CONVERGE CORNERSTONE FUND

Financial Statements
With Independent Auditors' Report

December 31, 2017, 2016 and 2015

CAPINCROUSE LLP

CONVERGE CORNERSTONE FUND

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Converge Cornerstone Fund
Arlington Heights, Illinois

We have audited the accompanying financial statements of Converge Cornerstone Fund, which comprise the balance sheets as of December 31, 2017, 2016 and 2015, and the related statements of activities and cash flows for the three 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.

Auditors' Responsibility

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

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

We believe 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 Converge Cornerstone Fund as of December 31, 2017, 2016 and 2015, and the changes in its net assets and cash flows for each of the three years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Wheaton, Illinois
February 23, 2018

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CONVERGE CORNERSTONE FUND

Balance Sheets

	December 31, 2017	December 31, 2016	December 31, 2015
ASSETS:			
Cash	$ 1,425,234	$ 970,200	$ 1,351,236
Investments	60,736,560	60,351,671	49,551,234
Loans receivable, net of allowance for doubtful loans	189,154,933	190,107,883	171,521,287
Accrued interest receivable	714,499	603,999	508,771
Other assets	58,382	35,516	202,886
Investments held for endowment	169,316	169,316	169,316
Total Assets	$ 252,258,924	$ 252,238,585	$ 223,304,730
LIABILITIES AND NET ASSETS:			
Other payables	$ 341,457	$ 242,596	$ 186,932
Gift annuity liability	364,049	404,932	444,369
Interest payable	14,477	11,724	5,535
Investment certificates	216,172,083	220,623,907	195,041,498
	216,892,066	221,283,159	195,678,334
Net assets:			
Unrestricted:			
Undesignated	16,078,341	14,533,256	15,261,958
Board designated reserve	17,292,926	17,649,912	15,603,320
Board designated for programs	-	-	20,000
Cumulative unrealized gain (loss) on investments	1,826,275	(1,397,058)	(3,428,198)
	35,197,542	30,786,110	27,457,080
Permanently restricted	169,316	169,316	169,316
	35,366,858	30,955,426	27,626,396
Total Liabilities and Net Assets	$ 252,258,924	$ 252,238,585	$ 223,304,730

See notes to financial statements

CONVERGE CORNERSTONE FUND

Statements of Activities

	Year Ended December 31, 2017	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS:			
Interest and fees on loans receivable	$ 9,048,746	$ 8,737,641	$ 7,823,580
Interest and dividends on investments	1,340,085	1,108,933	1,293,512
Total interest and dividend income	10,388,831	9,846,574	9,117,092
Less interest expense on investment certificates	(5,270,836)	(5,127,238)	(4,798,134)
Net interest income	5,117,995	4,719,336	4,318,958
Other operating income and expenses:			
Other income	5,714	6,401	2,520
Provision for doubtful loans	(219,157)	(244,900)	(264,000)
Administrative expense	(1,121,607)	(1,093,858)	(1,157,912)
Professional services	(151,300)	(128,497)	(179,365)
Other operating expense	(275,238)	(258,912)	(263,418)
	(1,761,588)	(1,719,766)	(1,862,175)
Net operating income	3,356,407	2,999,570	2,456,783
Contribution to the Church	(1,700,000)	(1,600,000)	(1,500,000)
Contribution to other churches	-	(20,000)	(80,000)
Change in value of annuities	1,554	(5,630)	(13,628)
Net realized (losses)/gains on investments	(441,399)	(62,006)	64,184
Net unrealized gains/(losses) on investments	3,194,870	2,017,096	(3,018,195)
Change in Unrestricted Net Assets	4,411,432	3,329,030	(2,090,856)
Net Assets, Beginning of Year	30,955,426	27,626,396	29,717,252
Net Assets, End of Year	$ 35,366,858	$ 30,955,426	$ 27,626,396

