



**Florida Baptist Foundation
Disclosure Information for Participants
January 2010**

This Information for Participants describes the availability of certain Common Investment Funds and portfolios, and the terms and conditions under which Florida Baptist Foundation (FBF) offers its investment services to Baptist and other qualifying charitable organizations. This Information for Participants is given in compliance with the Philanthropy Protection Act of 1995, and is addressed only to organizations in the categories described below (*see "Eligible Participants"*). This Information for Participants is not intended to be distributed to any other person or entity, or for any other purpose. *There are certain investment risks associated with participation in the Investment Funds as described in this Information to Participants.*

THIS INFORMATION STATEMENT HAS NOT BEEN REVIEWED OR APPROVED BY THE SECURITIES EXCHANGE COMMISSION OR ANY OTHER FEDERAL OR STATE REGULATORY AUTHORITY. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE FLORIDA BAPTIST FOUNDATION IS NOT REGISTERED AS AN INVESTMENT ADVISER AND DOES NOT PROVIDE INVESTMENT ADVICE TO PARTICIPANTS OR THE COMMON INVESTMENT FUNDS OR PORTFOLIOS DESCRIBED HEREIN. INVESTMENT ADVICE, IF ANY, TO PARTICIPANTS OR THE COMMON INVESTMENT FUNDS OR PORTFOLIOS IS PROVIDED BY SEPARATELY COMPENSATED THIRD PARTY INVESTMENT ADVISERS WHO ARE REGISTERED UNDER FEDERAL AND/OR STATE LAW OR ARE EXEMPT FROM SUCH REGISTRATION.

Who is the Florida Baptist Foundation?

The Florida Baptist Foundation (FBF), a nonprofit corporation, was incorporated in 1947, as the Trust and Investment Agency of the Florida Baptist State Convention. The Foundation is organized under Chapter 617, Florida Statutes, and exists and operates within the meaning of Section 501(c) (3) of the Internal Revenue Code (the "Code"). The Foundation manages church investment funds, endowments, charitable gift annuities and long-term funds for ministries of Florida Baptists and such other qualified charitable trusts or entities, which may or may not be affiliated with a Baptist Convention, the funds of which the Board of Trustees of the Foundation determines it will receive and administer. The Foundation staff includes professionals for fund management, stewardship, planned giving, trust administration and church finance.

What is the purpose of the Florida Baptist Foundation?

The purpose of the Foundation is to encourage, facilitate, manage and distribute gifts, trust earnings and financial resources for the advancement and benefit of Florida Baptists' mission and ministry efforts within Florida, other states and around the world.

The priorities of the Foundation are to promote Christian stewardship, assist with the planning and implementation of charitable gift arrangements and manage assets entrusted to the Foundation to provide perpetual support for Florida Baptist Churches and/or mission and ministry efforts of Florida Baptists.

The Foundation encourages faithful stewardship by:

- ❖ Managing funds entrusted to it in an effective and socially responsible manner,
- ❖ Educating people in appropriate Christian estate stewardship and financial management techniques,
- ❖ Providing trustee services to facilitate good financial management,
- ❖ Encouraging individuals to be good Christian stewards,
- ❖ Educating individuals about tax effective means of contributing to Baptist causes while maintaining an income stream for themselves or their family or friends,
- ❖ Striving for excellence and continuous improvement in its operation,

In the fulfillment of this mission the Foundation seeks to serve all Florida Baptist Churches and Institutions by offering investment opportunities that are socially screened and diversified in ways that an investor may not otherwise be able to achieve. The Foundation also seeks to build endowments for Florida Baptist Churches, Institutions and future Baptist ministries at state, national and worldwide levels through development and planned giving services.

Who can invest with the Florida Baptist Foundation?

