

PROSPECTUS
April 20, 2021 THROUGH April 19, 2022
EASTERN MENNONITE MISSIONS

A Pennsylvania Private, Not-For-Profit, Religious Corporation

** ** *

\$10,000,000 of Notes in Four Categories

Type of Note	Interest Rate	Minimum Purchase
Interest-Free Promissory Demand Notes	0.00%	\$500.00
0.25% Per Annum Promissory Demand Notes	0.25%	\$500.00
0.50% Per Annum One Year Promissory Notes	0.50%	\$500.00
1.00% Per Annum Three Year Promissory Notes	1.00%	\$500.00

** ** *

This Prospectus contains essential information about the issuer and the notes being offered hereby. Persons are advised to read this Prospectus carefully prior to making any decision to purchase these notes. PURCHASERS SHOULD ALSO BE AWARE OF THE TWO DAY RIGHT OF WITHDRAWAL GIVEN TO THEM UNDER THE PENNSYLVANIA SECURITIES ACT OF 1972 AS DESCRIBED IN THE NOTICE OF RIGHT OF WITHDRAWAL SECTION ON PAGE 17 OF THIS PROSPECTUS.

RISK FACTORS: Purchasers should be aware that Eastern Mennonite Missions is a religious, charitable organization which depends upon freewill gifts and offerings (See Risk Factor 1 - page 3) and which may, to further its religious and charitable purposes, donate its assets to other church groups or religious organizations (See Risk Factor 9 - page 3). Purchasers are cautioned that if a significant number of note holders were to demand payment within this year, the annual income of Eastern Mennonite Missions may be insufficient to pay the notes in total (See Risk Factor 3 - page 3).

This offering is being sold on a best efforts basis. There is no assurance that all notes in the full amount will be sold. The method of promotion of these notes will be designed to reach members and congregations within the Anabaptist fellowship of churches. This offer is specifically to such members and congregations. There is no public market for the notes offered herein. Eastern Mennonite Missions does not undertake to maintain any market in the resale of these notes prior to maturity. The notes are not insured by the Federal Deposit Insurance Corporation (FDIC), the Securities Investor Protection Corporation (SIPC) or any other state or federal institution.

LIMITED CLASS OF PURCHASERS: This offer is limited to persons who are, prior to the receipt of this Prospectus, members of, contributors to (including investors in) or participants in Anabaptist Churches or in Eastern Mennonite Missions or in any program, activity or organization which constitutes a part of the Anabaptist Churches or Eastern Mennonite Missions or in any other church organizations that have a programmatic relationship with the Anabaptist Churches or Eastern Mennonite Missions.

Eastern Mennonite Missions will be Fiscal and Paying Agent for the interest and principal amounts of these notes.

The initial interest rates on these notes may vary (See Description of Notes Offered - page 15). These notes have not been registered with the Federal Securities and Exchange Commission in reliance on the exemption contained in Section 3 (a) (4) of the Securities Act of 1933, as amended.

THIS OFFER IS SUBJECT TO CERTAIN RISK FACTORS DETAILED HEREIN
AS SET FORTH ON PAGE 3 OF THE PROSPECTUS.

Date of Prospectus: April 20, 2021

EASTERN MENNONITE MISSIONS
450 North Prince Street
P.O. Box 8617
Lancaster, Pennsylvania 17603
Phone 717-898-2251

- A. THE NOTES HEREBY OFFERED HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES, NOR HAS THE DEPARTMENT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.
- B. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURE, MERITS AND RISKS INVOLVED.
- C. 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 IS DEPENDENT UPON THE ISSUER'S FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW THE ISSUER'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 LANCASTER MENNONITE CONFERENCE (LMC) OR BY ANY CHURCH, CONFERENCE, INSTITUTION OR AGENCY AFFILIATED WITH LMC.
- D. 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.
- E. 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 PROSPECTUS, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE BY THE ISSUER.
- F. THE ANTICIPATED NET PROCEEDS OF THIS OFFERING FOR NEW NOTES ARE ESTIMATED TO BE \$5,700,000. IN ADDITION, IT IS ANTICIPATED THAT NET PROCEEDS FROM EXISTING NOTES REINVESTED WILL BE APPROXIMATELY \$4,300,000. SEE NOTE 11 TO FINANCIAL STATEMENTS. ALL EXPENSES OF THIS OFFERING, INCLUDING PRINTING, MAILING, ATTORNEYS' FEES, ACCOUNTANTS' FEES AND FILING FEES WILL BE BORNE BY EASTERN MENNONITE MISSIONS AND ARE ESTIMATED TO BE APPROXIMATELY \$34,000 (SEE "USE OF PROCEEDS/INVESTING ACTIVITIES" SECTION OF THIS PROSPECTUS - PAGE 6).

TABLE OF CONTENTS

Page

SUMMARY	1
HISTORY AND OBJECTIVES OF EASTERN MENNONITE MISSIONS	2
RISK FACTORS	3
OPERATIONS OF EASTERN MENNONITE MISSIONS	6
RELATIONSHIP TO MENNONITE CHURCH	6
USE OF PROCEEDS / INVESTING ACTIVITIES	6
CAPITALIZATION	8
PURPOSE AND RECORD OF PRIOR BORROWING	8
FINANCING AND OPERATIONAL ACTIVITIES	9
LENDING ACTIVITIES	9
DONATION LEVELS	10
PROPERTY ACCOUNTS	10
NET ASSETS WITH DONOR RESTRICTIONS.....	10
ENDOWMENT, TRUST, AND LIFE INCOME FUNDS	11
COMPOSITION OF EASTERN MENNONITE MISSIONS	11
EASTERN MENNONITE MISSIONS - OFFICERS.....	11
REMUNERATION	11
STATEMENTS OF ACTIVITIES	12
NOTE RENEWALS	12
BOARD OF DIRECTORS	13
BIOGRAPHIES OF EMM BOARD OF DIRECTORS	14
DESCRIPTION OF NOTES OFFERED	15
TAX CONSEQUENCES.....	15
INTEREST RATE CHANGES	15
ADDING TO NOTE PERMITTED	16
TRANSFERABILITY	16
SCHEDULE OF MATURITIES	16
REDEMPTION OF NOTES	16
LIQUIDITY RESERVES	16
LOAN LOSS RESERVES	16
UNDERTAKINGS AND DEFAULT PROVISIONS	16
AUTHORIZATION OF ISSUE	16
PLAN OF DISTRIBUTION	17
NOTICE OF RIGHT OF WITHDRAWAL	17
LITIGATION	17
LEGAL OPINION	17
REPORT TO INVESTORS	17
ANNUAL MEETING	17
ADDITIONAL INFORMATION	17
FINANCIAL STATEMENTS	18
FINANCIAL REPORTS	Following

SUMMARY

1. The Organization. Eastern Mennonite Missions is a not-for-profit corporation organized by the Lancaster Mennonite Conference (LMC), to carry out the charitable and missionary purposes of LMC churches in its constituent region. Eastern Mennonite Board of Missions and Charities was formed and has operated since 1914, with headquarters located in Lancaster, Lancaster County, Pennsylvania. In 1993, the Board registered the name Eastern Mennonite Missions for its use as a fictitious name, and then registered EMM as an additional fictitious name in 2008. Eastern Mennonite Missions receives its support from Mennonites of LMC and related groups. The majority of these members live in thirteen states and four countries (See History and Objectives of Eastern Mennonite Missions - page 2).

2. Use of Proceeds. The funds raised from this offering are used to build and acquire buildings and churches for Eastern Mennonite Missions. Funds are also made available to Mennonite churches and other Anabaptist and related institutions to assist them in the erection of the facilities and churches they need. EMM completed an agreement to remodel a building on North Prince Street for a new headquarters at a total cost of approximately \$3,200,000. Additional funds, not raised by donations, were used from the proceeds to fund the difference in cost (See Use of Proceeds - page 6). A capital campaign of an additional \$500,000 continues to be pursued.

3. Management. The Board of Directors is responsible to govern the affairs of Eastern Mennonite Missions. Its directors are: Brian Martin, a pastor (the chairperson); Akeia Haddox-Rossiter, an executive pastor (the vice-chairperson); Lynn Shertzer, a pastor (the secretary); Laurie Gingrich, a registered nurse (the treasurer); Lawrence Brenneman, a retired school teacher; Jon Byler, a leadership trainer; Lyn D. Carlson, an educational administrator; Joe Garber, a pastor; Ivania Garcia, a pastor; Matt Hamsher, an executive director of a mission network; Mike Sherrill, a president of a mission agency; Tuyen Nguyen, a bishop and Lisa Zimmerman, an advancement assistant. Eastern Mennonite Missions officers and directors serve without pay. Administrators and staff persons serve on salaries not in excess of \$86,500 (salary year 2020 amount) annually. Marvin Lorenzana, a staff member, serves as President, and Joe Hollinger, a staff member, serves as Vice President (See Composition of Eastern Mennonite Missions - page 11, and Eastern Mennonite Missions Board of Directors, 2021 - page 13).

4. Description of Securities. Promissory notes are being offered in four categories:
- a. interest-free promissory demand notes;
 - b. 0.25% per annum promissory demand notes;
 - c. 0.50% per annum one-year promissory notes;
 - d. 1.00% per annum three-year promissory notes.

The promissory notes are the unsecured promise of Eastern Mennonite Missions to pay. The interest rates offered for notes may vary. Interest rate changes will be stated in a supplement to this Prospectus, which will bear the date of the change and accompany all copies after that date. Any note may be called and repaid after two years from date of issue (See Description of Notes Offered and Interest Rate Changes - page 15).

5. Summary Income Statement. Eastern Mennonite Missions relies almost entirely on the freewill gifts and offerings of those who support it. For the year ended December 31, 2020, Eastern Mennonite Missions had a total increase in net assets in the amount of \$837,101, of which there was a decrease of \$1,321,817 in net assets with donor restrictions, of which \$1,151,340 is due to the Prince Street capital project and decreases on other donor restrictions of \$170,477 and an increase of \$2,158,918 in net assets without donor restrictions (See Notes 15 & 16 and also Statements of Activities of Financial Statements).

6. Summary of Select Historical Financial Information:

Eastern Mennonite Missions – Summary of Select Historical Financial Information					
	2020	2019	2018	2017	2016
Cash & Equivalents and Marketable Securities	\$6,617,303	\$3,644,366	\$3,986,982	\$4,736,799	\$5,069,957
Total Notes and Mortgages Receivables	\$20,551,537	\$23,621,514	\$23,678,347	\$24,683,381	\$26,004,136
Unsecured Notes in above total	\$356,855	\$397,342	\$223,283	\$243,936	\$181,416
Percent Unsecured Notes	1.74%	1.68%	0.94%	0.99%	0.70%
Percent of Mortgage/Note Delinquencies*	10.88%	10.54%	3.77%	2.28%	2.50%
Total Assets	\$33,929,565	\$31,417,786	\$30,202,254	\$31,842,878	\$33,875,161
Total Notes Payable	\$13,575,549	\$11,805,254	\$12,517,969	\$14,877,597	\$16,248,133
Repayment of Notes Payable	\$921,702	\$1,389,065	\$3,111,854	\$2,329,776	\$1,073,518
Other EMM Long Term Debt	0	0	0	0	0
Net Assets	\$18,308,521	\$17,471,420	\$15,367,936	\$14,628,246	\$15,123,272
Change in Net Assets	\$837,101	2,103,484	739,690	(\$495,026)	(\$464,111)

* -- For purposes of the above table, the term "Delinquencies" refers to mortgages/notes other than those that are either: (1) current and being repaid per their terms or (2) current and being repaid pursuant to a written loan modification agreement, with any and all such modification agreements requiring regular payment of all mortgage/note interest and at a modified principal amount to Eastern Mennonite Missions. Less than eleven percent (11%) of all total note and mortgage receivables currently have loan modification agreements (See also Risk Factor 13 - page 4, and the Purpose and Record of Prior Borrowing - page 8).

7. Additional Information. The remainder of this Prospectus contains substantial additional information about Eastern Mennonite Missions, its financial condition and risk factors connected with the offering. This information should be reviewed carefully by prospective note purchasers.

HISTORY AND OBJECTIVES OF EASTERN MENNONITE MISSIONS

The Mennonite Churches had their beginning in Europe about 1525 during the early days of the Reformation. The tenets of Mennonite faith include the notion of a voluntary, believing, disciplined community, of love and nonresistance, of separation of church and state and of evangelism and missions.

In October of 1913, individual Mennonites belonging to the Lancaster Mennonite Conference, now known as LMC, presented a petition to LMC requesting "our mission to organize a Board to take care of funds as may be donated or bequeathed for charitable and missionary purposes."

As a result, in January of 1914 Eastern Mennonite Board of Missions and Charities was formed. By June of the same year, Eastern Mennonite Board of Missions and Charities was fully operational. In 1916, Eastern Mennonite Board of Missions and Charities was incorporated as a Pennsylvania not-for-profit corporation. In its initial 20 years, Eastern Mennonite Board of Missions and Charities, Inc. was active only within the United States. In 1934, the first overseas mission was organized in East Africa. In 1993, the name Eastern Mennonite Missions was adopted. As of December 31, 2008, a restructuring occurred with the Executive Committee of the former Board becoming the major part of a much smaller Board of Directors. The former Board was expanded and became a Representative Council. The Representative Council was disbanded after their last meeting in 2017. For additional information on current governance of Eastern Mennonite Missions, see the Composition of Eastern Mennonite Missions section on page 11 of this Prospectus.

Eastern Mennonite Missions is organized and operated exclusively for religious, educational, benevolent and charitable purposes. It is exempt under Section 501 (c) (3) of the Internal Revenue Code of 1986, as amended, from taxation under Subtitle A thereof. No part of the net earnings of Eastern Mennonite Missions inures to the benefit of any person or individual. Eastern Mennonite Missions is a not-for-profit corporation and does not have any shareholders.

The objectives of Eastern Mennonite Missions are set forth in its constitution as follows:

"To lead and support the proclamation of the good news of Jesus Christ; To promote the establishment and growth of communities of believers and to work in partnership and coordination with developing churches; To enable the providing of relief and community development services; To educate, support and promote the revitalization of individuals and communities of people, especially where Jesus is less well-known; To encourage and utilize means of creative access, such as business as mission; To encourage development of and partnership with other mission-sending groups, especially among those churches initiated by Eastern Mennonite Missions' mission teams; To promote mission and relief interests."

RISK FACTORS

1. Financial Condition of Eastern Mennonite Missions. Eastern Mennonite Missions experienced, for the year ended December 31, 2020, a total increase in net assets of \$837,101 (See Financial Statements - Statements of Activities). Eastern Mennonite Missions had a total increase in net assets of \$2,103,484 for the year ended December 31, 2019. Eastern Mennonite Missions attempts to have revenues meet expenses. There can be no assurances that revenues to Eastern Mennonite Missions will meet expenses in future years. Eastern Mennonite Missions relies almost entirely on the freewill gifts and offerings of those who support the organization.

