PROSPECTUS

(Date of this Prospectus: APRIL 1, 2018)

INVESTMENT ACCOUNTS OFFERED BY

Grace Brethren Investment Foundation, Inc.

P.O. Box 587, Winona Lake, Indiana 46590
Phone: (888) 340-4243

in an offering amount not to exceed $35,000,000 nationwide under this Prospectus.

Type of Securities	Minimum Investment Amount	Current Rate of Interest
Investment Accounts	$25.00	2.0%*

* As of the date of this Prospectus, interest on Investment Accounts is being paid at the rate of **2.0%** annually, accruing daily and credited monthly. This rate has been in effect since **May 1, 2013**. The rate of interest payable on the Investment Accounts is subject to change by the Foundation from time to time, without approval or consent by the holders of the Investment Accounts. The Investment Accounts have no stated maturity date. The Foundation is obligated to pay principal and interest to a holder of an Investment Account not later than 30 days after demand to the Foundation is made for payment. See "**DESCRIPTION OF INVESTMENT ACCOUNTS**" and "**PLAN OF DISTRIBUTION**."

This Prospectus contains essential information about the issuer and the securities being offered hereby. Persons are advised to read this Prospectus carefully prior to making any decision to purchase these securities.

Grace Brethren Investment Foundation, Inc. (the "Foundation") is a tax-exempt, not-for-profit corporation operating under the laws of the State of Indiana and is associated with the Fellowship of Grace Brethren Churches d/b/a Charis Fellowship (the "Fellowship"). Pursuant to this Prospectus, the Foundation is soliciting, on a continuous basis, funds from associates of Grace Brethren churches ("Investment Accounts"), to be used principally in furtherance of the land purchase and development and the subsequent building and remodeling activities of Grace Brethren churches, schools, and associated organizations. The Investment Accounts are being offered by and sold (through this Prospectus and other prospectuses used by the Foundation in other states from time to time) only to persons associated with the Fellowship. Offers and sales made in reliance upon this Prospectus shall not exceed $35,000,000; the aggregate amount of Investment Accounts outstanding at any time will differ and will likely be more than $35,000,000. The Foundation estimates that the annual expenses associated with the offering will be $100,000, all of which will be paid by the Foundation from its general funds.

THIS OFFERING IS SUBJECT TO CERTAIN RISKS. (SEE "RISK FACTORS" BEGINNING AT PAGE 2)

THESE SECURITIES ARE EITHER REGISTERED OR EXEMPT FROM REGISTRATION IN THE VARIOUS STATES OR JURISDICTIONS IN WHICH THEY ARE OFFERED OR SOLD BY THE ISSUER. THIS OFFERING IS BEING MADE ONLY IN THOSE STATES IN WHICH THE MAKING OF SUCH OFFERS AND SALES MAY LAWFULLY BE MADE AND DOES NOT CONSTITUTE AN OFFER IN ANY OTHER STATES. THIS PROSPECTUS HAS BEEN FILED WITH THE SECURITIES ADMINISTRATORS IN SUCH STATES OR JURISDICTIONS THAT REQUIRE IT FOR REGISTRATION OR EXEMPTION.

THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(a)(4) OF THE FEDERAL SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT DETERMINED THE ACCURACY, ADEQUACY, TRUTHFULNESS, OR COMPLETENESS OF THIS DOCUMENT AND HAVE NOT PASSED UPON THE MERIT OR VALUE OF THESE SECURITIES OR APPROVED, DISAPPROVED, OR ENDORSED THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING, BUT NOT LIMITED TO, THE DISCLOSURE, MERITS AND RISKS INVOLVED.

THE INVESTMENT ACCOUNTS ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, ANY STATE BANK INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE INVESTMENT ACCOUNTS IS DEPENDENT UPON THE ISSUER'S FINANCIAL CONDITION. THE INVESTMENT ACCOUNTS ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY THE FELLOWSHIP OR BY ANY CHURCH, CONFERENCE, INSTITUTION OR AGENCY AFFILIATED WITH THE FELLOWSHIP.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE BY GRACE BRETHREN INVESTMENT FOUNDATION, INC.

INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF INVESTMENT ACCOUNTS THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT WITH THE FOUNDATION'S CONSENT AND AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

The minimum required to open an Investment Account pursuant to this offering is $25.00. The periodic value of an Investment Account is the amount that an investor decides to allocate to an Investment Account as a result of this offering or by means of future additions to the Investment Account, together with accrued interest thereon, less any withdrawals. See "**DESCRIPTION OF INVESTMENT ACCOUNTS**" and "**PLAN OF DISTRIBUTION**."

Neither the Foundation nor any third party will be entitled to any underwriting or selling commission on the funds received through this offering. All expenses of this offering, which are not expected to exceed approximately $100,000, will be paid by the Foundation from its general funds. See "**USE OF PROCEEDS**."

No sinking fund or trust indenture will be used by the Foundation in conjunction with the sale of Investment Accounts. Investors must rely solely upon the financial condition of the Foundation for repayment of Investment accounts. Investment Accounts are unsecured debts of the Foundation and are of equal priority with all other current indebtedness of the Foundation, except to the extent of any senior secured indebtedness (see Risk Factor 3, "**Senior Secured Indebtedness**" at page 2).

STATE NOTICES

Notice to Alabama Residents:

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER CODE OF ALABAMA 1975, SECTION 8-6-10(8), AND SECTION 3(a)(4) OF THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION OR WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. NEITHER THE ALABAMA SECURITIES COMMISSION NOR THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

Notice to California Residents:

THE OFFERING OF SECURITIES DESCRIBED HEREIN IS AUTHORIZED BY A PERMIT GRANTED BY THE DEPARTMENT OF BUSINESS OVERSIGHT OF THE STATE OF CALIFORNIA. THE DEPARTMENT DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF THESE SECURITIES NOR HAS THE DEPARTMENT PASSED UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS.

Notice to Florida Residents:

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER CHAPTER 517.051(9), FLORIDA STATUTES. THE FOUNDATION IS REGISTERED WITH THE FLORIDA OFFICE OF FINANCIAL REGULATION AS AN ISSUER-DEALER. OFFERS AND SALES OF THESE SECURITIES WILL BE MADE ONLY THROUGH REPRESENTATIVES OF THE FOUNDATION REGISTERED WITH THE FLORIDA OFFICE OF FINANCIAL REGULATION AS ASSOCIATED PERSONS OF THE FOUNDATION.

Notice to Kentucky Residents:

THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION KRS 292.400(9) OF THE KENTUCKY SECURITIES ACT.

Notice to Michigan Residents:

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS, CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU (CSCL). NEITHER THE CSCL NOR THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

Notice to Pennsylvania Residents:

NOTICE OF RIGHT TO WITHDRAWAL: IF YOU HAVE ACCEPTED AN OFFER TO PURCHASE THESE SECURITIES MADE PURSUANT TO A PROSPECTUS WHICH CONTAINS A WRITTEN NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(m)(1) OF THE PENNSYLVANIA SECURITIES ACT OF 1972, YOU MAY ELECT, WITHIN TWO BUSINESS DAYS AFTER THE FIRST TIME YOU HAVE RECEIVED THIS NOTICE AND A PROSPECTUS (WHICH IS NOT MATERIALLY DIFFERENT FROM THE FINAL PROSPECTUS) TO WITHDRAW FROM YOUR PURCHASE AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONIES PAID BY YOU. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A WRITTEN NOTICE (INCLUDING A NOTICE BY FACSIMILE OR ELECTRONIC MAIL) TO THE ISSUER INDICATING YOUR INTENTION TO WITHDRAW.

A REGISTRATION STATEMENT WITH RESPECT TO THE SECURITIES OFFERED BY THIS PROSPECTUS HAS BEEN FILED IN THE OFFICES OF THE DEPARTMENT OF BANKING AND SECURITIES IN HARRISBURG, PENNSYLVANIA. THE REGISTRATION STATEMENT INCLUDES CERTAIN EXHIBITS ONLY SUMMARIZED OR ALLUDED TO IN THIS PROSPECTUS. SUCH ADDITIONAL DOCUMENTS ARE AVAILABLE FOR INSPECTION AT THE HARRISBURG OFFICE OF THE DEPARTMENT DURING REGULAR BUSINESS HOURS (ADDRESS: PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES, 17 NORTH 2ND STREET, SUITE 1300, ATTN: CORPORATION FINANCE OFFICE, HARRISBURG, PA 17101; PHONE: 717-787-8061).

IT IS THE POSITION OF THE PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES THAT INDEMNIFICATION BY THE FOUNDATION OF ITS OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES IN CONNECTION WITH VIOLATIONS OF SECURITIES LAWS IS AGAINST PUBLIC POLICY AND VOID.

Notice to Washington Residents:

ANY PROSPECTIVE PURCHASER IS ENTITLED TO REVIEW FINANCIAL STATEMENTS OF THE ISSUER WHICH SHALL BE FURNISHED UPON REQUEST. RECEIPT OF NOTICE OF EXEMPTION BY THE WASHINGTON ADMINISTRATOR OF SECURITIES DOES NOT SIGNIFY THAT THE ADMINISTRATOR HAS APPROVED OR RECOMMENDED THESE SECURITIES, NOR HAS THE ADMINISTRATOR PASSED UPON THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE RETURN OF THE FUNDS OF THE PURCHASER IS DEPENDENT UPON THE FINANCIAL CONDITION OF THE ORGANIZATION.

FORWARD LOOKING STATEMENTS

Investment in the securities to be issued by the Foundation involves certain risks. Prospective investors are encouraged to review all the materials contained in this Prospectus and to consult their own attorneys and financial advisors.

This Prospectus includes "forward-looking statements" within the meaning of the federal and state securities laws. Statements about the Foundation and its expected financial position, business and financing plans are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "pro forma," "anticipates," "intends," "projects," or other variations or comparable terminology, or by discussions of strategy or intentions. Although the Foundation believes that the expectations reflected in its forward-looking statements are reasonable, the Foundation cannot assure any investor that the Foundation's expectations will prove to be correct. Forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks, uncertainties and other factors. Accordingly, prospective investors should not consider the Foundation's forward-looking statements as predictions of future events or circumstances. A number of factors could cause the Foundation's actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by the Foundation's forward-looking statements. These factors include, but are not limited to: changes in economic conditions in general and in the Foundation's business; changes in prevailing interest rates and the availability of and terms of financing to fund the Foundation's business; changes in the Foundation's capital expenditure plans; and other factors discussed in this Prospectus. Given these uncertainties, prospective investors should not rely on the Foundation's forward-looking statements in making an investment decision. The Foundation disclaims any obligation to update investors on any factors that may affect the likelihood of realization of the Foundation's expectations. All written and oral forward-looking statements attributable to the Foundation, including statements before and after the date of this Prospectus, are deemed to be supplements to this Prospectus and are incorporated herein and are expressly qualified by these cautionary statements.

Although the Foundation believes that the forward-looking statements are reasonable, prospective investors should not place undue reliance on any forward-looking statements, which speak only as of the date made. Prospective investors should understand that the factors discussed under "**RISK FACTORS**" could affect the Foundation's future results and performance. This could cause those results to differ materially from those expressed in the forward-looking statements.

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SUMMARY INFORMATION

The following is a summary of the Foundation's offering and contains only selected information. This summary does not contain all of the information that a potential investor should consider before investing. The information provided in this summary should be read in conjunction with the detailed information contained in this Prospectus, including the Foundation's audited financial statements (the "Financial Statements").

The Offering. The Foundation may sell up to Thirty-Five Million Dollars ($35,000,000) of Investment Accounts during the 12-month period ending March 31, 2019. This amount may be sold throughout the fifty (50) states and the District of Columbia to the extent qualified for offer and sale in such jurisdictions.

The Foundation. The Foundation is a tax-exempt, not-for-profit corporation organized in 1955 for the principal purpose of enabling individuals who support the objectives of the Fellowship to invest funds at a reasonable rate of interest and to provide thereby a source of funding for acquiring, developing, and remodeling land and buildings for churches, schools, and other associated organizations. For more information, see "**HISTORY AND OPERATIONS**," at page 4.

Use of Proceeds. The offering described in this Prospectus is being made solely by the Foundation, which will retain 100% of the proceeds. The Foundation estimates that the annual expenses associated with the offering will be $100,000. Funds received from the offering of Investment Accounts will be added to the Foundation's general funds, invested, and then used to make loans, on an as needed basis, to churches, schools, and similar organizations affiliated with the Fellowship, or to pay interest on or withdrawals from Investment Accounts. For more information, see "**USE OF PROCEEDS**" at page 7.

Lending Activities. The Foundation's loan portfolio consists of loans made to churches, schools, and similar organizations affiliated with the Fellowship. Repayment of these loans is, therefore, based in part on the level of charitable contributions given to such borrowers, which may change, potentially leaving the borrowers unable to repay the loans. For more information, see "**LENDING ACTIVITIES**" at page 10.

Management. The affairs of the Foundation are managed by its Board of Directors. The day-to-day operations of the Foundation are the responsibility of its Executive Staff. See "**MANAGEMENT**" at page 16.

