

Offering Circular



CENTRAL TEXAS
METHODIST FOUNDATION
Building Churches • Creating Legacies

Offering the Sale of
Certificates of Participation
Total Principal Amount: Unlimited

Rates and Terms are subject to change.
\$1,000 Minimum

Central Texas Methodist Foundation

Central Texas Methodist Foundation

The Foundation for the Central Texas
Annual Conference of the United Methodist Church

Summary

The Foundation for the Central Texas Annual Conference of the United Methodist Church, Inc., doing business as the Central Texas Methodist Foundation, with principal offices at 3215 West 4th Street, Tarrant County, Fort Worth, Texas 76107, is a Texas non-profit corporation and is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

The Central Texas Methodist Foundation offers Certificates of Participation (the "Certificates") for sale to members and friends of United Methodist Churches, to United Methodist Churches and to related Agencies within the State of Texas.

Proceeds are used to make loans to United Methodist Churches, Agencies, and Institutions related to the United Methodist Church. Loans are made primarily for the purchase, construction or improvement of property, buildings and related capital expenditures.

The Certificates are issued as general debt obligations of the Central Texas Methodist Foundation. These securities are not registered with the Securities and Exchange Commission or the Texas Securities Commission, being exempt under Paragraph

(4) Section 3(a) of the Securities Act of 1933, as amended, and Section 6-J of the Texas Securities Act.

No broker dealer, salesperson or any other person is authorized by the Central Texas Methodist Foundation to give any information or to make any representations other than those contained in this circular nor is any person other than the Foundation and its employees being utilized in the offer or sale of the Certificates. This circular does not constitute an offer to sell or a solicitation of an offer to buy any of the Certificates offered hereby in any jurisdiction or to any person to whom it is unlawful to make such an offer.

The Certificates are offered and sold only through the Directors, officers and employees of the Central Texas Methodist Foundation. No underwriting or selling agreements exist, and no direct or indirect commissions or other remuneration will be paid to any person or organization in connection with the offer and sale of these Certificates of Participation.

This offering is subject to certain risk factors described in Section 5 of this Offering Circular.

Terms of the Offering

This summary is provided for the convenience of potential investors. It should be read along with the more complete statements made in this Offering Circular.

Central Texas Methodist Foundation

The Foundation is a Texas non-profit corporation organized to serve the persons and churches of the Central Texas Annual Conference of the United Methodist Church.

Building United Methodist Churches

Since 1957 the Foundation has been making loans to United Methodist churches. Loans are made for new construction, renovation projects, property acquisition and development.

Participation by United Methodists

The sale of Certificates of Participation allows United Methodists to help make capital available for loans to build churches and advance the mission of the United Methodist Church.

Individuals and Churches

United Methodist individuals and churches may purchase Certificates of Participation as investments that bear interest at the rate offered from time to time by the Foundation.

Interest and Maturity of Certificates

Investors may choose to reinvest their interest or receive interest quarterly or annually. Upon maturity, investors may choose to redeem the certificate or allow the certificate to automatically renew at the then current interest rate set by the Foundation.

Tax Aspects

Interest earned by individual investors is ordinary income for tax purposes.

Repayment to Investors

Repayment to investors depends on the management of the Foundation as well as churches repaying their loans. The Foundation maintains reserve funds to offset the potential of a church defaulting or unusual withdrawal activity by investors.

Risks

There is no assurance that every loan made to churches will be fully repaid, but in the Foundation's history of making loans to churches, we have an outstanding record of having loans repaid in a timely fashion.

Criteria for Loans

Loans are approved on the basis of repayment ability according to the church's financial history, funds on hand and the collateral to be pledged. Loan amounts are generally limited to 80% of the project costs with repayment periods of 20 years or less.

Financial Condition

The financial records of the Central Texas Methodist Foundation are examined in an annual audit by Independent Accountants. The annual report of audit is available on request.

Investment Application

After reading the Offering Circular, investors may make application to purchase Certificates of Participation by mail or in person at the Central Texas Methodist Foundation, 3215 West 4th Street, Fort Worth, Texas 76107.

Direct Inquiries to:

office: (817) 332-1394

(800) 333-4096

fax: (817) 332-2369

website: www.ctmf.org

email: ctmf@ctmf.org

Your call is always welcome.