See notes to financial statements

CONVERGE CORNERSTONE FUND

Statements of Cash Flows

	Year Ended December 31, 2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from mortgage loan interest	$ 8,853,045	$ 8,384,699	$ 7,253,669
Interest and dividends received on investments	1,342,230	1,108,963	1,297,664
Contributions and miscellaneous income received	(17,152)	7,675	67,004
Cash paid to vendors and the Church	(1,449,284)	(1,420,658)	(1,556,437)
Interest paid to investors	(1,409,190)	(1,361,750)	(1,312,454)
Reinvested interest on certificates payable	(3,858,893)	(3,759,299)	(3,489,252)
Contribution to the Church	(1,700,000)	(1,600,000)	(1,500,000)
Contribution to other churches	-	(20,000)	(80,000)
Net Cash Provided by Operating Activities	1,760,756	1,339,630	680,194
CASH FLOWS FROM INVESTING ACTIVITIES:			
Principal payments received on loans	19,715,687	12,523,079	17,491,999
Loans made	(18,891,243)	(31,096,961)	(46,168,799)
Proceeds from sales and maturities of investments	4,107,466	43,782	15,318,240
Purchase of investments	(1,716,776)	(8,778,721)	(2,247,913)
Proceeds from sale of assets held for sale	1,800	67,686	-
Net Cash Provided (Used) by Investing Activities	3,216,934	(27,241,135)	(15,606,473)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds received from issuance of investment certificates	32,980,512	48,966,094	43,667,605
Reinvested interest on certificates payable	3,858,893	3,759,299	3,489,252
Payments made to redeem investment certificates	(41,291,229)	(27,142,984)	(32,214,078)
Payments on annuity agreements	(70,832)	(61,940)	(148,322)
Net Cash (Used) Provided by Financing Activities	(4,522,656)	25,520,469	14,794,457
Change in Cash	455,034	(381,036)	(131,822)
Cash, Beginning of Year	970,200	1,351,236	1,483,058
Cash, End of Year	$ 1,425,234	$ 970,200	$ 1,351,236

(continued)

See notes to financial statements

CONVERGE CORNERSTONE FUND

Statements of Cash Flows, continued

	Year Ended December 31,		
	2017	2016	2015
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Change in unrestricted net assets	$ 4,411,432	$ 3,329,030	$ (2,090,856)
Adjustments:			
Amortization and depreciation - net	7,595	4,875	9,408
Net realized losses/(gains) on sale of investments	441,399	62,006	(64,184)
Actuarial change in value of annuities, net of payments	(1,554)	5,630	13,628
Net unrealized (gains)/losses on investments	(3,194,870)	(2,017,096)	3,018,195
Provision for doubtful loans	219,157	244,900	264,000
Loan origination costs and accrued interest added to principal	(90,650)	(257,614)	(455,650)
Change in:			
Accrued interest receivable	(110,501)	(95,228)	(109,984)
Other assets	(22,866)	1,274	64,484
Other payables	2,753	55,664	34,725
Interest payable	98,861	6,189	(3,572)
Net Cash Provided by Operating Activities	$ 1,760,756	$ 1,339,630	$ 680,194
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Matured investment certificates reinvested	$ 53,237,644	$ 38,041,026	$ 26,894,863

See notes to financial statements

CONVERGE CORNERSTONE FUND

Notes to Financial Statements
December 31, 2017, 2016, 2015

1. NATURE OF ORGANIZATION:

On November 27, 1989, the Baptist General Conference Cornerstone Fund dba Converge Cornerstone Fund (the Fund) was incorporated as an Illinois not-for-profit corporation and assumed all of the assets and liabilities of its predecessor, The Home Missions Revolving Building Trust. The Fund is affiliated with the Baptist General Conference dba Converge (the Church) in Arlington Heights, Illinois.