2. Financial Conditions of Donors. The notes to be issued pursuant to this offering are unsecured, and the repayment of the principal and the payment of interest thereon are dependent upon the financial condition of the following entities:

a. The Issuer. The issuer will use proceeds from the sale of these notes in the organization's own capital program (See Use of Proceeds - page 6). The issuer is dependent upon charitable contributions for the operation of the organization's program. There is no assurance that contributions will continue, and the program of the issuer may be jeopardized if contributions do not continue. The level of contributions is dependent upon the financial condition of the churches and individuals of LMC and related churches who have supported Eastern Mennonite Missions, and is further dependent upon their satisfaction with and continued support of the work of Eastern Mennonite Missions.

b. Other Mennonite Agencies. The issuer will also use proceeds from the sale of these notes to lend monies to churches and other Anabaptist and related agencies (See Use of Proceeds - page 6). These loans are made on liberal terms with modest interest rates. There can be no assurance that these loans will be repaid because the agencies to which the loans are made are themselves not-for-profit charitable organizations, dependent upon contributed funds.

3. Demand for Note Repayment. As of December 31, 2020, Eastern Mennonite Missions had borrowed, by means of the sale of notes similar to those offered in this Prospectus, \$13,575,549 (See Financial Statements - Statements of Financial Position, Liabilities). A large number of these notes are due on demand or fall due within this calendar year. If a large number of the demand notes were presented for payment, or if investors holding notes falling due would not reinvest those funds, the annual receipt of donations by Eastern Mennonite Missions may be insufficient to meet the principal requirements of the outstanding notes issued by Eastern Mennonite Missions (See Donation Levels – page 10).

4. No Refunds. This is a best efforts offering. Subject to the two business day Right of Withdrawal (see page 17), no provisions have been made for the refund of subscribers' investments should all the offering not be sold.

5. No Market for Note Sales. There is no public market for the resale of the notes, and it is highly unlikely that a market will develop. Consequently, investors may not be able to resell any notes purchased prior to their due dates. Investors should, therefore, view the purchase of a note as an investment for the full term of the note.

6. Additional Borrowings. This issue may be subordinated to any additional borrowings from banks or other lending institutions. During the year 2020, Eastern Mennonite Missions did not draw from its line of credit from Northwest Bank (See Note 10 to Financial Statements). If Eastern Mennonite Missions should need to borrow additional funds from banks or other lending institutions, such borrowing will not exceed their tangible assets.

7. Interest Taxable. It is the opinion of counsel for the issuer that under present law those notes bearing interest will be taxable each year for both Pennsylvania and federal income tax. Even though interest is not paid annually on certain notes, but is accrued until a future year, interest will be taxable for both Pennsylvania and federal income tax purposes each calendar year (See Description of Notes Offered - page 15). If interest paid is below the market interest, the Internal Revenue Service (IRS) may impute income up to the market interest level. The IRS may exempt certain loans, including gift loans to charitable organizations, if the amount does not exceed \$250,000 (See also Tax Consequences - page 15).

8. No Funds Set Aside to Repay Notes. No "sinking fund" will be established by Eastern Mennonite Missions for the repayment of these notes. The absence of a sinking fund may adversely affect Eastern Mennonite Missions' ability to repay the notes. There is also to be no trust indenture, trust fund or trustee in connection with this offering.

9. Intention to Gift Assets. Eastern Mennonite Missions has given and will continue to give away its church property assets to local church groups or ministry assets related to its own program to Anabaptist-related entities without compensation. One church and parsonage property held in Assets held for sale in the Balance Sheet assets was subsequently sold in January 2021 and the expected gain on the sale will be approximately \$825,000 (See Note 20 of the financial reports). Total net book value of domestic church property subject to gifting, as of December 31, 2020, was \$5,118 (See Note 8 to Financial Statements).

10. Charitable Purposes. Eastern Mennonite Missions is a not-for-profit organization that endeavors to expend as much of its support and revenue as possible for its charitable purposes. Therefore, it is likely that the organization's excess of public support and revenue over expenses will be kept to a minimal amount.

11. Employee Retirement Plans. Subject to a limit on senior secured indebtedness of an amount not greater than 10% of Eastern Mennonite Missions' tangible net assets, obligations to retired employees take priority over the payment of interest and principal on the notes issued pursuant to this offering. Subject to the 10% limit above, retired employee obligations cannot be decreased if the income to Eastern Mennonite Missions decreases. Eastern Mennonite Missions has employees in two plans:

a. Defined Contribution Plan. Eastern Mennonite Missions, on January 1, 1994, adopted a defined contribution plan for its employees. Under the provisions of the plan, contributions of \$173,462 were made in 2020 and contributions of \$196,479 were made in 2019 to the plan for the benefit of each employee meeting certain age and service requirements (See Note 14 to Financial Statements). For employees based in the United States, effective January 1, 2009, the amount contributed for each such employee through December 31, 2020 was 6% of such employee's monthly salary. For employees not based in the United States, on January first of each year, contributions are adjusted based on the annual consumer price index as of the preceding June 30. For employees based in the United States, effective January 1, 2021, EMM converted the 401(a) plan to a 403(b) plan. Under the new plan, EMM matches employee contributions up to 3% of base salary. The contributions for employees not based in the United States have not changed.

b. Defined Benefit Plan. Plan participants eligible to receive benefits prior to December 31, 1993, receive up to a 3% annual increase in benefits. The funded status of the plan, calculated in accordance with generally accepted accounting principles, indicates an asset pertaining to the pension plan of \$206,722 (See Note 14 to Financial Statements). If the actuarial assumptions used to calculate these obligations are different than the actual results of the plan's activities, additional funding may be required. Eastern Mennonite Missions may also decide to increase benefits in the future, and such additional obligations will require funding.

12. Senior Secured Indebtedness. Subject to a limit on senior secured indebtedness of 10% of Eastern Mennonite Missions' tangible net assets, investors on the notes will be paid interest and repaid principal only after Eastern Mennonite Missions pays obligations Eastern Mennonite Missions owes to retired Eastern Mennonite Missions employees. Financial information on Eastern Mennonite Missions' retirement obligations payable is set forth in Risk Factor 11, above.

13. Lending Activity. Eastern Mennonite Missions lends funds to other agencies within the Anabaptist denominations. These loans are evaluated and made by an investment committee of Eastern Mennonite Missions. These loans are on liberal terms with modest interest rates. Loans may be made to churches, retirement centers, schools, camps and behavioral health facilities. Of the total outstanding loans made by Eastern Mennonite Missions to such agencies, the actual losses have historically been less than 0.1%. Interest rates on loans are determined by the Eastern Mennonite Missions Investment Committee reviewing its total cost of notes payable to obtain the average as a percentage and then adding at least one percent to determine the rate of interest charged to churches and church agencies on mortgages receivable. This is adjusted annually in April.

14. Loans Used for Capital Facilities. Eastern Mennonite Missions used prior borrowing to construct or purchase capital facilities such as church buildings, training centers and retirement centers. Such major capital facilities cannot be financed from the cash flow in any one year. Borrowed funds were used to finance immediate capital projects. In 2020, a building on North Prince Street, Lancaster, PA was remodeled for EMM's new headquarters at a total cost of approximately \$3,200,000. In addition, Eastern Mennonite Missions entered into a sales agreement on the real estate for Eastern Mennonite Missions' former offices in Salunga, PA, on November 23, 2020 (See Note 9 to Financial Statements). Subsequent to the completion of the financial statements, the anticipated settlement was abandoned by the buyer and they forfeited a deposit of \$111,650. To the extent it does not sell in 2021 and the sales and closings on the real estate are delayed (there are multiple parcels in Salunga), Eastern Mennonite Missions will need to address and manage being in possession of an illiquid asset, which the Organization believes is a manageable task without material risk to Eastern Mennonite Missions. Funds used to purchase or construct church buildings generate no assured income from user charges. All income is dependent solely on the freewill gifts and offerings of those who use such facilities.

15. Loan Policies. Eastern Mennonite Missions lends at interest rates less than current market rates and has loan acceptance policies which allow loans up to 75% of the lower of the purchase price or appraisal. These policies may be more liberal than those of commercial lenders.

16. Early Repayment. Any note may be called and repaid after two years from the date of issue (See Redemption of Notes on page 16). Interest will accrue to the date of redemption.

17. Changes in Federal and/or State Laws. Future changes in federal or state law might adversely affect the ability of Eastern Mennonite Missions to continue to sell its notes in the future.

18. Interest Rates on Notes Not an Indicator of Repayment Ability. While the rates of note interest offered under this Prospectus might be considered an indicator of the repayment ability of Eastern Mennonite Missions, no such inference is intended by Eastern Mennonite

Missions and any such inference is hereby disclaimed. The notes are not insured by any government agency, including the Federal Deposit Insurance Corporation (FDIC), the Securities Investor Protection Corporation (SIPC) or any other state or federal agency or institution. See the Cover Page of this Prospectus, "Risk Factor" section, third paragraph, last sentence and Cover Page item C (both stating similarly). Also, payment of note interest and repayment of principal is not insured by any private insurance company.

19. Marketable Securities—Market Risk. Certain Eastern Mennonite Missions assets are in the form of marketable securities. For the year ended December 31, 2020, the amount as set forth on the Statement of Financial Position for Eastern Mennonite Missions is \$64,912. These liquid assets are subject to various market risks which may result in losses if market values of investments decline.

20. Possible Future Investment in Equity Securities and Other Investments. In addition, Eastern Mennonite Missions is considering possible investment of a small portion of its own operating net assets (not funds derived from the sale of the promissory notes as described in this Offering Circular) in the following types of investments:

a. Marketable securities. Including possibly publicly-traded equity securities. Such equity securities might include stocks, bonds, mutual funds, closed end funds, exchange traded funds and similar instruments. Eastern Mennonite Missions will use its own net assets to acquire such marketable (including equity) securities, if at all. Prior to any such investment, the Eastern Mennonite Missions Board and/or Investment Committee will propound guidelines to limit the amount of such investments, either by maximum percentage of net assets or maximum dollar amount of such investment. As indicated above, marketable securities are subject to various market risks which may result in a loss of principal if the market values of such investments decline. Such loss of principal could negatively impact Eastern Mennonite Missions' ability to repay the Notes.

b. Mennonite Board of East Africa. Eastern Mennonite Missions has close association with the Mennonite Board of East Africa (MBEA) which owns land in Nairobi and has sold a portion that has become a location of current development. The remaining land has thus increased in value. Eastern Mennonite Missions is considering using its own net assets beyond funds derived from the promissory notes described in this Offering Circular, to make an investment in MBEA. Specifically, Eastern Mennonite Missions is considering a possible loan to MBEA that would be repaid with principal and interest at approximately a Kenyan market rate of 10%. An investment amount of \$1.7 million is under consideration. Eastern Mennonite Missions estimates the approximate net proceeds available on MBEA's sale of the remaining land would be \$5-\$6 million. This and other factors are indicating to Eastern Mennonite Missions that MBEA's ability to repay is assured. Eastern Mennonite Missions appreciates the common mission with MBEA, a sister Mennonite organization. Nevertheless, Eastern Mennonite Missions would proceed with the loan only if, among other factors, a set of conditions imposed by the Eastern Mennonite Missions Board is satisfied. The conditions relate to appropriate accounting, legal, and international financial regulatory matters. There is no assurance that Eastern Mennonite Missions will proceed with this investment. If Eastern Mennonite Missions does proceed with this investment, there is risk that the value of such an investment might decline. There are various other risks including those relating to international investing and the price of land in Africa. These risks could result in a loss of principal if the market value of the investment declines. In turn, Eastern Mennonite Missions cannot rule out that such loss of principal could negatively impact Eastern Mennonite Missions' ability to repay the Notes.

21. No Assurance as to Amount of Net Assets. Eastern Mennonite Missions experiences variability in the amount of its net assets. Variability in net assets occurs because of, among other factors, variation in amounts received as donations, program commitments and Board policies including those as to appropriate and desired asset levels. In addition, one component in calculating net assets is asset depreciation. As described elsewhere in this Offering Circular, Eastern Mennonite Missions has renovated and now occupies a building on North Prince Street in Lancaster city for its operations. The greater annual depreciation of approximately \$105,000 on the new building is a factor that will tend to more readily cause Eastern Mennonite Missions' net assets to be negative in a given year, as compared to years prior to those when the new building was renovated and placed in service. Net assets can be viewed as an indicator of an organization's financial strength. Eastern Mennonite Missions expects the above and similar factors to continue in the future, meaning the amount of net assets is anticipated to continue to fluctuate, including possible decreases.

22. COVID-19. Eastern Mennonite Missions is a not-for-profit organization dependent upon contributed funds. Loans that Eastern Mennonite Missions makes to many of its Mennonite agency borrowers are also dependent upon contributed funds—for example, from congregations. The impact of COVID-19 continues and its future effects are uncertain. In 2020, most in-person program events and fundraising-related activities were canceled or held virtually. Due to uncertainty of funding, the Paycheck Protection Program loan under the CARES Act of March 27, 2020 was applied for and received totaling \$402,827 in May 2020. As of December 31, 2020, the full amount has been recognized as revenue as the SBA notified the Organization of the total forgiveness. As a result of ongoing federal, state, and local mandates, including possible closures, stay-at-home orders, "social distancing" measures, and travel restrictions, congregations and many other church agencies are or may be unable to physically meet in the short-term. Consequently, the extent of the impact of COVID-19 on the Organization's operational and financial performance is highly uncertain and cannot be predicted, and there is ongoing risk of at least some reduction in funds received by Eastern Mennonite Missions while such restrictions are in place. The Eastern Mennonite Missions Investment Committee has authorized management to allow interest only payments on loans outstanding, if the borrower asks, until the COVID-19 crisis abates. The fiscal impact of this measure and other COVID-19 impacts on Eastern Mennonite Missions is difficult to predict.

In part, the extent of the impact will depend on how prolonged the COVID-19 event is. The vast majority of amounts owed to Eastern Mennonite Missions (98.32%) are held by promissory notes that are collateralized, which should help mitigate impacts to Eastern Mennonite Missions. The ability of Eastern Mennonite Missions management to manage operations is not likely to be materially affected by COVID-19 given management has implemented remote capabilities for the purposes of business continuity. Eastern Mennonite Missions intends to exercise these measures as long as they remain necessary or appropriate.

OPERATIONS OF EASTERN MENNONITE MISSIONS

Eastern Mennonite Missions is committed to the growth of Christian churches around the world. In 2020, 91 short and long-term mission workers served in 29 countries. Eastern Mennonite Missions employs 28 administrative personnel at its administrative headquarters in Lancaster, Pennsylvania. Eastern Mennonite Missions is dependent on gifts to support its mission activities.

