SUPPLEMENT
TO
PROSPECTUS

Grace Financial®

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

This Supplement to Prospectus supplements certain information given in Grace Financial's Prospectus dated April 1, 2023 (the "Prospectus") as described below, and should be read in conjunction with such Prospectus.

Interest Rate Changes:

Effective beginning 8/15/2023, interest on demand investments up to $100,000 will accrue daily at the rate of 3.50% annually, compounded monthly. Investments over $100,000 will accrue daily at the rate of 3.75% annually, compounded monthly.

Effective from 6/15/2023 through 8/14/2023, interest on demand investments up to $100,000 will accrue daily at the rate of 3.25% annually, compounded monthly. Investments over $100,000 will accrue daily at the rate of 3.50% annually, compounded monthly.

The date of this Supplement to Prospectus is August 15, 2023.

PROSPECTUS

(Date of this Prospectus: APRIL 1, 2023)

DEMAND INVESTMENTS OFFERED BY
Grace Financial®

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

in an offering amount not to exceed $100,000,000 nationwide under this Prospectus.

Type of Securities	Investment Amount Tier	Current Rate of Interest*
Demand Investments	At least $25, up to $100,000	3.00%
	Over $100,000	3.25%

* As of the date of this Prospectus, interest on Demand Investments is being paid at the above-stated rates of interest annually, accruing daily and compounded monthly. In determining the applicable investment amount tier, all Demand Investments having identical ownership are aggregated. The rate of interest payable on the Demand Investments is subject to change by Grace Financial from time to time, without approval or consent by the holders of the Demand Investments. **TO OBTAIN CURRENT INTEREST RATE, PLEASE CALL (888) 340-4243 OR VISIT https://gracefin.org/demand-investments/**

The Demand Investments have no stated maturity date. Grace Financial is obligated to pay principal and interest to a holder of a Demand Investment not later than sixty (60) days after demand to Grace Financial is made for payment. See "**DESCRIPTION OF DEMAND INVESTMENTS**" 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., d/b/a Grace Financial ("Grace Financial"), 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 ("Charis Fellowship"). Pursuant to this Prospectus, Grace Financial is soliciting, on a continuous basis, investment of funds from persons affiliated with Charis Fellowship churches which will be evidenced by debt securities issued by Grace Financial ("Demand Investments"), to be used principally in furtherance of the land purchase and development and the subsequent building and remodeling activities of Charis Fellowship churches, schools, and associated organizations. The Demand Investments are being offered by and sold only to persons associated with Charis Fellowship, Grace Financial, or certain other religious organizations (see "Nature and Extent of Offering" on page 6). Offers and sales made in reliance upon this Prospectus shall not exceed $100,000,000; the aggregate amount of Demand Investments outstanding at any time will differ and will likely be more than $100,000,000. Grace Financial estimates that the annual expenses associated with the offering will be $100,000, all of which will be paid by Grace Financial 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 DEMAND INVESTMENTS 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 DEMAND INVESTMENTS IS DEPENDENT UPON THE ISSUER'S FINANCIAL CONDITION. THE DEMAND INVESTMENTS ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY CHARIS FELLOWSHIP OR BY ANY CHURCH, CONFERENCE, INSTITUTION OR AGENCY AFFILIATED WITH CHARIS 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 THE ISSUER.

INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF DEMAND INVESTMENTS 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 GRACE FINANCIAL'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 a Demand Investment pursuant to this offering is $25.00. The periodic value of a Demand Investment is the amount that an investor decides to allocate to a Demand Investment as a result of this offering or by means of future additions to the Demand Investment, together with accrued interest thereon, less any redemptions. See "**DESCRIPTION OF DEMAND INVESTMENTS**" and "**PLAN OF DISTRIBUTION**."

Neither Grace Financial 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 Grace Financial from its general funds. See "**USE OF PROCEEDS**."

No sinking fund or trust indenture will be used by Grace Financial in conjunction with the sale of Demand Investments. Investors must rely solely upon the financial condition of Grace Financial for repayment of Demand Investments. Demand Investments are unsecured debts of Grace Financial and are of equal priority with all other current indebtedness of Grace Financial, 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 FINANCIAL PROTECTION AND INNOVATION 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.

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THE DEMAND INVESTMENTS, OR ANY INTEREST THEREIN, OR RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE CALIFORNIA COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, EXCEPT AS PERMITTED BY COMMISSIONER'S RULES (SEE RULE 260.141.11).

Notice to Florida Residents:

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER CHAPTER 517.051(9), FLORIDA STATUTES. GRACE FINANCIAL 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 GRACE FINANCIAL REGISTERED WITH THE FLORIDA OFFICE OF FINANCIAL REGULATION AS ASSOCIATED PERSONS OF GRACE FINANCIAL.

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 CLAIM OF EXEMPTION 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 Missouri Residents:

THE MISSOURI SECURITIES DIVISION HAS NOT IN ANY WAY PASSED UPON THE MERITS OR QUALIFICATIONS OF THE SECURITIES HEREBY OFFERED, OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MISSOURI SECURITIES ACT UNDER THE EXEMPTION PROVIDED BY SECTION 409.2-201(7)(B) OF THE REVISED STATUTES OF MISSOURI. NO APPROVAL HAS BEEN GIVEN TO THE ISSUER, THESE SECURITIES, OR THE OFFER OR SALE THEREOF IN CONNECTION TO ANY MISSOURI RESIDENTS.

Notice to Ohio Residents:

STATEMENTS AND OTHER INFORMATION REGARDING DEMAND INVESTMENTS WILL BE MAILED TO THE LAST ADDRESS PROVIDED TO GRACE FINANCIAL BY THE INVESTOR. WHEN MAIL IS RETURNED AS "UNDELIVERABLE" TWICE, THE DEMAND INVESTMENT STATUS IS CHANGED FROM ACTIVE TO DORMANT, AND GRACE FINANCIAL IS REQUIRED TO TURN OVER DORMANT INVESTMENTS AFTER A SPECIFIED PERIOD OF TIME TO THE APPLICABLE STATE AGENCY, BOTH AS SPECIFIED IN OHIO REVISED CODE, CHAPTER 169.

Notice to Oregon Residents:

GRACE FINANCIAL HAS REGISTERED AN AGGREGATE AMOUNT OF $500,000 FOR THIS OFFERING IN OREGON.

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: 717-787-8059).

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

Notice to Washington Residents:

THESE SECURITIES HAVE BEEN REGISTERED WITH THE WASHINGTON STATE SECURITIES DIVISION. HOWEVER, THIS FACT DOES NOT IN ANY WAY CONSTITUTE AN ENDORSEMENT OR RECOMMENDATION BY THE SECURITIES DIVISION, NOR HAS THE SECURITIES DIVISION PASSED UPON THE ACCURACY, ADEQUACY OR VALUES CLAIMED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. AS OF THE DATE OF THIS OFFERING CIRCULAR, THE FUND HAS REGISTERED $800,000 IN DEMAND INVESTMENTS FOR OFFER AND SALE IN WASHINGTON PURSUANT TO REGISTRATION.

FORWARD LOOKING STATEMENTS

Investment in the securities to be issued by Grace Financial 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 Grace Financial 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 Grace Financial believes that the expectations reflected in its forward-looking statements are reasonable, Grace Financial cannot assure any investor that Grace Financial’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 Grace Financial’s forward-looking statements as predictions of future events or circumstances. A number of factors could cause Grace Financial’s actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by Grace Financial’s forward-looking statements. These factors include, but are not limited to: changes in economic conditions in general and in Grace Financial’s business; changes in prevailing interest rates and the availability of and terms of financing to fund Grace Financial’s business; changes in Grace Financial’s capital expenditure plans; and other factors discussed in this Prospectus. Given these uncertainties, prospective investors should not rely on Grace Financial’s forward-looking statements in making an investment decision. Grace Financial disclaims any obligation to update investors on any factors that may affect the likelihood of realization of Grace Financial’s expectations. All written and oral forward-looking statements attributable to Grace Financial, 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 Grace Financial 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 Grace Financial’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 Grace Financial'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 Grace Financial's audited financial statements (the "Financial Statements").

The Offering. Grace Financial may sell up to One Hundred Million Dollars ($100,000,000) of Demand Investments during the 12-month period ending March 31, 2024. 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.

Grace Financial. Grace Financial is a tax-exempt, not-for-profit corporation organized in 1955 for the principal purpose of enabling individuals who support the objectives of Charis 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 5.

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

Lending Activities. Grace Financial's loan portfolio consists of loans made to churches, schools, and similar organizations affiliated with Charis 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 Grace Financial are managed by its Board of Directors. The day-to-day operations of Grace Financial are the responsibility of its Executive Staff. See "**MANAGEMENT**" at page 17.

Description of Demand Investments. A Demand Investment is a means by which a person may invest any sum equal to or greater than $25.00 in a debt obligation of Grace Financial. The Demand Investments have no stated maturity date, earn interest at a rate fixed from time to time by Grace Financial accruing daily and compounded monthly, and upon request principal and accrued but unpaid interest may be paid to a Demand Investment holder at any time. Grace Financial reserves the right to require sixty (60) days advance written notice of any redemption 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 Grace Financial at any time (888-340-4243) to determine the currently applicable rate of interest being accrued on the Demand Investments. The Demand Investments being offered by and sold through this Prospectus will be treated as separate Demand Investments from those preexisting investment obligations which Grace Financial formerly offered to Grace Brethren North American Missions, Inc., as Trustee for certain Intervivos and Retirement Trust Accounts. For more information, see "**DESCRIPTION OF DEMAND INVESTMENTS**" 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, 2022. Additional information is available under the heading "**SELECTED FINANCIAL DATA**" at page 13.