The purpose of the Fund is to make loans to the member churches, regional districts and other affiliated entities of the Church. Loans may be obtained for land purchases for future expansion and for the purchase, construction or remodeling of churches and related facilities. Churches make application for loans that include ministry and financial information for management of the Fund to evaluate the merits of the project. Management then provides information to the Board of Directors for final approval or denial of the application. The Fund's Board of Directors consists of two bankers, a pastor, a contractor and two employees of the Church. The Fund has 169 loans with an average balance of $1,136,948.

Funding is provided by issuance of investment certificates to individuals and organizations associated with the Church. The Fund has 3,063 investors. Certificates, which may be payable upon demand or for a specified term, are interest bearing obligations of the Fund and have interest rates at December 31, 2017, from 1% to 6%, with a weighted average rate of 2.549%. Term certificates mature within six months to five years. Interest rates are established based upon comparison with bank certificate of deposit interest rates as well as U.S. Government Treasury certificate rates.

The Fund is governed by a Board of Directors. The Fund reimburses the Church for office and occupancy related expenses. The Fund is exempt from federal and state income taxes under the provisions of the Internal Revenue Code Section (IRC) 501(c)(3) and applicable state statutes and is not a private foundation under IRC Section 509(a)(1).

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements of the Fund have been prepared using the accrual basis of accounting, which gives recognition to income and related assets when earned and expenses and related liabilities when incurred. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The significant accounting policies followed are described below.

CASH POLICY

Cash consists of a checking account. The Fund's cash balance is maintained with one financial institution. Cash may, at times, exceed federally insured limits. The Fund has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS
Investments are recorded at fair value except for three interest bearing deposits recorded at cost plus accrued interest. Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Realized and unrealized gains and losses are included in the statements of activities as increases or decreases in unrestricted net assets.

LOANS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL LOANS
Loans receivable are stated at their principal amount outstanding less the related allowance for doubtful loans and are collateralized by church buildings and land. Generally, interest rates on loans are subject to review and adjustment every three to five years. Loans are typically amortized over a period of fifteen or twenty years.

The Fund charges loan origination and loan refinancing fees of up to 1.5% of the loan amount. The Fund analyzes fees received in relation to direct expenses for underwriting new loans. Loan fees charged by the Fund approximate actual costs incurred for loan processing. Accordingly, such fees are recognized on the statements of activities as a component of interest income in the year of loan origination.

The allowance for doubtful loans is maintained at a level that, in management's judgment, is adequate to absorb probable loan losses. In evaluating the adequacy of the reserve, management will analyze historical loan losses and the quality of the current loan portfolio. To determine the balance of the allowance account, loans are pooled together and losses are modeled using historical experience as well as quantitative analysis. The Fund reviews the total loan portfolio looking at three areas of risk, Construction Risk (is the loan a construction loan), Credit Risk (what is the payment history and how seasoned is the loan) and Concentration Risk (what is the total balance from all loans in a given state and what is the total amount to a given borrower). In addition, the net realizable value of property serving as collateral for delinquent loans will be assessed on an annual basis. Due to the nature of the relationship with its borrowers, the Fund is willing to make accommodations with borrowers whose payments are not current, so long as such accommodations do not jeopardize the interests of the Fund's investors.

A loan is considered impaired when, based upon current information and events, it is probable that the Fund will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans are classified as delinquent when payments are 90 days overdue. Loans will continue to accrue interest when a loan is 180 days delinquent; however, all accrued interest may be included in the allowance for doubtful loans. Payments for delinquent or impaired loans are treated as a payment of interest due until all accrued interest has been paid. Interest income on delinquent loans is recognized according to the original amortization schedule (accrual method). The accrual of interest income is discontinued when, in management's judgment, the scheduled interest may not be collectible within the stated term of the loan. Interest income is recognized on a cash basis for loans classified as nonaccrual loans, with subsequent payments applied first to interest and fees, if any, and then to principal. Loans classified as nonaccrual loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

LOANS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL LOANS, continued
During 2017, the Fund sold non-recourse participation interests in one loan to Mennonite Brethren Loan Fund. The Fund collected all payments on the loans and remitted proportionate amounts to the participant. Loans receivable at December 31, 2017, are reported net of participation interests sold.

