



**Columbia Conference  
Church Growth Fund**

2008 Annual Meeting

October 10 & 11, 2008

Northshore Baptist Church  
Bothell, Washington

## COLUMBIA CONFERENCE CHURCH GROWTH FUND OVERSEERS

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### Term Expiring December 31, 2008

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## Columbia Conference Church Growth Fund 2008 Annual Report Q1 – Q3

One year ago, in October 2007, we relocated our office from the former CBC Headquarters building in North Seattle to the Port of Tacoma office building in Tacoma. The relocation had some far reaching effects in our operation, in that our office manager and bookkeeper since our beginning could not make the commute to the new office location. This required that we find a replacement person for this position, which we found in Debi Wright, a member of Bethany Baptist Church in Puyallup. The new location and new staff resulted in the Fund Administrator having a more “hands on” approach, assuming the loan processing and closing duties, formerly done by Marge Schlaegel. Financially, the move resulted in lower office rent.

We entered 2008 with \$7 million in loans, and minimal excess cash for new loan requests. However, we committed to fund the loan for the new Hoquiam Immanuel Baptist Church, an additional site work loan for Graham Emmanuel, site work for Journey Community Church in Camas, Washington, and a \$700,000 loan for construction of Turning Point Church in Lacey, Washington.

These new loan commitments caused me to make an “urgent” plea for new investments to enable our funding of these projects. The “urgent” label for this request actually frightened away some potential investors, thinking that we must be in financial trouble. Our financial position was actually quite strong! We were fully loaned up, maximizing our return on investment when alternative investments would have yielded a significantly lower return. We had more potential business than we could actually fund without investment growth. All of our loans were current and had been no later than 30 days for over five years. No problem loans were on the horizon, and we ended 2007 with record increase in net assets of \$176,131.

As 2008 unfolded we had two loans pay their balance in full, which provided \$1.5 million in new funds available to meet our pending loan commitments. On the investment side of the ledger we had a net gain in new investments for the first time in three years, adding over \$800,000 in the first three quarters of 2008. This has enabled us to fully fund the new loans referenced above. The loan to Immanuel Baptist in Hoquiam and to Graham Emmanuel are fully funded. The loans to Turning Point and to Journey Church are signed and recorded, but draws have not yet been made due to delays in each case that are now resolved. The excess cash now showing on our balance sheet will be adequate to fund each of these loans in the fourth quarter of 2008.

Income to date through September 30, 2008, indicates that the Growth Fund has gained \$78,384 in net equity in 2008. By year end this should exceed \$100,000, which is remarkable as we see giant financial institutions falling around us in the lending world. Huge banks are failing and we continue to do well. That is not to say that we will not suffer some market value setback adjustments at year end on paper assets held in our portfolio. We have notes and bonds with other institutions that are experiencing financial trouble. Our CD with Lehman Bros. Bank is fully insured by FDIC. Our Countrywide note investment is secured by first mortgages with a minimum equity of 20%. We have checked on this issue repeatedly and there is a minimal delinquency rate within the loan package that secures our note investment, although the value of the properties has undoubtedly decreased with the decline in housing prices. Fannie Mae and Genie Mae investments are backed by the US Government, which established these institutions and now has pledged to “bail them out” of their mismanagement. Our market value on these securities has declined, but if held to maturity we should not experience an actual loss.

The actual income for the first three quarters of 2008 is 4.65% of total equity or an annualized rate of return on equity of 6.2%. We have maintained reserve funds above the 15% of total notes payable to investors, as required by our operating policy. Over the past five years 62.4% of all maturing investment notes

have been reinvested in the Fund. Through the first 9 months of 2008 we retained 73.5% of all maturing note investments, and new investment funds outweighed notes redeemed by a ratio of 2 to 1.

We have improved the quality of our loan portfolio this year in the sense that the two loans which were paid in full were both second deeds of trust, wherein the Growth Fund did not own the first deed of trust. These loans were always paid promptly, as were all of our loans, but they did pose a greater risk of loss to the Fund in the event they had defaulted on their repayment schedule. There are now no second deeds of trust in our loan portfolio, except where we also hold the first lien.