Description of Investment Accounts. An Investment Account is a means by which a person may invest any sum equal to or greater than $25.00 in the Foundation. The Investment Accounts have no stated maturity date, earn interest at a rate fixed from time to time by the Foundation accruing daily and credited monthly, and upon request principal and accrued but unpaid interest may be paid to an Investment Account holder at any time. The Foundation reserves the right to require thirty (30) days advance written notice of any withdrawal and to change the rate at which interest is accrued at any time without prior notice to or the approval or consent of investors. Investors will be notified no later than ten (10) days in advance of any rate change, and may call the Foundation at any time (888-340-4243) to determine the currently applicable rate of interest being accrued on the Investment Accounts. The Investment Accounts being offered by and sold through this Prospectus will be treated as separate Investment Accounts from those preexisting Investment Accounts which the Foundation formerly offered to Grace Brethren North American Missions, Inc., as Trustee for certain Intervivos and Retirement Trust Accounts. For more information, see "**DESCRIPTION OF INVESTMENT ACCOUNTS**" at page 14.

Summary Statement of Selected Financial Data. The following table presents selected summary financial data for the twelve (12) months ending December 31, 2017. Additional information is available under the heading "**SELECTED FINANCIAL DATA**" at page 12.

Cash and Cash Equivalents	$ 29,076,113
Investment Reserves	23,912,841
Total Loans Receivable	57,289,043
Unsecured Loans Receivable	182,982
Percentage Unsecured Loans	0.32%
Percentage Loan Delinquencies	0.00%
Total Assets	110,409,860
Total Investment Accounts Payable	99,533,783
Investment Accounts Redeemed	24,694,277
Net Assets	10,083,795
Operating Revenue	4,537,737
Operating Expenses	3,117,816
Other Support and Revenue (Expenses)	(1,107,236)
Change in Net Assets	312,685

RISK FACTORS

THE INVESTMENT ACCOUNTS OFFERED BY THE FOUNDATION INVOLVE CERTAIN ELEMENTS OF RISK. YOU, AS AN INVESTOR, SHOULD CAREFULLY CONSIDER THE INFORMATION CONTAINED IN THIS PROSPECTUS, INCLUDING THE FOLLOWING RISK FACTORS, BEFORE DECIDING WHETHER TO INVEST IN AN INVESTMENT ACCOUNT.

1. **Unsecured and Uninsured General Obligations.** The Investment Accounts are unsecured obligations of the Foundation and are not insured. The Investment Accounts are not obligations of any other organization affiliated with the Fellowship. Account holders are dependent solely upon the general financial condition of the Foundation for repayment of the principal invested in the Investment Accounts as well as interest payments on those amounts.

2. **No Trust Indenture or Sinking Fund.** There is no trust indenture governing the rights and obligations of the investors and the Foundation, and no independent trustee to act on behalf of the investors. Further, the Foundation has not established any sinking fund in connection with the Foundation's offering of Investment Accounts. The absence of a sinking fund and trust indenture may adversely affect the Foundation's ability to repay the Investment Accounts.

3. **Senior Secured Indebtedness.** Although the Foundation has not granted any security interests and there are no other material liens on its assets, the Foundation's assets could be subject to liens from time to time, and the Foundation reserves the right to issue future obligations, or to obtain another line of credit, secured by a first lien on its assets. The Foundation has a policy that it will not create, incur, or voluntarily permit any material lien upon any of its assets or otherwise incur material indebtedness having a prior claim to its assets or otherwise senior to the Investment Accounts except for certain specified types of liens. To the extent the Foundation incurs any such senior secured indebtedness, the repayment of such indebtedness will have priority in the Foundation's assets over all other unsecured creditors of the Foundation, including investors in Investment Accounts. See "**FINANCING AND OPERATIONAL ACTIVITIES**" at page 7.

4. **No Public Market for Investment Accounts.** There is no secondary market for the Investment Accounts and none will develop. The only method of recovering funds invested in the Investment Accounts is by withdrawal. The Foundation may require up to 30 days advance written notice of withdrawals.

5. **Loan Collection Risks; Loan Policies**. Unlike commercial lenders, the Foundation's loans are made only to not-for-profit congregations, schools, and other organizations associated with the Fellowship that would qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). Repayment of these loans is therefore based in part on the level of charitable contributions given to such borrowers, which may change, potentially leaving the borrowers unable to repay the loans. Further, the Foundation is motivated by other than strictly commercial or profit motives and this may affect how it deals with its borrowers. In addition, while most of the Foundation's loans are secured by a first mortgage position on the land and facility that are the subject of the loan, because they are often "limited purpose" facilities (*e.g.*, churches), the market value of these assets in a foreclosure could be less than the amount owed, exposing the Foundation to risk of loss. See "**LENDING ACTIVITIES**" at page 10.

6. **Special Purposes of the Foundation.** The purposes of the Foundation are religious – to promote the growth and development of Grace Brethren churches, schools, and associated organizations – and, therefore, the Foundation may not make decisions based solely upon profitability considerations. Investors should take the purposes of the Foundation into account when making an investment decision.

7. **Interest Rate Fluctuation.** Interest rates may vary in the future. Investors should be aware that if commercial interest rates rise, the Foundation is not legally or otherwise obligated to pay competitive rates of interest and that the interest rate offered by the Foundation may rise or fall independently from commercial interest rates.

8. **Liquidity.** The Foundation's results of operations and liquidity could be adversely affected by sustained and substantial increases or decreases in prevailing interest rates. Due to the relatively fixed-rate nature of the Foundation's long-term loan portfolio, the Foundation may not be able to increase its rate of interest paid on Investment Accounts to the same extent as increases in market rates of interest which, together with the fact that such loans may not be easily liquidated, could result in liquidity problems for the Foundation should large dollar amounts of Investment Accounts be withdrawn in search of better interest rates elsewhere. Although the Foundation does not maintain liquid reserves sufficient to fund the hypothetical need for cash that would result from any assumed withdrawal of all its Investment Accounts at any one time (see

"**FINANCING AND OPERATIONAL ACTIVITIES**" at page 7), a significant portion of the Foundation's assets as of the date of the Prospectus are maintained in its investments, cash and cash equivalents, and management expects its liquidity to be sufficient to satisfy the Foundation's obligations to holders of Investment Accounts for the foreseeable future (see Notes 2, 3, and 6 to the Financial Statements). The Foundation's investments, as of December 31, 2017, were all certificates of deposit, notes receivable, and bonds. Such investments are subject to various market risks which could result in changes in market value, and a material decline in market value of such investments may affect the Foundation's ability to pay Investment Accounts.

9. **Future Changes in Federal or State Laws.** Changes in federal and state laws, rules, or regulations regarding the sale of debt obligations of religious, charitable, or other not-for-profit organizations may make it more difficult and costly for the Foundation to offer its Investment Accounts in some states in the future. Such a change could result in a decrease in the number of Investment Accounts that the Foundation may offer. To the extent the Foundation depends upon the proceeds of future sales of its Investment Accounts to make payments of principal or interest on outstanding Investment Accounts, a substantial decrease in such sales could affect the Foundation's ability to meet its obligations.

10. **Litigation Risk.** The Foundation is not currently involved in any litigation; however, there can be no assurance that the Foundation will not become involved in litigation which could have a material adverse effect on its operations or financial condition.

11. **Restrictions of Transferability.** The Investment Accounts are not transferable without the consent of the Foundation. The Foundation will, however, transfer funds upon the death of the investor(s) in accordance with the terms of the account agreement. In addition, conditions on transfer of the Investment Accounts may be imposed under the securities laws of certain states.

12. **Varying Rights Upon Default.** Should the Foundation default in its payment, when due, of interest on your Investment Account or fail to honor any proper request to withdraw funds from your Investment Account, you will have rights that may vary from state to state depending upon where you live. The Foundation's default may, for example, be deemed a breach of contract and may entitle you to commence a proceeding in a state or federal court to recover the amount held in your Investment Account. If you do not act upon any rights you might have in a timely fashion, you may lose your rights entirely under various statutes of limitation applicable to the claims you might have. If the Foundation becomes insolvent, your rights may be subject to the laws of bankruptcy and creditors' rights generally, and as an unsecured, uninsured investor, the amount you receive may not be the full amount invested in your Investment Account. You should consult with an attorney if you have any questions about what your rights might be.

13. **Claims Due to Fellowship Affiliation.** The Foundation is a separate legal entity from the Fellowship and its affiliates and, therefore, believes that it is not liable for any claims made against the Fellowship and its affiliates although it is possible that claims may be made against the Foundation in relation to matters associated with the Fellowship or its affiliates.

14. **Tax Consequences.** The interest paid or payable on the Investment Accounts will be taxable as ordinary income to the account holders in the year it is paid or accrued, regardless of whether the accrued interest is withdrawn by the Investment Account holder. For further information concerning federal income tax matters, including special rules that may be applicable to account holders who invest more than $250,000 in the aggregate with the Foundation, see "**TAX ASPECTS**" at page 16.

15. **Ability to Call Investment Accounts.** The Foundation reserves the right to refuse any investment, limit the amount which may be invested, return all or any part of any investment, or close any account whenever it may choose, without written or other notice to the investor. Interest will be paid to the date of redemption on all accounts closed by the Foundation.

16. **Concentration of Loans.** The Foundation had six (6) borrowers each having loans with a total outstanding principal balance greater than five percent (5%) of the Foundation's total loan balance of $57,289,043 as of December 31, 2017 (see "**LENDING ACTIVITIES**" at page 10), with an aggregate principal balance of $30,979,671 or 54.08% of the Foundation's total loans outstanding on that date. Therefore, financial difficulties experienced by any of these six (6) borrowers would have a significantly greater impact on the Foundation than would financial difficulties experienced by any of the larger number of borrowers with smaller loan balances.

17. **Risks May Be Greater Than Implied by Relatively Low Interest Rates.** The Foundation regularly reviews national indexes of bank-insured products with a view to offering an annual interest rate percentage on the Investment Accounts that is greater than prevailing rates for federally-insured bank deposits. However, Investment Accounts may carry more risk than other non-insured investments with comparable interest rates.

18. **Geographic Concentration of Loans.** Approximately 98% of the Foundation's loan balances as of December 31, 2017, were with borrowers located in only five states: California (11%), Indiana (9%), Maryland (8%), Ohio (64%), and Pennsylvania (6%) (see Note 4 to the Financial Statements). If the economic conditions of these states were to suffer an adverse change, then the churches and other organizations in these states might also suffer economically, and their ability to repay their loans to the Foundation could to that extent be adversely affected.

19. **Environmental Risks on Collateral.** There is potential environmental liability associated with the collateral securing the loans made by the Foundation. While the Foundation does ask borrowers to provide copies of any certified environmental studies they may have received, the Foundation does not typically require a third-party Environmental Screen Report or a Phase I Environmental Site Assessment unless the information furnished in the borrower's loan application indicates a potential problem. In the event that environmental pollution or other contamination is found on or near property securing a loan, the Foundation could, in some cases, face environmental liability or the security for the loan could be impaired. In addition, changes to environmental regulations could require a borrower to incur significant unanticipated expenses to comply with such regulations which could adversely affect the borrower's ability to repay the Loan.

20. **Construction Risks.** Many of the loans made by the Foundation are used by borrowers for construction of new facilities or improvements to existing facilities. Consequently, such loans will be subject to usual construction-related risks. Such risks include defaults or bankruptcies of contractors or subcontractors, construction delays (due to events such as weather conditions, strikes, shortage of materials, natural disasters, regulatory delays, etc.), increased and unexpected costs, adverse effects on adjacent facilities and other operations, and other factors and contingencies unknown to or beyond the control of the borrower or other parties. In the event that construction is delayed or prevented, or if costs for construction increase substantially, the borrower's ability to repay a loan could be adversely affected.

21. **Contributions of Net Income to Fellowship Sponsored Activities and Affiliated Ministries.** The Board of Directors of the Foundation has established a policy to contribute a portion of the Foundation's net income to activities sponsored by the Fellowship and organizations and entities affiliated with the Fellowship. Such contributions are discretionary on the part of the Board of Directors, and the Board of Directors annually evaluates whether it is prudent to make contributions considering the Foundation's current financial condition and, if so, in what amount. To the extent that the Foundation makes contributions to such activities, organizations and entities, such contributions will reduce the net assets of the Foundation. See **"FINANCING AND OPERATIONAL ACTIVITIES, Contributions**" at page 9.

HISTORY AND OPERATIONS

The Foundation is a tax-exempt, not-for-profit corporation operating under the laws of the State of Indiana and is associated with the Fellowship. The principal business office of the Foundation is located at 1401 Kings Highway, Winona Lake, Indiana 46590. The Foundation has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(c)(3), effective October 31, 1973. The Service has since also determined that the Foundation is not a private foundation within the meaning of Section 501(a) of the Code, finding that it is a "supporting organization" described in Section 509(a)(3) of the Code.

History of Foundation

The Foundation was organized in 1955 as an Indiana not-for-profit corporation for the purpose of assisting Grace Brethren churches, schools, and associated organizations that had experienced difficulties in securing loans from commercial financial institutions to build facilities. Accordingly, the intent was and remains that funds invested in the Foundation would be used to make long-term mortgage loans to Grace Brethren churches, schools, and associated organizations.

