

# Fellowship Council Meeting:

**January 28-30, 2015**

Seal Beach California

We will begin with dinner on Wednesday evening the 28th and end before lunch on Friday the 30th. You can travel on Wednesday and Friday or Saturday. You will have a private room so your wife can join you however you are responsible for her travel costs. Seal Beach is a great place to chill or shop!

Don't reserve a car without checking with Tom Avey's office to see if it is reimbursable. We can walk from the hotel to the meeting space and shuttles are available from the airport to the hotel.

username: "fc" and password: "charis" needed for some downloads.

## Agenda - January 2015 in Seal Beach California

1. Wednesday
  1. 6:00 Dinner together in Seal Beach - Yucatan Grill - 562-430-4422
2. Thursday
  1. Breakfast - comp. at the hotel
  2. 8:00 - Devo's
  3. 8:30 - Executive Directors Review
  4. 8:40 - [Approve Minutes of the July 2014 meeting](#)
  5. 8:45 - National Ministry Reports (10 minute report, 5 minute Q&A)
    1. BMH - Liz Gates
    2. Encompass - Dave Guiles - [Report](#)
    3. AGBM - Joel Richards
    4. CE National - Ed Lewis - [Report](#)
    5. GBIF and R.I.P. - Ken Seyfert - [GBIF Report](#); [R.I.P. Report](#)
  6. 10:00 - Break
  7. 10:15 - Continue National Ministry Reports
    1. Go2 - Tim Boal
    2. Grace College and Seminary - Bill Katip
    3. Women of Grace, USA - Viki Rife - [Report](#)
    4. Eagle Commission - John Schumacher

5. Social Concerns - Don Shoemaker - [Report](#)
8. 11:45 - Charis Identity Project - Report from Dave Guiles
9. 12:15 - Lunch (working - at the church)
10. 1:30 - Selecting Delegates for the 2015 International Charis Gathering
  1. The Charis Planning Committee has established the following criteria to be used as the churches and leaders select the delegate(s) that will represent their country:
    1. Good testimony: A leader with a solid testimony with the Fellowship of Grace Brethren Churches of his country, and is clearly identified with its doctrines and practices.
    2. Understands Local Ministry: A leader with a good grasp of the strengths, weaknesses, opportunities and needs of the church in his country.
    3. Understands Regional Ministries: A leader who has participated in Regional Charis Encounters or who has traveled enough in his region so as to understand the needs of the Grace Brethren of his region.
    4. Committed to Preparation: A leader who is committed to preparing himself for the Charis International Encounter by fulfilling assignments.
    5. Committed to Communication: A leader who is committed to effectively communicating the results of the Charis Int'l Encounter to the churches and leaders he is representing.
    6. Committed to the ongoing work of Charis – A leader who is willing and able to advance the goals and projects that arise from this encounter.
    7. Understands a Common Language: A leader who is able to communicate in one of the principal languages of Charis – English, Spanish or French.
    8. Capable of Engaging in Theological Discussions: A leader sufficient versed in theology and practice so as to engage meaningfully in discussions concerning the proposed Commitment to Common Identity.
11. 2:00 - Nominating an Executive Director for 2016 - 2018 (or 2019)
12. 2:30 - Break
13. 2:45 - Commission meetings
14. 4:00 - Structures Commission Report
  1. Recommended Manual of Procedure Amendment:  
Section Four. Social Concerns Committee.  
A Social Concerns Committee shall be appointed by the Fellowship Council. Members shall serve indefinite terms.  
The chairman shall be named by the Fellowship Council.  
It shall be the duty of the Committee to recommend annual resolutions to the conference for approval by the delegates according to

the following guidelines:

Resolutions should address societal issues from the standpoint of biblical values.

Resolutions are prepared and submitted by the Social Concerns Committee. Resolutions can be proposed to the Social Concerns Committee subject to policies on their focus, style and deadline.

Resolutions should be made available to delegates at least a day before the opening of Conference business.

Resolutions are open to discussion but not alteration (except by the chair, for purposes of clarity or corrections of grammar or fact).

Resolutions are voted either up or down. "Division of the Question" is permitted.

Resolutions are to be communicated to the local churches.

2. Committee nominations and assignments - the following names are recommended:
  1. Nominations for Nominating Committee (6 are elected at conference) – Clancy Cruise, Dave Kennedy, Bruce Barlow, Nathan Bryant, Tim Boal, Joe Cosentino, Galen Wiley, Tom Hocking, Mark Artrip, Dan Allan, Brad Gromis, Jeremy Wike
  2. Parliamentary Committee – Appoint any three of the following: Galen Wiley, Bud Olszewski, Doug Courter, Larry Edwards, Steve Galegor (jr), Dan Gillette, Fenton McDonald, Doug Sabin, Terry Daniels, Beau Stanley.
  3. Membership – Appoint any two of the following: Roy Halberg (California), Terry Daniels (California), Larry Edwards (PA), Roland Maust (PA), Christian Becker (Virginia), Don Eshelman (VA), Steve Shipley (Florida), Richard Todd (California), Ron Smals (Ohio).
3. Motion to appoint Phil Bryant ('15) to fill Matthew Householder's term on the council ('17)
15. 4:30 - Membership Commission Report
16. 6:00 - Dinner - Walt's Wharf - 562-598-4433
17. 7:30 - Optional Task gatherings
3. Friday
  1. Breakfast - comp. at the hotel
  2. 8:00 - Devo's
  3. 8:30 - What if the Statement of Identity is approved by Charis and then by the FGBC. What then?
  4. 9:30 - Finance Commission Recommendations
    1. [2014 Financial Report](#)
    2. [2014 Budget vs Actual](#)
    3. Recommendation about a new FGBC Disaster Relief Fund
  5. 10:00 Break
  6. 10:15 Executive Director Report

1. Vision2020DC (Avey/Sawatsky)
2. Flinch Conference (Sawatsky)
3. Focus Retreats in 2014/2015 (Sawatsky/Avey)
4. Vision Conference 2016
7. 11:00 - Dismiss

**FELLOWSHIP COUNCIL MEETING \* WASHINGTON, DC July 17, 2014 Omni-Shoreham Hotel**

**PRESENT:** Bruce Barlow (A- 14), Roy Halberg (A-14), Dan Jackson (C-14), Phil Bryant (A-15), Clancy Cruise (B-15), Richard Todd (A-16), Michael Saldivar (B-16), Dan Thornton (C-16), Matt Householder (A-17), Greg Serafino (A-17), Randy Weekley (C- 17), Joe Cosentino (B-18), Mark Lingenfelter (B-18), Tim Hodge (C-18), Bartley Sawatski (Exec. Dir-16), Tom Avey (Fellowship Coordinator), and Greg Howell (Rec. Sec.).

**ABSENT:** David Kennedy (C-15)

**APPROVAL OF MINUTES**

**A MOTION PREVAILED** to approve the minutes from January at Seal Beach, CA

**APPOINTMENT FOR PARTIAL TERM**

Tom Avey introduced Tim Hodge to complete a partial 4 year term in Region C. He will need to be ratified by the delegates, but can function at this meeting.