RELATIONSHIP TO MENNONITE CHURCH

The Lancaster Mennonite Conference (LMC), of which a majority of Directors of Eastern Mennonite Missions are members and from which most of the support for Eastern Mennonite Missions' budget comes, consists of more than 250 congregations with an adult membership of approximately 20,000 as of January 1, 2021. A majority of the congregations in LMC have contributed to the financial support of Eastern Mennonite Missions and encourage their membership to give. While Eastern Mennonite Missions is financially autonomous from LMC and the member churches of LMC, Eastern Mennonite Missions is affiliated with LMC through a common religious identification and through their common interest in furthering the faith and well-being of the church. All the debts and liabilities incurred by Eastern Mennonite Missions are independent of the financial structure of LMC or any unit or congregation of the denomination; such entities will have no obligation with respect to the notes which are offered by this Prospectus.

USE OF PROCEEDS / INVESTING ACTIVITIES

The proceeds received from the sale of the promissory notes offered in this Prospectus are used for investment in Eastern Mennonite Missions facilities, churches and other Mennonite and related agencies (See Purpose and Record of Prior Borrowing - page 8). It is the intent of Eastern Mennonite Missions to use proceeds received from this sale in the same manner as they have used proceeds from prior borrowings. First priority is given to investing in Eastern Mennonite Missions' own capital needs. An example of this was the purchase in 2015 of certain real estate (land and buildings) presently used for EMM's headquarters. Renovation on this building was completed in 2020 at a total cost of approximately \$3,200,000, of which \$737,554 is held as net assets with donor restrictions as outstanding pledges. Second priority of investing is in other Anabaptist churches and agencies. Initial investing in any one agency is limited to 20% of total Loan and Trust Fund assets, and investing in any one market segment of non-Eastern Mennonite Missions investments such as retirement centers, church schools and camps is limited to 40% of total Loan and Trust Fund assets. Eastern Mennonite Missions will invest the additional proceeds in certificates of deposit or marketable debt securities pending their utilization by Eastern Mennonite Missions. None of the proceeds of the sale of promissory notes offered in this Prospectus will be used to add to Eastern Mennonite Missions' marketable equity securities (for more information on our equity securities, see Note 4 to the Financial Statements). Eastern Mennonite Missions has acquired equity securities as either outright gifts from donors or estates, or in conjunction with charitable remainder trusts and similar agreements relating to property (equity securities) provided by such donors for combined donor income/philanthropic purposes. Specifically, the Trust Fund receives both cash and marketable securities when donors enter into life income agreements with Eastern Mennonite Missions. Cash from the Trust Fund is invested by the Investment Committee according to the Committee's guidelines. When Trust Fund donors give stocks, bonds, mutual funds and similar marketable securities to fund their life income agreements, the Investment Committee monitors and manages such marketable securities, but generally is not empowered to alter the nature of the investment (marketable security) selected by the donor. Generally, on the death of the donor, Eastern Mennonite Missions liquidates the donor's marketable securities or converts the same to cash or cash-equivalent investments, and Eastern Mennonite Missions then uses those funds for its own purposes as discussed above in this "Use of Proceeds/ Investing Activities" Section. As stated above, note proceeds are not used to invest in marketable securities. Similarly, the amount of marketable securities held each year will increase or decrease with market fluctuation, will increase by new contracts issued and will decrease when matured.

A table summarizing the distribution of select Eastern Mennonite Mission's assets is set forth below:

SELECTED ASSETS (December 31 of the years indicated)

	<u>2020</u>		<u>2019</u>		<u>2018</u>	
Cash and cash equivalents	\$6,552,391	(23%)	\$3,580,896	(12%)	\$3,597,958	(13%)
Marketable securities	64,912	(0%)	63,470	(0%)	389,024	(1%)
Capital Campaign Pledges	721,453	(3%)	1,665,432	(6%)		
Receivables (primarily from Mennonite individuals and organizations):						
Advances	455,106		478,859		511,967	
Interest	76,092		73,964		59,821	
Loans	0		0		0	
Notes	356,855		397,342		223,283	
Mortgages	<u>20,194,682</u>	<u>(74%)*</u>	<u>23,224,172</u>	<u>(82%)*</u>	<u>23,455,064</u>	<u>(86%)*</u>
Total	<u>\$28,421,491</u>	<u>(100%)</u>	<u>\$29,484,135</u>	<u>(100%)</u>	<u>\$28,237,117</u>	<u>(100%)</u>

* - Total of all five categories of "Receivables."

For a complete listing of assets, please see the Eastern Mennonite Missions' Statements of Financial Position within the Financial Statements.

Eastern Mennonite Missions may use part of the proceeds of this offering to service or refinance its outstanding debt obligation.

Eastern Mennonite Missions does not maintain a sinking fund but does attempt to keep at least 10.0% of Loan Fund assets in cash and cash equivalents to make it possible to cover any significant withdrawals of notes.

The Investment Committee, comprised of the following ten persons, has the responsibility of recommending to the President for approval of loans: Chairman Aaron Groff, Retired President of Ephrata National Bank; Tina Campbell, Co-CEO at ASSETS; Laurie Gingrich, Registered Nurse/EMM Board Treasurer; Linford Good, Retired Businessman; Vernon Good, Accounting Supervisor at Paul B. Zimmerman, Inc.; Kent Hartzler, President & CEO of Everence Federal Credit Union; Jay Hershey, Retired Assistant Vice President of Agricultural Lending at BB&T Bank; Bryan Moyer, Director of Commercial Lending at Univest; Lynn Shertzer, Pastor/EMM Board Secretary; Denise Wayman, Regional Operations Manager of Everence Federal Credit Union. In addition, three Eastern Mennonite Missions staff persons serve on the Investment Committee: Steven Martin, Finance Director; Trisha Good, Investment Fund Manager; and Marvin Lorenzana, EMM President.

No underwriters are participating in the distribution of the notes, and no underwriting discounts or commissions will be paid in connection with this offering. All expenses of this offering are estimated to be approximately \$34,000, including printing and mailing (\$361), attorneys' fees (\$10,136), accountants' fees (\$20,500) and filing fees (\$3,000), all of which will be borne by Eastern Mennonite Missions. Sales of the notes will be effected solely by the employees of Eastern Mennonite Missions (See Plan of Distribution - page 17).

CAPITALIZATION

CAPITALIZATION TABLE	As of 12/31/2020
Liabilities:	
Accounts Payable	\$284,022
Interest Payable	129,187
Notes Payable	13,575,549
Deferred Revenue	73,058
Revocable Trust Funds	179,448
Endowments & Trusts Held for Others	256,473
Annuity and Charitable Remainder Unitrust Liability	1,123,307
Total Liabilities	15,621,044
Net Assets:	
Net Assets Without Donor Restrictions:	
Funds Designated for Mission Programs	1,258,894
Undesignated	13,755,569
Total Net Assets Without Donor Restrictions	15,014,463
Net Assets With Donor Restrictions	3,294,058
Total Net Assets	18,308,521
Total Liabilities and Net Assets	\$33,929,565

PURPOSE AND RECORD OF PRIOR BORROWING

As of December 31, 2020, Eastern Mennonite Missions had borrowed from investors \$13,575,549 through the sale of promissory notes (See Financial Statements - Statements of Financial Position, and Note 11 to Financial Statements). A breakdown of the maturity dates for all notes is set forth in tabular form in Note 11 of the Financial Statements included with this Prospectus. A breakdown of the maturity dates for all loans held by Eastern Mennonite Missions is set forth in tabular form at Note 6 of the Financial Statements included within this Prospectus. The notes payable were borrowed for the following purposes, and as of December 31, 2020, were used in the following manner:

a. Eastern Mennonite Missions has \$6,552,391 available in a short-term liquid form such as cash or money market funds (See Financial Statements - Statements of Financial Position, Assets). As of December 31, 2020, the Investment Committee of Eastern Mennonite Missions had approved loan applications totaling \$85,000 of which \$59,899 has been advanced. Even if such short-term liquid assets are exceeded by the amount of the indicated approved loan commitments, EMM does not anticipate adverse consequences given, among other factors, the nature and timing of the loans committed to (See Note 2 to Financial Statements). Interest earned on these deposits help defray the costs of borrowing.

b. Eastern Mennonite Missions used prior borrowing to construct or purchase capital facilities such as church buildings, training centers and retirement centers. A capital project at North Prince Street was completed for EMM's new headquarters. Such major capital facilities cannot be financed from the cash flow in any one year. Borrowed funds were used to finance immediate capital projects. Funds used to purchase or construct church buildings generate no assured income from user charges. All income is dependent solely on the freewill gifts and offerings of those who use such facilities.

c. Eastern Mennonite Missions also serves as a capital resource for other agencies within the Anabaptist denominations. These agencies include churches, retirement centers, schools, mission boards, camps and behavioral health facilities. From time to time, these Anabaptist agencies approach Eastern Mennonite Missions to borrow money to fund their projects. To date, substantially all of these loans have been paid off as scheduled. In the past 50 years, all loans have been fully repaid with two exceptions. The exceptions were: (1) a residential mortgage in Brooklyn, New York where Eastern Mennonite Missions sustained losses following a 2005 New York City foreclosure for unpaid real estate taxes, interest and penalties; (2) a church project in Washington, D.C. where Eastern Mennonite Missions received a deed in lieu of foreclosure in 2000 that substantially minimized Eastern Mennonite Missions losses (Eastern Mennonite Missions received all of its principal back and most, but not all, of its interest). As of December 31, 2020, \$20,194,682 was secured by interest-bearing first mortgages (See Statements of Financial Position). In a few cases, purchase money mortgages were left in properties sold to non-constituency members.

d. Nine unsecured Notes Receivables totaling \$356,855 are on record at December 31, 2020.

These loans are administered by a committee appointed by Eastern Mennonite Missions known as the Investment Committee. This committee accounts for these funds independently of all other Eastern Mennonite Missions operations. The Investment Committee has the responsibility to investigate applicants for loans and makes recommendations to the President on loans based upon an evaluation of the ability of the project to repay and upon the need for the project within the Mennonite Church. The loans are made on liberal terms with modest interest rates. The policy of Eastern Mennonite Missions has been to lend its funds to other Mennonite and Anabaptist agencies at a rate of interest which is at least one per cent higher than it is currently paying its investors.

Since its incorporation in 1916, Eastern Mennonite Missions has never missed nor been overdue on a payment of principal or interest on any of its obligations. Eastern Mennonite Missions' outstanding obligations are not secured by any specific asset of Eastern Mennonite Missions and payment is made from Eastern Mennonite Missions' Loan Fund. That fund is augmented by income earned on its investments. The holders of the notes are therefore unsecured creditors of Eastern Mennonite Missions.

Eastern Mennonite Missions reserves less than 2.0% for non-collectible receivables. Actual losses have historically been very low. The slow and tardy accounts 31 to 60 days late have been less than 5.0% during the past four years and the delinquency rate not collectible has been less than two tenths of one percent (0.2%) annually during 2018, 2017 and 2016; however in 2019, the percentage increased to 10.54% and increased to 10.88% in 2020 due to a pending mortgage sale of property (see Note 6 to Financial Statements).

FINANCING AND OPERATIONAL ACTIVITIES

Receivables:

The outstanding notes and mortgages as of December 31, 2020 are due in the following years:

<u>Due</u>	<u>Total</u>	<u>Percentage of Total</u>
2021	\$ 1,620,346	8%
2022	1,328,841	6
2023	1,335,352	6
2024	1,360,385	7
2025	1,195,898	6
thereafter	<u>13,710,715</u>	<u>67</u>
	<u>\$ 20,551,537</u>	<u>100%</u>

See Note 6 to Financial Statements for more information.

LENDING ACTIVITIES

Eastern Mennonite Missions lends funds to other agencies within the Anabaptist denominations. These loans are evaluated by an investment committee of Eastern Mennonite Missions and recommended to the President for approval. Loans may be made to churches, retirement centers, schools, camps and behavioral health facilities. As set forth in Note 6 to the Eastern Mennonite Missions Financial Statements, Eastern Mennonite Missions has no current mortgage receivable which exceeds 10% of total notes and mortgages receivable. Of the total outstanding loans made by Eastern Mennonite Missions to such agencies, the actual losses have historically been less than 0.1%. Interest rates on loans are determined by the Eastern Mennonite Missions' Investment Committee reviewing its total cost of notes payable to obtain the average as a percentage and then adding at least one percent to determine the rate of interest charged to churches and church agencies on mortgages receivable. This is adjusted annually in April. As set forth in Note 6 to the Eastern Mennonite Missions Financial Statements, the outstanding notes and mortgages at December 31, 2020 bear interest at an average rate of 4.49%. Note 6 also has additional information on loan amounts due in each year from 2021 through 2025 and thereafter.

DONATION LEVELS

Although Eastern Mennonite Missions intends to maintain its current level of operation and meet such requirements with funds from other sources, there is no certainty that donations will continue at current levels or that other sources will be available. These other sources include principal and interest payments on loans made by Eastern Mennonite Missions and the future sales of notes as listed by this Prospectus. There can be no assurance, however, that investments in marketable equity securities will be continued or maintained in sufficient amount, or that Eastern Mennonite Missions will be able to sell its notes in the future. A significant portion of these marketable equity securities may be needed for operations (See Financial Statements - Statements of Financial Position, and Notes 2, 3, 4, & 5 to Financial Statements).

As of December 31, 2020, \$4,229,113 of the notes are due on demand or payable within the next 12 months. Purchasers are cautioned that, if a significant number of holders of notes falling due during the current year present these obligations for payment in the current year, the annual receipts of Eastern Mennonite Missions may be insufficient to meet these repayment requirements (See Note 11 in the Financial Statements). In the past, the redemption of promissory notes has been made primarily from proceeds of additional debt rather than from operations. Debt from notes payable is currently \$13,575,549 at December 31, 2020 (See Financial Statements - Statements of Financial Position, Liabilities).

PROPERTY ACCOUNTS

Included in the 2020 Statement of Financial Position, a total of \$4,728,862 is net property and equipment, which consists principally of land and improvements, institutional properties such as offices and warehouses located in two eastern states, churches and related operating equipment (See Financial Statements - Statements of Financial Position, and Note 8 to Financial Statements). Purchased property and equipment are recorded at cost; contributed property is recorded at its market value at the date of the gift. All property is depreciated over the estimated useful lives of the assets, including one church property, which may be contributed to local church groups. Most of Eastern Mennonite Missions property overseas has been transferred into the hands of the local churches in the various countries.

