

20

ANNUAL REPORT

20



*“For I know the plans I have for you,” declares the Lord,
‘plans to prosper you and not to harm you, plans to give
you hope and a future.’* JEREMIAH 29:11

FACING UNAVOIDABLE CHANGE WITH

FAITH.



DEAR FRIENDS,

Adaptability: The quality of being able to adjust to new conditions.

In Genesis 37-50, God's word provides a great example of adaptability through the story of the life of Joseph, the beloved son of Jacob. Joseph experienced unexpected changes and obstacles throughout his life – such as being thrown into a pit by his brothers, sold to a caravan of Ishmaelites, sold to a high-ranking Egyptian officer, framed by the Egyptian officer's wife and put into prison.

While in prison, Joseph was promoted to guard servant, became a dream interpreter, and was eventually freed and exalted to second in command by the Egyptian Pharaoh. Later, Joseph had the opportunity to forgive his brothers and provide food and land for his family. Because of his faith, he adapted to the ever-changing world around him and sought to excel despite his circumstances. God was faithful to Joseph.

The Covid -19 virus has proven to be an interesting test for the body of Christ. Because of the limited gathering access to facilities and the economic struggle for some members, many churches have already begun to adapt to the reality of today.

In the early churches, the Roman roads were used as pathways to spread the gospel. In today's world, churches will use prayer, local ministry efforts, lay leaders, technology, modified gathering venues, auto-debits and whatever else is needed to help spread the gospel.

Driven by our calling to equip churches to spread the gospel and guided by our extensive experience, BCLC is a gospel-centered church financing organization – one that is dedicated to helping you make good financial decisions regarding church building projects. Our services span 30 states in the U.S. and have benefited thousands of churches with affordable real estate loans and building project guidance. At every turn, we treat you and your church with professional and knowledgeable care as we join alongside your unique calling and circumstance to help you step into the gathering space God has prepared for you.

Thank you to the Board of Directors who volunteer their skills and time to help spread our ministry.

Blessings,



Gerald R. James, Jr.
President/CEO

“See, I am doing a new thing! Now it springs up; do you not perceive it? I am making a way in the wilderness and streams in the wasteland.” ISAIAH 43:19

ADAPT ABILITY.

IT'S HOW WE DEAL WITH THE CHALLENGES GOD SENDS US.

As a church leader today, you're faced with learning to adapt to unprecedented change. Change in how your congregation worships...even whether it can congregate at all. Then there are changes to daily routines, sanitation and use of facilities, services offered by your church and your staff...and on and on.

But while the change you face now is extreme – arising from a global pandemic and society's response – the truth is that you adapt to other forms of change all the time. If your church is growing, you need expanded seating, a larger sanctuary, more parking – maybe even a larger plot of land. If your church is aging, it may need refurbishing, new decor, better HVAC or video/sound systems. If membership is shrinking or in transition, you may need a smaller building, different accommodations, or debt refinancing.

As church lenders, BCLC is here to help. With all the changes we've mentioned and many we haven't. Because today and every day for the past seven decades, our mission has been the same as yours. To build His Kingdom. Yes, even in a world of change.



OUR MISSION.

BCLC exists to assist churches in their efforts to spread the gospel by providing affordable real estate related loans.

In fulfilling this mission, our priorities are to:

- Focus on the long term spiritual and financial health of each church we consult.
- Provide our churches with straightforward terms, rate options, and underwriting guidelines.
- Serve as many churches as feasible, regardless of their size, longevity, or ethnicity.

OUR LEADERSHIP.

Board of Directors

Gary Miller
*BCLC, Chairman of the Board
Waco, Texas*

Jared Green
*BCLC, Vice Chairman
Tyler, Texas*

Bryan Rogers
Richardson, Texas

Dr. Dennis Tucker
Waco, Texas

Lynne Meers
Dallas, Texas

Jamye Cappadonna
San Antonio, Texas

Russell Shelton
Orlando, Florida

Michael Mason
Dallas, Texas

Ralph Ramsey
Denton, Texas

Jan Cason
Waco, Texas

Ryan Gibson
Abilene, Texas

Philip Price
Dallas, Texas

Corporate Officers

Gerald James, Jr.
President/CEO

Landon Yeager
Senior Vice President/CFO

Bob Gage
Senior Vice President

Marissa Kane
Corporate Secretary

THE COURAGE TO EMBRACE CHANGE.

Adaptability, Flexibility and Resilience are essential traits for any church that wants to thrive when faced with challenges.

Being adaptable means you are able to change in order to suit different conditions.

Being flexible means you can do this easily.