Association with Fellowship

The Foundation is associated with the Fellowship, which was founded in 1939 as a non-profit national association of churches that subscribe to a particular statement of religious faith. The Fellowship was formally organized under the Indiana

Not-for-Profit Corporation Act of 1971, as amended in 1986. As of December 31, 2016, the Fellowship was comprised of 238 churches located throughout the United States and Canada, which had an aggregate of approximately 22,444 members. The 2017 statistics were not available at the date of this Prospectus due to the time necessary to gather and compile the information. Each church is an autonomous institution, separately incorporated as a not-for-profit organization under the law of the state in which it is located and congregationally governed.

National Boards Associated with Fellowship

The Foundation is one of seven national boards associated with the Fellowship, each of which is separately incorporated, which has been formed to accomplish specific purposes of the Fellowship. These national boards and their activities include:

1. The Grace Trust, Inc. (d/b/a Encompass World Partners), the global arm of the Fellowship, which coordinates Grace Brethren cross-cultural ministries throughout the world;

2. Grace Schools, Inc. (college and theological seminary), which offers undergraduate and graduate programs and training for the ministry;

3. The Brethren Missionary Herald Company, Inc., which provides educational and communication services to the Fellowship;

4. CE National, Inc., which offers assistance to Grace Brethren churches to support Christian education and youth ministry activities;

5. Association of Grace Brethren Ministers, which ministers to the needs of its members, pastors and ministry leaders of the Fellowship, and helps to bring qualified ministry leaders to every church;

6. Women of Grace, USA, which seeks to inspire and equip women to fulfill their God-given calling; and

7. Grace Brethren Investment Foundation, Inc., described more fully in this Prospectus.

Periodic contributions are made from the Foundation to Fellowship national boards and other affiliated ministries to assist the financing of various Fellowship and church-related activities. These contributions are made from revenue generated by the Foundation's investment activities not required to pay administrative costs or interest payments to Investment Account holders. Goodwill contributions to Fellowship ministries are made by board action according to a board approved policy. See **"FINANCING AND OPERATIONAL ACTIVITIES, Contributions**" at page 9.

Purpose of Foundation

The Foundation's Articles of Incorporation provide, in pertinent part, the following statement of purpose:

> The purpose of the Foundation is to enable individuals who support the objectives of the Fellowship 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 churches, schools, and other associated organizations and, in connection with and ancillary to such purpose:
>
> 1. To assist in the extension of Christian work by and through the agencies of the Fellowship and the affiliated agencies of the Foundation, and to contribute and loan funds to Grace Brethren churches, conventions or associations of churches, Grace Brethren schools, and affiliated organizations.
>
> 2. To provide funds for Biblical teaching, to assist evangelical work, to assist churches of Grace Brethren faith and Grace Brethren missionary endeavor, and to assist and encourage men and women in the dedication of their lives to definite Christian services.
>
> 3. To receive, hold, borrow, invest, loan, and disburse funds; to own, mortgage, lease, rent, and sell real and personal property of all kinds in order to attain the aforesaid purposes.

4. To promote the Christian faith through the Fellowship and to promote the missionary institutions of the Fellowship, with primary consideration given to the cause of establishing new churches in North America.

At the discretion of the Foundation's Board of Directors, the Foundation may contribute a portion of its net income to activities sponsored by the Fellowship and organizations and entities affiliated with the Fellowship. See **"FINANCING AND OPERATIONAL ACTIVITIES, Contributions**" at page 9. The Foundation also provides administrative support for the Fellowship's Chaplaincy Ministry.

In the event of any dissolution of the Foundation, the Foundation's assets would be first applied to the payment of its debts and the satisfaction of its other obligations, including its indebtedness and other obligations to the holders of the Investment Accounts. Any remaining assets would then be distributed exclusively for the stated purposes of the Foundation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational or religious purposes that is affiliated with the Fellowship (see, for example, those organizations listed under "National Boards Associated with Fellowship" above) and at that time also qualifies as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws, as the Board of Directors shall determine.

Nature and Extent of Offering

The Investment Accounts are being offered by and sold through this Prospectus only to persons who are, prior to receipt of this Prospectus, members of, contributors to, or otherwise associated with the Fellowship or in any program, activity or organization which constitutes a part of the Fellowship. The offering is being made only in those states in which the making of such offers and sales may lawfully be made, and subject to the limitations imposed by the laws of the various states. The Investment Accounts are unsecured obligations of the Foundation, all having the same priority to the Foundation's assets and ranking on parity with its obligations to other general creditors. The Foundation desires to offer its Investment Accounts primarily in any state in which there is a Grace Brethren congregation, subject to prior compliance with the securities laws of such state. In those states which require it, offers and sales will be made only by a Foundation officer or employee licensed as a salesperson or agent under the securities laws of those states. No underwriting or selling agreements exist, and no direct or indirect commissions or other remuneration is paid to any individual or organization in connection with the offer and sale of the Investment Accounts.

The Foundation's offering of Investment Accounts is continuous. Offers are or will be made by means of this Prospectus only pursuant to an exemption from registration under state securities laws or by registration, qualification, or other regulatory procedure. The extent to which Investment Accounts will be offered in any state (if any) will depend on a number of factors, including the Foundation's prior experience in a state and the number of Grace Brethren churches located in that state, as well as the size of their respective congregations, securities filing and registration fees, and the necessity for periodic approval of the offerings or amounts in that state.

Operations and Business Activities

The Foundation's business activities enable individuals who are associated with the Fellowship and who support its objectives to invest funds in the Investment Accounts at a reasonable rate of interest and thereby, provide funding for loans to associated churches and organizations to acquire, develop and remodel, land and buildings. The Investment Accounts, which provide general obligation financing for the Foundation, shall not be specifically secured by particular loans to specific borrowing entities. The interest earned on the mortgage loans is intended to be sufficient to pay the interest expense of the Foundation, as well as its costs of operation.

The Foundation's offices are located in the north-central Indiana town of Winona Lake, which has a population of approximately 5,100. Immediately adjacent is the city of Warsaw, which has a population of approximately 14,500. The Foundation occupies approximately 8,788 square feet in the 15,454 square foot building, owned by the Foundation, known as Kings Way Suites located at 1401 Kings Highway, Winona Lake, Indiana 46590. The square footage in the building not occupied by the Foundation is made available for rent or lease for professional offices. The majority of business transactions are by mail; however, the Foundation also maintains walk-up business hours at its offices in Winona Lake, Indiana, 8:00 a.m. to 4:30 p.m. local time Monday through Friday.

USE OF PROCEEDS

The maximum proceeds anticipated for the offering described in this Prospectus is $35,000,000. This offering is being made solely by the Foundation, which will retain 100% of the proceeds. Funds received from the offering of Investment Accounts will be used in making loans to its affiliated churches and organizations, but will be invested pursuant to the Foundation's investment policies pending utilization to make loans to its affiliated churches and organizations, to pay interest on Investment Accounts, to pay withdrawals from Investment Accounts, and as working capital to support the operations of the Foundation, all as further described below.

Neither the Foundation nor any third party will be entitled to any underwriting or selling commission on the funds received through this offering. The offering described in this Prospectus will be made solely by the Foundation through its officers and employees, and the Foundation will retain 100% of the proceeds. All expenses of this offering, including printing, mailing, attorneys' fees, accountants' fees, and securities registration fees, will be paid by the Foundation from its general funds. Funds received from the offering of the Investment Accounts will be added to the Foundation's general funds and will be invested in certain cash and cash equivalents and marketable securities pending their use in the Foundation's lending activities, or as working capital to support the operations of the Foundation (including its expenses incurred in the offer and sale of Investment Accounts) or held as reserves to meet its payment obligations for payment of interest on or withdrawals of Investment Accounts. The Foundation estimates that expenses associated with the offering (advertising, mailing, promoting, legal and accounting services, and state filing fees) will be approximately $100,000 per year, or less than 1% of the maximum offering amount of $35,000,000. It is anticipated that interest earned on the proceeds from loans and reserve investments will be sufficient, as in the past, to cover all expenses associated with the offering of the Foundation.

Loans are made only to churches, schools, and organizations associated with the Fellowship, principally to finance capital improvement projects, including the acquisition and development of land for the construction of new facilities and the remodeling of existing facilities. In the normal course of its operations, the Foundation periodically makes loan commitments based on the availability of funds and will have varying numbers of outstanding loans in process, for which advances may or may not have been made. Although proceeds of this offering may be used to fund some portion of loans in process and loan commitments, these commitments have not been made in contemplation of this offering and will be funded regardless of the results of this offering.

The proceeds of this offering may be used along with existing general funds, the revenue from investments, proceeds from repayments of loans, and the sale or maturity of portfolio investments, to meet withdrawals from the Investment Accounts or interest payments.

FINANCING AND OPERATIONAL ACTIVITIES

The repayment of funds invested and the payment of interest earned thereon depends on the financial condition of the Foundation and the availability of funds. The primary sources of funds historically have included funds invested in Investment Accounts, payments of interest and repayments of principal on outstanding loans, and proceeds derived from sales or maturities of other investments. As of December 31, 2017, the Foundation had total net assets of $10,083,795 and a Reserve for Loans Receivables of $1,225,727. The Reserve for Loans Receivable is a contingency fund for loan losses. The Foundation intends to maintain this Reserve at a minimum of 1% of outstanding loans. The Foundation attempts to structure its investments so as to provide liquidity through frequent maturities. The Foundation has never failed to meet principal requirements on its outstanding Investment Accounts; however, the Foundation has no sources of capital other than those described herein.

The Foundation has a policy that it will not create, incur, or voluntarily permit any material lien upon any of its assets or otherwise incur material indebtedness having a prior claim to its assets or otherwise senior to the Investment Accounts except for: (i) liens or charges for current taxes, assessments, or other governmental charges which are not delinquent or which remain payable without penalty or the validity of which are contested in good faith; (ii) liens made to secure statutory obligations, surety, or appeal bonds or bonds for the release of attachments or for stay of execution; (iii) purchase money security interests for property hereafter acquired; or (iv) judgment liens. For purposes of the policy, the term "material" means an amount which equals or exceeds 10% of the total tangible assets of the Foundation.

Investment Accounts

The following table details the proceeds from the sale of the Investment Accounts of the Foundation for the past five (5) years ended on December 31 of each year indicated.

Investment Account Data	**2017**	**2016**	**2015**	**2014**	**2013**
Investment Accounts outstanding at beginning of year	$101,795,785	$99,759,953	$95,514,084	$90,531,119	$88,020,723
Sales of Investment Accounts during year	20,407,185	24,525,493	22,155,637	22,383,597	21,501,182
Interest paid on Investment Accounts	2,025,090	2,014,259	1,988,920	1,877,897	1,885,995
Redemption of Investment Accounts during year	(24,694,277)	(24,503,920)	(19,898,688)	(19,278,529)	(20,876,781)
Investment Accounts outstanding at end of year	99,533,783	101,795,785	99,759,953	95,514,084	90,531,119

Loans Receivable

On December 31, 2017, the Foundation had 62 outstanding loans receivable. The following table details the amount and nature of the Foundation's outstanding loans receivable at the end of the fiscal year ended December 31, 2017.

Loans Receivable	**Loan Amount**	**Percentage***
First Mortgage Loans Receivable	$56,430,261	98.50%
Second Mortgage Loans Receivable	675,800	1.18%
Unsecured Loans Receivable	182,982	0.32%
Total Loans Receivable	$57,289,043	100.00%
Reserve for Loans Receivable	(1,225,727)	2.14%
Loans Receivable – net	$56,063,316	97.86%

Percentages derived using outstanding loan balances and total loans receivable.

The Foundation's first mortgage loans are all secured by a mortgage on the existing facility or real property. On all second mortgage loans, the Foundation also holds the first lien position as primary lender. The Foundation will consider second mortgage loans only when the Foundation also holds the first lien position.

At December 31, 2017, the Foundation had loans outstanding in the aggregate principal amount of $57,289,043. On December 31, 2017, 2016, and 2015, the contractual principal payments receivable for their respective fiscal years were as follows:

Contractual Maturities	**2017**	**2016**	**2015**
2016	N/A	N/A	$1,906,094
2017	N/A	$1,856,386	2,063,821
2018	$2,089,503	2,047,767	2,126,229
2019	2,161,460	2,126,286	2,156,953
2020	2,222,457	2,167,201	2,187,275
2021	2,148,094	1,987,243	N/A
2022	2,107,818	N/A	N/A
Thereafter	46,559,711	45,394,163	49,219,324
TOTAL	$57,289,043	$55,579,046	$59,659,696

This tabulation should not be regarded as a forecast of future cash collections. These figures are based on contractual loan maturities.

The Foundation's financial condition, results of operations, and liquidity could be adversely affected by sustained and substantial increases or decreases in prevailing interest rates. In a rapidly rising interest rate environment, the Foundation's income on loans and investments may not increase at the same rate as its interest expense on Investment Accounts, which would adversely affect the Foundation's net income. Substantially all of the Foundation's outstanding loans are made on a long-term basis and bear interest at a rate that is typically fixed at the time of origination of the loans. The interest rates and terms of loans vary. Loan terms are typically 20 to 30 years with the initial interest rate fixed for the first 1 to 10 years of the loan. After the expiration of the initial fixed period, the interest rate on the Foundation's long-term loans typically cannot be adjusted to reflect a higher rate without the consent of the borrowers, which the borrowers might not be willing to give to the Foundation.

