

Memorial 790 Reference: Subsidiary Corporations: Board Members

PROPOSED MEMORIAL TO THE 15TH GENERAL CONFERENCE OF THE WESLEYAN CHURCH, MAY 17-20, 2026, REGARDING WESLEYAN INVESTMENT FOUNDATION, INC., A SUBSIDIARY CORPORATION OF THE WESLEYAN CHURCH.

HISTORY AND BACKGROUND INFORMATION:

Wesleyan Investment Foundation (WIF) was created (through precedent entities) 80 years ago in 1946 to provide funding for Wesleyan church plants that were having difficulty getting financing for property and building projects from secular financial institutions. WIF started out as a seed fund established by generous donations from various entities, departments and individuals associated with the general church.

These funds were quickly depleted by the funding of new Wesleyan church plants in multiple states and a source of continual funding to resource church plants was needed. WIF established a savings account program to provide for the ongoing need for funds. Individuals, churches and other entities began to open savings accounts and invest in the mission of WIF to help churches get the facility tools they needed to reach their communities for Christ.

WIF became successful and began to grow. In 1969, total assets of WIF were \$2.1 million and net assets were \$147,220. When Rev. John A. Dunn became the Executive Director of WIF in 1975, total assets were \$5 million and total liabilities were slightly more than the assets. There were 1167 investors and 200 loans in the WIF portfolio at that time. 27 of these loans were delinquent and the "books" of WIF had not balanced for several years.

WIF was under the direction of the Church Extension Department until the 1976 General Conference, at which time it was split off into a separate organization of The Wesleyan Church. Rev. Dunn was then elected by the WIF Board as CEO.

WIF continued to grow under the leadership of Rev. Dunn until his retirement in 2000. The number of loans had grown to 400 with \$86.2 million out on loans to churches. The number of investors stood at 2700. Total assets were at \$139 million, and equity was at \$37.5 million.

In 2000, the WIF Board elected Dr. Craig A. Dunn to succeed his father, Rev. John A. Dunn, as CEO. Craig immediately began to expand on the foundation of strength present at WIF. In the first three years of his tenure, Craig concentrated his efforts on attempting to bring every loan at a Wesleyan church into WIF. This resulted in WIF holding 97% of Wesleyan church debt by the end of 2003.

During this time, the WIF Board was analyzing what it would look like to serve churches beyond the Wesleyan denomination. Serious debate of this possibility led the WIF Board to conclude that what WIF had to offer could help other churches. At the annual meeting of the WIF Board of Directors in October of 2003, the WIF Board voted to open up WIF to offer loans to churches with faith and doctrine similar to that of The Wesleyan Church. That year, the first non-Wesleyan loan was made by WIF to a Nazarene church located in Avon, Indiana. In hindsight, this was a natural evolution for WIF, expanding our ability to grow and support God's Kingdom.

This seemingly simple action led to explosive growth at WIF over the following 20+ years. This Kingdom-focused expansion resulted in WIF eventually purchasing the loan fund of the Church of the Nazarene (2011), forging a partnership with ARC, the Association of Related Churches (2016) and purchasing the loan fund of Converge (2021) and serving as the lender of choice for many other churches. Today, WIF is providing loan services to churches from 44 other denominations, networks and associations as well as many independent evangelical churches. As a result, WIF is now the largest financial institution in the United States with a primary purpose of providing loans to churches.

WIF has reached another stage in its natural evolution. WIF has implemented a strategic plan to use its financial strength, 80 years of goodwill and strong leadership to begin putting a more complete and comprehensive suite of financial products and services together for churches. WIF has invested and has plans to continue to invest in companies and resources that will result in a financial services ecosystem for the faith-based community that will allow churches to continue to operate - and even thrive - in a hostile environment that seeks to discriminate against churches and Christians.

