first time this Offering Circular is received to withdraw from the purchase agreement and receive a full refund of all monies paid, without interest. Such withdrawal shall be without the purchaser incurring any further liability to any person. To accomplish this withdrawal, a purchaser need only send a written request, which must be postmarked on or prior to the third business day, to CEP at the address listed on the first page of this Offering Circular, indicating intent to withdraw. If a purchaser chooses to withdraw by letter, it is prudent to send it by certified mail, return receipt requested, to ensure that the letter is received and to evidence the time of mailing.

SUMMARY OF OFFERING

This summary is being provided for the convenience of potential investors. It must be read in conjunction with the more complete statements made in this Offering Circular, including the audited financial statements included at the end of this Offering Circular.

1. Church Extension Plan: CEP is an Oregon non-profit corporation, organized and operated by member districts of the Assemblies of God, for the purpose of assisting Assemblies of God churches and organizations in the United States and Puerto Rico with church expansion activities.

2. Limited Class of Investors: The class of potential investors for the Investments described in this Offering Circular is limited to persons who were, prior to the receipt of this Offering Circular, members of, contributors to (including investors), participants in the Assemblies of God, CEP, or any program, activity or organization which constitutes a part of the Assemblies of God or CEP, or other religious organizations that have a programmatic relationship with the Assemblies of God or CEP.

3. Risk Factors: Potential investors are urged to carefully read the Risk Factors which appear in the next section of this Offering Circular in order to better understand certain important factors relating to CEP, its use of the proceeds of investments, and the nature of the investment obligations themselves. Note that CEP issues two (2) types of securities, Partners Plus Church Certificates (Certificates) and Vision Unsecured Promissory Notes (Notes). This Offering Circular relates only to Vision Unsecured Promissory Notes. (See RISK FACTORS)

4. Financial Status: As of December 31, 2016, the end of the most recent accounting year preceding the date of this Offering Circular, for which audited financial statements are available, CEP's financial status was as follows:

Assets	
Cash	$ 16,460,541
Investments	19,998,062
Total Cash & Investments	36,458,603
Other Assets	528,860,168
Total Assets	$ 565,318,771
Liabilities	
Unsecured Certificates Payable	$ 71,451,000
Certificate Discount	(30,022,203)
Net Certificate Liability	41,428,797
Other Liabilities	507,392,940
Total Liabilities	548,821,737
Net Assets	
Unrestricted	16,378,193
Temporarily Restricted	118,841
Total Net Assets	16,497,034
Total Liabilities & Net Assets	$ 565,318,771

Please refer to current unaudited interim financial statements enclosed with this Offering Circular.

5. Financial Statements: CEP's most recent audited financial statements are available within 120 days of its most recent year-end and available upon request. Current financial statements are found beginning on page 37 of this Offering Circular, or by going to www.cepnet.com and selecting "About Us."

6. Use of Proceeds: The proceeds received from the sale of the Notes will be added to CEP's general funds which are used for operational purposes and to make loans to Assemblies of God churches and organizations. The church projects which are financed in part through the issuance of the Notes described in this Offering Circular (and CEP's Certificate program which is described in a separate Offering Circular) include primarily capital expansion projects, particularly the construction and renovation of church facilities and the acquisition of sites upon which new worship and education facilities can be constructed. CEP will invest excess funds not held in interest-bearing checking accounts and/or money market accounts only in (1) FDIC insured certificates of deposit; (2) fixed income securities rated "A" or better, as rated by major rating companies; and (3) US Government securities or US Government Agency securities. Not more than 25% of such funds shall be invested in any single institution other than the US

Government and its Agencies, and not more than 50% of such invested funds shall be invested in any type of investment other than US Government and Agency securities.

7. Annuity Reserve Funds: CEP also offers a Gift Annuity Program. The investment policy for its annuity reserve funds differ from that of its policy for borrowed funds. The annuity program provides for the payment of a fixed income stream to the income beneficiary for life, and upon death the remaining balance is to be paid to the remainder beneficiary. The combined goals of the high-income stream to the income beneficiary and the preservation of corpus for the remainder beneficiary suggest a high equity exposure. CEP has elected a more conservative approach designed to provide greater stability to the annuity reserve, and still have a significant equity exposure. CEP has elected a total return approach designed to balance the income requirement and long-term growth of corpus, the goal being to achieve a unified return in the range of 6.5% to 8.5%.

8. Return to Investor: Investments are available in the marketplace that may offer a higher rate of return and may involve less risk than the Notes herein offered.

RISK FACTORS

The purchase of unsecured Notes involves certain risk factors, including but not limited to the following:

1. Notes are Unsecured: Notes are unsecured general obligations of CEP, and repayment of principal and interest will be dependent solely upon the financial condition and operations of CEP.

2. No Sinking Fund or Trust Indenture: No sinking fund or trust indenture has been or will be established to insure or secure the repayment of Notes.

3. Absence of Insurance and Guarantees: CEP is not a bank or similar institution and thus its operations are not regulated by any governmental agency. The Notes are not insured or guaranteed by any governmental agency, such as the FDIC, or any public or private entity as are accounts offered by banks or similar institutions. Accordingly, an investment in the Notes has more risk associated with it because repayment of principal and interest is ultimately dependent upon the financial condition of CEP. Investors should assume Notes will be held to maturity.

4. Return on Investment: Investments are available in the marketplace that may (1) offer a higher rate of return, and/or (2) be secured, and/or (3) be insured.

5. Failure to Meet Capital Adequacy Guidelines: CEP does not currently meet the capital adequacy guideline recommended by the NASAA Statement of Policy Regarding Church Extension Fund Securities adopted April 17, 1994, and amended April 18, 2004. A continued inability to do so may indicate that CEP's financial condition is not as robust as that of other similarly situated Church Extension Funds. NASAA Statement of Policy states that at the end of its most recent fiscal year, as reported in its audited financial statements, the Issuer's net assets shall be positive and equal to five percent (5%) or more of its total assets. As of December 31, 2016, net assets as a percentage of total assets

(capitalization) were 2.92% (2.65% and 3.10% in 2015 and 2014, respectively). See Analysis of Selected Financial Data, Net Assets, and Audited Financial Statements, Note 22.

6. Loan Delinquencies: The percentage of loans receivable 90 days or more past due was 9.17%, 9.38% and 12.09% as of December 31, 2016, 2015 and 2014 respectively. As of February 28, 2017, the percentage of loans 90 days or more past due was 10.8%. These percentages include nonaccrual loans. (See 4. Loan Delinquencies on page 19.)

7. Proceeds Added To CEP's General Fund: Proceeds received from both the sale of Certificates and Notes will be added to CEP's general funds. General funds are used for operating expenses and to carry out CEP's primary purpose, which is to provide financing to Assemblies of God churches for capital projects. Please see USE OF PROCEEDS.

8. Workout Arrangements: CEP may enter into work out arrangements, which modify the interest and/or principal payment obligations of any borrowing church whose loan is in default or imminent default with respect to payments of principal or interest. Such work out arrangements may increase the likelihood of an Event of Default. Workout arrangements include evaluation of debtor's current financials, assessing the reason for delinquency, developing a workout plan, and maintaining ongoing communication to ensure workout requirements are met.

9. Loss Reserves May Be Insufficient: The allowances for credit losses as of the end of 2016, as reflected in Notes 3 and 5 to the audited financial statements, is equal to approximately 1.4% of the total of mortgages receivable and 10.5% of net certificates receivable. If such allowances turn out to be insufficient to cover losses actually realized in the future, CEP's financial condition would be adversely affected.

10. Ranking and Priority: The Securities presently offered and sold by CEP are of the same rank and priority as its other debt securities and debt obligations, except for existing and anticipated future senior secured indebtedness which shall not exceed ten percent (10%) of the tangible assets (total assets less intangible assets as defined by accounting principles generally accepted in the United States (GAAP)).

11. No Established Market: There is no established market for the trading of the Notes, and there is no likelihood that such a market may develop in the future. The Notes are non-transferable without CEP's prior written approval, except by gift or upon the death of the Note holder. Investors should assume that the Notes will be held to maturity.

12. Payments of Principal and Interest: Any negative changes or trends in the financial condition of CEP and its operations may adversely affect its ability to make payments of principal and interest on the Notes when due. (See VISION UNSECURED PROMISSORY NOTE PROGRAM)

13. Liquid Assets Subject to Risks: CEP's liquid assets that are invested in readily marketable securities are subject to losses if the market value of such investments decline. In order to meet anticipated cash needs, it is CEP's practice to maintain liquid funds in compliance with the North American Securities Administration Association (NASAA) Statement of Policy Regarding Church Extension Funds Securities adopted April 17, 1994, and amended April 18, 2004. NASAA Statement of Policy states that at the end of its most recent fiscal year as reported in its audited financial statements, the Issuer's cash, cash equivalents, readily marketable securities

and available lines of credit shall have a value of at least eight percent (8%) of the principal balance of its total outstanding Notes.

14. Tax Consequences: Interest earned on the Notes is subject to reporting for income tax purposes. No contribution deduction is allowed by reason of the purchase of any security described in this Offering Circular. A professional tax advisor should be consulted regarding all tax matters.

15. Repayment: CEP’s loans are made exclusively to Assemblies of God churches and organizations whose ability to repay the loans depends primarily upon contributions that they receive from their members and friends. There are no assurances that individual church membership, attendance or per capita contributions by members or friends of churches will increase or remain stable. Contributions may decline for a variety of reasons, including but not limited to the general impact of a softening economy, increased job losses or other economic difficulties encountered by church members, and/or a decline in the business prospects of donors. CEP’s ability to pay the principal of the Notes, and the interest thereon, depends upon a number of factors, including the financial success of individual churches to which CEP makes loans, particularly in areas where CEP has a high concentration of loans, such as California and Florida, as well as CEP’s operating income which alone may not be sufficient to meet principal and interest requirements on its outstanding obligations, which include Certificates in addition to the Notes described in this Offering Circular. (See FINANCIAL STATEMENTS)

16. Loan Policies: All loans made by CEP are to Assemblies of God churches and organizations. Because of the relationship between CEP and its borrowers, loan policies, including loan underwriting and enforcement of loan terms in the event of delinquency, are less stringent than those of commercial lenders. (See CHURCH LOANS)

17. Changes in Federal or State Laws: There is no guarantee that one or more federal or state laws may not be changed in a way that may affect CEP’s ability to continue to sell its securities under this or other programs. If any such unforeseen changes should occur, such could have a substantial adverse effect on CEP’s cash flow, which may in turn affect CEP’s ability to meet its commitments to pay principal and interest on its obligations, including the securities issued pursuant to this Offering Circular.

18. Second Mortgages: In some cases, loans are secured by second, rather than first mortgages. As of December 31, 2016, and 2015, there were no loans secured by second mortgages. As of December 31, 2014, second mortgages totaled $1,583,541. In each case these amounts represent less than one percent (1%) of all mortgages receivable. If any of these loans resulted in a loss, CEP's financial condition would be weakened.

19. Unsecured Loans: In some cases, loans are unsecured. Unsecured loans totaled $1,672,347, $1,660,679, and $1,695,593 as of December 31, 2016, 2015 and 2014, respectively. In each case, these amounts represent less than two percent (2%) of all mortgages receivable. If any of these loans resulted in a loss, CEP’s financial condition would be weakened.

20. Church Property Locations: A high percentage of loans are made to churches in the State of California (approximately 19% of all loans representing approximately 22% of the dollar amount of all loans). Some counties in California, as well as other states, have experienced seismic activity in the past. In addition, CEP has a number of loans to churches in the State of Florida

(approximately 8% of all loans representing approximately 10% of the dollar amount of all loans) and other parts of the southeastern United States, which is subject to hurricane and flooding perils. Most churches do not carry casualty insurance on church buildings covering earthquake, flooding, or hurricane perils because of limited availability, high premium cost, and the large percentage of self-insurance required under those policies that are available. CEP has not experienced any loan losses due to these perils. Any substantial uninsured loss due to these perils or other natural disasters may adversely affect CEP's financial condition.

21. No Early Repayment: Funds received from the sale of Notes are used to make loans to Assemblies of God churches, or for CEP's operational purposes, and therefore are not available for early repayment. Purchasers should assume that the Notes will be held to maturity.

22. Automatic Renewal at Maturity Unless Otherwise Elected: If the investor does not notify CEP in writing on or before the maturity of the election not to extend or renew the Note, the Note will be renewed and extended for the same period of time as the preceding term. CEP's most recent Offering Circular and current rate chart will be delivered to the investor at least annually or 30 days in advance of maturity. Interest rates offered vary according to market conditions and the length of time of the investment. The renewal interest rate may be less than that of the original investment. Current rates are available at www.cepnet.com. Automatic renewal as described above does not apply to California and Oregon residents.

23. Limited Use Buildings: Funds raised from the issuance of Notes are used to construct, purchase or renovate church buildings which by their nature have a single or otherwise limited use. The same is true for buildings which secure loans made in prior periods. Therefore, the value of these buildings, which value usually represents replacement cost or value to a church may be substantially higher for a church than for other users. If CEP has to foreclose on a church property, the proceeds from the sale of the collateral may be insufficient to cover the debt to CEP. In any such case, CEP's financial condition would be weakened.