The Foundation manages funds for any investor who is recognized as exempt from federal income tax under §501(c)(3) of the Internal Revenue Code of 1986, as amended, and falls into one, or more, of the following categories of **Eligible Participants**: (i) Baptist churches, agencies, commissions, foundations, associations and institutions affiliated with the Florida Baptist Convention or the Southern Baptist Convention; or (ii) a trust with either its total remainder or its income for a predetermined period designated for charitable organizations in accordance with IRS guidelines and at least one-half the distribution designated to be made to a Baptist institution, agency, commission, association or church affiliated with the Florida Baptist Convention or the Southern Baptist Convention; or (iii) such other qualified charitable trust or entity, which may or may not be affiliated with said Baptist Conventions, the funds of which the Board of Trustees of The FBF determines it will receive and administer.

What are the risks?

Investing in the securities markets, whether domestic or international, involves risk of possible loss of principal and/or income. Even though the Foundation believes long-term investment of these Funds will result in positive rates of return, there is no guarantee of such written or implied. Past performance is no guarantee of future performance.

Note: The value of portfolios and Funds will fluctuate. An investing organization should consult its own advisors regarding risks, rewards and other aspects of investing in any Fund made available through the Foundation.

What are the investment options with The Florida Baptist Foundation?

The FBF offers a choice of two common investment funds (the “Funds”); each managed by professional investment managers. For investors requiring exposure to specific sectors of the market, where appropriate, the Foundation may offer access to specialized portfolios. The following is a summary of the various options available to Participants with the FBF.

FBF Stability Fund - (Fund Balance as of 12/31/09 - \$16,512,635.38)

The FBF Stability Fund’s objective is current income and preservation of nominal capital, with a long-term goal of 5% per year. The Fund is primarily invested in government and corporate bonds, church loans and common stocks. The fund allocation is currently 85% fixed income, 15% equities. The Fund is designed for investors whose main objective is current income.

FBF Opportunity Fund - (Fund Balance as of 12/31/09 - \$25,793,523.64)

The objective of the FBF Opportunity Fund is to provide a reasonable level of current income and simultaneously to protect the purchasing power of the principal against inflation. The long-term goal is 7% per year, and the current allocation is: 61% equities, 34% fixed income and 5% managed futures. This fund is designed for those investors who are seeking a single fund to provide broad diversification, reasonable current income, and protection against inflation.

The investment managers for each of the Foundation investment disciplines are currently as follows:

Fixed Income

Weaver C. Barksdale & Associates
Church Loan Program

Equity

DFA US Core
DFA Emerging Markets
Calamos Asset Management
Cornerstone Advisors
Brandes International
Thomas White
West End Advisors
Stonebridge Advisors
Cornerstone
Managed Futures

The Foundation reserves the right to change any or all investment managers at any time without notice to participants.

Morgan Keegan provides custodial services for the Funds invested through the Foundation. Administration and reporting to investors is provided by FBF. Details regarding any of the foregoing can be obtained through the Foundation office.

How does the Foundation select investments for social responsibility?

The FBF, responding to the Biblical challenge of responsible stewardship, calls for conscious investment decisions consistent with Christian moral and ethical principles of Florida Baptists. In accordance with Christian moral and ethical principles of Florida Baptists, the investment objectives for the Funds must be pursued with consideration for the Christian moral and ethical implications of investing. The Foundation encourages investment in those corporations that promote the common good and avoids investment in companies whose principal business activities are inconsistent with Christian moral and ethical principles of Florida Baptists.

Who is involved in Funds management for the Foundation?

The FBF is governed by a 21 member Board of Trustees elected at the annual session of the Florida Baptist State Convention. The Trustees are elected to serve for three-year terms. The Board meets twice annually and also acts through an Executive Committee. The Foundation has a standing staff committee on Investment Review and a standing Trustee Investment Committee on investment and endowment management, composed of members chosen for expertise, experience and inclusiveness. This Trustee Committee, together with the Foundation staff Investment Review Committee and the Foundation's investment advisor, Morgan Keegan, reviews investment policy and evaluates the performance of the various investment managers.

What does it cost to invest with the Foundation?

The FBF does not receive funding for any services through the Cooperative Program. The FBF seeks to keep the costs to its Participants as low as possible. The administrative overhead costs are shared proportionately among each of the accounts under management. Those costs are charged directly to and paid out of the assets of each respective common investment Fund. Currently, the FBF charges the common investment Funds a cost recovery fee for its administrative and accounting services. The Stability Fund is charged (.99%) and the Opportunity Fund is charged (1.25%). Individually managed accounts are charged separately based on assets and services. The FBF fee does not include investment manager charges which are reflected in the unit value of the pool's investments.