ANNUITY AGREEMENTS
The Fund has established a gift annuity plan whereby donors may contribute assets to the Fund in exchange for the right to receive a fixed dollar annual return during their lifetimes. This transaction provides for a portion of the transfer to be considered a charitable contribution for income tax purposes. The difference between the amount provided for the annuity contract and the discounted liability for future payments, determined on an actuarial basis, is recognized as donation income at the date of the gift if the Fund is the ultimate beneficiary or as a liability if another charity is the beneficiary. Upon the death of the annuitant, income distributions cease. The actuarial liability for annuities payable is calculated annually using published mortality rate tables adopted by the Internal Revenue Service at an assumed rate of return of 7%. Resulting actuarial gain or loss is recorded as a component of the change in value of annuities. Amounts due other beneficiaries are included in liabilities under annuity agreements.

FUNCTIONAL ALLOCATION OF EXPENSES
All expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities have been allocated on a functional basis. For the year ended December 31, 2017, total expenses were $8,738,138 of which $6,970,836 were allocated to program expenses and $1,767,302, to general and administrative expenses. For the year ended December 31, 2016, total expenses were $8,473,405, of which $6,747,238 were allocated to program expenses and $1,726,167 to general and administrative expenses. For the year ended December 31, 2015, total expenses were $8,242,829, of which $6,378,134 were allocated to program expenses and $1,864,695 to general and administrative expenses.

BOARD DESIGNATED RESERVE
This portion of unrestricted net assets is designated by Board action to provide a measure of protection against loss for the Fund's investors. Designated net assets are an amount equal to eight percent of the total investment certificates payable.

PERMANENTLY RESTRICTED NET ASSETS
Permanently restricted net assets consist of endowment fund investments to be held in perpetuity, the income from which is to be paid to a member church. The disclosures required by the *Reporting Endowment Funds* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) have not been included in these financial statements due to immateriality.

3. INVESTMENTS:

Investments consist of the following:

	December 31, 2017	December 31, 2016	December 31, 2015
At fair value:			
Mutual funds	$ 36,225,938	$ 33,378,757	$ 30,138,497
Money market instruments	21,477,353	24,676,599	17,138,917
Corporate bonds	294,302	603,021	619,900
Mortgage backed securities	1,058	1,542	2,077
	57,998,651	58,659,919	47,899,391
At cost:			
Other term investments	2,907,225	1,861,068	1,821,159
	60,905,876	60,520,987	49,720,550
Less: Investments held for endowment	(169,316)	(169,316)	(169,316)
	$ 60,736,560	$ 60,351,671	$ 49,551,234

At December 31, 2017, the corporate bonds, mortgage backed securities and other term investments mature as follows:

Within one year	$ 3,051,425
After one year through ten years	1,058
After ten years	150,102
	$ 3,202,585

The Fund uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Fund measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available. The valuations for each of these levels are determined as follows:

Level 1 - Quoted prices for identical instruments traded in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets or model-based valuations where significant assumptions are observable.

Level 3 - Model-based techniques using significant assumptions that are not observable. These unobservable assumptions reflect estimates of assumptions that market participants would use.

3. INVESTMENTS, continued:

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2017, 2016 and 2015:

	Total	Level 1	Level 2	Level 3
December 31, 2017:				
Separately managed portfolio:				
Mutual funds:				
US equity funds	$ 8,626,756	$ 8,626,756	$ -	$ -
International equity funds	4,385,149	4,385,149	-	-
Emerging markets funds	2,996,079	2,996,079	-	-
Bond funds	14,209,991	14,209,991	-	-
Hedge funds	4,092,382	4,092,382	-	-
Real estate funds	1,735,481	1,735,481	-	-
Money market funds (managed portfolio)	180,100	180,100	-	-
Total mutual funds	36,225,938	36,225,938	-	-
Money market instruments	21,477,353	21,477,353	-	-
Corporate bonds and mortgage backed securities	295,360	-	295,360	-
	$ 57,998,651	$ 57,703,291	$ 295,360	$ -