**NEW CHURCH APPLICATION**

**A MOTION PREVAILED** to present Grupo Amor Cristiano, in Dublin, OH as a New Church applicant to the Delegate at this Conference in Washington, DC.

**CO-OPERATING MINISTRIES**—The following ministries have applied and are presented for approval by the delegates

**A MOTION PREVAILED** to accept the application of Grace Commission Bible Institute of Sebring, FL and present them to the Delegates at this Conference (DC-2014) as a Cooperating Ministry of the FGBC.

**A MOTION PREVAILED** to accept the application of Vision Alaska and present them to the Delegates at this Conference (DC-2014) as a Cooperating Ministry of the FGBC.

Discussion brought up the concern that all principle leaders are related to the main leader. It was noted that the IRS will be concerned about only family involved. The Committee will decide how communicate so that they are properly governed.

**A MOTION PREVAILED** to accept the application of G.R.O.W. Orphanages, Directed by Iveraldo Trindade and present them to the Delegates at this Conference (DC-2014) as a Cooperating Ministry of the FGBC.

**A MOTION PREVAILED** to accept the application of Design Outreach of Winona Lake, IN and present them to the Delegates at this Conference (DC-2014) as a Cooperating Ministry of the FGBC.

They are engineers and designers who have aided *Water for Good* in designing parts and pumps when original manufacturer quit making repair parts. It was noted that the leader is not attending WLGBBC anymore, but 4 other board members are FGBC. They will need to be reminded of the need to be controlled by a board that is primarily FGBC. Bruce Barlow will talk with him at his exit interview.

**A MOTION PREVAILED** to accept the application of Metro Grace in Philadelphia, PA—Jim Brown, President, and present them to the Delegates at this Conference (DC-2014) as a Cooperating Ministry of the FGBC.

**RENAMING RAB** -- Dave Guiles gave the background of Relief African Brethren. In the 1960's Ken Ashman introduced the idea. At the he was pastor of Wooster and Chairman of the Foreign Missions Board. In 1972, the Resolutions Committee presented and Conference recommended that Foreign Missions (GBFM) would channel funds and partnered with other organizations where GBFM didn't have a presence. In 1973 it was established as

RAB. Dave recapped some recent relief situations. He said to basically ignore the title, because so much relief is happening beyond just Africa.

Dave used this as an opportunity to announce that The Mission is reorganizing globally. We no longer need to organize by geography. So Encompass is making 5 networks: (Directors are in parenthesis) Church Planting (Dr. Paul Klawitter), Church Equipping (Pastor Florent Varak), Community Integration (TBA-Wayne Hannah temp), Compassion Response will take over RAB (Barb Wooler) , --any other initiatives can jump in and help. She will coordinate with other FGBC around the world. Now there is a greater/ stronger connection with other cooperating ministries like CP3 relief/Rehabilitation/development/---essentially renaming RAB (don't tell them, because nobody knows RAB), Mobilization Services (Blaine Horst). Dave states that he expects that most new missionaries will enter through Community Integration or Compassion Response (networks 3&4)

Question: What are the ways to connect/bridge between FGBC members and networks?

--Barb presented to FC, but how do we impact/involve people in the pew? ANSWER: Encompass is going to communicate differently. Encompass has hired Conveca to determine how to communicate better. In the future, communication will involve more video.

**IDENTITY INITIATIVE** - Dave Guiles shared a recap of the presentations at FOCUS retreats and the 3-4 truth clusters and that Africa has already submitted their 3rd & 4th truth clusters.

The Global Task Force meets in Atlanta July 28-31, 2014. The next round of FOCUS retreats begins Sept 2014. The Pacific Northwest District will begin the 2nd cycle having been the last of the 1st cycle. We are not changing the Statement of Faith (it is part of FGBC Constitution) but working on a new document --Commitment to Common Identity that will have Global parts (like our resolutions). We probably won't come up with something everyone will love--but we will learn how to think and act globally. So there will be a double outcome. All will be equals at the round table and this is an exercise that helps us (like learning to dance together—Dave said he doesn't even know how to dance, but it makes a good analogy). The 4th truth cluster will not even be a topic for FOCUS 2015 or 2016. The responsibility of 4th cluster rests on Fellowship Council's shoulders.

Cluster 4 should begin with the ministerium. Dave Guiles will meet with AGBM exec board right after this presentation. He reiterated that we are not changing The Statement of Faith (that is the label of a 1969 document, a historical document). But we will be reorganizing and adopting something else (which potentially could replace the Statement of Faith). How we choose to express what we believe (tiers, baskets, clusters). What's our core? Jesus Christ as revealed in the Bible.

Periodically we have to sit down and determine what keeps us together? These things have to be talked about. The recent issue of Grace Connect has several great articles about who we are and how the Initiative will help us determine how to describe and communicate our identity. You can get Grace Connect by email--every leader, member should read. The Fellowship Council needs to determine how to fund the North American representatives to Charis in 2015 which will cost about \$10,000.

**MEMBERSHIP FEES** need to be increased to help fund the Conference expenses and provide for the Identity Initiative.

**A MOTION PREVAILED** to increase the Membership Fee \$ 0.60 with an additional \$0.40 temporarily for one year (2015) to fund the Identity Initiative and especially our (North American) delegation to the Charis gathering in 2015, for a total of \$1.00.

Discussion included: Who is paying for Dave Guiles? Is it the Fellowship Council's responsibility or Encompass? Should we fund and look like North America is influencing decision making? It was suggested that we get as

much as we can for \$10,000 and give the excess to Encompass to help offset Dave's expenses? We will decide in January what more we can do especially if Brotherhood Mutual provides a kick back.

**TOM AVEY'S HOUSING ALLOWANCE**--It was decided by consensus that we designate \$35,000 for Tom's housing Nov 1, 2014-Oct 31, 2015.

#### **UPDATES**

1. Conference 2015 will be at Newark airport just 2 train stops from Penn's Station. It will be at the Marriott, seems to be the best facilities for our conference. The dates will be July 23-26 New York City (really New Jersey) Theme: Flinch Conference (all about risk). New York is a good city to discover risk. Speakers will be "Riskologists." It will be family friendly but not much as DC is. New York is safer than it has been. Rates will be \$125/night and you don't need a car. Tom & Bartley shaved a night off to save costs. This is a good way to have a family vacation. Like DC and recent Conferences, the rooms cost the same 3 days before and 3 days after.

2. Conference 2016 Looking at Vancouver, BC and Orlando, FL and other possibilities. They are definitely keeping young families in mind.

3. FOCUS retreats Pacific Northwest has moved to be in September, the rest will keep their same schedule. The planners understand that FOCUS needs to be a refreshing time not just technical.

4. Tom Avey noted that we need Brotherhood Mutual funds to continue. He stated that we need churches to sign up to be insured by them. And the FGBC receives a dividend in years that there are limited claim losses. There was no dividend this year because of some large claims. We are very thankful for the partnership and good coverage for our member churches.

5. Tom Julien would like to have regional prayer directors.

**EXECUTIVE DIRECTOR OF WOMEN OF GRACE USA** --Mrs. Viki Rife was introduced as the new Executive Director of Women of Grace USA. She shared that she is passionate about helping women understand their power of influence and mentoring. She also shared that they are celebrating the 75th anniversary of Women of Grace. Janet Minnix retires as Executive Director after 17 years.