24. No Right to Vote: CEP is managed by a Board of Directors, and investors have no right to vote or participate in CEP's management.

25. Uninsured Cash: CEP maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. To the extent any such account or accounts exceed insured limits; the excess would not be covered by insurance and, therefore, would not be recoverable in the event of a bank failure.

26. Other Debt of CEP: In addition to the securities described in this Offering Circular, CEP issues Certificates, described in a separate Offering Circular. All Certificates and Notes, being unsecured, are of the same rank and priority. CEP also has a line of credit secured by certain assets. (See Notes 10-12 of FINANCIAL STATEMENTS)

27. IRA Custodial Fee: CEP is its own IRA Custodian. A $10 annual custodial fee is automatically deducted from the principal balance of each IRA.

28. Environmental Risks: There is potential environmental liability associated with the loans CEP makes. CEP does not typically require an environmental assessment of the church property as a condition to making a loan. CEP's security for the loan could be impaired if the church property turns out to have environmental pollution or other contamination problems. 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 and the borrower's ability to repay CEP. In any such case, CEP's financial condition could be weakened.

29. Construction Loan Risks: Borrowers may use loan proceeds to construct new facilities or to improve existing facilities, thereby being subject to risks associated with construction. If any of the following risks or other risks related to construction and improvement occur, it could have a material adverse effect on a borrower's ability to repay its loan by increasing construction costs or delaying or preventing completion of a project:

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

30. Risks Related to an Inability to Maintain Historical Rates of Renewal: CEP cannot assure investors that historical rates of renewal of Notes will continue. A significant reduction in the rate of renewals could negatively affect CEP's ability to repay Notes. Average rates of renewal for the past three (3) years were: 90% in 2016, 2015 and 2014.

HISTORY & OPERATIONS

CEP is located at 4070 27th Court SE, Suite 210, Salem, Oregon 97302-1359, telephone (503) 399-0552 or toll free at (800) 821-1112. The Certificate-based church loan program that eventually became CEP began as a ministry of the Assemblies of God, Oregon District in 1950. It was incorporated as a non-profit corporation in the state of Oregon on February 11, 1952. CEP is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986 as amended ("Code"), is not a "private foundation" under Section 509 of the Code, and is organized and operated exclusively for religious and charitable purposes. No part of CEP's net earnings inures to the benefit of any person, private shareholder or individual.

The Program was created in response to difficulties encountered by Assemblies of God churches in securing conventional financing. Since Assemblies of God churches are self-governed, they cannot draw upon the financial strength and resources of a state or national organization. Therefore, CEP was founded for the purpose of making low-cost funds available to Assemblies of God churches in order to assist them in spreading the Gospel by making it possible for them to expand their physical facilities. Certificates form a basis for church loans.

The requirement of Certificates as a percentage of the loan was generally at least 1 - 5% in 2016, 2015 and 2014. The average Certificate base for loans was one percent (1%) in 2016, 2015 and 2014. In most cases, the Certificate proceeds are substantially less than the related church loan; CEP borrows the difference (the "over-loan") by the issuance of CEP's Notes, the securities that are described in this Offering Circular.

CEP's members consist of 59 of the 67 District Councils of the Assemblies of God. Each member District is a separate non-profit organization which oversees the various individual

Assemblies of God ministers in its District. The Assemblies of God fellowship consists of individual, independent churches voluntarily associating together as members of District Councils. In most cases, District boundaries correspond to state boundaries. The various District Councils are members of the General Council of the Assemblies of God located in Springfield, Missouri. The Assemblies of God had 3,192,112 adherents in the United States in 2015, compared to 3,146,741 in 2014. Membership, which is not emphasized, totaled 1,812,126 in 2014, compared to 1,805,381 in 2013. Other information regarding CEP is as follows:

1. Property and Equipment: CEP is located at 4070 27th Court SE, Suite 210, Salem, Oregon 97302-1359, in its own two-story building consisting of approximately 20,000 square feet on each level, with adjacent parking. CEP occupies the upper level and the lower level is leased to a third party. The land, building, and improvements are carried on the books at cost, $4,918,108, less accumulated depreciation of $1,295,521, as of December 31, 2016. Leasehold improvements completed on the first floor of the building are carried on the books at cost, $476,059, less accumulated depreciation of $154,353. Other property and equipment includes office equipment, furniture and software. CEP also has other real estate owned representing church properties acquired by CEP as satisfaction, or partial satisfaction, of delinquent loans. (See the following notes to the audited financial statements for more details on property and equipment and other real estate owned: Note 1 “Summary of Significant Accounting Policies,” Note 6 “Property and Equipment,” Note 7 “Other Rental Property,” and Note 8 “Other Real Estate Owned.”)

2. Employees: CEP has 46 employees, which consist of the following: president, chief financial officer, two (2) vice presidents, a controller, 40 consultants and office staff and one (1) part-time person.

3. Board Meetings: CEP is managed by its board of directors which consists of representatives of qualifying Districts of the Assemblies of God. The full Board meets twice a year, usually in August and November. The Executive Committee of the Board meets quarterly. Investors do not obtain any right to vote, or participate in any way, in CEP’s management, attend any meetings or obtain any reports.

4. Financial Statements: CEP’s most recent audited financial statements are available to investors within 120 days of its most recent year-end. Financial statements are available upon request, or at www.cepnet.com.

5. Earnings: CEP generates earnings primarily through interest income from church loans and the sale of Certificates. (See the following notes to the audited Financial Statements for more details on Certificate revenue: Note 1 “Summary of Significant Accounting Policies,” paragraph entitled *Certificate Revenue Recognition* and Note 13 “Certificate Revenue.”)

USE OF PROCEEDS

Proceeds received from the issuance of Notes will be added to CEP’s general funds. General funds are used for operating expenses and to carry out CEP’s primary purpose, which is to provide financing to Assemblies of God churches for capital projects, including (1) the purchase, construction or expansion of church facilities, (2) the purchase of buildings and property sites for eventual church use, and (3) the refinance of existing church loans. The term “church” includes religious organizations affiliated with the Assemblies of God.

Pending such uses, the proceeds may be invested in short-term instruments and marketable securities that CEP believes will provide a financial return consistent with the goal of preserving the assets of CEP for eventual use in providing financing for Assemblies of God churches. If loan payments from borrowers are lower than expected or redemptions of the Notes, Certificates, and other debt obligations are greater than expected, a portion of the proceeds may be used to meet such principal and interest requirements on the Notes, Certificates, or other outstanding debt obligations.

Expense of Offering Circulars:

The total anticipated expenses related to the development of this Offering, together with the Offering for Partners Plus Church Certificates is $320,000:

• Legal fees	$5,000
• Audit and accounting fees	$105,000
• Printing fees	$4,000
• State securities registration fees	$40,000
• Advertising	$165,000
• Postage	$1,000

Estimated annual expenses amount to less than one percent (1%) of the estimated annual gross proceeds of the two Offerings.

FINANCING & OPERATIONAL ACTIVITIES

CEP currently issues two (2) types of securities, both unsecured: Vision Notes and Certificates. This Offering Circular relates only to Vision Notes.

1. Outstanding Securities and Other Debt: A description and summary of CEP's outstanding securities and other debt obligations as of the end of its most recent fiscal year, is as follows:

SECURED	
Line of Credit Secured by Mortgages	$ -
UNSECURED	
Vision Notes: Six-month to five-year maturities	504,505,739
Gift Annuities and Unitrusts	582,897
Certificates:	
Mature in 20 years at 150% of original cost. Certificates are sold only in connection with a specific church loan, and are pledged to CEP as collateral security for the related church loan. Certificate liability represents CEP's estimate of the current value of CEP's obligation in the future for maturing Certificates. The difference between the total value at maturity and the current value of the liability as shown on the balance sheet is called Certificate Discount, which is amortized to expense over the life of the Certificate. As reflected in Note 12 to the audited financial statements, certificate liability is shown net of a Certificate discount of $ 30,022,203	41,428,797
Deferred Compensation:	
An unfunded obligation payable to an employee's benficiaries upon his death	881,014
Other: Accounts, interest and other	1,423,290
Total Unsecured	548,821,737
Total Outstanding Securities & Other Debt	$ 548,821,737

2. Cash Receipts from Sale of Securities and Amount of Redemptions: A description of the receipts from the sale of securities, and the amount of redemptions on securities, in CEP's prior fiscal year on a cash flow basis, is as follows:

Vision Notes		
Cash received from issuance of Vision Notes	$	61,905,810
Cash disbursements for redemptions		(61,186,331)
Receipts over (under) disbursements, Vision Notes	$	719,479

Certificates		
Cash received from Certificates	$	882,529
Cash disbursements for redemptions		(2,447,387)
Receipts over (under) disbursements, Certificates	$	(1,564,858)

3. Loans Receivable Information: A description and summary of the nature and amount of CEP's outstanding loans receivable, less allowance for losses, at the end of its most recent year is as follows:

Certificates Receivable:	
Certificates are typically paid for over 50 months. Generally no interest is charged on the unpaid balance for Certificates. The unpaid balance is net of a discount of $21,689 and an allowance of $25,000.	$ 192,405

Loans Receivable	
Church Loans, Secured: Loans secured by mortgages	$ 494,617,925
Church Loans, Unsecured:	
Unsecured loans consists of two (2) District loans totaling $60,890 and 27 churches totaling $1,611,457	1,672,347
Allowance for loan losses	(6,700,000)
Net Loans Receivable	$ 489,590,272

4. Invested Funds: A description and summary of the nature and amount of any invested funds which CEP maintains, pending utilization for its loan activities or maintaining a reasonable liquidity, and a description of the policies of CEP with respect to the maintenance of such invested funds, at the end of its most recent year, is as follows:

Certificates of Deposit:	Certificates of deposit at various banks. Amounts are fully FDIC insured.	$	7,619,624
Debt Securities:	State Bonds and Corporate Bonds of "A" grade or better	$	2,415,765
	US Government Securities or US Government Agency Securities	$	7,460,468
Equity Securities:	Mutual funds	$	2,373,948

5. Non-Related Revenues: CEP's direct and indirect non-related revenues and expenses are not a significant percentage of CEP's operating revenues or expenses.

6. Other Financial Information: A description of other related material financial information of CEP's financial activities and operations that relate to its ability to repay the principal and interest on its outstanding securities, including Notes, Certificates and other debt obligations when due, is as follows: CEP's ability to repay its obligations is largely dependent upon its ability to collect on the loans made to churches, which alone may not be sufficient to meet principal and interest requirements on its outstanding obligations. CEP does not maintain a sinking fund account for maturing securities or other debt obligations.

STATEMENT OF ACTIVITIES

	2016	2015	2014
Increase (Decrease) in Unrestricted Net Assets	$ 1,757,519	$ (1,781,158)	$ 1,213,801
Interest Income	$ 25,952,062	$ 26,531,136	$ 28,394,280
Increase (Decrease) in Interest Income	-2.18%	-6.56%	1.83%
Weighted Average of Loan Interest	5.68%	5.97%	6.30%
Interest Expense	$ 19,428,293	$ 20,131,470	$ 19,784,046
Increase (Decrease) in Interest Expense	-3.49%	1.76%	-4.52%
Weighted Average of Note Interest	3.24%	3.39%	3.59%
Interest Spread Rate	2.44%	2.58%	2.71%
Operating Expenses	$ 8,730,071	$ 8,480,924	$ 7,597,844
Percentage of Interest Income	33.64%	31.97%	26.76%
Increase in Temporarily Restricted Net Assets	$ 54,484	$ 64,357	$ -
Distribution to Member Districts	$ -	$ 100,667	$ 108,514

LENDING ACTIVITIES

Lending activities of CEP are described as follows:

1. The Nature and Types of Loans Receivable: Loans are made only to Assemblies of God churches and organizations. Loans are repayable generally over a 20- to 30-year period and are usually secured by a first trust deed on the church's property. (See CHURCH LOANS)

2. Loan Policies: Because of the relationship between CEP and its borrowing churches, the loan policies are less stringent than those of commercial lenders. (See CHURCH LOANS)

3. Loans Outstanding: As of December 31, 2016, CEP had 808 loans outstanding with balances receivable aggregating $496,290,272 as follows:

Principal Loan Balance	Number of Loans	Principal Outstanding	Percent of Mortgages Receivable
$0 - $500,000	564	$ 103,545,456	20.9%
$500,001 - $1,000,000	110	77,338,889	15.6%
$1,000,001 - $2,000,000	81	114,914,611	23.2%
$2,000,001 - $5,000,000	42	117,149,832	23.6%
$5,000,001 - $10,000,000	8	50,136,227	10.1%
$10,000,001 +	3	33,205,256	6.7%
	808	$ 496,290,272	100%

The average interest rate as of December 31, 2016, was 5.68%. During 2016, interest earned on these mortgages was $25,952,062 and the amount of principal returned was $39,676,367.