The Fund has remained competitive in the interest rate market, pricing the rate paid to our investors as high as the highest rates reported nationally. Loan costs have also remained competitive in that our closing costs are far below the typical lending competitors in the market, and the interest rate itself is better than some of the small younger churches could obtain in the open market. Larger churches with good financial history typically do better at a commercial lender, but also require larger loan amounts than the Fund is able to lend, based on its relatively small size.

Since the inception of the CBC Foundation, the predecessor to the Church Growth Fund, incorporated in 1996, we have made over 300 loans to churches and have financed most of the development at Lake Retreat and Bighorn campgrounds. Some of the largest churches in our conference began with small loans made by the Foundation and/ or the Church Growth Fund. The pattern continues as young churches are now in their third or fourth loan from the Church Growth Fund. As the Growth Fund continues to grow it is able to make increasingly larger loans, required by faster growing churches. Our mission is to grow churches in the Pacific Northwest. Providing resources to build church facilities is a niche ministry to which our dedicated board and staff have been called. We approach lending to young churches with a servant's heart. The Growth Fund is operated in a business like manner, so that our fiduciary responsibility to our investors does not fail them. At the same time we are always delighted to discuss your church vision and dream together with you in a nurturing way as a partner in the Lord's work. Our purpose is to serve you and your church. Sometimes this means we direct you to a larger lender or even say no to your loan request. Some of our best customers have thanked us for doing just that in the past. Thank you for your prayers and support as we continue to minister in a sometimes hostile financial environment.

In 2008 the Growth Fund has improved communication with our constituency. Our first newsletter was sent when we moved to the Tacoma office. The plan was to send three newsletters per year, which is on track with this edition. A website was established to also keep you better informed on who we are and what we do. You can find all the information you need to invest with us or apply for a church loan on our website: [churchgrowthfund.org](http://churchgrowthfund.org). If you think of ways in which we can improve these lines of communication or establish new media relationships, please let us know.

We are here to serve!

Lowell Anderson, Administrator  
Email: [Lowell@churchgrowthfund.org](mailto:Lowell@churchgrowthfund.org)

# CHURCH GROWTH FUND

## Balance Sheet Previous Year Comparison

As of September 30, 2008

|                                       | <u>September 30, 2008</u> | <u>September 30, 2007</u> |
|---------------------------------------|---------------------------|---------------------------|
| <b>ASSETS</b>                         |                           |                           |
| Current Assets                        |                           |                           |
| Checking/Savings                      |                           |                           |
| 1000.8 · CASH                         | 1,573,000                 | 1,028,937                 |
| Total Checking/Savings                | 1,573,000                 | 1,028,937                 |
| Other Current Assets                  |                           |                           |
| 1017.80 · SECURITIES                  | 1,333,771                 | 1,210,091                 |
| 1230.8 · ACCRUED INTEREST RECEIVABLE  | 3,161                     | 3,795                     |
| Total Other Current Assets            | 1,336,932                 | 1,213,886                 |
| Total Current Assets                  | 2,909,932                 | 2,242,823                 |
| Fixed Assets                          |                           |                           |
| 1238.8 · OFFICE EQUIPMENT             | 6,229                     | 6,229                     |
| 1239.8 · ACCUMULATED DEPRECIATION     | (2,492)                   | (1,246)                   |
| Total Fixed Assets                    | 3,737                     | 4,983                     |
| Other Assets                          |                           |                           |
| 1220.8 · LOANS RECEIVABLE             | 6,439,152                 | 6,430,932                 |
| Total Other Assets                    | 6,439,152                 | 6,430,932                 |
| <b>TOTAL ASSETS</b>                   | <b>9,352,821</b>          | <b>8,678,738</b>          |
| <b>LIABILITIES &amp; EQUITY</b>       |                           |                           |
| Liabilities                           |                           |                           |
| Current Liabilities                   |                           |                           |
| Other Current Liabilities             |                           |                           |
| 2220.8 · NOTES PAYABLE                | 7,470,575                 | 6,913,451                 |
| 2225.8 · ACCRUED INTEREST PAYABLE     | 177,162                   | 179,700                   |
| 2230.8 · ACCRUED GRANTS PAYABLE       | 18,330                    | 7,801                     |
| Total Other Current Liabilities       | 7,666,067                 | 7,100,952                 |
| Total Current Liabilities             | 7,666,067                 | 7,100,952                 |
| Total Liabilities                     | 7,666,067                 | 7,100,952                 |
| Equity                                |                           |                           |
| 3900.8 · UNRESTRICTED NET ASSETS      | 1,608,550                 | 1,491,203                 |
| Net Income                            | 78,204                    | 86,583                    |
| Total Equity                          | 1,686,754                 | 1,577,786                 |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>9,352,821</b>          | <b>8,678,738</b>          |