Respectfully submitted,

Gregory M. Howell  
Recording Secretary

Report to the Fellowship Council  
Encompass World Partners  
January 2015

I recently returned from a trip to Lyon, France, where we gathered thirty-five staff members from around the globe for the official launch of our new *Church Equipping Network*. Directed by Pastor Florent Varak, this Network is focused upon helping Grace Brethren Churches in twenty-seven countries take concrete steps toward greater maturity and fruitfulness. Please join us in praying for Florent's transition to this role, as well as for the effectiveness of this new network.

We are in a period of significant change at Encompass – change born out of our commitment to adapt to the new realities of ministry in the era of globalization. Major factors that influence these changes include 1) the emergence of *Charis International* as the corporate expression of our global GBC identity, 2) growth in partnerships within and outside the FGBC, 3) ease of travel and communication, and, 4) the growing challenge of ministry among the world's least-reached peoples.

Over the past few years we've implemented some very visible changes, like changing our name and the location of our headquarters. Other changes were not quite so visible, but equally as important. They included an expanded commitment to pre-deployment and on-field training, increasing our coaching and member care capacities, expanding our US mobilization efforts and more. We believe we are better positioned to continue leading the FGBC-USA's cross-cultural ministry efforts, and we are trusting God for significant numerical growth.

Currently we are implementing a set of changes that go even deeper than those mentioned above. We are abandoning the traditional missions paradigm that organized staff according to geographical regions in favor of one that organizes our teams around their missional tasks. On the surface this may not seem significant, but in reality it represents our greatest change effort to date. Toward that end, we now cluster our staff into five Missional Networks focused on increasing our ministry fruitfulness. Here is a list of those Networks:

Church Planting, directed by Paul Klawitter

Church Equipping, directed by Florent Varak

Crisis Response, directed by Barb Wooler

Transformation Works, temporarily directed by Wayne Hannah

Mobilization Services, directed by Blaine Horst



These categories should resonate for those who are familiar with the *Charis Commitment to Common Mission*. Our new Missional Network structures serve to better align us with the priorities outlined in that document: Church Planting corresponds with our new *Church Planting Network*, Leadership Development corresponds to our *Church Equipping Network*, and Integrated Ministries corresponds to our *Transformation Works* and *Crisis Response Networks*. Staff assigned to the *Mobilization Services Network* is focused primarily on the myriad of ways we serve our US-churches, as in mission education, mobilization, recruitment, training, member care, finance and more.

Like many local churches, we face the challenge of engaging an emerging generation who comes to us with a radically different worldview and set of expectations concerning ministry. With the goal of deploying 75 new cross-cultural workers by 2020, we are rethinking and retooling the way in which we engage that generation. At the same time, we remain committed to the vision, values and goals that served us well over more than 100 years of ministry:

## **VISION**

To spread the knowledge and glory of God among the least reached of our world.

## **MISSION**

To mobilize, equip, deploy and nurture multinational teams of disciple-makers who live and proclaim the good news of Jesus Christ through engaging in sacrificial service, intentional evangelism and whole-life discipleship, resulting in the creation of healthy spiritual communities (churches).

## **CORE VALUES:**

Relentless pursuit of the **Great Commission** in all of its implications  
Prayer that leads to vision that leads to **Risk-taking faith**  
Valuing individuals **And** empowering teams  
The glory of the **Church** as God's plan for this age  
Strive for **Excellence** in all we do

On behalf of the global family of staff and ministries that comprise Encompass World Partners, I want to extend our sincerest appreciation for the honor of serving the FGBC-USA in taking the Good News of Jesus to the nations. We are proud to represent the FGBC tribe!

Dr. Dave Guiles  
Executive Director

## Appendix 1: GBC Global Statistics as of April 2014

|               |                    | Churches          | Points of Light |
|---------------|--------------------|-------------------|-----------------|
|               |                    | Country           | 2014            |
| AFRICA        |                    | C.A.R.            | 2740            |
|               |                    | Cameroon          | 45              |
|               |                    | Chad              | 191             |
|               |                    | Dem Rep Congo     | 7               |
|               |                    | Nigeria           | 13              |
|               |                    | Sudan             | 0               |
|               |                    | Cambodia          | 5               |
|               |                    | Iraq              | 0               |
| ASIA          |                    | Japan             | 2               |
|               |                    | Kyrgyzstan        | 1               |
|               |                    | Philippines       | 5               |
|               |                    | Russia            | 0               |
|               |                    | Thailand          | 0               |
|               |                    | Turkey            | 0               |
|               |                    | Vietnam           | 0               |
|               |                    | Czech Republic    | 1               |
| EUROPE        |                    | England           | 2               |
|               |                    | France            | 6               |
|               |                    | Germany           | 3               |
|               |                    | Ireland           | 1               |
|               |                    | Portugal          | 4               |
|               |                    | Spain             | 0               |
|               |                    | Argentina         | 22              |
|               |                    | Brazil            | 38              |
| LATIN AMERICA |                    | Chile             | 1               |
|               |                    | Cuba              |                 |
|               |                    | Guatemala         | 1               |
|               |                    | Haiti             | 8               |
|               |                    | Mexico            | 22              |
|               |                    | Nicaragua         | 0               |
|               |                    | Paraguay          | 0               |
|               |                    | Uruguay           | 1               |
|               |                    | US Total Churches | 252             |
|               |                    |                   |                 |
| Totals        |                    | 3371              | 585             |
|               |                    |                   |                 |
| NA            | US Ethnic Minority | 27                | 17              |

## Report from CE National 2015

*CE National's purpose is to be a catalyst for all believers to be trained and mobilized to be "on mission." This is done by impacting the rising generation, reaching neglected people, and equipping biblical leadership.*

### 1 CE National in 2015

- a. Two Operation Barnabas teams which will serve in the Mid-West.
- b. Two City Life teams, one will travel in the East and one will travel in the West.
- c. Momentum is planned for Indiana Wesleyan.
- d. We have other programs such as Day Away, North of 55, PastorpediA Live (formerly Super Wednesday) and The National Institute. In 2014 we had about 900 adults attend the three Day Aways, had more than 100 different church leaders attend the Super Wednesday events and we have about 100 students in The National Institute youth ministry program.
- e. In addition to other effective speakers, we have Knute Larson, Sean McDowell, Clayton King, and Keith Minear, Jackie Hill Perry, Naghmeh Abedini, Jeff Bogue, and Steve Timmis, scheduled for our events and programs in 2015.
- f. Plans are coming together for CELS for Youth Workers (CE Leadership Summit). This is our annual leadership training opportunity, to be held in March at the Russell Center with Kurt Johnston, from Saddleback, Allen Weed from Interlinc (Skype), Steve Timmis from the Crowded Church (Skype), and Knute Larson. There were 45 youth workers from in and outside the FGBC who attended in 2014.
- g. Momentum has grown to where almost 30% of the youth and churches are coming from beyond the FGBC. We call it FGBC Plus.

