

CASE STUDY

FINANCING FOR RELIGIOUS ORGANIZATIONS

February 1, 2022

FIVE 14 CHURCH

Client Profile

Five 14 Church was founded in 2008 by current Lead Pastor Joel Kovacs with the vision to create a dynamic worship experience for all ages using relevant language and modern technology plus intentional connections through small groups. By 2010, weekly attendance had grown to 200 people. In 2016, the church purchased an approximately 10.65-acre parcel of vacant land at 5744 North Hamilton Road, Columbus, Ohio, in preparation for its plans for growth. The church began emphasizing attendee engagement as its key metric, and by the end of 2017, the church saw a 100-person increase in participation in adult small group ministry and also a 100-person increase in new volunteer participants. The church was also conducting a service for Middle School age children on Sunday evenings and a service for High School age children on Thursday evenings, both of which had approximately 60 children in attendance. In early 2019, the church began construction of its first owned facility on the Hamilton Road land. Average weekly worship attendance had grown to 750 people by the end of 2019, and the church was reaching maximum capacity in its then leased space.

In March 2020, the church completed its new 37,000-square-foot facility, including a 700-seat auditorium and two other large rooms where infants and children have Sunday classes and where students have weekday classes. The facility includes attached offices with rooms and large meeting spaces for up to 25 staff members. The church site contains 411 paved and lighted



\$7,935,000 | REFINANCING

Five 14 Church | Columbus, Ohio

parking spaces. The church's current small group ministry now has over 500 adults in groups. The church had over 900 people in attendance at its Christmas services in 2020, and over 1,000 people in attendance across five services on Easter Sunday 2021.

The Stifel Team

In December 2018, the church closed on a 25-year, fixed-rate financing package to be used primarily to complete the construction of its new facility, and also to refinance a small outstanding bank loan that was used to purchase the vacant land. In October of 2021, with interest rates at historical lows, Stifel's Religion Finance team reached out to church leadership with a refinancing proposal. Church leadership ultimately chose to again work with Stifel, recognizing the value of a long-term financing structure and Stifel's expertise with religious organizations.

In February 2022, the church closed on a 22-year, fixed-rate financing package to refinance its debt that was issued in 2018. The new financing significantly reduced the church's interest expense by securing a lower interest rate, while continuing to match the maturity term for the church's indebtedness.

The financing structure offered a true fixed interest rate, with no prepayment penalties, which church leadership strongly valued. The financing structure additionally avoids any large balloon payments during the life of the loan, which simplifies budgeting for future years. As a growing church with the possibility of future financing needs, the open-ended mortgage feature is another advantage of this financing program.

CONTACT

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