The following table reflects approximate loan principal maturities due on CEP's loan portfolio during the periods indicated based on December 31, 2016 data:

Year Ending December 31	Principal Outstanding
2017	$ 9,874,566
2018	10,227,986
2019	10,685,681
2020	10,992,088
2021	11,428,604
2022 and thereafter	443,081,347
	$ 496,290,272

CEP has historically refinanced a substantial portion of its loans and has received substantial principal prepayments on a number of non-matured loans each year. Accordingly, the amount shown as maturing above may vary from the principal repayments it actually receives.

Subsequent to December 31, 2016, until February 28, 2017, the aggregate unpaid balance of loans increased from $496,290,272 to $517,917,480.

4. Loan Delinquencies: The nature and extent of any material loans three (3) months or more delinquent as of the end of each of the last three (3) fiscal years, including those on non-accrual status, were as follows:

	2016	2015	2014
Number of Loans	58	64	68
Loans three months delinquent	4	11	7
Four months delinquent	1	2	3
Five months delinquent	3	1	0
Six months delinquent	1	0	0
Seven + months delinquent including non-accrual	49	50	58
Total monthly interest payments delinquent:			
Dollar amount	$ 298,973	$ 246,166	$ 198,623
Percentage of total loans receivable	0.06%	0.05%	0.04%
Total delinquent and non-accrual loans:	$ 45,488,345	$ 42,821,177	$ 56,321,336

Subsequent to December 31, 2016, until February 28, 2017, there have been nine (9) loans added to the list of those three (3) months or more delinquent. The total of those nine (9) loans added is $7,538,251. Subsequent to December 31, 2016, until February 28, 2017, there have been two (2) loans removed from the list of those three (3) months or more delinquent. The total of those two (2) loans removed is $1,036,050.

5. Loan Losses: Material LOAN LOSSES, those of $250,000 or more, incurred within each of the last three (3) fiscal years, were as follows: $118,049 in 2016, $683,264 in 2015, and $1.0

million in 2014. Following is a summary of CEP's allowance for credit losses and charges to the allowance for credit losses during each of the last three (3) fiscal years.

	2016	2015	2014
Allowance for credit losses			
Beginning of year	$ 5,900,000	$ 5,700,000	$ 5,325,000
Add uncollectible receivables expense	918,049	883,264	1,401,574
Less loan losses/write-offs/adjustments	(118,049)	(683,264)	(1,026,574)
End of year	$ 6,700,000	$ 5,900,000	$ 5,700,000
Allowance as a percentage of receivables	1.35%	1.27%	1.22%

INVESTING ACTIVITIES

Pending the use for loan activities, proceeds in the general funds may be invested. Such investments consist of Corporate Bonds and Government Securities and are included in the financial statements as investments.

The Finance Strategy Team, consisting of the president, chief financial officer, and controller, oversees investment activities pursuant to the investment policy established by the board of directors.

The investment policy requires investments to be a quality rating of bonds and notes of "A" or better, as rated by major rating companies. The portfolio consists only of traditional principal and interest obligations, bonds and notes.

The investment policy also requires diversification as follows:

1. No more than 25% of investment funds may be in any single institution other than the US Government and its Agencies.

2. No more than 50% of investment funds may be in any type of investment other than US Government and Agency securities.

3. As described in Note 9 of the Financial Statements, CEP is required to hold funds in a separate account to act as a reserve for its gift annuities. These funds have a separate investment policy adopted by the board of directors. That investment policy allows for a wide range of investments. The total cash and investments held in the separate accounts were $635,151 in 2016, $609,834 in 2015, and $674,630 in 2014.

The outstanding investments for the last three (3) years were as follows:

Investment Type	2016		2015		2014	
Certificates of Deposit	$ 7,619,624	38%	$ 8,060,393	47%	$ 7,850,243	50%
US Government Securities	7,460,468	38%	4,241,306	25%	4,078,607	26%
State and Corporate Bonds	2,415,765	12%	2,123,258	12%	2,181,397	14%
Mutual Funds	2,373,948	12%	2,761,046	16%	1,741,900	11%
Total	$19,869,805	100%	$17,186,003	100%	$15,852,147	100%
Investment Gains (Losses)	$ 28,559		$ (71,541)		$ 161,128	

SELECTED FINANCIAL DATA

The table below presents certain selected financial data with respect to CEP and its operations for the most recent five (5) years. Management has compiled this data from CEP's audited financial statements, and it should be read in conjunction with CEP's current audited financial statements including the accompanying notes, which begin on page 37.

	2016	2015	2014	2013	2012
Cash and liquid reserves	$ 36,458,603	$ 60,812,992	$ 42,938,948	$ 36,515,335	$ 37,194,469
Mortgages receivable					
Secured	$494,617,925	$456,637,125	$464,148,541	$455,255,254	$432,671,138
Unsecured	1,672,347	1,660,679	1,695,593	2,161,158	2,416,725
% of Mortgages receivable not secured	0.3%	0.4%	0.4%	0.5%	0.6%
Allowance for loan losses	$ 6,700,000	$ 5,900,000	$ 5,700,000	$ 5,325,000	$ 4,925,000
% - Allowance to mortgages	1.35%	1.29%	1.22%	1.16%	1.13%
Certificates receivable					
Total certificates receivable	$ 239,094	$ 1,278,374	$ 2,357,527	$ 3,342,027	$ 5,189,253
Less: discount for imputed interest	21,689	(129,249)	(239,047)	(343,700)	(518,576)
Certificate net of discount	$ 260,783	$ 1,149,125	$ 2,118,480	$ 2,998,327	$ 4,670,677
Allowance for credit losses	$ 25,000	$ 125,000	$ 175,000	$ 428,000	$ 428,000
% - Allowance to certificates receivable	9.6%	10.9%	8.3%	14.3%	9.2%
Total Assets at December 31	$565,318,771	$553,546,953	$531,622,254	$517,568,015	$499,072,070
Outstanding debt:					
Certificates	$ 41,428,797	$ 42,625,738	$ 43,519,778	$ 41,786,759	$ 40,371,564
Notes - unsecured	504,505,739	493,149,759	468,634,333	457,303,067	441,576,746
Notes - secured	-	-	-	-	-
Gift annuities and unitrust obligations	582,897	587,112	585,941	606,914	597,698
Net Assets, unrestricted	$ 16,378,193	$ 14,620,674	$ 16,502,499	$ 15,397,212	$ 14,216,305
Net Assets, temporarily restricted	$ 118,841	$ 64,357	$ -	$ -	$ -
Increase (decrease) in net total assets	$ 1,812,003	$ (1,716,801)	$ 1,213,801	$ 1,180,907	$ (2,502,648)
Distribution to Member Districts	$ -	$ 100,667	$ 108,514	$ -	$ 34,658
Financial ratios					
Cash and liquid reserves to total debt	6.67%	11.34%	8.37%	7.31%	7.71%
Debt as a percentage of total assets	96.67%	96.90%	96.45%	96.55%	96.69%
Net assets as a percentage of total assets	2.92%	2.65%	3.10%	2.97%	2.85%

ANALYSIS OF SELECTED FINANCIAL DATA

1. Liquid Assets: CEP maintains liquid reserves in order to meet future anticipated cash requirements including the funding of new loans, the repayment of Notes and Certificates, and operating expenses. In addition to CEP's cash reserves and liquid assets, CEP maintains a line of credit with Umpqua Bank with a total available balance of $12.0 million. CEP's cash reserves and liquid assets as a percentage of its total outstanding debt was 8.66%, 13.34% and 10.37% as of December 31, 2016, 2015and 2014, respectively. This ratio includes an additional two percent (2%) for its available lines of credit as allowed under NASAA guidelines.

2. Mortgage Growth: CEP's net mortgage loan balance as of December 31, 2016, was $489,590,272 which is an 8.22% increase from December 31, 2015. At December 31, 2015, the net mortgage balance was $452,397,804, which is a decrease of 1.68% from the December 31, 2014, balance of $460,144,134. CEP's net mortgage balance has increased by $80,226,536 over the last five (5) years.

3. Sources of Funds: CEP's primary sources of funds are the Church Certificates and Vision Notes. CEP's outstanding debt has increased by 1.9% in 2016, 4.6% in 2015, and 2.6% in 2014 respectively. CEP's outstanding debt has increased by $87,305,536 over the last five (5) years.

4. Net Assets: As of December 31, 2016, net assets as a percentage of total assets (capitalization) were 2.92%. This represents an increase from the December 31, 2015 capitalization rate of 2.65%. The capitalization rate as of December 31, 2014, was 3.10%. CEP's goal is to increase its capitalization to five percent (5%). The steps to be taken include, but are not limited to, the following:

a. Reduction of overhead expense ratios.

b. Increased profitability through the loan portfolio (re-pricing of ARM loans estimated at $68.7 million in 2017).

c. Continued aggressive marketing for sale of Other Real Estate Owned.

d. Fundraising commitments and gifts to New Growth Partners, a donor-based activity aimed at providing facilities to new ministries.

e. Consideration for the sale of the corporate office facility in order to recognize the sizable gain on this investment.

f. Expected growth of additional revenue sources and other consulting services.

g. Adjustment of interest rates paid on CEP Notes.

VISION UNSECURED PROMISSORY NOTE PROGRAM

CEP's primary purpose is to provide loans to Assemblies of God churches. Certificates are purchased in support of a specific loan to a local church, and each Certificate is pledged as additional security for the loan. Since most church loans exceed the amount of the proceeds from the sale of Certificates, CEP raises additional funds through the issuance of Notes, through CEP's Vision Unsecured Promissory Note program as described in this Offering Circular. This Offering Circular relates only to Notes.

1. Vision Unsecured Promissory Notes: Only US currency is acceptable consideration for the purchase of Notes.

2. Transferability/No Established Market: Notes have no established market for trading and no such market is anticipated to develop in the future. They are non-transferable without CEP's prior written approval, except by gift or upon the death of the registered holder.

3. Senior Secured Indebtedness: Notes are of the same rank and priority as CEP's other debt securities. NASAA guidelines provide that senior secured indebtedness shall not exceed 10% of the tangible assets. CEP had no senior secured indebtedness as of December 31, 2016, 2015 or 2014.

4. Limit on Securitization: CEP may securitize up to 10% of its loan portfolio, if all the following are met:

a. The loans are securitized and sold on a non-recourse basis predominantly to entities not affiliated with CEP.

b. The proceeds from the sale of the securitized loans will be used to make additional loans to churches and ministries within the Assemblies of God.

c. The securitization will not hinder the ability of CEP to repay the principal and interest on the Notes when due.

As of December 31, 2016, CEP had no securitized loans.

5. Terms of Notes: Notes are issued for six (6) month to five (5) year maturities. The purchaser may specify frequency of interest payments, or interest may be added monthly to the principal of the Note. The minimum investment is $250. An alternative minimum investment is $100 provided a recurring monthly addition is set up at the time the Note is established. The minimum monthly addition must be at least $10 via electronic funds transfer. The monthly additions cannot be terminated until the Note balance reaches the standard minimum balance of $250. At CEP's discretion, additions may be allowed for certain Notes.

Notes may be renewed at maturity. Each investor will be provided written notification of the maturity and proposed renewal at least 30 days prior to maturity. CEP's current Offering Circular and rate chart is given to each investor upon inquiry and annually in May to current investors. If the investor does not notify CEP in writing, on or before the maturity, of the election not to renew the Note, the Note will be renewed for the same period of time as the preceding term. Interest rates offered vary according to market conditions, the amount invested, the length of time of the investment, whether the rate is variable or fixed, and the amount of penalty for early withdrawal. Certain Notes allow for the ability to access funds, penalty free, with a 30-day advance written notice. These Notes typically carry a lower interest rate than Notes subject to an early withdrawal penalty. Investors should assume that the Notes will be held to maturity. Interest rates as of March 1, 2017, range from .75% to 3.0%. For information on the latest rates available, please call CEP at the telephone number shown in this Offering Circular or go to www.cepnet.com. Notes have a minimum rate of not less than .5%. For new Notes, CEP reserves the right to change the rate of interest offered, and/or the terms and conditions of Notes, from time to time.

6. Notice of Maturity: CEP shall notify each investor 30 days in advance of the maturity date of each Note.

7. General Fund: The proceeds from the Notes are deposited to the general fund from which CEP pays for operating expenses and carries out its purpose of making loans to Assemblies of God churches.

8. Potential Forfeiture: If one or more substantial church loans or a number of smaller church loans became delinquent and it became necessary to foreclose on the related properties, or if such loan(s) were not secured, the proceeds, if any, may be insufficient to pay all of the debt owed by

CEP. Secured creditors, including those that have mortgages or other pledges of security, would have priority over the unsecured general obligations of CEP, which includes the Notes described in this Offering Circular.

9. No Early Repayment: The Notes are not designed for early repayment. Early repayment, if allowed, may incur a penalty of up to six (6) months interest. Investors should count on holding the Notes until maturity.