### 2 Urban Hope

- a. Annually 1200 people are trained in outreach through the programs at Urban Hope.
- b. Colleges that regularly come for training are Cedarville, Lancaster Bible College, Grace, and organizations include Campus Crusade (CRU), Navigators and others.
- c. Programs for the children include Camp Conquest, Kingdom Kids, and R.O.C.K (Reaching Our Community Kids—youth). We are running about 150 children in Kingdom Kids on Sunday afternoons, which is in addition to the two regular Sunday morning services each week. We have almost 100 teenagers

each weekend at ROCK and 70 plus children plus adults went to camp this past August.

- d. We are prayerfully asking God to help us reach the Kensington community for Christ. We see the community being impacted as we have now gone to two services on Sunday. With one service at 10:00 and one at 1:00 we serve a lunch in between and have about 250-275 each week in the church services. Over 100 come each Tuesday evening for Family Bible Studies. Prayer groups meet daily to pray for the lost people in the community. We are seeing adults pray to receive Christ each week! Incredible life change!! God is the One to be praised!
  - e. There are sleeping accommodations for 80 people in the dorms. These are filled most weekends and many weeks as people come to learn how to start and develop conversations with non-believers. We have additional accommodations for pastors who want to learn how to connect cross-culturally.
  - f. We are in a new partnership with Grace College to be the "field experience" for nine months for those majoring in Studies in Urban Ministries. We are renovating a 3-story building for housing for these students who will come beginning this fall (2015). This building will also serve as a place for Bible studies for the church/community and allow for discipleship areas.
- 3 New Ministries for Church Leaders
- a. Besides working with consulting and coaching church leaders in developing effective strategies (with Ed Short) we have begun a monthly publication called PastorpediA for pastors, written by pastors. Knute Larson oversees this project. Contributors are Jim Brown, Jeff Bogue and Knute.
  - b. The Pastorpedia Live events (formerly Super Wednesdays) (offered four-five times a year) are bringing increased numbers of pastors to be enriched in church ministries. CE and Grace work closely in these training sessions at the Russell Center.
  - c. Our new signage is helping the community know about events happening at CE National and alerting passers-by how to pray for our ministries as well as giving the time.
  - d. We have a beautiful retreat setting at the Life Application Center in Winona Lake. Pastors, church leaders and others are welcome to come and take advantage of our facilities. We updated and the Feather Center (formerly the Philemon Center) on our properties in November (2014) in honor of the late Pastor Ray Feather who had a heart for encouraging believers and for seeing the lost come to Christ.

- e. The Lending Library is being used by about 150 churches across America and around the world. We have over 1100 patrons on file with about a quarter of them active on a regular basis.
- 4 The National Institute trains almost 100 students each year in how to be effective youth workers for church ministries inside and outside the United States.
- 5 Our new cooperative, Studies in Urban Ministries, with Grace College began Fall of 2014. It is designed to help train young adults to know how to reach, teach, disciple and equip people to work with the overlooked in our metropolitan areas of the United States and the world. Students will begin their field experience at Urban Hope in this fall (2015).
- 6 We are cooperating in a program called Action Year, headed up by Barb Wooler, to help our young people be sold out to Jesus and consider a full-time ministry career..
- 7 We are seeing positive increases in:
  - a. Personal Bible study using the On Track Devotions.
  - b. More adults seeing the need for stretching spiritually in the areas of prayer, ministry, leaving a legacy, and mentoring younger people.
  - c. People who are embracing the ONE concept and reaching their ONE person for Christ and discipleship.
- 8 We are using the existing technology to do more things with social media, our websites and more. We have redesigned our website and have a new ministry resource online called MinistryInsight targeting people who search for certain topics online. Once they read an article we have put up online they can sign up to get more of the same kind of articles in the future. We are targeting pastors, and other church workers (children's workers, youth workers, etc.)

CE National is looking forward to a year where more people are reached for Christ, believers will be encouraged and ministries will be accomplished. We are grateful for the opportunity to work with the FGBC and beyond. We pray God's richest blessings on each organization and church that is working together for the cause of knowing Christ and making Him know.



GRACE  
BRETHREN  
INVESTMENT  
FOUNDATION, INC.

S I N C E 1 9 5 5  
"Investments with eternal values"

Kenneth A. Seyfert  
President / Chief Executive Officer

## MEMORANDUM

To: Tom Avey and Fellowship Council  
From: Ken Seyfert, President and CEO  
Grace Brethren Investment Foundation, Inc. (GBIF)  
Date: January 2015  
Subject: Report to Fellowship Council

Greetings, Everyone . . .

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

Our Board of Directors is composed of ten individuals who reside in the several regions as prescribed in the FGBC bylaws. The Board has voted to reduce the number of directors from the original fourteen to ten via attrition. Ted Adomanis serves as Chairman of the Board. I serve as President and CEO, with Ryan Bowell serving as Vice President and Director of Credit Services and Brenda Byers serving as Secretary, Treasurer, and Director of Finance and Administration.

GBIF exists as a "church extension fund" as defined by the North American Association of Securities Administrators. We are regulated by the securities laws of the 38 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 2.0%, compounded daily. As of December 31, 2014, GBIF total assets surpassed the \$105 million mark. Total loans outstanding were around \$62 million and we are not experiencing any serious delinquencies in loan payments. GBIF investment reserves, at around \$42.7 million, are invested very conservatively with no exposure to fluctuations in the stock market.

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. We also remain in good standing with state securities regulators to whom we are accountable with annual reports and registration renewals.

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. ECFA's continuing summary comment about GBIF indicates: *"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."*

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 Executive Director 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), providing support to the Eagle Commission and subsidizing the expenses with an annual contribution when necessary. Further, we provide voluntary, seconded leadership and staff support for the FGBC Retirement Investment Plan and contribute toward the plan's administrative 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 those worthy initiatives totaled \$650,000 in 2014 from 2013 earnings, not including subsidized support of the Eagle Commission and subsidized administrative support with seconded personnel and contributions to the FGBC Retirement Investment Plan.

John Schumacher, Endorsing Agent for the Chaplaincy ministry, and I are planning to join you for your upcoming meetings in Seal Beach. We will be eager to address any questions you may have at that time.

We are grateful to serve as your fellow workers in furthering the Great Commission.

Respectfully in Him,

A handwritten signature in dark ink, appearing to be "John Schumacher", written in a cursive style.

To: FGBC Fellowship Council  
From: Ken Seyfert  
Date: January, 2015  
Subject: FGBC Retirement Investment Plan

Happy New Year, Everyone!

In addition to my duties as Executive Director of Operations for Grace Brethren Investment Foundation, Inc., I have for the past 17 years served as chairman and overseer of the FGBC Retirement Investment Plan. I am assisted in this work by a committee consisting of Mr. Tom Avey, Mr. Bill Burby, Dr. Jim Custer, and Mr. Jim Johnson. Daily administrative support is provided by Mrs. Linda Leonard, coordinator of administration.

The FGBC established the Retirement Committee to administer both the 401(a)-employer contributed and the 403(b)-employee contributed plans. The committee acts on behalf of the FGBC, as administrator for each plan and reports officially on an annual basis to FGBC at annual national conference meetings. Written minutes of the meetings of the Retirement Committee are maintained in the Winona Lake office. Investment option alternatives are offered through American United Life Insurance Co. (One America Cos.) in Indianapolis. The most recent report of the Retirement Planning Committee is attached.

