



August 2011

Dear Fellow Investors and Friends:

The Alliance Development Fund just completed its fiscal year (June 30) and I wanted to give you a brief, preliminary report.

We are praising the Lord for giving us a very good year. Our net income was healthy and better than planned, and our reserves and liquidity were boosted substantially in order to keep ADF strong to protect our investors. We also recognize, and are grateful for, the faithfulness of the churches with ADF loans as they diligently make their payments through this difficult season, realizing their responsibility to those of you who have invested in ADF and provided the funds needed to house their ministries. While some churches have struggled to make payments through the recent financial crisis, we have yet to see the number of delinquent churches spike significantly. In fact, we have improvement in the number of delinquent loans this past year as we continue to work with churches who have experienced difficulties.

God is continuing to work through our C&MA churches in powerful ways and we are thankful for those who are serving the Lord on the front lines as part of local churches across America. While lending for new projects continues to be slow, we are seeing new activity and stand ready to fulfill our mission of making funds available to build churches where lives are transformed.

As I write this, Congress and the President are working on raising the debt ceiling of the United States. While most knowledgeable parties believe the ceiling will be raised and the U.S. will not default, there is a real chance the country will lose its AAA credit rating because of our massive debt and unabated spending. This is a huge, complex issue that will impact all of us, and have worldwide implications. In a nutshell, if the U.S. loses its AAA rating, it will no longer benefit from having the lowest lending risk and, therefore, the lowest interest rates. Because the government's borrowing rate is the baseline from which other borrowing rates are determined, the government's borrowing costs will drive up the borrowing costs for everyone else. This will not only impact mortgage rates, car loans, etc., but stock and bond prices, as well as the ongoing climate of uncertainty and lack of confidence within a shaky economy.

God is in control and only He knows the ramifications, but we at ADF are paying close attention to current events, actively managing risks and working diligently to keep ADF strong for whatever comes, and staying in prayer.

Thank you for your ongoing investments in ADF and for your unwavering commitment to seeing God's Kingdom advanced.

Please contact me or our team members with [questions, comments, or prayer requests](#). They are always most welcome.

Sincerely,

A handwritten signature in black ink that reads "Lawrence L. McCooey". The signature is written in a cursive style with a large, stylized "L" and "M".

Lawrence L. McCooey, CPA, PFS

President

P.S. You can check current ADF rates [here](#).