



MEMORANDUM

To: Tom Avey and Fellowship Council
From: Dr. Larry N. Chamberlain, President and CEO
Grace Brethren Investment Foundation, Inc.
Re: Report to Fellowship Council
Date: January 7, 2013

Greetings, colleagues . . .

I am pleased to provide you with this courtesy update of our organization as a cooperating national ministry affiliated with the Fellowship of Grace Brethren Churches.

Our board of directors is composed of thirteen individuals who reside in the several regions as prescribed in the FGBC by-laws. The board has voted to reduce the number of directors from the previous fourteen to twelve, via attrition. With Dayne Nix unable to continue as a director, the number has been reduced from fourteen to thirteen. Ted Adomanis serves as the Chairman of the Board. Ken Seyfert is President-Elect, Treasurer, and Executive Director of Operations. Brenda Byers is Secretary of the Corporation, Chief Financial Officer, and Director of Finance and Administration. I will continue to serve as President/CEO until our next board meeting, April 2013, at which time Ken will assume that responsibility. I will officially retire the end of September, following 36 years of service with GBIF.

Grace Brethren Investment Foundation, Inc. exists as a “church extension fund,” as defined by the North American Association of Securities Administrators. We are regulated by the securities laws (aka “blue sky laws”) of the 40+ states in which we have investors. The primary purpose of the Foundation is limited in scope by these regulatory authorities: “To enable individuals who support the objectives of the

Fellowship of Grace Brethren Churches to invest funds at a reasonable rate of interest and to provide thereby a source of funding, in the form of capital loans, for acquiring, developing, and remodeling, land and buildings for Grace Brethren churches, schools, and other associated organizations.” We are precluded from making loans to individuals, and can only loan funds to 501(c)(3) churches and organizations within the Fellowship of Grace Brethren Churches.

The rate of interest paid to our investors is currently 2.25%, since February 1, 2012. As of December 31, 2012, our investor accounts totaled \$88,019,249, or an increase of 3.94% from December 31, 2011 and 9.16% from December 31, 2010. As of December 31, 2012, we had 70 loans outstanding with balances totaling \$55,626,637, none of which were seriously delinquent in their payment obligations at year’s end.

We are pleased to report that the continuing economic downturn of the financial markets has not affected our asset base. All of our reserve investments are placed in safe, short-term securities. We have long held to a very conservative investment portfolio, avoiding investments in equities and other price-sensitive securities that can be affected adversely by shifts in the financial markets.

GBIF is a long-standing member of the Evangelical Council for Financial Accountability (ECFA), which calls its members to very high standards of financial integrity and fiduciary responsibility. Our records are periodically examined by ECFA’s field auditors, and we were pleased with the most recent summary comment: *“We found Grace Brethren Investment Foundation in full compliance with ECFA’s Standards. You are to be commended for your continuing commitment to these Standards.”*

In addition to ECFA’s recent review, we continue to submit our financial records for annual audit by Capin Crouse, CPA’s. Their reports find us to be in full compliance with the high standards of the accounting profession for a financial institution. Further, we remain in good standing with state securities regulators to whom we are accountable with annual reports and registration renewals.

It has been our practice to make goodwill contributions to Grace Brethren ministries for the continued growth and viability of the Fellowship. We also make generous annual contributions toward the expenses of the office of the Fellowship Coordinator, including additional appropriations in recent years to help underwrite the increased expenditures of the office of Moderator and task forces. In addition,

we serve as the administrative organization for the FGBC Chaplaincy ministry and the office of the Endorsing Agent (his report is submitted separately), raising funds through the Eagle Commission and subsidizing the expenses with an annual contribution. Further, we provide voluntary, seconded leadership and staff support for the FGBC Retirement Investment Plan and contribute toward the plan's administration expenses.

We support via goodwill contributions the financial needs of our Fellowship as categorized by the Commitment to Common Ministry: Church Planting, Leadership Development, and Integrated Ministry. Our contributions to these worthy initiatives totaled \$600,600 in 2012 from 2011 earnings, not including subsidized support of the Eagle Commission and subsidized administrative support re seconded personnel and contributions to the FGBC Retirement Investment Plan.

At our board meetings in Albuquerque in 2010, the directors adopted the below Statement of Vision that expresses our ministry's commitment to the Fellowship of Grace Brethren Churches.

Ken Seyfert and John Schumacher are planning to join you for your meetings in January. They will be eager to address any questions you may have at that time.

Thank you for the privilege and opportunity to serve as your colleagues in the awesome and powerful work of the Great Commission.

God bless you . . .

Respectfully,



GRACE BRETHREN INVESTMENT FOUNDATION, INC.

STATEMENT OF VISION – 2010-2015

Adopted by Board of Directors, September, 2010

- 1) Be the lender of choice among our Grace Brethren churches and affiliated organizations, by offering a Christ-honoring purpose, competitive rates, and affordable terms.
- 2) Be a ministry organization where Grace Brethren people can invest securely and provide capital financing for member churches and affiliated organizations.
- 3) Be a contributor to church planting and to other worthy ministries of the FGBC.
- 4) Be an organization committed to integrity and the highest of ethical standards and practices, including the guardianship and management of funds entrusted to our care.
- 5) Be an organization that participates in the advancement of cooperative initiatives associated with the FGBC and our community of affiliated organizations.
- 6) Be an organization that follows the purposes, expectations, and guidelines prescribed by regulatory agencies to which we are accountable as a church extension fund.
- 7) Be an employer of qualified and impassioned personnel who carry out our mission and purpose with efficiency and impact.
- 8) Be dedicated to the teachings of Christ as demonstrated in our workplace and lifestyles, serving as an exemplary model of organizational and individual behavior.
- 9) Be committed to creating a learning environment for our staff and board, providing for opportunities to stay current on matters supportive of our mission and purpose.
- 10) Be understanding of our distinctive role in a greater cause, that finances are but a means to an end, knowing that organizational prosperity should be clothed with humility, with a sense of caring and grace, shunning at all times arrogance, pride, and power.