10. Callability by CEP: CEP may call and prepay any Note at any time. In such event, CEP shall pay the entire balance owing, including accrued interest to the date of payment.

11. CEP's Ability to Repay: CEP's ability to repay the Notes at maturity is dependent upon the financial success of the individual churches to which CEP makes loans, which alone may not be sufficient to meet principal and interest requirements on its outstanding obligations, including the securities described in this Offering Circular and Certificates described in a separate Offering Circular.

CHURCH LOANS

1. Payments, Interest Rates and Security: Church Loans are repayable to CEP in monthly installments of principal and interest, generally over a 20- to 30-year period. Loans are offered at variable rates. Variable rates call for adjustments in three (3) or five (5) years. Interest rates on church loans are subject to CEP's cost of money. The higher the percentage of the loan supported by Certificates, the lower the interest rate. Most church loans are secured by a mortgage on the church property and a pledge of the related Certificates.

2. Loan Procedures: Loan applications are reviewed by CEP's Loan Committee, taking into consideration the following three general guidelines: (1) the amount of the loan generally is not more than 65% of the estimated value of the church property being pledged as security, (2) the purchase of Certificates equal to a minimum percentage of the requested church loan, and (3) generally the loan payment does not exceed 30% of the churches annualized general fund income. In those instances, where the church loan is secured by a second rather than a first mortgage, the maximum loan that a church generally may qualify for is determined by the following guideline: the total amount of the first and second mortgages combined may not exceed 50% of the estimated value of the related church property.

3. Loan Committee: The Loan Committee consists of loan specialists, consultants, controller, chief financial officer, and the president. After evaluation of all underwriting criteria, final determination is made by the chief financial officer and the president.

4. Allowance for Loan Losses: CEP maintains an allowance for loan losses which management considers to be adequate to cover potential losses. (See FINANCIAL STATEMENTS)

5. Summary of Church Loans: Since the inception of the Certificate program in 1950, CEP has financed more than 2,400 churches. As of December 31, 2016, CEP had 808 outstanding church loans.

6. Unsecured Loans: CEP's unsecured loans will not exceed more than 10% as suggested by the NASAA guidelines. As of December 31, 2016, CEP's unsecured loans were less than one percent (1%) of its loan portfolio.

PLAN OF DISTRIBUTION

1. Advertising, Marketing and Sales: CEP advertises promotional material for print in publications such as, but not limited to, Assemblies of God district publications and in direct mail. CEP's marketing and sales is directed to a limited class of investors, namely persons who are somehow connected with or have shown interest in the Assemblies of God, CEP, or in a program, activity or organization which constitutes a part of the Assemblies of God, CEP, or any other church organizations that have a programmatic relationship with the Assemblies of God or CEP.

2. No Agreements/Commissions: No underwriting or selling agreements exist, and no direct or indirect commissions or other remuneration will be paid to any individual or organization in connection with the offer and sale of the Notes. All salespersons are salaried employees of CEP.

3. General Fund: Proceeds from Notes are deposited to the general fund from which CEP pays for operating expenses and carries out its purpose of making loans to Assemblies of God churches.

4. General Unsecured Obligations: Notes are general unsecured obligations of CEP.

TAX ASPECTS

Although CEP is a non-profit corporation exempt from income taxation, interest earned from investment in these Notes is taxable income to the investor. The purchase of the Notes cannot be taken as a contribution deduction for income tax purposes. A professional tax advisor should be consulted regarding all tax matters.

LITIGATION & OTHER MATERIAL TRANSACTIONS

As of the date of this Offering Circular, there are in existence no suits, actions or other legal proceedings or claims involving CEP's Notes, nor are any such actions pending against CEP. No material legal proceedings or claims have been brought against CEP involving its securities or otherwise since the formation of CEP. There is no litigation pending against any director or executive officer of CEP in connection with their duties.

SECURITY

1. Security for Unsecured Note-Holders: Notes are general unsecured obligations of CEP.

2. Security for CEP for Loans Made: Most church loans are secured by (a) a mortgage on the church's property (usually a first, but sometimes a second mortgage) and (b) the assignment of the related Certificates. In the event of default, there is no guarantee that the value of CEP's security, if any, would be sufficient to pay the full amount owed to CEP. Other considerations regarding CEP's security for loans made to churches are as follows:

a. Foreclosure: Foreclosure of a trust deed may be accomplished by judicial action; however, in most jurisdictions, foreclosure is generally accomplished by a non-judicial trustee's sale under provisions in the trust deed that authorizes the trustee to sell the property at a public sale. Although third parties may bid at the public sale, in most cases the lender acquires the property by bidding the amount owed. As owner, the lender assumes the burden of ownership, including insurance, real property taxes, maintenance, repairs and cost of sale. The net proceeds from the sale of the property may not be sufficient to cover the lender's investment in the property.

b. Rights of Redemption: In California, where a large percentage of CEP's loans have been made, as well as in Oregon and other jurisdictions, the borrower and certain foreclosed junior lien holders are given a statutory right of redemption following a judicial foreclosure sale, but not following a non-judicial foreclosure sale. This right of redemption diminishes the ability of the lender to sell the foreclosed property. The exercise of a right of redemption would defeat the title of any purchaser at a judicial foreclosure sale or of any purchaser from the lender subsequent to judicial foreclosure. Consequently, the practical effect of the redemption right is to force the lender to maintain the property and pay the expenses of ownership until the redemption period has expired. This is the primary reason that most foreclosures are non-judicial.

c. Anti-Deficiency Legislation and Other Limitations on Lenders: Most states have imposed statutory restrictions which limit the remedies of a beneficiary under a trust deed. Such restrictions include (a) that a beneficiary is not entitled to obtain a deficiency judgment against the borrower following a non-judicial foreclosure sale and (b) limiting the amount of the deficiency judgment a lender may obtain following a judicial foreclosure sale to the excess of the outstanding debt over the greater of (1) the sale price or (2) the fair market value of the property at the time of such sale. The purpose of these statutes is to prevent a lender from obtaining a large deficiency judgment against the former borrower as a result of low bids or no bids at the foreclosure sale. A deficiency judgment is a judgment against the former borrower equal to the difference between the amount due to the lender and the net amount realized at the foreclosure sale.

MANAGEMENT

CEP is managed by its board of directors ("Board"). CEP's membership consists of 59 of the 67 member Districts of the Assemblies of God. Each District is entitled to have representation on the Board when its interest in CEP reaches a certain percentage, as determined by CEP's bylaws. In each such case the Superintendent of such District is, by virtue of his office, a member of CEP's Board. Each member of the Board of Directors shall serve for a term of five years, with the exception of the President of the Corporation who shall serve by virtue of the office for so long as he is the President. Decisions relating to day-to-day operations are made by the president and administrative officers. Such responsibilities include the processing and approving of church loans, loan disbursements, and collections on church loans.

1. Direct/Indirect Remuneration to Administrative Officers and Directors: administrative officers consist of the president, one (1) senior vice president, one (1) vice president, two (2) assistant secretaries and one (1) assistant treasurer. Remuneration for 2016, which includes salaries and

applicable fringe benefits such as housing allowances, health and other insurance benefits, retirement plan contributions, and bonuses, was as follows:

President:	$298,762
Administrative Senior and Vice Presidents:	$370,442
Assistant Secretaries and Treasurer:	$303,693

Board members, except for the president, are not employees of CEP and, therefore, receive no remuneration other than a $200 per diem allowance plus expenses incurred for attending Board meetings.

Board Expenses for 2016 totaled:	$108,441

2. Material Employment Information: There are no material employment contracts, perquisites of employment, or conflicts of interest of CEP's officers, directors, or persons having authority.

3. Pending Criminal Proceedings: No director or officer, during the past ten (10) years, has been convicted of any criminal proceeding (other than perhaps traffic violations or other minor misdemeanors), is the subject of any pending criminal proceedings, or was the subject of any order, judgment or decree of any court enjoining such individual from any activities associated with the offer or sale of securities.

4. Executive Officers and Directors:

EXECUTIVE OFFICERS

Peter F. Clements, President
4070 27th Ct SE, Suite 210, Salem, OR 97302-1359

- Employed by CEP since 1995 and elected President in 2017. The term of office is four (4) years or until the successor to the President is elected and qualifies. Current term expires December 2020.
- Chief Financial Officer since 2006
- Vice President of Technology since 1999
- Master of Business Administration in Technology Management, University of Phoenix 1999
- Database Management Specialist, Nike, Inc., Beaverton, OR
- Corporate Computing Coordinator, CH2M Hill, Corvallis, OR
- Bachelor of Science in Business Administration, Oregon State University 1994

Stephen L. Harris, Director, Chairman of Board of Directors
2601 E Thomas Road, Suite 210, Phoenix, AZ 85016

- Director since 2004
- Chairman of the Board/Executive Officer of CEP since 2017. Elected for a period of one (1) year or until such officer's successor is elected and qualifies.
- Superintendent of the Arizona District Council since 1999

- Bachelor of Arts in Bible, Central Bible College 1972
- Licensed to preach by Oklahoma District 1974
- Ordained in Rocky Mountain District 1976
- Pastoral Ministry 1976 – 1985
- Presbyter of the Northeast Section 1981 – 1985
- Executive Presbyter Board, North Area Executive Presbyter 1985
- Assistant Superintendent, Arizona District Council 1995 – 1999
- Board Member, American Indian College; Southwestern Assemblies of God College; Teen Challenge Arizona, Inc.; Vanguard University and Corban College.

Terrell R. Raburn, Director, Secretary
1437 E. Memorial Blvd, Lakeland, FL 33801

- Director since 1999
- Secretary/Executive Officer of CEP since 2016. Elected for a period of one (1) year or until such officer's successor is elected and qualifies.
- Superintendent of the Peninsular Florida District Council since 1996
- BS in Political & Social Sciences, University of Alabama, Birmingham, AL
- Ordained Minister 1972
- District Youth Director 1981 – 1985
- National Youth Director 1985 – 1990
- National Church Director 1990 – 1996
- Director of Home Missions

William E. Wilson, Director, Treasurer
9255 Portland Rd NE, Salem, OR 97305

- Director/Superintendent of the Oregon Ministry Network since 2007
- Treasurer/Executive Officer of CEP since 2012. Elected for a period of one (1) year or until such officer's successor is elected and qualifies.
- Pastoral ministry 1972 – 2007
- Ordained 1975
- Bachelor of Science, Bethany Bible College 1973
- Masters in Missional Leadership, Northwest University 2014
- Network Presbyter
- General Presbyter, General Council of the Assemblies of God
- Current and past boards served on: Northwest University, Vanguard University, Oregon World Missions, Oregon NAE, AG COCHE, We Care Oregon, AGWM

<u>BOARD OF DIRECTORS</u>

Bret L. Allen, Director
6051 S. Watt Ave.
Sacramento, CA 95829-1304

- Director/Superintendent of Northern California/Nevada District Council since 2016
- Senior Pastor, Bethel Church, San Jose, CA
- Pastoral Ministry began in 1986

Manuel A. Alvarez, Director
213 Old Tappan Road, Old Tappan, NJ 07675

- Director/Superintendent of Spanish Eastern District Council since 2013
- Senior Pastor, First Spanish Assemblies of God, 19 years
- Pastor of Pentecostal Church Antioquia, 1989-1994
- District Youth Director, Presbyter of the Pennsylvania Section and General Presbyter
- Graduated from Hunter College, BA in Music and Masters Degree in Counseling
- Professor at Hunter College, also taught in the Spanish Eastern School of Theology
- Secretary of the Board of Directors of Valley Forge Christian College, 2003
- Served in the Board of Southeast Medical Health Center, Lancaster, PA
- Principal of the Spanish Eastern Bible Institute
- Dean of the Spanish Eastern School of Theology
- Presently serving on the Board of Northpoint College, Missions World Regional Conference and Spanish Eastern School of Theology

H. Franklin Cargill, Director
8701 North Kelley, Oklahoma City, OK 73113

- Director/Superintendent of the Oklahoma District Council since 2000
- Bachelor of Arts in Music Education, Oklahoma State University
- Masters in Education, University of Central Oklahoma
- Pastoral Ministry, 18 years in Oklahoma District Council
- Credentialed minister in Oklahoma District Council, 35 years: Exhorter's Permit 1969, Licensed minister 1971, Ordained 1972
- Oklahoma District Youth Director, seven (7) years
- Oklahoma District Assistant Superintendent, 17 years
- Presbyter, General Council of the Assemblies of God, 21 years
- Serves on Board of Regents, Southwestern Assembly of God University, Waxahachie, TX
- Serves on Board of Regents, American Indian College, Phoenix, AZ
- Serves on Board of the Hillcrest Children's Home, Hot Springs, AR

Ivan de la Torre, Director
Calle 3 Blq Z Santa Monica, Bayamon, PR 00960

- Director/Superintendent of the Puerto Rico District Council since 2016

Doyle A. Fulkes, Director
711 Lone Star Road, Nampa, ID 83651

- Director since 2004
- Superintendent of the Southern Idaho District Council since 2001
- Bachelor of Science in Christian Ministry, Southwestern University, Waxahachie, TX 1973
- Master in Organizational Leadership pending, George Fox University 2005
- Pastoral Ministry in Idaho District, 21 years
- District Youth Director, Idaho District Council, one (1) year
- District Secretary, Idaho District Council, 11 years

