

Dear Grace Family,

Please find below a letter written by our Board and Financial advisors that I wanted you to have to bring us up to speed with what's going on financially at Grace. Happy Reading.

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Happy New Year from the Board, Financial Advisory Team, and Staff at Grace Community Church! The beginning of each New Year leads us to thoughtfully reflect on the past year and to look forward with renewed hope for the year ahead. With this in mind, we wanted to write and share some of our reflections and hopes as we enter the New Year.

As a leadership team, when we look back on the past year we are humbled by the generosity of the GCC church family. In late September 2009, we came to you with a message about the fact that our actual revenue was approximately 20% below budgeted revenue at the end of our first fiscal quarter. We also detailed the contingency plans we had previously adopted to address a situation of this nature. Phase I of the Contingency Plan provided for teaching and sermons on finances and stewardship, an emphasis on giving/stewardship in CLASS's, financial equipping through Financial Peace University, and frequent communication via letters, emails and meetings. If necessary, Phase II of the Contingency Plan provided for significant budget cuts if our budgeted income was down 10% for two consecutive quarters and projected to stay down by 10% or more. We are pleased to report that we finished our second fiscal quarter (12/31) approximately 2.25% under budget (\$1.208 actual receipts vs. \$1.236 budgeted receipts). While still below budget, this is significant because we were able to avoid implementation of Phase II of the Contingency Plan based on our second quarter rally. Please accept the sincere appreciation of your GCC leadership team for your sacrificial response to this challenge. Well done good and faithful servants!

As we look forward to the New Year, we must be steadfast and resolute in our giving in order to maintain the momentum we generated in our second quarter. The historical trend in the past 5 years is that our giving will decline an average of about 13% during our third quarter versus second quarter. While some of this decline can be traced to some one-time year end gifts, we wanted to make you aware of this historical trend so you can pray for a reversal of this trend as we enter the New Year.

We also want you to be comforted in knowing that we continue our efforts to be Godly stewards of your financial gifts. We continue to be frugal in our spending and maintain our discretionary spending at only 80% of our discretionary spending budget. In the 20 year history of GCC, we are blessed to have never overspent our budget. As your fiduciaries, we will continue to faithfully monitor and manage the resources provided by our church family.

In closing, we want to acknowledge that the economic climate remains very challenging. Many in our church family have suffered job loss, a reduction in salary or compensation, and in some cases

been forced to relocate in order to retain their job or find new work. Please join us in continuing to pray for our church, our church family as we face these uncertain times with the promise of hope for the future.

Respectfully,

Your Board and Financial Advisory Team