# CHURCH GROWTH FUND

Income and Expense Previous Year Comparison  
January through September 2008

|                                      | Jan - Sep 08 | Jan - Sep 07 |
|--------------------------------------|--------------|--------------|
| Ordinary Income/Expense              |              |              |
| Income                               |              |              |
| 4010.8 · INTEREST INCOME             | 408,237      | 431,376      |
| 4015.8 · GAIN OR LOSS ON INVESTMENTS | 1,619        | (24)         |
| 4040.8 · PENALTIES                   | 5,222        | 1,202        |
| 4050.8 · LOAN FEES                   | 3,750        | 4,300        |
| 4051.8 · TITLE INSURANCE FEES        | 1,132        | 2,642        |
| 4052.8 · LOAN RECORDING FEES         | 327          | 177          |
| Total Income                         | 420,287      | 439,673      |
| Expense                              |              |              |
| 6000.8 · SALARIES AND TRAVEL         | 31,197       | 25,441       |
| 6070.8 · OUTSIDE SERVICES            | 12,691       | 10,433       |
| 6090.8 · OFFICE EXPENSE              | 4,970        | 9,788        |
| 6100.8 · INTEREST EXPENSE            | 280,517      | 290,354      |
| 6200.8 · GENERAL EXPENSE             | 8,742        | 12,273       |
| 6230.8 · GRANTS                      | 4,000        | 4,800        |
| Total Expense                        | 342,117      | 353,089      |
| Net Ordinary Income                  | 78,170       | 86,584       |
| Other Income/Expense                 |              |              |
| Other Income                         |              |              |
| 8000.8 · TRANSMITTAL INCOME          | 10,166       | 174,573      |
| Total Other Income                   | 10,166       | 174,573      |
| Other Expense                        |              |              |
| 8500.8 · TRANSMITTALS DISBURSED      | 10,130       | 174,573      |
| Total Other Expense                  | 10,130       | 174,573      |
| Net Other Income                     | 36           |              |
| Net Income                           | 78,206       | 86,584       |