Being resilient means you'll be able to withstand or recover quickly from difficult conditions, adapting to change on a regular basis.

FAITH

With the upheaval of recent times, we're finding change all around us. No matter what kind of change your church is facing, BCLC is here to help you come through stronger than before. Our experience, depth of knowledge, pragmatic approach and affordable church loans will assist you as you adapt and grow.

"Trust in the Lord with all your heart and lean not on your own understanding; in all your ways submit to him, and he will make your paths straight."

PROVERBS 3:5-6



“The growth of our churches is a reflection of the transformation we allow the gospel to have on our daily lives.”

NAPA VALLEY LIFE CHURCH

Napa, California
Tony Valenti, Lead Pastor

Not every church improvement comes in the form of a new building, land or renovations. Sometimes the best move for a church is to save money for future development through a refinance. That was the case for Napa Valley Life Church when they heard that BCLC could save them tens of thousands by refinancing their church bonds. Those saved funds will go a long way in advancing their many ministries that share the love of Christ.

Serving the Community

Napa Valley Life Church has been dedicated to the community of Napa since it was established in 1991. The church began its own feeding ministry called Feed His Sheep and is actively involved with a foster care organization called Expressions of Hope. They also invest resources in a local Veterans home and support the California Southern Baptist Convention.

Growing Disciples

Through biblical literacy and life groups, Napa Valley Life Church calls its congregation of 220 people to become more Christ-like. As Pastor Tony says, “Discipleship is a life-long process of following Christ, and that demands a change in us. But when you accept that life is about dying to our sinful ways and relying on God’s grace, any change that comes is easier to bear.”

Planting Churches

Essential to the mission of Napa Valley Life Church is reaching more people in Northern California by training new pastors and planting new churches. That’s exactly their plans for some of the funds they’re saving with our refinance. And it’s our privilege to be of service. “Thanks to BCLC’s deep experience, better terms and fewer fees, we’re in a more stable position to evangelize and we’re helping churches around the country do the same. Talk about a spiritual win-win.”

NORTH FORT WORTH BAPTIST CHURCH

Fort Worth, Texas
Dr. Stephen Lowrie, Pastor

The people of North Fort Worth Baptist Church believe that there is always a next step for you to take to become more like Jesus. They acknowledge change as scary and uncomfortable, but wholly necessary to grow in faith. Perhaps that’s how they recognized the need for renovations to their worship center and for a new children’s education building.

Their church of over 800 members was originally organized in 1890 and has been in its current Fort Worth location since 1985. They accomplish their mission to extend hope together with multiple outreach ministries, including a twice-weekly food pantry, Upwards Sports, Griefshare and DivorceCare. They also support the BGCT, Tarrant Baptist Association and ministries in India and Wales. But recently, Dr. Stephen Lowrie, pastor of 15 years, realized that the church’s mission was being hindered by outdated facilities on campus, especially where children’s formation was concerned.

Pastor Lowrie knew that BCLC was the perfect lender for the church’s Impacting Tomorrow Today project very soon into speaking with us. He saw a partner in faith genuinely concerned with helping his church maintain responsible finances through its time of change and improvement. “It means the world to work with people who share our mission to spread the gospel and have our best interests at heart,” says Pastor Lowrie.

With a new 6,433 square foot children’s area and remodeling that includes a fire suppression system, North Fort Worth Baptist Church will be well positioned to attract new members and revitalize current ones. We commend their willingness to embrace change and are proud to play a role in helping them become the church God is calling them to be.

“We want to extend hope through the life-changing power of Jesus. If people see our church cooperating with God’s will by changing and growing, maybe it’ll be easier for them to do the same. BCLC is helping make that a reality.”

“Our faith calls us to grow beyond where we’re comfortable, and we believe it’s always worth it. That goes for our church facilities, too.”



"I like to call these times of change a Romans 8:28 moment. We're putting our trust in God, knowing He is working all things for the good of those who love Him."

THE MISSION CHURCH

Lexington, Kentucky
Donovan Stewart, Senior Pastor

"Therefore, go and make disciples of all nations, baptizing them in the name of the Father, and of the Son, and of the Holy Spirit, teaching them to observe all I have commanded you." Matthew 28:19

The Commonwealth Mission Movement of Kentucky takes the Great Commission of Jesus to heart. This ministry has the goal to plant a new Bible-based, mission-minded church for God's glory every three years, equipping believers and empowering missionaries on the way. The Mission Church of Lexington was founded with this purpose in January 2018 by Pastor Donovan Stewart.