Jesse L. Galindo, Director
6051 South Watt Avenue, Sacramento, CA 95829

- Director/Superintendent of North Pacific District Latin American District since 2014
- Bethany Bible College Degree Assemblies of God, Tijuana, Mexico 1971-73
- Trinity Bible College, Assemblies of God 1979-1980
- Pastoral Ministry in California 1986-2005
- Missionary Builder in El Salvador, Guatemala, Mexico, Honduras, Nicaragua and Costa Rica 2003-Present
- Assistant Superintendent of North Pacific District Latin American District 2005-2006
- Secretary Treasurer of North Pacific District Latin American District 2006-2014

Donald G. Gifford, Director
8750 Purdue Road, Indianapolis, IN 46268

- Director/Superintendent of the Indiana District Council since 2004
- Bachelor of Arts in Pastoral Studies from North Central University, Minneapolis, MN
- Masters in Biblical Literature from Assemblies of God Theological Seminary
- Ordained in the Indiana District Council 1978
- Pastoral Ministry in Indiana and Wisconsin 1974 – 2003
- Assistant Superintendent of the Indiana District Council 1992 – 2003

Richard M. Guerra, Director
17951 Cowan Street, Irvine, CA 92614

- Director/Superintendent of SoCal Network Assemblies of God since 2010
- Senior Pastor of Visalia First Assembly of God for 12years
- Senior Pastor of Trinity Life Center 1990-1995
- Singles Pastor for Capitol Christian Center in Sacramento, CA
- Youth Ministries Director for the Southern California District in 1984
- B.A. in Biblical Studies and went on to complete M.A. program in Church Leadership at Vanguard University of Southern California

Jeff Hlavin, Director
31500 West 13 Mile Road, Suite 140, Farmington Hills, MI 48334

- Director/Superintendent of the Assemblies of God, Michigan District since July 2015
- President Associated District Schools of Ministry
- Board of Regents for North Central University
- Secretary-Treasurer of the Assemblies of God, Michigan District 2008 - 2015
- Executive Presbyter from 1996 - 2002, 2005 - 2008
- Sectional Presbyter from 1991 - 1996, 2002 - 2004
- Graduate of Oakland University
- Pastoral Ministry, 33 years

Scott Holmes, Director
2717 West Macarthur Dr, Alexandria, LA 71303

- Director/Superintendent since June 2014
- Bachelor of Science- Geology, Centenary College
- AA in Missions- Jimmy Swaggart Bible College
- Master Arts- Bible Theology, SAGU
- Doctoral Candidate- Global University
- Missionary in Marshall Islands
- Missionary in Russia
- Planted 25 churches and 12 Teen Challenge Centers
- Senior Pastor of Life Church, Shreveport, LA
- Shreveport Section Presbyter 8 years
- Executive Presbyter 4 years

Thomas M. Jacobs, Director
10525 Buena Vista Court, Urbandale, IA 50322-3783

- Director/Superintendent of the Iowa Ministry Network since 2007
- Pastoral ministry since 1980
- Graduate from Oral Roberts University 1980
- Director/Founder of Iowa Ministry Groups to the senior pastors of Iowa
- Executive Presbyter from 2000 – 2007
- Sectional Presbyter from 1994 – 2000
- Chairman and/or member of several district committees

Klayton Ko, Director
340 Moanalua Road, Honolulu, HI 96819-1470

- Director/Superintendent of the Hawaii District since 2014
- Senior Pastor of Assemblies of God Hawaii
- Member of Hawaii Pastors Roundtable
- Serves on the Board of Convoy of Hope
- Chairman of the Advisory Board of Christian Academy Schools
- Planted churches in Hawaii and 11 others around the world

Clemente Maldonado, Jr., Director

- 2001 Midwest Rd, Ste 307, Oakbrook, IL 60523-4368 Director/Superintendent of the Midwest Latin American District Council since 2006
- Secretary/Treasurer of the Midwest Latin American District since 1996
- Currently working towards a Bachelor of Arts in Theology, Latin American Theological Seminary, La Puente, CA
- Board of Regents for North Central University
- Pastor of churches in Oklahoma, Michigan and Illinois
- Pastoral Ministry, 18 years
- Associates of Arts in Theology, Latin American Bible Institute, El Paso, TX 1978

Dennis W. Marquardt, Director
501 Riverside Street, Portland, ME 04104

- Director/Superintendent of the Northern New England District Council since 2002
- Assistant Superintendent of the Northern New England District Council 1997 – 2002
- Assemblies of God Theological Seminary, Springfield, MO, currently pursuing MACM degree
- Bachelor of Arts in Bible, Central Bible College, Springfield MO 1974
- Pastoral Ministry, 24 years
- Member, College Board of Trustees, Valley Forge Christian College 1999 – current
- Member, College Board of Trustees, Zion Bible College 2002 – current
- Member, National A/G USA Missions Board, 2006 – 2008 term

Sergio Navarrete, Director
614 S Fifth Avenue, La Puente, CA 91746

- Director/Superintendent of the Southern Pacific District Council since 2002
- Bachelor of Arts in Biblical Studies, Latin American Bible College 1983
- Masters in Divinity in Multicultural Studies, Fuller Theological Seminary 1991
- Doctor of Ministry in Spiritual Foundation, Azusa Pacific University 2000
- Pastoral Ministry in Spring Valley, California 1985 – 1988
- Director of Hispanic Department, Christian Crusade, Long Beach, California 1988 – 1998
- District Presbyter, San Bernardino Section of the Southern Pacific Latin American District 1998 – 2002
- Academic Dean, Latin American Bible Institute 1994 – 2002

Dennis J. Rivera, Director
7510 Sherman Street, Denver, CO 80221

- Director/Superintendent of the Central District Council since 2001
- Diploma in Biblical Studies, Latin American Bible Institute, El Paso, TX 1977
- Bachelor of Arts in Pastoral Ministries, Southwestern Assemblies of God University, Waxahachie, TX 1996
- License to Preach 1977
- Ordained Minister 1985
- Pastoral Ministry 1977 – 2001

Phillip B. Schneider, Director
17280 Lakeside Drive, Carlinville, IL 62626

- Director/Superintendent of the Illinois District Council, 2012
- General Presbyter, General Council of the Assemblies of God, 2011
- Executive Presbyter, Southern Region, 2008
- Presbyter, Metro North Section, 2000
- Pastor, Cornerstone Assembly of God, Bethalto, IL 1990-2012
- Served the Illinois District since 1980
- Illinois Youth Camps, 30 years
- St. Louis Metro Harvest Evangelism Committee (past President/current member)
- Bachelor of Arts in Bible, Central Bible College, Springfield, MO
- Board Member, Teen Challenge Illinois
- Board of Regents, North Central University, Minneapolis, MN
- Board of Regents, Trinity Bible College, Ellendale, ND

Clarence W. St. John, Director
1315 Portland Avenue South, Minneapolis, MN 55404

- Director/Superintendent of the Minnesota District Council since 1989
- Bachelor of Science in Bible and Theology, North Central University, Minneapolis, MN
- Pastoral Ministry for 24 years

Donald H. Steiger, Director
6295 Lehman Drive, Suite 202, Colorado Springs, CO 80918

- Director/Superintendent of the Rocky Mountain District Council since 2008
- Assistant Superintendent of the Rocky Mountain District Council 1999 – 2001
- Pastoral Ministry 1971 – 2008
- Ordained Minister 1976
- Associates Degree in Bible, Berean College 1975
- Bachelor of Science in Electrical Engineering, University of Colorado 1970
- Sectional Presbyter, Rocky Mountain District Council of the Assemblies of God
- Executive Presbyter, Rocky Mountain District Council of the Assemblies of God
- General Presbyter, General Council of the Assemblies of God
- Current and past boards served on: Colorado Teen Challenge, Bethesda Ministries, Gospel of Glory, Assemblies of God World Missions, Bethany College

Alan E. Warneke, Director
2147 Overland Avenue, Suite 100, Billings, MT 59102

- Director/Superintendent of the Montana Ministry Network since 2007
- Pastoral Ministry 1967 – 2007
- Ordained 1971
- Degree in Pastoral Ministry, Trinity Bible College, Ellendale, ND 1968
- Northwest University Executive Board; Montana Home & World Missions Board

Roy W. Welch III, Director
1048 W Int'l Airport Road, Suite 101, Anchorage, AK 99518

- Director/Superintendent of the Alaska Ministry Network since 2008
- Assistant Superintendent of the Alaska District Council since 2000
- Pastoral ministry 1986 – 2008
- Bachelor of Arts in Bible, Central Bible College 1986
- General Presbyter, General Council of the Assemblies of God
- Northwest University Board of Directors
- Southeast Alaska Section Presbyter
- Western Alaska Section Presbyter
- World Missions Director

Robert Wise Jr., Director
307 Sturbridge Road, Charlton, MA 01507

- Director/Superintendent of the Southern New England Ministry Network since 2007
- Assistant Superintendent of the Southern New England District Council 1992 – 1995
- Pastoral ministry 1965 – 2007
- Bachelor of Theology, Northeastern Bible College (now known as Valley Forge Christian College) 1965
- Director of Church Ministries, Southern New England District 1977 – 1988
- Southeastern Massachusetts Sectional Home Missions Committee
- Presbyter of the Southeastern Massachusetts Section
- General Presbyter, General Council of the Assemblies of God

INVESTMENTS BY OFFICERS & DIRECTORS

As of December 31, 2016, Officers and Directors of CEP had investments with CEP totaling $4,517,513; member and non-member Districts had investments totaling $50,955,645, for a total of $55,473,158.

AUDITED FINANCIAL STATEMENTS

CEP's most recent audited financial statements are available to investors within 120 days of its most recent fiscal year-end. Financial statements are available upon request, or at www.cepnet.com.

AUDITORS

The financial statements included in this Offering Circular have been audited by Aldrich CPAs & Advisors LLP whose report is found beginning on page 37.

UNDERWRITING

There is no underwriter involved in the issuance of CEP's securities. CEP's securities are offered solely to a limited class of potential investors: Members of, contributors to (including investors), participants in the Assemblies of God including any program, activity or organization which constitutes a part of the Assemblies of God, or CEP or other religious organizations that have a programmatic relationship with the Assemblies of God or CEP.

LEGAL MATTERS

Certain legal matters in connection with the securities offered hereby will be passed upon for CEP by B. Rupert Koblegarde, Attorney at Law. Mr. Koblegarde has issued a legal opinion which states, among other things, that the securities issued pursuant to the terms of this Offering Circular, when properly endorsed by officials of CEP, will constitute legal and valid obligations of CEP, all according to the terms and conditions of these securities.

ADMINISTRATIVE MATTERS

1. Additional Information: This Offering Circular does not contain all the information set forth in the registration statement filed by CEP with the various State Securities Divisions. That additional information may be inspected without charge by any person during normal working hours at the Offices of the various State Securities Commissions.

2. Exempt from Federal Registration: The offer and sale of these securities have not been registered with the Securities and Exchange Commission in reliance on the exemption from registration contained in Section 3(a)(4) of the Securities Act of 1933, as amended.

Financial Statements

December 31, 2016, 2015 and 2014

Contents

Aldrich CPAs + Advisors LLP
680 Hawthorne Avenue SE, #140
Salem, Oregon 97301

INDEPENDENT AUDITORS' REPORT

Board of Directors
Church Extension Plan
Salem, Oregon

We have audited the accompanying financial statements of Church Extension Plan (the Ministry, a nonprofit corporation), which comprise the statements of financial position as of December 31, 2016, 2015, and 2014, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Church Extension Plan as of December 31, 2016, 2015, and 2014 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Concentration of Delinquent Loans and Other Real Estate Owned
As discussed in Notes 5 and 8, the Ministry has a concentration of delinquent loans and other real estate owned in Puerto Rico. At December 31, 2016, approximately $12,300,000 of loans to a nonprofit organization in Puerto Rico are delinquent and approximately $6,500,000 of other real estate owned are in Puerto Rico. The Ministry has reviewed these loans and believes collection on these loans or sale of the underlying collateral will be sufficient to cover the carrying value at December 31, 2016. Accordingly, no allowance on these loans or properties has been recognized in these financial statements.

Uncertainties Regarding the Future Outcome of State Regulators
As discussed in Note 22 to the financial statements, at December 31, 2016, 2015 and 2014, the Ministry failed to meet one of the guidelines established by the North American Securities Administrators Association, Inc. (NASAA). The Ministry has been in regular contact with individual state regulators regarding its plan and does not anticipate significant changes to its ability to sell or renew notes or certificates in the applicable states.