# COLUMBIA CONFERENCE CHURCH GROWTH FUND

## Loan Summary September 30, 2008

| Loan Number | Borrower            | State | Start Date | Final Pmnt Due | Purpose                 | Interest Rate | Unpaid Balance      |
|-------------|---------------------|-------|------------|----------------|-------------------------|---------------|---------------------|
| F287        | Adventure           | WA    | 8/26/04    | 10/10/14       | Purchase Church Bldg    | 7.25%         | 688,453             |
| F264        | Anderson            | MT    | 01/10/01   | 1/1016         | Bigfork Land Sale       | 8.50%         | 49,582              |
| F259        | Camp Bighorn        | MT    | 04/01/00   | 04/01/15       | Refinance F195          | 8.50%         | 24,103              |
| F281        | Christ the King     | WA    | 01/29/04   | 03/01/14       | Refinance               | 7.50%         | 1,117,959           |
| F296        | Clatskanie          | OR    | 01/18/55   | 01/23/55       | Remodel Upgrade         | 7.25%         | 27,516              |
| F288        | Ephrata             | WA    | 9/30/04    | 10/10/14       | Purchase House          | 7.25%         | 109,178             |
| F291        | First Bapt Amity    | OR    | 01/12/05   | 01/12/20       | Purchase Furnace        | 7.25%         | 5,029               |
| F189        | Glacier             | MT    | 11/01/90   | 04/01/12       | Purchase Property       | 8.50%         | 33,801              |
| F292        | Graham              | WA    | 04/01/05   | 05/01/15       | Refinance               | 7.25%         | 626,943             |
| F300        | Graham              | WA    | 02/11/08   | 03/01/18       | Site Prep               | 7.25%         | 400,000             |
| F299        | Immanuel - Hoquiam  | WA    | 09/20/07   | 10/01/17       | Construction            | 7.25%         | 600,000             |
| F303        | Immanuel - Hoquiam  | WA    | 06/10/08   | 07/01/18       | Construction            | 7.25%         | 340,201             |
| F249        | Island              | WA    | 05/17/99   | 05/01/14       | Construction            | 8.50%         | 64,455              |
| F305        | Journey Community   | WA    | 09/19/08   | 09/19/18       | Site Prep               | 7.50%         | 221,861             |
| F267        | Jovita              | WA    | 03/01/02   | 03/01/17       | Construction            | 7.25%         | 175,550             |
| F279        | Lake Retreat        | WA    | 08/01/03   | 08/01/13       | Consolidate & Refinance | 7.25%         | 493,436             |
| F297        | Lake Retreat        | WA    | 05/31/07   | 04/01/17       | Water & Sprinkler       | 7.25%         | 179,174             |
| F301        | Allen               | ID    | 11/15/07   | 09/01/11       | Cash Equity Loan        | 7.50%         | 1,500               |
| F298        | Turning Point       | WA    | 10/19/07   | 10/01/17       | Purchase Land           | 7.50%         | 500,000             |
| F293        | Woodhaven Community | OR    | 02/01/05   | 01/01/15       | Church Construction     | 7.50%         | 682,651             |
| F295        | Woodhaven Community | OR    | 11/20/06   | 11/01/11       | Cash Equity Loan        | 7.50%         | 97,759              |
|             |                     |       |            |                |                         |               | <u>\$ 6,439,152</u> |

# Columbia Conference Church Growth Fund Board of Overseers — Biographical Sketches

## OVERSEER NOMINEES FOR 3-YEAR TERM ENDING DECEMBER 31, 2011

### INCUMBENTS:

**MAX COOK (2<sup>nd</sup> Term):** 2008 Board President has completed a three year term and is eligible to serve a second term. Max has been a member of Our Savior's Baptist Church in Federal Way, WA for over 25 years. He has served on the Growth Fund Board for several different terms and has served as board chairman for several of these years. Now retired, Max founded Cook Investment Company in 1983, which specialized in commercial retail property, management and development of real estate, and underwriting new patentable products. Max also was a trustee and investment manager for three private trusts. Over the past two-plus decades, he has served as the CEO, Chairman or Member of a Board of Directors, President and/or Vice President of seven "for profit" corporations and four non-profit corporations.

**TERRY ASHTON (2<sup>nd</sup> Term):** 2008 Board Secretary / Treasurer, is serving his second term on the Growth Fund Board, is eligible to serve a second term. Terry is a member of New Heights Church in Vancouver, WA, which he has attended since 1998. Terry has been a Christian since 1976 and attended several churches prior to locating at New Heights. Terry and his wife, Carla, have been married for 42 years and have three children and seven grandchildren. They have taken in foster kids and adult women, who needed a safe and stable place to stay. This has been a family ministry, with Carla being the primary caregiver. Terry is a CPA and has worked for several years in computers as well as accounting. He has owned and operated several businesses, including computer stores and an automobile repair shop. He has done multiple business plans and site evaluations.

Terry earned his BA degree in math at Washington State University in 1967. He earned his Certificate of Accounting at Portland State University in 1987, prior to earning his CPA designation.