As part of its mission, GBIF provides annual "goodwill contributions" to FGBC- related ministries to help fund their purposes. The expenses related to the operations of the Retirement Investment Plan as a FGBC ministry to pastors have been funded through such contributions. GBIF stands ready to help as needed with any future contributions.

It is a privilege to be part of a vital ministry that is directed to assisting FGBC pastors and their families with planning for their financial future. I am grateful to the committee and to Linda Leonard with their helpful support of the plans. Where appropriate, we will continue to educate FGBC churches about their responsibility to include a fair contribution towards their pastors' retirement.

I will look forward to seeing you soon for meetings in Seal Beach, CA and would be happy to entertain any questions at that time.

Respectfully in Him,



Ken Seyfert

Chairman, FGBC Retirement Investment Plan



**FELLOWSHIP OF GRACE BRETHREN CHURCHES  
RETIREMENT INVESTMENT PLAN  
PO BOX 587  
WINONA LAKE, IN 46590  
574-267-5161**

**Retirement Planning Committee**

As of December 31, 2014, the total combined asset value of the Fellowship Retirement Investment Plan was \$ 12,756,364.69. Currently, we have 354 active participants in the plans.

Thirty investment options are available to plan participants. Quarterly, individual reports are sent on a timely basis.

Account information is available on-line via a secure website at [www.oneamerica.com](http://www.oneamerica.com). Other enhancements have been made to the new bookkeeping system which is very user friendly. We have met with One America representatives to review our plan and discuss ways to improve our cooperative services.

As of December 31, 2014, we sent 1 monthly check to our retiree, Lois Schrock under the "Promise of Honor" program. The monthly need was \$89.32. Total current funds on hand as of December 31, 2014 were \$1,452.04.

Respectfully submitted:

Mr. Kenneth A. Seyfert, Chairman  
[kseyfert@gbif.com](mailto:kseyfert@gbif.com)

Committee Members:

Mr. Tom Avey  
Mr. William Burby  
Dr. James L. Custer  
Mr. James W. Johnson

Coordinator of Administration:

Mrs. Linda Leonard

## Women of Grace USA

### Fellowship Council Report

January 2015

When I met Anna\* ten years ago, her demeanor was what counselors call “devitalized.” She had no confidence that she could do anything. However, as we talked, I caught a glimpse of a small spark of passion for helping other women. We invited her to participate in Women of Grace Leadership Summits, then in the Women’s Leadership Studies classes. We spent time praying together, and encouraged each new venture her church invited her to be a part of.



A few months ago, as we were walking down the hall at the Women’ Leadership Summit in Columbus, Ohio, she had to turn aside frequently to respond to greetings from other women. As we exited the building, she said happily, “I wouldn’t know anyone in the Fellowship outside my own church if it wasn’t for Women of Grace!”

Her comment represents well one of the contributions that Women of Grace USA makes to the identity of our Fellowship. A widower once commented to me about his family’s Christmas, “The woman is the heart of the home and the glue that holds the family together.” The relational nature of women is a great asset to a sense of unity in the FGBC.

Even though this has been a year of transition in leadership, we have not lost momentum at all, thanks to wise planning and mentoring for the change. We are thankful to Janet Minnix for her 17 years of leadership and investing in future leaders. In the past several years we’ve had a number of younger leaders step forward, so that now, of the 17 women who are on the board or leading one of our ministries, eight are under 35.

A number of these young leaders have been nurtured as young girls through our SMM (Sisters Mentoring with a Mission) ministry. The new Director of Girls’ Ministries, Nicole Miller, is one of those girls. This ministry has currently been blessed with the opportunity to oversee the SMM ministry at Jefferson School in Winona Lake, Indiana, offering the chance to mentor Grace College students, as well as some area high schoolers, in girls’ discipleship.

Our prayer over the past decade has been that God would lead this ministry to provide what *He* knows women need. We are seeing evidence that He has abundantly answered. We rejoice to get calls from women saying, “I just learned about your Women’s Leadership Studies classes online, and it’s exactly what I was looking for.” We are very thankful for the partnership with Grace Seminary that has allowed us to offer these weekend classes. Dr. Christy Hill has been able to offer about two classes in different areas each year, but the demand has exceeded the time she can be available. Consequently, in June she taught a one-week module to train facilitators to teach the classes.

Eleven hand-picked women participated in the facilitator training. We had originally planned to offer the facilitator training every three years, but the demand has been such that we are offering another module the week of June 8 this year. We are especially rejoicing that a number of missionary women are taking the facilitator classes, hoping to take the model to the countries where they minister.

As a result of the training, we have instructors in different regions and plan to offer at least eight classes in 2015 in Indiana, California, Maryland, Iowa, Ohio and Alaska. As the amount of classes to coordinate has increased, we have asked a young woman from Columbus, Ohio, Amanda Paragon, to work with Dr. Hill as Women's Leadership Studies Coordinator.

By early 2016 we anticipate adding several other states, as well as the first class in Spanish, since we have four Spanish speakers among our graduates of the first module. Our greatest barrier is the need for translation of the syllabus material—we are hoping to find financial assistance to hire a qualified translator for this important project.

The project is made more urgent by the number of requests from Hispanic women for the Women's Leadership classes. The annual Hispanic Transformational Summits have doubled in attendance each year, with a total of 60 women gathering in Atlanta in April of 2014. The next Hispanic Summit is planned for May of 2015 in Tampa, Florida.

One of our greatest surprises of 2014 was the response to the birth of our FaceTeams. We made a decision in late 2013 to go to areas where the renewed vision of Women of Grace USA was not well known in order to clarify our approach to women's ministry. FaceTeams involve about three board members or proven women's leaders who spend a weekend in an area, interacting with the women from the host church and providing a luncheon to which women from area churches are invited. We spend time listening to their needs and vision and presenting them with what we have to offer as resources.

We have started adding a meeting with the pastor/elders of the host church to our FaceTeam agenda to help the women understand the vision of their church leaders. This also gives them an opportunity to brainstorm how their passions to serve fit into the direction their church is going. FaceTeams visited Iowa, Eastern Pennsylvania and Maryland last year, and we have received requests from at least five churches for a FaceTeam in the near future.

As a result of the enthusiasm and interest each year over the theme of our magazine, *Women's Spectrum*, we have started to offer Bible studies each year to help the women dig deeper into the topic. This is providing opportunities for women gifted in writing Bible studies to contribute their skills to the body.

The ministry team that travelled to Cambodia in November returned with great joy over the opportunity they had to encourage the ministry partner wives there, as well as the missionaries. One team member commented on her Facebook page after her return: "Cambodia...you have changed me forever!" Becky Good responded, "You have changed Cambodia forever, too!"

A new challenge and opportunity has been the requests by young women to serve as interns. Cassie Harris from Kenai, Alaska, moved to Winona Lake the fall of 2013 to serve as an intern with the *Women's Spectrum* and to study journalism and Biblical studies at Grace College. A 2014 graduate of Grace, Melissa Kreis, has also asked to serve as an intern and be mentored. She has been a good asset and we anticipate many opportunities to serve in the future. In addition, we were contacted by a student at Moody who wanted to do a summer internship, and have been discussing the logistics of such a commitment.