In order to implement this strategy, WIF has taken the following steps to date:

1. Expanded the WIF base of savings account customers to *over 15,000* with *over \$2 billion* invested to create the capital necessary to help support the infrastructure of WIF as it serves churches.
2. Expanded the WIF base of churches, denominations and associations of churches served to include thousands of churches in 44 denominations, associations and networks with *over \$2 billion* dollars on loans to churches.
3. Taken a strategic ownership position in Overflow, a financial technology (fintech) company that provides a digital donation platform for charitable giving across a market-leading array of asset classes, including cash, ACH/debit, credit card, stock, digital currency, and donor advised funds. Additionally, overflow is developing a digital payments platform that will streamline and simplify digital payments, particularly for smaller churches without full-time finance staff.
4. Taken a strategic ownership position in Gloop, a technology platform connecting the faith ecosystem. Gloop amplifies the missional impact of churches and ministries with values-aligned AI, ministry and network engagement tools, and distribution channels for faith-based content. Aggregating content from leading faith-based media and research organizations, like Barna, Outreach Magazine, RightNow Media, and Church Law & Tax, Gloop serves *over 70,000* churches. WIF is employing this platform to develop a thought leadership hub on church financial and facility management.
5. Taken a strategic ownership position in First Southern National Bank (FSNB), a bank with a national charter that in conjunction with WIF is creating a division exclusively dedicated to serving the financial needs of the faith-based community. To complement WIF's savings and loan opportunities for churches, FSNB will provide fully integrated Treasury Management solutions for churches and other Christian organizations and individuals, including checking accounts, ACH/wire transfers, and corporate debit and credit cards, all connected to WIF accounts. In the future, we envision an integration with Overflow, FSNB and WIF to enable seamless transfers that will reduce transaction expenses and settlement time associated with digital giving. This process will also optimize church balances in

checking accounts and WIF investment accounts to maximize interest earned from church reserve accounts.

In addition to these steps, WIF is looking at investing in or acquiring other financial and support services over the next several years that would provide a more complete financial service package for churches. Our goal is to make it simpler for churches to continue to do ministry and reach their communities for Christ in the future. In order to accomplish this, WIF has been exploring with legal counsel and our advisors several changes to *The Discipline* that would assist WIF in accomplishing these purposes.

WIF has also consulted with the General Superintendent and General Secretary's Office along with the Executive Committee of the General Board concerning these matters. All of this has brought us to the point of proposing a Memorial to assist us in our pursuit of providing expanded services to churches and accommodating the long-standing operational practices of WIF.

Specifically, we are requesting the following changes to *The Discipline of The Wesleyan Church* and have included rationale for each proposed change:

1. Edit Paragraph 1655:19 to make it consistent with Paragraph 4320:3.

Paragraph 1655 is a list of duties and powers of the General Board. Sub-paragraph 19 relates to the powers of the General Board to elect and remove members of subsidiary corporation boards, and it states that the General Board shall have the authority "... to remove a member of any such board for cause or when the best interests of the Church so require,..." (underlining added by author)

Paragraph 4320 is a list of the "Basic Provisions of Subsidiary Corporations." In contrast to paragraph 1655:19, paragraph 4320:3 states that the General Board "... shall have the authority to remove for cause any member thereof." It does not contain the additional phrase "... or when the best interests of the Church so require."

These two sub-paragraphs need to be reconciled, and we propose that leaving the "for cause" language intact in both gives sufficient latitude to the General Board to address any issue that requires the removal of a member of a subsidiary corporation board. WIF has a legal, statutory and fiduciary obligation to act in the best interests of the 15,000 investors who have placed money on deposit with WIF. To leave the phrase "or when the best interests of the Church so require" as an option puts WIF in a difficult position as a fiduciary of the funds invested in WIF. As written, it invites a fiduciary conflict of interest requiring WIF to stand between the denomination and the WIF churches and investors and either violate WIF's legal, fiduciary duty of loyalty to the investors and the churches it serves or violate its obligation to the denomination.

It also puts the denomination in a difficult position as it relates to those who have funds on deposit with us. As the governing body that has ultimate control and authority over WIF, The Wesleyan Church also has the same legal, statutory and fiduciary obligation to act in the best interests of the investors and accounts of WIF investors. What this means in practical terms is that The Wesleyan Church cannot act "in its own best interests" as it relates to WIF investments and account

holders but rather must put the interests of the 15,000 plus WIF investors ahead of itself when it comes to dealing with matters relating to funds deposited with WIF by those investors.

This language is also a challenge for WIF when it comes to our investment in other financial institutions and organizations. Outside organizations interpret this language as a threat to the strength, security and viability of WIF as a separate organization distinct from The Wesleyan Church. In addition to looking to the board members of WIF, these outside organizations must also look to each board member of The Wesleyan Church to determine the advisability of a partnership with WIF. These Wesleyan Church board members have the unchecked power and authority to remove the entire WIF board based solely on their decision that it is in the best interests of the denomination to do so. This authority is granted without any requirement to explain or show what the "best interests" are. Having this subjective standard with no need for explanation puts WIF in a *very* vulnerable position.