**GUS TILLMAN (2<sup>nd</sup> Term):** A 2008 Board Member, Gus was born in Manchester, NH, and grew up in Los Angeles, CA. His parents were Swedish Immigrants and Baptist Missionaries to the Scandinavians in the USA and Canada. He accepted the Lord as Savior at an early age of nine. Gus completed his high school years in Los Angeles and then served in the US Army. Colleges attended included: Bethel College, St Paul, MN; Los Angeles State College, and graduating for the College of Puget Sound (UPS), Tacoma, WA. He is a graduate of Bethel Seminary, St. Paul, MN. He served several BGC churches before entering into foreign missionary service with the BGC. During his 34 years in the Philippines, besides serving as a Church Planter, he served as Field Treasurer, Business Manager and Field Coordinator. He is currently retired, living on Camano Island and enjoying their 17 grand-children. He, and his wife Mary, are members of the Emmanuel Baptist Church of Mt. Vernon, WA.

### Replacing John Lenderman – Term Expiring 2008

**RANDY MURPHY (1<sup>st</sup> Term):** Randy accepted Christ as a young man of 20, when one of his college professors presented the gospel to him. He has been involved in the churches he has attended almost from the very beginning of his Christian life. He spent 15 years in the banking industry in California and in 1983 moved to Olympia and started an Interstate Battery franchise. He retired from the battery business after 20 years and felt the call of the Lord to enter full time Christian ministry. He is the Pastor of Assimilation at Westwood Baptist Church in Olympia, where he has attended since moving to Washington. At Westwood he has been involved in Olympia, where he has attended since moving to Washington. At Westwood he has been involved in a wide range of ministry opportunities, including teaching adult Sunday School classes, serving as an elder and holding the position of Church Moderator. Randy's desire is to "finish strong" in his walk with Jesus Christ.

Columbia Conference Church Growth Fund  
Board of Overseers  
Biographical Sketches—Continued

**OVERSEER NOMINEE REPLACEMENT FOR UNEXPIRED TERM ENDING  
DECEMBER 31, 2009**

**JOHN R SAN FELLIPO (1<sup>st</sup> Term):** John, his wife Kim, two step-sons (JD and Jonathan) and nine-month old son (Michael) live in Bremerton, WA. John graduated from Willamette University College of Law in 1993 and practiced in Wenatchee and Portland before opening his own office in Old Town Silverdale. He obtained a Master of Laws in Taxation from the University of Washington in 1998, and focuses his practice on estate planning, business planning, probate and taxation. He graduated from Washington State University with a Bachelor of Science in Electrical Engineering in 1985 and also received his commission as a second lieutenant in the United States Air Force; he left the Air Force in 1990. John has been involved with a number of military and civic organizations and has helped run the Quicksilver Hydroplane races, golf tournaments, Oktoberfests, and other activities. He is now in his first year of coaching soccer, for J.D.'s U-10 Tracyton team.

**NOMINATING COMMITTEE NOMINEES FOR 2-YEAR TERM ENDING DECEMBER 31, 2011**

**MERV BEYER:** Member of Immanuel Baptist Church in Hoquiam for over 50 years and has served in leadership positions almost the entire time as Adult Sunday School teacher, Deacon, Chairman and Vice-Chairman of the Church Board, and Elder. Currently he serves as Elder, Adult Sunday School Teacher, on Building Site Committee, Building Committee, and Sonshine Park Committee as our new building nears completion to be occupied in fall of 2008. He retired in 1997 as Marketing Services Manager for a major manufacturer of pulp and paper material handling equipment after 41 years. He currently serves on the Hoquiam City Planning Commission where he has served for the past 12 years. Merv accepted Christ as personal Savior at the age of 14 at summer camp in Seabeck, Washington. Merv has two daughters and four granddaughters in the Gray Harbor area active in Conference Churches in Hoquiam and Westport, son and grandson in Seattle. His wife of nearly 55 years went to be with the Lord in April 2008.

**JON CHRISTIAN:** Jon Christian and his wife, Susan, have been members of Temple Baptist, in Portland for 16 years. **NOTE:** Jon will complete his second year on the Nominating Committee as the role of Nominating Committee Chairperson for 2009, completing his term approved in 2007.