OFFERING CIRCULAR

Table of Contents

1. History and Organization	page 6
2. Offering to United Methodist Individuals & Churches	page 6
3. Thanking Our Investors	page 7
4. Repayment to Investors	page 7
5. Risk Factors	page 7
6. Criteria for Loans	page 8
7. Outstanding Loans	page 9
8. Tax Information	page 10
9. Method of Offering and Withdrawal of Subscription	page 10
10. Expenses of the Offering	page 10
11. Inquiries	page 10
12. Board of Directors	page 10

Central Texas Methodist Foundation
3215 West 4th Street
Fort Worth, Texas 76107
www.ctmf.org

(817) 332-1394 or (800) 333-4096 Fax: (817) 332-2369
email: ctmf@ctmf.org

CERTIFICATES OF PARTICIPATION

Building United Methodist Churches

1. History and Organization

The Central Texas Methodist Foundation is organized to serve the persons, churches and agencies of the Central Texas Conference of the United Methodist Church. A primary part of the Foundation's operation is to make capital loans to churches and institutions for the purchase, construction or improvement of property and buildings.

A twenty-one member Board of Directors governs the Central Texas Methodist Foundation, sets policies of administration and engages a President to conduct the day to day operations of the Foundation. The Board of Directors is elected by the Central Texas Conference of the United Methodist Church.

The Foundation was established in 1957 and was re-chartered June 14, 1991 to promote good stewardship among the members of the Central Texas Conference of the United Methodist Church. The Foundation's activities include the administration of funds on behalf of local churches; receiving and holding in trust charitable gifts and devises made by donors, testator or trustees; and maintaining a revolving fund for the making of loans to churches and institutions of the Central Texas Conference.

**2. Offering to United Methodist
Individuals and Churches**

The sale of Certificates of Participation allows United Methodist individuals and churches as investors to help make capital available for loans. Investors have the satisfaction of advancing United Methodist causes and enjoy the practical benefit of earning a generous rate of interest on their investments.



*St. James UMC
Temple District*

Investors may purchase Certificates of Participation in any amount of \$1,000 or more. Certificates are issued by the Foundation as unsecured obligations with a fixed rate of interest.

This offering of Certificates of Participation is unlimited in principal amount. The offering may be withdrawn at any time. The Certificates are offered for one year, two year and three year terms at rates set from time to time by the Foundation. Other offerings may also be made by the Foundation from time to time under other terms and interest rates.

3. Thanking Our Investors

The Foundation may publish flyers, newsletters and information for church members to learn about the Certificates of Participation. As a way of thanking the many investors who purchase Certificates, the Foundation often lists the names and churches of investors in its Circle of Investors. No financial or personal information is ever disclosed and the privacy of our investors is always respected.

4. Repayment to Investors

A Certificate of Participation represents a general unsecured deposit with the Foundation with varying maturities from the date of issue. Thirty days before the maturity date, each investor is sent written notice of the pending maturity of a Certificate and may elect to have payment in full, or, subject to the Foundation's continued offering, to reinvest for another period at the rate of interest declared for that subsequent term.

The Foundation relies on the investor's good faith agreement for the entire period or term of their Certificate of Participation investment. If early withdrawal is made before full maturity of a Certificate, there is a three (3) month penalty of interest. The penalty is charged first against the undistributed interest that has been earned, then any deficiency will be charged to the principal withdrawn and if a deficiency still exists, then to any principal remaining on deposit.

Investors may elect to have interest distributed annually, quarterly or upon request at the maturity of the Certificate. Unless distribution of interest is requested, it will be reinvested quarterly.

There are no outstanding liabilities of the Foundation that have priority in payment to the Investors in the Certificates of Participation.

5. Risk Factors

The Foundation owns certain funds and assets, which are used in its operation and activities, including loans to United Methodist churches. Within its scope of service, the Foundation manages funds for individuals, United Methodist churches and institutions. A portion of these managed funds may also be invested in capital pools used to make loans.

Most of the loans made by the Foundation are secured by first lien mortgage, but investors who purchase Certificates of Participation are lending money to the Foundation for its general purposes in making loans. Investors do not have an actual participation in any specific loans made by the Foundation. The Certificates are not secured by any assets or property of the Foundation. The repayment of the investment, together with the interest thereon, will be dependent on the Foundation collecting the loans made to individual churches and the availability of other nonrestricted funds and property of the Foundation.

There is no public market for the Certificates and none will develop, therefore the transferability of the Certificates is limited and restricted to a qualified person or entity. No sinking fund or trust indenture will be used by the Foundation in connection with the issuance of the Certificates. The proceeds from the Certificates will be deposited into a pool for the purpose of making loans.

