

Dear Friends in Christ,

I pray all is well.

I want to introduce you to the first of what will be our version of a shareholder letter. You are receiving this letter because you are a valued friend of Lutheran Church Extension Fund (LCEF)—whether that is as an investor, borrower or ministry support services partner.

This particular letter will focus on the future. You'll find the prior year's financial results in LCEF's 2019 Offering Circular [available at lcef.org/offering-circular]; you can see how we plan on achieving our business objectives in the annual Ministry and Business Plan [available at lcef.org/ministry-business-plan]. In our national magazine, *Interest Time*, we celebrate all the wonderful things that are happening in our Synod [subscribe at interesttime.org].

People often ask me what serving at LCEF is like. My instinct is to say, "it's a wonderful organization that I am privileged to lead and serve."

But that grossly understates what LCEF is about.

"It's like joining a family," is what I eventually say. "The LCEF family. A family that's been together for a long time." Then I say, "Don't just ask me, though. What you should do is talk to the people who have been here for decades."

And there are a lot of them.

Alison Herndon. Debbie Roediger. Melinda Duniphan. Ken Weber. That's 130 years of experience right there alone. And we are very blessed to have around 150 people on staff. Last year we had two employees retire. Combined, they accounted for 83 years of experience—our CFO Tom Helfrich (38 years) and Karen Drier (45 years).

The words I use to describe this family in their daily work include words like kindness, dedication, faithfulness and love. They are truly remarkable people. In fact, we have a lot of hard-working people at the helm who want the same thing you want: that the Gospel and the hope it offers would be shared with all the world.

It's been like this from the beginning. Over forty years ago, Fred E. Lietz, our first president, instilled a culture of commitment to Christ and Lutheran Church—Missouri Synod (LCMS) ministries at LCEF. His big theme was *space and place for worship*. A building in a specific location to do mission for a ministry.

When Lietz retired, Art Haake became LCEF's second president. Like Lietz, Haake was a visionary. He dreamed of doubling the number of investors and growing the fund (roughly \$100 million at the time) by 10%. He wanted LCEF to be in a position to meet all the capital needs of the Church—an issue that had challenged church extension work from the beginning (around 1902).

One of the key forces for growth during the early 80s was the number of district church extension funds that joined. To date, 31 district church extension funds have joined LCEF which now has \$1.9 billion in total assets spread over 60,000 investors. This strong and stable base means the important role LCEF plays in supporting the LCMS will continue long into the future.

In fact, it's because of these investments that LCEF has a future.

Could Lietz imagine where we would be today? Haake? I don't think anyone could have imagined. But that's the way God works.

The future of LCEF is to be more than investments, loans and services. The future of LCEF is to be more than financial strength and capacity.

LCEF will always provide ministry services and financial services around the world. We will do that by aggressively growing assets and the impact of ministry. But there is more ... so much more.

The future of LCEF is a vision to grow ministry opportunity, whenever and wherever it is happening. To better the stewardship of God's resources, LCEF grows the impact of ministry through existing and new partnerships and the alignment and leveraging of LCEF's strengths in organizational and business leadership.

The future of LCEF is to be a catalyst to ignite the congregations, schools, agencies and workers of the Church in the mission and ministry of the Church, and to encourage them to dream and reach beyond where they are working now.

Rehearsing LCEF's history may wear on some people, but our history is essential to what we want to accomplish for the future. I believe in honoring the past as we build the future. I believe in the firm roots that were sunk during the first twenty years—and the firming, cultivating and growing of those roots in the next twenty through the leadership of presidents Vic Bryant, Merle Freitag and Rich Robertson.

It is essential to who we are.