How does an organization invest with the Foundation?

Each organization wishing to invest in one or more of the Foundation Funds or portfolios described above must sign an Investment Management Agreement and complete a Participant Application. Once the signed Agreement, completed Application, and assets are received in the Foundation office, investments are made in the desired Fund(s) or portfolio(s). All investments made pursuant to the Agreement will be held in the name of the Foundation (or such other entity selected by the Foundation) as nominee for the Participant, with actual ownership of the investments remaining in the Participant. Each Participant is responsible for choosing one or more of the Funds and/or portfolios into which it wishes to direct its investment. Further, each investment manager utilized by the Foundation with respect to Participant assets is to be considered as acting for each Participant for whose benefit the investment manager has invested assets.

Each Participant will be assigned an interest (an "Ownership Interest") in the assets of each chosen Fund or portfolio reflecting the pro rata interest of the Participant in the assets of the particular Fund or portfolio. The value of a Participant's Ownership Interest may fluctuate as the value of the particular Fund or portfolio changes. Purchases and withdrawals may be made in the form of check or wire transfer.

When may purchases or redemption occur?

The assets are valued on the last business day of each month and a net asset value of the Ownership Interests in the assets of each of the Funds is calculated.

Purchase or redemption of Ownership Interests in the assets of the FBF Common Fund may be processed at any time upon receipt of written notice.

Ownership Interests in the assets of other Funds may be purchased or redeemed at net asset value at month end, provided that written notice has been received at the Foundation office at least thirty (30) calendar days before such month end. Any proper request for redemption for all Funds are disbursed by the 15th business day following each month end evaluation date.

In order to protect the assets of the Fund, timing of redemptions of \$1,000,000 or more within a calendar month shall be negotiated with the Foundation as large redemptions may impact the Fund. Further information including current portfolio size, performance, fees, and updates of this information for participants, can be obtained from the Foundation office.

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ADDENDUM “A”

Summary of Portfolio Structure and Manager Objectives FLORIDA BAPTIST FOUNDATION STABILITY FUND

The following is information as of December 31, 2009

Current Investment Consultants: **Current Aggregate Fund Assets: Approx.**

<p>Morgan Keegan Ross Roggensack Church Loans Florida Baptist Foundation</p>	<p>\$16,512,635.38</p>
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Investment Management Structure as of December 31, 2009:

<u>Asset Allocation</u>	<u>Manager Names</u>	<u>Assets-Approx.</u>	<u>Style</u>	<u>Benchmark</u>
3%	West End Advisors	\$ 508m	Large Cap Core	S & P 500
1%	Cornerstone Advisors	\$ 184m	Large Cap Core	S & P 500
2%	DFA U.S. Social Core	\$ 398m	All Cap Core	R3000G
2%	DFA Emerging Mkts.	\$ 252m	International Equity-Core	MSCI Emg.Mkt.
1%	Brandes International	\$ 187m	International Equity-Value	MSCI EAFE
1%	Thomas White International	\$ 205m	International Equity-Growth	MSCI EAFE
47%	Weaver C. Barksdale Assoc.	\$ 7,746m	Fixed Income Strategy	BC Int. Govt/Cred
3%	Stonebridge Advisors	\$ 537m	Preferreds	ML Prefrd.Fixed
3%	Managed Futures (All Mgrs.)	\$ 441m	Managed Futures	Stark 300
33%	Church Loan Program	\$ 5,438m	Church Loans	
4%	Cash	\$ 617m	Money Market	
100%	Total	\$16,513m		

where:

- S&P 500 is the Standard & Poor’s 500 Index.
 - R3000G is the Russell 3000 Growth Index.
 - MSCI Emerging Market Index is the Morgan Stanley Int. Emerging Markets Index.
 - MSCI EAFE is the Morgan Stanley Int. Europe, Australasia & Far East Cap Net.
 - BC Int. G/C is the Barclay Credit Intermediate Government/Credit Bond Index.
 - ML Prefrd. Fixed Index is the Merrill Lynch Preferred Fixed Rate Securities Index.
 - Stark 300 is the Stark 300 Commodity Index.
 - The Total Fund composite index will be a blended market index of Russell 3000G Equity Index, S & P 500 Index, MSCI Emg. Market Index, MSCI EAFE Index, ML Preferred Fixed Index, Stark 300 CTA Index and Barclay Credit Intermediate Government / Credit Bond Index in the same asset mix of the portfolio.
- The mix is adjusted based on changes in the portfolio.

Total Fund Asset Allocation Guidelines (including allocation for church loans)

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Total Equities	0%	25%	16%
Non-U.S. Equities	0%	4%	4%
Managed Futures	0%	5%	5%
Fixed Income	35%	60%	40%
Church Loans	30%	40%	40%

ADDENDUM “B”

Summary of Portfolio Structure and Manager Objectives FLORIDA BAPTIST FOUNDATION OPPORTUNITY FUND

The following is information as of December 31, 2009

Investment Consultant: **Current Aggregate Fund Assets: Approx.**

Morgan Keegan \$25,793,523.64
Ross Roggensack

Investment Management Structure as December 31, 2009:

<u>Asset Allocation</u>	<u>Manager Names</u>	<u>Assets-Approx.</u>	<u>Style</u>	<u>Benchmark</u>
8%	West End Advisors	\$ 2,076m	Large Cap Core	S&P 500
7%	Cornerstone Advisors	\$ 1,570m	Large Cap Core	S&P 500
8%	DFA U.S. Social Core	\$ 2,084m	All Cap Core	R3000G
8%	Calamos Invest. Mgt.	\$ 2,136m	Convertible Equity	ML Conv. Index
8%	Managed Futures (All Mgrs.)	\$ 2,127m	Managed Futures	Stark 300 Index
4%	DFA Emerging Mkts.	\$ 1,016m	International Equity-Core	MSCI Emg. Mkt.
5%	Thomas White Int.	\$ 1,296m	International Equity-Core	MSCI EAFE
3%	Brandes International	\$ 801m	International Equity-Value	MSCI EAFE-Value
41%	Weaver C. Barksdale Assoc.	\$ 10,601m	Fixed Income Strategy	BC Int. Govt./Credit
5%	StoneBridge Advisors	\$ 1,297m	Preferreds	ML Prefrd Fixed Rate
3%	Cash Account	\$ 789m	Money Market	
100%	Total	\$ 25,794m		

where:

- S&P 500 is the Standard & Poor’s 500 Index.
- R3000G is the Russell 3000 Growth Index.
- ML Con. Index is the Merrill Lynch Convertible Equities Index.
- MSCI Emerging Market is the Morgan Stanley Int. Emerging Markets Index.
- MSCI EAFE-Value is the Morgan Stanley Int. Europe, Australasia & Far East- Value Index.
- MSCI EAFE is the Morgan Stanley Int. Europe, Australasia & Far East Cap Net.
- Stark 300 CTA Index is the Stark 300 Commodity Trading Advisor Index.
- BC Int. G/C is the Barclay Credit Intermediate Government/Credit Bond Index.
- ML Prefrd. Fixed Rate is the Merrill Lynch Preferred Fixed Rate Securities Index.
- The Total Fund composite index will be a blended market index of, Russell 3000G Equity Index, MSCI EAFE, MSCI EAFE-Value, MSCI Emerging Market Index, ML Conv. Index, ML Preferred Fixed Rate Index, S&P 500 Index, Stark 300 CTA Index and Barclay Credit Intermediate Govt. / Credit Bond Index in the same asset mix of the portfolio.
The mix is adjusted based on changes in the portfolio.

Total Fund Asset Allocation Guidelines

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Total Equities	30%	70%	50%
Non-U.S. Equities	0%	30%	10%
Fixed Income	30%	70%	40%
Managed Futures	0%	10%	5%