Cash and Cash Equivalents	$ 26,376,565
Investment Reserves	56,001,839
Total Loans Receivable	54,419,268
Unsecured Loans Receivable (including lines of credit)	65,000
Percentage Unsecured Loans (including lines of credit)	0.12%
Percentage Loan Delinquencies	0.00%
Total Assets	134,403,445
Total Demand Investments Payable	123,248,800
Demand Investments Redeemed	27,548,955
Net Assets	10,802,857
Operating Revenue	1,168,346
Operating Expenses	3,277,879
Other Support and Revenue (Expenses)	(25,000)
Change in Net Assets	(2,134,533)

RISK FACTORS

THE DEMAND INVESTMENTS OFFERED BY GRACE FINANCIAL 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 A DEMAND INVESTMENT.

1. **Unsecured and Uninsured General Obligations.** The Demand Investments are unsecured obligations of Grace Financial and are not insured. The Demand Investments are not obligations of any other organization affiliated with Charis Fellowship. Demand Investment holders are dependent solely upon the general financial condition of Grace Financial for repayment of the principal invested in the Demand Investments 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 Grace Financial, and no independent trustee to act on behalf of the investors. Further, Grace Financial has not established any sinking fund in connection with Grace Financial's offering of Demand Investments. The absence of a sinking fund and trust indenture may adversely affect Grace Financial's ability to repay the Demand Investments.

3. **Senior Secured Indebtedness.** Although Grace Financial has not granted any security interests and there are no other material liens on its assets, Grace Financial's assets could be subject to liens from time to time, and Grace Financial reserves the right to issue future obligations, or to obtain another line of credit, secured by a first lien on its assets. Grace Financial 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 Demand Investments except for certain specified types of liens ("Senior Secured Indebtedness"). Grace Financial will not incur or issue Senior Secured Indebtedness in an amount which exceeds ten percent (10%) of the tangible assets of Grace Financial. To the extent Grace Financial incurs any such Senior Secured Indebtedness, the repayment of such indebtedness will have priority in Grace Financial's assets over all other unsecured creditors of Grace Financial, including investors in Demand Investments. See "**FINANCING AND OPERATIONAL ACTIVITIES**" at page 8.

4. **No Public Market for Demand Investments.** There is no secondary market for the Demand Investments and none will develop. The only method of recovering funds invested in the Demand Investments is by whole or partial redemption. Grace Financial may require up to sixty (60) days advance written notice of redemptions.

5. **Loan Collection Risks; Loan Policies**. Unlike commercial lenders, Grace Financial's loans are made only to not-for-profit congregations, schools, and other organizations associated with Charis 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, Grace Financial 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 Grace Financial'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 Grace Financial to risk of loss. See "**LENDING ACTIVITIES**" at page 10.

6. **Special Purposes of Grace Financial.** The purposes of Grace Financial are religious – to promote the growth and development of Charis Fellowship churches, schools, and associated organizations – and, therefore, Grace Financial may not make decisions based solely upon profitability considerations. Investors should take the purposes of Grace Financial 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, Grace Financial is not legally or otherwise obligated to pay competitive rates of interest and that the interest rate offered by Grace Financial may rise or fall independently from commercial interest rates.

8. **Liquidity.** Grace Financial'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 Grace Financial's long-term loan portfolio, Grace Financial may not be able to increase its rate of interest paid on Demand Investments 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 Grace Financial should large dollar amounts of Demand Investments be redeemed in search of better interest rates elsewhere. Grace Financial's historical experience has been that, even when the balance of such

Demand Investments outstanding has decreased from one year to the next, any such decrease has generally been by less than one percent (1.0 %), meaning that most of the balance of such securities remains invested with Grace Financial. Although Grace Financial does not maintain liquid reserves sufficient to fund the hypothetical need for cash that would result from any assumed redemption of all its Demand Investments at any one time (see "**FINANCING AND OPERATIONAL ACTIVITIES**" at page 8), a significant portion of Grace Financial'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 Grace Financial's obligations to holders of Demand Investments for the foreseeable future (see Notes 1, 2, and 7 to the Financial Statements). Grace Financial's investments, as of December 31, 2022, were all mutual funds, common stocks, certificates of deposit, corporate and municipal bonds, and alternative investments. 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 Grace Financial's ability to pay Demand Investments. If Grace Financial experiences an unexpectedly significant increase in redemptions from Demand Investments, Grace Financial may have to rely on other sources of funds, such as lines of credit or sales of loans in order fund such redemptions. The need to utilize such alternative funds to meet redemptions on outstanding Demand Investments, if required over an extended period, could affect Grace Financial's financial condition.

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 Grace Financial to offer its Demand Investments in some states in the future. Such a change could result in a decrease in the number of Demand Investments that Grace Financial may offer. To the extent Grace Financial depends upon the proceeds of future sales of its Demand Investments to make payments of principal or interest on outstanding Demand Investments, a substantial decrease in such sales could affect Grace Financial's ability to meet its obligations.

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

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

12. **Varying Rights Upon Default.** Should Grace Financial default in its payment, when due, of interest on your Demand Investment or fail to honor any proper request to redeem funds from your Demand Investment, you will have rights that may vary from state to state depending upon where you live. Grace Financial'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 Demand Investment. 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 Grace Financial 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 Demand Investment. You should consult with an attorney if you have any questions about what your rights might be.

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

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

15. **Ability to Call Demand Investments.** Grace Financial 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 Demand Investment whenever it may choose, without written or other notice to the investor. Interest will be paid to the date of redemption on all Demand Investments closed by Grace Financial.

16. **Concentration of Loans.** Grace Financial had five (5) borrowers each having loans with a total outstanding principal balance greater than five percent (5%) of Grace Financial's total loan balance of $54,419,268 as of December 31, 2022 (see "**LENDING ACTIVITIES**" at page 10), with an aggregate principal balance of $32,634,388 or 59.97% of Grace Financial's total loans outstanding on that date. Of those, one (1) borrower had a loan that was considered impaired as of December 31, 2022. Therefore, financial difficulties experienced by any of these five (5) borrowers would have a significantly greater impact on Grace Financial than would financial difficulties experienced by any of the larger number of borrowers with smaller loan balances. See "Material Loans and Loan Delinquencies" on page 11.

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

18. **Geographic Concentration of Loans.** Approximately 96% of Grace Financial's loan balances as of December 31, 2022, were with borrowers located in only four states: California (8%), Indiana (6%), Pennsylvania (7%), and Ohio (75%) (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 Grace Financial 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 Grace Financial. While Grace Financial does ask borrowers to provide copies of any certified environmental studies they may have received, Grace Financial 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, Grace Financial 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 Grace Financial 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 Grace Financial has established a policy to contribute a portion of Grace Financial's net income to activities sponsored by Charis Fellowship and organizations and entities affiliated with Charis 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 Grace Financial's current financial condition and, if so, in what amount. To the extent that Grace Financial makes contributions to such activities, organizations and entities, such contributions will reduce the net assets of Grace Financial. See **"FINANCING AND OPERATIONAL ACTIVITIES, Contributions**" at page 9.

22. **Coronavirus.** In December 2019, a novel strain of Coronavirus (COVID-19) was reported in Wuhan, China. The World Health Organization declared the outbreak to constitute a "Public Health Emergency of International Concern." By March 2020, the COVID-19 outbreak reached every state in the United States. Public and governmental reaction to the outbreak has, among other things, resulted in the limiting of mass gathering of individuals, the closing of retail locations, and the disruption of supply chains, production and sales across a range of industries. Churches and schools, which are Grace Financial's primary borrowing entities, have also been affected. The extent of the impact of the COVID-19 outbreak on Grace Financial's operational and financial performance will depend on certain developments, including the duration of the outbreak, governmental reaction and mandates, and the impact on Grace Financial's investors, borrowers, and employees, all of which are uncertain and cannot be predicted. To date, Grace Financial has not experienced anything due to the impact of COVID-19 that would have a material effect on the Fund's operational or financial performance. See "Impact of COVID-19" on page 10.

HISTORY AND OPERATIONS

Grace Brethren Investment Foundation, Inc., d/b/a Grace Financial, is a tax-exempt, not-for-profit corporation operating under the laws of the State of Indiana and is associated with Charis Fellowship. The principal business office of Grace Financial is located at 1401 Kings Highway, Winona Lake, Indiana 46590. Grace Financial 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 Grace Financial 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 Grace Financial

Grace Financial was organized in 1955 as an Indiana not-for-profit corporation for the purpose of assisting Charis Fellowship 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 Grace Financial would be used to make long-term mortgage loans to Charis Fellowship churches, schools, and associated organizations.

Association with Fellowship

Grace Financial is associated with the Fellowship of Grace Brethren Churches d/b/a Charis Fellowship, which was founded in 1939 as a non-profit national association of churches that subscribe to a particular statement of religious faith. Charis Fellowship was formally organized under the Indiana Not-for-Profit Corporation Act of 1971, as amended in 1986. During 2021, Charis Fellowship was comprised of 231 churches located throughout the United States and Canada, which had an aggregate of 20,047 members. The 2022 statistics were not available at the date of this Prospectus due to the time necessary to gather and compile the information which has been further delayed due to the ongoing pandemic environment. 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

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

1. The Grace Trust, Inc. (d/b/a Encompass World Partners), the global arm of Charis Fellowship, which coordinates Charis Fellowship 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. Eagle Commission, which supports our Fellowship Chaplains in their ministry to our military, veterans and their families;

4. CE National, Inc. (d/b/a Momentum Ministry Partners), which is a church effectiveness ministry, focusing on youth, the overlooked, and leadership development.;

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

6. Women of Grace, USA (d/b/a Charis Women), which seeks to inspire and equip women to fulfill their God-given calling; and

7. Grace Brethren Investment Foundation, Inc. d/b/a Grace Financial,, described more fully in this Prospectus.

Periodic contributions are made from Grace Financial 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 Grace Financial's investment activities not required to pay administrative costs or interest payments to Demand Investment 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 Grace Financial

Grace Financial's Articles of Incorporation provide, in pertinent part, the following statement of purpose:

> The purpose of Grace Financial is to enable individuals who support the objectives of Charis 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 Charis Fellowship and the affiliated agencies of Grace Financial, and to contribute and loan funds to Charis Fellowship churches, conventions or associations of churches, Charis Fellowship schools, and affiliated organizations.
>
> 2. To provide funds for Biblical teaching, to assist evangelical work, to assist churches of Charis Fellowship faith and Charis Fellowship 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 Charis Fellowship and to promote the missionary institutions of Charis Fellowship, with primary consideration given to the cause of establishing new churches in North America.