If market interest rates should in the future rise to sustained levels that are substantially in excess of rates that currently prevail, the Foundation's ability to raise the rate of interest it pays on Investment Accounts may be limited by its inability to earn increased interest on its long-term loan portfolio. This limitation on the ability of the Foundation to respond to increased market rates of interest could result in liquidity problems for the Foundation should large dollar amounts of Investment Accounts be withdrawn in search of better interest rates elsewhere. Although the Foundation does not maintain liquid reserves sufficient to fund the hypothetical need for cash that would result from any assumed withdrawal of all its Investment Accounts at any one time, a majority of the Foundation's assets as of the date of the Prospectus are maintained in its investments and cash and cash equivalents, not in its loan portfolio, and management expects its liquidity to be sufficient to satisfy the Foundation's obligations to holders of Investment Accounts for the foreseeable future (see Notes 2, 3, and 6 to the Financial Statements).

Revenues and Expenses

The following table shows selected summary revenue and expense data relating to the operations of the Foundation for the past five (5) years ending on December 31 of each year indicated.

Statement of Activity Data	**2017**	**2016**	**2015**	**2014**	**2013**
Operating Revenue	$4,537,737	$4,236,784	$4,305,630	$4,161,842	$4,083,264
Operating Expense	3,117,816	3,078,868	3,162,900	2,960,543	2,989,639
Change in Net Assets from Operations	1,419,921	1,157,916	1,142,730	1,201,299	1,093,625
Total Other Support and Revenue (Expenses)	(1,107,236)	(856,229)	(773,084)	(896,521)	(718,980)
Change in Net Assets	312,685	301,687	369,646	304,778	374,645

Contributions

To the extent that the Foundation accumulates revenue in excess of that needed to defray its administrative and interest expenses or to make loans, in accordance with its status as a not-for-profit religious organization, it makes periodic contributions of a portion of this excess revenue to various activities sponsored by the Fellowship and organizations and entities affiliated with the Fellowship. Contributions to these organizations totaled $809,068 during the fiscal year ending December 31, 2017. The policy and procedure governing goodwill contributions, as adopted in November 2006, provides, in part, that the awarding of goodwill contributions shall be entirely at the discretion of the Board, following the completion of the annual audit, and shall always be considered as ancillary to the Foundation's primary purpose of providing a source of funding, in the form of capital loans, for acquiring, developing, and remodeling, land and buildings for churches, schools and other associated organizations in the Fellowship. The Foundation will not make any contribution that would cause the Foundation to no longer be in compliance with state securities laws, regulations, guidelines, or policy statements applicable to the offering of the Investment Accounts, or to be in breach of its fiduciary duties.

Competition

There are a wide variety of financial institutions, investment companies, and investment opportunities available to prospective and current Investment Account holders in addition to the Foundation's Investment Accounts. For example, many banks and savings and loans offer certificates of deposit or savings accounts that may be attractive investments for some investors. Others may be more interested in riskier investments afforded through corporate bonds, equity securities, and mutual funds. Thus, there is a potentially infinite variety of investment opportunities available to prospective Investment Account holders that from time to time may offer more attractive rates of interest or more security than Investment Accounts.

However, the Foundation may be distinguished from this group by one of its primary purposes and goals: to make loans solely for the purpose of acquiring, developing, and remodeling, land and buildings for churches, schools, and other associated organizations. The Foundation limits the availability of Investment Accounts to those who are associated with the Fellowship. While there are several other nationwide religious organizations that solicit funds from members of their denomination for purposes similar to those of the Foundation, they generally limit their solicitations to members of their own denomination. Thus, the Foundation does not perceive these groups as being direct competitors of the Foundation.

LENDING ACTIVITIES

General Conditions

The Foundation makes loans only to not-for-profit organizations that would qualify under Section 501(c)(3) of the Internal Revenue Code as tax-exempt organizations. These consist of churches, schools, and other organizations associated with the Grace Brethren Fellowship. The purpose of substantially all of these loans is to enable churches, schools, and other organizations associated with the Fellowship to acquire and develop land, build facilities, or remodel and expand existing facilities, with reasonable financing costs. Typically, the Foundation will not consider a loan for the purpose of constructing a new building until the congregation or other organization holds title to the property on which it is to be erected.

Generally, loans made by the Foundation must be secured by a first mortgage on the real property of the borrower and/or by other property of the borrower. Particularly, at least ninety (90%) of the Foundation’s outstanding loans will be secured by real or personal property. The Foundation will consider second mortgage loans only when the Foundation is also the primary lender in the first lien position. As of December 31, 2017, of the Foundation’s total outstanding loans, 98.50% were secured by a first mortgage on the existing facility or real property, 1.18% were secured by second mortgage loans wherein the Foundation is also the primary lender in the first lien position, and 0.32% were unsecured. As of December 31, 2017, the interest rate charged ranged from 4.00% to 7.00% based on term, loan to value ratio, and credit factors.

It is the Foundation’s policy that, in all but unusual circumstances, collateral securing a loan should have a market value in excess of the amount of the loan. However, many of these properties may be viewed as “limited purpose” facilities and may not be readily adaptable to other uses without extensive remodeling. Due to the limited market for “limited purpose” properties, there can be no assurance that the collateral for any of the Foundation’s loans could be sold, in the event of a foreclosure, for net sale proceeds equal to the amounts then due the Foundation under the related loan.

Loan Applications

The Chief Executive Officer is empowered to approve loans up to and including $500,000 total indebtedness. Loans in excess of $500,000 total indebtedness must be approved by the Foundation’s Board of Directors. The loan documentation required prior to approval includes a completed application with supporting documentation, firm bids on construction projects, and copies of the proposed plans and cost estimates, which are reviewed by the Director of Credit Services and the Chief Executive Officer. Loans exceeding $500,000 total indebtedness are then presented for screening to the Loan Committee, which consists of the members of the Executive Staff of the Foundation as well as the Foundation’s Business Manager, who directly assists in the processing of loan applications and related documents. The Loan Committee may authorize the Chief Executive Officer to present the request to the Board of Directors for final approval.

Borrowers do not pay “points” for closing a loan as they might when dealing with commercial lending institutions. Other actual loan preparation costs such as preparation and filing of the mortgage instrument, title insurance, and escrow fees are assessed against the borrower. In addition, the Foundation requires normal lender protections such as title insurance or an opinion of counsel as to the validity of title and an adequate property insurance policy naming the Foundation in the loss payable clause.

Reports

The Foundation receives annual reports from its debtors, which reports are subjected to internal review. The Foundation staff monitor delinquencies monthly and report on delinquencies semi-annually to the Board of Directors. If a debtor is unable to meet its obligations, the Foundation and the debtor attempt to agree on arrangements that will assure that the debt is paid. To date, no church, school, or other associated organization has defaulted to the extent that foreclosure was necessary.

The above loan policies are determined by the Foundation's Board of Directors and are subject to revision. Thus, no assurance may be given that the foregoing loan policies, amounts of loan funds available, and interest rates offered will not change periodically.

Material Loans and Loan Delinquencies

The Foundation had six (6) borrowers each having loans with a total outstanding principal balance greater than five percent (5%) of the Foundation's total loan balance of $57,289,043 as of December 31, 2017, with an aggregate principal balance of $30,979,671 or 54.08% of the Foundation's total loans outstanding on that date. Each such borrower's total outstanding loan principal balance, as of December 31, 2017, was as follows:

Borrower's Total Outstanding Loan Principal Balance (As of 12/31/2017)	Percentage of Total Loans Outstanding (As of 12/31/2017)
$7,383,478	12.89%
$6,960,686	12.15%
$5,895,357	10.29%
$4,564,454	7.97%
$3,228,493	5.64%
$2,947,203	5.14%

On December 31, 2017, 2016, and 2015, loan payments 30-60 days past due were $0, $0, and $2,977, respectively, payments 61-90 days past due were $1,644, $5,956, and $0, respectively, and payments more than 90 days past due were $0, $6,532, and $0, respectively. The percentage of past due payments to total loans outstanding as of December 31, 2017, 2016, and 2015, was 0.00%, 0.02%, and 0.01%, respectively. As of December 31, 2017, none of the Foundation's loans was past due 90 days or more. The Foundation has incurred no material loan losses within the last three fiscal years.

In most instances, the ability of the congregations, schools, and other organizations to repay loans will depend primarily upon contributions they receive from their constituents and fees or other charges imposed for services rendered. Both the number of constituents of a church, school, or other organization and the amount of revenue or contributions it receives, may fluctuate. The Foundation is motivated by other than strictly commercial or profit motives and this may affect how it deals with its borrowers. In addition to monitoring delinquencies monthly, when a loan becomes delinquent the Foundation contacts the debtor to determine the reason for the delinquency and the time when the Foundation may expect payment. The Foundation maintains contact with the debtor until the delinquency is resolved. If a debtor is unable to meet its obligations currently, the Foundation attempts to work with the debtor to assure ultimately that the debt is paid. It is the stated purpose of the Foundation to aid its borrowers to meet their obligations and to avoid the loss of properties through foreclosure. Therefore, the delinquency experience of the Foundation cannot be directly compared with that of commercial lenders.

Loan Loss Reserves

The Foundation's policy is to maintain a minimum reserve of 1 percent (1%) of the total loan balance for possible uncollectible loan accounts. As of December 31, 2017, the loan loss reserve was $1,225,727 (representing 2.14% of the total loan balance).

INVESTING ACTIVITIES

By policy and historical practice, exercising due diligence, the Foundation's investment activities provide for reasonable and prudent diversification and preservation of cash, cash equivalents, readily marketable securities, and other investments. The Foundation's investment positions and activities are reviewed semi-annually, in session, by the Board of Directors, including a standing committee, the Investment/Loan Committee.

The Foundation concentrates its investments in short-term government securities backed by the full faith and credit of the United States (directly or through a government agency), in certificates of deposits offered by local banks or by other financial institutions, in similar bank-offered investments backed by government or federally insured securities, in high-quality investment grade commercial paper, and in a closed-end mutual fund consisting of investment grade commercial paper. The Foundation may also hold a portion of its investments in privately-placed securities. It designs its investment plan with the intention of holding each investment until its maturity, with the concurrent intention of maintaining those short-term investments necessary to meet all of its cash needs. One hundred percent (100%) of the certificates of deposit are fully insured. The Foundation also invests in certain money market funds which are invested in United States government securities, government agencies, or in premier banks and financial institutions, from which it may readily withdraw sums on deposit. Selected securities dealers are used as safekeeping agents. The Foundation reviews the ratings, capital positions, and safekeeping insurances for each selected securities dealer prior to its being entrusted with safekeeping.

The Board of Directors and the Executive Officers of the Foundation are jointly responsible for setting or altering the Foundation's investment policy. The Chief Executive Officer, in consultation with the Director of Finance and Administration, is responsible for making and maintaining the Foundation's investments, which are reviewed semi-annually by the Board of Directors. See "**MANAGEMENT**" at page 16.

The following table shows outstanding investments categorized according to the type of investments held at the end of fiscal year December 31, 2017. The amount invested in each category is stated in both monetary terms and as a percentage of the Foundation's total investments.

Category of Investment	Amount Invested	Percentage
Cash and Cash Equivalents	$29,076,113	54.9%
Bonds	13,214,841	24.9%
Certificates of Deposit (at cost)	8,498,000	16.0%
Notes Receivable (at cost)	2,200,000	4.2%
Totals	$52,988,954	100.0%

Interest on the certificates of deposit is paid monthly, quarterly, or semi-annually at rates varying from 1.5% to 2.38%. Certificates of deposit redeemed prior to maturity date could be subject to forfeiture of interest. As of December 31, 2017, the notes receivable are unsecured with $2,000,000 scheduled to mature on April 1, 2018, and $200,000 scheduled to mature on November 20, 2021. (See Note 3 to the Financial Statements)

For years ending December 31, 2017, 2016, and 2015, management did not experience any loss of interest income due to early redemption of certificates of deposit. For the years ending December 31, 2017, 2016, and 2015, the Foundation had unrealized gains (losses) in its investment reserves of $301,626, $(29,354), and $50,524, respectively.

The Foundation's policy is to maintain in readily available form consisting of cash, government securities, corporate bonds, and certificates of deposit, an amount more than that anticipated to be sufficient to meet its expected needs for liquidity in connection with its liability for the Investment Accounts. As of December 31, 2017, approximately 46.0% of the Foundation's assets were in the form of cash and cash equivalents (26.3%), corporate bonds (12.0%), and certificates of deposit (7.7%).

SELECTED FINANCIAL DATA

The following table presents selected financial data of the Foundation for the past five years ending on December 31 of each year indicated.

