

INFORMATION MEMORANDUM

December 2, 2024

ONLY FOR AND RESTRICTED TO MEMBERS OF THE CANADIAN BAPTISTS OF ATLANTIC CANADA AND THEIR AFFILIATES, TO THEIR MEMBERS OR ADHERENTS WHO ARE RESIDENT IN ONE OF THE PROVINCES OF ATLANTIC CANADA, AND TO CERTAIN ASSOCIATED CORPORATIONS AND TRUSTS, AND NOT FOR THE GENERAL PUBLIC

Description of the Atlantic Baptist Foundation and its Works

The Atlantic Baptist Foundation (the “Foundation”) was formed as a not-for-profit society under the laws of Nova Scotia in 1961. It currently operates out of its head office in Moncton, New Brunswick. The Foundation was established by a predecessor to the Canadian Baptists of Atlantic Canada (the “Baptist Convention”), with the objective of raising funds to provide financial assistance to Baptist Convention member churches, councils, and agencies, as well as their affiliated camps, nursing homes, schools, and similar organizations (the “Baptist Institutions”).

Since its formation, the Foundation has provided financial assistance to Baptist Institutions by making loans for specific uses or general purposes. These loans are commonly used for renovations, such as new roofs for churches, or for the construction of new facilities to expand specific ministries, including churches, educational institutions, camps, and adult special care facilities.

- Loans under \$100,000: Often unsecured, though collateral may be required depending on circumstances.
- Loans over \$100,000: Secured by a mortgage on a real estate asset of the Baptist Institution.

The loans have varying interest rates based on the borrower and the collateral provided. The current practice is to set the interest rate based on the return offered on the Foundation investment product plus a small margin for churches, with higher rates for other organizations.

The Foundation raises funds by offering an investment product that pays a set return to Baptist Institutions and individual members (the “Individual Members”). These investors are referred to as “Foundation Investors.” The returns from loans and the Foundation’s investment portfolio are used to pay the set return on the investment product and cover expenses. Any surplus returns are invested by a registered and regulated portfolio manager.

The primary purpose of the Foundation's investment portfolio is to ensure it can meet its payment obligations to Foundation Investors. Occasionally, the Foundation may give grants to Baptist Institutions funded by the returns from its investment portfolio to further support and expand their ministries and missions.

Over the years, the Foundation has expanded its ability to support the ministries of Baptist Institutions by maintaining strict management and investment policies. It has consistently made all required payments to Foundation Investors on time and has always returned requested investments, including complete repayments.

Description of the Non-Registered Investment Product

The Foundation raises money by offering various investment products, including different types of "savings accounts." The terms and conditions of the current savings accounts are described in this information memorandum and the documents used to establish new accounts, which may be modified from time to time. Investors will be notified of any modifications.

The savings accounts are non-registered investment products, meaning they are not required to be registered with the Canada Revenue Agency and do not offer tax savings or deferral.

- **Interest Rate:** Set annually by the Foundation's board of directors, based on the average rate of nine posted redeemable GICs offered by six large Canadian banks, a credit union, and an online bank. Adjustments may be made based on market conditions.

Current Savings Account Offered:

- **The Savings Plan:**
 - **Minimum Initial Investment:** \$100
 - **Interest Calculation:** Interest on the principal amount is calculated at the Interest Rate on June 30 and December 31. Interest can be added to the principal or paid out.
 - **Repayment:** Investors can demand repayment of any or the full amount of their accumulated principal at any time. The Foundation also has the right to repay any or the full amount of the accumulated principal and close the account at any time.

Terms and Conditions of the Savings Plan:

- The savings account is a demand promissory note (the “Notes”) issued by the Foundation to the Foundation Investor. Each investor receives one Note, representing all changes to the principal amount over time, including reinvestments of interest. The Notes are unsecured, fixed income debt obligations, payable on demand.

Description of Eligibility Criteria for Investment and Terms of the Offering

Eligibility for Investment:

The Foundation’s investment product can only be distributed to Baptist Institutions, Individual Members, Family Corporations, and Family Trusts.

Limits on Investment:

- The Foundation cannot accept borrowed funds for investment.
- The total principal amount held by an Individual Member, Family Corporation, and Family Trust is capped at \$100,000, with an additional \$20,000 in new investment principal per year unless advised by an investment professional.

Offering Exemption:

The Foundation offers its investment products on a prospectus-exempt basis, relying on the exemption for not-for-profit issuers and an order from the New Brunswick Financial and Consumer Services Commission (the “Commission”).

Description of Regulatory Oversight

The Foundation is not a financial institution and is not regulated under financial institution laws. Its investment products are not insured by the Canada Deposit Insurance Corporation.

The Commission oversees the offering of investment products in the Atlantic Provinces. The Foundation must meet several reporting and disclosure obligations, including the preparation and delivery of this information memorandum.

Required Disclosures:

- Financial Disclosure: The Foundation's most recent audited annual financial statements are incorporated into this information memorandum and available upon request.
 - Information Memorandum Disclosure: The Foundation must deliver this memorandum to potential and current investors whenever there is a material change.
 - Personal Information Disclosure: Limited personal information about investors may be disclosed to the Commission.
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Risk Alert

Investment Risk: While the Foundation has always paid its stated rate of return and no investor has lost money, there are risks, including economic downturns, defaults on mortgage receivables, data breaches, and others.

Risk Mitigation: The Foundation mitigates risks by adhering to industry standards, hiring experienced staff, insuring facilities, securing proper documentation and insurance for borrowers, and managing its investment portfolio professionally.

Risk Acknowledgement: The Foundation requires a signed risk acknowledgment statement from each purchaser of its investment products.

Contractual Rights of Rescission and Right of Action

Contractual Right of Rescission: Investors can demand the return of their money within 48 hours without interest.

Statutory Rights of Action and Rescission: Investors have rights to rescission or damages if the offering memorandum contains a misrepresentation. These rights must be exercised within specific time limits.

Appendix A

Risk Acknowledgement Statement

I acknowledge that:

- This is a risky investment, and I am investing entirely at my own risk.
- I could lose all the money I invest.
- I am not borrowing to invest in these securities.
- I have read and kept the Information Memorandum provided by the Atlantic Baptist Foundation.
- The Atlantic Baptist Foundation is not registered with a securities regulatory authority and will not assess the suitability of this investment for me.
- I may not be able to sell these securities, and redemption may be limited.
- No one other than the Atlantic Baptist Foundation has an obligation to repay my investment.
- My investment does not require a prospectus, which would describe the investment in detail and give certain legal protections.
- I may receive limited ongoing information about the Foundation and my investment.

Date: _____

Signature of Purchaser: _____

Print Name of Purchaser: _____