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

In the event of any dissolution of Grace Financial, Grace Financial'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 Demand Investments. Any remaining assets would then be distributed exclusively for the stated purposes of Grace Financial in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational or religious purposes that is affiliated with Charis 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 Demand Investments are being offered by and sold through this Prospectus only to persons who are, prior to receipt of this Prospectus, members or attenders of, contributors to, or participants of or otherwise associated with Charis Fellowship, Grace Financial, another church or religious organization that has a programmatic relationship with or shares a common religious historic tie background or similar purposes with Charis Fellowship or Grace Financial, or any program, activity or organization that constitutes a part of any of the foregoing. 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 Demand Investments are unsecured obligations of Grace Financial, all having the same priority to Grace Financial's assets and ranking on parity with its obligations to other general creditors. Grace Financial desires to offer its Demand Investments primarily in any state in which there is a Charis Fellowship 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 Grace Financial 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 Demand Investments.

Grace Financial's offering of Demand Investments 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 Demand Investments will be offered in any state (if any) will depend on a number of factors, including Grace Financial's prior experience in a state and the number of Charis Fellowship 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

Grace Financial's business activities enable individuals who are associated with Charis Fellowship and who support its objectives to invest funds in the Demand Investments 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 Demand Investments, which provide general obligation financing for Grace Financial, 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 Grace Financial, as well as its costs of operation.

Grace Financial'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 15,900. Grace Financial occupies approximately 8,788 square feet in the 15,454 square foot building, owned by Grace Financial, known as Kings Way Suites located at 1401 Kings Highway, Winona Lake, Indiana 46590. The square footage in the building not occupied by Grace Financial is made available for rent or lease for professional offices. The majority of business transactions are by mail; however, Grace Financial also maintains limited walk-up business hours at its offices in Winona Lake, Indiana.

USE OF PROCEEDS

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

Neither Grace Financial 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 Grace Financial through its officers and employees, and Grace Financial 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 Grace Financial from its general funds. Funds received from the offering of the Demand Investments will be added to Grace Financial's general funds and will be invested in certain cash and cash equivalents and marketable securities pending their use in Grace Financial's lending activities, or as working capital to support the operations of Grace Financial (including its expenses incurred in the offer and sale of Demand Investments) or held as reserves to meet its payment obligations for payment of interest on or redemptions from Demand Investments. Grace Financial 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 $100,000,000. 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 Grace Financial.

Loans are made only to churches, schools, and organizations associated with Charis 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, Grace Financial 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 redemptions from the Demand Investments 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 Grace Financial and the availability of funds. The primary sources of funds historically have included funds invested in Demand Investments, payments of interest and repayments of principal on outstanding loans, and proceeds derived from sales or maturities of other investments. As of December 31, 2022, Grace Financial had total net assets of $10,802,857 and an Allowance for Loan Losses of $3,343,868. The Allowance for Loan Losses is a contingency fund for loan losses. Grace Financial intends to maintain the Allowance for Loan Losses at a minimum of 1% of outstanding loans. Grace Financial attempts to structure its investments so as to provide liquidity through frequent maturities. Grace Financial has never failed to meet principal requirements on its outstanding Demand Investments; however, Grace Financial has no sources of capital other than those described herein.

Grace Financial 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 Demand Investments 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 Grace Financial.

Demand Investments

The following table details the proceeds from the sale of the Demand Investments of Grace Financial for the past five (5) years ended on December 31 of each year indicated.

Demand Investment Data	**2022**	**2021**	**2020**	**2019**	**2018**
Demand Investments outstanding at beginning of year	$119,602,552	$107,769,695	$99,220,866	$99,065,532	$99,533,783
Sales of Demand Investments during year	28,964,480	31,881,508	29,239,102	18,008,308	22,076,120
Interest paid on Demand Investments	2,230,723	1,995,318	1,943,691	1,974,158	1,987,748
Redemption of Demand Investments during year	(27,548,955)	(22,043,969)	(22,633,964)	(19,827,132)	(24,532,119)
Demand Investments outstanding at end of year	123,248,800	119,602,552	107,769,695	99,220,866	99,065,532

Loans Receivable

On December 31, 2022, Grace Financial had fifty-one (51) outstanding loans receivable. The following table details the amount and nature of Grace Financial's outstanding loans receivable at the end of the fiscal year ended December 31, 2022.

Loans Receivable	**Loan Amount**	**Percentage***
First Mortgage Loans Receivable	$46,931,692	86.24%
Second Mortgage Loans Receivable	7,422,576	13.64%
Unsecured Loans Receivable (including lines of credit)	65,000	0.12%
Total Loans Receivable	$54,419,268	100.00%
Allowance for Loan Losses	(3,343,868)	6.14%
Loans Receivable – net	$51,075,400	93.86%

Percentages derived using outstanding loan balances and total loans receivable.

Grace Financial's first mortgage loans are all secured by a mortgage on the existing facility or real property. On all second or third mortgage loans, Grace Financial also holds the prior lien positions as primary lender. Grace Financial will consider second or third mortgage loans only when Grace Financial also holds all prior lien positions.

At December 31, 2022, Grace Financial had loans outstanding in the aggregate principal amount of $54,419,268. On December 31, 2022, 2021, and 2020, the contractual principal payments receivable for their respective fiscal years were as follows:

Contractual Maturities	**2022**	**2021**	**2020**
2021	N/A	N/A	$1,323,720
2022	N/A	$1,087,769	1,806,402
2023	$3,286,161	1,690,497	2,183,756
2024	3,466,919	2,058,528	2,449,557
2025	3,253,047	2,391,551	2,642,632
2026	2,784,135	2,528,910	N/A
2027	2,434,826	N/A	N/A
Thereafter	39,194,180	47,794,961	49,528,396
TOTAL	$54,419,268	$57,552,216	$59,934,463

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

Grace Financial'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, Grace Financial's income on loans and investments may not increase at the same rate as its interest expense on Demand Investments, which would adversely affect Grace Financial's net income. Substantially all of Grace Financial'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 Grace Financial'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 Grace Financial.

If market interest rates should in the future rise to sustained levels that are substantially in excess of rates that currently prevail, Grace Financial's ability to raise the rate of interest it pays on Demand Investments may be limited by its inability to earn increased interest on its long-term loan portfolio. This limitation on the ability of Grace Financial to respond to increased market rates of interest could result in liquidity problems for Grace Financial should large dollar amounts of Demand Investments be redeemed in search of better interest rates elsewhere. Although Grace Financial does not maintain liquid reserves sufficient to fund the hypothetical need for cash that would result from any assumed redemption of all its Demand Investments at any one time, a majority of Grace Financial'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 Grace Financial's obligations to holders of Demand Investments for the foreseeable future (see Notes 1, 2, and 7 to the Financial Statements).

Revenues and Expenses

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

Statement of Activity Data	**2022**	**2021**	**2020**	**2019**	**2018**
Operating Revenue	$1,168,346	$4,838,684	$5,529,440	$5,864,988	$3,821,035
Operating Expense	3,277,879	2,875,632	2,886,293	3,052,242	3,026,529
Change in Net Assets from Operations	(2,109,533)	1,963,052	2,643,147	1,668,631	1,654,331
Total Other Support and Revenue (Expenses)	(25,000)	(969,938)	(1,158,647)	(2,469,046)	(762,225)
Change in Net Assets	(2,134,533)	993,114	1,484,500	343,700	32,281

Contributions

To the extent that Grace Financial 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 Charis Fellowship and organizations and entities affiliated with Charis Fellowship. Contributions to these organizations totaled $-0- during the fiscal year ending December 31, 2022. 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 Grace Financial'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 Charis Fellowship. Grace Financial will not make any contribution that would cause Grace Financial to no longer be in compliance with state securities laws, regulations, guidelines, or policy statements applicable to the offering of the Demand Investments, 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 Demand Investment holders in addition to Grace Financial's Demand Investments. 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 Demand Investment holders that from time to time may offer more attractive rates of interest or more security than Demand Investments.

However, Grace Financial 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. Grace Financial limits the availability of Demand Investments to those who are associated with Charis Fellowship. While there are several other nationwide religious organizations that solicit funds from members of their denomination for purposes similar to those of Grace Financial, they generally limit their solicitations to members of their own denomination. Thus, Grace Financial does not perceive these groups as being direct competitors of Grace Financial.

Impact of COVID-19

Since March 2020, Grace Financial has been proactive with borrowers and offered immediate loan relief upon request as a result of the COVID-19 pandemic. Loan modifications of three-month interest-only arrangements and three-month loan payment deferrals were granted upon request. In no circumstance has loan relief lasted longer than six months. In other cases, Grace Financial has made available lines of credit to borrowers to help sustain ministries during this period of uncertainty. Most of Grace Financial's borrowers did not need loan assistance and, as of and since December 31, 2020, those ministries who requested help have appeared to 'weather the storm' and have returned to regular monthly payments. Without discounting the potential long-term effects of the COVID-19 pandemic, Grace Financial is cautiously optimistic that its borrowers are currently able to continue meeting loan obligations going forward. The loan modifications made related to COVID-19, as described above, did not meet the definition of troubled debt restructurings.

LENDING ACTIVITIES

General Conditions

Grace Financial 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 Charis Fellowship. The purpose of substantially all of these loans is to enable churches, schools, and other organizations associated with Charis Fellowship to acquire and develop land, build facilities, or remodel and expand existing facilities, with reasonable financing costs. Typically, Grace Financial 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 Grace Financial 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 Grace Financial's outstanding loans will be secured by real or personal property. Grace Financial will consider second or third mortgage loans only when Grace Financial is also the primary lender in the prior lien positions. As of December 31, 2022, of Grace Financial's total outstanding loans, 86.24% were secured by a first mortgage on the existing facility or real property, 13.64% were secured by second mortgage loans wherein Grace Financial is also the primary lender in the first lien position, and 0.12% were unsecured loans (including lines of credit). As of December 31, 2022, the interest rate charged ranged from 4.25% to 6.00% based on term, loan to value ratio, and credit factors.

