

FORM 40: PERFORMANCE REPORT FOR DECEMBER 31, 2013

The FCMM Retirement Plan enables ministry staff to develop a successful retirement life plan with a reliable source of retirement savings and income from money deposited by employing ministry organizations.

FCMM operates two retirement plans. The Retirement Plan is a 403(b)(9) defined contribution church plan and includes seven different investment options. FCMM also operates the Pension Plan (Option A) which is a 401(a) defined benefit plan.

Retirement Plan

Of the seven different investment options in the Retirement Plan, three are FCMM managed funds: Options C, D and E. These funds are based on an asset allocation model of investing. Participation in FCMM gives an individual access to well-balanced investment options with some major tax advantages. FCMM invests your money in portfolios which are rebalanced to reflect current market conditions. These FCMM plan portfolios include a Stock Portfolio and a Bond Portfolio. An additional portfolio, the FCMM-Managed Portfolio, serves cash flow needs.

Individual performance reports for Option F (American Funds), Option G (Vanguard funds) & Option J (Timothy Plan funds) are available through the Alliance Benefit Group's account access website for participants. The interest rate of Option H (Adjustable Rate Investment through Christian Investors Financial) is available at www.christianinvestors.org.

THE STOCK PORTFOLIO on 12/31/2013 was invested in Large Cap Core (27.4%), Large Cap Growth (20.6%), Large Cap Value (14.9%), International (14.9%), MLP Strategy (8.4%), Hedge (6.5%), Emerging Markets (5.9%), REIT (1.2%), and Cash (0.2%). FCMM owns no stocks in which the corporate entity has significant involvement in the following industries: alcoholic beverages, tobacco, pornography, gambling, or abortion. This return is net of all investment fees of 0.32% (32 basis points). An additional cost for the FCMM office management fee was 51 basis points January through December 2013. The trailing returns for the Stock Portfolio follow:

	1 Year	3 Year	5 Year
FCMM Stock Portfolio	22.53	9.14	13.93
FCMM Benchmark*	28.07	13.03	16.27

*Blend of 85% Rus. 3000; 15% EAFE up to 2/28/10. From 03/1/10 to Present: 70% Rus. 3000; 15% EAFE; 15% HFRI FOF Index.

THE BOND PORTFOLIO on 12/31/2013 was invested in PIMCO's Total Return (17.99%), Nuveen Municipal (7.32%), Doubleline Total Return (18.04%), Foreign Bond Portfolio (7.45%), Lord Abbott & Co (7.32%), Pioneer Multi Asset (14.51%), Skybridge Multi Adv (15.67%), Avenue (11.67%), and FI Clearing Acct (0.02%). The return is net of all investment fees of 0.15% (15 basis points). The FCMM office management fee was 51 basis points from January through December 2013. The trailing returns for the Fixed Income Portfolio follow:

	1 Year	3 Year	5 Year
FCMM Bond Portfolio	(0.52)	5.40	8.30
BC AGG Bond Index	(2.02)	3.26	4.44

THE FCMM MANAGED PORTFOLIO is less than 1% of the total assets and represents the cash flow portion of the plan. These funds are all invested in the Pension Plan (Option A).

Pension Plan (Option A)

The Pension Plan has been closed to new contributions since 2004. The plan is invested in the Stock, Bond, and FCMM Managed Portfolios and an AXA Equitable 6% Annuity. The plan carries a 6% return during the participant's active ministry and in retirement.

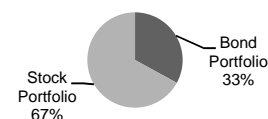
Past performance does not guarantee future results. Investment return and principal value will fluctuate so that a member's value may be worth more or less than their original contributions as stated in the various portfolio descriptions.

RETIREMENT PLAN INVESTMENT OPTIONS

Conservative Growth with Annuity Benefit—Option C

This option invests in the Stock Portfolio and Bond Portfolio. Option C has a long horizon. In 2013, it earned 3%. This option is designed to level out the ups and downs of the market and to be annuitized at retirement. If Option C money is taken as cash, a fair market value assessment may be applied. Funds in Option C are receiving a 3% return in 2014.