	2017	2016	2015	2014	2013
Cash and Cash Equivalents	$29,076,113	$35,848,311	$39,881,803	$35,867,498	$37,115,069
Investment Reserves	23,912,841	20,589,246	10,135,000	6,857,558	3,970,815
Total Loans Receivable	57,289,043	55,579,046	59,659,696	62,098,989	58,498,224
Amount of Unsecured Loans Receivable	182,982	238,986	272,982	50,000	62,566
Percent of Unsecured Loans Receivable*	0.32%	0.43%	0.46%	0.08%	0.11%
Percent of Loan Delinquencies**	0.00%	0.59%	0.00%	6.4%	6.8%
Total Assets	110,409,860	112,276,036	110,003,022	105,330,920	100,059,831
Total Investment Accounts Payable	99,533,783	101,795,785	99,759,953	95,514,084	90,531,119
Investment Accounts Redeemed	24,694,277	24,503,920	19,898,688	19,278,529	20,876,781
Net Assets	10,083,795	9,771,110	9,469,423	9,099,777	8,794,999
Change in Net Assets	312,685	301,687	369,646	304,778	374,645

Percentages derived using outstanding unsecured loan balances over total loans receivable.
*****Percentages derived using outstanding loan balances with past due loan payments of 90 days or more over total loans receivable.***

Management's Financial Summary

The Board of Directors and the Executive Staff of the Foundation review its overall financial position periodically. The Foundation's operating philosophy is to maintain a position of liquidity sufficient to provide for operating cash requirements, a capital position sufficient to support its financial position and operations, and a margin of assets over liabilities. A significant shift in interest rates or loan demand may adversely affect actual performance. The Foundation may modify existing procedures or implement new procedures to enable the Foundation to operate under changing economic conditions. Some of the key areas regularly reviewed are the following:

Source of Funds for Payment of Investment Accounts. Under the Foundation's method of accounting, interest payments on Investment Accounts have been made from the Foundation's operating income and unrestricted net assets, and principal payments on Investment Accounts have been made from the Foundation's assets, exclusive of new Investment Account proceeds. The Foundation anticipates that new Investment Account proceeds will not be needed for operating expenses or to repay interest and principal due on Investment Accounts.

Capital Adequacy. As of December 31, 2017, the Foundation's net assets as a percentage of its total assets was 9.13%, determined as follows:

	12/31/2017
Net Assets	$ 10,083,795
Total Assets	110,409,860
Net Assets Percentage of Total Assets	9.13%

Liquidity Status. As of December 31, 2017, the Foundation had cash, cash equivalents, and readily marketable securities equal to 42.49% of the total outstanding Investment Accounts determined as follows:

	12/31/2017
Cash and cash equivalents	$ 29,076,113
Readily marketable securities	13,214,841
Total	$ 42,290,954
Investment Accounts Payable	$ 99,533,783
Cash, cash equivalents and readily marketable securities percentage of Investment Accounts Payable	42.49%

Cash Flow Performance. The ratio of available cash, cash equivalents and readily marketable securities as compared to cash redemptions has been at least one to one. As a result, the Foundation's cash flows have been and are anticipated to remain sufficient to meet its cash requirements for expenses as well as payments of interest and principal due on Investment Accounts. The Foundation's ratio of available cash to cash redemptions for its three most recent fiscal years is at least one to one (1:1) as follows:

	2017	2016	2015
Cash and cash equivalents, beginning of fiscal year	$35,848,311	$39,881,803	$35,867,498
Readily marketable securities, beginning of fiscal year	10,534,246	-0-	370,408
Net cash provided by operating activities	270,292	344,568	589,657
Loan principal payments less loan disbursements	(1,860,260)	4,080,650	2,439,293
Cash from sales of Investment Accounts	20,407,185	24,525,493	22,155,637
Total Available Cash	$65,199,774	$68,832,514	$61,422,493
Redemption of Investment Accounts	24,694,277	24,503,920	19,898,688
Ratio (x: 1)	2.6:1	2.8: 1	3.1: 1

Loan Quality. As of December 31, 2017, none of the Foundation's loans was past due 90 days or more. The Foundation has incurred no material loan losses within the last three fiscal years.

Operating Trends. The Foundation has had a net surplus of income over expenses in all of the last five fiscal years. Below is a summary of GBIF's change in net assets for each of the last five (5) fiscal years:

	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Change in net assets for the year then ended............	$ 312,685	$ 301,687	$ 369,646	$ 304,778	$ 374,645

DESCRIPTION OF INVESTMENT ACCOUNTS

An Investment Account is a means by which a person may invest any sum of money in cash or check equal to or greater than $25.00 in the Foundation. The value of an Investment Account at any point in time is that amount that the person had invested in his or her Investment Account previously, less any withdrawals, plus accrued but unpaid interest on the periodic balance of funds in the Investment Account. Investments or withdrawals generally are made by mailing to the Foundation a check in the amount of the investment or a request for a withdrawal. The Foundation processes the transaction, usually on the day it is received, and returns a receipt of the transaction to the Investment Account holder with, if applicable, a check representing the amount withdrawn. The Foundation does not issue paper certificates to investors evidencing such investment. Instead, the Investment Accounts are book-entry securities evidenced on the books and records of the Foundation and confirmed to an investor by an investment confirmation receipt and periodic statements specifying the value of the investment. The Foundation provides all investors with quarterly statements that reflect account activity (investments, withdrawals, interest, fees) since the prior reporting period. The terms and conditions of Investment Accounts will be construed under and governed by Indiana law.

The Foundation determines the interest rate to be paid on Investment Accounts based on a combination of factors including current market rates and the current rate of interest being earned on the Foundation's loans receivable and other investment vehicles. The Foundation reserves the right to change the rate at which interest is earned at any time without prior notice to or the approval or consent of investors; however, investors will be given written notice of any changes no later than ten days prior to their effective date. Investors may determine the current rate of interest at any given time by calling the Foundation at 888-340-4243 during normal business hours (8:00 a.m.– 4:30 p.m. local time Monday-Friday). Interest accrues daily and is credited monthly on investments from the date of investment to the date of withdrawal at such rate as approved by the Board of Directors. As of the date of this Prospectus, interest on Investment Accounts is being paid at the rate of 2.0% annually, accruing daily and credited monthly. Interest earned on an Investment Account will be added to the account (*i.e.*, compounded) monthly unless, only in the case of an Investment Account having a minimum balance of $25,000, the investor elects to have such interest paid monthly to the investor's specified bank account via ACH transfer. The Board of Directors of the Foundation has authorized the Chief Executive Officer of the Foundation to increase or decrease the interest rate paid on Investment Accounts in increments of 0.25%, up to an aggregate of .5% in the interim between board meetings, and any interest rate adjustment exceeding these limitations must be approved by the Board of Directors.

Investors receive receipts that detail investments, withdrawals, interest credits, and the running balance. The majority of transactions in these accounts are received by mail. The Foundation also maintains walk-up business hours at its facility 8:00 a.m. to 4:30 p.m. local time Monday through Friday, primarily for the convenience of students of the nearby Grace College and Theological Seminary and local investors associated with the Fellowship or a Grace Brethren church.

All cash receipts are immediately recorded, and the Foundation sends deposits to a local financial institution daily. Investments and withdrawal requests received in the mail generally are processed and returned by mail that same day. A minimum balance of $25.00 is required to avoid a monthly service fee of $2.00.

Money invested and the interest thereon may be withdrawn only by order of the investor in writing or by his/her legal representative in case of death. The Foundation reserves the right to only honor requests for withdrawal on approved forms via mail or electronic device and to disburse the withdrawal by a check payable to the investor. If the investor chooses to name another person to act as his/her attorney-in-fact, the investor must provide the Foundation with the original power of attorney and other satisfactory evidence before conducting any transaction. Once recorded on the records of the Foundation, the appointment stands until rescinded by the account holder and the Foundation has received written notification of the revocation and has had reasonable time to act upon it.

Statements and other information regarding accounts will be sent to the last address provided to the Foundation by the investor. When mail is returned as "undeliverable," the account status is changed from active to dormant. The Foundation is required to turn over dormant accounts to the state as specified by state law after a specified period of time. To recover funds, a claim must be filed with the applicable state agency.

The Investment Accounts have no stated maturity date, and upon request principal and accrued but unpaid interest may be paid to an Investment Account holder at any time. Although withdrawal requests usually are processed on the day received, the Foundation reserves the right to require thirty (30) days advance written notice of any withdrawal. The Investment Accounts are not transferable. The Investment Accounts represent unsecured obligations of the Foundation and, thus, would rank behind secured obligations in the event of a liquidation of the Foundation, although the Foundation had no secured obligations at December 31, 2017, 2016, and 2015.

The Foundation formerly offered separate Trust Investment Accounts, available only to Grace Brethren North American Missions ("GBNAM"), as Trustee for certain Intervivos and Retirement Accounts, at an interest rate higher than the Investment Accounts offered by and sold through this Prospectus. The rate of interest on these preexisting Trust Investment Accounts is a floating rate of 1.5% above the regular rate. As of December 31, 2017, the rate of interest was 3.5%, and the aggregate outstanding balance of these accounts was $232,517. GBNAM historically invested the balances of these Trust Investment Accounts with the Foundation and they were presumed to be long-term investments. Because of their long-term nature, and because of the residual benefit to mission work in the Fellowship that was tied to most of these accounts (via gift annuity and charitable remainder trust annuity contracts), the Foundation determined that offering a higher rate of interest was appropriate. The Trust Investment Accounts are general unsecured obligations of the Foundation and have no seniority in right of payment over the Investment Accounts. The Trustee of the Trust Investment Accounts therefore would share (on a pro rata basis) with the Investment Account holders in the distribution of the assets of the Foundation available for distribution to creditors of the Foundation, in the event that the Foundation were ever to become insolvent.

The Investment Accounts being offered by and sold through this Prospectus are to be treated as separate Investment Accounts from the preexisting Trust Investment Accounts and the information within this Prospectus pertains only to the Investment Accounts being offered herein.

PLAN OF DISTRIBUTION

The primary means of solicitation of investments in Investment Accounts is through direct mailings of this Prospectus to constituents of the Fellowship. If prospective investors do not have a current Prospectus, and they live in a state in which offers or sales of Investment Accounts may then be lawfully made by the Foundation, they may obtain one by mailing a request to the Foundation's office in Winona Lake, Indiana. The Foundation also mails this Prospectus directly to current and prospective investors and makes it available to them on its website as well.

After receiving a Prospectus, prospective investors complete an application form requiring name, address, social security number, indication of whether the applicant is subject to backup withholding under the Internal Revenue Code, and affirmation of the applicant's association with the Fellowship. The applicant is asked to specify the account type from the following options: (1) *Individual Account.* An account owned by a single account holder; (2) *Joint Account with Right of Survivorship*. An account owned by two or more individuals as joint owners. Any one or all of the owners may make withdrawals. Upon the death of one owner, his or her interest in the account passes automatically to the surviving joint owner(s); (3) *UTMA (IN) Account—Minor with Custodian.* Gifts or transfers made to minor children under the applicable law of the Indiana Uniform Transfers to Minors Act. The account is opened in the name of the minor and is controlled by a custodian until the minor reaches the statutory age of majority (21 years), at which time the custodian is required to request a transfer of the Investment Account into the sole name of the minor; (4) *Trust Account*. An account opened in the name of a trust, having one or more person(s) designated as "trustee(s)." The trust agreement governing the account must be on file at the Foundation; or (5) *Organization Account.* An account opened in the name of an organization and managed by designated authorized signers.

An investor must subscribe his/her name on a signature card, thereby signifying assent to the terms and conditions as initially provided to the investor and that they may be amended as herein provided. The terms and conditions may be altered, amended, or rescinded including those relating to the earning and computation of interest. Notice of changes will be provided to the account holder by any means the Foundation considers to be appropriate, but are effective even if the investor does not actually receive notice of the change if the Foundation has mailed a notice at the address of record.

No underwriting or selling agreements exist on funds received through this offering, and no direct or indirect commissions or other remuneration will be paid to any individuals or organizations in connection with the offer and sale of the Investment Accounts.

TAX ASPECTS

Investment Account Holders are not entitled to claim a deduction for a charitable contribution upon investment of funds in an Investment Account. The interest paid or payable on the Investment Account will be taxable as ordinary income to the account holder in the year it is paid or accrued. The Foundation suggests that account holders consult their accountants or legal advisors as to the proper recognition of the interest paid for federal and state income tax purposes.

The Foundation is required in certain circumstances to withhold 24% of the interest paid on the Investment Accounts including, for example, when account holders fail to provide the Foundation a correct Social Security or Federal Tax Identification Number and when notified by the Internal Revenue Service that an account holder is subject to “backup withholding.” At the beginning of each calendar year, Form 1099s are mailed to each account holder identifying the interest earned on each account during the preceding calendar year.

In addition, account holders investing greater than $250,000 in the aggregate with the Foundation may, under certain circumstances, depending in part on the interest rates paid by the Foundation from time to time, be deemed to have realized for federal income tax purposes “imputed interest” income in an amount that is greater than the amount of interest actually paid to the account holder, as a result of the below-market interest rules of Internal Revenue Code Section 7872. Depending on the account holder’s particular circumstances, a deduction for a charitable contribution may be available to the extent that an account holder reports interest income in an amount that is greater than the amount of interest actually paid to the account holder. An account holder with aggregate balances greater than $250,000 should discuss this issue with his or her tax advisor.

LITIGATION AND OTHER MATERIAL TRANSACTIONS

As of the date of this Prospectus, there were no lawsuits, actions, or other legal or administrative proceedings or claims pending or threatened against the Foundation and there were no lawsuits, actions, or other legal or administrative proceedings or claims pending or threatened against the directors or officers in relation to their duties with the Foundation. Further, there were no transactions or investment decisions that may materially affect the offering of the Investment Accounts.