Repayment of the proceeds from the sale of Certificates to investors is dependent solely upon the Foundation's financial condition, management, and marketable assets which may include loans, cash, investments, real estate and its line of credit with a financial institution. Other securities and programs exist which may provide greater security and little or no risk, and investors are encouraged to examine such investment alternatives before investing.

Since 1957, the Foundation has made numerous loans to United Methodist churches. Loans are commonly made in amounts from \$20,000 to \$1,000,000 and for terms of 5 to 20 years, however, loans may be made in any amount and for such terms approved by the Board of Directors of the Foundation or as authorized by the Loan Committee. A church's ability to repay a loan is primarily dependent upon contributions received from members. In the Foundation's history of making loans to churches, we have an outstanding record of having loans repaid in a timely fashion, however there is no assurance that every loan made to churches will be fully repaid.



*Davis Memorial UMC
Mid Cities District*

Although the loans to the United Methodist churches are for terms of 5 to 20 years, the Certificates mature in different durations. If a significant number of investors fail to renew their Certificates and new investors are not located, the Foundation could possibly experience liquidity shortfalls in repaying all the Certificates which mature at any given time. As a reserve against the potential of withdrawals by Investors, the Foundation maintains liquidity in cash and cash equivalents equal to at least 5% of the principal balance of the outstanding Certificates of Participation.

An independent auditor conducts an annual audit of the Foundation's financial records and activities. The report of audit is available upon request.

6. Criteria for Loans

The Foundation Board of Directors establishes strict loan guidelines and a formal loan review is regularly conducted by the Loan Committee. Loan application requirements include: a complete project description and cost, the signature of required church Trustees, approval and signature of the church Pastor, approval and signature of the District Superintendent, and documentation of approval by the Church or Charge Conference approval and the District Board of Church Location and Building as required by the Book of Discipline.

Completed loan application forms are supplemented with the borrower’s financial statements of the two prior years and the current year-to-date financial statements, the legal description of the church’s properties, copies of all contracts, plans, estimates and commitments related to the project, copies of any other debt documents, copies of any articles of incorporation, bylaws, and documentation of property insurance.

Since 1957, the Foundation has made numerous loans to United Methodist churches.

Loans are approved on the basis of repayment ability according to the church’s historical annual receipts, the results of any capital fund campaign conducted for the project, and other funds on hand. Loan amounts are usually limited to 80% of the total project cost with a maximum loan repayment period of 20 years. It is generally required that all of the properties of the borrowing church be pledged as collateral and the Foundation may require an appraisal and survey of any property pledged as collateral.

7. Outstanding Loans as of December 31, 2010

Church	Amount	Maturity
Arborlawn United Methodist Church	\$173,378	11/2029
Blanket United Methodist Church	144,853	12/2023
Campus Drive United Methodist Church	90,921	01/2020
Christ United Methodist Church	645,103	03/2024
Crowley United Methodist Church	1,304,577	08/2028
Davis Memorial United Methodist Church	232,967	05/2030
DIDO United Methodist Church	34,448	06/2011
Early United Methodist Church	162,444	11/2024
Harker Heights United Methodist Church	150,638	02/2028
Joshua First United Methodist Church	1,703,261	11/2028
Journey of Faith United Methodist Church	192,884	09/2013
Kennedale First United Methodist Church	79,180	12/2030
Church Growth & Development CTCUMC	80,469	12/2018
Lakeside United Methodist Church	140,946	03/2030
Lifepoint United Methodist Church	1,207,509	06/2031
Little River United Methodist Church	10,106	09/2018
Mexia First United Methodist Church (1)	32,472	05/2019
Mexia First United Methodist Church (2)	29,351	07/2023
Midlothian First United Methodist Church	1,060,364	10/2029
Mineral Wells First United Methodist Church	36,407	10/2023
Ovilla United Methodist Church	11,892	05/2012
Ovilla United Methodist Church	16,530	05/2012
Ovilla United Methodist Church	111,539	04/2029
Red Oak United Methodist Church	52,811	09/2027
Silver Creek United Methodist Church	235,645	12/2023
Smithfield United Methodist Church	162,913	05/2015
St. Andrews United Methodist Church, Corsicana	16,589	03/2015
St. James United Methodist Church, Temple	717,237	12/2030
Temple District	45,777	03/2019
UCF Navarro College	74,936	07/2018
UTA Wesley	70,949	01/2024

8. Tax Information

The Certificates of Participation interest, paid or reinvested, is reported annually as ordinary income for individual investor's tax purposes. Even though interest may not be actually paid to investors because they have chosen to have the interest reinvested the accrued interest is taxable as ordinary income as earned. Application to purchase a Certificate of Participation must be made on the form furnished by the Foundation and include the tax identification number of the investor(s).