It is Grace Financial'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 Grace Financial's loans could be sold, in the event of a foreclosure, for net sale proceeds equal to the amounts then due Grace Financial 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 Grace Financial'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 Grace Financial as well as Grace Financial'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, Grace Financial 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 Grace Financial in the loss payable clause.

Reports

Grace Financial receives annual reports from its debtors, which reports are subjected to internal review. Grace Financial staff monitor delinquencies monthly and report on delinquencies semi-annually to the Board of Directors. If a debtor is unable to meet its obligations, Grace Financial 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 Grace Financial'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

Grace Financial had five (5) borrowers each having loans with a total outstanding principal balance greater than five percent (5%) of Grace Financial's total loan balance of $54,419,268 as of December 31, 2022, with an aggregate principal balance of $32,634,388 or 59.97% of Grace Financial's total loans outstanding on that date. Each such borrower's total outstanding loan principal balance, as of December 31, 2022, was as follows:

Borrower's Total Outstanding Loan Principal Balance (As of 12/31/2022)	Percentage of Total Loans Outstanding (As of 12/31/2022)
$9,876,635	18.15%
$8,562,492	15.73%
$4,755,835	8.74%
$5,004,826	9.20%
$4,434,600 *	8.15%

* impaired but not delinquent (see Note 4 to the Financial Statements)

On December 31, 2022, 2021, and 2020, loan payments 30-60 days past due were $0, $0, and $0, respectively, payments 61-90 days past due were $0, $0, and $0, respectively, and payments more than 90 days past due were $0, $0, and $0, respectively. The percentage of past due payments to total loans outstanding as of December 31, 2022, 2021, and 2020, was 0.00%, 0.00%, and 0.00%, respectively. As of December 31, 2022, none of Grace Financial's loans was past due 90 days or more. Grace Financial 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. Grace Financial 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 Grace Financial contacts the debtor to determine the reason for the delinquency and the time when Grace Financial may expect payment. Grace Financial maintains contact with the debtor until the delinquency is resolved. If a debtor is unable to meet its obligations currently, Grace Financial attempts to work with the debtor to assure ultimately that the debt is paid. It is the stated purpose of Grace Financial to aid its borrowers to meet their obligations and to avoid the loss of properties through foreclosure. Therefore, the delinquency experience of Grace Financial cannot be directly compared with that of commercial lenders.

Loan Loss Reserves

Grace Financial'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, 2022, the loan loss reserve was $3,343,868 (representing 6.14% of the total loan balance).

INVESTING ACTIVITIES

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

Grace Financial 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 closed-end mutual funds consisting of investment grade commercial paper. Grace Financial may also hold a portion of its investments in privately-placed securities or other alternative investments. 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. Grace Financial 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. Grace Financial 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 Grace Financial are jointly responsible for setting or altering Grace Financial's investment policy. The Chief Executive Officer, in consultation with the Director of Finance and Administration, is responsible for making and maintaining Grace Financial's investments, which are reviewed semi-annually by the Board of Directors. See "**MANAGEMENT**" at page 17.

The following table shows outstanding investments categorized according to the type of investments held at the end of fiscal year December 31, 2022. The amount invested in each category is stated in both monetary terms and as a percentage of Grace Financial's total investments.

Category of Investment	Amount Invested	Percentage
Cash and Cash Equivalents	$26,376,565	32.0%
Common Stocks	1,400,516	1.7%
Exchange-Traded & Closed-End Funds	1,660,365	2.0%
Fixed Income Investments (mutual funds and corporate and municipal bonds)	43,874,865	53.3%
Certificates of Deposit (at cost)	249,000	0.3%
Alternative Investments	8,817,093	10.7%
Totals	$82,378,404	100.0%

Interest on the certificates of deposit is paid monthly, quarterly, or semi-annually at rates varying from 2.00% to 4.26%. Certificates of deposit redeemed prior to maturity date could be subject to forfeiture of interest. Grace Financial's alternative investments consist of investments in a real estate fund, pooled investment funds, and private equity funds. (See Note 2 to the Financial Statements)

For years ending December 31, 2022, 2021, and 2020, management did not experience any loss of interest income due to early redemption of certificates of deposit. For the years ending December 31, 2022, 2021, and 2020, Grace Financial had realized and unrealized gains (losses) in its investment reserves of ($3,356,231), $322,739, and $815,642 respectively.

Grace Financial's policy is to maintain in readily available form consisting of cash, government securities, corporate bonds, fixed income mutual funds, 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 Demand Investments. As of December 31, 2022, approximately 52.4% of Grace Financial's assets were in the form of cash and cash equivalents (19.6%), fixed income investments (*i.e.*, mutual funds and corporate and municipal bonds) (32.6%), and certificates of deposit (0.2%).

SELECTED FINANCIAL DATA

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

	2022	2021	2020	2019	2018
Cash and Cash Equivalents	$26,376,565	$26,565,582	$26,427,418	$22,869,811	$22,533,356
Investment Reserves	56,001,839	51,940,491	36,406,458	30,362,622	29,564,194
Total Loans Receivable	54,419,268	57,552,216	59,934,463	58,903,659	57,738,646
Amount of Unsecured Loans Receivable*	65,000	30,000	94,199	131,269	169,641
Percent of Unsecured Loans Receivable**	0.12%	0.05%	0.16%	0.22%	0.29%
Percent of Loan Delinquencies***	0.00%	0.00%	0.00%	0.00%	0.00%
Total Assets	134,403,445	133,497,075	120,513,171	110,453,029	109,895,169
Total Demand Investments Payable	123,248,800	119,602,552	107,769,695	99,220,866	99,065,532
Demand Investments Redeemed	27,548,955	22,043,969	22,633,964	19,827,132	24,532,119
Net Assets	10,802,857	12,937,390	11,944,276	10,459,776	10,116,076
Change in Net Assets	(2,134,533)	993,114	1,484,500	343,700	32,281

Including lines of credit
*****Percentages derived using outstanding unsecured loan balances (including lines of credit) 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 Grace Financial review its overall financial position periodically. Grace Financial'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. Grace Financial may modify existing procedures or implement new procedures to enable Grace Financial to operate under changing economic conditions. Some of the key areas regularly reviewed are the following:

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

Capital Adequacy. As of December 31, 2022, Grace Financial's net assets as a percentage of its total assets was 8.04%, determined as follows:

	12/31/2022
Net Assets...	$ 10,802,857
Total Assets..	134,403,445
Net Assets Percentage of Total Assets	8.04%

Liquidity Status. As of December 31, 2022, Grace Financial had cash, cash equivalents, and readily marketable securities equal to 59.48% of the total outstanding Demand Investments determined as follows:

	12/31/2022
Cash and cash equivalents	$ 26,376,565
Readily marketable securities	46,935,746
Total	$ 73,312,311
Demand Investments Payable	$ 123,248,800
Cash, cash equivalents and readily marketable securities percentage of Demand Investments Payable	59.48%

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, Grace Financial'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 Demand Investments. Grace Financial'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:

	2022	**2021**	**2020**
Cash and cash equivalents, beginning of fiscal year	$26,565,582	$26,427,418	$22,869,811
Readily marketable securities, beginning of fiscal year	45,463,453	29,918,458	14,710,622
Net cash provided by operating activities	485,644	1,170,296	1,298,103
Loan principal payments less loan disbursements	3,132,948	2,382,247	(1,030,804)
Cash from sales of Demand Investments	28,964,480	31,881,508	29,239,102
Total Available Cash	104,612,107	91,779,927	67,086,834
Redemption of Demand Investments	27,548,955	22,043,969	22,633,964
Ratio (x: 1)	3.8:1	4.2:1	3.0:1

Loan Quality. As of December 31, 2022, none of Grace Financial's loans was past due 90 days or more. Grace Financial has incurred no material loan losses within the last three fiscal years.

Operating Trends. Grace Financial has had a net surplus of income over expenses in four (4) of the last five fiscal years. The negative change in net assets for the year 2022 was the result of net realized and unrealized losses on investment reserves due to a significant downturn in the investment markets in 2022. Below is a summary of Grace Financial's change in net assets for each of the last five (5) fiscal years:

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Change in net assets for the year then ended	($2,134,533)	$993,114	$1,484,500	$ 343,700	$ 32,281

DESCRIPTION OF DEMAND INVESTMENTS

A Demand Investment 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 a debt obligation of Grace Financial. The value of a Demand Investment at any point in time is that amount that the person had invested in his or her Demand Investment previously, less any redemptions, plus accrued but unpaid interest on the periodic balance of funds in the Demand Investment. Investments or redemptions generally are made by mailing to Grace Financial a check in the amount of the investment or a request for a redemption. Grace Financial processes the transaction, usually on the day it is received, and returns a receipt of the transaction to the Demand Investment holder with, if applicable, a check representing the amount redeemed. Grace Financial does not issue paper certificates to investors evidencing such investment. Instead, the Demand Investments are book-entry securities evidenced on the books and records of Grace Financial and confirmed to an investor by an investment confirmation receipt and periodic statements specifying the value of the investment. Grace Financial provides all investors with quarterly statements that reflect investment activity (investments, redemptions, interest, fees) since the prior reporting period. The terms and conditions of Demand Investments will be construed under and governed by Indiana law.