Aldrich CPAs + Advisors LLP

Salem, Oregon
March 13, 2017

Statements of Financial Position

December 31, 2016, 2015, and 2014

	2016	2015	2014
Assets			
Cash and cash equivalents	$ 16,460,541	$ 43,500,189	$ 26,949,549
Receivables:			
Interest and other receivables	3,866,076	3,809,401	3,871,067
Certificates, net	192,405	1,024,125	1,943,480
Church loans unsecured	1,672,347	1,660,679	1,695,593
Mortgage notes, net	487,917,925	450,737,125	458,448,541
	493,648,753	457,231,330	465,958,681
Other assets	85,237	304,276	257,069
Property and equipment, net	3,683,501	3,777,258	3,885,776
Other rental property, net	5,485,525	5,604,968	5,724,410
Other real estate owned (OREO), net	25,957,152	25,816,129	12,857,370
Investments and unitrust assets	19,998,062	17,312,803	15,989,399
	$ 565,318,771	$ 553,546,953	$ 531,622,254
Liabilities			
Accounts, interest and other payables	$ 1,423,290	$ 1,648,559	$ 1,570,356
Notes and certificates payable:			
Unsecured:			
Notes	504,505,739	493,149,759	468,634,333
Certificates	41,428,797	42,625,738	43,519,778
Total notes and certificates payable	545,934,536	535,775,497	512,154,111
Gift annuities and unitrust obligations	582,897	587,112	585,941
Deferred compensation	881,014	850,754	809,347
Total liabilities	548,821,737	538,861,922	515,119,755
Net Assets			
Unrestricted	16,378,193	14,620,674	16,502,499
Temporarily restricted	118,841	64,357	-
Total net assets	16,497,034	14,685,031	16,502,499
	$ 565,318,771	$ 553,546,953	$ 531,622,254

The accompanying notes are an integral part of the financial statements.

Statements of Activities

For the Years Ended December 31, 2016, 2015, and 2014

	2016 Amount	2016 %
Changes in Unrestricted Net Assets:		
Interest Income:		
Interest revenue, loans	$ 25,952,062	100.00%
Less interest expense	19,428,293	74.86%
Net interest income	6,523,769	25.14%
Uncollectible Receivables Expense	818,049	3.15%
Interest income after uncollectible receivables expense	5,705,720	21.99%
Other Operating Income:		
Investment revenue	298,132	1.15%
Certificate revenue	18,419	0.07%
Contributions	1,651,530	6.36%
Other revenue	2,813,789	10.84%
Total other operating income	4,781,870	18.42%
Operating Expenses:		
Salaries	3,677,959	14.17%
Payroll taxes and personnel expenses	1,545,872	5.96%
Occupancy expense and supplies	887,253	3.42%
Professional fees	572,083	2.20%
Travel, lodging and related expenses	480,348	1.85%
Advertising and promotion	419,500	1.62%
OREO expenses	867,424	3.34%
Directors' expenses	108,441	0.42%
Insurance, licenses, taxes and other	171,191	0.66%
Total operating expenses	8,730,071	33.64%
Increase (decrease) in unrestricted net assets	1,757,519	6.77%
Changes in Temporarily Restricted Net Assets:		
Contributions	54,484	
Increase in temporarily restricted net assets	54,484	
Increase (decrease) in net assets	1,812,003	
Net assets, beginning	14,685,031	
Distribution	-	
Net assets, ending	$ 16,497,034	

2015		2014	
Amount	%	Amount	%
$ 26,531,136	100.00%	$ 28,394,280	100.00%
20,131,470	75.88%	19,784,046	69.68%
6,399,666	24.12%	8,610,234	30.32%
837,528	3.16%	1,149,222	4.05%
5,562,138	20.96%	7,461,012	26.27%
161,113	0.61%	323,060	1.14%
12,183	0.05%	38,770	0.14%
13,922	0.05%	59,376	0.21%
950,410	3.58%	929,427	3.27%
1,137,628	4.29%	1,350,633	4.76%
3,782,017	14.26%	3,328,661	11.72%
1,460,291	5.50%	1,324,446	4.66%
801,105	3.02%	807,748	2.84%
508,769	1.92%	447,788	1.58%
406,087	1.53%	295,638	1.04%
540,180	2.04%	473,605	1.67%
715,216	2.70%	603,661	2.13%
96,684	0.36%	92,715	0.33%
170,575	0.64%	223,582	0.79%
8,480,924	31.97%	7,597,844	26.76%
(1,781,158)	-6.72%	1,213,801	4.27%
64,357		-	
64,357		-	
(1,716,801)		1,213,801	
16,502,499		15,397,212	
100,667		108,514	
$ 14,685,031		$ 16,502,499	

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows

For the Years Ended December 31, 2016, 2015, and 2014

	2016	2015	2014
Cash flows from operating activities:			
Increase (decrease) in net assets	$ 1,812,003	$ (1,716,801)	$ 1,213,801
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:			
Depreciation	397,464	263,070	283,346
Uncollectible receivable expense	812,042	837,528	1,149,222
Net certificate revenue	(18,270)	(12,183)	(38,770)
Certificate amortization	3,064,797	3,173,867	3,184,382
Compounded interest	12,365,738	12,814,607	12,428,346
(Gain) loss on investments	27,182	71,541	(161,128)
Adjustments to OREOs	785,980	519,121	329,725
Loss on disposal of equipment	46,353	-	-
Contributions of notes payable	(1,651,530)	-	-
Gain on redemption of certificates	(1,616,506)	(59,244)	(3,365)
(Increase) decrease in operating assets:			
Receivables	(1,114,571)	(502,067)	(1,882,059)
Other assets	219,038	(47,207)	(2,406)
Increase (decrease) in operating liabilities:			
Payables	(317,069)	62,354	(23,104)
Total adjustments	13,000,648	17,121,387	15,264,189
Net cash provided by operating activities	14,812,651	15,404,586	16,477,990
Cash flows from investing activities:			
Purchases of equipment	(76,047)	(21,891)	(14,221)
Principal collected on certificates receivable	882,529	966,121	1,305,219
Cash received from sale of OREOs	1,842,972	-	-
Improvements to OREOs	-	(2,315)	(186,954)
Mortgage fundings	(79,686,110)	(54,811,190)	(53,695,946)
Principal collected on mortgages	39,676,367	48,704,281	45,824,278
Purchases of investments	(9,911,811)	(5,194,670)	(10,942,356)
Proceeds from sale of investments	7,193,939	3,789,272	8,225,398
Net cash used by investing activities	(40,078,161)	(6,570,392)	(9,484,582)

5 The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows *(continued...)*

For the Years Ended December 31, 2016, 2015, and 2014

	2016	2015	2014
Cash flows from financing activities:			
Proceeds from borrowings	$ 61,905,810	$ 65,225,679	$ 59,010,218
Principal payments on borrowings	(61,186,331)	(53,472,999)	(60,507,556)
Proceeds from issuance of annuities	-	30,000	-
Repayments on annuities and unitrusts, net	(46,230)	(46,230)	(53,621)
Distribution to member districts	-	(100,667)	(108,514)
Payments on certificates payable	(2,447,387)	(3,919,337)	(1,785,129)
Net cash provided (used) by financing activities	(1,774,138)	7,716,446	(3,444,602)
Net increase (decrease) in cash	(27,039,648)	16,550,640	3,548,806
Cash and cash equivalents, beginning	43,500,189	26,949,549	23,400,743
Cash and cash equivalents, ending	$ 16,460,541	$ 43,500,189	$ 26,949,549
Cash paid during year for interest	$ 3,997,758	$ 4,196,504	$ 4,224,574

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements *(continued…)*

December 31, 2016, 2015, and 2014

(1) **Summary of Significant Accounting Policies**

<u>Organization and Nature of Activities</u>
Church Extension Plan (The Ministry) was founded in 1950 and incorporated in 1952 as a nonprofit corporation in the state of Oregon. The Ministry's primary purpose is to provide financial and administrative services to churches, districts, members, and friends of the Assemblies of God across the United States of America and Puerto Rico. In addition, through its New Growth Partners program, The Ministry leases property to start-up churches at a low cost until those churches are able to acquire property on their own.

The Ministry's primary source of revenue is interest income generated from its mortgage lending program, Partners Plus. The mortgage lending program is available to Assemblies of God districts, churches and related organizations throughout the United States of America and Puerto Rico. Funding for the mortgage lending program comes from the sale of promissory notes as described in Note 11, as well as from the sales of 20-year church certificates (see Notes 3, 12, and 13). Funding for The Ministry's New Growth Partners program is derived from donations.

Church Extension Plan has successfully assisted more than 2,400 Assemblies of God ministries.

<u>Cash and Cash Equivalents</u>
The Ministry considers all short-term, highly liquid investments to be cash equivalents, including money market accounts and short-term certificates of deposit with original maturities of one year or less. Short-term certificates of deposit are recorded at cost.

<u>Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits</u>
The Ministry maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The amount of cash and cash equivalents The Ministry had in excess of insured amounts was \$16.0 million at December 31, 2016; \$43.4 million at December 31, 2015; and \$27.1 million at December 31, 2014. The Ministry has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

<u>Certificate Revenue Recognition</u>
Certificates generally sell for \$1,000, but prices range from \$500 to \$5,000. The purchase price of the certificate may be paid over 50 months with no interest. Since no interest is charged on financing certificates, the related receivable is discounted to the estimated present value. In 2016 and 2015, the estimated present value of the certificates receivable was based on discount rate of 3.0%. The discount rates used in 2014 ranged from 3.0% to 4.0%.

The certificates mature in 20 years at 150% of the original purchase price. At the time of sale, the maturity value is discounted to an estimated present value which is recorded as a liability. For 2016, 2015, and 2014, the estimated present value of the certificate maturity was based on a discount rate of 3.0%.

Certificate revenue is recognized by the amount that the estimated present value of the certificate receivable at the time of sale exceeds the estimated present value of the certificate's maturity value.

(1) Summary of Significant Accounting Policies (continued)

Certificate Revenue Recognition (continued)

The difference between (a) the present value of the certificate payable and (b) the maturity value of the certificate payable is called the certificate discount. It is amortized to expense using the effective interest method over the life of the certificate, 20 years.

Certificates Receivable and Allowance for Credit Losses

Certificates receivable are stated at the amount of unpaid principal, reduced by a discount for imputed interest and an allowance for credit losses. The allowance for credit losses is established through a charge to the uncollectible receivables expense. Certificates, net of their net certificate liability, are charged against the allowance for credit losses when management believes that the collectability of the certificate is unlikely.

The allowance for credit losses is an amount that management believes will be adequate to absorb possible losses on existing certificates based on evaluations of the collectability of the certificate, prior losses on certificates and excess of the corresponding net certificate liability. Management analyzes the adequacy of the allowance on an individual basis for certificates 120 or more days past due and on a collective basis for all other certificates.

Mortgages Receivable and Allowance for Credit Losses

Mortgages are stated at the amount of unpaid principal, reduced by an allowance for credit losses. Interest is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Accrual of interest is discontinued on a loan when management believes the borrower's financial condition is such that collection of interest is doubtful. Management makes this decision after considering economics, business conditions and collection efforts. Recognition of interest income is resumed when the loan holder demonstrates it can make regular payments.

The allowance for credit losses is an amount management believes will be adequate to absorb possible losses on existing mortgages based on evaluations of the collectability of the mortgage, prior mortgage loss experience, changes in the nature and volume of the portfolio, overall portfolio quality, underlying collateral including certificates pledged as security, review of specific troubled mortgages and economic conditions that may affect the borrower's ability to pay. Management analyzes the adequacy of the allowance on an individual basis for mortgages on a non-accrual basis or 90 or more days past due and on a collective basis for all other mortgages. While management utilizes all available information to make its evaluations, further adjustments to the allowance may be necessary if significant unforeseen conditions occur.

The allowance for credit losses is established through a charge to the uncollectible receivables expense. Mortgages are charged against the allowance for credit losses when management believes the collectability of the principal is unlikely. Past due status is determined by the number of payments that are in arrears. Mortgages with three or more payments in arrears are considered delinquent. In accordance with The Ministry's plan and mission, The Ministry diligently works with its mortgage note holders to find solutions for those who are having difficulty meeting their payment agreement.

Notes to Financial Statements *(continued...)*

December 31, 2016, 2015, and 2014

(1) Summary of Significant Accounting Policies (continued)

Mortgages Receivable and Allowance for Credit Losses (continued)
The Ministry makes loans to churches in certain areas that have experienced seismic activity, hurricanes, floods and other natural disasters in the past. Most churches do not carry casualty insurance on church buildings covering these perils because of limited availability, high premium cost and the large percentage of self-insurance required under those available policies. The Ministry has not experienced any loan loss due to these natural disasters.

Other Assets
Other assets consist of the cash surrender value of officer life insurance and prepaid items including insurance, property taxes and software maintenance agreements.

Property and Equipment and Depreciation
Property and equipment are stated at historical cost. Maintenance and repairs are charged to expense as incurred; major improvements are capitalized. Upon retirement or sale of assets, the cost and accumulated depreciation of the assets disposed are removed from the accounts and resulting gains or losses are recognized as other income. Depreciation is computed using the straight-line method based on their estimated useful life. It is The Ministry's policy to capitalize property and equipment over $2,500. Lesser amounts are expensed.