MANAGEMENT

The management of the Foundation is directed by a Board of Directors (the “Board”) through officers of the Foundation who are responsible for its daily activities. The directors and officers adhere to a conflict of interest policy, signed annually. The composition of the Board and officers is as described below.

The Foundation is a not-for-profit, tax-exempt Indiana corporation and thus has no shareholders. Its membership consists of all persons who have made a contribution of at least $25.00 or more during the fiscal year to support the ministries of the Foundation or ministries administered by the Foundation and who are affiliated with a Grace Brethren church. It is these members, and not the holders of Investment Accounts, who are entitled to vote on matters related to the Foundation. There are ten members of the Foundation’s Board who may be elected to serve three-year terms, which are staggered. Accordingly, approximately one-third of the individuals to serve as directors on the Foundation’s Board are elected each year. Three of the ten Board members are elected by an officer of the Fellowship Council (*i.e.*., the Board of Directors) of the Fellowship of Grace Brethren Churches d/b/a Charis Fellowship and three are elected by an officer of The Brethren Missionary Herald Company (being Charis Fellowship’s media company), and the remaining four Board members are elected by the members of the Foundation. The annual meeting of the members of the Foundation is held in conjunction with the National Conference of the Fellowship. Semi-annual meetings of the Board of Directors are held in the spring and fall.

There is no limit on the number of terms an individual may serve. Candidates for Board membership are selected by the existing Board. The Foundation strives to maintain a reasonable diversification of the membership of the Board by selecting individuals from various geographic regions and backgrounds, including the clergy, business, industry, teaching, legal, or other professions whose experience or expertise is believed valuable to the Board.

Each of the directors receives reimbursement for travel and other expenses associated with board and committee meetings that are incurred by directors and their spouses, but otherwise the directors receive no reimbursement or compensation for their services as directors. In addition, members of the Board may be investors in the Foundation on the same terms and conditions as other investors. As of December 31, 2017, the directors, officers, and executive staff of the Foundation, as a group, held personal Investment Accounts aggregating $604,909. These accounts are funded totally by personal contributions, and they do not represent a form of compensation from the Foundation. Furthermore, these accounts are subject to the same interest rate and terms of all general investment accounts of the Foundation. No director or officer of the Foundation has, during the past ten years, been convicted of any criminal proceeding (other than for traffic violations or other minor misdemeanors), is the subject of any pending criminal proceedings, or was the subject of any order, judgment or decree of any court enjoining such individual from any activities associated with the offer or sale of securities.

Directors

The following individuals presently serve as directors of the Board of the Foundation:

Theodore J. Adomanis	Director since:	01/01/2005
Pahrump, Nevada	Term expires:	12/31/2018

Mr. Adomanis serves as Director of Finance and Administration for Assist Church eXpansion, formerly known as GBCanada USA, a church planting ministry in Canada that now includes all of North America. He has served in this position since 2001. Mr. Adomanis, a certified public accountant since 1979, formerly had worked for the U.S. government in Washington, D.C. in various management positions from 1973-2001, retiring as Special Assistant to the Deputy Executive Director and Chief Operating Officer. He graduated from Grace Theological Seminary in 2007 with a Master of Ministry degree.

James R. Augspurger	Director since:	01/01/2010
Westerville, Ohio	Term expires:	12/31/2018

Dr. Augspurger is Executive Pastor of Grace Polaris Church, Worthington, Ohio, a position he has held since 1998. Prior to his position at the church, he managed his own dental practice for 25 years. Dr. Augspurger is Chairman of the Board of the Foundation.

Joshua D. Balmer	Director since:	01/01/2005
Telford, Pennsylvania	Term expires:	12/31/2020

Mr. Balmer is Manager of Finance and Administration of Penn Valley Gas, Inc. in Telford, Pennsylvania, where he has been employed since 2002.

David H. Coleman	Director since:	01/01/2005
Powell, Ohio	Term expires:	12/31/2018

Dr. Coleman is a staff member of Grace Brethren Church of Powell, Ohio, serving in the areas of church operations, financial management, facilities and ministry support staff, a position he has held since 2002. He formerly had worked in the healthcare administration/insurance industry for 17 years in various management and executive level positions.

Robert MacMillan Jr.	Director since:	04/01/2005
Providence Village, Texas	Term expires:	12/31/2019

Rev. MacMillan retired in 2017 as Teaching Pastor of Tracy Grace Brethren Church in Tracy, California. He formerly was Senior Pastor and had been employed by the church since 1990.

George S. Merchant Director since: 01/01/2012
Annapolis, Maryland Term expires: 12/31/2020

Mr. Merchant served as the Director of Operations, Missions Coordinator, and Minister of Music at the Grace Brethren Church of Clinton, Maryland from 2008 to July 2014. He and his wife, Carol, moved to Annapolis and are worshiping with the family at the Calvert Grace Brethren Church. Mr. Merchant served in the US Air Force in maintenance and later in research and development assignments. After retirement he was employed as a professor and acquisition course administrator at the Defense Acquisition University in Fort Belvoir, Virginia from 1987 to 2008.

Keith A. Michael Director since: 01/01/2017
Falling Waters, West Virginia Term expires: 12/31/2019

Mr. Michael is a Senior Level IT Program Manager at the Department of Veterans Affairs, a position he has held since 2013. He also serves as a Medical Administration (MSC) Officer at the 167^{th} Air Wing in the West Virginia Air National Guard.

A. Kent Semple Director since: 01/01/1999
Lewis Center, Ohio Term expires: 12/31/2020

Mr. Semple is a certified public accountant and works as the Senior Tax Manager for the Dublin, Ohio office of CBIZ MHM, LLC, a position he has held since 1995.

Richard C. Stair Director since: 07/01/2003
Akron, Ohio Term expires: 12/31/2018

Mr. Stair retired in 2015 from Zimmer, Inc. of Warsaw, Indiana, after 30 years of service, most recently serving as Senior Vice President, Global Operations and Logistics.

J. Carlos Téllez Director since: 01/01/2017
Clarkston, Georgia Term expires: 12/31/2019

Mr. Téllez currently is leading a multi-ethnic church planting effort in Atlanta, Georgia. He formerly was employed by Grace College of Winona Lake, Indiana from 2007 to 2016, most recently serving as Dean of the Chapel and Director of Global Initiatives.

Officers

The Board appoints the officers of the Foundation. Officers are selected based upon their qualifications and considering the duties of the position. The present officers of the Foundation are:

Kenneth A. Seyfert, President and Chief Executive Officer
Warsaw, Indiana

Mr. Seyfert has served as President and Chief Executive Officer of the Foundation since April 18, 2013. From 2004 to 2013 he was the Foundation's Vice President and Executive Director of Operations. He also served as Treasurer of the Foundation from 1999 to 2013. From June 1997 to August 2004 he was Managing Director and Officer of Operations. He is responsible for the daily direction and supervision of the Foundation, as well as management of the investment and loan portfolios. Mr. Seyfert has more than 42 years of experience in banking and finance. He formerly was an Investment Executive with Fahnestock & Co., Inc. with over $30,000,000 of assets under his management. He holds a Bachelor of Arts degree magna cum laude from Lebanon Valley College, Annville, Pennsylvania, and graduated from PBA School of Banking and Finance at Bucknell University, Lewisburg, Pennsylvania. Mr. Seyfert has taken and passed the Series 63 examination required of individuals who must be registered under the laws of certain states to represent an issuer in the offer or sale of the issuer's securities, and he is licensed in all states in which such licensure is required. In addition, he has taken and passed the Series 7 examination generally required for general securities representative licensure with securities industry self-regulatory organizations. He continues with additional education and conferences that relate to assisting with his management responsibilities at the Foundation and is a member of the Christian Leadership Alliance. Mr. Seyfert served as the national moderator for the 2007 meetings of the Denominational Investment Loan Association. He currently serves as chairman of the Retirement Investment Plan for the Fellowship of Grace Brethren Churches d/b/a Charis Fellowship. Mr. Seyfert is an active member of the Winona Lake Grace Brethren Church.

Ryan A. Bowell, Vice President and Director of Credit Services
Warsaw, Indiana

Mr. Bowell is Vice President and Director of Credit Services for the Foundation. He has been an employee of the Foundation since July 1, 2013. Mr. Bowell holds a Bachelor of Science degree magna cum laude in Business Administration and Accounting from Grace College, Winona Lake, Indiana. He also is a Certified Public Accountant, having received the designation in 1997. Mr. Bowell has taken and passed the Series 63 examination required of individuals who must be registered under the laws of certain states to represent an issuer in the offer or sale of the issuer's securities. Formerly Mr. Bowell was the Controller and Chief Financial Officer for Encompass World Partners, the international missionary arm of the Fellowship, from 1998 to 2013. Additionally, he has been an adjunct professor for Grace College. Mr. Bowell is an active member of the Winona Lake Grace Brethren Church.

Brenda S. Byers, Treasurer/Secretary and Director of Finance and Administration
Warsaw, Indiana

Mrs. Byers is Treasurer/Secretary and Director of Finance and Administration for the Foundation. She has been an employee of the Foundation since 1986. Mrs. Byers holds a Bachelor of Science degree in Business Administration from Grace College, Winona Lake, Indiana, and a Master of Science degree in Management from Indiana Wesleyan University, Marion, Indiana. Mrs. Byers also serves on the human resource committee, worship team, and the business commission for the Winona Lake Grace Brethren Church.

Executive Staff

The Executive Staff of the Foundation, who are engaged in its day-to-day operations, include the following officers, whose biographical information appears above under "**Officers**":

Mr. Kenneth A. Seyfert, President and Chief Executive Officer
Mr. Ryan A. Bowell, Vice President and Director of Credit Services
Mrs. Brenda S. Byers, Treasurer/Secretary and Director of Finance and Administration

Compensation of Officers and Executive Staff

Officers of the Foundation are paid salaries and benefits, which include: group health and life insurance, group disability insurance, and a group retirement investment plan. The annual compensation paid to officers of the Foundation during its most recent fiscal year ended December 31, 2017, is shown below, in the aggregate for all officers and also individually for any officer in excess of $150,000:

Employee	Salary	Benefits	Total Remuneration
Kenneth A Seyfert President and CEO	$ 120,479	$ 36,073	$ 156,552
Aggregate for all officers	$ 285,267	$ 94,664	$ 379,931

Committees

The Chairman of the Board appoints directors to the Investment Committee, which is empowered to review savings and loan policy and rates and to assess the financial reports and reserve portfolios of the Foundation during the semi-annual meetings of the Board. The Chairman also appoints directors to the Audit Review Committee, which reviews the annual certified audit of the Foundation and any accompanying management letter. Other standing committees of the Board include Finance, Nominating/Board Development, Chaplaincy Ministry, and Executive Care. The Executive Staff and Business Manager of the Foundation serve as the Loan Committee, which reviews loan applications prior to submission, if applicable, to the Board for approval.

MATERIAL AFFILIATED TRANSACTIONS

Except as otherwise disclosed in this Prospectus, there have been no material transactions between the Foundation and any director or officer of the Foundation during the three-year period immediately preceding the date of this Prospectus. Any future transaction between the Foundation and a director or officer of the Foundation will be made and entered into on terms no less favorable to the Foundation than those that the Foundation could obtain with an unaffiliated third party. With respect to any future affiliated transaction, or any forgiveness of the loan of a borrower with which a director or officer of the Foundation is affiliated, a majority of the Foundation's independent, disinterested directors must approve such affiliated transaction or loan forgiveness.

LEGAL OPINIONS

Spencer Fane LLP, St. Louis, Missouri, has given its opinion that the Investment Accounts, when acknowledged with an investment receipt issued by the Foundation upon receipt by the Foundation of the consideration therefor, will be legally issued and binding obligations of the Foundation.

INVESTOR REPORTS

The Foundation's current audited financial statements will be made available to Investment Account holders upon written request and will be mailed to investors within 120 days of its last fiscal year end.

INDEPENDENT AUDITORS AND AUDITED FINANCIAL STATEMENTS

The statements of financial position of the Foundation as of December 31, 2017, 2016, and 2015, and the related statements of activities and changes in net assets and the statements of cash flows for the years ended December 31, 2017, 2016, and 2015, set forth in this Prospectus have been included in reliance upon the report of Capin Crouse LLP, Greenwood, Indiana, independent certified public accountants, given on the authority of that firm as independent auditors. See auditors report, and accompanying audited financial statements and notes thereto, beginning at page 21.

CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT

Board of Directors
Grace Brethren Investment Foundation, Inc.
Winona Lake, Indiana

We have audited the accompanying financial statements of Grace Brethren Investment Foundation, Inc. (Foundation), which comprise the statements of financial position as of December 31, 2017, 2016 and 2015, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grace Brethren Investment Foundation, Inc. as of December 31, 2017, 2016 and 2015, and the change in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Greenwood, Indiana
February 22, 2018

972 Emerson Parkway, Suite A
Greenwood, IN 46143
317.885.2620
capincrouse.com

GRACE BRETHREN INVESTMENT FOUNDATION, INC.