Grace Financial determines the interest rates to be paid on Demand Investments based on a combination of factors including current market rates and the current rate of interest being earned on Grace Financial's loans receivable and other investment vehicles. Different rates may be determined for different investment amount tiers and, in determining the applicable investment amount tier, all Demand Investments having identical ownership are aggregated. Grace Financial reserves the right to change the rates 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 Grace Financial at 888-340-4243 during normal business hours. Interest accrues daily and is compounded monthly on investments from the date of investment to the date of redemption at such rate as approved by the Board of Directors. Interest earned on a Demand Investment will be added to the investment (*i.e.*, compounded) monthly unless, only in the case of a Demand Investment 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 Grace Financial has authorized the Chief Executive Officer of Grace Financial to increase or decrease the interest rate paid on Demand Investments 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, redemptions, interest credits, and the running balance. The majority of transactions in these Demand Investments are received by mail. Grace Financial also maintains limited weekday walk-up business hours at its facility, primarily for the convenience of local investors associated with Charis Fellowship or a Charis Fellowship church.

All cash receipts are immediately recorded, and Grace Financial sends investments funds received to a local financial institution daily. Investments and redemption requests received in the mail generally are processed and returned by mail that same day.

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

Statements and other information regarding Demand Investments will be sent to the last address provided to Grace Financial by the investor. When mail is returned as "undeliverable," the Demand Investment status is changed from active to dormant. Grace Financial is required to turn over dormant investments 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 Demand Investments have no stated maturity date, and upon request principal and accrued but unpaid interest may be paid to a Demand Investment holder at any time. Although redemption requests usually are processed on the day received, Grace Financial reserves the right to require sixty (60) days advance written notice of any redemption. The Demand Investments are not transferable. The Demand Investments represent unsecured obligations of Grace Financial and, thus, would rank behind secured obligations in the event of a liquidation of Grace Financial, although Grace Financial had no secured obligations at December 31, 2022, 2021, and 2020.

Grace Financial 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 Demand Investments 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, 2022, the rate of interest was 3.75%, and the aggregate outstanding balance of these accounts was $383,471. GBNAM historically invested the balances of these Trust Investment Accounts with Grace Financial 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 Charis Fellowship that was tied to most of these accounts (via gift annuity and charitable remainder trust annuity contracts), Grace Financial determined that offering a higher rate of interest was appropriate. The Trust Investment Accounts are general unsecured obligations of Grace Financial and have no seniority in right of payment over the Demand Investments. The Trustee of the Trust Investment Accounts therefore would share (on a pro rata basis) with the Demand Investment holders in the distribution of the assets of Grace Financial available for distribution to creditors of Grace Financial, in the event that Grace Financial were ever to become insolvent.

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

PLAN OF DISTRIBUTION

The primary means of solicitation of investments in Demand Investments is through making this Prospectus available online on Grace Financial's website to constituents of Charis Fellowship. If prospective investors do not have a current Prospectus, and they live in a state in which offers or sales of Demand Investments may then be lawfully made by Grace Financial, they may obtain one by mailing a request to Grace Financial's office in Winona Lake, Indiana. Upon request, Grace Financial will mail this Prospectus directly to the current or prospective investor.

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 Charis Fellowship. The applicant is asked to specify the ownership type from the following options: (1) *Individual.* A Demand Investment owned by a single account holder; (2) *Joint Tenants with Right of Survivorship*. A Demand Investment owned by two or more individuals as joint owners. Any one or all of the owners may make redemptions. Upon the death of one owner, his or her interest in the account passes automatically to the surviving joint owner(s); (3) *UTMA (IN)—Minor with Custodian.* Gifts or transfers made to minor children under the applicable law of the Indiana Uniform Transfers to Minors Act. The Demand Investment 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 Demand Investment into the sole name of the minor; (4) *Trust.* A Demand Investment 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 Grace Financial; or (5) *Organization*. A Demand Investment opened in the name of an organization and managed by designated authorized signers.

An investor must subscribe his/her name on an identity verification document, 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 Demand Investment holder by any means Grace Financial considers to be appropriate, but are effective even if the investor does not actually receive notice of the change if Grace Financial 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 Demand Investments.

TAX ASPECTS

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

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

In addition, Demand Investment holders investing greater than $250,000 in the aggregate with Grace Financial may, under certain circumstances, depending in part on the interest rates paid by Grace Financial 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 Demand Investment holder, as a result of the below-market interest rules of Internal Revenue Code Section 7872. Depending on the Demand Investment holder's particular circumstances, a deduction for a charitable contribution may be available to the extent that a Demand Investment holder reports interest income in an amount that is greater than the amount of interest actually paid to the Demand Investment holder. A Demand Investment 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 Grace Financial 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 Grace Financial. Further, there were no transactions or investment decisions that may materially affect the offering of the Demand Investments.

MANAGEMENT

The management of Grace Financial is directed by a Board of Directors (the "Board") through officers of Grace Financial 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.

Grace Financial 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 Grace Financial or ministries administered by Grace Financial and who are affiliated with a Charis Fellowship church. It is these members, and not the holders of Demand Investments, who are entitled to vote on matters related to Grace Financial. There are ten members of Grace Financial'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 Grace Financial'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 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 Grace Financial. The annual meeting of the members of Grace Financial is held in conjunction with the National Conference of Charis 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. Grace Financial 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 Grace Financial on the same terms and conditions as other investors. As of December 31, 2022, the directors, officers, and executive staff of Grace Financial, as a group, held personal Demand Investments aggregating $681,084. These Demand Investments are funded totally by personal contributions, and they do not represent a form of compensation from Grace Financial. Furthermore, these Demand Investments are subject to the same interest rate and terms of all general Demand Investments of Grace Financial. No director or officer of Grace Financial 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 Grace Financial:

Theodore J. Adomanis	Director since:	01/01/2005
Pahrump, Nevada	Term expires:	12/31/2024

Mr. Adomanis serves as Director of Finance and Administration for Assist Church eXpansion. He has served in this position since 2001. Mr. Adomanis is a retired certified public accountant and holds a Master of Ministry degree from Grace Theological Seminary.

James R. Augspurger	Director since:	01/01/2010
Westerville, Ohio	Term expires:	12/31/2024

Dr. Augspurger retired as Executive Pastor of Grace Polaris Church, Worthington, Ohio, in June 2022, a position he held since 1998. Prior to his position at the church, he managed his own dental practice for 25 years.

Joshua D. Balmer	Director since:	01/01/2005
Telford, Pennsylvania	Term expires:	12/31/2023

Mr. Balmer serves as President of Retail and Finance at 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:	12/31/2024

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 also teaches in the graduate business programs for both Indiana Wesleyan University and Mount Vernon Nazarene University. He formerly worked in the healthcare administration/insurance industry for 17 years in various management and executive level positions.

Juli A. Eckel	Director since:	09/01/2022
Warsaw, Indiana	Term expires:	12/31/2025

Mrs. Eckel and her family attends Community Grace Brethren Church in Warsaw, IN. She is a VP of Commercial Lending at First Federal Savings Bank (Huntington, IN). She has over 20 years of retail banking, business development, treasury management, and commercial lending. She has been involved in the community of Warsaw in various ways, most recently through serving on the boards for the United Way of Whitely and Kosciusko County, Main Street Warsaw, and the Kosciusko Workforce Housing Corporation.

Keith A. Michael	Director since:	01/01/2017
Falling Waters, West Virginia	Term expires:	12/31/2025

Mr. Michael is a Senior Level IT Program Manager at the Department of Veterans Affairs, a position he has held since 2006. He also serves as a Medical Administration (MSC) Officer at the 167th Airlift Wing in the West Virginia Air National Guard.

A. Kent Semple	Director since:	01/01/1999
Lewis Center, Ohio	Term expires:	12/31/2023

Mr. Semple is a certified public accountant and is the owner of the firm Kent Semple CPA. He previously worked for five CPA firms for 41 years.

Richard C. Stair	Director since:	07/01/2003
Akron, Ohio	Term expires:	12/31/2024

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. Mr. Stair is Chairman of the Board of Grace Financial.

Marshall J. Walter	Director since:	05/13/2022
Simi Valley, California	Term expires:	12/31/2023

Pastor Walter currently serves as the Executive Pastor at Grace Church of Simi Valley, California. He has served at Grace Simi since 2009 starting first as the College Pastor before moving into the Executive Pastor role in 2014.

Steven E. Williams	Director since:	01/01/2020
Long Beach, California	Term expires:	12/31/2025

Dr. Williams is Pastor of Seniors at Grace Community Church of Seal Beach, California. He has served continuously at the church since 1989 as College Pastor, Associate Pastor and Senior Pastor. Prior to his ministry at the church, he formed a business with his brother and continued with the company until 1993.

Officers

The Board appoints the officers of Grace Financial. Officers are selected based upon their qualifications and considering the duties of the position. The present officers of Grace Financial are set forth below.

Ryan A. Bowell, President and Chief Executive Officer
Warsaw, Indiana

Mr. Bowell is President and Chief Executive Officer for Grace Financial. He has been an employee of Grace Financial 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 Charis Fellowship, from 1998 to 2013. Additionally, he has been an adjunct professor for Grace College. Mr. Bowell serves on the business commission of the Winona Lake Grace.

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 Grace Financial. She has been an employee of Grace Financial 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, Second Wind ministry, and the worship team for the Winona Lake Grace Brethren Church.

Executive Staff

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

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

Compensation of Officers and Executive Staff

Officers of Grace Financial 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 Grace Financial during its most recent fiscal year ended December 31, 2022, is shown below, in the aggregate for all officers and also individually for any officer in excess of $150,000 (if any):

Employee	Salary	Benefits	Total Remuneration
Ryan A. Bowell President and CEO	$ 135,438	$ 41,212	$ 176,650
Aggregate for all officers	$ 249,679	$ 73,734	$ 323,413

Committees

The Chairman of the Board appoints directors to the Investment/Loan Committee, which is empowered to review savings and loan policy and rates and to assess the financial reports and reserve portfolios of Grace Financial 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 Grace Financial and any accompanying management letter. Other standing committees of the Board include Finance, Nominating/Board Development, and Executive Care. The Executive Staff and Business Manager of Grace Financial 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 Grace Financial and any director or officer of Grace Financial during the three-year period immediately preceding the date of this Prospectus. All transactions, including those with Affiliates of Grace Financial, in which any director or officer has a direct or indirect financial interest or control interest, or with respect to which a director or officer serves as a director, officer, member, or key employee, are made or entered into on terms that are no less favorable to Grace Financial than those that Grace Financial could obtain from an independent, unaffiliated third party or otherwise are appropriate under the circumstances to carry out the religious purposes of Grace Financial. A majority of the independent, disinterested members of Grace Financial's Board of Directors must approve such transactions. For this purpose, an Affiliate of Grace Financial is an entity that controls, is controlled by, or under common control with Grace Financial.