Offering a blended-style Sunday worship service in a fraternal order of a police building, the church quickly gained traction with the people of Lexington. Eighty members joined in the first 18 months and an average of 120 people attend weekly. Watching this growth, Pastor Donovan knew he had to find more space. And he did – 3.5 acres and a 1,792 square foot existing church building with office space and classrooms perfect for their various mission ministries.

After learning that 100% of BCLC's net interest proceeds are used to lend to more churches, Pastor Donovan knew he'd found friends in mission more than just financiers. As he puts it, "We exist to help people find their purpose in Jesus Christ by planting as many churches around the nation as we can. I found out BCLC has the same mission and affordable loans and it was a no-brainer."

Mission Church has big plans for the future. They plan to pay down the debt as soon as possible so they can focus on further expansion. They're already in the process of equipping their first church planter to launch in fall 2021 in Georgetown, Kentucky.

As always, we're proud to support them in their efforts to build God's kingdom, adapting to change on the way.



"Every good and perfect gift is from above, coming down from the Father of the heavenly lights, who does not change like shifting shadows."

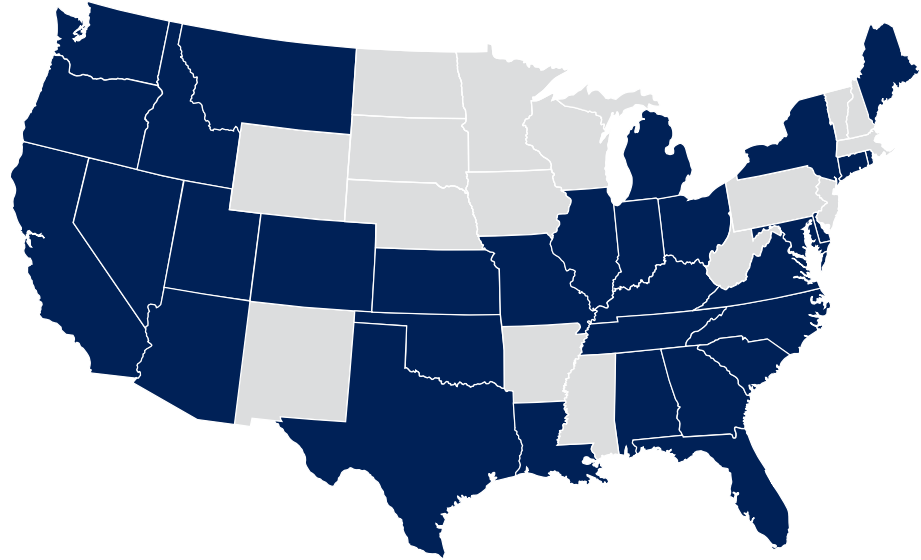
JAMES 1:17



2020 HIGHLIGHTS

Committed to the Growth of our Ministry

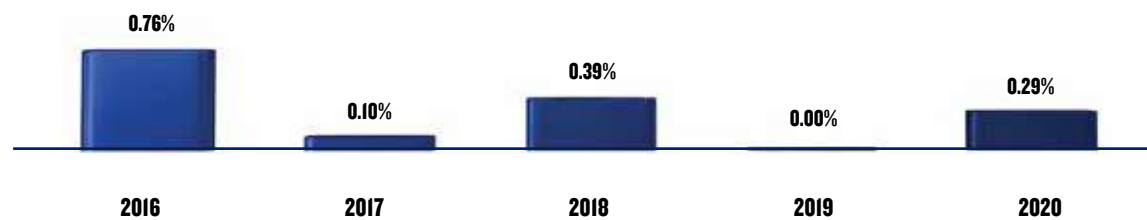
Over the past 6 years, BCLC has expanded its ministry from one state to 31 states and has increased its church loan consultations by an average of 35% per year.



Committed to Financial Health of Churches

We believe in providing churches with an honest picture of how much they can afford to borrow. Over the past five years, BCLC has had near zero percent of churches struggle to make their regular monthly payments.

PAST DUE LOANS TO LOANS



Committed to the Future Health of Churches

Next Step Partnership is a BCLC-funded service for growing churches that are seeking perspective and insight regarding how they are currently positioned and what their potential future steps might be. This service is particularly valuable for churches that foresee the need of repurposing their culture, strategy, or facilities.

MANAGEMENT'S DISCUSSION OF FINANCIAL ACTIVITIES

Fiscal Year Ended June 30, 2020 As Compared To Fiscal Year Ended June 30, 2019

During fiscal year ended June 30, 2020, interest revenues increased 4.54%, or approximately \$346,000, over fiscal year ended June 30, 2019. Church mortgage loans decreased approximately 3.27% for the same period. The weighted average return on church mortgage loans outstanding decreased from 4.59% at fiscal year ended 2019 to 4.38% at fiscal year ended 2020.