Other Rental Property
The Ministry has acquired other real property either through donation of the property on a noncash basis or by being purchased by The Ministry through donated dollars. The Ministry leases these properties to churches or other ministries on a month-to-month basis. The properties are recorded at historical cost or fair market value at the date of donation. Depreciation expense is charged to operations as incurred, and lease income is recorded as other income in the Statement of Activities.

Other Real Estate Owned and Allowance for Loss
Other real estate owned (OREO) consists of land and church facilities acquired by The Ministry in satisfaction or partial satisfaction of mortgage notes receivables. OREOs are recorded at the lower of the carrying value of the mortgage or the fair market value minus estimated costs to sell. Costs of holding foreclosed property are charged to expense in the current period; however, significant property improvements are capitalized to the extent the carrying value does not exceed the estimated fair market value.

The allowance for losses is an amount management believes will be adequate to absorb possible losses on existing OREOs based on evaluations of the realizable value of the property. Management analyzes the adequacy of the allowance on an individual basis for each property. The allowance for losses is established through a charge to OREO expense and reported on the Statement of Activities.

(1) Summary of Significant Accounting Policies (continued)

<u>*Fair Value Measurements*</u>
Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that The Ministry has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Listed below are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016, 2015, and 2014.

Certificates of Deposit: Valued at fair value based on the quoted prices in the active market on which the certificates are sold.

US Government Securities: Valued at the closing price reported on the active market on which the securities are sold.

Corporate and State Bonds: Valued at fair value based on the quoted prices of similar securities in the active market on which the individual securities are sold.

Mutual Funds: Valued at the closing price reported on the active market on which the securities are sold.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while The Ministry believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Notes to Financial Statements *(continued...)*

December 31, 2016, 2015, and 2014

(1) Summary of Significant Accounting Policies (continued)

Income Taxes and Uncertain Tax Position

The Ministry is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Exemptions from the State of Oregon corporation excise tax are provided by Oregon Revised Statutes 317.080. The Ministry follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification 740-10-65-1. The Ministry's exemption from income taxes is based on continuing with its exempt purpose, and, if it failed to continue to comply with its exempt purpose, it could be subject to income taxes. The Ministry's management believes its current operations are in compliance with its exempt purpose and has received no notices or indications to indicate otherwise.

Basis of Presentation

The Ministry reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Ministry's temporarily restricted net assets are to be used for the future acquisition or improvements to church properties. The Ministry did not have any permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires The Ministry's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Ministry has evaluated subsequent events through March 13, 2017, which is the date the financial statements were issued.

(2) Cash and Cash Equivalents

Cash and cash equivalents consist of checking and savings accounts in banks, highly liquid investments with original maturities of three months or less, money market funds and certificates of deposit with original maturities of twelve months or less. Cash and cash equivalents consists of the following as of December 31:

	2016	2015	2014
Checking and savings	$ 16,444,669	$ 43,481,181	$ 26,915,583
Money Market	15,872	19,008	33,966
	$ 16,460,541	$ 43,500,189	$ 26,949,549

Notes to Financial Statements *(continued…)*

December 31, 2016, 2015, and 2014

(3) *Certificates Receivable*

Certificates receivable are generally collected over 50 months on a straight-line basis with a 0% interest rate. Some certificates, when purchased by a church and not an individual, carry an interest rate equal to that of the associated mortgage note. The Ministry has applied an imputed interest discount rate to the certificates as shown below to adjust the carrying amount of the certificates receivable to fair value. The imputed rate used for certificates issued in 2016 and 2015 was 3.0%. The imputed rates for 2014 ranged from 3.0% to 4.0%.

	2016	2015	2014
Total certificates receivable	$ 239,094	$ 1,278,374	$ 2,357,527
Less discount for imputed interest at			
(3.0% - 4.0%)	(21,689)	(129,249)	(239,047)
Less Allowance for Doubtful Accounts	(25,000)	(125,000)	(175,000)
	$ 192,405	$ 1,024,125	$ 1,943,480

Future maturities of certificates receivable for each of the next five years are as follows:

Year Ending December 31,	
2017	$ 148,498
2018	63,864
2019	26,732
	$ 239,094

Activity in certificate allowance for credit losses is as follows:

	2016	2015	2014
Beginning balance	$ 125,000	$ 175,000	$ 428,000
Adjustments charged to operations	(100,000)	(45,736)	(252,352)
Direct write-downs charged to allowance	-	(4,264)	(648)
	$ 25,000	$ 125,000	$ 175,000

Notes to Financial Statements *(continued…)*

December 31, 2016, 2015, and 2014

(4) Church Loans Unsecured

The following table summarizes the aging of The Ministry's unsecured church loans as of December 31, 2016, 2015, and 2014. The terms of the notes provide for varying repayment terms and interest rates.

Age of Church Loans unsecured	2016	2015	2014
0-90 Days	$ 1,633,901	$ 1,660,679	$ 1,695,593
Greater than 90 days and still accruing	38,446	-	-
Non Accrual	-	-	-
	$ 1,672,347	$ 1,660,679	$ 1,695,593

During 2016, 2015, and 2014, The Ministry recognized $124,904, $130,091, and $134,631, respectively, as interest income from these unsecured loans.

(5) Mortgage Notes Receivable

The Ministry administers the funding and collection of mortgage notes receivable primarily for the purpose of providing financing for the purchase, construction and renovation of physical facilities, and the acquistion of sites upon which new worship and education facilities can be constructed. The funding for the mortgages is obtained largely through the sale of promissory notes (see Note 11) and certificates (see Notes 3 and 12) which are unsecured debt obligations of The Ministry.

Most church loans are secured by first mortgages or trust deeds on real property and are receivable over 20 to 40 years. Based on current lending rates, the fair value of these mortgage notes approximates their carrying amount. Net mortgage notes receivable balances are as follows:

	2016	2015	2014
Mortgage notes receivable	$ 494,617,925	$ 456,637,125	$ 464,148,541
Church loans unsecured	1,672,347	1,660,679	1,695,593
Total mortgage notes receivable	496,290,272	458,297,804	465,844,134
Less allowance for loan losses	6,700,000	5,900,000	5,700,000
Net mortgage notes receivable	$ 489,590,272	$ 452,397,804	$ 460,144,134

The mortgage notes receivable represented 808 loans at December 31, 2016 (753 and 748 loans at December 31, 2015, and 2014, respectively). The average interest rates for mortgage notes receivable were 5.68% in 2016, 5.97% in 2015, and 6.30% in 2014.

Notes to Financial Statements *(continued…)*

December 31, 2016, 2015, and 2014

(5) Mortgage Notes Receivable (continued)

Future maturities of mortgage notes receivable for each of the next five years are as follows:

2017	$ 9,874,566
2018	10,227,986
2019	10,685,681
2020	10,992,088
2021	11,428,604
2022 and thereafter	443,081,347
	$ 496,290,272

Credit Quality Information: The credit quality of the loan portfolio is monitored using an internal rating system that reflects management's risk assessment based on an analysis of the borrower's financial condition, the condition of the church, cash flows, and the delinquency status of the loan. The internal system assigns one of the following four risk gradings: Pass, Special Mention (or Watch), Substandard, and Impaired. A description of the risk grading categories is listed below:

Pass
Assigned to loans which reflect acceptable risk.

Special Mention (or Watch)
Assigned to loans where the borrower exhibits trends that, if left uncorrected, may threaten their capacity to perform.

Substandard
Assigned to loans where the borrower exhibits weaknesses that raises questions to the full collectability of the loan, or the ultimate collectability of the loan is dependent upon the underlying collateral.

Impaired
Assigned to loans which have been placed on nonaccrual status, are in the process of foreclosure, and where it has been determined that The Ministry will not be able to collect all amounts due according to the loan agreement. No interest is recognized on loans categorized under this risk grading, and, accordingly, any cash payments received on these loans would be a reduction of principal.

(5) Mortgage Notes Receivable (continued)

Management's classification of the loan portfolio in accordance with The Ministry's internal credit rating system is as follows:

Grade or Rating	2016	2015	2014
Pass	$ 411,294,178	$ 372,439,901	$ 376,068,667
Special Mention or Watch	63,912,206	79,976,811	81,893,772
Substandard	20,819,452	5,741,720	7,722,157
Impaired	264,436	139,372	159,538
Total	$ 496,290,272	$ 458,297,804	$ 465,844,134

No cash payments were received and no interest was recognized on loans graded as impaired during the period.

The following table summarizes the aging of The Ministry's mortgage notes receivable as of December 31:

Age of Mortgage Notes Receivable	2016	2015	2014
0-90 Days	$ 449,168,026	$ 413,815,948	$ 407,827,205
91-120 Days	1,041,388	642,917	1,957,673
Greater than 120 and still accruing	7,856,666	2,286,124	3,662,422
Nonaccrual	36,551,845	39,892,136	50,701,241
Total	$ 494,617,925	$ 456,637,125	$ 464,148,541

The allowance for credit losses was evaluated on a collective basis for the loan portfolio. Management did not identify any individual loans requiring a specific loss allowance. Activity in the loan allowance for credit losses is as follows.

	2016	2015	2014
Beginning balance	$ 5,900,000	$ 5,700,000	$ 5,325,000
Additions charged to operations	918,049	883,264	1,401,574
Direct write-downs charged to			-
allowance account	(118,049)	(683,264)	(1,026,574)
	$ 6,700,000	$ 5,900,000	$ 5,700,000

Loan Commitments
The Ministry had unfunded loan commitments of approximately $24.2 million, $13.6 million, and $9.4 million, at December 31, 2016, 2015, and 2014, respectively.

(5) Mortgage Notes Receivable (continued)

Loan Modifications

The Ministry will at times make certain modifications to loans as part of its ongoing operations that it does not consider to be troubled debt restructures. These modifications may include extending the term of the loan, temporarily changing the required payment to interest only, or capitalization of interest. The net present value of the estimated future cash flows on these loans is not expected to materially differ from the loan contract. During the year that ended December 31, 2016, approximately $0.4 million of interest was capitalized and added to the mortgage notes receivable. In 2015 and 2014, $1.0 million and $1.5 million were capitalized, respectively.

Restructures

In order to assist in resolving delinquencies related to troubled debts, The Ministry may choose to restructure loans in a manner that provides a period of time with reduced payments to provide opportunity for the borrower to resolve issues causing the delinquencies. Typical restructures include establishing new terms for the loan, capitalizing delinquent interest to the loan, and temporarily placing a portion of the loan on non-accrual status. Any amounts placed on non-accrual status would incrementally start accruing interest at the pre-restructured rate from one to five years from the date of restructure, depending on the agreement. The mission of The Ministry and the relationship it maintains with its borrowers is unlike that of a traditional lender; accordingly, The Ministry may be more willing to accept partial, deferred, or late payments. In addition, The Ministry may agree to modify loan terms as part of a loan restructuring in lieu of exercising its right to foreclose.

During the year that ended December 31, 2016, mortgage notes that were restructured during 2014 made all of their scheduled payments as required under the restructure agreement. The Ministry did not have any restructures that were classified as troubled debts during the year that ended December 31, 2016.

During the year that ended December 31, 2015, mortgage notes that were restructured during 2014 made all of their scheduled payments as required under the restructure agreement. The Ministry did not have any restructures that were classified as troubled debts during the year that ended December 31, 2015.

During the year that ended December 31, 2014, The Ministry restructured one mortgage receivable that was classified as a troubled debt. The unpaid balance of the mortgage at the time of restructuring was $3,276,631 million including $123,546 in past due interest and fees. No losses were recorded on the restructurings, as the underlying collateral value of the mortgages exceeded the recorded investment in the mortgages or the present value of the future benefit stream did not materially differ from the loan contract.

Concentration of Delinquencies

At December 31, 2016, 2015 and 2014, the Ministry had approximately $12,300,000 of loans in Puerto Rico on nonaccrual status.