	Total	Level 1	Level 2	Level 3
December 31, 2016:				
Separately managed portfolio:				
Mutual funds:				
US equity funds	$ 7,240,024	$ 7,240,024	$ -	$ -
International equity funds	2,717,858	2,717,858	-	-
Emerging markets funds	2,368,720	2,368,720	-	-
Bond funds	15,107,559	15,107,559	-	-
Hedge funds	3,883,962	3,883,962	-	-
Real estate funds	1,912,061	1,912,061	-	-
Money market funds (managed portfolio)	148,573	148,573	-	-
Total mutual funds	33,378,757	33,378,757	-	-
Money market instruments	24,676,599	24,676,599	-	-
Corporate bonds and mortgage backed securities	604,563	-	604,563	-
	$ 58,659,919	$ 58,055,356	$ 604,563	$ -

3. INVESTMENTS, continued:

	Total	Level 1	Level 2	Level 3
December 31, 2015:				
Separately managed portfolio:				
Mutual funds:				
US equity funds	$ 6,318,436	$ 6,318,436	$ -	$ -
International equity funds	2,602,981	2,602,981	-	-
Emerging markets funds	1,965,489	1,965,489	-	-
Bond funds	13,943,062	13,943,062	-	-
Hedge funds	3,386,352	3,386,352	-	-
Real estate funds	1,790,466	1,790,466	-	-
Money market funds (managed portfolio)	131,711	131,711	-	-
Total mutual funds	30,138,497	30,138,497	-	-
Money market instruments	17,138,917	17,138,917	-	-
Corporate bonds and mortgage backed securities	621,977	-	621,977	-
	$ 47,899,391	$ 47,277,414	$ 621,977	$ -

Valuation techniques: Fair values for mutual funds, money market instruments, corporate bonds and mortgage backed securities are determined by reference to quoted market prices and other relevant information generated by market transactions.

Changes in valuation techniques: None.

4. LOANS RECEIVABLE, NET:

Loans receivable at December 31, are summarized as follows:

	2017	2016	2015
Less than 3.75%	$ 2,914,886	$ 4,354,877	$ 2,023,434
3.75% - 4.625%	104,773,458	105,602,944	102,567,760
4.75% - 5.625%	76,258,607	74,416,009	64,114,760
5.75% - 6.625%	4,822,259	5,036,456	5,340,505
6.75% - 7%	3,374,952	3,467,669	-
	192,144,162	192,877,955	174,046,459
Allowance for doubtful loans	(2,989,229)	(2,770,072)	(2,525,172)
	$ 189,154,933	$ 190,107,883	$ 171,521,287
Average interest rate of loans	4.65%	4.65%	4.60%

4. LOANS RECEIVABLE, NET, continued:

An analysis of the allowance for doubtful loans at December 31, is as follows:

	2017	2016	2015
Balance, beginning of year	$ 2,770,072	$ 2,525,172	$ 2,265,612
Less: loan write off	-	-	(4,440)
Provision for doubtful loans	219,157	244,900	264,000
Balance, end of year	$ 2,989,229	$ 2,770,072	$ 2,525,172

The Fund evaluates loans for impairment on an individual basis if the loan is more than 90 days delinquent. These loans are then given a specific allowance based on the estimated net realizable value of property serving as collateral. All other loans are evaluated for a loan allowance on a collective basis. At December 31, 2017, loans receivable totaling $8,480,778, with allowances totaling $531,472, were evaluated individually for impairment. All other loans were collectively evaluated and no impairment was noted.