Eastern Mennonite Missions may, at its sole discretion, donate church properties to the congregations or ministry assets related to its own program to Anabaptist-related entities. Eastern Mennonite Missions is not a business corporation operating for profit, nor does it generally make decisions as to its church properties or ministry assets with the view to preserve its assets for the protection of investors. Subject to fulfilling Eastern Mennonite Missions' fiduciary obligation to repay note holders, investors should expect that, at any time, the church building assets or ministry assets of Eastern Mennonite Missions will be given away, provided such donation does not jeopardize Eastern Mennonite Missions' ability to repay the notes. One church building included in net assets has a net book value of \$5,118 as of December 31, 2020 (See Note 8 in the Financial Statements).

Eastern Mennonite Missions' past practice had been to acquire properties in areas where new churches are forming. Church and residential properties acquired prior to 1989 are included as property and equipment because Eastern Mennonite Missions only requested partial repayment of the cost of acquired properties from developing churches. Beginning with properties acquired in 1989, Eastern Mennonite Missions has entered into agreements with developing churches for the repayment of the cost of acquired church properties, generally over fifteen years at reduced interest rates. These properties are not reflected as property and equipment because the local congregations intend to fully repay the cost of the acquired properties and Eastern Mennonite Missions intends to transfer titles for these properties. One such property was recorded as a Loans Receivable and has been paid in full. Eastern Mennonite Missions intends to transfer the title to this property at its discretion.

NET ASSETS WITH DONOR RESTRICTIONS

Certain assets of Eastern Mennonite Missions are restricted by both purpose and time restrictions. For the year ended December 31, 2020, \$3,294,058 of the net assets of Eastern Mennonite Missions were restricted (See Financial Statements - Statements of Financial Position - Liabilities and Net Assets, and Note 15 to Financial Statements). During 2020, \$4,499,036 was released from donor restrictions by Eastern Mennonite Missions incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by the donors in that period (See Note 16 to Financial Statements).

ENDOWMENT, TRUST, AND LIFE INCOME FUNDS

Eastern Mennonite Missions is also Trustee for funds consisting of cash, bonds, stocks or other securities. These funds have arisen through wills that created trusts, and through revocable and irrevocable lifetime trust arrangements. In addition, in 2020, a perpetual endowment fund was created to support projects fostering Christian/ Muslim relations. All of these trust and endowment funds are administered separately from the proceeds of the sale of the notes offered in this Prospectus. No proceeds of this offering are used to administer or contribute to these trusts and endowments. For the year ended December 31, 2020, revocable trust funds total \$179,448 and the annuity and charitable remainder unitrust liability amounted to \$1,123,307. In 2020, \$136,361 in funds for the Christian/ Muslim relations endowment was received from donors. A goal is for the Christian/ Muslim relations endowment is eventually to have a \$500,000 balance (See Note 12 to the Financial Statements). Endowments and trusts for other Mennonite organizations amounted to \$ 120,112 as of December 31, 2020 (See Financial Statements - Statements of Financial Position - Liabilities and Net Assets, and Note 12 to Financial Statements).

COMPOSITION OF EASTERN MENNONITE MISSIONS

The Board of Directors shall consist of twelve to fourteen Directors: one Bishop Representative and eleven to thirteen at large Directors. Directors of Eastern Mennonite Missions must be members in good standing of a congregation of the Mennonite Church or one that identifies itself as Anabaptist. At least eight Directors shall be members of LMC congregations and at least four members shall be non-LMC members. The LMC Bishop Board Executive Committee shall appoint a bishop to serve a three-year term and also represent LMC. The Nominating Committee shall nominate individuals with the special skills and experience needed for governance. Each Nominating Committee nominee shall be appointed by the LMC Bishop Board Executive Committee for a three-year term. Directors may serve no more than five consecutive full terms with the exception of the Executive Director of Mennonite Mission Network who serves due to his position. The names, appointment dates, positions and professions of the current Eastern Mennonite Missions Board of Directors are hereinafter set forth in a table titled "Board of Directors, Eastern Mennonite Missions". The Board of Directors of Eastern Mennonite Missions has total and final responsibility for the governance of Eastern Mennonite Missions. The Board of Directors list included within this Prospectus lists thirteen (13) Directors in office as of the date of this Prospectus (See Board of Directors list on page 13).

EASTERN MENNONITE MISSIONS - OFFICERS

Eastern Mennonite Missions Board of Directors, composed as set forth above, elects one Board officer each year. The Chair and at least two other officers shall be members of a LMC congregation. The Board Chair serves a four-year term until a successor is chosen. All other board appointments are for three years. The Chief Executive Officer of Eastern Mennonite Missions shall be a President appointed to a four-year term. The President shall be appointed by the Board. For an initial term, the President is appointed by the Board after affirmation by the LMC Bishop Board.

REMUNERATION

Eastern Mennonite Missions has a headquarters staff of 28 persons located in its central offices at 450 North Prince Street, Lancaster, PA 17603. The highest salaries for 2020 were as follows: Board President (non-voting) and Chief Executive Officer - \$86,500; Mission Team Director - \$80,600; Advancement Director - \$74,724; Finance Director - \$74,724; Strategic Coach - \$74,724. Other Administrators and staff members serve on salaries not in excess of \$62,949 annually. Board members of Eastern Mennonite Missions receive stipends for attendance at quarterly meetings; the total of all such stipends in 2020 was \$12,552. Other than as noted in this "Remuneration" section, the Board serves without pay or remuneration.

STATEMENTS OF ACTIVITIES

Eastern Mennonite Missions attempts to expend as much of its support, revenue and gains as possible for its charitable purposes. The following chart is a summary of the Statements of Activities of Eastern Mennonite Missions for the past five years (See Financial Statements - Statements of Activities).

Year	Unrestricted Support Revenue and Gains	Unrestricted Expenses And Losses	Changes in Net Assets With Donor Restrictions	Increase (Decrease) In Net Assets
2016	\$7,019,124	\$7,004,469	(\$478,766)	(\$464,111)
2017	\$6,485,694	\$7,104,013	\$123,293	(\$495,026)
2018	\$7,703,682	\$6,809,630	(\$154,362)	\$739,690
2019	\$7,007,181	\$6,258,868	\$1,355,171	\$2,103,484
2020	\$8,010,476	\$5,851,558	(\$1,321,817)	\$837,101

NOTE RENEWALS

Eastern Mennonite Missions anticipates existing holders of promissory notes will renew their notes. A statement of note maturity and history of payouts is produced below:

Year	Proceeds from Sale of Notes	Notes Matured	Repayment of Notes Payable	Cash Reserves and Marketable Securities
2016	\$1,197,471	\$7,334,265	\$1,073,518	\$5,069,957
2017	\$959,240	\$6,620,682	\$2,329,776	\$4,736,799
2018	\$752,226	\$6,131,339	\$3,111,854	\$3,986,982
2019	\$676,350	\$5,352,202	\$1,389,065	\$3,644,366
2020	\$2,691,997	\$4,610,671	\$921,702	\$6,617,303

BOARD OF DIRECTORS
EASTERN MENNONITE MISSIONS
Directors as of 02/28/2021

Name	Address	Year Appointed/ Term End	Position	Profession
Brian Martin	5559 Division Hwy. Narvon, PA 17555-9218	2014/2023	Chair	Pastor
Akeia Haddox-Rossiter	2144 F St. NW Washington, DC 20052	2016/2023*	Vice Chair	Pastor
Lynn Shertzer	832 Fisher Drive Mechanicsburg, PA 17055	2019/2022	Secretary	Pastor
Laurie Gingrich	317 West Walnut Street Lancaster, PA 17603	2018/2021	Treasurer	Registered Nurse
Lawrence Brenneman	61 Livengood Farm Lane Keyser, WV 26726	2017/2021*	Director	Retired School Teacher
Jon Byler	5812 Clarkson Drive East Petersburg, PA 17520	2020/2023	Director	Leadership Trainer
Lyn D. Carlson	2590 Saddle Drive Lancaster, PA 17601	2018/2021	Director	Educational Administrator
Joe Garber	2275 New Danville Pike Lancaster, PA 17603	2019/2022	Director	Pastor
Ivania Garcia	2813 Cleveland Avenue Camden, NJ 08105	2021/2024	Director	Pastor
Matt Hamsher	P.O. Box 138 Kidron, OH 44636	2021/2024	Director	Executive Director of Evana Network
Tuyen Nguyen	41 Celestial Way Newark, DE 19711	2014/2023	Director	Bishop
Mike Sherrill	P.O. Box 370 Elkhart, IN 46515-0370	Ex Officio	Director	President of Mennonite Mission Network
Lisa Zimmerman	451 Linden Grove Road Ephrata, PA 17522	2019/2022	Director	Advancement Assistant

* Note: Year appointed dates began in the middle of a term due to previous Directors leaving before the end of their term.

BIOGRAPHIES OF EMM BOARD OF DIRECTORS

Brian Martin serves as Board Chair for the Eastern Mennonite Missions Board of Directors. He served on a GO! team to India and Nepal in 2005. He is the lead pastor at Weaverland Anabaptist Faith Community, a LMC congregation in East Earl, PA, and actively volunteers in the ELANCO community serving in police chaplaincy and social service ministry. Before entering pastoral ministry, he was in sales and marketing in the dairy industry for 20 years.

Akeia Haddox-Rossiter serves as Vice-Chair for the EMM Board of Directors. She is the executive pastor of Capital Christian Fellowship, a LMC congregation in Lanham, MD. She has served as a Missionary Support Team leader for an EMM missionary from 2012 to 2013.

Lynn Shertzer serves as Secretary for the EMM Board of Directors. He is the lead pastor of Slate Hill Mennonite Church, a LMC congregation in Camp Hill, PA. He has previously worked in the business sector, has been involved with the Shalom Council of Evangelical Churches (formerly known as the Spanish Mennonite Council) and has had several short-term mission experiences.

Laurie Gingrich serves as Treasurer for the EMM Board of Directors. She has served on two YES teams, once as a participant and once as a leader. She is a registered nurse and attends Laurel Street Mennonite Church, an Atlantic Coast Conference congregation in Lancaster City, PA.

Lawrence Brenneman is a member of Pinto Mennonite Church, a LMC congregation in Cumberland, MD. He spent two years of voluntary service in Kentucky with Mennonite Mission Network. He served for six years as the Missions and Service Chair and four years as a Missional Leader for the Allegheny Mennonite Conference.

Jon Byler is a pastor of Mosaic International Fellowship, a LMC congregation in Lancaster, PA. He served as a missionary in Kenya for thirteen years and then served fifteen years with Global Disciples in various roles. He currently serves as chief operating officer at the Center for Serving Leadership.

Lyn Carlson attends Forest Hills Mennonite Church, an Atlantic Coast Conference congregation in Leola, PA. She is a director of academic support at Lancaster Mennonite School. She has served with EMM on a YES team in 1998, a leader of both a YES team in 2001 and STAT team in 2000, and as an assistant director of the Harrisburg Discipleship Center from 2003 to 2004.

Joe Garber is a pastor of Byerland Mennonite Church, a LMC congregation in Willow Street, PA. He previously served on the board from 1998-2008. He served in Voluntary Service from 1977 to 1979 in New York City. He also served in Tanzania in 1986, and 1988 to 1990 as a teacher in Theological Education by Extension.

Ivania Garcia is a pastor of Manantial de Vida, a LMC congregation in Camden, NJ. She was born in Managua, Nicaragua and chose to follow Jesus in 1990 in the church; she serves together with her husband in that congregation since 1994.

Matt Hamsher is a member of Longenecker Evangelical Anabaptist Fellowship, an Evana congregation in Winesburg, OH. He serves as the executive director of Evana Network.

Tuyen Nguyen is the lead pastor at the Church for the Needy, a LMC congregation in Philadelphia, PA. He came from Vietnam to the United States in 1973. He joined the Vietnamese Mennonite Church in 1983 and served with EMM in the United Kingdom for four years. He actively helps the mission work in Vietnam and the United States. He serves as the Bishop Representative on the Board.

Lisa Zimmerman attends Lancaster County Bible Church in Lancaster, PA. She is an advancement assistant at Hinkletown Mennonite School. She served with Mennonite Central Committee in Akron, PA from 2002 to 2006 and served on an EMM mission assignment from 2006 to 2009.

DESCRIPTION OF NOTES OFFERED

Interest-Free Promissory Demand Notes

These promissory demand notes bear no interest from the date of investment until demand is made and the note surrendered. Upon demand and surrender of the note, principal is repaid. A Prospectus is supplied annually to every note holder.

Promissory Demand Notes

These promissory demand notes bear 0.25% interest per annum. Interest is paid upon request or is compounded annually on the anniversary date of the note. Principal and any unpaid interest is paid upon demand and surrender of the note. The holder will be furnished with a letter from Eastern Mennonite Missions indicating the anniversary date of the promissory demand note at least 30 days before the anniversary date. A Prospectus is supplied annually to every note holder. If the note is not surrendered within 30 days of the anniversary date of the note, the note will renew on its anniversary date as a demand note bearing interest at the then-applicable interest rate.

One Year Promissory Notes

These promissory notes, payable after one year, bear interest at 0.50% per annum. Both principal and interest are paid upon surrender of the note at maturity. The holder will be furnished with a letter from Eastern Mennonite Missions indicating the maturity date of the one year promissory note at least 30 days before maturity. A Prospectus is supplied annually to every note holder. If the note is not surrendered within 30 days of maturity, the note may be renewed at the option of Eastern Mennonite Missions for an additional year on the terms in effect on the date of maturity. If the note is renewed, interest will be compounded if not withdrawn.

Three Year Promissory Notes

These promissory notes, payable after three years, will bear interest at 1.00% per annum. Interest is compounded annually on the anniversary date unless the investor requests it be paid. Principal and any compounded interest will be paid upon maturity and surrender of promissory notes. The holder will be furnished with a letter from Eastern Mennonite Missions indicating the maturity date of the three year note at least 30 days before maturity. The notice will include a current Prospectus unless the holder has already received one. A Prospectus is supplied annually to every note holder. If the note is not surrendered within 30 days of maturity, the note may be renewed at the option of Eastern Mennonite Missions for an additional three years on the terms in effect on the date of maturity.

For all types of notes, subject to a limit on senior secured indebtedness of 10% of Eastern Mennonite Missions' tangible net assets, investors on the notes will be paid interest and repaid principal only after Eastern Mennonite Missions pays obligations Eastern Mennonite Missions owes to retired Eastern Mennonite Missions employees. See Risk Factors 11 and 12 (page 4) for more information. Otherwise, Eastern Mennonite Missions has no long term debt with other note or bond holders, though please see the Eastern Mennonite Missions Statement of Financial Position for an exact listing of the liabilities of Eastern Mennonite Missions. Accordingly, except as set forth in this paragraph, Eastern Mennonite Missions does not anticipate that holders of notes accounted for as a liability within this Prospectus will have inferior ranking or lower priority as to other holders of Eastern Mennonite Missions note or bond payment obligations.