LEGAL OPINIONS

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

INVESTOR REPORTS

Grace Financial's current audited financial statements will be made available to Demand Investment 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 financial statements of Grace Brethren Investment Foundation, Inc., d/b/a Grace Financial, as of December 31, 2022, 2021 and 2020, and for the years then ended, included in this Prospectus, have been audited by FORVIS, LLP, independent auditors, as stated in their report appearing herein.

FORV/S

111 E. Wayne Street, Suite 600 / Fort Wayne, IN 46802
P 260.460.4000 / F 260.426.2235
forvis.com

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Grace Brethren Investment Foundation, Inc. (Foundation) (d/b/a Grace Financial), which comprise the statements of financial position as of December 31, 2022, 2021, and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Grace Brethren Investment Foundation, Inc. as of December 31, 2022, 2021, and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Grace Brethren Investment Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Grace Brethren Investment Foundation, Inc.'s ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Grace Brethren Investment Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grace Brethren Investment Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

FORVIS, LLP

Fort Wayne, Indiana
February 6, 2023

Grace Brethren Investment Foundation, Inc.
(d/b/a Grace Financial)
Statements of Financial Position
December 31, 2022, 2021, and 2020

	2022	2021	2020
Assets			
Cash and cash equivalents	$ 26,376,565	$ 26,565,582	$ 26,427,418
Investment reserves	56,001,839	51,940,491	36,406,458
Loans receivable, net	51,075,400	54,208,348	56,796,595
Accrued interest receivable	364,533	189,786	290,047
Prepaid expenses and other assets	53,253	45,177	35,027
Property and equipment, net	531,855	547,691	557,626
Total assets	$ 134,403,445	$ 133,497,075	$ 120,513,171
Liabilities			
Demand investments	$ 122,567,716	$ 119,044,479	$ 107,357,575
Demand investments - officers, directors, and executive staff	681,084	558,073	412,120
Accounts payable and other liabilities	351,788	957,133	799,200
Total liabilities	123,600,588	120,559,685	108,568,895
Net Assets			
Without donor restrictions			
Undesignated	10,271,001	12,389,699	11,346,711
Board-designated	-	-	39,938
Net investment in property and equipment	531,856	547,691	557,627
Total net assets	10,802,857	12,937,390	11,944,276
Total liabilities and net assets	$ 134,403,445	$ 133,497,075	$ 120,513,171

Grace Brethren Investment Foundation, Inc.
(d/b/a Grace Financial)
Statements of Activities
Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Revenues			
Interest on loans	$ 2,762,656	$ 2,971,063	$ 3,145,545
Investment reserves return	1,687,530	1,470,614	1,502,956
Realized and unrealized gains (losses) on investment reserves	(3,356,231)	322,739	815,642
Rental and other income	74,391	74,268	65,297
Total revenue	1,168,346	4,838,684	5,529,440
Expenses			
Interest on demand investments	2,230,723	1,995,318	1,943,691
Salaries and wages	486,413	397,300	441,162
Insurance	134,704	108,037	119,524
Professional services	69,179	46,501	52,449
Board expenses	23,846	10,613	1,657
Depreciation	52,114	45,877	45,417
Repairs and maintenance	30,562	34,505	34,219
Data processing services	51,156	54,945	49,339
Utilities	27,119	40,630	35,281
Payroll taxes	36,219	29,912	34,245
Travel expenses	11,746	9,845	7,623
Retirement fund	39,147	31,998	35,652
Office expenses	11,199	15,982	18,201
Telephone	6,677	6,685	9,043
FGBC National Conference	1,601	3,311	294
Postage	7,650	8,577	10,531
Securities registration	9,608	8,610	9,870
Promotion and advertising	36,973	15,198	13,919
Bank charges	4,977	4,455	4,217
Miscellaneous	6,266	7,333	19,959
Total expenses	3,277,879	2,875,632	2,886,293
Change in Net Assets Before Other Expenses	(2,109,533)	1,963,052	2,643,147
Other Expenses			
Contribution expenses	-	(719,000)	(758,152)
Chaplaincy ministry expenses	-	(44,938)	(16,495)
Other expense	(25,000)	-	-
Reserve expense for loans receivable	-	(206,000)	(384,000)
Total other expenses	(25,000)	(969,938)	(1,158,647)
Change in Net Assets	(2,134,533)	993,114	1,484,500
Net Assets Without Donor Restrictions, Beginning of Year	12,937,390	11,944,276	10,459,776
Net Assets Without Donor Restrictions, End of Year	$ 10,802,857	$ 12,937,390	$ 11,944,276

Grace Brethren Investment Foundation, Inc. (d/b/a Grace Financial)

Statements of Functional Expenses

Years Ended December 31, 2022, 2021, and 2020

	Year Ended December 31, 2022			Year Ended December 31, 2021			Year Ended December 31, 2020		
	Program	Support	Total Expenses	Program	Support	Total Expenses	Program	Support	Total Expenses
Interest on demand investments	$ 2,230,723	$ -	$ 2,230,723	$ 1,995,318	$ -	$ 1,995,318	$ 1,943,691	$ -	$ 1,943,691
Salaries and wages	230,935	255,478	486,413	175,569	221,731	397,300	209,799	231,363	441,162
Insurance	61,287	73,417	134,704	48,153	59,884	108,037	67,814	51,710	119,524
Professional services	13,836	55,343	69,179	9,300	37,201	46,501	10,490	41,959	52,449
Board expenses	-	23,846	23,846	-	10,613	10,613	-	1,657	1,657
Depreciation	35,437	16,677	52,114	31,197	14,680	45,877	30,884	14,533	45,417
Repairs and maintenance	20,782	9,780	30,562	23,463	11,042	34,505	23,269	10,950	34,219
Data processing services	40,925	10,231	51,156	43,956	10,989	54,945	39,471	9,868	49,339
Utilities	18,441	8,678	27,119	27,628	13,002	40,630	23,991	11,290	35,281
Payroll taxes	17,891	18,328	36,219	13,431	16,481	29,912	15,691	18,554	34,245
Travel expenses	9,397	2,349	11,746	7,876	1,969	9,845	6,098	1,525	7,623
Retirement fund	18,709	20,438	39,147	14,046	17,952	31,998	17,143	18,509	35,652
Office expenses	7,616	3,583	11,199	10,868	5,114	15,982	12,377	5,824	18,201
Telephone	4,540	2,137	6,677	4,546	2,139	6,685	6,149	2,894	9,043
FGBC National Conference	1,601	-	1,601	3,311	-	3,311	294	-	294
Postage	5,202	2,448	7,650	5,833	2,744	8,577	7,161	3,370	10,531
Securities registration	9,608	-	9,608	8,610	-	8,610	9,870	-	9,870
Promotion and advertising	5,576	31,397	36,973	4,342	10,856	15,198	-	13,919	13,919
Bank charges	3,982	995	4,977	3,564	891	4,455	3,374	843	4,217
Miscellaneous	-	6,266	6,266	-	7,333	7,333	-	19,959	19,959
Contribution expenses	-	-	-	719,000	-	719,000	758,152	-	758,152
Chaplaincy ministry expenses	-	-	-	44,938	-	44,938	16,495	-	16,495
Other expense	25,000	-	25,000	-	-	-	-	-	-
Reserve expenses for loans receivable	-	-	-	206,000	-	206,000	384,000	-	384,000
	$ 2,761,488	$ 541,391	$ 3,302,879	$ 3,400,949	$ 444,621	$ 3,845,570	$ 3,586,213	$ 458,727	$ 4,044,940

See Notes to Financial Statements

Grace Brethren Investment Foundation, Inc.
(d/b/a Grace Financial)

Statements of Cash Flows

Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Operating Activities			
Change in net assets	$ (2,134,533)	$ 993,114	$ 1,484,500
Items not requiring (providing) operating activities cash flow			
Depreciation	52,114	45,877	45,417
Realized and unrealized losses (gains) on investment reserves	3,356,231	(322,739)	(815,642)
Reserve for loans receivable	-	206,000	384,000
Change in			
Accrued interest receivable	(174,747)	100,261	109,910
Prepaid expenses and other assets	(8,076)	(10,150)	63,105
Accounts payable and other liabilities	(605,345)	157,933	26,813
Net cash provided by operating activities	485,644	1,170,296	1,298,103
Investing Activities			
Purchase of property and equipment	(36,278)	(35,942)	(30,327)
Proceeds from sale of investment reserves	49,957,912	11,587,504	24,502,030
Purchase of investment reserves	(57,375,491)	(26,798,798)	(29,730,224)
Principal payments - loans receivable	4,763,307	4,617,303	4,792,550
New loans issued	(1,630,359)	(2,235,056)	(5,823,354)
Net cash used in investing activities	(4,320,909)	(12,864,989)	(6,289,325)
Financing Activities			
Increase in demand investments	30,862,372	33,639,590	30,948,258
Decrease in demand investments	(27,349,190)	(21,996,864)	(22,499,731)
Increase in demand investments - officers, directors, and executive staff	332,831	237,236	234,535
Decrease in demand investments - officers, directors, and executive staff	(199,765)	(47,105)	(134,233)
Net cash provided by financing activities	3,646,248	11,832,857	8,548,829
Net (Decrease) Increase in Cash and Cash Equivalents	(189,017)	138,164	3,557,607
Cash and Cash Equivalents, Beginning of Year	26,565,582	26,427,418	22,869,811
Cash and Cash Equivalents, End of Year	$ 26,376,565	$ 26,565,582	$ 26,427,418
Supplemental Cash Flows Information			
Interest paid	$ 2,230,723	$ 1,995,318	$ 1,943,691

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Grace Brethren Investment Foundation, Inc. (Foundation) (d/b/a Grace Financial) 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 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 demand investments 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 purchase and lending transactions are deemed, as such, to be with related parties.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates. Significant estimates in these financial statements include the allocation of expenses on a functional basis and reserves for loan losses.