The following table presents credit exposure by performance status for the years ended December 31, 2017, 2016 and 2015. Status for performing and nonperforming real estate loans is based on payment activity for the years ended December 31, 2017, 2016 and 2015. Payment activity is reviewed by management on a monthly basis to determine how loans are performing. Loans are considered to be nonperforming when days past due is greater than 60 days in the previous month.

	2017	2016	2015
Performing	$ 170,973,293	$ 186,854,477	$ 165,646,072
Nonperforming	21,170,869	6,023,478	8,400,387
	$ 192,144,162	$ 192,877,955	$ 174,046,459

An aging analysis of the principal of past due loans receivable at December 31, is as follows:

	2017	2016	2015
Past due:			
31-60 days	$ 3,446,523	$ 12,920,662	$ 4,584,897
61-90 days	12,690,091	-	-
Greater than 90 days	8,480,778	6,023,478	8,400,387
	24,617,392	18,944,140	12,985,284
Current	167,526,770	173,933,815	161,061,175
	$ 192,144,162	$ 192,877,955	$ 174,046,459

4. LOANS RECEIVABLE, NET, continued:

At December 31, 2017, there were three loans classified as impaired with a principal balance of $4,418,673. The amount of interest and principal payments owing on the impaired loans was $513,497. A higher reserve was booked against these loans in order to factor in these circumstances. Included in the allowance for loan losses was $471,281 that was attributed to the impaired loans. Interest income recognized on these loans during 2017 was $253,852 all of which was recognized subsequent to the loans being deemed impaired.

At December 31, 2017, the Fund had four delinquent loans with a principal balance of $4,062,105. The amount of interest and principal payments owing on delinquent loans was $470,492. Interest income recognized on delinquent loans during 2017 was $271,751. The Fund believes that the collateral related to the delinquent loans will be sufficient to repay the loan balance.

Impaired and delinquent loans totaling $8,480,778 were 4.41% of the Fund's aggregate principal balance of total loans outstanding at December 31, 2017.

At December 31, 2016, there were two loans classified as impaired with a principal balance of $1,974,444. The amount of interest and principal payments owing on the impaired loans was $138,804. A higher reserve was booked against these loans in order to factor in these circumstances. Included in the allowance for loan losses was $202,534 that was attributed to the impaired loans. Interest income recognized on these loans during 2016 was $114,622.

At December 31, 2016, the Fund had five delinquent loans with a principal balance of $4,049,034. The amount of interest and principal payments owing on the impaired loans was $343,550. Interest income recognized on delinquent loans during 2016 was $220,137. The Fund believes that the collateral related to the delinquent loans will be sufficient to repay the loan balance.

Impaired and delinquent loans were 3.1% of the Fund's aggregate principal balance of total loans outstanding at December 31, 2016.

At December 31, 2015, there were two loans classified as impaired with a principal balance of $1,972,049. The amount of interest and principal payments owing on the impaired loans was $68,928. One of these loans was current as of December 31, 2015, but based on knowledge of the loan and prior payment history, it was classified as impaired. A higher reserve was booked against this loan in order to factor in these circumstances. Included in the allowance for loan losses was $207,146 that was attributed to the impaired loans. Interest income recognized on these loans during 2015 was $116,911.

At December 31, 2015, the Fund had five delinquent loans with a principal balance of $6,428,338. The amount of interest and principal payments owing on delinquent loans was $311,891. Interest income recognized on delinquent loans during 2015 was $307,249. The Fund believes that the collateral related to the delinquent loans will be sufficient to repay the loan balance.

Impaired and delinquent loans were 4.8% of the Fund's aggregate principal balance of total loans outstanding at December 31, 2015.