To report interest earned, individual investors will receive a Federal Form 1099, or comparable form, by January 31 of each year.

The purchase of a Certificate of Participation does not entitle an investor to a charitable gift deduction for tax purposes.

9. Method of Offering and Withdrawal of Subscription

Notices or advertisements of this offer may be directed to United Methodists in publications, by direct mail to United Methodist constituents and by presentations or flyers distributed to commissions, boards, committees and conferences of United Methodist members, agencies, institutions and churches.

The Foundation reserves the right at any time to withdraw all or any part of the Certificates offered without notice. There is no minimum amount which must be raised, and if the entire amount of the offering is not needed for the purposes intended, the offering may be withdrawn and the acceptance of subscriptions suspended.

10. Expenses of the Offering

The expenses of the offering including legal fees, printing and postage costs are provided for in the annual operating budget of the Foundation.

11. Inquiries

Inquires may be directed to the Central Texas Methodist Foundation, 3215 West 4th Street, Fort Worth, Texas 76107. The telephone number for the Fort Worth calling area is (817) 332-1394, and for calls from other areas in Texas the toll free number is (800) 333-4096. Information is available on the Foundation's website at www.ctmf.org and the email address is ctmf@ctmf.org.

12. Board of Directors

The Foundation is governed by a 21 member board of directors, 15 of whom are elected, 6 of whom serve ex-officio. Up to 5 additional advisory directors may be appointed by the Chairperson. Elected directors are elected for three year terms by the Central Texas Conference of the United Methodist Church in classes of five by year.

Laypersons nominated shall be twenty-one (21) years of age, members of local United Methodist Churches geographically distributed within the Conference, qualified by experience in some area of expertise in the Foundation's operations, and have no significant conflict of interest, whether by reason of business connection or connection with a similar organization.

The Board of Directors officers are: Chairperson, Mike Gerro; Vice Chair, Earl Wood; Secretary, Jimmy Payton; and Treasurer, Richard Reed.

Elected Directors

<u>Class of 2011</u>	<u>Class of 2012</u>	<u>Class of 2013</u>
Joan Gaspard <i>Hurst</i>	Mary Gean Cope <i>Crowley</i>	O.D. Lively <i>Eules</i>
Mike Gerro <i>Arlington</i>	Jimmy Payton <i>Eules</i>	Jake Jacobson <i>Colleyville</i>
Mary Percifield <i>Alvarado</i>	David Neal <i>Fort Worth</i>	James Nader <i>Fort Worth</i>
Burnham Robinson <i>Fort Worth</i>	Earl Wood <i>Fort Worth</i>	Richard Reed <i>Graham</i>
Carl Freeto <i>Arlington</i>		

Ex Officio Directors

Bishop Mike Lowry, Presiding Bishop of the Central Texas Annual Conference
 Mike Alexander, Chair of the Commission on Church Growth and Development
 John McKellar, President of the Conference Council on Finance and Administration
 Earl Woods, Chairman of the Conference Board of Trustees
 Gary Lindley, Cabinet Representative
 Steve McIver, Conference Lay Leader

Advisory Directors

Diane Griffin <i>Meadowbrook</i>	Robert McMillon <i>Eules</i>	Joel Robbins <i>Ovilla</i>	George Sutton <i>Acton</i>	C.J. Taylor <i>Heartspring Foundation</i>
-------------------------------------	---------------------------------	-------------------------------	-------------------------------	--

Honorary Directors

Arch Coleman <i>Waco</i>	Ken Smith <i>Ennis</i>
-----------------------------	---------------------------

Elected directors are members of local churches, or in the case of clergy are members of the Annual Conference. Local churches which have a Board member affiliated with the Foundation may apply for a loan in the same manner as any church within the Central Texas Annual Conference. When an application is under consideration of a board members' local church, he or she is excluded from any examination of the application, discussion of the merits of the potential loan, and from any action determining the approval or disapproval of the loan.

The board of directors employs a President to be chief executive officer, to assure that policies and directives of the board are followed, and to employ and direct other staff members in carrying out assigned duties. The current administrative staff of the Foundation includes:

Pat Hall
President

Beverly Hansen
Director of Operations

Trish Bull
Asst. to Financial Services

Thank you for your interest in Certificates of Participation and partnering with us to advance Christ's Church in the Central Texas Conference of the United Methodist Church.

###