TAX CONSEQUENCES

Eastern Mennonite Missions believes that under current law, interest paid on the notes is taxable for both Pennsylvania and federal purposes. In addition, note holders should anticipate that interest that is accrued but not paid in a particular calendar year will nonetheless be taxable in that calendar year for both Pennsylvania and federal purposes. (See also Risk Factor 7 relating to "Interest Taxable" on page 3.) Investors must provide to Eastern Mennonite Missions their correct social security or federal tax identification number and certify that they are not subject to backup withholding because of either exemption, non-notification from the IRS of backup withholding as a result of the failure to report interest and dividends, or IRS notification that backup withholding is no longer applicable. If a correct social security or federal tax identification number is not supplied, a portion of an investor's interest otherwise payable may have to be withheld by Eastern Mennonite Missions and sent to the US Treasury. Eastern Mennonite Missions encourages investors to consult with their tax advisors, as everyone's tax situation is different and provisions of the Internal Revenue Code and other tax laws are subject to change.

INTEREST RATE CHANGES

The interest rates shown are those in effect as of the date of this Prospectus. All interest rates of Eastern Mennonite Missions may change at any time. Each quarter, the Eastern Mennonite Missions Investment Committee reviews local bank rates and the level of current cash flow needs to determine whether a rate adjustment is needed. Changes in interest rates will be applicable only to notes issued or renewed after the effective date of the change. This is applicable to both term notes and demand notes. The interest rate changes will be stated in a supplement to this Prospectus which will bear the date of the change and will accompany all copies of the Prospectus delivered on and after that date.

ADDING TO NOTE PERMITTED

If the compounding of interest results in an uneven principal amount at maturity, the note holder may add to principal an amount sufficient to result in an even principal amount and/or sufficient to raise the principal amount to any higher offered multiple or denomination.

TRANSFERABILITY

The above promissory notes are transferable by assignment, and may be assigned and reissued at Eastern Mennonite Missions upon payment of any expenses incident to such transfer and reissue. However, all transfers must be within the Anabaptist constituency. To date, the number of transfers has been minimal and no charges have been assessed for such services. A fee for this service for notes transferred in the period governed by this Prospectus will not exceed \$5 for each change.

SCHEDULE OF MATURITIES

These notes will mature according to the dates listed on the face of the note. If any investor should die holding any term promissory notes that have not reached maturity, the executor or administrator of any such investor's estate may, upon 30 days' written notice given to Eastern Mennonite Missions, request payment of principal and interest. Eastern Mennonite Missions, upon receipt of notice, will pay principal and interest earned to date of the surrender of note without fee or penalty. In addition, notes can be withdrawn prior to maturity if 30 days' written notice is given to Eastern Mennonite Missions, and (i) for any note paid out less than a year from its maturity date, an early redemption fee equal to one (1) month of interest is paid; and (ii) for any note paid out with a year or more remaining until maturity, an early redemption fee equal to three (3) months of interest is paid.

REDEMPTION OF NOTES

Eastern Mennonite Missions reserves the right, after two years from date of issue, to call and repay any or all of the promissory notes on any anniversary date at par plus interest accrued to said date. In the event of partial redemption, notes may be chosen for redemption in such manner as Eastern Mennonite Missions shall determine. Thirty days' written notice by registered or certified mail of any call for redemption shall be given to the investors who hold notes chosen for redemption if any such early payment shall be made. Interest on notes and certificates called for redemption shall cease to accrue after the specified redemption date.

LIQUIDITY RESERVES

Eastern Mennonite Missions policy is to retain liquid cash and short-term cash equivalents in an amount at least 10% of notes payable. These funds held as cash and cash equivalents totaled \$6,552,391 at December 31, 2020 (see Statements of Financial Position).

LOAN LOSS RESERVES

Eastern Mennonite Missions maintains a loss reserve of at least 1% of receivables in the Loan Fund even though our experience has been losses in amounts less than 0.1% annually over the last five decades. Eastern Mennonite Missions believes the loss reserve in the Loan Fund of \$315,392 is adequate.

UNDERTAKINGS AND DEFAULT PROVISIONS

Eastern Mennonite Missions assumes legal and binding responsibility for the full repayment of all notes as they come due. The funds generated by this issue will be used in the way that investment funds have been used in the past 50-year history of Eastern Mennonite Missions' Investment Committee program. Eastern Mennonite Missions will secure title insurance or a lawyer's guarantee of title on all properties purchased in the future, and covenants to carry insurance against fire and other normal hazards and to maintain its properties in good condition. Should default occur in the payment of principal or interest on any of the promissory notes offered for sale by this Prospectus or on any of the promissory notes offered by Eastern Mennonite Missions in any prior offerings, and should default continue uncorrected for 45 days, the principal of all said notes shall become due and payable immediately.

AUTHORIZATION OF ISSUE

Eastern Mennonite Missions by a resolution adopted at the November 14, 2020 meeting, authorized the issuance and sale of these notes and certificates and also authorized its proper corporate officers to do all things necessary to implement such resolution.

PLAN OF DISTRIBUTION

Eastern Mennonite Missions manages the use of all investments from the promissory notes to be issued as outlined in this Prospectus. There is no commission or indirect compensation to any employee or staff member for the sale of promissory notes.

The Finance Team staff of Eastern Mennonite Missions is responsible for making offers and sales of notes. Historically, one or two letters a year have been mailed to our constituency inviting them to invest some of their savings in this Investment Fund of Eastern Mennonite Missions.

NOTICE OF RIGHT OF WITHDRAWAL

Each prospective note holder who accepts an offer to purchase the promissory notes has the right to withdraw their acceptance within two business days after their receipt of a copy of this Prospectus. Such withdrawal will be without further liability, and the prospective note holder will receive a full refund of all monies paid. To accomplish such a withdrawal, the prospective note holder must send a letter or e-mail to Eastern Mennonite Missions indicating their intention to withdraw. Such letters must be sent and postmarked prior to the end of the aforementioned second business day. If a letter is sent, it is prudent to send it by certified mail, return receipt requested, to ensure it is received, and also to evidence the time when it was mailed.

LITIGATION

Eastern Mennonite Missions is not aware that any litigation is threatened, pending or has been filed against it. Claims previously brought against Eastern Mennonite Missions have been a fatal vehicular accident in Florida in 1960 and a lead poisoning claim from a church property in Bronx, New York, in 1994. In 2005, a lawsuit was filed against Eastern Mennonite Missions by the resident of an apartment located in a building then owned by Eastern Mennonite Missions in Philadelphia, Pennsylvania. The resident sustained injuries from a fall in 2004. Eastern Mennonite Missions has been released from that suit. Eastern Mennonite Missions has had no other material claims filed against it in 100 years of its history.

LEGAL OPINION

Blakinger Thomas, P.C., 28 Penn Square, Lancaster, Pennsylvania 17603, counsel for Eastern Mennonite Missions, have given their legal opinion to the effect that all of the notes to be issued pursuant to this offering will be valid and enforceable obligations of Eastern Mennonite Missions. Several members of this law firm have a religious affiliation with the Mennonite Church but are not on the Board of Eastern Mennonite Missions.

REPORT TO INVESTORS

Eastern Mennonite Missions agrees to give every promissory note holder a copy of its audited Financial Statements within 120 days of the end of its fiscal year. Eastern Mennonite Missions' present fiscal year is the calendar year from January 1 through December 31.

ANNUAL MEETING

The annual meeting of Eastern Mennonite Missions is held each year in conjunction with the February EMM Board meeting.

ADDITIONAL INFORMATION

A prospective note holder is informed: (i) that a Registration Statement with respect to the securities offered by the Prospectus has been filed in the offices of the Pennsylvania Department of Banking and Securities in Harrisburg, Pennsylvania; (ii) that such Registration Statement included certain exhibits only summarized or alluded to in the Prospectus; and (iii) that such additional documents are available for inspection at their offices during regular business hours. The Pennsylvania Department of Banking and Securities is located at Market Square Plaza, 17 North 2nd Street, Suite 1300, Harrisburg, Pennsylvania 17101, telephone number (800) 600-0007. Their hours are 8:30 a.m. through 5:00 p.m., Monday through Friday.

FINANCIAL STATEMENTS

The audited Financial Statements of Eastern Mennonite Missions as of December 31, 2020, 2019 and 2018, and for the years then ended, included in this Prospectus, have been audited by Brown Schultz Sheridan & Fritz, 201 Granite Run Drive, Suite 110, Lancaster, Pennsylvania 17601, independent auditors, as stated in their report appearing herein.

Auditor's Report follows for

EASTERN MENNONITE MISSIONS

For the Years Ended

December 31, 2020, 2019 and 2018



EASTERN MENNONITE MISSIONS

**YEARS ENDED
DECEMBER 31, 2020, 2019 AND 2018**



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

EASTERN MENNONITE MISSIONS

YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

TABLE OF CONTENTS

	Page
Independent auditor's report	1-2
Financial statements:	
Statements of financial position	3-4
Statements of activities	5-6
Statements of functional expenses	7-8
Statements of cash flows	9-11
Notes to financial statements	12-36

Independent Auditor's Report

Officers and Directors
Eastern Mennonite Missions
Lancaster, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Mennonite Missions (the Organization), which comprise the statements of financial position as of December 31, 2020, 2019 and 2018 and the related statements of activities, functional expenses 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's 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 Organization'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 Organization'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 that 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 Eastern Mennonite Missions as of December 31, 2020, 2019 and 2018, 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.

Brown Schultz Steidman & Fritz

Lancaster, Pennsylvania
February 26, 2021

EASTERN MENNONITE MISSIONS

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020, 2019 AND 2018

	ASSETS		
	2020	2019	2018
Cash and cash equivalents	\$ 6,552,391	\$ 3,580,896	\$ 3,597,958
Marketable securities	64,912	63,470	389,024
Receivables (primarily from Mennonite individuals and organizations):			
Advances	455,106	478,859	511,967
Interest	76,092	73,964	59,821
Notes	356,855	397,342	223,283
Mortgages	20,194,682	23,224,172	23,455,064
Capital campaign pledges, net of discount and reserve	721,453	1,665,432	
Prepaid expenses	34,793	55,301	88,557
Assets held for sale, net of accumulated depreciation	160,986		
Interest in MASP reserve	376,711	421,916	431,099
Pension asset	206,722	13,859	36,170
Property and equipment, net of accumulated depreciation	4,728,862	1,442,575	1,409,311
Total assets	\$ 33,929,565	\$ 31,417,786	\$ 30,202,254

See notes to financial statements.

EASTERN MENNONITE MISSIONS

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020, 2019 AND 2018

LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Liabilities:			
Accounts payable and accrued expenses	\$ 284,022	\$ 263,267	\$ 315,807
Payables (primarily to Mennonite individuals and organizations):			
Interest	129,187	84,878	70,926
Notes	13,575,549	11,805,254	12,517,969
Deferred revenue	73,058	1,034	
Revocable trust funds	179,448	220,887	229,360
Endowments and trusts held for others	256,473	387,605	392,990
Annuity and charitable remainder unitrust liability	1,123,307	1,183,441	1,307,266
Total liabilities	<u>15,621,044</u>	<u>13,946,366</u>	<u>14,834,318</u>
Net assets:			
Without donor restrictions:			
Designated by Eastern Mennonite Missions for mission programs	1,258,894	1,135,122	956,586
Undesignated	13,755,569	11,720,423	11,150,646
Total without donor restrictions	15,014,463	12,855,545	12,107,232
With donor restrictions	3,294,058	4,615,875	3,260,704
Total net assets	<u>18,308,521</u>	<u>17,471,420</u>	<u>15,367,936</u>
Total liabilities and net assets	<u>\$ 33,929,565</u>	<u>\$ 31,417,786</u>	<u>\$ 30,202,254</u>

See notes to financial statements.

EASTERN MENNONITE MISSIONS

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	2020		2019		2018	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
Support and revenue:						
Contributions	\$ 2,029,515	\$ 3,223,165	\$ 2,292,672	\$ 4,906,261	\$ 2,467,002	\$ 3,197,720
Investment income	1,043,750	5,252,680	1,182,732	1,182,732	946,969	946,969
Paycheck Protection Program loan forgiveness	402,827	402,827				
Gain on sale of Hong Kong property					1,008,958	1,008,958
Miscellaneous income	33,161	33,161	24,768	24,768	40,074	40,074
Loss on sale of property and equipment	2,187	2,187	(87)	(87)	(84,283)	(84,283)
Change in the actuarial value of annuities and charitable remainder unitrusts		(45,946)		(43,994)		(27,120)
Net assets released, satisfaction of time and purpose restrictions	4,499,036	(4,499,036)	3,507,096	(3,507,096)	3,324,962	(3,324,962)
Total support and revenue	8,010,476	(1,321,817)	7,007,181	1,355,171	7,703,682	(154,362)
Expenses:						
Program services:						
Ministries:						
Mission Team:						
Long-term	3,321,578	3,321,578	3,769,245	3,769,245	3,699,230	3,699,230
Short-term	347,078	347,078	390,361	390,361	526,132	526,132
Relief	76,214	76,214	61,540	61,540	97,592	97,592
Other	196,412	196,412	200,637	200,637	287,759	287,759
Loan fund	343,546	343,546	266,928	266,928	325,570	325,570
Trust fund	116,565	116,565	127,164	127,164	117,596	117,596
Total program services	4,401,393	4,401,393	4,815,875	4,815,875	5,053,879	5,053,879
Supporting activities:						
Management and general	1,520,978	1,520,978	1,267,764	1,267,764	1,591,021	1,591,021
Fund-raising	205,518	205,518	248,276	248,276	206,038	206,038
Total supporting activities	1,726,496	1,726,496	1,516,040	1,516,040	1,797,059	1,797,059
Total expenses	6,127,889	6,127,889	6,331,915	6,331,915	6,850,938	6,850,938

(continued)

EASTERN MENNONITE MISSIONS

STATEMENTS OF ACTIVITIES (CONTINUED) YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	2020			2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Changes in net assets before pension related changes other than net periodic pension costs	\$ 1,882,587	\$ (1,321,817)	\$ 560,770	\$ 675,266	\$ 1,355,171	\$ 2,030,437	\$ 852,744	\$ (154,362)	\$ 698,382
Pension related changes other than net periodic pension costs	276,331		276,331	73,047		73,047	41,308		41,308
Change in net assets	2,158,918	(1,321,817)	837,101	748,313	1,355,171	2,103,484	894,052	(154,362)	739,690
Net assets:									
Beginning of year	12,855,545	4,615,875	17,471,420	12,107,232	3,260,704	15,367,936	11,213,180	3,415,066	14,628,246
End of year	\$ 15,014,463	\$ 3,294,058	\$ 18,308,521	\$ 12,855,545	\$ 4,615,875	\$ 17,471,420	\$ 12,107,232	\$ 3,260,704	\$ 15,367,936

See notes to financial statements.