4. LOANS RECEIVABLE, NET, continued:

Loans at December 31, 2017, are estimated to mature as follows:

2018	$ 7,638,457
2019	9,093,665
2020	9,359,595
2021	9,637,665
2022	9,854,503
Thereafter	146,560,277
	$ 192,144,162

The Fund had 169 mortgage loans at December 31, 2017. Although the Fund has no geographic restrictions on where the loans are made other than where member churches are located, aggregate loans in excess of five percent of total balances are concentrated in the following states:

State	Number of Loans	Amount	Percentage of Portfolio
Arizona	9	$ 33,016,046	17%
California	19	22,992,117	12%
Minnesota	22	17,994,335	9%
Illinois	16	22,873,746	12%
Washington	12	15,265,292	8%
Colorado	9	19,486,802	10%
Florida	15	12,653,939	7%
Maryland	9	11,937,018	6%
	111	$ 156,219,295	81%

Loans receivable are distributed by size of loan as follows:

Balance	Number	Average Balance	Total Balance	Percentage of Portfolio
$ 3,000,000 or more	13	$ 5,844,299	$ 75,975,891	40%
$ 1,000,000 - 2,999,999	37	1,984,187	73,414,922	38%
$ 500,000 - 999,999	36	694,095	24,987,420	13%
$ 250,000 -499,999	34	364,492	12,392,711	6%
$ 100,000 - 249,999	25	171,802	4,295,049	2%
Less than $100,000	24	44,924	1,078,169	1%
	169		$ 192,144,162	100%

4. LOANS RECEIVABLE, NET, continued:

Although the Fund has a geographically diverse portfolio of loans to member churches, concentrations of credit risk exist with respect to the amount of delinquent loans and with respect to individually significant loans, which are defined as those exceeding five percent of the total loan portfolio. At December 31, 2017, 2016 and 2015, these individually significant loans totaled $26,496,757, 36,775,079 and $27,541,926, respectively.

5. INVESTMENT CERTIFICATES:

At December 31, 2017, the Fund was indebted on certificates as summarized below:

Type	Fixed Rate and Demand Certificates	IRA Certificates	Total Certificates
Demand	$ 24,316,269	$ 34,770,445	$ 59,086,714
Six-month	3,293,459	-	3,293,459
One year	3,848,326	-	3,848,326
Two year	25,530,708	-	25,530,708
Three year	55,071,199	-	55,071,199
Four year	43,710,062	-	43,710,062
Five year	25,631,615	-	25,631,615
	$ 181,401,638	$ 34,770,445	$ 216,172,083

Investment certificates, which bear interest at rates of 1% to 6%, mature as follows:

Year of Maturity	Fixed Rate and Demand Certificates	IRA Certificates	Total Certificates
2018	$ 56,672,981	$ 34,770,445	$ 91,443,426
2019	51,412,563	-	51,412,563
2020	35,633,140	-	35,633,140
2021	27,470,694	-	27,470,694
2022	10,212,260	-	10,212,260
	$ 181,401,638	$ 34,770,445	$ 216,172,083

CONVERGE CORNERSTONE FUND

Notes to Financial Statements
December 31, 2017, 2016, 2015

5. INVESTMENT CERTIFICATES, continued:

Approximately 62% of all outstanding certificates are concentrated in five states as follows:

State	Number	Amount	Percentage of Portfolio
Minnesota	1,821	$ 42,620,708	20%
Illinois (including related parties, Note 6)	924	41,261,469	19%
California	766	24,136,411	11%
Wisconsin	753	14,712,711	7%
Florida	238	11,179,912	5%
	4,502	$ 133,911,211	62%

Large investors, who are defined as customers with certificate balances of $100,000 or more, are as follows:

Investor Size	Number of Investors	Total Balance	Percentage of Portfolio
Related parties (Note 6)	3	$ 14,193,075	7%
Greater than $500,000	56	48,943,973	23%
$200,001-500,000	182	55,043,051	25%
$100,000-200,000	310	42,685,891	20%
	551	$ 160,865,990	75%

6. RELATED PARTY TRANSACTIONS:

Expenses include administrative charges of $282,257, $285,882 and $292,592 for the years ended December 31, 2017, 2016 and 2015, respectively, allocated to the Fund by the Church.