BCLC increased its bank debt by \$10,000,000 at the beginning of fiscal year ended June 30, 2020 to meet an increase in loan demand. The increase in borrowing resulted in an increase in interest expense of 10.11%, or approximately \$252,000. BCLC used excess cash throughout the year to reduce bank debt, resulting in a net decrease of approximately \$511,000, bringing total outstanding bank debt to \$63,313,651 for fiscal year ended June 30, 2020, compared to \$63,824,495 at June 30, 2019.

The increase in interest expense was offset by an increase in yield on earning assets of 4.45% for fiscal year ended June 30, 2020, compared to 4.32% for fiscal year ended June 30, 2019. The higher yield on earning assets contributed to BCLC's improved net interest margin of 3.06% at fiscal year ended June 30, 2020, compared to 2.95% for fiscal year ended June 30, 2019.

BCLC originated 33 church mortgage loans, in the amount of \$20,373,918 during fiscal year ended 2020, compared to 36 church mortgage loans, in the amount of \$20,808,115 during fiscal year ended 2019. The average dollar amount of each new church mortgage loan originated and closed during fiscal year ended 2020 increased from \$578,003 to \$617,391 per loan. Total church mortgage loans outstanding decreased from \$173,745,236 at fiscal year ended June 30, 2019, to \$168,060,469, at fiscal year ended June 30, 2020. BCLC had 0.29% past due loans for fiscal year ended June 30, 2020, and 0.00% for fiscal year ended June 30, 2019.

At fiscal year ended June 30, 2020, net earnings decreased \$461,622 to \$2,598,824, compared to \$3,060,446 at fiscal year ended June 30, 2019. The decrease in net earnings for fiscal year ended June 30, 2020, was attributable to a \$500,000 provision for loan losses. BCLC increased its allowance for loan loss reserve to mitigate potential risks associated with the Corona Virus Disease (COVID-19). Operating expenses remained relatively flat for fiscal year ended June 30, 2020, increasing approximately \$60,000 over operating expense during fiscal year ended June 30, 2019.

Fiscal Year Ended June 30, 2019 As Compared To Fiscal Year Ended June 30, 2018

During fiscal year ended June 30, 2019, interest revenues increased 17%, or \$1,116,820, over fiscal year ended June 30, 2018. Church mortgage loans had a slight increase of approximately 1% for the same period. The weighted average return on church mortgage loans outstanding increased slightly, from 4.27% at fiscal year ended 2018 to 4.59% at fiscal year ended 2019.

BCLC's net interest margin improved from 2.86% at fiscal year ended June 30, 2018 to 2.95% at fiscal year ended June 30, 2019. During fiscal year ended June 30, 2019, yield on mortgage loans continued to improve, due to increases in short-term interest rates within the market.

At fiscal year ended June 30, 2019, BCLC had \$63,824,495 in outstanding bank debt, compared to \$67,227,320 at fiscal year ended June 30, 2018, or a 5% reduction. In addition to reducing outstanding bank debt, BCLC restructured approximately 35% of its outstanding debt to minimize interest rate risk, which also contributed to an improved net interest margin.

BCLC closed 36 church mortgage loans, in the amount of \$20,808,115, during fiscal year ended 2019, compared to 38 church mortgage loans, in the amount of \$21,951,199, during fiscal year ended 2018; BCLC also purchased 92 loans in the amount of \$40,391,223 during fiscal year ended 2018. The average dollar amount of each new church mortgage loan originated and closed during fiscal year ended 2019 increased from \$577,663 to \$578,003 per loan. Total church mortgage loans outstanding increased from \$172,558,308 at fiscal year ended June 30, 2018, to \$173,745,236, at fiscal year ended June 30, 2019. Past due loans to total loans at June 30, 2019 were 0.00% compared to 0.39% at June 30, 2018.

Operating expenses increased for fiscal year ended June 30, 2019 by \$69,627, or 3%, when compared to fiscal year ended June 30, 2018. The increase in operating expenses was due primarily to BCLC's continued focus on ministry development efforts.

At fiscal year ended June 30, 2019, net earnings increased approximately 25% to \$3,060,446, compared to \$2,452,248 at fiscal year ended June 30, 2018. The increase in net interest income and a modest increase in operating expenses were the primary contributors to the overall increases in net earnings for fiscal year ended June 30, 2019.