EASTERN MENNONITE MISSIONS

STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

2020

	Long-term missions	Short-term missions	Relief	Other programs	Loan fund	Trust fund	Total program	Management and general	Fundraising	Total supporting activities	Total expenses
Allowances and benefits - Field	\$ 1,566,093	\$ 13,169					\$ 1,579,262			\$ 887,004	\$ 1,579,262
Salaries and benefits - Office	658,394	305,582	\$ 6,907	\$ 47,132	\$ 76,314	\$ 13,714	1,108,043	\$ 772,897	\$ 114,107	\$	1,995,047
Professional services					35,311	1,491	36,802	74,302	4,199	78,501	115,303
Travel and conferences	116,776	4,333		822			121,931	11,564		11,564	133,495
Office and occupancy	56,322			8,949			65,271	271,199	16	271,215	336,486
Project costs	837,375	8,311	57,407	67,053			970,146	15,744		15,744	985,890
Training	54,392	426					54,818				54,818
Development and communications				7,302			7,302	28,551	15,667	44,218	51,520
Interest and fees					249,652	101,298	350,950	2,538		2,538	353,488
Capital campaign					1,020		1,756	230,472	71,529	302,001	302,001
Depreciation				736				34,434		34,434	36,190
Other	32,226	15,257	11,900	64,418	(18,751)	62	105,112	79,277		79,277	184,389
Total	\$ 3,321,578	\$ 347,078	\$ 76,214	\$ 196,412	\$ 343,546	\$ 116,565	\$ 4,401,393	\$ 1,520,978	\$ 205,518	\$ 1,726,496	\$ 6,127,889

2019

	Long-term missions	Short-term missions	Relief	Other programs	Loan fund	Trust fund	Total program	Management and general	Fundraising	Total supporting activities	Total expenses
Allowances and benefits - Field	\$ 1,852,310	\$ 23,508					\$ 1,875,818			\$ 956,159	\$ 1,875,818
Salaries and benefits - Office	598,967	268,282	\$ 6,555	\$ 54,470	\$ 83,849	\$ 12,849	1,024,972	\$ 848,258	\$ 107,901	\$	1,981,131
Professional services					37,549	946	38,495	36,779	9,054	45,833	84,328
Travel and conferences	222,534	8,624		3,148	319		234,625	24,546	626	25,172	259,797
Office and occupancy	972,076	43,634	54,985	10,379	210		10,589	178,723	46	178,769	189,358
Project costs	121,433	8,127		54,886			1,125,581	15,175		15,175	1,140,756
Training							129,560				129,560
Development and communications				23,061	1,094		24,155	52,354	25,621	77,975	102,130
Interest and fees					173,979	113,301	287,280				287,280
Capital campaign	768			2,129	1,020		3,917	19,085	70,748	70,748	70,748
Depreciation	1,157	38,186		52,564	(31,092)	68	60,883	92,844	34,280	127,124	23,002
Other											188,007
Total	\$ 3,769,245	\$ 390,361	\$ 61,540	\$ 200,637	\$ 266,928	\$ 127,164	\$ 4,815,875	\$ 1,267,764	\$ 248,276	\$ 1,516,040	\$ 6,331,915

(continued)

EASTERN MENNONITE MISSIONS

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED) YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

2018

	Long-term missions	Short-term missions	Relief	Other programs	Loan fund	Trust fund	Total program	Management and general	Fundraising	Total supporting activities	Total expenses
Allowances and benefits - Field	\$ 1,710,430	\$ 31,564					\$ 1,741,994				\$ 1,741,994
Salaries and benefits - Office	595,979	299,534	\$ 10,888	\$ 46,028	\$ 80,405	\$ 13,140	\$ 1,045,974	\$ 1,121,252	\$ 52,363	\$ 1,173,615	2,219,589
Professional services					21,417	349	21,766	52,474	53,631	106,105	127,871
Travel and conferences	205,506	14,537		13,955			233,998	26,891	649	27,540	261,538
Office and occupancy		6,014		20,030			26,044	199,873	30	199,903	225,947
Project costs	1,031,887	53,402	86,704	68,072			1,240,065				1,240,065
Training	150,804	9,066					159,870				159,870
Development and communications				11,852	11,918		23,770	56,848	28,099	84,947	108,717
Interest and fees					166,825	104,038	270,863				270,863
Capital campaign	1,024	3,618		5,594	1,020		11,256	18,112	71,266	71,266	71,266
Depreciation	3,600	108,397		122,228	43,985	69	278,279	115,571		18,112	29,368
Other										115,571	393,850
Total	\$ 3,699,230	\$ 526,132	\$ 97,592	\$ 287,759	\$ 325,570	\$ 117,596	\$ 5,053,879	\$ 1,591,021	\$ 206,038	\$ 1,797,059	\$ 6,850,938

See notes to financial statements.

EASTERN MENNONITE MISSIONS

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	2020	2019	2018
Cash flows from operating activities:			
Change in net assets	\$ 837,101	\$ 2,103,484	\$ 739,690
Adjustments:			
Depreciation	36,190	23,002	29,368
Cash received for capital additions	(1,013,162)	(198,925)	
Contributions received for long-term endowment	(136,361)		
Realized gain on sale of marketable securities		(36,795)	
Donated property and equipment	(101,500)		
(Gain) loss on sale/transfer of property and equipment	(2,187)	87	84,283
Paycheck Protection Program loan forgiveness	(402,827)		
Gain on sale of Hong Kong property			(1,008,958)
Adjustment of actuarial liability for annuities and charitable remainder unitrust liability	136,236	88,061	158,246
Unrealized (gain) loss on marketable securities	(222)	(8,472)	45,403
Changes in assets and liabilities:			
Interest receivable	(2,128)	(14,143)	(2,936)
Campaign pledges receivable	943,979	(1,665,432)	
Prepaid expenses	20,508	33,256	(24,223)
Interest in MASP reserve	45,205	9,183	(51,621)
Interest payable	44,309	13,952	1,201
Accounts payable and accrued expenses	20,755	(52,540)	47,357
Deferred revenue	72,024	1,034	(1,289)
Revocable trust funds	(41,439)	(8,473)	(1,790)
Endowments and trusts held for others	(131,132)	(5,385)	(6,491)
Pension asset	(192,863)	22,311	49,938
Total adjustments	(704,615)	(1,799,279)	(681,512)
Net cash provided by operating activities	132,486	304,205	58,178

(continued)

EASTERN MENNONITE MISSIONS

STATEMENTS OF CASH FLOWS (CONTINUED) YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	2020	2019	2018
Cash flows from investing activities:			
Disbursements of loans, notes and mortgages receivable	\$ (1,422,754)	\$ (5,048,508)	\$ (2,393,038)
Proceeds from repayment of notes and mortgages receivable	4,492,731	3,575,001	3,398,072
Funds from mortgage participation agreement		1,530,340	
Purchases of:			
Marketable securities	(1,220)	(3,296)	(4,655)
Property and equipment	(3,382,463)	(56,857)	(124,123)
Proceeds from sale of:			
Marketable securities		374,117	
Property and equipment	2,687	504	129,221
Hong Kong property			1,008,958
(Increase) decrease in advances	23,753	33,108	(204,134)
	(287,266)	404,409	1,810,301
Cash flows from financing activities:			
Proceeds from issuance of notes payable	2,691,997	676,350	752,226
Repayments of notes payable	(921,702)	(1,389,065)	(3,111,854)
Annuity and charitable remainder unitrust payments	(196,370)	(211,886)	(217,920)
Contributions to long-term endowment	136,361		
Cash received for capital additions	1,013,162	198,925	
Proceeds from Paycheck Protection Program loan	402,827		
	3,126,275	(725,676)	(2,577,548)
Net cash provided by (used in) investing activities	(287,266)	404,409	1,810,301
Net cash provided by (used in) financing activities	3,126,275	(725,676)	(2,577,548)
Net increase (decrease) in cash and cash equivalents	2,971,495	(17,062)	(709,069)
Cash and cash equivalents:			
Beginning of year	3,580,896	3,597,958	4,307,027
End of year	\$ 6,552,391	\$ 3,580,896	\$ 3,597,958

(continued)

EASTERN MENNONITE MISSIONS

STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Supplemental disclosures of cash flow information:			
Cash paid out for interest	\$ 72,464	\$ 55,647	\$ 55,837
Deferred interest added to notes payable	<u>129,519</u>	<u>100,982</u>	<u>103,579</u>
	<u>\$ 201,983</u>	<u>\$ 156,629</u>	<u>\$ 159,416</u>

Non-cash investing activities:

The Organization received \$101,500 of donated property and equipment during 2020 which was capitalized. There was no donated property and equipment in 2019 or 2018.

Non-cash financing activities:

During 2020, the Organization received forgiveness of its Paycheck Protection Program (PPP) loan balance of \$402,827.

See notes to financial statements.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

1. Nature of the organization and summary of significant accounting policies:

Description of the Organization:

Eastern Mennonite Missions (EMM or the Organization) is a not-for-profit corporation organized by the Lancaster Mennonite Conference to carry out charitable and missionary purposes at home and overseas. EMM is organized and operated exclusively for religious, educational, benevolent and charitable purposes. EMM has been recognized as exempt under Section 501(c)(3) of the Internal Revenue Code. EMM is not subject to federal or state information return filing requirements as they are considered to be a group of affiliated churches. Overseas operations did not result in any significant foreign currency gains or losses, and there was no significant asset or liability exposure at year-end as a result of overseas operations. However, fluctuations in currency exchange rates impact EMM's overseas program costs from year to year. EMM receives support primarily from more than 200 member congregations of the Lancaster Mennonite Conference and related groups, as well as other Anabaptist individuals, churches and conferences.

EMM focuses in mission work include: business for transformation, children at risk, discipleship training, education, health and community development, hospitality, international mission partnerships, leadership training, Muslim ministry, the persecuted church, pioneer witness and relief.

In addition, EMM operates a loan fund and offers unsecured promissory notes to persons who are members of, contributors to (including investors in) or participants in Anabaptist churches or in Eastern Mennonite Missions or in any program, activity or organization which constitutes a part of the Anabaptist churches or Eastern Mennonite Missions or in any other church organizations that have a programmatic relationship with the Anabaptist churches or Eastern Mennonite Missions. The proceeds received from the sale of these notes are primarily invested in loans, notes and mortgages to Mennonite organizations to assist them in the acquisition, renovation and construction of facilities. Funds raised are also invested in properties and other short-term investments for EMM.

Church related activities:

EMM is committed to the growth of Christian churches throughout the world. Thirty-four national churches have formed or developed through the ministries of EMM, and these now comprise over 450,000 members. In 2020, 16 full-time and 12 part-time staff and 91 international workers served in 29 countries. EMM also benefited from the services of approximately 95 volunteer field workers. The financial statements do not present the value of these contributed services because they do not meet the recognition criteria of current accounting standards.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

1. Nature of the organization and summary of significant accounting policies (continued):

Summary of significant accounting policies:

Basis of accounting:

The financial statements have been prepared on the accrual basis of accounting and, accordingly, present all significant receivables, payables and other liabilities.

Basis of presentation:

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, EMM is required to report information regarding its financial position and activities in two classes of net assets: without donor restrictions and with donor restrictions.

Cash equivalents:

Certificates of deposit with original maturity dates over three months when acquired are classified as cash equivalents since the penalty for withdrawing the funds is not material to the overall financial statements. Cash equivalents are stated at cost which approximates fair value.

Receivables:

Mortgage, loans, advances and notes are stated at unpaid principal balances, less an allowance for losses based upon possible or expected losses. Full collection of outstanding loans, mortgages, advances and notes receivable can depend on various individual economic conditions. The Organization performs ongoing credit evaluations of the financial conditions of the borrowers. Management's evaluation of the adequacy of the allowance is based on EMM's past loan experience, adverse situations that may affect the borrower's ability to repay and current economic conditions. Past due status is determined based on contractual terms. Loans are considered past due if they have outstanding payments in excess of 30 days. Mortgages, loans and notes are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. EMM's policy is to charge off any mortgage, loan or note, or a portion thereof, when it is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating financial condition or other reasons.

Receivables that are still outstanding after management has used reasonable collection efforts are written off through a charge to a valuation allowance and a credit to receivables. The mortgages receivables are net of an allowance for uncollectible accounts amounting to \$315,392, \$334,553 and \$366,115 at December 31, 2020, 2019 and 2018, respectively.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

1. Nature of the organization and summary of significant accounting policies (continued):

Summary of significant accounting policies:

Receivables:

Mortgages, loans and notes with payments past due will continue to accrue interest until the outstanding payments exceed 150 days at which time the account is placed on nonaccrual status. Payments received on nonaccrual status mortgages, loans or notes would first be applied to interest previously accrued and any amount in excess of the interest due would be applied to the principal balance. The accrual of interest is not resumed unless the mortgage, loan or note first ceases to be classified as past due and then subsequently re-qualifies for accrual status. Two loans were on nonaccrual status at December 31, 2020, 2019 and 2018.

Interest on these receivables is recognized over the respective terms of the loan and is calculated using the simple-interest method on principal amounts outstanding.

Property and equipment:

The Organization capitalizes all property and equipment purchases in excess of \$2,500 with estimated useful lives of one year or more at cost. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

EMM has in the past and intends to continue contributing certain church properties to local church groups.

Annuity and charitable remainder unitrust liability:

The annuity and charitable remainder unitrust liability results from gifts of cash or property received by EMM subject to agreements whereby EMM promises to pay stipulated periodic amounts. Payments generally terminate upon the demise of the named beneficiaries and any residual liability is reported as support. The assets contributed are recorded at fair value when received.

The discount rates at December 31, 2020 were 1.6% to 11.2%. The Organization revalues its liability for annuities and charitable remainder unitrusts each year for changes in life expectancy and reflects these changes in the liability in the statements of activities.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

1. Nature of the organization and summary of significant accounting policies (continued):

Summary of significant accounting policies:

Pension:

The pension asset, expense and actuarial gain/loss were recorded in accordance with the requirements of the Financial Accounting Standards Board to present EMM's funding position of its pension plan. The Eastern Mennonite Board of Missions and Charities Pension Plan Trust has the sole authority regarding the usage of the pension fund. EMM is restricted from using the pension fund for any of its activities.

Survivorship and disability assistance plans:

EMM provides a survivorship and disability assistance plan to the administrative office employees (AOE) and overseas missionaries for surviving spouses or dependent children. Survivorship assistance is provided to the spouse of an EMM employee if the employee was the primary income earner and was employed at least 20 hours per week. The benefit is equal to 12 months for AOE or 24 months for overseas missionaries' current wage. There is also an additional prorated benefit of 6 months for AOE or 12 months for overseas missionaries' wages for every dependent child under the age of 18 and assistance is provided to the guardian of the children if either parent dies or a single parent dies leaving minor children. The first child receives 65% of the benefit, the second child receives 55% of the benefit, the third child receives 45% and the fourth child and more children receive 35% of the benefit. The maximum survivorship benefits per individual will total \$50,000 for AOE and \$150,000 for overseas missionaries.