Statements of Financial Position

	December 31, 2017	December 31, 2016	December 31, 2015
ASSETS:			
Cash and cash equivalents	$ 29,076,113	$ 35,848,311	$ 39,881,803
Investment reserves	23,912,841	20,589,246	10,135,000
Loans receivable–net	56,063,316	54,728,056	58,908,706
Accrued interest receivable	409,300	344,291	263,417
Other receivable	248,635	-	-
Property and equipment–net	647,181	653,488	699,871
Prepaid expenses and other assets	52,474	112,644	114,225
Total Assets	$ 110,409,860	$ 112,276,036	$ 110,003,022
LIABILITIES AND NET ASSETS:			
Liabilities:			
Investment accounts	$ 98,928,874	$ 100,433,576	$ 98,701,499
Investment accounts–officers, directors, and executive staff	604,909	1,362,209	1,058,454
Accounts payable and other liabilities	792,282	709,141	773,646
Total liabilities	100,326,065	102,504,926	100,533,599
Net assets:			
Unrestricted–undesignated	9,390,691	9,071,704	8,717,139
Unrestricted–board designated	45,923	45,918	52,413
Net investment in property and equipment	647,181	653,488	699,871
Total net assets	10,083,795	9,771,110	9,469,423
Total Liabilities and Net Assets	$ 110,409,860	$ 112,276,036	$ 110,003,022

See notes to financial statements

GRACE BRETHREN INVESTMENT FOUNDATION, INC.

Statements of Activities and Changes in Net Assets

	Year Ended December 31,		
	2017	2016	2015
OPERATING REVENUE:			
Interest on loans	$ 3,032,515	$ 3,232,474	$ 3,548,267
Investment reserves	1,286,075	942,541	694,385
Realized gain on investment reserves	149,641	-	-
Rental and other income	69,506	61,769	62,978
Total Operating Revenue	4,537,737	4,236,784	4,305,630
OPERATING EXPENSES:			
Interest on investment accounts	2,025,090	2,014,259	1,988,920
Salaries and wages	460,288	433,532	443,761
Insurance	158,523	163,729	163,747
Professional services	62,551	61,944	74,598
Board expenses	71,025	58,534	63,788
Depreciation	54,207	57,325	57,244
Repairs and maintenance	37,878	41,619	38,356
Data processing services	38,430	38,223	110,330
Utilities	35,480	33,317	31,287
Payroll taxes	34,805	32,631	33,743
Travel expenses	25,646	27,521	23,755
Retirement fund	37,447	27,156	30,456
Office expenses	21,013	25,495	28,614
Telephone	11,785	12,886	12,145
FGBC National Conference	5,370	10,903	10,497
Postage	9,138	10,770	9,564
Securities registration	9,535	8,427	9,805
Promotion and advertising	8,909	7,488	17,635
Reserve investment expense	3,114	6,229	8,472
Bank charges	5,189	4,944	4,900
Miscellaneous	2,393	1,936	1,283
Total Operating Expenses	3,117,816	3,078,868	3,162,900
Change in Net Assets from Operations	1,419,921	1,157,916	1,142,730
OTHER SUPPORT AND REVENUE (EXPENSES):			
Contribution expenses	(809,068)	(720,455)	(715,000)
Contribution income	-	80	54,651
Chaplaincy ministry expenses	(14,995)	(6,500)	(33,259)
Unrealized gains (losses) on investment reserves	301,626	(29,354)	50,524
Retirement benefit modification	(59,799)	-	-
Reserve expenses for loans receivable	(525,000)	(100,000)	(130,000)
Total Other Support and Revenue (Expenses)	(1,107,236)	(856,229)	(773,084)
Change in Net Assets	312,685	301,687	369,646
Net Assets–Unrestricted, Beginning of Year	9,771,110	9,469,423	9,099,777
Net Assets–Unrestricted, End of Year	$ 10,083,795	$ 9,771,110	$ 9,469,423

See notes to financial statements

GRACE BRETHREN INVESTMENT FOUNDATION, INC.

Statements of Cash Flows

	Year Ended December 31,		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	$ 312,685	$ 301,687	$ 369,646
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation	54,207	57,325	57,244
Realized and unrealized (gains) losses on investment reserves	(451,267)	29,354	(50,524)
Reserve for loans receivable–net	525,000	100,000	130,000
Change in:			
Accrued interest receivable	(65,009)	(80,874)	38,041
Other receivable	(248,635)	-	-
Prepaid expenses and other assets	60,170	1,581	(11,337)
Accounts payable and other liabilities	83,141	(64,505)	56,587
Net Cash Provided by Operating Activities	270,292	344,568	589,657
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(47,900)	(10,942)	(33,596)
Proceeds from sale of investment reserves	1,137,653	1,405,000	638,082
Purchase of investment reserves	(4,009,981)	(11,888,600)	(1,865,000)
Issuance of notes receivable	-	-	(2,000,000)
Principal payments–loans receivable	6,791,192	6,508,520	14,959,822
New loans issued	(8,651,452)	(2,427,870)	(12,520,529)
Net Cash Used by Investing Activities	(4,780,488)	(6,413,892)	(821,221)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in investment accounts	22,289,130	26,157,880	23,776,542
Decrease in investment accounts	(23,793,832)	(24,425,803)	(19,681,099)
Increase in investment accounts– officers, directors, and executive staff	143,145	381,872	368,015
Decrease in investment accounts– officers, directors, and executive staff	(900,445)	(78,117)	(217,589)
Net Cash Provided (Used) by Financing Activities	(2,262,002)	2,035,832	4,245,869
Change in Cash and Cash Equivalents	(6,772,198)	(4,033,492)	4,014,305
Cash and Cash Equivalents, Beginning of Year	35,848,311	39,881,803	35,867,498
Cash and Cash Equivalents, End of Year	$ 29,076,113	$ 35,848,311	$ 39,881,803
SUPPLEMENTAL DISCLOSURES:			
Interest paid	$ 2,025,090	$ 2,014,259	$ 1,988,920

See notes to financial statements

1. DESCRIPTION OF THE ORGANIZATION:

Grace Brethren Investment Foundation, Inc. (Foundation) is incorporated in the state of Indiana as a not-for-profit organization and has been approved by the Internal Revenue Service as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code (Code). The Foundation is classified as a publicly supported organization, which is not a private foundation under Section 509(a)(1) of the Code. Contributions are tax-deductible within limitations prescribed by the Code.

The primary purpose of the Foundation is to loan funds to affiliates of the Fellowship of Grace Brethren Churches, Inc., d.b.a. Charis Fellowship (Fellowship), including churches and affiliated organizations, for buildings, remodeling, and expansion. Financing for these projects is provided by offering investment accounts to those affiliated organizations and their members. The rate of return paid on these accounts is dependent on the overall financial condition of the Foundation and the availability of funds. Due to the fact that all investing and financing opportunities are restricted to persons and organizations affiliated with the Fellowship as described above, all deposit and lending transactions are deemed, as such, to be with related parties.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements of the Foundation are prepared under the accrual method of accounting. Revenue is reported when earned. Expenses are reported when incurred. The functional allocation of expenses is displayed in Note 13 and represents allocation of the Foundation expenses in accordance with the program services or supporting activities benefited.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements. Accordingly, actual results could differ from those estimates. Significant estimates in these financial statements include the allocation of expenses on a functional basis, depreciation expense, and reserves for loan losses.

CASH AND CASH EQUIVALENTS

For financial statement purposes, the Foundation considers investments in money funds, short-term investments, and certificates of deposit with original maturities of 90 days or less as cash equivalents. (Also see Note 12.)

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS, continued
A summary of cash and cash equivalents is as follows:

	December 31,		
	2017	2016	2015
Cash in checking accounts	$ 553,401	$ 970,362	$ 310,665
Money funds	28,522,712	34,877,949	39,571,138
Total	$ 29,076,113	$ 35,848,311	$ 39,881,803

PROPERTY, EQUIPMENT, AND DEPRECIATION
Property and equipment is stated at cost, less accumulated depreciation. Depreciation is computed by the straight-line method based upon the estimated useful life of the related asset, ranging from 5 to 30 years. The Foundation capitalizes expenditures for property and equipment in excess of $5,000.

INVESTMENT RESERVES
Investment reserves consist of certificates of deposit, real estate investment, notes receivables, and corporate bonds. The certificates of deposit, real estate investment and notes receivable are valued at cost, and corporate bonds are reported at fair value. Return on investment reserves consists of interest and dividends.

NET ASSETS
Unrestricted net assets are those currently available at the discretion of the Board of Directors for use in the Foundation's operations, and those resources invested in property and equipment. The unrestricted-board designated net assets represents funds used in support of the Charis Fellowship's chaplaincy ministry, for the purpose of contributing scholarships to chaplain candidates, according to the policy governing the application process.

REVENUE AND SUPPORT
Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Foundation.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS

To the extent that the Foundation accumulates revenue in excess of that needed to defray its administrative and interest expenses or to make loans, in accordance with its status as a not-for-profit religious organization, it makes periodic contributions of a portion of this revenue to various activities sponsored by the Fellowship. These organizations include Fellowship church-planting ministry, Grace Schools, CE National, Encompass World Partners, and other Fellowship affiliates. Contributions to these organizations were $809,068, $720,455, and $715,000, for the years ended December 31, 2017, 2016 and 2015, respectively. The final amount of contributions in any fiscal year is determined at the sole discretion of the Board of Directors.

DISCLOSURES ABOUT FAIR VALUE

The Foundation uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available.

Fair values of assets measured on a recurring basis are as follows:

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2017:				
Investment reserves:				
Bonds	$ 13,214,841	$ -	$ 13,214,841	$ -
As of December 31, 2016:				
Investment reserves:				
Bonds	$ 10,534,246	$ -	$ 10,534,246	$ -
As of December 31, 2015:				
Investment reserves:				
Bonds	$ -	$ -	$ -	$ -

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DISCLOSURES ABOUT FAIR VALUE, continued

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Level 2 Fair Value Measurements

The fair values of mutual funds are based upon observable inputs other than the quoted market prices included in Level 1 and thus based upon yields for mutual funds of comparable quality and type. The fair value of bonds is based on yields currently available on comparable securities of issuers with similar credit ratings.

3. INVESTMENT RESERVES:

Investment reserves consist of:

	December 31, 2017	December 31, 2016	December 31, 2015
At fair value:			
Bonds	$ 13,214,841	$ 10,534,246	$ -
At cost:			
Certificates of deposit	8,498,000	7,755,000	7,835,000
Real estate investment, 10 Class B units	-	100,000	100,000
Notes receivable	2,200,000	2,200,000	2,200,000
	$ 23,912,841	$ 20,589,246	$ 10,135,000

3. INVESTMENT RESERVES, continued:

Certificates of Deposit Maturing December 31,	December 31, 2017	2016	2015
2018	$ 245,000	$ -	$ -
2019	3,984,000	3,984,000	3,984,000
2020	1,494,000	1,494,000	1,245,000
2021	1,245,000	1,245,000	-
2022	498,000	-	-
Thereafter	1,032,000	1,032,000	2,606,000
	$ 8,498,000	$ 7,755,000	$ 7,835,000

Certificates of deposit redeemed prior to maturity date could be subject to forfeiture of interest. For the years ending December 31, 2017, 2016 and 2015, management did not experience any loss of interest income due to early redemption of certificates of deposit. Interest is paid monthly, quarterly, or semi-annually at rates varying from 1.50% to 2.38%.

The Foundation's real estate investment and notes receivable investment holdings have been valued in accordance with the valuation policy described in Note 2. Interest for the notes receivable is paid quarterly at rates varying from 7.5% to 9%. Notes receivable are unsecured with $2,000,000 scheduled to mature on April 1, 2018, and $200,000 scheduled to mature on November 20, 2021. Interest for the real estate investment (10 Class B units) was paid quarterly at 10%. This investment was sold during the year ended December 31, 2017.

4. LOANS RECEIVABLE:

Loans receivable were as follows:

	Year Ended December 31,		
	2017	2016	2015
Mortgage loans receivable	57,289,043	$ 55,579,046	$ 59,659,696
Less reserve for loans receivable	(1,225,727)	(850,990)	(750,990)
Total loans receivable–net	$ 56,063,316	$ 54,728,056	$ 58,908,706

Interest rates vary as set by the Board of Directors and historically have ranged from 4.00% to 7.75%. As of December 31, 2017, interest rates ranged from 4.00% to 7.00%. Maturity of these loans are variable as determined at the loan origination (or as later modified by board or CEO approval) and range from a few months to a maximum of thirty years.

Loans receivable will mature as follows:

Year Ending December 31,	Principal Reduction Total
2018	$ 2,089,503
2019	2,161,460
2020	2,222,457
2021	2,148,094
2022	2,107,818
Thereafter	46,559,711
	$ 57,289,043

4. LOANS RECEIVABLE, continued:

Although the Foundation has no geographic restrictions within the United States on where loans are made, aggregate loans in excess of 5.0% of total balances are located in the following states:

State	Number of Loans	Principal Outstanding	Percent of Loan Portfolio
Ohio	26	$ 36,531,687	64%
California	9	6,026,533	11%
Indiana	6	5,424,919	9%
Maryland	5	4,354,831	8%
Pennsylvania	7	3,339,653	6%
	53	$ 55,677,623	98%

CREDIT QUALITY OF FINANCING RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES

Allowance for credit losses and recorded investment in financing receivables:

	December 31,		
	2017	2016	2015
Allowance for credit losses:			
Beginning balance	$ 850,990	$ 750,990	$ 620,990
Charge-offs	(150,263)	-	-
Recoveries	-	-	-
Provision	525,000	100,000	130,000
	$ 1,225,727	$ 850,990	$ 750,990

The allowance for credit losses and financing receivables was collectively evaluated for impairment. (See Note 10.)