Therefore, we recommend that the phrase "or when the best interests of the Church so require" be removed from *The Discipline* since any action by the denomination to act in its own best interests *over* the legal, statutory and fiduciary obligation it has to the 15,000 WIF investors and 2,000 church borrowers will certainly be challenged either by investors or by securities regulators that scrutinize everything that happens at WIF involving our savings accounts and the owners of those accounts.

2. **Edit Paragraph 1655:19 to require a 2/3 vote of all members of the General Board to remove a member of a subsidiary corporation board.** The size and scope of several of the subsidiary corporations of The Wesleyan Church are *very* important to the denomination and by extension, their various Boards of Directors are also *very* important. It seems reasonable and fitting that the disruption and potential destruction of trust that could ensue from the General Board taking action to remove a board member from a subsidiary corporation board should be taken only in extreme circumstances. The current *Discipline* provision only requires a simple majority vote.

It should be assumed that the board of a subsidiary corporation has taken the opportunity to address any situation that would rise to the level of requiring removal of a board member amongst itself before any action by the General Board. If the subsidiary corporation does not adequately address the issue, it seems likely that there is a serious conflict involved between the subsidiary board and the General Board and that General Board action at this point would cause disruption and loss of trust to some extent. Under these circumstances, it seems reasonable to require a 2/3 majority vote of all the members of the General Board to remove board members from a subsidiary board rather than just a simple majority. To do this would not hinder the removal of a subsidiary board member but would elevate the number of General Board members needed to do so to a higher level commensurate with the risk and consequences that would ensue from General Board intervention in the affairs of a subsidiary corporation at this level.

3. **Edit Paragraph 4320:4 to require a majority of the members of the**

Wesleyan Investment Foundation board must be members of The Wesleyan Church who meet the leadership qualifications. Currently, 4320:4 states in part: "Two-thirds (2/3) of the members of each board of directors of other subsidiary corporations shall be Wesleyan Church members who meet the leadership qualifications (260-268; 558). The remaining one-third (1/3) of those boards of directors may be non-Wesleyan."

This sub paragraph requires that 2/3 of those that serve on the WIF Board must be willing to take an oath to follow and obey the full measure of "Guides and Helps to Holy Living" as included in *The Discipline*. In the context of a financial institution that is not the entity charged to safeguard the doctrinal distinctives of The Wesleyan Church, this provision tends to limit the pool of amazing, whole-hearted followers of Jesus Christ that could be a great help to WIF.

Some of these potential board members come from other evangelical churches or denominations that are aligned with The Wesleyan Church on core, Biblical beliefs, issues and values and extend liberty and grace where secondary issues are involved. We pursue wholehearted followers of Jesus Christ that devoutly follow Christian standards and principals irrespective of the Christian denominational family that they are a part of. The fact that they may not be able to ascribe to all the leadership qualifications of The Wesleyan Church does not disqualify them from service on a subsidiary board but limits the number of such persons that a subsidiary board can have.

We are asking that the number of Wesleyans that meet the leadership qualifications be slightly reduced to allow WIF to broaden the pool of experts from which we are able to choose. In the case of WIF, we are currently allowed to have 3 of our 11 board members be non-Wesleyan. If the 2/3 requirement is reduced to a majority, WIF would be allowed to have no more than 5 of the 11 be non-Wesleyan. The Wesleyan contingent on the WIF board would still have the majority of votes, but this extra freedom in the choice of board members would help WIF as we seek to find the right mix of board members to serve the needs of this complex and evolving financial entity dedicated to serving churches.

4. **Edit Paragraph 4320:10 to delete part of this sub-paragraph to accommodate the work of all subsidiary corporations of The Wesleyan Church.** Sub paragraph (10) says: "The bylaws shall establish proper safeguards for the borrowing or loaning of funds, and it shall be required that there will be adequate security by full mortgage protection or the like whenever there is an investment in property. (underlining added by author)

From 1946 forward to this day, WIF has been offering both full mortgages in accordance with 4320:10 and Note loans without full mortgage protection that do not comply with this provision of *The Discipline*. This provision makes no sense in the context of WIF that is chartered to make loans to churches and has made tens of thousands of loans that comply with this provision and a few thousand that don't comply in our 80-year history.