One of LCEF's responsibilities is the delicate balance of money coming in and money going out. Without boring you with the details, we have to maintain a ratio of cash on hand for note redemptions. Unlike banks, we don't sell the loan to someone else to free up more capital to support new loans. Instead, we raise more money. For example, last year we raised \$100 million in new money through a special short-term promotion. That is money we can use for future projects. That number (\$100 million) was based on future loan projections we would not be able to meet without these new investments. By God's grace, we were able to raise that money in less than four months. That \$100 million is already accounted for, meaning, we must keep growing investments if we want to continue to offer loans and other resources to our Church. The demand is not letting up, which is an incredible thought. Churches are growing. Schools are building. Recognized Service Organizations are expanding. The LCMS is growing and thriving and expanding beyond our isolated walls into the unchurched and underserved communities that surround us. The mission field is not only at our door; we are engaging the mission field in creative and innovative ways. I hear these stories and see this amazing work every day.

I mentioned earlier that contributions to the Synod and districts could not meet the loan need of congregations in the early 1900s—that is until the 1950s when the concept of the “invested dollar” was coined. The invested dollar soon attracted new money, and that new money was able to meet the needs of our Church.

Those who conceived the concept of the invested dollar were pioneers. It was the bold and creative adjustments our Church was making to strengthen the future. They thought beyond the traditional borders of what is possible. Lending through contributions at no interest was limited. Changes had to be made in order to thrive. That is equally true today.

Zion Lutheran Church in Litchfield, Ill., is a case in point. In April 2018, Zion sought its first construction loan with LCEF for a much-needed addition in the amount of \$900,000, so they could have their school and church under one roof. To assist Zion in raising additional funds, we walked alongside the school in 2017 through our capital campaign process, Immeasurably More. In addition, LCEF’s Laborers For Christ, men and women who provide the hands and hearts to lower construction costs, were engaged to assist with the addition. That partnership has been an incredible blessing and is an example of what we all—investor, borrower, ministry support services partners—can do together. It’s a pioneer mindset necessary for the future.

Here is how LCEF will have a pioneer mindset.

The LCEF board of directors and senior staff are artistically dreaming up questions that haven’t yet been asked and humbly puzzling out answers that haven’t been found yet. They are pushing for and pursuing aggressive growth, assuring LCEF is ready to not only follow the Church but to lead and encourage the Church to engage the world with the Gospel in creative ways. I see endless opportunity for LCEF’s vision to grow with ministry opportunities. That will require more capital than we currently have available; more capital than LCEF has ever asked our faithful investors to provide.

What if LCEF were to grow by a few billion dollars in total assets in the next decade? What lurking opportunities in the Church would LCEF be able to ignite and fund with substantially more resources? There are entrepreneurs within the Church who have big ideas to impact the world with the Gospel of Jesus. Imagine an LCEF able to do substantially more than we are already blessed to do.

The future of LCEF? It is reaching beyond our current investors and borrowers by inviting others to join this work with us.

The future of LCEF? It is reaching beyond the United States to the far corners of the world where international opportunities continue to surface, especially focused around education.

The future of LCEF? It is expanding what we offer our rostered church workers—mortgages and other financial services that assures they are financially healthy and able to focus on their primary work of serving neighbor and Church.

The future of LCEF? It is providing our investors with new products and opportunities to be engaged in things like social enterprise and micro-lending.

The future of LCEF? It is beyond brick and mortar into other services such as urban and community development, real estate and property management.

The future of LCEF? It is fueling a community of leaders and innovators who see the world differently, refusing the status quo and finding creative ways to ignite growth in the Church.

Let me end by sharing something I said in my final interview with the board of directors. I said my desire was to center the core values of LCEF around stability and relevancy, assuring that the changing Church of tomorrow has the strong financial and ministry capacity LCEF enjoys today. With strong financial standards and the continued blessing of our Lord, the best days are yet to come. The future is bright, and under the Lord's guidance and provision, LCEF will remain a blessing to the Church.

Thanks be to God for that; and thanks be to God for you and your support. He does all things well.

Peace,

A handwritten signature in black ink that reads "Bart Day". The signature is written in a cursive style, with the first name "Bart" and the last name "Day" clearly legible.

Rev. Bart Day, MBA
President and CEO
Lutheran Church Extension Fund