

MEMORANDUM

To: Tom Avey and Fellowship Council
From: Larry N. Chamberlain, President
Grace Brethren Investment Foundation, Inc.
Re: Report to Fellowship Council
Date: January 10, 2008

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 fourteen individuals who reside in the several regions as prescribed in the FGBC by-laws. Re-elected to the board following the most recent board ballot are Josh Balmer, Robert MacMillan, Jerry Michael, Howard Mayes, and Jerry Young. Jerry Michael of Martinsburg, WV continues as the Chairman of the Board. Ken Seyfert is Vice-President, Treasurer, and Executive Director of Operations. Brenda Byers is Secretary of the Corporation and Director of Finance and Administration.

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 principal 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, of course, 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 4.00%. As of December 31, 2007, our investor accounts total \$60,662,245 per a pre-audit report. There are approximately 63 churches that have mortgage loans outstanding, all of which are paying as agreed and none of which are delinquent in their payment obligations.

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 were recently submitted for a standard review by one of ECFA's field auditors, and we were pleased with their 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.

It has been our practice to make contributions to Grace Brethren ministries for the continued growth and viability of the Fellowship. We also make an annual contribution toward the expenses of the office of the Fellowship Coordinator. In addition, we serve as the parenting agency for the FGBC Chaplaincy ministry and the office of the Endorsing Agent, 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 plan and contribute toward the administration expenses.

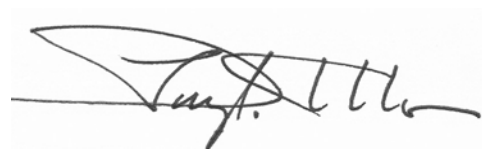
It is through contributions and voluntary acts of service, as well as the financing of numerous church building projects, that we are pleased to support the GO-GROW-LEAD emphasis of the FGBC.

Ken Seyfert and I are planning to join you for your meetings at Seal Beach this month. We 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,

A handwritten signature in black ink, appearing to read "Gary Little", written over a horizontal line.