The disability assistance plan covers full-time and part-time employees after one month of employment. If an employee becomes disabled for more than one week, the employee will receive their pay and benefits, less Social Security disability benefits, less other assistance not personally procured and less any earned income from part-time employment. The maximum disability assistance and benefits per individual will total \$150,000.

There were no occurrences of a benefit to an employee under the survivorship or disability assistance plan and nothing was paid under the plan in 2020, 2019 or 2018.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

1. Nature of the organization and summary of significant accounting policies (continued):

Summary of significant accounting policies:

Revenue recognition:

EMM's primary sources of revenue are contributions from churches, individuals and estates and investment income. Contributions are considered non-exchange transactions and are recognized when received. Unconditional pledges are recorded when the pledge is made in writing. Conditional contributions or pledges are not recognized as revenue until the condition has been met. EMM did not have any conditional contributions or pledges in 2020, 2019 and 2018. Contributions and pledges with donor restrictions are recorded as net assets with donor restrictions. EMM tracks the use of donor restrictions and releases them from restriction as they are met. Investment income includes interest from the mortgages and notes receivable as well as earnings on investments. Investment income is recognized as revenue when earned.

Contributions with donor restrictions:

EMM reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by EMM. These include annuity and charitable remainder unitrust agreements that are held in perpetuity and endowment funds for new office space, the income from which is available to support the ministries of EMM, and for Christian Muslim relations programs.

Functional classification of expenses:

Natural expenses attributable to more than one functional expense category are allocated using management's estimate of staff time spent on each program, management and general and fundraising service. Costs directly related to a program or supporting service are charged directly to that program or supporting service. The allowances and benefits – field expenses are compensation for services provided by missionaries.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

1. Nature of the organization and summary of significant accounting policies (continued):

Summary of significant accounting policies:

Net assets without donor restrictions:

Net assets without donor restrictions but subject to self-imposed limits by action of the board are classified as designated net assets without donor restrictions. The board may earmark net assets for future programs, purchase of fixed assets or other uses. Some governing boards delegate designation decisions to internal management. Such designations are considered to be included in board-designated net assets. EMM's board designated \$1,258,894, \$1,135,122 and \$956,586 of net assets for mission programs at December 31, 2020, 2019 and 2018, respectively.

Estimates:

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used. Significant estimates affecting these financial statements include the assumptions used in the allowance for uncollectible accounts, interest in the Mutual Aid Sharing Plan (MASP) reserve, the accrual for self-funded employee healthcare costs related to EMM's participation in MASP, the annuity and charitable remainder unitrust liabilities, functional expense allocations and the calculation of pension expense, including other gains, losses and prior service costs or credits. It is at least reasonably possible that these estimates could change in the near term.

Reclassifications:

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

1. Nature of the organization and summary of significant accounting policies (continued):

Summary of significant accounting policies:

Recently issued accounting standard:

Financial instruments – credit losses:

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13 to replace the incurred loss impairment methodology under current generally accepted accounting principles with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. EMM will be required to use a forward-looking expected credit loss model for accounts receivables, loans and other financial instruments. Credit losses relating to available-for-sale debt securities will also be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. The standard will be effective for the Organization beginning January 1, 2023. The Organization is currently evaluating the impacts of adopting this guidance on its financial position, activities and cash flows.

Contributed nonfinancial assets:

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard will require contributed nonfinancial assets to be a separate line item in the statement of activities and enhanced disclosures. The required disclosures include a disaggregation of the amount of contributed nonfinancial assets recognized in the statement of activities by category that depicts the type of contributed nonfinancial assets and for each category of contributed nonfinancial assets: 1) qualitative information regarding utilization or monetization of the contributed nonfinancial assets, 2) the programs or activities the contributed nonfinancial assets were utilized for, 3) the entity's policy for monetizing rather than utilizing contributed nonfinancial assets (if applicable), 4) a description of any donor-imposed restrictions on the nonfinancial assets, 5) a description of the valuation techniques and inputs used to arrive at the fair market value assigned to the contributed nonfinancial assets and 6) the principal market used to arrive at a fair value measure if it is a market in which the recipient not-for-profit is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial asset. The standard is to be applied retrospectively and will be effective for the Organization beginning January 1, 2022. The Organization is currently evaluating the impacts of adopting this guidance on its financial statements and related disclosures.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

2. Cash and cash equivalents:

Cash and cash equivalents consist of the following at December 31:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash	\$ 1,597,654	\$ 1,492,038	\$ 842,083
Certificates of deposit		102,119	1,889,967
Money market funds:			
Bank	4,953,808	1,985,730	772,893
Brokers	<u>929</u>	<u>1,009</u>	<u>93,015</u>
	<u>\$ 6,552,391</u>	<u>\$ 3,580,896</u>	<u>\$ 3,597,958</u>

At December 31, 2020, the amount of cash and cash equivalents held at various banks and an investment brokerage firm exceeded the Federal Deposit Insurance Corporation (FDIC) limit by \$6,293,004.

Cash which may be required for approved loan applications is as follows:

Total approved loan applications	\$ 85,000
Amounts advanced through December 31, 2020	<u>59,899</u>
Amounts to be advanced in 2021 and later	<u>\$ 25,101</u>

The funds to be advanced are funds towards construction projects. These funds historically have not been loaned in full due to congregations engaging in building fund campaigns, or are loaned over a number of months as the building project progresses. Mortgage repayment rates have no penalty for accelerated mortgage payments, and historically a number of current mortgages pay at accelerated rates. As in the past, EMM does not anticipate any difficulty in meeting the requests to advance funds for these approved mortgages.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

3. Financial assets and liquidity resources:

As of December 31, 2020, 2019 and 2018, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, payments on notes payable and purchases of property and equipment were as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Financial assets:			
Cash and cash equivalents	\$ 6,552,391	\$ 3,580,896	\$ 3,597,958
Marketable securities	64,912	63,470	389,024
Receivables (primarily from Mennonite individuals and organizations):			
Current portion of notes and mortgages receivable	1,620,346	1,693,529	1,967,371
Advances	455,106	478,859	511,967
Interest	76,092	73,964	59,821
Total financial assets	<u>8,768,847</u>	<u>5,890,718</u>	<u>6,526,141</u>
Net assets with donor restrictions	(1,966,513)	(2,042,128)	(2,059,652)
Designations for mission programs	<u>(1,258,894)</u>	<u>(1,135,122)</u>	<u>(956,586)</u>
Total financial assets available within one year	<u><u>\$ 5,543,440</u></u>	<u><u>\$ 2,713,468</u></u>	<u><u>\$ 3,509,903</u></u>

EMM's primary sources of cash flows are contributions and payments on mortgages received throughout the year. EMM maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. EMM also strives to maintain 10% of its loan fund liabilities in total cash and/or short-term investments to enable timely repayment of promissory notes. Certificates of deposit are laddered by management for cash flow purposes. The remaining net assets with donor restrictions are related to long-term financial assets not included in the table above.

To manage unanticipated liquidity needs, EMM maintains a \$1,000,000 line of credit with a bank that can be drawn upon as needed during the year to manage cash flows. At December 31, 2020, 2019 and 2018, EMM had the full balance of the line of credit available for use.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

4. Marketable securities:

Marketable securities consist of the following at December 31:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Equity securities, at market value	\$ 64,912	\$ 63,470	\$ 389,024
Cost	<u>49,102</u>	<u>47,882</u>	<u>381,908</u>
Excess of market value over cost	<u>\$ 15,810</u>	<u>\$ 15,588</u>	<u>\$ 7,116</u>

Net investment income from marketable securities consists of:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Dividends	\$ 986	\$ 2,927	\$ 13,402
Net realized gains		36,795	
Net unrealized gains (losses)	<u>222</u>	<u>8,472</u>	<u>(45,403)</u>
	<u>\$ 1,208</u>	<u>\$ 48,194</u>	<u>\$ (32,001)</u>

5. Fair value measurements:

FASB ASC 820, *Fair Value Measurement*, establishes a three-level hierarchy for fair value measurements to clarify the valuation of an asset as follows:

- Level 1 – Quoted prices in active markets for an identical investment
- Level 2 – Other significant observable inputs, including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.
- Level 3 – Significant unobservable inputs, including the Organization's own assumptions in determining the fair value of investments

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

5. Fair value measurements (continued):

The cash and cash equivalents are stated at principal value which approximates fair value. The equity securities are valued by reference to quoted market prices. This methodology is consistent with the methodology used in previous periods to value investments.

The fair values of assets measured on a recurring basis at December 31:

<u>Investments</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 6,552,391	\$ 3,580,896	\$ 3,597,958
Level 1 - Quoted prices: Equity securities	<u>64,912</u>	<u>63,470</u>	<u>389,024</u>
	<u>\$ 6,617,303</u>	<u>\$ 3,644,366</u>	<u>\$ 3,986,982</u>

6. Receivables:

Advances are considered short-term and collectible in the next year.

No individual mortgages exceeded 10% of the notes and mortgages receivable balances during the years ended December 31, 2020 and 2019. At December 31, 2018, EMM had one mortgage receivable with a Mennonite organization located in eastern Pennsylvania which exceeded 10% of the notes and mortgages receivable balances. This mortgage had a balance of \$3,207,289 at December 31, 2018. Mortgage receivables are generally secured by property. Unsecured notes receivable totaled \$356,855, \$397,342 and \$223,283 at December 31, 2020, 2019 and 2018, respectively.

In 2019, EMM sold a 50% participation share of one mortgage with an outstanding balance of \$3,060,680 to a financial institution. The participant will be paid 50% of all principal and interest payments and also assumed 50% of the risk associated with the mortgage, including collection risk on its share of the mortgage.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

6. Receivables (continued):

The outstanding notes and mortgages at December 31, 2020 bear interest at an average rate of 4.49% and are due in the following years:

<u>Due</u>	<u>Loan fund</u>	<u>Other</u>	<u>Total</u>
2021	\$ 737,876	\$ 882,470	\$ 1,620,346
2022	638,681	690,160	1,328,841
2023	648,996	686,356	1,335,352
2024	675,735	684,650	1,360,385
2025	606,562	589,336	1,195,898
thereafter	<u>8,161,634</u>	<u>5,549,081</u>	<u>13,710,715</u>
	<u><u>\$ 11,469,484</u></u>	<u><u>\$ 9,082,053</u></u>	<u><u>\$ 20,551,537</u></u>

It is EMM's experience that a substantial portion of the notes and mortgage receivables are repaid before contractual maturity dates. The above table, therefore, is not to be regarded as a forecast of future cash flows. Interest rates are generally fixed for the first year of the receivable and become variable on a yearly basis thereafter.

The components of the allowance for uncollectible accounts at December 31 are as follow:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Balances, beginning of year	\$ 334,553	\$ 366,115	\$ 322,555
Provision (adjustment) for losses	<u>(19,161)</u>	<u>(31,562)</u>	<u>43,560</u>
Balances, end of year	<u><u>\$ 315,392</u></u>	<u><u>\$ 334,553</u></u>	<u><u>\$ 366,115</u></u>

The following are some general guidelines that the Organization uses in approving loans:

- Invest up to 75% of the lower of the property's cost or appraisal.
- Loan amount should not be more than twice the annual revenue of the borrower.
- Total operating expenses should not exceed 90% of average annual revenue of the borrower.
- Loans to an agency should be less than 20% of the total loans outstanding.
- With the exception of churches, loans are not to exceed 40% in a market segment.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

6. Receivables (continued):

Loan approval is given by an Investment Committee, which meets quarterly to review applications and summarized financial statements.

The following is the total amount of loans that are considered past due at December 31:

	2020		2019			2018		
	Past due > 90 Days	Past due 31-60 Days	Past due 61-90 Days	Past due > 90 Days	Total past due	Past due 31-60 Days	Past due > 90 Days	Total past due
Mortgages	<u>\$ 2,236,244</u>	<u>\$ 314,206</u>	<u>\$ 231,183</u>	<u>\$ 1,945,322</u>	<u>\$ 2,490,711</u>	<u>\$ 321,753</u>	<u>\$ 570,707</u>	<u>\$ 892,460</u>

A mortgage in the amount of approximately \$1.4 million listed in the 90+ days outstanding category fell behind payments due to an agreed upon sales contract on a property held for collateral not coming to completion. The collateral property is now under a sales agreement with a new party, and the mortgage holder has agreed to make interest only payments until the completion of the sale, which is anticipated to occur in 2021. EMM expects to recover the entire balance plus interest. A second mortgage in the amount of approximately \$500,000 listed in the 90+ days outstanding category fell behind payments. In 2019, EMM began leasing the property to a third party. The lease agreement ends in April 2021 and includes a purchase option at the end of the lease term. EMM expects to recover the principal balance on this loan through the lease payments and anticipated subsequent sale of the property.

The Organization allows construction loans to be interest only until construction is complete. Occasionally a loan can be approved by the Investment Committee to be interest only for a period of time outside of construction. There are five interest only loans outside of construction totaling approximately \$2,091,000 for the year ended December 31, 2020.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

7. Campaign pledges:

Campaign pledges receivable at December 31, 2020 and 2019 include pledges made for EMM's Moving in Mission Capital Campaign, which began in 2019. Pledges receivable at December 31, 2020 and 2019 are as follows:

2020	
Unconditional pledges receivable before unamortized discount	\$ 737,554
Less reserve for uncollectible pledges receivable	14,751
Less unamortized present value discount on remaining pledge receivables using 0.36% for pledges received in 2019	<u>1,350</u>
Net unconditional pledges receivable	<u><u>\$ 721,453</u></u>
2019	
Unconditional pledges receivable before unamortized discount	\$ 1,898,475
Less reserve for uncollectible pledges receivable	34,279
Less unamortized present value discount on remaining pledge receivables using 1.69% for pledges received in 2019	<u>198,764</u>
Net unconditional pledges receivable	<u><u>\$ 1,665,432</u></u>

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

7. Campaign pledges (continued):

Amounts due for the EMM Moving in Mission Capital Campaign are as follows:

2021	\$ 628,923
2022	51,800
2023	35,981
2024	<u>20,850</u>
	737,554
Reserve and discount	<u>(16,101)</u>
Campaign pledges receivable, net of unamortized discount and reserve for uncollectible pledges	<u><u>\$ 721,453</u></u>

8. Property and equipment:

The following is a summary of property and equipment at December 31:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land and improvements	\$ 196,601	\$ 183,145	\$ 183,145
Buildings for ministries	4,213,553	1,634,609	1,585,452
Furnishings and equipment	531,205	304,167	322,275
Transportation equipment	<u>36,423</u>	<u>28,532</u>	<u>32,651</u>
	4,977,782	2,150,453	2,123,523
Less accumulated depreciation	<u>248,920</u>	<u>707,878</u>	<u>714,212</u>
	<u><u>\$ 4,728,862</u></u>	<u><u>\$ 1,442,575</u></u>	<u><u>\$ 1,409,311</u></u>
Depreciation expense	<u><u>\$ 36,190</u></u>	<u><u>\$ 23,002</u></u>	<u><u>\$ 29,368</u></u>

Property and equipment include a church property with an original cost of \$51,180 and a net book value of \$5,118 at December 31, 2020. Title of this property may be transferred to the church at the sole discretion of EMM. The church was not transferred in 2020, 2019 or 2018. In 2019 and 2018, there were two church properties included in property and equipment that are considered held for sale at December 31, 2020. See Note 9.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

9. Assets held for sale:

Assets held for sale at December 31, 2020 consist of the following assets, which include the previous headquarters in Salunga and a church property, that will be disposed of in 2021 when settlement occurs:

Land and improvements	\$ 105,444
Buildings for ministries	400,968
Furnishings and equipment	<u>93,205</u>
	599,617
Less accumulated depreciation	<u>438,631</u>
Assets held for sale	<u><u>\$ 160,986</u></u>

In late November 2020, EMM transitioned its headquarters to the Prince Street office in Lancaster, PA. On November 23, 2020, EMM entered into a sales agreement for its previous headquarters in Salunga, PA, for approximately \$1,116,500. Settlement on this sale is anticipated to occur in the first quarter of 2021.