Cash and Cash Equivalents

For financial statement purposes, the Foundation considers investments in money market funds, short-term investments, and certificates of deposit with original maturities of 90 days or less as cash equivalents. At December 31, 2022, cash and cash equivalents exceeded federally insured limits by approximately $25,600,000.

A summary of cash and cash equivalents is as follows:

	2022	2021	2020
Cash in checking accounts	$ 183,601	$ 712,818	$ 1,855,759
Money market funds	26,192,964	25,852,764	24,571,659
Total	$ 26,376,565	$ 26,565,582	$ 26,427,418

Investment Reserves and Investment Return

Investment reserves consist of exchange-traded and closed-end funds, common stocks, fixed income mutual funds, certificates of deposit, notes receivable, corporate bonds, and certain nonmarketable securities. Investments having a readily determinable fair value are carried at fair value. Nonmarketable securities are valued at estimated fair value by the respective fund managers, in the absence of readily determinable fair values. The certificates of deposit and notes receivable are valued at cost. Investment return includes interest and dividends, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments.

Property and Equipment

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.

Net Assets

Net assets without donor restrictions 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. In 2020, the Board of Directors had designated, from net assets without donor restrictions, 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. There was no designation in 2022 or 2021.

Contributions

To the extent the Foundation accumulates revenue in excess of that needed to defray its administrative and interest expense 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 Fellowship Church-planting ministries and other Fellowship affiliates. Contributions to these organizations were $719,000 and $758,152 for the years ended December 31, 2021, and 2020, respectively. There was no such contribution in 2022. The final amount of contributions in any fiscal year is determined at the sole discretion of the Board of Directors.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balance adjusted for any charge-offs, the allowance for loan losses or any deferred fees or costs. Generally, loans are placed on nonaccrual status when management determines there is a probable likelihood of not collecting the principal and accrued interest.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to income. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established if the discounted cash flows, collateral value, or observable market price of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical charge-off experience and expected loss given default derived from the Foundation's internal risk rating process. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when, based on current information and events, it is probable that the Foundation will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Functional Allocation of Expenses

The costs of supporting the Foundation's program and other activities have been summarized on a natural basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program and support categories based on the time and effort, costs of services utilized and square-footage, and other methods.

Note 2: Investment Reserves and Investment Return

The Foundation's investments at December 31 consisted of the following:

	2022	2021	2020
At fair value			
Exchange-traded and closed-end funds	$ 1,660,365	$ 2,169,469	$ 1,287,212
Common stocks	1,400,516	1,261,136	744,075
Fixed income mutual funds	6,485,800	39,801,564	24,992,849
Corporate bonds (cost value: 2022 - $4,218,841; 2021 - $2,177,547; 2020 - $2,006,728)	4,111,698	2,140,984	2,013,807
Treasury Notes	33,277,367	-	-
Municipal bonds	-	90,300	880,515
Alternative investments	8,817,093	5,730,038	-
At cost			
Certificates of deposit	249,000	747,000	2,988,000
Notes receivable	-	-	3,500,000
Total	$ 56,001,839	$ 51,940,491	$ 36,406,458

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2022, 2021, and 2020:

	2022	2021	2020
Dividends and interest	$ 1,687,530	$ 1,470,614	$ 1,502,956
Net realized and unrealized gains (losses) on investments	(3,356,231)	322,739	815,642
Total return (loss) on investments	$ (1,668,701)	$ 1,793,353	$ 2,318,598

All certificates of deposit outstanding at December 31, 2022, are due to mature during the 2023 fiscal year. Certificates of deposit redeemed prior to maturity date could be subject to forfeiture of interest. For the years ending December 31, 2022, 2021, and 2020, 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 2.00% to 4.26%.

The Foundation's note receivable investment holdings were valued in accordance with the valuation policy described in Note 1. Interest for the notes receivable was paid quarterly at rates ranging from 7.00% to 8.50%. Outstanding notes receivable totaled $3,500,000 as of December 31, 2020, and were redeemed in full during 2021. There is no outstanding note receivable as of December 31, 2022 or 2021.

Alternative Investments

The fair value of alternative investments has been estimated using the net asset value per share as a practical expedient. Alternative investments held at December 31 consist of the following:

	2022				
	Fair Value		Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Real estate fund (A)	$	6,220,751	$ -	Monthly	Monthly
Pooled investment funds (B)		1,374,931	-	Quarterly	65 days
Private equity funds (C)		1,221,411	-	0-90 days	20-95 days

	2021				
	Fair Value		Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Real estate fund (A)	$	1,000,000	$ -	Monthly	Monthly
Pooled investment funds (B)		1,571,566	-	Quarterly	65 days
Private equity funds (C)		3,158,472	-	0-90 days	20-95 days

(A) This is an investment in a real estate fund which acquires and manages a portfolio of senior, floating rate loans backed by commercial real estate properties in the United States. This focus emphasizes the payment of current income and capital preservation. The fair value of this investment has been estimated using the net asset value of the Foundation's ownership interest in the fund.

(B) This category includes investments in nonexchange traded mutual funds that invest primarily in various private and public debt securities, mortgage and asset backed securities. The fair values of the investments in this category have been estimated using the net asset value of the Foundation's ownership interest in the fund. Certain of these investments assess a redemption fee for a redemption in excess of a percentage of any subscription for which the one-year lock up period has expired.

(C) This category includes investments in private equity and capital funds that invest in various hedge and other funds with the objective of seeing attractive, long-term, risk adjusted returns. The fair values of the investments in this category have been estimated using the net asset value of the Foundation's ownership interest in the fund. Certain fees are assessed if units are repurchased within the first year of ownership.

The Foundation had no alternative investment holdings as of December 31, 2020.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

Note 3: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2022, 2021, and 2020:

		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)
December 31, 2022				
Investment reserves				
Exchange-traded and closed-end funds	$ 1,660,365	$ 1,660,365	$ -	$ -
Common stocks	1,400,516	1,400,516	-	-
Mutual funds	6,485,800	6,485,800	-	-
Corporate bonds	4,111,698	-	4,111,698	-
Treasury Notes	33,277,367	33,277,367	-	-
Alternative investments (A)	8,817,093	-	-	-
December 31, 2021				
Investment reserves				
Exchange-traded and closed-end funds	$ 2,169,469	$ 2,169,469	$ -	$ -
Common stocks	1,261,136	1,261,136	-	-
Mutual funds	39,801,564	39,801,564	-	-
Corporate bonds	2,140,984	-	2,140,984	-
Municipal bonds	90,300	-	90,300	-
Alternative investments (A)	5,730,038	-	-	-
December 31, 2020				
Investment reserves				
Exchange-traded and closed-end funds	$ 1,287,212	$ 1,287,212	$ -	$ -
Common stocks	744,075	744,075	-	-
Mutual funds	24,992,849	24,992,849	-	-
Corporate bonds	2,013,807	-	2,013,807	-
Municipal bonds	880,515	-	880,515	-

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets 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 assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2022. The Foundation has no liabilities measured at fair value on a recurring basis.

Investment Reserves

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange-traded and closed-end funds, common stocks, and mutual funds. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified as Level 2 of the valuation hierarchy. Level 2 securities include corporate and municipal bonds. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. The Foundation has no investments classified as Level 3.

Nonrecurring Measurements

The following table presents the fair value measurement of assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2021:

		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)
December 31, 2021				
Collateral-dependent impaired loans	$ 2,200,000	$ -	$ -	$ 2,200,000

There were no assets measured at fair value on a nonrecurring basis at December 31, 2022 or 2020.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Collateral-dependent Impaired Loans, Net of ALLL

The estimated fair value of collateral-dependent impaired loans is based on the appraised fair value of the collateral, less estimated cost to sell. Collateral-dependent impaired loans are classified within Level 3 of the fair value hierarchy.

The Foundation considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral-dependent loans are obtained when the loan is determined to be collateral-dependent and subsequently as deemed necessary by the Foundation. Appraisals are reviewed for accuracy and consistency by the Foundation. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by the Foundation by comparison to historical results.

Note 4: Loans Receivable

The Foundation's loans receivable are as follows at December 31:

	2022	2021	2020
Mortgage loans receivable	$ 54,419,268	$ 57,552,216	$ 59,934,463
Less: Allowance for loan losses	(3,343,868)	(3,343,868)	(3,137,868)
	$ 51,075,400	$ 54,208,348	$ 56,796,595

As of December 31, 2022, 2021, and 2020, the Foundation maintained a reserve of 6.14%, 5.81% and 5.24%, respectively, of the total loan balance for uncollectible accounts. The Foundation has a policy of placing uncollectible accounts 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. Loans are placed on nonaccrual status or charged off if the collection of principal or interest is considered doubtful. As of December 31, 2022, 2021, and 2020, the Foundation had no loans that were placed on nonaccrual status.

Interest rates vary as set by the Board of Directors and historically have ranged from 4.00% to 7.75%. As of December 31, 2022, interest rates ranged from 4.25% to 6.00%. All mortgage loans are real estate mortgages and are secured by church property. Maturity of these loans are variable as determined at the loan origination (or as later modified by Board of Directors or CEO approval) and range from a few months to a maximum of 31 years.