As 2014 was a year of examining our identity as the Fellowship of Grace Brethren Churches, we have been very pleased as evidence has surfaced of the ways that the ministry of Women of Grace USA is

contributing to the health and vitality of this movement. Here are a few examples, most of them posted to our website:

**In response to articles in our e-newsletter, GraceTouch:**

Life as a woman is adventure. Thanks for bringing that truth to the foreground again. I am proud of you and all your team is doing in the world and in the fellowship. A new day has dawned and we are with you, dear sister! (Bess Farrell)

Well said! Thanks for reminding us of the vision that God has for us, which is bigger than our small horizons (Christy Hill)

Thanks for all you do to bring godly leadership to the feminine side of our fellowship. God bless you! (Becky Good)

**In response to the Women's Leadership Studies classes:**

Enjoyed it so much. I particularly liked working thru the different points with Mary Diaz from my church. She is ready to roll! (Claudia Todd)

Thank you God, for this great opportunity to be there for the leadership class! (Rosa Muñoz)

**A missionary's response to the Women's GO team to Cambodia:**

It was an awesome time! I loved having them here, it truly was a blessing, my students loved meeting and playing "Smarter than a 5th grader and What's my line." "They are still talking about the ladies. Grace too, just this morning said, as we were driving by their (Women of Grace team) hotel, "Where are my friends? Are they still in America?" It was a great time spent by all! Thanks....everyone! (Jill Kane)

We are deeply grateful to the Grace Brethren Investment Foundation for their contributions, as well as to the organizations that have partnered with us to support and maintain this ministry. We are delighted to work together to accomplish God's purposes.

We also thank Executive Director Bartley Sawatsky, Fellowship Coordinator Tom Avey, and the members of Fellowship Council, for your commitment to God's Word and His mission. We are glad to be a part of the FGBC, and are thankful for your support in helping us reach our goal of making sure our local ministry results in global impact.

## Report to the Fellowship Council—January, 2015

### 1. Constituency of the Committee

We need committee members who are demonstrably committed in thinking and deed to this area of ministry, committed to our ideals, good as a team, who add to a diversity of ministries (with priorities and perspectives), and can usually attend the annual conference. I'm pleased we have several such people. Of special note are three additional members whose names may need to come before the Council for approval at this session: Mark Combs, Scott Henry and Mike Jentes. It would be good to have additional ones, especially one or more laywomen.

### 2. Guidelines on Resolutions

I have prepared a review of the resolution process and have suggested guidelines for their development, adoption and use. These were shared with the Structures Committee via Skype on January 14. Tom Avey has prepared the guidelines for possible adoption into the Manual of Procedure. Of special mention is my recommendation that we move away from the concept of "Continuing Resolutions".

### 3. Social Concerns Issues

Many issues have kept our attention over the years while others come and go. The issue of Immigration Reform was added in 2012 but its political resolution has not happened and there is no early prospect that it will be resolved. Religious liberty is an issue as never before though it has been on our FGBC "radar" since 1987. (At last year's Values Conference protecting it surpassed abortion for the first time.) How to address same-sex issues and how we even frame the terms we use continue as strong issues.

Religious liberty and same-sex issues intersect in the life of evangelicalism and in the FGBC and our local churches. Policies need to be developed on the local level. Most seriously, threats truly exist against the religious liberty of churches, institutions and individuals as they live by faith in the secular world. Specifically, note these developments:

- The Fire Chief in Atlanta was dismissed over what he believed and published on this issue. This is one big example of many threats to religious liberty.
- TIME magazine (Jan. 26) just came out with a significant article on the crusading move within evangelicalism toward affirming homosexuality. Read this link: <http://time.com/3668781/inside-the-evangelical-fight-over-gay-marriage/>
- The President, in his State of the Union address on Jan. 20 clearly affirmed the movement in our nation to accept same-sex marriage. At the same time, NOT ONE WORD was voiced affirming our freedom of religion and other First Amendment guarantees.

That's enough for this report, inasmuch as I love one-page statements. It is a privilege to serve the FGBC as Chair of the Social Concerns Committee.

Respectfully submitted,  
Donald P. Shoemaker





# HIMES & KRULL, LLC

Certified Public Accountants

December 2, 2014

Board of Directors  
The Fellowship of Grace Brethren Churches, Inc.  
PO Box 384  
Winona Lake, IN 46590

## Independent Accountants' Review Report

We have reviewed the accompanying statements of financial position of The Fellowship of Grace Brethren Churches, Inc. as of October 31, 2014 and 2013 and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note A to the financial statements, generally accepted accounting principles require that the cost of assets which have a useful life of greater than one year be capitalized. The organization has not capitalized such expenditures and the effect to the financial statements has not been determined.

*Himes & Krull, LLC*  
Himes & Krull, LLC

## THE FELLOWSHIP OF GRACE BRETHREN CHURCHES, INC.

## Statements of Financial Position

|   | October 31,<br>2014 | October 31,<br>2013 |
|---|---------------------|---------------------|
| <b>ASSETS</b>                           |                     |                     |
| Current Assets:                         |                     |                     |
| Cash and Cash Equivalents               | \$ 112,548          | \$ 73,712           |
| Accounts Receivable - Net of Allowance  | 9,612               | 12,946              |
| Other Receivables                       |                     | 5,375               |
| Prepaid Expenses                        | 9,622               | 6,299               |
|   | <u>131,782</u>      | <u>98,332</u>       |
| Other Assets:                           |                     |                     |
| GBIF Investment                         | 784                 | 938                 |
| <b>TOTAL ASSETS</b>                     | <u>\$ 132,566</u>   | <u>\$ 99,270</u>    |
| <b>LIABILITIES AND NET ASSETS</b>       |                     |                     |
| Current Liabilities:                    |                     |                     |
| Accounts Payable                        | \$ 1,561            | \$ 888              |
| Payroll Liabilities                     | 1,571               | 1,236               |
| Deferred Revenue                        | 11,480              | 17,460              |
| Pension Liability - Current Portion     | 1,072               | 1,236               |
| Escrow Funds                            |                     | 250                 |
|   | <u>15,684</u>       | <u>21,070</u>       |
| Long-Term Debt:                         |                     |                     |
| Pension Liability                       | 4,198               | 4,896               |
| (Less) Current Portion                  | (1,072)             | (1,236)             |
|   | <u>3,126</u>        | <u>3,660</u>        |
| <b>TOTAL LIABILITIES</b>                | <u>18,810</u>       | <u>24,730</u>       |
| Net Assets:                             |                     |                     |
| Unrestricted                            | 97,487              | 74,540              |
| Temporarily Restricted                  | 16,269              |                     |
|   | <u>113,756</u>      | <u>74,540</u>       |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u>\$ 132,566</u>   | <u>\$ 99,270</u>    |

See notes to financial statements.

THE FELLOWSHIP OF GRACE BRETHREN CHURCHES, INC.