This provision in *The Discipline* is actually a hold-over from the first edition of *The Discipline of The Wesleyan Church* from 1968. This is important to note because in 1968, the Wesleyan Investment Foundation was still a part of the General

Department of Extension and Evangelism of The Wesleyan Church. As such, WIF was not yet a separate organization from The Wesleyan Church and this provision of *The Discipline* would not have been important since its work was governed by the General Department. Once WIF became a separate entity apart from The Wesleyan Church, this provision of *The Discipline* should have been edited to exclude the work of Wesleyan Investment Foundation since the work of WIF since its inception in 1946 has been to make loans.

Our non-compliance with this provision of *The Discipline* has not been with a cavalier attitude or out of rebellion, but out of a lack of awareness of this provision. Now that we know of this provision, we seek to change it to allow WIF to do what it has been charged and chartered to do on behalf of and in the name of The Wesleyan Church.

To illustrate the issue, there are times that a full mortgage loan is impractical or impossible. For example, there are two kinds of property WIF deals with: Real property (land, buildings) and personal property (vehicles, equipment, furniture and fixtures). Regarding Real Property, sometimes the amount of the loan is so small that the costs of taking a full mortgage on real property as security would be prohibitive and is not practical. This would be the perfect scenario for a Note loan (a promise to repay) that does not require the cost and expense of a mortgage loan. WIF does this sort of Note loan infrequently but does them occasionally.

When Personal Property is what the church needs, a full mortgage may not be possible, and other means of security are taken by WIF instead. For example, a church plant renting space in a school that does not have their own real property yet (land or building) may need to borrow funds for equipment for the setup in the school. WIF would make that loan on a "Note" basis and it would be impossible to take a "full mortgage" because the church does not own land or a building to give as collateral for the loan.

Larger churches are also using Lines of Credit that WIF provides that may or may not be secured with a full mortgage on their real property. WIF is very careful about adequately protecting the deposits of our investors but uses many methods of financing for churches that may not include taking full mortgage protection for every loan.

In an effort to be fully compliant with *The Discipline*, we are requesting that this provision of *The Discipline* (4320:10) not apply to subsidiaries of The Wesleyan Church and that this sub-paragraph be edited due to (i) the special circumstances of the type of subsidiary corporation WIF if and operates on behalf of the denomination; (ii) the fact that we feel an honest mistake was made in not excluding WIF from this provision back in 1976 when WIF was separated from one of the General Departments of The Wesleyan Church and we believe that the extension of this to all the other subsidiaries of The Wesleyan Church will also be helpful for their organizations as well. The sub paragraph in its entirety as edited would read: "The bylaws shall establish proper safeguards for the borrowing or loaning of funds."

5. **Edit Paragraph 4320:11 to include a special exception to this sub-**

paragraph for the work of Wesleyan Investment Foundation. Sub paragraph (11) states: "All property, whether real, personal, or mixed, shall be held in trust for the use and benefit of the members and ministers of The Wesleyan Church and shall contain the appropriate trust clause as set forth in 4610."

It seems fairly obvious that this paragraph was not meant to restrict WIF when it comes to buying, selling and financing property for and with churches or for WIF investment purposes, but the unintended consequence of the language is that it would restrict the daily work of WIF if forced to follow this paragraph. WIF would not be able to do 90% of the work it does for churches under this restriction.

It should be noted that this is another historic provision in *The Discipline* that we are convinced was not meant to apply to WIF because of the nature of the work WIF does for churches on behalf of The Wesleyan Church. This provision should have also been changed in 1976 to exclude WIF from it when WIF was moved from a sub-office of one of the General Departments of the denomination to separate entity status. Again, we believe that this was an honest oversight on the part of those that were editing *The Discipline* at the time.

It should give comfort to know that making an exception for WIF from this provision would not change the disposition of WIF property should a dissolution of WIF ever happen. The bylaws of WIF include a clause that upon dissolution of WIF, any property or funds remaining after WIF pays all investors and other debts goes fully to The Wesleyan Church, and the bylaws of WIF are approved by the General Board and can only be changed by the General Board.

These are the changes that WIF is proposing to *The Discipline of The Wesleyan Church* that will allow WIF to continue to operate as it has for the last 80 years as an important subsidiary unit of The Wesleyan Church and to correct a discrepancy in *The Discipline*.

To accomplish this, the WIF Board of Directors has unanimously approved of Memorial 790 to present and recommend it for adoption by the General Board sitting as the Committee on Memorials and the 15th General Conference of The Wesleyan Church in session May 17-20, 2026.