4. LOANS RECEIVABLE, continued:

The following table presents credit exposure by performance status for the years ended December 31, 2017, 2016 and 2015. Status for performing and nonperforming real estate loans is based on payment activity. Payment activity is reviewed by management on a monthly basis to determine how loans are performing. Loans are considered to be nonperforming when payment is past due greater than 180 days, the Foundation has provided benevolence support to help a church to fulfill loan payment(s) due, or the underlying assets of the loan are held for sale. Total benevolence support was $-0- for the year ended December 31, 2017, and $20,000 for each of the years ended December 31, 2016 and 2015, respectively. For each class of loans receivable, the following presents the balance by credit quality indicator:

	December 31,		
	2017	2016	2015
Performing	$ 56,988,327	$ 55,278,330	$ 59,358,525
Non-performing	300,716	300,716	301,171
	$ 57,289,043	$ 55,579,046	$ 59,659,696

Age analysis of past due financing receivables:

	December 31,		
	2017	2016	2015
30-60 days past due	$ -	$ -	$ 2,977
61-90 days past due	1,644	5,956	-
Greater than 90 days	-	6,532	-
	1,644	12,488	2,977
Current	57,287,399	55,566,558	59,656,719
	$ 57,289,043	$ 55,579,046	$ 59,659,696

5. PROPERTY AND EQUIPMENT:

Property and equipment consist of:

	December 31, 2017	December 31, 2016	December 31, 2015
Land	$ 116,875	$ 116,875	$ 116,875
Building	570,625	570,625	570,625
Building improvements	430,212	382,312	371,369
Furnishings and office equipment	126,983	126,983	126,983
Other equipment and software	185,603	185,604	185,604
	1,430,298	1,382,399	1,371,456
Less accumulated depreciation	(783,117)	(728,911)	(671,585)
	$ 647,181	$ 653,488	$ 699,871

6. INVESTMENT ACCOUNTS:

Funds invested in investment accounts are subject to withdrawal upon demand, although the Foundation reserves the right to require 30 days advance written notice. At December 31, 2017, 2016 and 2015, interest was paid, respectively, at a rate of 2.00%, annually and compounded monthly. There are special accounts that have floating rates of 1.5% above the regular rate. The amounts in these special accounts as of December 31, 2017, 2016 and 2015, totaled $232,517, $336,686, and $458,073, respectively.

The fair value of these investment accounts approximates the amount payable on demand as of the balance sheet date.

The directors, officers, and executive staff of the Foundation may be investors on the same terms and conditions as other investors. As of the years ended December 31, 2017, 2016 and 2015, as a group, they held investment accounts aggregating $604,909, $1,362,209, and $1,058,454, respectively.

6. INVESTMENT ACCOUNTS, continued:

The Foundation had 280, 274, and 254 investors with aggregate balances of $100,000 or more as of December 31, 2017, 2016 and 2015, respectively. The balances over $100,000 are distributed as follows:

	December 31, 2017		
Investment Account Balances	Number of Investors	Aggregate Balance	Percentage of Investment Accounts
$100,000 – $200,000	175	$ 23,627,526	24%
$200,001– $300,000	59	13,807,734	14%
$300,001– $500,000	33	12,444,035	13%
Greater than $500,000	13	8,703,110	9%
	280	$ 58,582,405	60%

	December 31, 2016		
Investment Account Balances	Number of Investors	Aggregate Balance	Percentage of Investment Accounts
$100,000 – $200,000	170	$ 21,985,492	22%
$200,001– $300,000	57	13,416,484	13%
$300,001– $500,000	28	10,486,122	10%
Greater than $500,000	19	13,766,524	14%
	274	$ 59,654,622	59%

	December 31, 2015		
Investment Account Balances	Number of Investors	Aggregate Balance	Percentage of Investment Accounts
$100,000 – $200,000	164	$ 21,933,011	22%
$200,001– $300,000	47	11,277,956	11%
$300,001– $500,000	22	8,677,856	9%
Greater than $500,000	21	16,011,287	16%
	254	$ 57,900,110	58%

6. INVESTMENT ACCOUNTS, continued:

The Foundation's investors are primarily concentrated in the following states:

State	December 31, 2017 Number of Investors	Aggregate Balances	Percentage of Investment Accounts
Indiana	802	$ 20,522,964	21%
Ohio	752	26,139,155	26%
Pennsylvania	636	23,730,463	24%
	2,190	$ 70,392,582	71%

State	December 31, 2016 Number of Investors	Aggregate Balances	Percentage of Investment Accounts
Indiana	813	$ 21,812,258	21%
Ohio	769	26,623,883	26%
Pennsylvania	659	23,650,583	23%
	2,241	$ 72,086,724	70%

State	December 31, 2015 Number of Investors	Aggregate Balances	Percentage of Investment Accounts
Indiana	832	$ 24,010,911	24%
Ohio	805	23,519,392	24%
Pennsylvania	658	21,998,180	22%
	2,295	$ 69,528,483	70%

7. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following disclosure of estimated fair value of financial instruments is made in accordance with the *Financial Instruments* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The estimated fair value amounts have been determined by the Foundation using available market information and appropriate valuation methodologies. Accordingly, the aggregate estimated fair values at December 31, 2017, 2016 and 2015, are presented below.

	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash and cash equivalents	$ 29,076,113	$ 29,076,113	$ 35,848,311	$ 35,848,311
Investment reserves	23,912,841	23,933,839	20,589,246	20,716,429
Loans receivable–net	56,063,316	57,293,336	54,728,056	56,209,616
Accrued interest receivable	409,300	409,300	344,291	344,291
Liabilities:				
Investment accounts	$ 99,533,783	$ 99,533,783	$ 101,795,785	$ 101,795,785

	2015	
	Carrying Amount	Fair Value
Assets:		
Cash and cash equivalents	$ 39,881,803	$ 39,881,803
Investment reserves	10,135,000	6,914,303
Loans receivable–net	58,908,706	62,873,092
Accrued interest receivable	263,417	263,417
Liabilities:		
Investment accounts	$ 99,759,953	$ 99,759,953

7. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued:

The following methods and assumptions were used by the Foundation to estimate the fair value of each class of financial instruments at December 31, 2017, 2016 and 2015:

Cash and cash equivalents and accrued interest receivable - The carrying amounts approximate fair value due to the short-term maturity of these instruments.

Investment reserves - Investment reserves consist of certificates of deposit, real estate investment, notes receivables, and bonds. The certificates of deposit, real estate investment and notes receivable are valued at cost, and the corporate bonds are reported at fair value. The fair values of these bonds are based upon yields currently available on comparable securities of issuers with similar credit ratings. See Note 2 for additional fair value disclosure.

Loans receivable - The fair value of loans receivable was estimated by discounting expected future cash flows using the Foundation's current lending rate. Loans were assumed to mature on the date when interest rates are adjusted, if not before.

Investment accounts - The carrying amount for short-term fixed rate demand investment accounts was determined to be a reasonable estimate of fair value.

8. EMPLOYEE BENEFITS:

RETIREMENT PLAN

The Foundation has a defined contribution plan qualifying under Section 403(b) of the Code, which was established as of January 1, 1991. All current employees are eligible for participation in the plan. The Foundation contributes 8% of eligible employees compensation to this plan. Included in expenses, were \$37,447, \$27,156, and \$30,456, for the years ended December 31, 2017, 2016 and 2015, respectively. Additionally, in 2017 the Foundation made an additional contribution to the plan of \$59,799 to correct prior year contributions, shown as other support and revenue (expenses) in the statements of activities as of December 31, 2017.

MEDICAL BENEFITS

The Foundation offers employees a health savings account plan and other benefits such as dental, disability and life. The health savings account premiums are partially employer funded. The employer does not incur any liability for claims made by employees. The costs incurred for the plan and other benefits were \$108,018, \$113,518, and \$114,484, for the years ended December 31, 2017, 2016 and 2015, respectively.

9. COMMITMENTS:

At December 31, 2017, 2016 and 2015, the Foundation had approved mortgage loans to churches for \$8,783,250, \$2,850,000, and \$5,065,000, of which \$4,148,355, \$2,324,193, and \$2,566,823, respectively, had not been advanced.

10. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET CREDIT RISK:

Accounting principles generally accepted in the United States of America require all entities to disclose certain information about their financial instruments. Specifically, all entities are required to disclose the risk of an accounting loss from a financial instrument. The possibility that a loss may occur from the failure of another party to perform according to the terms of a contract represents credit risk.

The Foundation is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments are commitments to extend credit and involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statements of financial position. The contract amounts of those instruments reflect the extent of involvement the Foundation has in those particular classes of financial instruments.

The Foundation's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual notional amount of those instruments. The Foundation uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments are fixed to the maximum dollar amount that is available to a particular customer. The making of the commitment itself may require the payment of a fee. Not all commitments have the full amount of the approved funds advanced upon execution of the loan, and some do not fully utilize the entire commitment established. Consequently, the total commitment amounts do not necessarily represent future cash requirements.

10. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET CREDIT RISK, continued:

The creditworthiness of each loan applicant is assessed on a case-by-case basis. The Foundation makes loans only to not-for-profit organizations that would qualify under Section 501(c)(3) of the Code as tax-exempt organizations. These consist of churches, schools, and other organizations associated with the Fellowship of Grace Brethren Churches, Inc. The purpose of the loans is to enable churches, schools, and other organizations associated with the Fellowship to acquire and develop land, build facilities, or remodel and expand existing facilities, with reasonable financing costs. Currently, 98.5% of loans are secured by a first mortgage on the existing facility or real property, 1.18% are secured by second mortgage loans wherein the Foundation is also the primary lender in the first lien position, and 0.32% are unsecured loans. The Foundation will consider second mortgage loans only when the Foundation also holds first lien position. Other credit considerations are represented by the terms of the loan, loan to value ratios, and other credit factors. Currently, the interest rate charged is 4.00% to 7.00%. The Foundation maintains a policy to review all loans monthly to determine past due or delinquent statuses based on contractual terms and how recently payments have been received. As of December 31, 2017, 2016 and 2015, the Foundation maintained a reserve of 2.14%, 1.53%, and 1.26%, respectively, of the total loan balance for uncollectible accounts. The Foundation has a policy of placing uncollectible loans on nonaccrual status after 180 days. If facts and circumstances suggest a date other than 180 days, the Foundation may adjust the date. Payments received on nonaccrual status apply first to accrued interest and then to principal. Interest begins to accrue at the point that accrued interest is paid in full. Uncollectible loans are charged off at the point that they are placed on nonaccrual status. As of December 31, 2015, the Foundation had no impaired loans. As of December 31, 2016 and 2017, the Foundation had two impaired loans. Provisions have been added to the allowance for credit losses. (Also see Note 4.)

Typically, the Foundation will not consider a loan for the purpose of constructing a new building until the congregation or other organization has met an equity interest in the property to the satisfaction of the Foundation. In most instances, the ability of these organizations to repay loans will depend primarily upon the contributions they receive from their constituents and fees or other related charges assessed for services rendered. The number of constituents of these organizations, and the amount of contributions they receive may fluctuate. Further, the Foundation is motivated by other than commercial and/or profit motives only. This fact alone may affect how it deals with its borrowers.

11. SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK:

As disclosed in Note 10, the Foundation makes loans only to not-for-profit organizations that would qualify under Section 501(c)(3) of the Code as tax-exempt organizations. These consist of churches, schools, and other organizations associated with the Fellowship. As of December 31, 2017, 2016 and 2015, the Foundation's loan receivables from those organizations are disclosed in Note 4.

12. CONCENTRATION OF CREDIT RISK:

The definition of a financial instrument includes cash, demand deposits, and certificates of deposit in banks. The demand deposits in banks in excess of $250,000 represent a concentration of credit risk with that financial institution due to the limits of insurability as set forth by the Federal Deposit Insurance Corporation (FDIC). The Foundation has a contractual right to receive currency on demand, and the bank has a contractual obligation to deliver currency on demand. In the case of a bank failure, accounts of deposits in excess of that federally insured amount would be subject to loss. The Foundation has not experienced any such losses. Management believes it is not currently exposed to significant credit risk on cash and cash equivalents. (See Note 2.)

13. FUNCTIONAL EXPENSE ALLOCATION:

The Foundation allocates expenses based on functional usage. Direct costs are allocated to program or general and administrative based on their nature. Salary and benefits have been allocated based on time studies, and occupancy costs have been allocated based on square footage.

Expenses are allocated functionally as follows:

	Year Ended December 31, 2017	2016	2015
Program services	$ 3,941,932	$ 3,327,702	$ 3,420,768
General administrative	584,746	578,121	620,391
	$ 4,526,678	$ 3,905,823	$ 4,041,159
Operating expenses	$ 3,117,816	$ 3,078,868	$ 3,162,900
Contribution expenses	809,068	720,455	715,000
Chaplaincy ministry expenses	14,995	6,500	33,259
Retirement benefit modification	59,799	-	-
Reserve expense for loans receivable	525,000	100,000	130,000
	$ 4,526,678	$ 3,905,823	$ 4,041,159

14. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 22, 2018, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.