Statements of Activities and Changes in Net Assets  
For The Year Ended October 31,

|  | 2014       | 2013       |
|--|------------|------------|
| Change in Unrestricted Net Assets:                       |            |            |
| Revenues and Gains:                                      |            |            |
| Membership Fees  | \$ 174,221 | \$ 161,141 |
| Conference Income  | 138,501    | 132,781    |
| Eagle Commission   | 86,983     | 95,077     |
| Contributions  | 89,532     | 123,645    |
| Focus Retreats   | 60,060     | 53,642     |
| Handbook Income  | 4,200      |            |
| Other Income   | 1,403      | 3,903      |
| Interest Income  | 566        | 731        |
| Decrease in Present Value of Pension Obligation          |            | 12,515     |
| Total Unrestricted Revenues and Gains                    | 555,466    | 583,435    |
| Expenses and Losses:                                     |            |            |
| Program  |            |            |
| Conference   | 186,602    | 174,422    |
| Focus Retreats   | 88,201     | 81,524     |
| Eagle Commission   | 76,825     | 90,110     |
| Management and General                                   |            |            |
| Fellowship Council and Committees                        | 64,314     | 69,929     |
| General Administrative                                   | 116,577    | 115,804    |
| Total Expenses   | 532,519    | 531,789    |
| INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS           | 22,947     | 51,646     |
| Change in Temporarily Restricted Net Assets:             |            |            |
| Contributions  | 16,269     |            |
| INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS | 16,269     | -          |
| Net Assets at Beginning of Year                          | 74,540     | 22,894     |
| Net Assets at End of Year                                | \$ 113,756 | \$ 74,540  |

See notes to financial statements.



THE FELLOWSHIP OF GRACE BRETHREN CHURCHES, INC.

Statement of Functional Expenses  
For The Year Ended October 31, 2014

|                           | Conference | Focus Retreats | Eagle<br>Commission | Fellowship<br>Council and<br>Committees | General<br>Administrative | Total      |
|---------------------------|------------|----------------|---------------------|---|---------------------------|------------|
| Operating Expenses        |            |                |                     |   |                           |            |
| Salaries and Benefits     | \$ 39,019  | \$ 22,268      | \$ 32,025           | \$ 6,000                                | \$ 50,105                 | \$ 149,417 |
| Office and Administration | 1,114      | 12             | 19,662              | 3,075                                   | 35,337                    | 59,200     |
| Travel                    | 13,738     | 7,053          | 18,151              | 25,098                                  | 8,702                     | 72,742     |
| Printing and Promotion    | 9,782      | 68             | 2,114               | 2,159                                   | 9,399                     | 23,522     |
| Special Events            | 122,829    | 58,800         |                     | 27,705                                  |                           | 209,334    |
| Other                     | 120        |                | 4,873               | 277                                     | 13,034                    | 18,304     |
| Total Operating Expenses  | \$ 186,602 | \$ 88,201      | \$ 76,825           | \$ 64,314                               | \$ 116,577                | \$ 532,519 |

See notes to financial statements.

THE FELLOWSHIP OF GRACE BRETHREN CHURCHES, INC.

Statement of Functional Expenses  
For The Year Ended October 31, 2013

|                           | Conference | Focus Retreats | Eagle<br>Commission | Fellowship<br>Council and<br>Committees | General<br>Administrative | Total      |
|---------------------------|------------|----------------|---------------------|---|---------------------------|------------|
| Operating Expenses        |            |                |                     |   |                           |            |
| Salaries and Benefits     | \$ 41,898  | \$ 23,597      | \$ 33,336           | \$ 5,443                                | \$ 55,768                 | \$ 160,042 |
| Office and Administration | 80         | 22             | 4,529               | 35                                      | 36,509                    | 41,175     |
| Travel                    | 6,619      | 4,002          | 42,478              | 25,769                                  | 9,141                     | 88,009     |
| Printing and Promotion    | 8,208      |                | 3,966               | 33                                      | 8,422                     | 20,629     |
| Special Events            | 117,574    | 53,713         |                     | 37,386                                  |                           | 208,673    |
| Other                     | 43         | 190            | 5,801               | 1,263                                   | 5,964                     | 13,261     |
| Total Operating Expenses  | \$ 174,422 | \$ 81,524      | \$ 90,110           | \$ 69,929                               | \$ 115,804                | \$ 531,789 |

THE FELLOWSHIP OF GRACE BRETHREN CHURCHES, INC.

Statements of Cash Flows  
For The Year Ended October 31,

|  | <u>2014</u>              | <u>2013</u>             |
|--|--------------------------|-------------------------|
| Cash Flows From Operating Activities:  |                          |                         |
| Total Increase (Decrease) in Net Assets  | \$ 39,216                | \$ 51,646               |
| Adjustment to Reconcile Changes in Net Assets to Net Cash<br>Provided by Operations: |                          |                         |
| (Increase) Decrease in Accounts Receivable   | 3,334                    | (9,779)                 |
| (Increase) Decrease in Other Receivables   | 5,375                    | (5,375)                 |
| (Increase) Decrease in Other Assets  | 154                      | 7,142                   |
| (Increase) Decrease in Prepaid Expenses  | (3,323)                  | 57                      |
| Increase (Decrease) in Accounts Payable  | 673                      | (17,858)                |
| Increase (Decrease) in Deferred Revenue  | (5,980)                  | 17,460                  |
| Increase (Decrease) in Escrow Funds  | (250)                    | 250                     |
| Increase (Decrease) in Payroll Liabilities   | 335                      | 930                     |
| Increase (Decrease) in Pension Liability   | <u>(698)</u>             | <u>(12,515)</u>         |
| Net Cash Provided by Operations  | 38,836                   | 31,958                  |
| <br>Cash and Cash Equivalents - Beginning of Year                                    | <br><u>73,712</u>        | <br><u>41,754</u>       |
| Cash and Cash Equivalents - End of Year  | <u><u>\$ 112,548</u></u> | <u><u>\$ 73,712</u></u> |

See notes to financial statements.

# FELLOWSHIP OF GRACE BRETHREN CHURCHES, INC.

## Notes to Financial Statements

### **Note A – Summary of Significant Accounting Policies**

The Fellowship of Grace Brethren Churches, Inc. (the Organization) exists to encourage and enable member churches in equipping and uniting the saints in fulfilling the Great Commission. These member churches are located throughout the United States and are independently organized and locally controlled. The major programs include the annual conference of Grace Brethren Churches and local leadership retreats. The principal sources of funding are annual membership fees and registration fees for conferences and retreats.

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect receivables, payables and other liabilities of the Organization.

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This procedure provides that resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund, however, in the accompanying financial statements, funds have been combined into fund groups as recommended by the Financial Accounting Standards Board. Under generally accepted accounting principles, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; Unrestricted, Temporarily Restricted and Permanently Restricted. The Permanently Restricted fund consists of funds that the donors have stipulated that only income from the funds is to be used. The Temporarily Restricted fund consists of funds with donor stipulations that limit the uses of the funds. When the restriction is satisfied the temporarily restricted net assets are reclassified to the unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If restrictions to donations are met in the same fiscal year as the donation is made, the funds are recorded as unrestricted. The Unrestricted fund includes funds available for unrestricted use including any funds that may be designated by the board of directors for a particular use.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Management has performed an analysis of the activities and transactions subsequent to October 31, 2014 to determine the need for any adjustments to and/or disclosures within the reviewed financial statements for the year ended October 31, 2014. Management has performed their analysis through the date of this report.