10. Line of credit:

EMM has an unsecured \$1,000,000 line of credit with Northwest Bank. There are no restrictive covenants included in the line of credit agreement. The interest rate is variable. To renew the line of credit there is an annual review. At December 31, 2020, 2019 and 2018, there was no outstanding balance.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

11. Notes payable:

Notes payable consist of notes primarily to Mennonite individuals and organizations with interest rates that range from noninterest-bearing to 2.50%. The outstanding notes payable at December 31, 2020 bear interest at an average rate of 2.02%. Scheduled maturities on the notes payable are as follows:

<u>Due</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
On demand	\$ 376,280	\$ 410,902	\$ 554,781
2019			4,797,421
2020		4,199,769	3,803,947
2021	3,852,833	3,322,469	3,361,820
2022	3,787,755	3,872,114	
2023	5,558,681		
	<u>\$ 13,575,549</u>	<u>\$ 11,805,254</u>	<u>\$ 12,517,969</u>
Interest expense on notes payable	<u>\$ 246,291</u>	<u>\$ 170,582</u>	<u>\$ 160,616</u>

As of December 31, 2020, \$4,229,113 of notes payable are due on demand or payable within the next 12 months. If a significant number of note holders present these obligations for repayment, the annual receipts of EMM would be insufficient to meet these repayment requirements. Notes not presented for repayment at maturity are considered to be notes sold for the same term length at the current interest rate for a subsequent period. In the past, EMM has had sufficient funds to meet all repayment requests as they are presented.

12. Endowments and trusts held for others:

In 2018, an endowment fund was created to support the new office space and strategic initiatives in Lancaster City. The principal of donor funds contributed to this endowment will be held in perpetuity and are classified as net assets with donor restrictions. The earnings on the principal will be available for expenditure. On December 31, 2018, EMM received \$35,000 from donors for the endowment. No new endowment funds were received from donors in 2019 or 2020. EMM's endowment fund policy states that an endowment fund shall revert to a quasi-endowment twenty years from the date it was established. As a quasi-endowment, the fund shall continue to function as an endowment if the objectives and purposes of the endowment remain current to EMM ministry and programs. If the intended purposes of the endowment have become obsolete, EMM may allocate the funds to other endowments or purposes as it sees fit. EMM had net earnings on the endowment of \$6,226 and \$3,332 in 2020 and 2019, respectively. The endowment fund had a balance of \$44,558 and \$38,332 as of December 31, 2020 and 2019, respectively.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

12. Endowments and trusts held for others (continued):

In 2020, an endowment fund was created in honor of two missionaries to support projects dedicated to Christian Muslim relations. The principal of donor funds contributed to this endowment will be held in perpetuity and classified as net assets with donor restrictions. The earnings on the principal will be used to fund Christian Muslim relations projects. In 2020, EMM received \$136,361 from donors for the endowment. EMM is still accepting donations to the endowment with the goal of raising \$500,000 for the endowment. If EMM were to no longer be involved in ministries or activities that advance the goals of dialogue, witness, peacemaking and hospitality in Christian-Muslim relations, EMM will consider a proposal for the funds of this endowment to be given to a likeminded organization that is pursuing those ministries.

Trusts held for others represent a liability arising from advances of cash and securities from grantors who have a right to income therefrom. These funds are held in trust for other Mennonite organizations.

13. Assets related to annuity and charitable remainder unitrust liability:

Assets related to the annuity and charitable remainder unitrust liability at December 31 are as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Mortgages receivable	\$ 1,532,528	\$ 2,003,838	\$ 1,933,243
Marketable securities	7,927	11,135	204,462
Cash	<u>188,945</u>	<u>76,783</u>	<u>370,614</u>
	<u>\$ 1,729,400</u>	<u>\$ 2,091,756</u>	<u>\$ 2,508,319</u>

14. Pension and retirement plans:

Pension plan:

EMM sponsors a defined benefit pension plan (church plan) which covers all participants eligible to receive benefits as of December 31, 1993, when participation to the plan was closed to new participants. The plan calls for an annual increase in benefits up to 3% each January 1.

The pension plan is a church plan and as such is not subject to the termination requirements of Section 411 of the Internal Revenue Code. Although EMM is not required to fund additional benefits, it may do so at its discretion.

EMM anticipates making payments in the future only as necessary to maintain a positive funded status.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

14. Pension and retirement plans (continued):

Pension plan:

The following sets forth the funded status of the plan and the amounts recognized in the statements of financial position at December 31 and measured at those dates:

	2020	2019	2018
Projected and accumulated benefit obligation	\$ 571,993	\$ 871,484	\$ 952,966
Fair value of plan assets	778,715	885,343	989,136
Funded status	\$ 206,722	\$ 13,859	\$ 36,170
Pension asset	\$ 206,722	\$ 13,859	\$ 36,170
Unrecognized component of net periodic pension costs included in net assets	\$ 149,401	\$ 425,733	\$ 498,780
Pension cost:			
Interest cost	\$ 52,289	\$ 57,178	\$ 70,142
Actual (return) loss	(66,387)	(115,088)	37,049
Amortization and deferrals	97,566	153,268	(15,945)
Total	\$ 83,468	\$ 95,358	\$ 91,246
Employer contribution	\$ -	\$ -	\$ -
Benefits paid	\$ 173,014	\$ 218,881	\$ 228,962

Pension cost is included in salaries and benefits on the statement of functional expenses in 2020, 2019 and 2018.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

14. Pension and retirement plans (continued):

Pension plan:

Weighted average assumptions used to determine benefit obligations at December 31:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate	6.0 %	6.0 %	6.0 %
Rate of compensation increase	3.0	3.0	3.0

Weighted average rates used to determine net periodic pension cost for years ended December 31:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate	6.0 %	6.0 %	6.0 %
Expected long-term rate of return on plan assets	6.0	6.0	6.0
Rate of benefit increase	1.7	2.5	2.3

The estimated amortization of the unrecognized component of net periodic pension costs into pension costs in 2021 is approximately \$17,000.

The basis for the long-term expected rate of return is based on EMM's risk tolerance and historical trends. Since December 31, 2009, the plan has earned approximately 5.1% annually. The expected rate of return has not been adjusted recently, since historically it has not fluctuated above or below that rate significantly, and based on the current asset class mix and risk tolerance, the expected future return is 6%.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

14. Pension and retirement plans (continued):

Pension plan:

EMM's pension plan weighted average asset allocations at December 31, by asset category, are as follows:

<u>Asset category</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Debt securities	57 %	58 %	60 %
Equity securities	33	32	29
Cash and cash equivalents	2	1	3
Other securities:			
Commodity funds		1	1
Real estate investment trusts	3	3	2
Tactical assets	5	5	5
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The overall investment strategy of the plan is to meet the current and future benefit obligations as they come due without having a large payment at the end of the benefit obligations. The target asset class mix is as follows: 60%-70% debt securities and 20%-30% equity securities, with 0%-10% in cash and other securities. This asset class mix is expected to yield a 6% rate of return.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

14. Pension and retirement plans (continued):

Pension plan:

The fair values of assets held in the plan as measured under FASB ASC 820, as described in Note 5, at December 31 are as follows:

<u>Investments</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Level 1 - Quoted prices:			
Debt securities	\$ 442,175	\$ 515,936	\$ 588,681
Equity securities	257,442	281,660	290,744
Other securities:			
Commodity funds		8,785	14,804
Real estate investment trusts	20,970	22,882	18,002
Tactical assets	38,708	44,441	47,144
Total	759,295	873,704	959,375
Cash equivalents	19,420	11,639	29,761
	<u>\$ 778,715</u>	<u>\$ 885,343</u>	<u>\$ 989,136</u>

Estimated future benefit payments:

The following benefit payments are expected to be paid:

	<u>Pension benefits</u>
2021	\$ 151,751
2022	156,509
2023	161,430
2024	129,338
2025	51,937
2026	18,074
	<u>\$ 669,039</u>

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

14. Pension and retirement plans (continued):

Retirement plan:

EMM participates in the Mennonite Retirement Plan, a 401(a) defined contribution plan, which is maintained as a "church plan" and sponsored by Mennonite Church USA. For employees based in the United States, the amount contributed for each employee is an amount equal to 6% of the employee's monthly salary. For employees not based in the United States, on January first of each year, contributions will be adjusted based on the annual Consumer Price Index as of the preceding June 30. Contributions to this plan totaled \$173,462, \$196,479 and \$212,052 for the years ended December 31, 2020, 2019 and 2018, respectively. Effective January 1, 2021, EMM converted the 401(a) plan to a 403(b) plan. Under the new plan, EMM will match up to 3% of employee contributions for employees based in the United States. The contribution for employees not based in the United States will not change.

15. Net assets with donor restrictions:

Net assets with donor restrictions consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Advance of support for ministries	\$ 1,758,490	\$ 1,762,298	\$ 2,002,486
Capital campaign	737,554	1,888,894	
Annuity and charitable remainder unitrust agreements	606,092	908,315	1,201,052
Annuity and charitable remainder unitrust agreement held in perpetuity	20,561	21,368	22,166
Endowments	<u>171,361</u>	<u>35,000</u>	<u>35,000</u>
Total net assets with donor restrictions	<u><u>\$ 3,294,058</u></u>	<u><u>\$ 4,615,875</u></u>	<u><u>\$ 3,260,704</u></u>

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

16. Net assets released from restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors in the following periods:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Purpose restrictions accomplished, ministries' expenditures	\$ 2,634,370	\$ 3,229,847	\$ 3,319,141
Moving in Mission Capital Campaign	1,604,465	24,006	
Death of donors	<u>260,201</u>	<u>253,243</u>	<u>5,821</u>
	<u>\$ 4,499,036</u>	<u>\$ 3,507,096</u>	<u>\$ 3,324,962</u>

17. MASP employee healthcare assistance benefit program:

The Organization participates in a self-funded employee healthcare assistance benefit program, Mutual Aid Sharing Program (MASP). MASP is a not-for-profit organization whereby mission and service agencies of the Anabaptist community share with each other the cost of providing healthcare assistance and death expense benefits to their employees.

Under MASP, the Organization is responsible for claims up to the retention amount of \$30,000 per person (retained claims). Claims in excess of the retention amount up to \$250,000 will be pooled with the other agencies. Claims above \$250,000 are reinsured by a stop loss policy that covers all MASP agencies. The stop loss reinsurance defines a claim as the total medical claims per individual per MASP fiscal year (October 1 through September 30). The Organization has expensed an estimate of its retention claims incurred and the monthly payments to MASP for its expected share of pooled claims and administrative costs including stop loss premiums. The payments include the actuarially projected amount to cover claims that exceed the agency retention up to \$250,000. The actual amount may differ from this estimate based on the Organization's and pooled agencies' actual experience.

MASP maintains a reserve fund, which can be drawn upon in the event of a large single claim or a series of large claims or if MASP chooses to allocate a portion of the reserve fund to lower the aggregate shared claims limit. The Organization has determined its estimated share of the reserve fund to be \$376,711, \$421,916 and \$431,099 at December 31, 2020, 2019 and 2018, respectively.

EASTERN MENNONITE MISSIONS

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

18. Paycheck protection program:

The Paycheck Protection Program was established under the CARES Act on March 27, 2020, and was designed to provide cash-flow assistance to small businesses including certain not-for-profit organizations. This program provides relief as a result of the Coronavirus pandemic with loan funds to pay up to 24 weeks of payroll costs, including fringe benefits, rent and utilities commencing on the date of loan origination. The Paycheck Protection Program is a loan program that is guaranteed in its entirety through the Small Business Administration (SBA) and offers a maturity of two years and an interest rate of one percent (1%). The principal amount of the loan may be partially or fully forgiven if the loan funds are utilized in a manner consistent with the allowable use of loan proceeds.

The Organization applied for and received loan proceeds totaling \$402,827 in May 2020. As of December 31, 2020, the full amount has been recognized as revenue as the SBA notified the Organization of the total forgiveness.

19. Impact of COVID-19 pandemic:

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The U.S. government also implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. The spread of this virus caused operations disruption to the Organization beginning in March 2020, due to state government-imposed shutdowns of businesses and other results of the illness. While the Organization expects this matter may negatively impact its results, the extent of the impact of the COVID-19 on the Organization's operational and financial performance is highly uncertain and cannot be predicted.

At the outset of COVID-19 restrictions and through the remainder of 2020, EMM closed its office to the public except for pre-arranged appointments. A reduced staff continued to work at the office while most staff worked remotely. International travel was significantly reduced and short-term mission assignments came to a near standstill, which reduced overall expenses for EMM. Most in-person program events and fundraising related activities were canceled or held virtually, but this did not have a significant impact on overall revenues. As EMM moves into 2021, it is anticipated that COVID-19 restrictions will have a similar impact on operations in the short-term, but the longer-term impact of COVID-19 remains to be seen.

20. Subsequent events:

On January 12, 2021, EMM settled on the sale of a church property for \$900,000. After settlement costs, the expected gain on the sale is approximately \$825,000. The proceeds from the sale are designated for support of the Washington-Baltimore District of LMC.

The Organization has evaluated subsequent events through February 26, 2021, the date which the financial statements were available to be issued.