Notes to Financial Statements *(continued...)*

December 31, 2016, 2015, and 2014

(6) *Property and Equipment*

Property and equipment consist of:

	2016	2015	2014
Land	$ 730,770	$ 730,770	$ 730,770
Building and improvements	4,187,338	4,144,075	4,144,075
Equipment and furniture	708,953	735,103	794,103
Software	78,648	69,271	69,271
	5,705,709	5,679,219	5,738,219
Less accumulated depreciation	2,022,208	1,901,961	1,852,443
	$ 3,683,501	$ 3,777,258	$ 3,885,776

(7) *Other Rental Property*

Other rental property consists of the following:

	2016	2015	2014
Land	$ 856,000	$ 856,000	$ 856,000
Buildings and improvements	5,226,650	5,226,650	5,226,650
	6,082,650	6,082,650	6,082,650
Less accumulated depreciation	597,125	477,682	358,240
	$ 5,485,525	$ 5,604,968	$ 5,724,410

(8) *Other Real Estate Owned*

As described in Note 1, The Ministry owns several parcels of property acquired through foreclosure or in a deed in lieu of foreclosure. The Ministry either attempts to sell the OREO or temporarily leases the property back to the churches with the intention that these churches will be able to repurchase the real estate in the future. The following schedule shows the breakdown between leasing and selling activities:

	2016	2015	2014
Actively selling	$ 15,861,200	$ 8,421,011	$ 8,586,287
Leasing back to churches	11,239,144	17,928,699	4,284,135
Total	27,100,344	26,349,710	12,870,422
Less accumulated depreciation	180,842	26,272	-
Less allowance for loss	962,350	507,309	13,052
	$ 25,957,152	$ 25,816,129	$ 12,857,370

Notes to Financial Statements *(continued…)*

December 31, 2016, 2015, and 2014

(8) Other Real Estate Owned (continued)

OREO expense was $867,424; $715,216, and $603,661 for the years that ended December 31, 2016, 2015, and 2014, respectively. These expenses consist of the holding costs of the OREOs including property tax, insurance, utilities, repairs, maintenance, and depreciation. In 2016, 2015 and 2014, losses of $785,980, $519,121 and $329,725, respectively, were recorded to reduce the value of OREOs to their estimated market values or known market value upon sale. These write-downs are included in OREO expenses for the years that ended December 31, 2016, 2015 and 2014.

Included in the OREO balance at December 31, 2016, 2015, 2014 is approximately $6,500,000 of properties owned in Puerto Rico.

(9) Investments

The following tables set forth, by level, within the fair value hierarchy, The Ministry's assets at fair value:

	Assets at Fair Value as of December 31, 2016		
	Level 1	Level 2	Total
Certificates of Deposit	$ 7,619,624	$ -	$ 7,619,624
US Government Securities	7,460,468	-	7,460,468
Corporate & State Bonds	-	2,415,765	2,415,765
Mutual Funds	2,373,948	-	2,373,948
Total Investments	17,454,040	2,415,765	19,869,805
Unitrust Assets (Restricted)	128,257	-	128,257
Total Investments and Unitrust Assets	$ 17,582,297	$ 2,415,765	$ 19,998,062

	Assets at Fair Value as of December 31, 2015		
	Level 1	Level 2	Total
Certificates of Deposit	$ 8,060,393	$ -	$ 8,060,393
US Government Securities	4,241,306	-	4,241,306
Corporate & State Bonds	-	2,123,258	2,123,258
Mutual Funds	2,761,046	-	2,761,046
Total Investments	15,062,745	2,123,258	17,186,003
Unitrust Assets (Restricted)	126,800	-	126,800
Total Investments and Unitrust Assets	$ 15,189,545	$ 2,123,258	$ 17,312,803

Notes to Financial Statements *(continued…)*

December 31, 2016, 2015, and 2014

(9) Investments (continued)

	Assets at Fair Value as of December 31, 2014		
	Level 1	Level 2	Total
Certificates of Deposit	$ 7,850,243	$ -	$ 7,850,243
US Government Securities	4,078,607	-	4,078,607
Corporate & State Bonds	-	2,181,397	2,181,397
Mutual Funds	1,741,900	-	1,741,900
Total Investments	13,670,750	2,181,397	15,852,147
Unitrust Assets (Restricted)	137,252	-	137,252
Total Investments and Unitrust Assets	$ 13,808,002	$ 2,181,397	$ 15,989,399

The Ministry is required to hold funds in a separate account to act as a reserve for its gift annuities. The total cash and investments held in these separate accounts was $635,151 in 2016, $609,834 in 2015; and $674,630 in 2014. These amounts were in excess of the required minimums.

(10) Bank Line of Credit

The Ministry has entered into a short-term line of credit agreement with Umpqua Bank in the amount of $12,000,000. The line bears a variable interest rate at the Wall Street Journal prime rate minus 0.50% with a floor of 3.75%. The interest rate on the line as of December 31, 2016, was 3.75%. The line is secured by certain Mortgage Notes Receivable totaling $21.0 million. No amounts were drawn on the line as of December 31, 2016, 2015, and 2014. The line matures on June 28, 2018.

Notes to Financial Statements *(continued…)*

December 31, 2016, 2015, and 2014

(11) Notes Payable

Notes payable consist of the following:

	2016	2015	2014
Vision Notes			
Notes payable to various churches and individuals at variable and fixed interest rates ranging from 0.75% to 5.0% at December 31, 2016, unsecured	$ 346,518,533	$ 338,725,526	$ 321,078,604
Individual Retirement Account			
Notes payable to various individual retirement retirement accounts, fixed and variable interest rates ranging from 1.0% to 5.0% at December 31, 2016, unsecured	104,622,560	100,693,896	94,620,742
Life Rewards			
403(b) Funds invested in Vision Notes, variable interest rate at 3.3% at December 31, 2016, unsecured	53,364,646	53,730,337	52,934,987
	$ 504,505,739	$ 493,149,759	$ 468,634,333

The average interest rates for the notes payable were 3.24% in 2016, 3.39% in 2015, and 3.59% in 2014. Purchasers of the notes may specify frequency of interest payments, or interest may be compounded and added monthly to the principal.

Maturities of notes payable for each of the next five years are as follows:

	Life Rewards 403(b) Notes	IRA Notes	Vision Notes	Total
2017	$ 53,364,646	$ 19,716,723	$ 145,490,048	$ 218,571,417
2018	-	19,187,592	59,052,689	78,240,281
2019	-	21,706,542	58,655,303	80,361,845
2020	-	27,272,544	42,961,397	70,233,941
2021	-	16,739,159	40,359,096	57,098,255
	$ 53,364,646	$ 104,622,560	$ 346,518,533	$ 504,505,739

(11) Notes Payable (continued)

Life Rewards is a 403(b) plan offered to Church Extension Plan employees as well as Assemblies of God pastors and ministry staff. The Life Rewards 403(b) Vision Note is an investment option offered to plan participants and is shown as a current maturity because the 403(b) participants have the option to change their investment allocation within the plan at any time. Over 93% of all funds in the Life Rewards 403(b) plan were invested in the Life Rewards 403(b) Vision Note as of December 31, 2016.

The maturities of the IRA notes are based on the length of the underlying note purchased with the IRA funds. At maturity and subject to certain legal restrictions and early withdrawal penalties, the investor has the option to have the proceeds from the note distributed to them or rolled to a different plan.

Upon maturity of the notes, note holders have the option to renew their notes at the current rates and terms offered by The Ministry or to take a distribution. In addition, at The Ministry's discretion, note holders may take early distributions on their notes payable subject to certain penalties. Distributions on the notes in relation to their maturities are as follows:

	(in millions)		
	2016	2015	2014
Total notes matured	$ 230.1	$ 239.1	$ 240.8
Distributions on matured notes	$ 42.6	$ 34.0	$ 32.2
Distributions on non-matured notes	$ 18.6	$ 19.5	$ 28.3

The Ministry's notes payable is recorded at adjusted cost. The fair value of the notes payable is estimated based upon The Ministry's rates for similar instruments at year-end. The fair value of The Ministry's notes payable approximated its carrying value at December 31, 2016.

(12) Certificates Payable

Certificates payable consist of the following:

	2016	2015	2014
Unsecured future maturity value of certificate payable	$ 71,451,000	$ 77,779,125	$ 83,458,125
Less certificate discount with rates ranging from 3.0% to 9.4%	(30,022,203)	(35,153,387)	(39,938,347)
Net certificate liability	$ 41,428,797	$ 42,625,738	$ 43,519,778

Amortization expense of the certificate discount for the year that ended December 31, 2016, was $3,064,797, ($3,173,867 and $3,184,382, in 2015 and 2014, respectively). These amounts are included with interest expense on the Statements of Activities.

Notes to Financial Statements *(continued…)*

December 31, 2016, 2015, and 2014

(12) Certificates Payable (continued)

Maturities of certificates payable for each of the next five years are as follows:

2017	$ 3,546,000
2018	1,930,650
2019	3,780,750
2020	2,982,750
2021	4,213,200
Thereafter	54,997,650
	$ 71,451,000

(13) Certificate Revenue

Certificate revenue as presented on the Statement of Activities, consists of the following for the years ended December 31:

	2016	2015	2015
Face value of certificates sold	$ 188,000	$ 127,000	$ 404,000
Less: Imputed interest discount	(15,936)	(10,190)	(32,403)
Net sales price	172,064	116,810	371,597
Less:			
Maturity value of certificates	282,000	190,500	606,000
Net of discount to adjust to estimated present va	(128,355)	(85,873)	(273,173)
Net expense	153,645	104,627	332,827
Certificate revenue	$ 18,419	$ 12,183	$ 38,770

(14) Gift Annuities and Unitrust Agreements

The Ministry carries five gift annuities. The aggregate initial deposits of these annuities is $498,000. The interest rates on the payouts range from 6.5% - 10.3% with an annual aggregate payment of $46,230. The Ministry is in compliance with the reserving requirements of ORS 731.716 in connection with these annuities. The Gift Annuities Liability was $497,662 as of December 31, 2016, $502,142 as of December 31, 2015; and $492,743 as of December 31, 2014.

At December 31, 2016, The Ministry acted as the trustee for two Charitable Remainder Unitrusts. The initial deposits on these Unitrusts were $165,826 and the interest rates on the payouts were 6.5% to 9.5% (limited to income earned) with an annual aggregate payment amount of $8,736 in 2016. The Unitrust Obligation Liability was $85,235 as of December 31, 2016, $84,970 as of December 31, 2015; and $93,198 as of December 31, 2014.

Notes to Financial Statements *(continued...)*

December 31, 2016, 2015, and 2014

(15) ***Deferred Compensation***

One former employee of The Ministry is the sole participant in a nonqualified deferred compensation death benefit only plan. Benefits are based upon an account balance which accrues interest annually at the current rate of The Ministry's Vision Notes. Benefits, including accrued interest, are payable from The Ministry's general assets to the participant's beneficiary(ies) solely upon his death.

(16) ***Pension Plan***

The Ministry offers a tax-deferred defined contribution plan through Life Rewards for all eligible employees. The Ministry makes a contribution of the first 3% of the eligible employee's salary. If an employee elects to defer a portion of their compensation, The Ministry may match up to an additional 3% of compensation at its discretion. The contributions to the plan were $177,718 in 2016, $182,722 in 2015; and $173,612 in 2014.

(17) ***Employee Medical Benefit Plan***

The Ministry maintains a self-insured medical plan covering substantially all full-time active employees and their families. The Ministry limits their losses through the use of stop-loss insurance policies. Specific individual losses are limited to $50,000 per occurrence with a $1,055,000 combined limit for 2016. The liability recorded for incurred but not reported claims was $120,000 at December 31, 2016, 2015 and 2014.

(18) ***Distributions to Member Districts***

Distributions are made to member districts from time to time as determined by the Board of Directors. Distributions authorized were $0, $100,667, and $108,514 in 2016, 2015, and 2014, respectively.

(19) ***Noncash Activity***

The Ministry had noncash transactions that resulted in the following changes in financial statements for the years ended December 31:

	2016	2015	2014
Deeds in lieu of foreclosure	$ 3,282,802	$ 14,375,452	$ 367,450
OREO's transferred to mortgage	$ 358,256	$ 883,625	$ -

(20) Related Party

Life Rewards, a 403(b)(9) retirement income account plan, is affiliated through common management of The Ministry. Life Rewards was created by The Ministry for the benefit of eligible Assemblies of God ministries. The Plan also covers all employees of The Ministry. Certain administrative functions are performed by officers and employees of The Ministry. No such officer or employee receives compensation from the Plan.

The president and the chief financial officer serve as board members to Teen Challenge of Puerto Rico. Teen Challenge of Puerto Rico has mortgage notes with The Ministry. The balances due on these notes were approximately $11.2 million as of December 31, 2016 and 2015, and $11.0 as of December 31, 2014. As of December 31, 2016 and 2015, these notes were on non-accrual status. Total interest earnings recognized in 2015 and 2014, were $80,700, and $79,060, respectively.

(21) Litigation

The Ministry is subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to currently pending or threatened actions is not expected to materially affect the financial position or results of operations of The Ministry.

(22) NASAA Guideline Requirements

The North American Securities Administrators Association, Inc. (NASAA) sets benchmarks for church extension funds (CEF). The adoption and adherence to the benchmarks is the decision of the individual states and their regulators. Inability to meet the NASAA targets in those states which have adopted the guidelines as regulations could result in the inability to issue notes or certificates in the applicable state.

The Ministry did not meet the NASAA net asset benchmark as of December 31, 2016, 2015 and 2014. The Ministry’s net assets were 2.92% at December 31, 2016 (2.65% and 3.10% in 2015 and 2014, respectively), and the benchmark calls for CEF’s net assets to be positive and equal to 5% or more of its total assets.

Management is in regular communication with state regulators regarding their plans to meet this target in the future. Management does not anticipate any significant changes in its ability to sell or renew notes or certificates in the applicable states with the exception of Arizona and Ohio where The Ministry is not currently permitted to renew or issue new securities due to its inability to meet this benchmark.