Aggregate annual maturities of loans receivable as of December 31, 2022, are:

	Loans Receivable
2023	$ 3,286,161
2024	3,466,919
2025	3,253,047
2026	2,784,135
2027	2,434,826
Thereafter	39,194,180
	$ 54,419,268

Concentrations

Although the Foundation has no geographic restrictions within the United States on where loans are made, the aggregate loans in excess of 5.0% of total balances are located in the following states as of December 31, 2022:

State	Number of Loans	Principal Outstanding	Percent of Loan Portfolio
Ohio	27	$ 40,652,907	75%
California	5	4,133,771	8%
Pennsylvania	5	3,643,639	7%
Indiana	2	3,544,710	6%
	39	$ 51,975,027	96%

The Foundation had five borrowers each having loans with a total outstanding principal balance greater than 5% of the Foundation's total loan balance of $54,419,268 as of December 31, 2022, with an aggregate principal balance of $32,634,388 or 60% of the Foundation's total loans outstanding on that date.

In order to minimize the risk of loss on loans extended, the majority of loans written are secured, primarily by a first position mortgage. As a note, the Foundation will only issue a second or third position mortgage if the Foundation is the secured party for any higher position mortgages. Other credit considerations are represented by the terms of the loan, loan to value ratios and other credit factors. As of December 31, 2022, the Foundation had security at the following levels on loans extended:

	Aggregate Balance	Percent of Loan Portfolio
First position	$ 46,931,692	86%
Second position	7,422,576	14%
Third position	-	0%
Unsecured	65,000	0%
	$ 54,419,268	100%

Allowance for loan losses as of December 31:

	2022	2021	2020
Allowance for loan losses			
Beginning balance	$ 3,343,868	$ 3,137,868	$ 2,753,868
Provision	-	206,000	384,000
	$ 3,343,868	$ 3,343,868	$ 3,137,868

The allowance for loan losses and financing receivables were collectively evaluated for impairment with the exception of certain credits in the amount of $4,434,600, $4,513,279, and $4,588,690 at December 31, 2022, 2021, and 2020, respectively, which had a corresponding allowance of $2,234,600, $2,313,279, and $2,588,690, respectively, which were individually evaluated.

The following information presents credit exposure by performance status for the years ended December 31, 2022, 2021, and 2020. Status for performing and nonperforming 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 or the underlying assets of the loan are held for sale.

For each class of loans receivable, the following presents the balance by credit quality indicator:

Credit Quality Indicator Categories

Loan grades are assigned as either performing or non-performing. The use and application of these grades by the Foundation will be uniform and shall conform to the Foundation's policy.

Performing Loans rated performing have continued expectation of timely repayment, all obligations of the borrower are current, and the borrower complies with material terms and conditions of the loan agreement.

Non-performing Loans that have potential weakness that deserve management's attention and if left uncorrected may, at some future date, result in the weakening of the repayment prospects for the loan or note. These potential weaknesses may be due to circumstances being experienced by the borrower. These loans or notes are not adversely classified and do not expose the Foundation to sufficient risk to warrant adverse classification. Ordinarily, non-performing loans or notes have characteristics which corrective management action would remedy:

	2022	2021	2020
Performing	$ 54,419,268	$ 57,552,216	$ 59,934,463
Non-performing	-	-	-
	$ 54,419,268	$ 57,552,216	$ 59,934,463

Age analysis of past-due financing receivables at December 31:

	2022	2021	2020
30-60 days past due	$ -	$ -	$ -
61-90 days past due	-	-	-
Greater than 90 days	-	-	-
	-	-	-
Current	54,419,268	57,552,216	59,934,463
	$ 54,419,268	$ 57,552,216	$ 59,934,463

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable the Foundation will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming loans but also include performing loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance, or other actions intended to maximize collection. All loans are evaluated for impairment on an individual basis.

The following tables present impaired loans for the years ended December 31, 2022, 2021, and 2020:

	December 31, 2022					
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Balance	Interest Income Recognized	Interest Income Recognized Cash Basis
Total impaired loans	$ 4,434,600	$ 4,434,600	$ 2,234,600	$ 4,473,940	$ 190,156	$ 190,295

	December 31, 2021					
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Balance	Interest Income Recognized	Interest Income Recognized Cash Basis
Total impaired loans	$ 4,513,279	$ 4,513,279	$ 2,313,279	$ 4,550,985	$ 193,428	$ 193,562

	December 31, 2020					
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Balance	Interest Income Recognized	Interest Income Recognized Cash Basis
Total impaired loans	$ 4,588,690	$ 4,588,690	$ 2,588,690	$ 4,575,809	$ 59,039	$ 50,490

At December 31, 2020, troubled debt restructurings occurred as a result of a reduction in the stated interest rate. The pre-modification and post-modification recorded balance was $4,559,648 and did not result in any increase to the allowance for loan losses, nor any charge offs. There were no new troubled debt restructurings during the years ended December 31, 2022 and 2021.

Note 5: Property and Equipment

Property and equipment at December 31, consist of:

	2022	2021	2020
Land	$ 116,875	$ 116,875	$ 116,875
Building	570,625	570,625	570,625
Building improvements	552,905	523,253	487,311
Furnishings and office equipment	126,983	126,983	126,983
Other equipment and software	192,230	185,604	185,604
	1,559,618	1,523,340	1,487,398
Less accumulated depreciation	(1,027,763)	(975,649)	(929,772)
	$ 531,855	$ 547,691	$ 557,626

Note 6: Demand Investments

Funds invested in demand investments are subject to redemption upon demand, although the Foundation reserves the right to require 60 days advance written notice. Interest is compounded monthly. At December 31, 2022, interest was paid at an annual rate of 2.25% for accounts with balances greater than $100,000, and 2.00% for those accounts with balances less than $100,000. Interest was paid at an annual rate of 1.75% at December 31, 2021 and 2020. There are special accounts that have floating rates of 1.50% above the regular rate. The amounts in these special accounts as of December 31, 2022, 2021, and 2020, totaled $383,471, $135,769, and $107,583, respectively.

The fair value of these demand investments approximates the amount payable on demand as of the statements of financial position 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, 2022, 2021, and 2020, as a group, they held demand investments aggregating $681,084, $558,073, and $412,120, respectively.

The Foundation had 332, 310, and 284 investors with aggregate balances of $100,000 or more as of December 31, 2022, 2021, and 2020, respectively. The balances over $100,000 are distributed as follows:

	December 31, 2022		
Demand Investment Balances	**Number of Investors**	**Aggregate Balance**	**Percentage of Demand Investment Accounts**
$100,000 - $200,000	197	$ 27,083,804	22%
$200,001 - $300,000	65	15,447,829	13%
$300,001 - $500,000	41	15,833,310	13%
Greater than $500,000	29	25,445,195	21%
	332	$ 83,810,137	69%

	December 31, 2021		
Demand Investment Balances	**Number of Investors**	**Aggregate Balance**	**Percentage of Demand Investment Accounts**
$100,000 - $200,000	176	$ 24,268,626	20%
$200,001 - $300,000	64	15,412,083	13%
$300,001 - $500,000	45	16,891,610	14%
Greater than $500,000	25	20,435,118	17%
	310	$ 77,007,437	64%

Demand Investment Balances	December 31, 2020 Number of Investors	Aggregate Balance		Percentage of Demand Investment Accounts
$100,000 - $200,000	163	$	22,301,048	21%
$200,001 - $300,000	67		16,287,426	15%
$300,001 - $500,000	34		12,897,268	12%
Greater than $500,000	20		14,284,501	13%
	284	$	65,770,243	61%

The Foundation's investors are primarily concentrated in the following states at December 31:

State	2022 Number of Investors	Aggregate Balances		Percentage of Demand Investment Accounts
Indiana	729	$	24,393,537	20%
Ohio	667		37,028,061	30%
Pennsylvania	583		27,616,834	22%
	1,979	$	89,038,432	72%

State	2021 Number of Investors	Aggregate Balances		Percentage of Demand Investment Accounts
Indiana	735	$	23,032,564	23%
Ohio	679		34,388,625	29%
Pennsylvania	592		27,302,746	19%
	2,006	$	84,723,935	71%

	2020		
State	Number of Investors	Aggregate Balances	Percentage of Demand Investment Accounts
Indiana	755	$ 21,789,317	20%
Ohio	717	30,413,160	28%
Pennsylvania	602	25,227,517	23%
	2,074	$ 77,429,994	71%

Note 7: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2022	2021	2020
Cash and cash equivalents	$ 26,376,565	$ 26,565,582	$ 26,382,480
Investment reserves	56,001,839	51,940,491	36,406,458
Loans receivable, net	3,286,161	1,087,769	1,323,720
Accrued interest receivable	364,533	189,786	290,047
	$ 86,029,098	$ 79,783,628	$ 64,402,705

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing mission-related activities, as well as the conduct of service undertaken to support those activities, to be general expenditures.

Note 8: Employee Benefits

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 $39,147, $31,998, and $35,652, for the years ended December 31, 2022, 2021, and 2020, respectively.

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 $96,938, $73,387, and $66,801, for the years ended December 31, 2022, 2021, and 2020, respectively.

Note 9: 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 represent 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.

At December 31, 2022, the Foundation has committed to the following undisbursed loans and lines of credit:

	Aggregate Balance
Undisbursed loans	$ 4,561,050
Undisbursed lines of credit	700,000
	$ 5,261,050

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established by 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.

Note 10: Significant Group Concentrations of Credit Risk

As disclosed in Note 9, 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, 2022, 2021, and 2020, the Foundation's loan receivables from those organizations are disclosed in Note 4.

Note 11: Future Change in Accounting Principle

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. The ASU introduces a new credit loss model, the current expected credit loss model (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk.

The CECL model utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to-maturity securities, and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. For available for-sale securities where fair value is less than cost, credit-related impairment, if any, will be recognized in an allowance for credit losses and adjusted each period for changes in expected credit risk. This model replaces the multiple existing impairment models, which generally require that a loss be incurred before it is recognized.

The CECL model represents a significant change from existing practice and may result in material changes to the Foundation's accounting for financial instruments. The Foundation is evaluating the effect ASU 2016-13 will have on its financial statements and related disclosures. The impact of the ASU will depend upon the state of the economy and the nature of our portfolios at the date of adoption. The new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those years.

Note 12: Subsequent Events

Subsequent events have been evaluated through February 6, 2023, which is the date the financial statements were available to be issued.