

<p style="text-align: center;">InterAct Ministries, Inc. Finance & Audit Committee</p>
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Black Diamond Camps, Auburn, Washington
February 2, 2017

Members Present: Gale Van Diest (Chairman), Ray Prigodich, Chuck Schaap, Karen Schweitz (electronically), Dale Smith, Al Strawn, and Bill Twichell.

Call to Order

Chairman Van Diest called the meeting to order at 7:10 PM.

Approval of Previous Minutes

Ray Prigodich **moved** and Al Strawn **seconded** his motion that the minutes from the meetings of July 25 and September 27, 2016, be approved as circulated. The motion was **approved** without any objection.

Finance Director's Report

Karen Schweitz read her written report, a copy of which is included in the board packet, and she highlighted certain sections of the properties report, the investment recap, the investment allocation report, the statement of financial position, the deferred giving report, and the 2017-18 draft budget. She then responded to several questions, including one from Al Strawn, asking if she feels that she would be in a position to begin managing the investment portfolio, should the day come when Roy Martin is no longer able to do so. She indicated that she now has a sufficient grasp of things, so that she would indeed be able to take on this responsibility.

Al Strawn **moved** and Chuck Schaap **seconded** his motion that we recommend to the full board the adoption of the proposed budget for 2017-18 as presented. The motion was **approved** without any objection.

Investment Allotments

Bill Twichell told us that he is still wrestling with this issue. He desires that InterAct be a good steward of the funds we're holding in reserve, getting a reasonable return on our investments while not subjecting our funds to great risk. He believes that, given what's been happening in Europe and China, there's a significant chance that the U.S. stock market will soon experience a significant decline. He believes, therefore, that in order to avoid the risk of losing a significant amount of principal, InterAct should invest quite conservatively.

Gale Van Diest expressed his view that we should continue to take only a moderately conservative approach, rather than one that is overly conservative. He also believes that we should refrain from micromanaging our investments, instead giving to the staff an appropriate degree of decision-making power.

Al Strawn expressed his opinion that the present guidelines for managing InterAct's investments are excessively vague and insufficiently comprehensive. He believes that those guidelines need to be refined and that certain key terms need to be more clearly defined.

Bill Twichell **moved** and Ray Prigodich **seconded** his motion that Al Strawn be asked to prepare before our next scheduled meeting a revised set of investment guidelines which, when approved, would enable the staff to better understand exactly what we want them to do. The motion was **approved** without any objection.

CHIEF's Request for a \$180,000 Loan

Out of concern for the appearance of a conflict of interest and in light of our stewardship responsibility to our donors, it was **moved** and **seconded** that we recommend to the full board of InterAct Ministries that they respectfully decline CHIEF's request for a loan of \$180,000. The motion was **approved** without any objection.

Gale agreed to inform Huron of our recommendation.

Closing Prayer and Adjournment

Following a prayer by Dale Smith, Chairman Van Diest adjourned the meeting at 9:25 PM.

Respectfully submitted,

Ray Prigodich
February 3, 2017