Option C Asset Allocation



	2013	2014
Option C Rate	3.00	3.00

Moderate Growth Stock Fund—Option D

100% of Option D is invested in the Stock Portfolio. The performance reports of these funds are presented in the Stock Portfolio report listed above. In 2013, Option B and Option D were combined as Option D.

	1 Year	3 Year	5 Year
Option D	21.89	8.64	13.32
FCMM Benchmark*	32.46	15.09	18.04

*Blend of 35% Russell 1000 Val, 35% Russell 1000 Gr, 15% EAFE, 7.5% Russell 200 Val, and 75% Russell 2000 Gr.

Diversified Bond Fund—Option E

This fund is invested in a portion of the Bond Portfolio. As of December 31, 2013, Option E was made up of Hedge Funds – Bonds (27.3%), Short Term Bonds (21.8%), Core Fixed Income (18.0%), Doubleline Total Return (18.0%), Foreign Bond Fund (7.5%), Municipal Bonds (7.3%) and a small portion in cash (less than 0.1%). Bonds can be used as a “core” investment to build the foundation of a balanced portfolio and provide a counterbalance when combined with equities because bonds typically fluctuate less than stocks. Option E can gain or lose value depending on the economic climate.

	1 Year	3 Year	5 Year
Option E	(0.53)	5.39	8.45
BC AGG Bond Index	(2.02)	3.26	4.44

The above FCMM Trustee Funds are managed by registered investment advisors selected and monitored by the Trustees of FCMM. They are designed for returns comparable to the appropriate financial indexes.

Self-Selected Mutual Funds—Option F, G & J

These funds are available for both employer and employee contributions. Overall performance reports for any of these mutual funds will be found on the respective websites of American Funds (Option F), www.americanfunds.com, Vanguard Funds (Option G), www.personal.vanguard.com, Timothy Plan Funds (Option J), www.timothyplan.com.

Adjustable Rate Investment—Option H

Available to employer and employee funds, this option is invested in an adjustable rate investment certificate with Christian Investors Financial (CIF). As of December 31, 2013, the rate was 2.05% APR (2.07% APY). Current rate information is available at www.christianinvestors.org.

IRS CODE SECTIONS 402(G) AND 415(C) CONTRIBUTION LIMITS

No more than \$52,000 or 100% of your includible compensation (housing allowance is excluded) can be invested in the Plan for 2014. Within this amount you can elect to defer \$17,500 of your annual compensation as salary deferral contributions. Higher limits are available if you are over age 50. If you are close to these limits please call us for help in figuring out your limit. These limits apply to the total of all contributions to all 403(b) plans in which you participate and are adjusted annually by the IRS.

RETIREMENT PLAN ANNUITY

The Retirement Plan adjustable annuity begins with a base investment return of 2% per year along with an adjustable portion established every year by the FCMM Board of Trustees. That amount is currently set at 3%, making the total return 5% for annuities. This annuity will only be adjusted after a major market downturn. Annual bonuses can be given. Payments can also be taken without annuitizing directly from Options D, E, F, G, H, and J. Credentialed participants can use the housing allowance exclusion for all payments.

RETIREMENT PLAN FEE INFORMATION

FCMM provides high quality investment managers, continuous asset allocation rebalancing, and administrative and legal services for the local church’s participation. The costs as a retirement plan are competitive with other investment vehicles.

Investments in all FCMM-managed options (A,C,D,E) have transaction and investment management costs charged by the investment advisor and managers. These fees are deducted before returns are reported. FCMM’s operational cost in 2013 was 51 basis points. Participant account values are reported net of (“after”) these costs. There are no other sales commissions, charges, loads, 12b-1 fees or taxes. No fees are charged directly to the employer. When reviewing funds, returns should be compared after all costs (net of fees).

For a detailed report of FCMM’s fee information, see FCMM Fees (Form 41) available at fcmmbenefits.org.