The Organization expenses advertising the first time it takes place.

Generally accepted accounting principles require that the cost of assets that have a useful life greater than one year should be capitalized and depreciated over its estimated useful life. The Organization has not capitalized such costs and the effects on the current financial statements have

# FELLOWSHIP OF GRACE BRETHREN CHURCHES, INC.

## Notes to Financial Statements

not been determined.

Membership in the Organization is made up of local Grace Brethren Churches, which subscribe to a common covenant and statement of faith. Membership fees are sent to the Organization based on the membership of the local church.

For the purposes of the statement of cash flows, the Organization considers all cash and cash equivalents to include monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

The Organization is an Indiana corporation exempt from taxation under section 501(c)(3) of the Internal Revenue Code. Accordingly no provision for federal or state income taxes has been made. The Organization is not classified as a private foundation. The Organization believes it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements. The Organization remains subject to examination by the Internal Revenue Service and Indiana Department of Revenue for the last three years.

No amounts have been reflected in the financial statements for donated services. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various committee assignments.

### **NOTE B – Cash**

The total cash held by the Organization at October 31, 2014 and 2013 was not in excess of amounts covered by insurance provided by the federal government.

### **Note C – Fair Value of Financial Instruments**

The Organization's carrying amount for financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable, and pension liability, approximates fair value.

### **Note D – Accounts Receivable**

Accounts receivable is recorded at the amount the Organization expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, or records allowances, as of year-end, all balances, or portions thereof that it feels are uncollectible.

Accounts receivable are recorded net of allowance for doubtful accounts of \$-0- for the year ended October 31, 2014 and 2013.

# FELLOWSHIP OF GRACE BRETHREN CHURCHES, INC.

## Notes to Financial Statements

### Note E – Deferred Revenues

Deferred revenues received in advance for conferences and retreats are deferred and recognized over the periods to which the revenues are related.

### Note F – Retirement Plan: Promise of Honor

The Organization sponsors a defined benefit plan. Participation in the plan was closed as of December 31, 1986. Benefits continue to be paid out of the plan assets. This plan has a non-interest bearing checking account through PNC Bank and a savings account with Grace Brethren Investment Foundation earning 2.0% interest in 2014 and 2013.

#### Obligation and Funded Status:

|                                     |                         |                         |
|-------------------------------------|-------------------------|-------------------------|
| Fair value of plan assets           | \$2,525                 | \$ 2,439                |
| Present value of benefit obligation | <u>4,198</u>            | <u>4,896</u>            |
| Unfunded status                     | <u><u>\$(1,673)</u></u> | <u><u>\$(2,457)</u></u> |
| Donations                           | -0-                     | -0-                     |
| Benefits paid                       | \$1,463                 | \$ 5,964                |

Present value calculation based on life expectancy estimates from Social Security Agency's life expectancy calculator and a discount rate of 2.2% (rev. rul. 2014-26 table 5).

The following benefit payments are expected over the next five years:

|                       |                       |
|-----------------------|-----------------------|
| 10/31/15              | 1,072                 |
| 10/31/16              | 1,072                 |
| 10/31/17              | 1,072                 |
| 10/31/18              | 982                   |
| 10/31/19 & Thereafter | <u>0</u>              |
| Total                 | <u><u>\$4,198</u></u> |

### Note I – Retirement Plan: Employee Plan

The Organization also has a defined contribution plan for its full time employees and for eligible pastors of member churches. The Organization contributes to the plan a percentage of each eligible employee's salary. Contributions for the year ended October 31, 2014 and 2013 were \$8,592 and \$16,342, respectively.

# FELLOWSHIP OF GRACE BRETHREN CHURCHES, INC.

## Notes to Financial Statements

### **Note J - Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes or periods:

|                | <u>10/31/14</u> | <u>10/31/13</u> |
|----------------|-----------------|-----------------|
| Use Restricted | \$16,269        | -0-             |

### **Note K – Commitments**

The Organization has entered into a contract for the use of facilities for a future conference. If this event was cancelled, the Organization has a potential liability based on the terms of the contract. These sites are typically reserved one year in advance and, although there are no funds deposited, there are significant penalties for cancellation. As of October 31, 2014, these potential cancellation penalties were approximately \$27,000.

# 2014 Budget Report

For the Finance Team Only!

Revised 1/15/2015

|                               |   | 2014 Budget |    |
|-------------------------------|---|-------------|----|
| <b>Revenues</b>               |   |             |    |
| (1)                           | Membership Fees                                 | \$ 169,000  | \$ |
| (2)                           | Conference Income                               | 100,000     |    |
| (3)                           | Focus Retreats                                  | 35,000      |    |
| (4)                           | Donations                                       | 68,750      |    |
| (5)                           | Brotherhood                                     | 25,000      |    |
|                               | Other Income                                    | 500         |    |
| Total Revenue                 |   | \$ 398,250  | \$ |
| <b>Expenses</b>               |   |             |    |
| <b>Program Services</b>       |   |             |    |
| (2)                           | Conference                                      |             |    |
|                               | Direct Expenses                                 | \$ 100,000  | \$ |
|                               | Salaries and Benefits                           | 38,000      |    |
|                               | Total Conference                                | 138,000     |    |
| (3)                           | Focus Retreats                                  |             |    |
|                               | Retreat Costs (lodging and food)                | 32,000      |    |
|                               | Speaker Cost (travel and honorarium)            | 4,200       |    |
|                               | Admin Costs (office support and travel)         | 2,300       |    |
|                               | Salaries and Benefits                           | 22,000      |    |
|                               | Total Focus Retreats                            | 60,500      |    |
| <b>Supporting Services</b>    |   |             |    |
| (6)                           | Fellowship Council and Executive Director       |             |    |
|                               | Exec Honorarium                                 | 12,000      |    |
|                               | Exec Assistant                                  | 6,000       |    |
|                               | Exec Travel & Expenses                          | 7,500       |    |
|                               | New Initiatives                                 | 29,000      |    |
|                               | EVLC  | 15,000      |    |
|                               | GoNet   | 5,000       |    |
|                               | Fellowship Council meetings                     | 17,200      |    |
|                               | Total Fellowship Council and Executive Director | 91,700      |    |
| <b>General Administration</b> |   |             |    |
|                               | Salaries and Benefits                           | 111,000     |    |
|                               | Allocated to Conference and Focus Retreats      | (60,000)    |    |
|                               | Rent  | 9,050       |    |
|                               | Phone/Web/Internet                              | 5,000       |    |
|                               | Web Developer (contract)                        | 6,000       |    |
|                               | Supplies/Postage                                | 1,000       |    |
|                               | Equipment                                       | 3,000       |    |
|                               | Merchant Fees                                   | 9,000       |    |
|                               | Travel  | 9,000       |    |
|                               | Handbook  | 8,000       |    |
|                               | Legal And Insurance                             |             |    |
|                               | Retirement Investment Plan                      | 7,000       |    |



|                              |    |         |    |
|------------------------------|----|---------|----|
| Retirement Investment Plan   |    |         |    |
| Total General Administration |    | 108,050 |    |
|                              |    |         |    |
| Total Expenses               | \$ | 398,250 | \$ |