In addition, investment certificates have been issued to related parties. Certificate balances and interest paid to related parties at December 31, are as follows:

	2017	2016	2015
The Church:			
Investment certificates	$ 12,702,058	$ 11,848,133	$ 10,232,912
Interest paid	$ 341,539	$ 318,940	$ 252,857
Baptist General Conference Foundation:			
Investment certificates	$ 517,545	$ 517,545	$ 717,053
Interest paid	$ 10,376	$ 11,602	$ 18,944
Converge Retirement Plan:			
Investment certificates	$ 973,472	$ 798,180	$ 645,719
Interest paid	$ 22,087	$ 17,432	$ 15,344

The Board of Directors has established a policy to contribute a portion of the Fund’s net income to the Church. This policy is reviewed annually in light of current circumstances. The objective of this contribution is to promote the health of borrowing churches and the growth of future churches as potential borrowers. For the years ended December 31, 2017, 2016 and 2015, respectively, $1,700,000, $1,600,000 and $1,500,000 was paid to the Church. Distribution of these gifts were made in monthly installments to the Church.

At December 31, 2015, a mortgage loan to an officer of the Fund had an outstanding balance of approximately $68,184, and accrued interest at 4% per annum (which was the market rate for this type of loan at the time of its origination). The loan was repaid in full during the year ending December 31, 2016.

7. COMMITMENTS:

In the normal course of business, the Fund makes commitments to extend mortgage loans to meet the financing needs of member churches. Outstanding commitments are letters that outline the terms and conditions of the loan to be granted. The commitments represent expected disbursements based on estimated construction costs and may vary based on actual costs of construction. The Fund's exposure to credit loss, in the event of nonperformance by the churches to which it has extended commitments, is limited to the amount of the commitment. The Fund controls the credit risk of its commitments through credit approvals, limits and monitoring procedures. At December 31, 2017, the Fund had extended loan commitments of $8,102,666.

8. CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject the Fund to concentrations of credit risk consist principally of cash, cash equivalents, marketable securities and loans receivable. At December 31, 2017, $21,477,353 of the Fund's marketable securities was invested in money market mutual funds. The Fund has not experienced any losses on these accounts and does not believe it is exposed to any significant risk of loss related to these money market investments. At December 31, 2017, $35,312,380 of the Fund's investment portfolio was managed by the investment management firm of DiMeo Schneider & Associates, LLC.

Concentrations of credit risk with respect to loans receivable are limited by the secured position of the Fund in most instruments, the number of organizations comprising the Fund's loans receivable base and their dispersion across geographic areas, and the Fund's general policy of limiting the maximum loan amount to any one borrower to 35% of total net assets. However, the Fund may make exceptions to this policy upon such determinations as the borrower's exceptionally strong financial position and growth potential. At December 31, 2017, the Fund had one church with loans totaling 35% or more of total net assets. Loans made by the Fund are typically secured by first mortgages and are normally limited to 75% of the aggregate cost or value of the property securing the loan. While the Fund may be exposed to credit losses in the event of nonperformance by the above contracting parties, management has established an allowance for potential loan losses, which it believes is adequate to cover any such losses.

A substantial portion of the investment certificates issued by the Fund are demand instruments or will be maturing within the next two years. In addition, all demand investment certificates are payable upon 30 days written notice subject to availability of funds. The Fund has insufficient liquid assets to satisfy repayment of this amount. Management anticipates that a substantial portion of these certificates will be reinvested or rolled over into new certificates with the Fund, as has been the Fund's historical experience.

9. LINE OF CREDIT:

The Fund has a revolving line of credit from JP Morgan Chase, NA and may borrow amounts up to $2,000,000 at a variable interest rate based on the one-month LIBOR rate plus 75 basis points. The line of credit is secured by cash and investment accounts held by the Fund in collateral accounts with the lender. Interest must be paid monthly on any outstanding balance. At December 31, 2017, the Fund had no outstanding balance on the line of credit.

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 23, 2018 which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.